

**INTERIM RESULTS  
THIRD QUARTER OF 2003  
(January – September)  
RECOLETOS GRUPO DE COMUNICACIÓN S.A.**

With regard to the results of the first nine months of 2003, we highlight the following:

1. **Consolidated revenues** slightly up (+0.8%) compared to the third quarter of last year (9M02), to €173.36 million as **advertising revenues increase by 1.2%** (-3.0% excluding Argentina, Chile and Portugal) and **circulation revenues** fall by 1.8% (-3.1% underlying).
2. **Direct costs** and **central costs** increase (+5.4% and +5.2% respectively). On an underlying basis, excluding activities outside Spain, direct costs increase by 1.3%, in line with our target of maintaining cost growth below the Spanish inflation rate.
3. **EBITDA** on a consolidated basis decreases (17.1%) at € 32.93 million. **EBIT** amounts to € 25.12 million (-19.8%)
4. The reported **extraordinary result**<sup>1</sup> includes capital gains of € 46.89 million from the sale of our 30% stake in Unidad Editorial S.A. (Unedisa).
5. **Net Profit**<sup>2</sup> amounts to € 48.00 million (vs. € 44.14 million in 9M02).
6. The **net cash position** reaches € 324.74 million.

Comparing the third quarter of 2003 (July-Sept.) with the same quarter in 2002:

1. Revenues increase (1.5%) as advertising revenues increase by 3.5% and circulation revenues fall by 1.5%. Underlying revenues decrease by 2.4%.
2. Underlying direct costs increase by 1.3% and total costs (including central and direct costs) by 1.8%. This is mainly due to increased personnel and printing costs to underpin the quality of publications and content.
3. Profitability decreases: EBITDA (-27.7%), EBIT (-35.7%).
4. Recoletos main titles maintain their leadership despite difficult market conditions. *Marca*'s circulation has increased and the re-launch of *Expansión* has contributed to the stabilisation of its copy sales in the last weeks. As we reported previously, according to the last EGM<sup>3</sup> our main titles have increased their readership significantly (*Marca* +16,5%, *Expansión* +11,0%, *Telva* +15,6%, *Radio Marca* +11,1%).
5. Trading conditions remain difficult with a weak and erratic advertising market, which has deteriorated significantly in the months of July and August, showing growth in September.

<sup>1</sup> In 2002 the Extraordinary Result included the additional goodwill amortisation of €15.00 million corresponding to Argentina

<sup>2</sup> Net Profit before minorities, Net profit after minorities amounts to 47,69 mill €(vs. 43,69 mill €in 9M02)

<sup>3</sup> EGM "Encuesta General de Medios" compares audience/readership figures for the period October- May

## I. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Table 1: Consolidated Profit and Loss Account

Million €	9M2003	9M2002	Var. %
<b>Revenues</b>	<b>173.36</b>	<b>171.98</b>	<b>0.8</b>
Direct Costs	130.03	123.32	5.4
<b>Gross Profit</b>	<b>43.33</b>	<b>48.66</b>	<b>(10.9)</b>
Central Costs	18.21	17.32	5.2
<b>EBIT</b>	<b>25.12</b>	<b>31.34</b>	<b>(19.8)</b>
Interest Income (Expense)	3.65	52.96	--
Goodwill Amortisation	(1.12)	(8.47)	--
Associated Undertakings	1.46	(0.91)	--
<b>Profit on Ordinary Activities</b>	<b>29.11</b>	<b>74.92</b>	<b>(61.1)</b>
Extraordinary Results	46.77	(14.79)	--
<b>Profit before Taxes</b>	<b>75.88</b>	<b>60.14</b>	<b>26.2</b>
Income Taxes	(27.87)	(15.99)	74.3
Net Income	<b>48.00</b>	<b>44.14</b>	<b>8.7</b>
<b>Depreciation</b>	<b>7.81</b>	<b>8.40</b>	<b>(7.1)</b>
<b>EBITDA</b>	<b>32.93</b>	<b>39.75</b>	<b>(17.1)</b>

Below we present the consolidated underlying P&L, which excludes our operations in Argentina, Chile, Portugal and Last Lap<sup>4</sup>:

Table 2: Consolidated Profit and Loss Account "Underlying"

Million €	9M2003	9M2002	Var. %
<b>Revenues</b>			
Advertising	63.81	65.79	(3.0)
Circulation	83.35	86.04	(3.1)
Others	15.22	14.26	6.7
<b>Total Revenues</b>	<b>162.37</b>	<b>166.10</b>	<b>(2.2)</b>
Direct Costs	116.15	114.68	1.3
<b>Gross Profit</b>	<b>46.22</b>	<b>51.42</b>	<b>(10.1)</b>
Central Costs	18.21	17.32	5.2
<b>EBIT</b>	<b>28.01</b>	<b>34.10</b>	<b>(17.9)</b>
Depreciation	7.67	8.27	(7.2)
<b>EBITDA</b>	<b>35.68</b>	<b>42.36</b>	<b>(15.8)</b>

<sup>4</sup>Excludes activities in Argentina, Chile and Portugal

<sup>4</sup> Recoletos announced July 21<sup>st</sup> 2003 the acquisition of a 49% stake in Last Lap, company specialised in the organisation of sport events.

## II. MARGINS

The margins are as follows:

Table 3: Margins

Million €	9M2003	9M2002
<b>Consolidated:</b>		
Gross Profit / Revenues	25.0 %	28.3 %
EBITDA / Revenues	19.0 %	23.1 %
EBIT / Revenues	14.5 %	18.2 %
<b>Consolidated "Underlying":</b>		
Gross Profit / Revenues	28.5%	31.0%
EBITDA / Revenues	22.0%	25.5%
EBIT / Revenues	17.3%	20.5%

## III. OPERATING REVENUES

Total operating revenues amount to € 173.36 million, increasing by 0.8%.

a) The following table shows the consolidated operating revenues of Recoletos by source of income:

Table 4: Operating Revenues

Million €	9M2003	9M2002	Var. %
Advertising	70.53	69.69	1.2
Circulation	85.94	87.53	(1.8)
Other revenues	16.88	14.76	14.4
<b>Total Revenues</b>	<b>173.36</b>	<b>171.98</b>	<b>0.8</b>

Advertising revenues show an increase of 1.2% (down 3.0% on an underlying basis) with slight recovery in 3Q03, especially in September (in 1H03 advertising revenues grew by 0.5%). The advertising downturn continues to have the most severe impact on Business and Finance (+0.3%, underlying -12.9% vs. -14.4% in 1H03). Advertising revenues in Sports decrease by 1.3%, showing the same trend as in 1H03.

Growth in advertising revenues is also shown in Women's interest (+11.7%), Medical (+5.8%) and Youth (+2.9%).

Circulation revenues decrease slightly by 1.8% due to lower sales of Expansion (5.7%) and exceptional products, promotions and publications of the Sports division, while Marca's circulation increases by 2.5%. Excluding activities outside Spain, circulation revenues at consolidated level decrease by 3.1%.

b) Looking at the revenues performance by content areas<sup>5</sup>, Women's Interest (+8.8%), Youth (+7.7%) and Health (+4.0%) show remarkable growth rates. Business and Finance benefits from the integration of our publications outside Spain (consolidated revenues +3.5%). Sports remains, with 58.8%, the largest contributor to group revenues.

<sup>5</sup> P&L accounts with regard to the several content areas are shown from Chapter VIII of this note.

Table 5: Revenues by content areas

Million €	9M2003	% of total	9M2002	Var. %
Sports	102.00	58.8	103.58	(1.5)
Business & Finance	44.22	25.5	42.74	3.5
Women's Interest	10.40	6.0	9.56	8.8
Medical	5.92	3.4	5.70	4.0
Youth	2.49	1.4	2.31	7.7
Others	8.33	4.9	8.09	2.9
<b>Total Revenues</b>	<b>173.36</b>	<b>100.0</b>	<b>171.98</b>	<b>0.8</b>

In Sports, advertising revenues (-1.3%) and circulation revenues (-3.3%) decrease. Copy sales of *Marca* have increased by 2.5% to an average daily circulation of 390,460. *Marca*'s market share in the first eight months of 2003 is 47.5% (vs. 49.1% in January-August 2002. Source: AEDE).

Revenues from Business and Finance increase by 3.5% due to higher advertising (+0.3%) and circulation revenues (+5.8%). Excluding activities outside Spain, advertising revenues in Business and Finance decrease by 12.9% and circulation revenues by 3.5%. *Expansión* has an average daily circulation of 45,274 (-5.7%) in 9M03. It is worth noting the increase in circulation of the magazine *Actualidad Económica* of 2.2%, reaching average weekly circulation of 20,859.

Women's Interest shows advertising revenues increasing significantly (+11.7%), while circulation revenues decrease slightly (-0.2%). *Telva* magazine had an average monthly circulation of 160,835 in 9M03.

Medical and Youth show increasing advertising revenues (+5.8% and +2.9% respectively).

#### IV. DIRECT COSTS

Consolidated Direct Costs increase by 5.4% and 1.3% excluding activities outside Spain. Costs corresponding to Raw materials – mainly newsprint – are down 11.4%. Personnel and printing costs increase by 13.3% and 18.9% respectively.

Direct costs decrease in underlying Business and Finance (-0.3%).

The breakdown of Direct Costs by content divisions is as follows:

Table 6: Direct Costs by content divisions

Million €	9M2003	9M2002	Var. %
Sports	65.78	64.44	2.1
Business and Finance	43.01	38.82	10.8
Women's interest	7.97	7.09	12.5
Medical	5.14	5.33	(3.6)
Youth	2.34	2.13	9.8
Others	5.79	5.51	5.1
<b>Total Direct Costs</b>	<b>130.03</b>	<b>123.32</b>	<b>5.4</b>

## V. CENTRAL COSTS

Central costs increase by 5.2% to € 18.21 million, mainly as a result of higher personnel costs (+8.0%), which make 54% of total central costs.

## VI. GROSS PROFIT

Gross profit by business areas show the following development:

Table 7: Gross profit by business areas

Million €	9M2003	9M2002	Var. %
Sports	36.22	39.14	(7.5)
Business and Finance	1.21	3.93	(69.2)
Women's Interest	2.43	2.47	(1.6)
Medical	0.78	0.37	113.8
Youth	0.15	0.18	(17.4)
Others	2.54	2.57	(1.2)
<b>Total Gross Profit</b>	<b>43.33</b>	<b>48.66</b>	<b>(10.9)</b>

Note: Gross Profit= Revenues less Direct Costs. It does not include Central Costs

Consolidated Gross profit decreases by 10.9%. The key developments are:

- Deterioration in Sports' gross profit due mainly to decreased advertising revenues (which make 29% of the total revenues for this division) and lower circulation revenues (68% of total revenues).
- A decline in Business and Finance as a result of increasing costs.
- Deterioration in Women's Interest gross profit due to higher costs despite increasing advertising revenues.
- Gross profit in Medical improved, thanks to increasing revenues and lower costs.
- In Youth, gross profit has declined due to higher costs.

## VII. NET PROFIT

- Net profit<sup>6</sup> increases in the first nine months, to € 48.00 million. This includes capital gains amounting to € 46.89 million obtained from the sale of Recoletos' 30% stake in Unidad Editorial S.A. (Unedisa).

## VIII. SPORTS

This business area shows decreased revenues due to the unfavourable comparison with 9M02, which saw increased advertising revenues and the sale of additional publications and promotions due to the exceptional sports calendar. *Marca* continues increasing its circulation (+2.5%) and readership<sup>7</sup> (+16.5%), with 2.4 million readers daily (market share of 57.3% in readership). *Marca*'s web page traffic reached in June 150 million page views.

For the first time, the sport division incorporates Last Lap<sup>8</sup>, which is proportionally consolidated (49% share). Last Lap contributes with 0,60 mill € in revenues and 0,59 mill € in direct costs.

<sup>6</sup> Net Profit before minorities

<sup>7</sup> EGM "Encuesta General de Medios" measuring readership for the period October-May.

<sup>8</sup> The acquisition of a 49% stake in Last Lap was announced on July 21<sup>st</sup> 2003.

Table 8: Results of the Sports Area

Million €	9M2002	9M2001	Var. %
<b>Revenues</b>			
Advertising	29.82	30.21	(1.3)
Circulation	69.70	72.09	(3.3)
Others	2.47	1.28	93.9
<b>Total Revenues</b>	<b>102.00</b>	<b>103.58</b>	<b>(1.5)</b>
Direct Costs	65.78	64.44	2.1
<b>Gross Profit</b>	<b>36.22</b>	<b>39.14</b>	<b>(7.5)</b>
<b>Gross Profit / Revenues</b>	<b>35.5%</b>	<b>37.8%</b>	

## IX. BUSINESS AND FINANCE

In Business and Finance revenues continue to be hit by the advertising downturn. Circulation revenues increase due to the integration of our activities in Portugal. Despite falling circulation of *Expansión* (-5.7%), readership<sup>9</sup> has increased by 11.0% reaching 131,000 readers daily (market share of 59.5%).

Table 9: Results of Business and Finance Area

Million €	9M2003	9M2002	Var. %
<b>Revenues</b>			
Advertising	25.24	25.15	0.3
Circulation	13.11	12.39	5.8
Other	5.88	5.21	12.8
<b>Total Revenues</b>	<b>44.22</b>	<b>42.74</b>	<b>3.5</b>
Direct Costs	43.01	38.82	10.8
<b>Gross Profit</b>	<b>1.21</b>	<b>3.93</b>	<b>(69.2)</b>
<b>Gross Profit / Revenues</b>	<b>2.7%</b>	<b>9.2%</b>	

Table 10: Results of Business and Finance Area "underlying"

Million €	9M2003	9M2002	Var. %
<b>Revenues</b>			
Advertising	18.51	21.26	(12.9)
Circulation	10.51	10.90	(3.5)
Others	4.82	4.68	2.9
<b>Total Revenues</b>	<b>33.83</b>	<b>36.83</b>	<b>(8.1)</b>
Direct Costs	29.72	29.80	(0.3)
<b>Gross Profit</b>	<b>4.12</b>	<b>7.03</b>	<b>(41.4)</b>
Gross Profit / Revenues	12.2%	19.1%	

*Excludes Argentina, Chile and Portugal*

<sup>9</sup> EGM for the period October-May

## X. WOMEN'S INTEREST

Women's Interest revenues increase significantly due to a remarkable performance in advertising. *Telva* reaches copy sales of 160,835 and increases its readership<sup>10</sup> by 15.6% (296,000).

*Table 11: Results of Women's Interest Area*

Million €	9M2003	9M2002	Var. %
<b>Revenues</b>			
Advertising	7.26	6.50	11.7
Circulation	2.99	3.00	(0.2)
Others	0.15	0.06	142.6
<b>Total Revenues</b>	<b>10.40</b>	<b>9.56</b>	<b>8.8</b>
Direct Costs	7.97	7.09	12.5
<b>Gross Profit</b>	<b>2.43</b>	<b>2.47</b>	<b>(1.6)</b>
<b>Gross Profit / Revenues</b>	<b>23.3%</b>	<b>25.8%</b>	

## XI. MEDICAL

This area has seen an increase in advertising revenues and margins reflecting cost control.

*Table 12: Results of Medical Area*

Million €	9M2003	9M2002	Var. %
<b>Revenues</b>			
Advertising	5.85	5.53	5.8
Circulation	0.05	0.05	0.0
Other	0.02	0.11	--
<b>Total Revenues</b>	<b>5.92</b>	<b>5.70</b>	<b>4.0</b>
Direct Costs	5.14	5.33	(3.6)
<b>Gross Profit</b>	<b>0.78</b>	<b>0.37</b>	<b>113.8</b>
<b>Gross Profit / Revenues</b>	<b>13.2%</b>	<b>6.4%</b>	

## XII. YOUTH

Despite increasing advertising revenues, an increase in costs causes a deterioration in gross profit.

*Table 13: Results of Youth Area*

Million €	9M2003	9M2002	Var. %
<b>Revenues</b>			
Advertising	2.37	2.30	2.9
Circulation	0.09	0.00	--
Other	0.03	0.01	213.7
<b>Total Revenues</b>	<b>2.49</b>	<b>2.31</b>	<b>7.7</b>
Direct Costs	2.34	2.13	9.8
<b>Gross Profit</b>	<b>0.15</b>	<b>0.18</b>	<b>(17.4)</b>
<b>Gross Profit / Revenues</b>	<b>5.9%</b>	<b>7.8%</b>	

<sup>10</sup> EGM "Encuesta General de Medios" for the period October-May

### XIII. CASH-FLOW

Table 14: Cash-flow

Millions of €	9M2003	9M2002	Var. %
Net Income after Minority	<b>47.69</b>	<b>43.69</b>	<b>9.2</b>
Depreciation	7.81	8.40	(7.1)
Goodwill Amortisation	1.12	8.47	--
Extraord. Goodwill Amortisation Argentina	0.00	15.00	--
Provisions with regard to fixed assets	(0.59)	2.37	(124.7)
Other Adjustments	(48.36)	(48.97)	(1.2)
<b>Net Cash provided by Operating Activities</b>	<b>7.68</b>	<b>28.97</b>	<b>(73.5)</b>
Change in Working Capital	19.07	25.21	(24.4)
Net Capex	63.22	116.30	(45.6)
<b>Net Cash used in Investment Activities</b>	<b>82.29</b>	<b>141.51</b>	<b>(41.8)</b>
Equity Financing	0.00	1.49	--
Net Debt Financing	0.00	0.00	--
Dividend Payment	(5.87)	(1.96)	200.0
Other changes in Shareholders' Equity	0.57	0.00	--
<b>Net Cash provided by Financing Activities</b>	<b>(5.30)</b>	<b>(0.47)</b>	<b>--</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>84.66</b>	<b>170.01</b>	<b>(50.2)</b>

### XIV. CONSOLIDATED BALANCE SHEET

Table 15: Consolidated Balance Sheet

Million €	2003	2002
	September	December
Fixed Assets:	97.08	113.98
- Tangible Assets	64.90	58.08
- Intangible Assets	4.72	5.73
- Financial Investments	27.46	50.18
Goodwill on Amortisation	19.37	26.83
Accounts receivable	51.51	47.12
Stocks	6.55	5.91
Cash and Cash Equivalents*	324.74	240.04
Other Assets	3.50	2.64
<b>Total Assets</b>	<b>502.74</b>	<b>436.52</b>
Shareholders Equity	388.25	345.86
Minority Shareholders	1.06	1.10
Provisions	11.70	12.26
Long-term Liabilities	3.08	3.62
Short-term Liabilities	98.66	73.68
<b>Total Debts</b>	<b>502.74</b>	<b>436.52</b>

\* It includes. at December 2002 and September 2003, 32.97 million € SIMCAV (Investment Trust) investment



## **XV. OTHER RELEVANT ISSUES**

The Board of Directors of Recoletos Grupo de Comunicación S.A. decided on November 5<sup>th</sup>, to call an Extraordinary Shareholders' General Meeting to be held on December 17th 2003 in order to approve the following proposals for dividend distribution:

1. An extraordinary dividend, amounting to € 80,478,391 charged to
  - a) Voluntary Reserves - amounting to €65,000,000 - and
  - b) Share Premium Account – the remaining €15,478,391 - .This would represent a gross payment of € 0,6168 per share, that would be distributed on December 29th 2003.
2. An interim dividend of € 50,000,000 corresponding to financial year 2003. This would represent a gross payment of € 0,3832 per share, that would be distributed on December 29th 2003.

In case the Extraordinary Shareholders' General Meeting approves the before mentioned proposals, Recoletos Grupo de Comunicación S.A. would proceed to distribute a gross amount of 1€ per share (as a result of adding the proposed extraordinary dividend and the amount charged to the dividend corresponding to the financial year 2003). The payment would take place on December 29<sup>th</sup> 2003, being the beneficiaries all shareholders that are registered as such at closure of the market on December 26<sup>th</sup> 2003.

Recoletos announced July 16<sup>th</sup> the acquisition of a 10% stake in the weekly general interest newspaper La Estrella de Papel. La Estrella de Papel was launched June 1<sup>st</sup> 2003 and founded by Pablo Sebastian, editor of the publication.

Recoletos announced July 21<sup>st</sup> 2003 the acquisition of a 49% stake in Last Lap, a company for the organisation of sport and leisure events. Last Lap has been incorporated to Recoletos sports division to enhance the Group's strategy of offering a full range of products and services throughout the sports and leisure sector.

Recoletos agreed on March 2003 to sell to RCS Editori SpA its 30% stake in Unidad Editorial S.A. (Unedisa). The sale, valued at € 80.00 million including capital gains of € 46.89 million, was completed March 6<sup>th</sup> 2003.

## **XVI. IMPACT OF DIFFERENCES IN EXCHANGE RATES WITH ARGENTINEAN CURRENCY**

At September 2003, the exchange rates used for the conversion to euros have been the following:

- Profit and Loss account items, at the average exchange rate for the first nine months of the year: 3.32 Argentinean pesos/Euro.
- Balance Sheet items, at the official exchange rate at the end of June: 3.38 Argentinean pesos / Euro.

At September 2002 the exchange rates used were:

- the average exchange rate for the January-September period of 2.95 Argentinean pesos/Euro for the Profit and Loss items, and
- the September-end rate of 3.67 Argentinean pesos/Euro, for the Balance Sheet items.

Differences resulting from the application of this conversion method are recorded under "Differences on Currency Translation" within "Shareholder's Equity" on the consolidated Balance Sheet.

**XVII. OPERATIONAL FIGURES**

<b>OPERATING MAGNITUDES</b>	<b>9M2003</b>	<b>9M2002</b>	<b>%Var.</b>
<b>SPORTS</b>			
Cumulated Marca copy sales	390,460	381,110	2.5
Cumulated Golf Digest copy sales	14,293	13,577	5.3
September page views of marca.com ('000)	150,988	132,843	13.0
<b>BUSINESS AND FINANCE</b>			
Cumulative Expansión copy sales	45,274	48,019	(5.7)
Cumulative Actualidad Económica copy sales	20,859	20,402	2.2
September page views of Expansióndirecto.com ('000)	16,418	16,293	0.8
September page views Expansiónyempleo.com ('000)	1,642	1,867	(12.0)
<b>WOMEN'S INTEREST</b>			
Cumulative. Copy sales Telva	160,835	162,104	(0.8)
September page views estarguapa.com ('000)	6,830	3,852	77.3
<b>MEDICAL AND YOUTH</b>			
September page views diario medico.com ('000)	3,154	2,754	14.5
September page views tuGueb.com ('000)	1,773	2,348	(24.5)