



RECOLETOS

Investor
Relations

INTERIM RESULTS
FIRST HALF OF 2002
RECOLETOS GRUPO DE COMUNICACIÓN S.A.

The consolidated financial results for the first half of 2002 show good progress against the first quarter of the year, with particularly strong profit improvement.

Comparing the second quarter of 2002 with the same period in 2001:

1. Recoletos delivered growth in revenues (+4%), EBITDA (+65.8%), EBIT (+84.4%) and Net Profit (+137.9%). These results benefit from a sharp reduction in operating costs.
2. Recoletos has exploited its leading position in its main titles to boost circulation revenues despite a difficult environment. Advertising revenues have increased by 0,7% despite the continued advertising recession. *Marca*, in particular, capitalised on an exceptional calendar of sporting events to increase circulation revenues (+17%), advertising revenues (+40%) and gain market share with an increase in circulation of 6.5%.
3. The reduction in operating costs (-12%) demonstrates the success of the cost cutting programme, initiated in April 2001, which is helping Recoletos to protect margins even in the difficult trading conditions.

With regard to the first half results, we highlight the following:

1. **Consolidated Revenues** down (-5.7%) compared to the first half of last year, as **advertising and circulation revenues** fell by 10.1% (-4.5% excluding Argentina) and 1.0% (+1.4% excluding Argentina) respectively.
2. **Direct Costs** and **Central Costs** fell significantly (-12.3% and -8.5% respectively) as a result of the cost cutting programme.
3. **EBITDA** on a consolidated basis increases significantly (23.0%) reaching € 29,83 million.
4. **Interest Income** includes capital gains of € 50.80 million from the sale of our stake in RTL.
5. The **Extraordinary Result**¹ includes non-cash goodwill amortisation charge of € 15.00 million relating to Argentinean ventures.
6. **Net Profit** € 41.29 million (vs. € 7.69 million in 1H01).

¹ In 2001 the Extraordinary Result included the additional goodwill amortisation of €5.41 million mentioned before

I. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Table 1: Consolidated Profit and Loss Account

Million €	1H2002	1H2001	Var. %
Revenues	119.26	126.52	(5.7)
Direct Costs	83.38	95.04	(12.3)
Gross Profit	35.88	31.48	14.0
Central Costs	11.70	12.79	(8.5)
EBIT	24.18	18.70	29.3
Interest Income (Expense)	52.69	(0.35)	NA
Goodwill Amortisation	(5.69)	(6.10)	(6.8)
Associated Undertakings	(0.18)	1.31	NA
Profit on Ordinary Activities	70.99	13.55	NA
Extraordinary Results	(15.62)	(1.54)	NA
Profit before Taxes	55.37	12.02	360.8
Income Taxes	(14.09)	(4.32)	226.2
Net Income	41.29	7.69	436.6
Depreciation	5.65	5.56	1.6
EBITDA	29.83	24.25	23.0

Below we present the consolidated P&L excluding our operations in Argentina:

Table 2: Consolidated Profit and Loss Account excluding Argentina*

Million €	1H2002	1H2001	Var. %
Revenues			
Advertising	52.55	54.04	(4.5)
Circulation	54.84	54.10	1.4
Others	10.38	10.99	(5.5)
Total Revenues	117.77	120.13	(2.0)
Direct Costs	80.10	84.22	(4.9)
Gross Profit	37.68	35.91	4.9
Central Costs	11.70	12.79	(8.5)
EBIT	25.98	23.12	12.3
Depreciation	5.55	5.40	2.7
EBITDA	31.52	28.52	10.5

*Excludes Sadei & Mind Opener

II. MARGINS

The margins are as follows:

Table 3: Margins

Million €	1H2002	1H2001
Consolidated:		
Gross Profit / Revenues	30.1 %	24.9 %
EBITDA / Revenues	25.0 %	19.2 %
EBIT / Revenues	20.3 %	14.8 %
Consolidated without Argentina:		
Gross Profit / Revenues	32.0%	29.9%
EBITDA / Revenues	26.8%	23.7%
EBIT / Revenues	22.1%	19.2%

III. OPERATING REVENUES

Total Operating Revenues amount to € 119.26 million, falling by 5,7%.

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

Table 4: Operating Revenues

Million €	1H2002	1H2001	Var. %
Advertising	53.62	59.67	(10.1)
Circulation	55.24	55.82	(1.0)
Other revenues	10.40	11.03	(5.7)
Total Revenues	119.26	126.52	(5.7)

Advertising revenues fell by 10.1% (down 4.5% excluding Argentina) showing a better trend than in 1Q02 and benefiting from the strong performance of Sports. Advertising revenues in Sports have increased by 12.1% (vs. -15.6% in 1Q02) thanks to Marca's leadership and ability to capitalise on an exceptional calendar of sporting events: Real Madrid's centenary, the European Champions League and the World Cup. In 2Q02 advertising revenues in Sports were 40% higher than in 2Q01.

Growth in advertising revenues is also shown in Medical (+3.7%) and Youth (+5.9%). The advertising downturn continues to have the most severe impact on Business and Finance (-30.9%, -21.8% without Argentina) and has begun to affect Women's interest (-1.7%).

Circulation revenues decreased by 1.0% due to lower sales of Expansion (-13.9%), while Marca's circulation increased by 1%. Excluding Argentina, circulation revenues at consolidated level increase by 1.4%.

b) Regarding the development of revenues by content areas², Sports (+9.1%), Health (+4.7%) and Youth (+6,4%) show remarkable growth rates. Sports remains, with 58.4%, the largest contributor to group revenues.

² 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 €	1H2002	% of total	1H2001	Var. %
Sports	69.59	58.4	63.81	9.1
Business & Finance	31.43	26.4	44.41	(29.2)
Women's Interest	6.75	5.7	6.81	(0.9)
Medical	4.43	3.7	4.23	4.7
Youth	1.99	1.6	1.87	6.4
Others	5.07	4.2	5.39	(5.9)
Total Revenues	119.26	100.0	126.52	(5.7)

In Sports, advertising revenues (+12.1%) and circulation revenues (+5.9%) increased. Copy sales of *Marca* rose by 1.0% to an average daily circulation of 365,358. In spite of the slight increase in cumulative circulation, the trend in copy sales has reversed in the month of March, showing sustainable increased circulation on a monthly basis since then. The re-launch of *Marca* has contributed to this success. *Marca*'s market share in the first five months of 2002 reaches 49.7% (vs. 49.8% in January-May 2001, Source: AEDE).

Revenues from Business and Finance declined by 29.2% due to lower advertising (-30.9%) and circulation revenues (-27.2%). Excluding Argentina, advertising revenues in Business and Finance decreased by 21.8% and circulation revenues by 18.5%. *Expansión* had an average daily circulation of 49,214 (-13.9%).

Women's Interest shows advertising revenues declining slightly. Circulation revenues continued to grow (+2.4%), due to the excellent circulation performance of *TeIva* magazine (+5.2%) reaching an average monthly circulation of 147,472.

Medical and Youth showed increasing advertising revenues (+3.7% and 5,9% respectively).

Revenues in General Information (Unedisa) decreased by 1.1%. *El Mundo*'s daily circulation was down 1.7% to 310,241.

IV. DIRECT COSTS

Consolidated Direct Costs decreased by 12.3% as a result of the cost cutting programme initiated in April 2001. Raw materials – mainly newsprint – were down 18.3%, personnel costs down 19.5% and marketing down 6.4%.

Direct costs decreased significantly in Business and Finance (-31.7%) and Youth (-13.2%).

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

Table 6: Direct Costs by content divisions

Million €	1H2002	1H2001	Var. %
Sports	42.91	41.19	4.2
Business and Finance	27.25	39.90	(31.7)
Women's interest	5.00	5.04	(0.8)
Medical	3.69	3.38	9.1
Youth	1.65	1.90	(13.2)
Others	2.88	3.63	(20.7)
Total Direct Costs	83.38	95.04	(12.3)

V. CENTRAL COSTS

Central costs decreased by 8.5% reaching € 11.70 million as a result of the cost cutting programme.

VI. GROSS PROFIT

Gross Profit by business areas show the following development:

Table 7: Gross Profit by business areas

Million €	1H2002	1H2001	Var. %
Sports	26.68	22.62	17.9
Business and Finance	4.18	4.51	(7.3)
Women's Interest	1.74	1.76	(1.2)
Medical	0.74	0.85	(12.7)
Youth	0.34	(0.03)	NA
Others	2.20	1.77	24.3
Total Gross Profit	35.88	31.48	14.0

Note: Gross Profit= Revenues less Direct Costs, it does not include Central Costs

Gross Profit increases by 14.0%. The key developments are:

- Remarkable improvement in Sports' Gross Profit due mainly to the increase in advertising revenues (which make 33% of the total revenues for this division) and in circulation revenues (65% of total revenues).
- Worsening in Business and Finance as a result of the advertising downturn. Advertising revenues make 62% of the total revenues of this content division and have fallen by 30.9%.
- Slight deterioration in Gross Profit in Women's Interest due to decreased advertising revenues.
- Worsening in Medical, due to the increase of direct costs associated with the launch of *Correo Farmacéutico*.
- Gross Profit in Youth has improved thanks to increasing advertising revenues and falling Direct Costs.

VII. NET PROFIT

Net Profit increases, reaching € 41.29 million, due to the following factors:

- Capital gains amounting to € 50.80 million obtained from the sale of Recoletos' 1.86% stake in RTL.
- Additional amortisation of Goodwill, € 15.00 million, corresponding to our Argentinean subsidiaries, which is included in the reporting line of Extraordinary Results.

VIII. SPORTS

This business area shows a remarkable increase in Gross Profit due to increasing advertising and circulation revenues. It is worth noting the great success of Marca's web page in traffic, reaching in June 197 million page views.

Table 8: Results of the Sports Area

Million €	1H2002	1H2001	Var. %
Revenues			
Advertising	22.87	20.41	12.1
Circulation	45.13	42.62	5.9
Others	1.59	0.79	102.3
Total Revenues	69.59	63.81	9.1
Direct Costs	42.91	41.19	4.2
Gross Profit	26.68	22.62	17.9
Gross Profit / Revenues	38.3%	35.4%	

IX. BUSINESS AND FINANCE

In Business and Finance revenues continue being hit by the advertising downturn and falling publications sales. Direct Costs were down 31.7%.

Table 9: Results of Business and Finance Area

Million €	1H2002	1H2001	Var. %
Revenues			
Advertising	19.44	28.13	(30.9)
Circulation	8.37	11.50	(27.2)
Other	3.62	4.78	(24.2)
Total Revenues	31.43	44.41	(29.2)
Direct Costs	27.25	39.90	(31.7)
Gross Profit	4.18	4.51	(7.3)
Gross Profit / Revenues	13.3%	10.2%	

Table 10: Results of Business and Finance Area excluding Argentina

Million €	1H2002	1H2001	Var. %
Revenues			
Advertising	18.37	23.50	(21.8)
Circulation	7.98	9.78	(18.5)
Others	3.60	4.73	(23.9)
Total Revenues	29.95	38.01	(21.2)
Direct Costs	23.98	29.08	(17.5)
Gross Profit	5.97	8.94	(33.1)
Gross Profit / Revenues	19.9%	23.5%	

Excludes Sadei & Mind Opener

X. GENERAL INFORMATION, UNEDISA

At Unedisa (in which Recoletos owns a 30% stake) revenues fell and increased costs caused a deterioration in profitability. El Mundo decreased copy sales by 1.7% reaching 310.241 average daily sales.

Table 11: Unedisa Results

Million €	1H2002	1H2001	Var. %
Revenues	120.52	123.38	(2.3)
Operating Costs	119.87	117.40	2.1
EBIT	0.65	5.98	(89.2)
Interest Income (expenses)	(1.19)	(0.81)	(47.9)
Goodwill Amortisation	(0.09)	(0.22)	62.0
Associated Undertakings	(0.17)	(0.24)	31.2
Profit on Ordinary Activities	(0.80)	4.71	NA
Extraordinary Results	(1.90)	(1.62)	(17.3)
Profit before Taxes	(2.69)	3.09	NA
Depreciation	5.27	5.25	0.3
EBITDA	5.92	11.24	(47.3)

XI. WOMEN'S INTEREST

Women's Interest revenues decreased slightly and maintained margins at good level thanks to increasing *Telva* copy sales.

Table 12: Results of Women's Interest Area

Million €	1H2002	1H2001	Var. %
Revenues			
Advertising	5.00	5.09	(1.7)
Circulation	1.69	1.65	2.4
Others	0.06	0.07	(16.6)
Total Revenues	6.75	6.81	(0.9)
Direct Costs	5.00	5.04	(0.8)
Gross Profit	1.74	1.76	(1.2)
Gross Profit / Revenues	25.8%	25.9%	

XII. MEDICAL

This area has experienced an increase in advertising revenues and a reduction of margins.

Table 13: Results of Medical Area

Million €	1H2002	1H2001	Var. %
Revenues			
Advertising	4.33	4.18	3.7
Circulation	0.04	0.04	0.0
Other	0.05	0.01	NA
Total Revenues	4.43	4.23	4.7
Direct Costs	3.69	3.38	9.1
Gross Profit	0.74	0.85	(12.7)
Gross Profit / Revenues	16.7%	19.9%	

XIII. YOUTH

Increasing advertising revenues and falling operating costs have caused an improvement in margins.

Table 14: Results of Youth Area

Million €	1H2002	1H2001	Var. %
Revenues	1.98	1.87	5.9
Advertising	0.00	0.00	NA
Circulation	0.01	0.00	NA
Total Revenues	1.99	1.87	6.4
Direct Costs	1.65	1.90	(13.2)
Gross Profit	0.34	(0.03)	NA
Gross Profit / Revenues	16.9%	(1.5%)	

XIV. CASH-FLOW

Table 15: Cash-flow

Millions of €	1H2002	1H2001	Var. %
Net Income	41.15	7.56	444.0
Depreciation	5.65	5.56	1.6
Goodwill Amortisation	5.69	6.10	(6.8)
Extraord. Goodwill Amortisation Argentina	15.00	0.00	
Provisions with regard to fixed assets	1.46	4.04	
Other Adjustments	(50.58)	(3.76)	
Net Cash provided by Operating Activities	18.37	19.50	(5.8)
Change in Working Capital	18.37	(8.93)	
Net Capex	117.46	(5.76)	NA
Net Cash used in Investment Activities	135.83	(14.69)	NA
Equity Financing	0.00	0.00	
Net Debt Financing	0.00	0.00	
Dividend Payment	(1.96)	(10.52)	
Other changes in Shareholders' Equity	0.64	(1.35)	
Net Cash provided by Financing Activities	(1.32)	(11.87)	(88.9)
Net Increase in Cash and Cash Equivalents	152.87	(7.06)	NA

XV. CONSOLIDATED BALANCE SHEET

Table 16: Consolidated Balance Sheet

Million €	2002	2001
	June	December
Fixed Assets:	117.28	192.60
- Tangible Assets	57.95	58.76
- Intangible Assets	5.68	7.12
- Financial Investments	53.65	126.72
Goodwill on Amortisation	18.31	39.00
Accounts receivable	56.57	48.18
Stocks	6.63	8.87
Cash and Cash Equivalents	230.11	77.30
Other Assets	1.88	2.13
Total Assets	430.78	368.08
Shareholders Equity	336.64	296.38
Minority Shareholders	0.59	1.02
Provisions	10.11	11.46
Long-term Liabilities	3.72	3.78
Short-term Liabilities	79.71	55.44
Total Debts	430.78	368.08

XVI. OTHER RELEVANT ISSUES

Recoletos agreed on December 24th 2001 to sell to Bertelsmann AG its 1.86% stake in RTL. The sale, valued at 126.9 million Euros including capital gains of 50,8 million Euros, was completed January 2002.

XVII. OPERATIONAL FIGURES

OPERATING MAGNITUDES	1H2002	1H2001	%Var.
SPORTS			
Accumulated Marca copy sales	365,358	361,686	1.0
Accumulated Golf Digest copy sales	13,538	13,539	0.0
June page views of marca.com ('000)	197,000	63,887	208.4
BUSINESS AND FINANCE			
Accumulative Expansi3n copy sales	49,214	57,160	(13.9)
Accumulative Actualidad Econ3mica copy sales	19,992	21,152	(5.5)
Accumulative ganar.Com copy sales	7,637	11,773	(35.1)
June page views of Expansi3ndirecto.com ('000)	20,762	21,910	(5.2)
June page views Expansi3nyempleo.com ('000)	1,198	1,801	(33.5)
June page views ganar.com ('000)	1,329	1,271	4.6
GENERAL INFORMATION			
El Mundo. accumulated copy sales	310,241	315,657	(1.7)
June page views El Mundo ('000)	185,519	68,000	172.8
WOMEN'S INTEREST			
Accumulative. Copy sales Telva	147.472	140.182	5,2
June page views estarguapa.com ('000)	2,871	2,310	24.3
MEDICAL AND YOUTH			
June page views diario medico.com ('000)	1,969	2,733	(28.0)
June page views tuGueb.com ('000)	1,054	1,032	2.1