

**PRELIMINARY RESULTS  
YEAR 2003  
(January – December)  
RECOLETOS GRUPO DE COMUNICACIÓN S.A.**

Highlights from the results of the full year 2003 are as follows:

1. **Consolidated revenues** up (+4.7%) compared to the year 2002, to € 245.43 million as **advertising revenues increase by 2.2%** (+0.3% excluding Argentina, Chile and Portugal) **and circulation revenues** by 2.7% (+2.1% underlying).
2. **Direct costs** and **central costs** increase (+7.0% and +5.1% respectively). On an underlying basis, excluding activities outside Spain, direct costs increase by 3.8%.
3. **EBITDA** on a consolidated basis decreases (4.2%) at € 52.16 million. **EBIT** amounts to € 41,40 million (-4.4%)
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 € 60.52 million (vs. € 50.27 million in 2002).
6. The **net cash position** reaches € 196.29 million.
7. Recoletos' main titles maintain their leadership. *Marca*'s circulation has increased (+2.9%) and copy sales of *Expansión* show a recovery at the end of the year. According to the last EGM<sup>3</sup> our main titles have increased their readership significantly in 2003 (*Marca* +9,8%, *Expansión* +44,7%, *Telva* +34,1%). This proves that the efforts made to re-launch and improve our publications have borne fruit despite having increased the cost base.

Comparing the fourth quarter of 2003 (Oct-Dec.) with the same quarter in 2002:

1. Revenues increase (15.3%) as advertising revenues increase by 4.3% and circulation revenues by 18.3%. Underlying total revenues increase by 16.2%.
2. Underlying direct costs increase by 11.2% and central costs by 4.8%. This is mainly due to increased personnel and printing costs as circulation has increased and new magazines and promotions have been launched.
3. Profitability increases: EBITDA (+30.8%), EBIT (+36.0%).
4. The significant increase in profitability derives mainly from the remarkable performance of the Sports division, with an increase in total revenues of 31.3% reaching € 40.71 million. Advertising and circulation revenues of this content division have increased by 18.7% (€ 12.82 million) and 23.1% (€ 24.57 million), respectively. Sports' Gross Margin in 4Q03 amounts to 34.8% (vs. 29.2% in 4Q2002).
5. Trading conditions remain uncertain although the advertising market has improved in the last months of 2003. This improvement derives mainly from advertising spend recovery in the consumer and luxury goods sectors and is reflected in the excellent performance of the Sports division. On the contrary, the Business and Finance division continues to suffer from sluggish B2B and financial services advertising.

<sup>1</sup> In 2002 the extraordinary result included a goodwill amortisation of €15.00 million corresponding to Argentina

<sup>2</sup> Net profit before minorities, net profit after minorities amounts to €59.80 million (vs. €49,57 million in 2002)

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

## I. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Table 1: Consolidated Profit and Loss Account

Million €	2003	2002	Var. %
<b>Revenues</b>	<b>245.43</b>	<b>234.47</b>	<b>4.7</b>
Direct Costs	180.35	168.63	7.0
<b>Gross Profit</b>	<b>65.08</b>	<b>65.84</b>	<b>(1.2)</b>
Central Costs	23.68	22.54	5.1
<b>EBIT</b>	<b>41.40</b>	<b>43.31</b>	<b>(4.4)</b>
Interest Income (Expense)	4.41	55.61	--
Goodwill Amortisation	(1.38)	(11.48)	--
Associated Undertakings	1.87	0.12	--
<b>Profit on Ordinary Activities</b>	<b>46.29</b>	<b>87.56</b>	<b>(47.1)</b>
Extraordinary Results	46.90	(17.92)	--
<b>Profit before Tax</b>	<b>93.19</b>	<b>69.64</b>	<b>33.8</b>
Income Tax	(32.66)	(19.36)	68.7
<b>Consolidated Net Income</b>	<b>60.52</b>	<b>50.27</b>	<b>20.4</b>
<b>Cons. Net Income a. Minorities</b>	<b>59.80</b>	<b>49.57</b>	<b>20.6</b>
<b>Depreciation</b>	<b>10.76</b>	<b>11.13</b>	<b>(3.4)</b>
<b>EBITDA</b>	<b>52.16</b>	<b>54.44</b>	<b>(4.2)</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 €	2003	2002	Var. %
<b>Revenues</b>			
Advertising	92.88	92.61	0.3
Circulation	112.74	110.47	2.1
Others	23.10	20.08	15.0
<b>Total Revenues</b>	<b>228.71</b>	<b>223.17</b>	<b>2.5</b>
Direct Costs	160.21	154.30	3.8
<b>Gross Profit</b>	<b>68.50</b>	<b>68.87</b>	<b>(0.5)</b>
Central Costs	23.68	22.54	5.1
<b>EBIT</b>	<b>44.82</b>	<b>46.33</b>	<b>(3.3)</b>
Depreciation	10.56	10.89	(3.0)
<b>EBITDA</b>	<b>55.38</b>	<b>57.22</b>	<b>(3.2)</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, a company specialised in the organisation of sport events.

## II. MARGINS

The margins are as follows:

Table 3: Margins

Million €	2003	2002
<b>Consolidated:</b>		
Gross Profit / Revenues	26.5%	28.1 %
EBITDA / Revenues	21.3%	23.2 %
EBIT / Revenues	16.9%	18.5 %
<b>Consolidated "Underlying":</b>		
Gross Profit / Revenues	30.0%	30.9%
EBITDA / Revenues	24.2%	25.6%
EBIT / Revenues	19.6%	20.8%

## III. OPERATING REVENUES

Total operating revenues amount to € 245.43 million up 4.7%.

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

Table 4: Operating Revenues

Million €	2003	2002	Var. %
Advertising	102.66	100.48	2.2
Circulation	116.26	113.15	2.7
Other revenues	26.52	20.85	27.2
<b>Total Revenues</b>	<b>245.43</b>	<b>234.47</b>	<b>4.7</b>

Advertising revenues show an increase of 2.2% (up 0.3% on an underlying basis) with strong recovery in 4Q03 (in 9M03 advertising revenues grew by 1.2%). Advertising revenues in Sports increase by 4.0% showing a better trend than the publishing sector as a whole, due to a remarkable performance in 4Q03 with an increase in advertising revenues of 18.7%. Business and Finance continues to be hit by sluggish advertising (-2.3%, underlying -9.3% vs. -12.9% in 9M03).

Advertising revenues also grow in Women's interest (+13.3%) and Medical (+1.5%), whereas they decrease slightly in Youth (-0.8%).

Circulation revenues increase by 2.7% due to *Marca's* and *Telva's* circulation increases of 2.9% and 3.3%, respectively and sales of exceptional products, promotions and publications of the Sports division. On the contrary, *Expansión's* circulation was down 2.9%. Excluding activities outside Spain, circulation revenues at the consolidated level increase by 2.1%.

"Other revenues" are up 27.2%, due to the integration of *Last Lap* and higher revenues in the *Conferences & Training* division, *MarcaMedia*, *Recoprint* (printing for third parties) and *Novomedia* (advertising agency).

b) Looking at the revenues performance by content areas<sup>5</sup>, Sports (+6.0%), Women's Interest (+11.9%) and Youth (+2.8%) show remarkable growth rates. Business and Finance benefits from the integration of our publications outside Spain (consolidated revenues +0.6%). Sports remains, with 58.1%, 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 €	2003	% of total	2002	Var. %
Sports	142.71	58.1	134.57	6.0
Business & Finance	63.34	25.8	62.96	0.6
Women's Interest	15.56	6.3	13.91	11.9
Medical	8.32	3.4	8.31	0.2
Youth	3.51	1.4	3.41	2.8
Others	11.99	5.0	11.31	6.0
<b>Total Revenues</b>	<b>245.43</b>	<b>100.0</b>	<b>234.47</b>	<b>4.7</b>

In Sports, advertising revenues (+4.0%) and circulation revenues (+2.4%) increase. Copy sales of *Marca* have increased by 2.9% to an average daily circulation of 390,676. *Marca*'s market share in 2003 is 48.4% (vs. 49.3% in 2002. Source: AEDE).

Revenues from Business and Finance increase by 0.6% due to higher circulation (+3.2%) revenues, while advertising revenues decline (-2.3%). Excluding activities outside Spain, advertising revenues in Business and Finance decrease by 9.3% and circulation revenues by 2.0%. *Expansión* has an average daily circulation of 46,307 (-2.9%) in 2003. It is worth noting the increase in circulation of the magazine *Actualidad Económica* of 2.5%, reaching average weekly circulation of 20,571.

In Women's Interest, advertising and circulation revenues increase significantly (+13.3% and +6.2% respectively). *Telva* magazine had an average monthly circulation of 164,274 in 2003 (+3.3%).

In Medical, advertising revenues are up (+1.5%) and in Youth, "other revenues" increase due to the launch of *The Universities' Guide*.

#### IV. DIRECT COSTS

Consolidated direct costs increase by 7.0% and 3.8% excluding activities outside Spain. Costs corresponding to raw materials – mainly newsprint – are down 5.6%. Personnel and printing costs increase by 8.9% and 17.2% respectively, due to new launches and increased circulation levels.

Direct costs increase in Business and Finance because of the integration of new activities. Excluding activities outside Spain the direct costs of this content division decrease by 2.1%.

The breakdown of direct costs by content divisions is as follows:

Table 6: Direct Costs by content divisions

Million €	2003	2002	Var. %
Sports	92.34	86.38	6.9
Business and Finance	57.25	54.82	4.4
Women's interest	11.80	9.98	18.3
Medical	7.03	7.19	(2.3)
Youth	3.32	2.94	12.9
Others	8.61	7.32	17.6
<b>Total Direct Costs</b>	<b>180.35</b>	<b>168.63</b>	<b>7.0</b>

## V. CENTRAL COSTS

Central costs increase by 5.1% to € 23.68 million, mainly as a result of higher personnel costs (+8.5%), which make 56% of total central costs.

## VI. GROSS PROFIT

Gross profit by business areas is the following:

Table 7: Gross profit by business areas

Million €	2003	2002	Var. %
Sports	50.37	48.19	4.5
Business and Finance	6.10	8.14	(25.1)
Women's Interest	3.76	3.93	(4.4)
Medical	1.29	1.11	16.1
Youth	0.19	0.47	(60.3)
Others	3.37	4.00	(15.8)
<b>Total Gross Profit</b>	<b>65.08</b>	<b>65.84</b>	<b>(1.2)</b>

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

Consolidated gross profit decreases by 1.2%. The key developments are:

- Remarkable improvement in Sports' gross profit due mainly to increased advertising revenues (which represent 30% of the total revenues for this division), higher circulation revenues (66% of total revenues) and "other" revenues (Last Lap, MarcaMedia, etc).
- A decline in Business and Finance as a result of the advertising downturn.
- 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 to € 60.52 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 content division shows a remarkable performance despite the unfavourable comparison with 2002, a year marked by an exceptional sports calendar. Revenues from advertising (+4.0%), circulation (+2.4%) as well as "other revenues" (*Last Lap* €1.85 million, *MarcaMedia* €1.50 million, etc) rise. *Marca* continues increasing its circulation (+2.9%) and readership<sup>7</sup> (+9.8% vs. 2002), with 2.47 million readers daily (market share of 57.3% in readership). *Marca*'s web page traffic reached 173 million page views in December.

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

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

Table 8: Results of the Sports Area

Million €	2003	2002	Var. %
<b>Revenues</b>			
Advertising	42.64	41.01	4.0
Circulation	94.27	92.06	2.4
Others	5.80	1.51	284.3
<b>Total Revenues</b>	<b>142.71</b>	<b>134.57</b>	<b>6.0</b>
Direct Costs	92.34	86.38	6.9
<b>Gross Profit</b>	<b>50.37</b>	<b>48.19</b>	<b>4.5</b>
<b>Gross Profit / Revenues</b>	<b>35.3</b>	<b>35.8%</b>	

## IX. BUSINESS AND FINANCE

In Business and Finance, revenues continue to be hit by the downturn in advertising. Circulation revenues increase due to the integration of our activities in Portugal and Chile. Despite falling circulation of *Expansión* (-2.9%), readership<sup>8</sup> has increased by 44.7% in 2003 reaching 149.000 readers daily (market share of 58.9%).

Table 9: Results of Business and Finance Area

Million €	2003	2002	Var. %
<b>Revenues</b>			
Advertising	37.14	38.03	(2.3)
Circulation	17.69	17.14	3.2
Other	8.51	7.80	9.2
<b>Total Revenues</b>	<b>63.34</b>	<b>62.96</b>	<b>0.6</b>
Direct Costs	57.25	54.82	4.4
<b>Gross Profit</b>	<b>6.10</b>	<b>8.14</b>	<b>(25.1)</b>
<b>Gross Profit / Revenues</b>	<b>9.6%</b>	<b>12.9%</b>	

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

Million €	2003	2002	Var. %
<b>Revenues</b>			
Advertising	27.37	30.19	(9.3)
Circulation	14.17	14.46	(2.0)
Others	6.94	6.94	0.0
<b>Total Revenues</b>	<b>48.48</b>	<b>51.59</b>	<b>(6.0)</b>
Direct Costs	39.17	40.02	(2.1)
<b>Gross Profit</b>	<b>9.30</b>	<b>11.57</b>	<b>(19.6)</b>
Gross Profit / Revenues	19.2%	22.4%	

*Excludes Argentina, Chile and Portugal*

<sup>8</sup> EGM for the period December-October

## X. WOMEN'S INTEREST

Women's Interest revenues increase significantly due to a remarkable performance in advertising and circulation. *Telva* reaches copy sales of 164,274 and increases its readership<sup>9</sup> by 34.1% in 2003 (358,000).

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

Million €	2003	2002	Var. %
<b>Revenues</b>			
Advertising	11.29	9.96	13.3
Circulation	4.11	3.87	6.2
Others	0.16	0.07	120.3
<b>Total Revenues</b>	<b>15.56</b>	<b>13.91</b>	<b>11.9</b>
Direct Costs	11.80	9.98	18.3
<b>Gross Profit</b>	<b>3.76</b>	<b>3.93</b>	<b>(4.4)</b>
<b>Gross Profit / Revenues</b>	<b>24.2%</b>	<b>28.3%</b>	

## XI. MEDICAL

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

*Table 12: Results of Medical Area*

Million €	2003	2002	Var. %
<b>Revenues</b>			
Advertising	8.22	8.10	1.5
Circulation	0.07	0.07	0,0
Other	0.03	0.13	(79.1)
<b>Total Revenues</b>	<b>8.32</b>	<b>8.31</b>	<b>0.2</b>
Direct Costs	7.03	7.19	(2.3)
<b>Gross Profit</b>	<b>1.29</b>	<b>1.11</b>	<b>16.1</b>
<b>Gross Profit / Revenues</b>	<b>15.5%</b>	<b>13.4%</b>	

## XII. YOUTH

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

*Table 13: Results of Youth Area*

Million €	2003	2002	Var. %
<b>Revenues</b>			
Advertising	3.36	3.39	(0.8)
Circulation	0.12	0.00	--
Other	0.04	0.03	42.6
<b>Total Revenues</b>	<b>3.51</b>	<b>3.41</b>	<b>2.8</b>
Direct Costs	3.32	2.94	12.9
<b>Gross Profit</b>	<b>0.19</b>	<b>0.47</b>	<b>(60.3)</b>
<b>Gross Profit / Revenues</b>	<b>5.3%</b>	<b>13.7%</b>	

<sup>9</sup> EGM "Encuesta General de Medios" for the period December-October

### XIII. CASH-FLOW

Table 14: Cash-flow

Millions of €	2003	2002	Var. %
Net Income after Minority	<b>59.80</b>	<b>49.57</b>	<b>20.6</b>
Depreciation	10.88	11.13	(2.3)
Goodwill Amortisation	1.38	11.48	(87.9)
Extraord. Goodwill Amortisation Argentina	0.00	15.00	--
Provisions with regard to Fixed Assets	(0.53)	3.26	--
Other Adjustments	(48.36)	(49.52)	(2.4)
<b>Net Cash provided by Operating Activities</b>	<b>23.18</b>	<b>40.93</b>	<b>(43.4)</b>
Change in Working Capital	6.01	21.76	(72.4)
Net Capex	62.32	100.16	(37.8)
<b>Net Cash used in Investment Activities</b>	<b>68.33</b>	<b>121.92</b>	<b>(43.9)</b>
Equity Financing	--	0.00	--
Net Debt Financing	--	0.00	--
Dividend Payment	(136.35)	(1.96)	--
Other changes in Shareholders' Equity	1.10	1.86	--
<b>Net Cash provided by Financing Activities</b>	<b>(135.25)</b>	<b>(0.10)</b>	<b>--</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(43.75)</b>	<b>162.75</b>	<b>--</b>

### XIV. CONSOLIDATED BALANCE SHEET

Table 15: Consolidated Balance Sheet

Million €	2003 December	2002 December
Fixed Assets:	94.48	113.98
- Tangible Assets	63.93	58.08
- Intangible Assets	4.49	5.73
- Financial Investments	26.06	50.18
Goodwill on Amortisation	19.27	26.83
Accounts receivable	54.52	47.12
Stocks	5.09	5.91
Cash and Cash Equivalents*	196.29	240.04
Other Assets	2.75	2.64
<b>Total Assets</b>	<b>372.41</b>	<b>436.52</b>
Shareholders Equity	270.41	345.86
Minority Shareholders	1.47	1.10
Provisions	11.58	12.26
Long-term Liabilities	2.56	3.62
Short-term Liabilities	86.39	73.68
<b>Total Debts</b>	<b>372.41</b>	<b>436.52</b>

\* It includes, at December 2002 € 32.97 million, and at December 2004 € 33.69 million SIMCAV (Investment Trust)



## **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 that was held on December 17<sup>th</sup> 2003. The following proposals for dividend distribution were approved:

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.
2. An interim dividend of € 50.000.000 corresponding to financial year 2003. This would represent a gross payment of € 0.3832 per share.

As the Extraordinary Shareholders' General Meeting approved these proposals, Recoletos Grupo de Comunicación S.A. distributed 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 took place on December 29<sup>th</sup> 2003, the beneficiaries being all shareholders that were 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 December 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 twelve months of the year: 3.37 Argentinean pesos/Euro.
- Balance Sheet items, at the official exchange rate at the end of December: 3.69 Argentinean pesos / Euro.

At December 2002 the exchange rates used were:

- the average exchange rate for the twelve month period of 3.09 Argentinean pesos/Euro for the Profit and Loss items, and
- the December-end rate of 3.53 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. OPERATING FIGURES**

<b>OPERATING MAGNITUDES</b>	<b>2003</b>	<b>2002</b>	<b>%Var.</b>
<b>SPORTS</b>			
Cumulative Marca copy sales	390,676	379,679	2.9
Cumulative Golf Digest copy sales	14,138	14,857	(4.8)
December page views of marca.com ('000)	173,097	125,363	123.4
<b>BUSINESS AND FINANCE</b>			
Cumulative Expansión copy sales	46,307	47,709	(2.9)
Cumulative Actualidad Económica copy sales	20,571	20,078	2.5
December page views of Expansión.com ('000)	16,074	11,848	(5.4)
Dec. page views Expansiónyempleo.com ('000)	1,401	1,690	(17.1)
<b>WOMEN'S INTEREST</b>			
	164.274	159.094	3.3
Cumulative copy sales Telva	8,014	3,457	108.7
September page views estarguapa.com ('000)			
<b>MEDICAL AND YOUTH</b>			
September page views diario medico.com ('000)	4,045	2,480	9.1
September page views tuGueb.com ('000)	2,447	1,156	111.6