

**RESULTS FOR THE  
FIRST HALF OF 2004  
(January – June)  
RECOLETOS GRUPO DE COMUNICACIÓN S.A.**

The highlights of the first half results, are as follows:

- 1. Consolidated revenues** were up 11.5% compared to the first half of last year, reaching €133.59 million as **advertising revenues** increased by 13.9%, **circulation revenues** increased by 2.7% and **other revenues** increased by 40.8%.
- 2. Advertising revenue growth accelerating across all content areas:**
  - Sports +16.2% (+1.2% at Q1), boosted by Euro 2004 in June/ July
  - Business and Finance +4.9% (-1.0% at Q1)
  - Women's interest +35.9% (+10.8% at Q1)
  - Medical +18.2% (+4.8% at Q1)
  - Youth +3.0% (-8.7% at Q1)
- 3. Direct costs** and **central costs** increased 13.2% and +4.7%, respectively due to new launches and investments in content (Business and Finance division) in line with our growth strategy. The impact of these measures led to an increase in costs of €7.10 million.
4. As a result of our investments, **Recoletos' main titles maintain their leadership**. With 2.6 million readers<sup>1</sup>, *Marca* continues to be the most widely read newspaper in Spain. Following the re-launch, *Expansión* has seen its copy sales increase +2.9%. According to EGM<sup>2</sup> our main titles continue to increase their readership significantly: *Marca* +7.8%, *Expansión* +10.6% and *Telva* +31.4%. In addition, *Radio Marca* is now heard by 155,000 listeners per day (+72.0%).
- 5. EBITDA** on a consolidated basis increased 6.5% reaching € 27.45 million. EBIT was €22.24 million (+8.4%).
- 6. Net Profit** was € 18.08 million
- 7. The net cash position** reached € 183.52 million.

We bring attention to the fact that in the first half of 2003 Recoletos reported capital gains of € 46.89 million from the sale of our 30% stake in Unidad Editorial S.A. (Unedisa) as an **extraordinary result**.

<sup>1</sup> Data from last survey by EGM ("Encuesta General de Medios") 2nda Ola

<sup>2</sup> EGM data- compares readership figures for October- May 03 vs. 04 and radio listeners for the period April- May 03 vs. 04

Comparing the second quarter of 2004 with the same period in 2003:

1. Very strong increase in revenues (+18.0%) as advertising increased by 23.7%, circulation by 8.0% and other revenues by 32.6%. Included in this strong revenue increase are the effects of Euro 2004 which took place in June-July.
2. Direct and Central Costs increase by 16.2% and 43% respectively. The increase in costs is mainly attributable to the new launches.
3. Profitability increases significantly: EBITDA (+26.5%) and EBIT (+31.3%).

We also highlight the following with respect to first half 2004 :

1. *Marca*'s price increased from €0.90 to €0.95 (+5,6%) on June 9<sup>th</sup>.
2. *Marca Motor* and the *NBA Magazine*, launched in the last quarter of 2003, contributed € 1.40 million in revenues. With an average monthly circulation of 68,721 and 18,821 respectively, both magazines have already reached the leading position in their respective segments.
3. *Única*, launched in Q2 2004, contributed €1.90 million in revenues. Its average monthly circulation *Única* has reached 272,573.
4. *Last Lap*<sup>3</sup>, consolidated in the accounts since August 2003, has contributed € 1.73 million in revenues.
5. *Expansión* increased its circulation (+2.9%) maintaining a positive trend. Its cover price increased from 1.20€ to 1.50€ on February 26<sup>th</sup>.
6. On April 15<sup>th</sup> Recoletos announced its investment in Meximerica and the launch of Rumbo, a network of Spanish-language daily newspapers in Texas. In 2004 Recoletos will invest approximately US\$ 16.5 million, which includes operating loss and capex. Recoletos will began reflecting Meximerica on its P&L and Balance Sheet beginning on the day of the launch, scheduled for Monday, July 26. As such, in the 1H 2004, these accounts do not yet reflect the investment.

---

<sup>3</sup> In 2H2003, Recoletos acquired a 49% stake in *Last Lap*, a company that organizes sport events.

## I. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Table 1: Consolidated Profit and Loss Account

Million €	1H2004	1H2003	Var. %
<b>Revenues</b>	<b>133.59</b>	<b>119.83</b>	<b>11.5</b>
Direct Costs	98.51	87.03	13.2
<b>Gross Profit</b>	<b>35.08</b>	<b>32.79</b>	<b>7.0</b>
Central Costs	12.85	12.27	4.7
<b>EBIT</b>	<b>22.24</b>	<b>20.52</b>	<b>8.4</b>
Interest Income (Expense)	2.33	1.94	20.2
Goodwill Amortisation	(0.55)	(0.75)	(26.8)
Associated Undertakings	1.39	0.99	40.1
<b>Profit on Ordinary Activities</b>	<b>25.40</b>	<b>22.70</b>	<b>11.9</b>
Extraordinary Results	0.05	46.73	(99.9)
<b>Profit before Taxes</b>	<b>25.45</b>	<b>69.43</b>	<b>N/A</b>
Income Taxes	(7.37)	(27.92)	(73.6)
Net Income	<b>18.08</b>	<b>41.51</b>	<b>(56.4)</b>
<b>Depreciation</b>	<b>5.21</b>	<b>5.26</b>	<b>(1.0)</b>
<b>EBITDA</b>	<b>27.45</b>	<b>25.78</b>	<b>6.5</b>

## II. MARGINS

Margins in the period are as follows:

Table 2: Margins

Million €	1H2004	1H2003
Gross Profit / Revenues	26.3%	27.4%
EBITDA / Revenues	20.5%	21.5%
EBIT / Revenues	16.6%	17.1%

## III. OPERATING REVENUES

Total Operating Revenues amount to € 133.59 million, increasing by 11.5%.

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

Table 3: Operating Revenues

Million €	1H2004	1H2003	Var. %
Advertising	61.43	53.91	13.9
Circulation	55.58	54.13	2.7
Other revenues	16.59	11.78	40.8
<b>Total Revenues</b>	<b>133.59</b>	<b>119.83</b>	<b>11.5</b>

Advertising revenues increased by 13.9%, showing a significant increase in 2Q04 (+23.7%). This strong increase in advertising is a result of a combination of several factors including: recovery in advertising, Euro 2004 and new launches. By content area, **Sports** and **Women's interest** saw the largest gains, 16.2% and 35.9%, respectively. In this half we also saw a return to growth in **Business and Finance** which grew at (+4.9%). The **Medical** area experienced important growth (+18.2%) and **Youth** also grew by 3.0%.

Circulation revenues increase by 2.7% due to an increase in the circulation of *Expansión* (+2.9%), the price increases in *Expansión* (February 2004) and *Marca* (June 2004), the contribution of new launches, and a continued strong performance at *Telva*.

Other revenues were up considerably (+40.8%), 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).

Regarding the development of revenues by content areas<sup>4</sup>, we highlight a strong increase in Recoletos' principal content areas: **Sports** (+8.7%) and **Business and Finance** (+7.9%). We also note the extraordinary increase in **Women's Interest** (+38.6%), **Others** (+27.1%) and **Medical** (+18.4%). The **Youth** area grew by 1.7%. **Sports**, which accounts for 54.9% of total revenues, continues to be the largest contributor to Recoletos' revenues.

Table 4: Revenues by content areas

Million €	1H2004	% of total	1H2003	Var. %
Sports	73.39	54.9	67.50	8.7
Business & Finance	34.82	26.1	32.27	7.9
Women's Interest	10.26	7.7	7.41	38.6
Medical	5.64	4.2	4.77	18.4
Youth	2.20	1.6	2.16	1.7
Others	7.28	5.4	5.72	27.1
<b>Total Revenues</b>	<b>133.59</b>	<b>100</b>	<b>119.83</b>	<b>11.5</b>

In Sports, advertising revenues increased substantially (+16.2%), boosted in part by Euro 2004, while circulation revenues decreased slightly (-1.4%). Copy sales of *Marca* fell by (-4.9%) to 360,348.

Revenues from Business and Finance increased by 7.9% due to higher circulation revenues (+13.6%) and higher advertising revenues (+4.9%). *Expansión* copy sales grew to 48,186 (+2.9%) in 1H04, which demonstrates the success of recent investments in its content and design improvements. *Actualidad Económica* continues to grow in circulation, reaching copy sales of 19,149 (+5.4%).

Revenues in Women's Interest increased significantly (+38.6%) as a result of strong increases in both advertising (+35.9%) and circulation revenues (+53.8%). The strong growth in the Women's Interest area is largely attributable to the launch of, *Única* in April 2004. Nonetheless, *Telva* copy sales continue to increase. This period saw its circulation increase by 8.4%, to an average monthly circulation of 153,119.

Medical and Youth also show increasing advertising revenues (+18.4% and +3.0% respectively).

<sup>4</sup> P&L accounts for the principal content areas are shown starting with Chapter VIII of this note.

#### IV. DIRECT COSTS

Consolidated direct costs increased by 13.2%. Marketing, personnel and printing costs increased by 25.3%, 15.9% and 11.1%, respectively. Direct costs increased in all business divisions except for Youth, reflecting our investment in content and new launches. In Sports, the launch of *Marca Motor* and the *NBA Magazine* in 4Q2003 caused an increase in marketing, printing and personnel costs. In Business and Finance, the re-launch of *Expansión* has also contributed to higher printing, personnel and distribution costs. In the Women's division, direct costs include higher marketing and personnel costs due to the launch of *Única*, as well as an exceptional marketing campaign for *Telva*.

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

*Table 5: Direct Costs by content divisions*

Million €	1H2004	1H2003	Var. %
Sports	48.16	43.36	11.1
Business and Finance	30.89	29.23	5.7
Women's interest	9.11	5.42	68.0
Medical	4.14	3.74	10.8
Youth	1.75	1.80	(3.0)
Others	4.46	3.48	28.2
<b>Total Direct Costs</b>	<b>98.51</b>	<b>87.03</b>	<b>13.2</b>

#### V. CENTRAL COSTS

Central costs increased by 4.7% reaching € 12.85 million primarily as a result of higher personnel costs (+4.9%), which constitute 53.2% of total central costs.

## VI. GROSS PROFIT

Gross Profit by business areas show the following development:

Table 6: Gross Profit by business areas

Million €	1H2004	1H2003	Var. %
Sports	25.23	24.14	4.5
Business and Finance	3.94	3.03	29.8
Women's Interest	1.15	1.98	(41.9)
Medical	1.50	1.03	45.9
Youth	0.45	0.36	25.3
Others	2.81	2.24	25.4
<b>Total Gross Profit</b>	<b>35.08</b>	<b>32.79</b>	<b>7.0</b>

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

Consolidated Gross Profit increased by 7.0%. The key developments are:

- Increase in **Sports** due mainly to increase in advertising revenues. At the Gross Profit level, however, this growth is partly offset by the cost of the new launches.
- Increase in **Business and Finance** as a result of the recovery in advertising and the increase in the price of *Expansión*.
- Deterioration in **Women's Interest** Gross Profit due to the launch of *Única*.
- Improvement in **Medical and Youth** improved, as a result of the increase in advertising revenues.
- The **Others** segment also posted a strong increase as a result of strong revenue growth in the majority of its components: *Last Lap*, *Conferences & Training*, *MarcaMedia*, *Recoprint* and *Novomedia*.

## VII. NET PROFIT

- Net profit was € 18.08 million. The decline in net profit is due to the difficult comparison with 2H2003. As previously noted, in 1Q2003 Recoletos recorded a capital gain of € 46.89 million obtained from the sale of Recoletos' 30% stake in Unidad Editorial S.A. (Unedisa).

## VIII. SPORTS

The Sports area shows a strong increase in revenues (+8.7%) primarily as a result of the strong increase in advertising (+16.2%), partly attributable to Euro 2004. The recovery in the advertising market and the launch of *NBA* and *Marca Motor* in Q4 2003 also contribute to this growth. Circulation revenues decreased by (1.4%) due a fall in *Marca* copy sales (-4.9%). Despite this, *Marca*'s readership continues to increase. According to the latest EGM data<sup>5</sup>, *Marca*'s readership increased 7.8% reaching 2.63 million readers daily, which consolidates its position as the most widely read newspaper in Spain. We note as well the increase in other revenues, which encompasses, among others, revenues from *Last Lap* (€ 1.73 million) and *MarcaMedia* (€ 0.98 million) .

Table 7: Results of the Sports Area

Million €	1H2004	1H2003	Var. %
<b>Revenues</b>			
Advertising	26.22	22.57	16.2
Circulation	42.98	43.61	(1.4)
Others	4.20	1.33	N/A
<b>Total Revenues</b>	<b>73.39</b>	<b>67.50</b>	<b>8.7</b>
Direct Costs	48.16	43.36	11.1
<b>Gross Profit</b>	<b>25.23</b>	<b>24.14</b>	<b>4.5</b>
<b>Gross Profit / Revenues</b>	<b>34.4%</b>	<b>35.8%</b>	<b>(3.9)</b>

## IX. BUSINESS AND FINANCE

In Business and Finance revenues increased 7.9% due to a recovery in advertising revenues (+4.9%), as well as a strong increase in circulation revenues (+13.6%). This strong increase in circulation revenues is attributable in large part to the increase in *Expansión* copy sales (+2.9%), as well as the increase in its cover price in February. In addition, *Expansión*'s readership<sup>6</sup> increased by 10.6% reaching 146,000 readers daily.

Table 8: Results of Business and Finance Area

Million €	1H2004	1H2003	Var. %
<b>Revenues</b>			
Advertising	19.88	18.95	4.9
Circulation	9.91	8.72	13.6
Others	5.04	4.60	9.5
<b>Total Revenues</b>	<b>34.82</b>	<b>32.27</b>	<b>7.9</b>
Direct Costs	30.89	29.23	5.7
<b>Gross Profit</b>	<b>3.94</b>	<b>3.03</b>	<b>29.8</b>
<b>Gross Profit / Revenues</b>	<b>11.3%</b>	<b>9.4%</b>	<b>20.3</b>

<sup>5</sup> EGM October-May 03 vs. 04

<sup>6</sup> EGM October-May 03 vs. 04

## X. WOMEN'S INTEREST

Women's Interest revenues increased significantly in advertising (+35.9%) and circulation (+53.8%) due in large part to the launch of Única. We highlight, however, the continued increase in *Te/va*'s circulation (+8.4%), reaching copy sales of 153,119, as well as the strong increase in its readership<sup>7</sup> by 31.4% to 389,000.

Table 9: Results of Women's Interest Area

Million €	1H2004	1H2003	Var. %
<b>Revenues</b>			
Advertising	7.59	5.59	35.9
Circulation	2.61	1.69	53.8
Others	0.07	0.13	(48.1)
<b>Total Revenues</b>	<b>10.26</b>	<b>7.41</b>	<b>38.6</b>
Direct Costs	9.11	5.42	68.0
<b>Gross Profit</b>	<b>1.15</b>	<b>1.98</b>	<b>(41.9)</b>
<b>Gross Profit / Revenues</b>	<b>11.2%</b>	<b>26.8%</b>	<b>(58.1)</b>

## XI. MEDICAL

The Medical area exhibited significant increase in advertising revenues (+18.2%).

Table 10: Results of Medical Area

Million €	1H2004	1H2003	Var. %
<b>Revenues</b>			
Advertising	5.59	4.73	18.2
Circulation	0.04	0.04	(1.7)
Others	0.01	0.00	N/A
<b>Total Revenues</b>	<b>5.64</b>	<b>4.77</b>	<b>18.4</b>
Direct Costs	4.14	3.74	10.8
<b>Gross Profit</b>	<b>1.50</b>	<b>1.03</b>	<b>45.9</b>
<b>Gross Profit / Revenues</b>	<b>26.6%</b>	<b>21.6%</b>	<b>23.3</b>

<sup>7</sup> EGM October-May 03 vs. 04



## XII. YOUTH

In Youth, advertising revenues increased by 3.0%.

*Table 11: Results of Youth Area*

Million €	1H2004	1H2003	Var. %
<b>Revenues</b>			
Advertising	2.14	2.08	3.0
Circulation	0.05	0.07	(33.6)
Others	0.01	0.01	(22.4)
<b>Total Revenues</b>	<b>2.20</b>	<b>2.16</b>	<b>1.7</b>
Direct Costs	1.75	1.80	(3.0)
<b>Gross Profit</b>	<b>0.45</b>	<b>0.36</b>	<b>25.3</b>
<b>Gross Profit / Revenues</b>	<b>20.5%</b>	<b>16.6%</b>	<b>23.2</b>

## XIII. CASH-FLOW

*Table 12: Cash-flow*

Millions of €	1H2004	1H2003	Var. %
Net Income before Minorities	<b>18.08</b>	<b>41.51</b>	<b>(56.0)</b>
Depreciation	5.21	5.26	(1.0)
Goodwill Amortization	0.55	0.75	(26.0)
Provisions related to fixed assets	1.25	0.23	N/A
Other Adjustments	(1.04)	(48.20)	N/A
<b>Net Cash provided by Operating Activities</b>	<b>24.05</b>	<b>(0.45)</b>	<b>N/A</b>
Change in Working Capital	(15.24)	17.48	N/A
Net Capex	(14.11)	69.04	N/A
<b>Net Cash used in Investment Activities</b>	<b>(29.35)</b>	<b>86.52</b>	<b>N/A</b>
Dividend Payment	(8.74)	(5.87)	49.0
Other changes in Shareholders' Equity	1.27	0.66	N/A
<b>Net Cash provided by Financing Activities</b>	<b>(7.47)</b>	<b>(5.21)</b>	<b>N/A</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(12.77)</b>	<b>80.85</b>	<b>N/A</b>

#### XIV. CONSOLIDATED BALANCE SHEET

Table 13: Consolidated Balance Sheet

Million €	2004	2003
	June	December
Fixed Assets:	102.41	94.48
- Tangible Assets	61.36	63.93
- Intangible Assets	5.48	4.49
- Financial Investments	35.57	26.06
Goodwill on consolidation	19.91	19.27
Accounts receivable	72.73	54.52
Stocks	6.07	5.09
Cash and Cash Equivalents <sup>8</sup>	183.52	196.29
Other Assets	0.43	2.75
<b>Total Assets</b>	<b>385.06</b>	<b>372.41</b>
Shareholders Equity	280.73	270.41
Minority Shareholders	1.29	1.47
Provisions	12.55	11.58
Long-term Liabilities	2.47	2.56
Short-term Liabilities	88.02	86.39
<b>Total Equity and Liabilities</b>	<b>385.06</b>	<b>372.41</b>

#### XV. IMPACT OF CURRENCY CONVERSION

For Argentina, the average exchange rate for the period January-June 2004 used to convert the P&L was 3,59 pesos/euro (vs. 3,33 pesos/euro in January-June 2003) and the period end exchange rate used to convert Balance Sheet accounts was 3,59 pesos/euro (vs. 3,21 in June 2003)

For Chile, the average exchange rate for the period January-June 2004 used to convert the P&L was 769,6 pesos/euro (vs. 802,1 pesos/euro in January-June 2003) and the period end exchange rate used to convert Balance Sheet accounts was 787,8 pesos/euro (vs. 747,5 in June 2003)

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.

<sup>8</sup> Includes SIMCAV (Investment Trust) investment of 33.66 MM on December 2003 and 33.92 MM on June 2004

## XVII. OPERATING DATA

Table 14: Operating Data

	1H2004	1H2003	%Var.
<b>SPORTS</b>			
Accumulated Marca copy sales	360,348	378,882	(4.9)
Accumulated Marca Motor copy sales	68,721	N/A	N/A
Accumulated NBA copy sales	18,821	N/A	N/A
Accumulated Golf Digest copy sales	14,632	14,668	(0.2)
June unique users Marca.com ('000s)	2,475	N/A	N/A
<b>BUSINESS AND FINANCE</b>			
Accumulated Expansión copy sales	48,186	46,826	2.9
Accumulated Actualidad Económica copy sales	19,149	18,169	5.4
June unique users Expansión ('000)	272	N/A	N/A
June unique users Expansiónyempleo ('000)	178	N/A	N/A
<b>WOMEN'S INTEREST</b>			
Accumulated Copy sales Telva	153,119	141,237	8.4
Accumulated Copy sales Única	272,573	N/A	N/A
June unique users estarguapa.com ('000)	285	N/A	N/A
<b>MEDICAL AND YOUTH</b>			
June unique users diariomedico.com ('000)	633	N/A	N/A
June unique users tuGueb.com ('000)	108	N/A	N/A