

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

Highlights from the results of the first quarter 2004 are as follows:

1. **Consolidated revenues** were up (+4.0%, compared to the first quarter 2003) to € 58.03 million as **advertising revenues increased by 1.5%**, **circulation revenues** decreased by 2.7% and **other revenues** increased by 51.6%.
2. **Direct costs** and **central costs** increased (+9.9% and +5.2% 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%.
3. **EBITDA** on a consolidated basis decreased (-21.6%) at € 8.37 million. **EBIT** was € 5.80 million (-27.4%)
4. **Net profit** was € 4.37 million.
5. The **net cash position** reached € 184.51 million.
6. Recoletos' main titles maintained their leadership. According to the last EGM¹ our main titles have increased their readership significantly (*Marca* +7,8%, *Expansión* +31,3%, *Telva* +57,0%). This shows that the investment in re-launching and improving our publications is bringing results. The audience of *Radio Marca* has reached 141,000 daily listeners (+74%).

In the first quarter 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**.

With regard to the first quarter 2004 results we also highlight the following:

1. *Marca* has increased its market share despite a difficult quarter. The terrorist attacks of March 11 in Madrid and the general elections have had a negative impact on sales of sport press. Circulation of *Marca*, of 351.833 copies, has decreased by 7.1%. For year 2004, we aim to maintain circulation at the same level as in 2003.
2. *Marca Motor* and the *NBA Magazine*, both launched in the last quarter of 2003, have contributed € 0.58 million revenues and € 0.74 million costs. With average monthly circulation of 70,000 and 16,800 respectively, both magazines have reached the leading position in their respective segments.
3. Last Lap², consolidated in the accounts since August 2003, has contributed € 0.64 million revenues and € 0.70 million direct costs.
4. *Expansión* increased its circulation (+2.8%) maintaining a positive trend. Its cover price increased from 1.20€ up to 1.50€ on February 26th.
5. Overall trading conditions have improved significantly in the first two months of this year, but March has been a difficult month, as the terrorist attacks of March 11th in Madrid have had a negative impact on advertising spend. April has been, so far, a month of recovery.
6. On April 15th Recoletos announced the launch of Rumbo, a network of Spanish-language daily newspapers in Texas. In 2004 Recoletos will invest US\$ 16.5 million, which includes an EBIT loss of

¹ EGM "Encuesta General de Medios", audience/readership survey at March 2004

² Recoletos acquired a 49% stake in Last lap, a company for organising sport events, in 2H2003.

US\$ 13.5 million (including 4.9 US\$ million launch costs). The remaining US\$ 3.2 million will be treated as capex (recorded in the reporting line of fixed assets in the Balance Sheet).

I. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Table 1: Consolidated Profit and Loss Account

Million €	1Q2004	1Q2003	Var. %
Revenues	58.03	55.78	4.0
Direct Costs	45.92	41.79	9.9
Gross Profit	12.11	13.99	(13.4)
Central Costs	6.31	6.00	5.2
EBIT	5.80	7.99	(27.4)
Interest Income (Expense)	(0.70)	0.92	--
Goodwill Amortisation	(0.26)	(0.36)	(28.9)
Associated Undertakings	0.60	0.46	31.0
Profit on Ordinary Activities	5.43	9.01	(39.7)
Extraordinary Results	0.14	46.76	--
Profit before Tax	5.58	55.76	(90.0)
Income Tax	(1.20)	(7.45)	(83.9)
Consolidated Net Income	4.37	48.32	(90.9)
Depreciation	2.57	2.69	(4.4)
EBITDA	8.37	10.68	(21.6)

II. MARGINS

The margins were as follows:

Table 2: Margins

	1Q2004	1Q2003
Consolidated:		
Gross Profit / Revenues	20.9%	25.1 %
EBITDA / Revenues	14.4%	19.1 %
EBIT / Revenues	10.0%	14.3 %

III. OPERATING REVENUES

Total operating revenues were € 58.03 million, up 4.0%.

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

Table 3: Operating Revenues

Million €	1Q2004	1Q2003	Var. %
Advertising	24.06	23.70	1.5
Circulation	26.26	26.99	(2.7)
Other revenues	7.71	5.08	51.6
Total Revenues	58.03	55.78	4.0

Advertising revenues increased by 1.5%. The largest contribution to advertising revenues came from the Sports division, where advertising revenues increased by 1.4%. Business and Finance, with a decrease of 1.0% showed a better trend (vs. -2.3% in 2003). Advertising revenues in Women's interest had, once again, an excellent performance (+10.8%). Medical benefited from growth (+4.8%), whereas Youth (8.7%) had a difficult quarter.

Circulation revenues decreased by 2.7% due mainly to a decline in the Sports division. *Marca*'s circulation, of 351,833, decreased by 7.1%. On the contrary, *Expansión*' circulation was up 2.8% reaching 48,831 daily copies. *Expansión* has increased its cover price from €1.20 up to €1.50 on February 26th 2004.

"Other revenues" were up 51.6%, 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 by content areas³, Sports (+1.2%), Business and Finance (+2.7%), Women's Interest (+6.2%) and Health (+5.4%) showed growth whereas Youth decreased (8.8%). Sports remained, with 56.5%, the largest contributor to group revenues.

Table 4: Revenues by content areas

Million €	1Q2004	% of total	1Q2003	Var. %
Sports	32.78	56.5	32.40	1.2
Business & Finance	14.88	25.6	14.49	2.7
Women's Interest	3.77	6.5	3.55	6.2
Medical	2.19	3.8	2.08	5.4
Youth	0.84	1.4	0.92	(8.8)
Others	3.57	6.2	2.34	52.6
Total Revenues	58.03	100.0	55.78	4.0

In Sports, advertising revenues (+1.4%) increased and circulation revenues declined (-4.4%).

Revenues from Business and Finance increased by 2.7% due to higher circulation (+6.2%) revenues and increased "other revenues" (which include, among others, revenues from the Conference and Training division) while advertising revenues declined (1.0%). *Expansión* has increased its average daily circulation up to 48,831 (+2.8%), proving that the readers are responding well to content improvement. *Actualidad Económica* saw an increase in circulation of 1.1%, reaching average weekly circulation of 29,103.

In Women's Interest, advertising revenues reached a new record (+10.8%). Circulation revenues decreased (-6.5%) due to the difficult comparison to 1Q2003, when there were exceptional revenues related to an especial edition of *Telva*. *Telva* magazine had an average monthly circulation of 160,623 (+1.1%).

In Medical, advertising revenues were up (+4.8%), whereas they decreased in Youth significantly (-8.7%).

³ P&L accounts with regard to the several content areas are shown from Chapter VIII of this note.

IV. DIRECT COSTS

Consolidated direct costs increased by 9.9%. The costs of raw materials – mainly newsprint – were down 8.7%. Personnel and marketing costs increased by 14.9% and 19.9% respectively, due to new launches and increased circulation levels.

Direct costs increased in all business divisions except for Youth, reflecting our investment in content. In Sports the launch of *Marca Motor* and the *NBA Magazine* in 4Q2003 caused increased printing and distribution costs. In Business and Finance the re-launch of *Expansión* has also contributed to higher printing and distribution costs. In the Women's division direct costs include higher marketing costs due to an exceptional marketing campaign for *Telva* as well as costs related to the launch of the magazine *Única*.

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

Table 5: Direct Costs by content divisions

Million €	1Q2004	1Q2003	Var. %
Sports	22.56	21.05	7.2
Business and Finance	14.67	14.08	4.2
Women's interest	3.42	2.63	29.8
Medical	1.95	1.73	12.9
Youth	0.75	0.83	(9.6)
Others	2.57	1.47	74.8
Total Direct Costs	45.92	41.79	9.9

V. CENTRAL COSTS

Central costs increased by 5.2% to € 6.31 million, mainly as a result of higher personnel costs (+10.3%), which represented 54% of total central costs.

VI. GROSS PROFIT

Gross profit by business areas was as follows:

Table 6: Gross profit by business areas

Million €	1Q2004	1Q2003	Var. %
Sports	10.23	11.35	(9.9)
Business and Finance	0.21	0.41	(48.3)
Women's Interest	0.36	0.92	(61.2)
Medical	0.24	0.35	(31.5)
Youth	0.09	0.09	0.0
Others	0.98	0.87	12.6
Total Gross Profit	12.11	13.99	(13.4)

Note: Gross profit= Revenues less direct costs, it does not include central costs

Consolidated gross profit decreased by 13.4%, mainly due to a higher cost base as a consequence of new launches, promotions and the re-launch of *Expansión*.

VII. NET PROFIT

- Net profit was € 4.37 million. The decline in net profit was due to the difficult comparison with 1Q2003. In 1Q2003 Recoletos recorded 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 showed increased revenues from advertising whereas circulation revenues declined as *Marca*'s circulation falls. Other revenues increased rapidly with the consolidation of Last Lap (acquisition in August 2003, €0.64 mill revenues) and higher revenues of *MarcaMedia* (€0.48 million). *Marca* continued increasing its readership (+7.8%, EGM March 2004). With 2.62 million readers daily (market share of 58.2% in sport dailies readership), *Marca* is the most read daily in Spain. *Marca*'s web page traffic reached 207 million page views in March (+42.7%).

Table 7: Results of the Sports Area

Million €	1Q2004	1Q2003	Var. %
Revenues			
Advertising	10.21	10.07	1.4
Circulation	20.58	21.53	(4.4)
Others	1.99	0.81	146.7
Total Revenues	32.78	32.40	1.2
Direct Costs	22.56	21.05	7.2
Gross Profit	10.23	11.35	(9.9)
Gross Profit / Revenues	31.2%	35.0%	

IX. BUSINESS AND FINANCE

In Business and Finance, revenues continued to be hit by the downturn in financial and B2B advertising. Circulation revenues increased due to higher circulation of *Expansión* (+2.8%) and the increase in cover price from € 1.20 to €1.50 (February 26th). *Expansión* readership (EGM March 2004) has increased by 31.3% in 1Q2004 reaching 147.000 readers daily (market share of 65.6%).

Table 8: Results of Business and Finance Area

Million €	1Q2004	1Q2003	Var. %
Revenues			
Advertising	8.04	8.12	(1.0)
Circulation	4.73	4.45	6.2
Other	2.11	1.91	10.4
Total Revenues	14.88	14.49	2.7
Direct Costs	14.67	14.08	4.2
Gross Profit	0.21	0.41	(48.3)
Gross Profit / Revenues	1.4%	2.9%	

X. WOMEN'S INTEREST

Women's Interest revenues increased significantly due to a remarkable performance in advertising. Circulation revenues decreased because of the difficult comparison to 1Q2003. In 1Q2003 higher revenues were recorded due to an exceptional edition of Telva in March 2003. *Telva* reached copy sales of 160,623 and increased its readership by 57% to 402,000 (EGM March 2004).

Table 9: Results of Women's Interest Area

Million €	1Q2004	1Q2003	Var. %
Revenues			
Advertising	2.80	2.53	10.8
Circulation	0.93	1.00	(6.5)
Others	0.04	0.03	41.2
Total Revenues	3.77	3.55	6.2
Direct Costs	3.42	2.63	29.8
Gross Profit	0.36	0.92	(61.2)
Gross Profit / Revenues	9.5%	25.9%	

XI. MEDICAL

This area has seen an increase in advertising revenues.

Table 10: Results of Medical Area

Million €	1Q2004	1Q2003	Var. %
Revenues			
Advertising	2.17	2.06	4.8
Circulation	0.02	0.02	0.0
Other	0.00	0.00	-
Total Revenues	2.19	2.08	5.4
Direct Costs	1.95	1.73	12.9
Gross Profit	0.24	0.35	(31.5)
Gross Profit / Revenues	11.0%	16.9%	

XII. YOUTH

Table 11: Results of Youth Area

Million €	1Q2004	1Q2003	Var. %
Revenues			
Advertising	0.84	0.91	(8.7)
Circulation	0.00	0.00	--
Other	0.00	0.01	--
Total Revenues	0.84	0.92	(8.8)
Direct Costs	0.75	0.83	(9.6)
Gross Profit	0.09	0.09	0.0
Gross Profit / Revenues	10.5%	9.7%	

XIII. CASH-FLOW

Table 12: Cash-flow

Millions of €	1Q2004	1Q2003	Var. %
Net Income after Minority	4.34	48.32	--
Tax, sale of Unedisa	--	7.45	--
Depreciation	2.58	2.69	(4.0)
Goodwill Amortisation	0.26	0.36	(28.8)
Provisions with regard to Fixed Assets	0.86	0.05	--
Other Adjustments	(0.73)	(47.56)	--
Net Cash provided by Operating Activities	7.31	11.32	(35.4)
Change in Working Capital	(17.96)	(5.18)	246.7
Net Capex	(1.15)	77.55	--
Net Cash used in Investment Activities	(19.11)	72.37	--
Equity Financing	0.00	0.00	--
Net Debt Financing	0.00	0.00	--
Dividend Payment	0.00	0.00	--
Other changes in Shareholders' Equity	0.00	(0.17)	--
Net Cash provided by Financing Activities	0.00	(0.17)	--
Net Increase in Cash and Cash Equivalents	(11.79)	83.52	--

XIV. CONSOLIDATED BALANCE SHEET

Table 13: Consolidated Balance Sheet

Million €	1Q2004	2003
	March	December
Fixed Assets:	95.32	94.48
- Tangible Assets	62.31	63.93
- Intangible Assets	4.48	4.49
- Financial Investments	28.53	26.06
Goodwill on Amortisation	19.01	19.27
Accounts receivable	57.68	54.52
Stocks	6.97	5.09
Cash and Cash Equivalents*	184.51	196.29
Other Assets	3.99	2.75
Total Assets	367.48	372.41
Shareholders Equity	276.06	270.41
Minority Shareholders	1.49	1.47
Provisions	12.42	11.58
Long-term Liabilities	2.56	2.56
Short-term Liabilities	74.95	86.39
Total Debts	367.48	372.41

* It includes, at December 2003 € 33.69 million SIMCAV (Investment Trust) and at March 2004 of € 33.83 mill

XV. OTHER RELEVANT ISSUES

On April 15th Recoletos announced the launch of Rumbo, a network of Spanish-language daily newspapers targeted at Mexican-Americans in Texas (USA). The initial investment foreseen for 2004 amounts to \$ 16.5 million.

XVI. IMPACT OF DIFFERENCES IN EXCHANGE RATES WITH LATIN AMERICAN CURRENCIES

At March 2004, 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 three months of the year: 3.61 Argentinean pesos/Euro.
- Balance Sheet items, at the official exchange rate at the end of March: 3.48 Argentinean pesos / Euro.

At March 2003 the exchange rates used were:

- the average exchange rate for the three month period of 3.41 Argentinean pesos/Euro for the Profit and Loss items, and
- the March-end rate of 3.25 Argentinean pesos/Euro, for the Balance Sheet items.

For the Chilean peso, the average exchange rate for the period January-March 2004 is 758.7 pesos / Euro (vs. 798.6 pesos /Euro in January-March 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.

XVII. OPERATING FIGURES

OPERATING MAGNITUDES	1Q2004	1Q2003	%Var.
SPORTS			
Cumulative Marca copy sales	351,833	378,911	(7.1)
Cumulative Golf Digest copy sales	16,297	16,198	0.6
March page views of marca.com ('000)	207,222	145,174	42.7
BUSINESS AND FINANCE			
Cumulative Expansión copy sales	48,831	47,508	2.8
Cumulative Actualidad Económica copy sales	19,103	18,897	1.1
March page views of Expansión.com ('000)	22,089	18,279	20.8
March page views Expansiónyempleo.com ('000)	1,936	1,833	5.6
WOMEN'S INTEREST			
Cumulative copy sales Telva	160.623	158.804	1,1
March page views estarguapa.com ('000)	11,147	5,075	119.6
MEDICAL AND YOUTH			
March page views diario medico.com ('000)	7,203	2,852	152.6
March page views tuGueb.com ('000)	4,085	1,409	190.0