



Grupo PRISA

2003 results

January-December

JANUARY-DECEMBER 2003 RESULTS

PROFIT BEFORE TAXES OF PRISA INCREASED BY 64%, UP TO €86 MILLION

Revenues increased by 7%, up to €1,305 million, EBIT came in at €136 million, improving by 14% and net income amounted to €61 million

- **The advertising revenues** increased by 4.6%, up to €480 million, significantly outperforming the Spanish advertising market.
- **Sound performance of the newspaper & magazine sales**, which grew by 3.6%. The solid performance of the promotions should be noted.
- **EBIT increased by 14%**, up to €136 million. This improvement has been fuelled by the cost-cutting initiatives in every business division.
- **Operating improvements at El País, which reaches an EBIT margin of 28%, its highest figure in history.**
- The schoolbook sales of the publishing division in Spain increased by 6.4%, recording a very good performance.
- **The new business divisions reduced their losses by 31%**. It is worth mentioning the performance recorded by the Regional press and the Local TV business.
- **Currency depreciations in Latin America** led revenues and EBIT to decline by €54 million and €11 million respectively. Without this effect, total revenues would have increased by 12% and operating profit would have grown by 23%.

Other relevant issues in 2003 were the following:

- **Merger of the printing division- Prisaprint- with Polestar**
- **Incorporation of Marco Polo to the shareholder structure of the local TV business. New regulatory framework**
- **Prisa increased its stake in Sogecable up to 19.7%.**
- **Issue of bonds to be exchanged for ordinary stocks held as treasury stock.** The issue amounted to €162 million.



YEAR 2003

Grupo Prisa obtained good results in 2003. **Revenues increased by 7.3%, up to €1,305 million, with EBIT improving by 14%.**

The cost-cutting policy, the paper price decline and the rigor in the efficient management of resources improved the profitability in every business division. **The EBIT margin stood at 10.4%, as compared to 9.8% in the previous year.**

Profit before taxes increased by 64%, up to €86 million and net profit amounted to 61 million as opposed to €82 million in 2002. In that year the Group recorded revenues amounting to €27 million derived from tax credits. This was an exceptional event and explains the difference of more than €50 million in the year-on-year corporate tax expense.

One of the top priorities for the group is to break-even in the new business divisions as soon as possible. In 2003 the new business divisions¹ reduced their operating losses by 31%. International Media, Regional Press and Local TVs experienced significant operating improvements.

During 2003, **the Group has disinvested either in non-core businesses** or businesses which were not expected to offer significant opportunities of growth (the bookstore chain Fausto in Argentina, Extrasoftware and the newspaper Día de Valladolid).

Advertising market

After two years of advertising downfalls, **the Spanish advertising market** began the path of growth, with the TV segment leading the recovery.

The advertising revenues of the Group, which accounted for 37% of the total advertising revenues, **reached €480 million, a 4.6% increase** over the previous year. This increase includes the new incorporations, which had a positive effect of €5.8 million in advertising revenues. **On a like-for-like basis, the advertising revenues would have increased by 3.3%**, outperforming the Spanish advertising market.

(*) **New Business divisions** include International Media, Regional Press, Local TVs, Prisacom and Leisure and Entertainment

(**) **New incorporations** include Caracol (it started consolidating in September 2002 but retroactively to April) and Sociedad Canaria de Televisión Regional, which consolidated by the proportionate consolidation method (40%) for the first time in 2003.



In the last quarter of the year, the advertising revenues in every media format in which the group is present improved. In the **fourth quarter**, the advertising revenues of the group experienced a 7.5% growth year-on-year. Additionally, this improvement is continuing in 2004.

Latin America

In 2003, international revenues accounted for 20% of Prisa revenues. In addition, 21% of the EBIT stemmed from Latin America. Revenues in local currency terms in the major countries had a solid performance with important growths.

During the year, the Latin American currencies depreciated significantly with regards to the previous year. **The impact of such depreciations led to a reduction in revenues and EBIT amounting to €54 million and €10.6 million respectively.** Without the effect of these depreciations, **total group revenues would have increased by 12% and EBIT would have grown by 23%.**

In the last months, **the economic prospects for Latam have improved** and the basis for a further recovery has been established: exchange rates have strengthened and the risk country has decreased.

Sogecable

Prisa **increased its interest in Sogecable** through the acquisition of a 1.62% stake in the Stock Market and the purchase of an additional 1.71% stake to Hispamarket (a Company owned by the Grupo Bankinter). As a result of this, **Prisa increased its stake in Sogecable up to 19.7%.** The total investment disbursed by that stake increase amounted to €93 million. The average price disbursed for the new shares was €22.27 per share, and the average price of the portfolio of Sogecable in Prisa is currently €9.18 per share.

Furthermore, Grupo Prisa subscribed a €50 million participating loan, with a 10 year maturity. This operation has been recorded as a financial investment in the Group's accounts.

New partners

During 2003, a new partner (MARCO POLO) has been incorporated into the Local TV business division of the Grupo Prisa. In addition, Prisa reached an agreement with Polestar to merge their printing businesses.

At the Local TV division, the incorporation of Marco Polo shows the importance of the commitment of Grupo Prisa to the development of the Local TV, a sector at a full expansion stage with large possibilities of growth. As a result of the incorporation of



Marco Polo, the shareholder structure is distributed as follows: PRISA (75%); MARCO POLO (11%); IBERSUIZAS (5%); BANCO PASTOR (5%); AGRURASA (4%).

At the printing business division, Prisa has merged its company PrisaPrint, which includes the printing companies of the Group, with the printing businesses that the British printing group has in Spain. The transaction has given rise to a leading group, more competitive and more exposed to the national and international markets.

After the merger the shareholder structure is as follows: PRISA (40%); POLESTAR; (40%), IBERSUIZAS (20%).

In addition, the current financial partner could increase its interest up to 33.3%, or other financial partners could purchase a stake in Dédalo, so that the two main shareholders – Prisa and Polestar - could each hold a 33.3% stake in the company and the remaining 33.3% would be owned by the financial partner (or partners).

Issue of exchangeable bonds

As of December 11th, 2003 Prisa issued bonds to be exchanged by ordinary stocks held as treasury stock. The treasury stock represents 5% of Prisa's capital share.

The issue amounted to €162.3 million, with a coupon of 1.75% and maturing in 2008. The premium was set at 34% over the reference price of €11.0755.



MAIN FINANCIAL FIGURES

The main financial figures of Grupo Prisa during 2003 can be summarized as follows:

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
Revenues	1,304.92	1,215.89	7.3
EBITDA	221.86	202.96	9.3
EBIT	136.07	119.44	13.9
Financial Result	4.87	(28.96)	-
Equity Method Result	(28.91)	(4.80)	-
Goodwill Amortisation	24.48	20.02	22.3
Income before Extraordinary Items	87.55	65.66	33.3
Extraordinary Result	(2.00)	(13.50)	85.2
Income before taxes	85.55	52.16	64.0
Corporate income tax	23.45	(27.13)	-
Minority Interest	1.50	(2.77)	-
Net income	60.60	82.06	(26.2)

BUSINESS PERFORMANCE

Revenues increased by 7.3%, up to €1,304.92 million, as compared to €1,215.89 million reached during 2002.

Revenue breakdown by business line was as follows:

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
Advertising Revenues	480.47	459.29	4.6
Book & Rights Sales	326.49	340.29	(4.1)
Newspaper & Magazine Sales	225.16	217.43	3.6
Printing Sales	77.53	56.64	36.9
Music Sales	20.02	14.75	35.7
Other Revenues	175.24	127.49	37.5
Total Revenues	1,304.92	1,215.89	7.3

Advertising revenues increased by 4.6% over the previous year. This performance includes the 40% stake in the Compañía Canaria de TV regional, which began to be consolidated by the proportionate consolidation method in June 2003. The increase also includes Caracol, which was consolidated for the first time in September 2002, albeit back-dated to April of that year.



On a like-for-like basis, **advertising revenues would have increased by 3.3%** year-on-year, outperforming the Spanish advertising market in every media format in which Prisa is present.

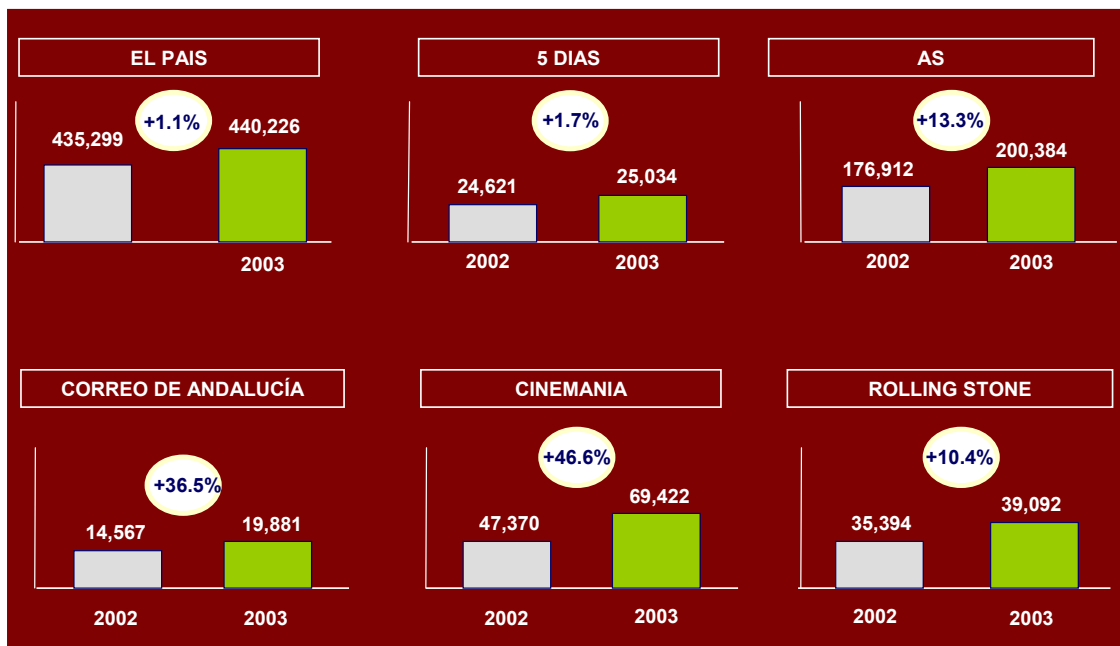
Regarding the advertising performance by divisions, it is noteworthy the significant growths in:

- 1- **Radio** +2.8%, thereby confirming the stability of this media format to the different stages of the advertising market cycle.
- 2- **Diario AS**, whose advertising revenues increased by 8.7% over the previous year.
- 3- The **Regional Press** +27.2% and **Local TV** +68.3%, new business divisions that without reaching very significant figures yet, recorded a positive performance, showing the growth potential of the local market.

El País and the Radio business division accounted for 34% and 35% respectively of the consolidated advertising revenues of the Group.

Book & Rights sales dropped by 4.1%, down to €326.49 million, due to the depreciation of the currencies in the Latin American countries. It should be highlighted the sound performance of the revenues in local currency terms in most of the countries. Without the effect of the depreciations, which led book and right sales to decline by €42.6 million, book & rights sales would have increased by 8.5%.

Magazine and Newspaper sales experienced an increase of 3.6% reaching €225.16 million. Circulation figures of the main newspapers and magazines of the group **increased notably** as it can be seen below:

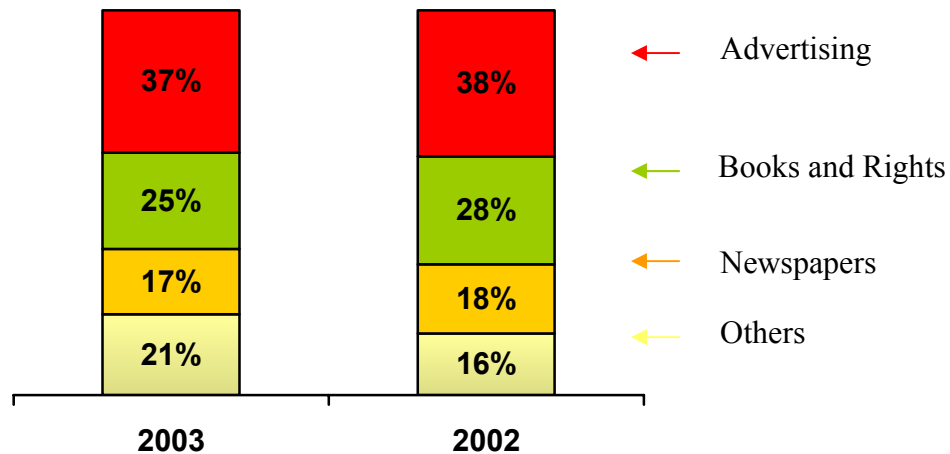


Although the printing market continued to experience a complex environment, with overall downfalls in both activity and prices, **printing sales** rose by 36.9%, namely due to the gaining of new clients in Spain.

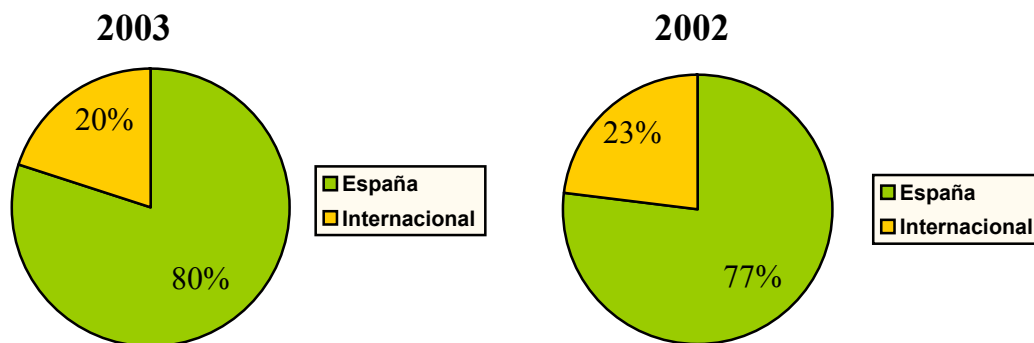
Music sales experienced an increase of 35.7%, but the industry continues to show clear signs of weakness.

Other operating revenues increased by 37.5% mainly due to the higher revenues coming from promotions. Additionally, the higher programming sales in the Local TV business division, as well as the improvement in the distribution revenues, contributed to this growth.

Revenue breakdown by business line could be depicted as follows:



Geographic breakdown of revenues during the 2003 and 2002 was the following:



The lower international contribution is explained by the depreciation of the American currencies against the euro. Around 71% of the Group's international revenues came from the publishing business division, Santillana, 19% stemmed from the International Media business division, whereas the remaining 10% corresponded to the Printing unit.

The **EBIT** amounted to €136.07 million, as compared to €119.44 million reached during the 2002, which demonstrates a 13.9% increase and it was mainly due to:

- **The significant operating improvements experienced by El País**, as a result of the increase in the circulation figures and the important cost-cutting measures.
- **Reduction of the operating losses** in the new business divisions of **International Media, Local TV and Leisure and Entertainment**.
- **Significant improvements at the Specialised and Regional Press division**.

This allowed the Group to offset the impact of the depreciations of the American currencies, and the lower performance of Prisacom and the Printing division.

The financial result amounted to positive €4.87 million, as opposed to €28.96 million losses in 2002. This was mainly due to higher financial revenues as a result of the hedging of the loans denominated in dollars.

The equity method result, mainly included the stakes in Sogecable, Antena 3 Radio and Iberbanda.

The stake in Sogecable, which has been increased, up to 19.71%, contributed €29.55 million losses. This caption included the proportional part of the restructuring expenses reported by Sogecable and an equivalent income derived from the increase in the value of Prisa's stake in Sogecable.

Iberbanda was consolidated by the equity method for the first time in 2003, and contributed €6.29 million losses.

On the contrary, the positive contribution of Antena 3 amounted to €7.42 million.

The **goodwill amortisation** increased by 22.3% due to the stake increase in Sogecable and the full amortisation of some goodwill in the Music business division.

The **extraordinary result** improved by 85.2% namely due to the **higher extraordinary income**, which mainly stemmed from the sale of an 11% interest in Pretesa to the venture capital company Marco Polo Investments, and the sale of tangible fixed assets, and the **lower extraordinary expenses** - that arose from the incorporation of Iberbanda into the scope of consolidation in 2003 and the cancellation of the write-downs applied in 2002 in companies that have been sold.



During 2002 the Group recorded revenues derived from tax credits corresponding to the 25% of the investments carried out in 2001 in **Moderna** (Brazil), **Radiopolis**, (Mexico) and **Caracol** (Colombia). In 2003 the Group recorded an income tax expense of €23.45 million in comparison to €27.13 million revenues registered during 2002.



BALANCE SHEET

ASSETS	€ Million	
	12/31/2003	12/31/2002
TOTAL FIXED ASSETS	722.09	695.59
Start-up expenses	11.87	20.40
Intangible assets	114.26	128.53
Tangible fixed assets	292.13	338.67
Long-term financial investments	274.47	180.28
Treasury stock	29.36	27.71
GOODWILL IN CONSOLIDATION	316.34	252.37
DEFERRED CHARGES	6.85	4.06
CURRENT ASSETS	586.63	549.68
Inventories	91.06	94.38
Accounts receivable	429.83	400.76
Short-term financial investments	10.14	27.09
Cash	39.31	15.81
Prepayments	11.02	11.64
TOTAL ASSETS	1,626.64	1,501.70

LIABILITIES	€ Million	
	12/31/2003	12/31/2002
TOTAL SHAREHOLDERS EQUITY	660.67	619.47
Capital Stock	21.88	21.88
Controlling company reserves	578.19	515.53
Income attributed to the controlling company	60.60	82.06
MINORITY INTEREST	28.02	31.91
DEFERRED REVENUES	9.15	20.56
PROVISIONS FOR CONTINGENCES AND EXPENSES	19.84	21.39
LONG TERM LIABILITIES	481.79	343.49
Payable to credit entities	296.56	323.31
Bonds issue	162.30	-
Other long-term liabilities	22.93	20.18
CURRENT LIABILITIES	427.17	464.88
Payable to credit entities	106.99	155.45
Trade accounts payable	192.37	168.48
Other short-term liabilities	122.91	136.18
Accrual accounts	4.90	4.77
TOTAL LIABILITIES	1,626.64	1,501.70

INVESTMENTS

Investments in long-term assets amounted to €242 million as opposed to €132 million during the previous year.

In 2003 the breakdown of the investments by business division was the following:

INVESTMENTS 2003	€ Million
Prisa	149.99
Publishing	36.94
Radio	16.01
Printing	11.23
El País	7.91
Leisure & Entertainment	4.48
Other	15.05
Total	241.61

Prisa's investments, which amounted to €150 million, mainly included the stake increase in Sogecable, as well as the participating loan amounting to €50 million granted to the same company.

The breakdown of the investments by type of long-term asset was as follows:

INVESTMENTS 2003	€ Million
Intangible assets	37.54
Tangible fixed assets	56.12
CAPEX	93.66
Long-term financial investments	147.95
TOTAL INVESTMENTS	241.61

NET DEBT

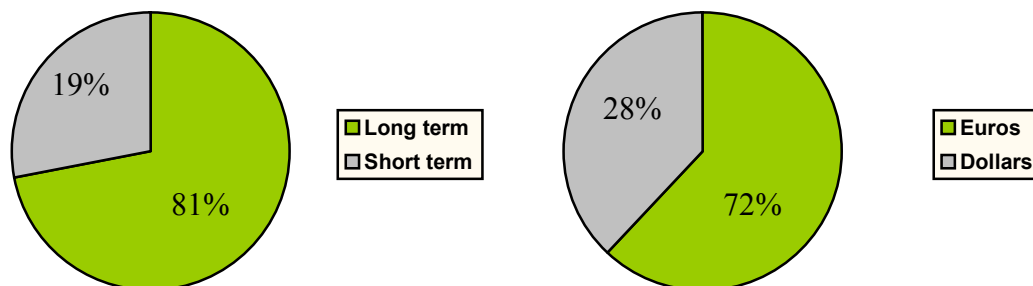
The net debt as of December 31st, 2003 amounted to €516 million, in comparison to €436 million as of December 31st, 2002.

NET DEBT DECEMBER 2003	€ Million
Financial debt	565.85
Long term	458.86
Short term	106.99
Cash and short term financial investments	49.40
Net Debt	516.45

€162.3 million out of the long-term debt corresponded to bonds exchangeable for ordinary shares of the Group held as treasury stock. The issue of these bonds took place in December 2003. The bank debt amounted to €296.56 million and additionally the Group holds opened credit lines amounting to €380 million.

The coupon of the bonds was set at 1.75% and since the remaining financial debt is linked to floating rates, 29% out of the total debt is linked to a fixed rate and the remaining 71% to a floating rate.

In addition, the long-term debt accounted for 81% of the total financial debt and by currency, 72% of the debt was denominated in euros and the rest in dollars.



The ratio net debt to market capitalisation (excluding treasury stock) as of December 31st, 2003 was 21.7% and the net debt was 2.3 times higher than the Group's EBITDA.

The average cost of debt was 2.5% in 2003, and the EBITDA was 11.2 times the financial expenses (only including interests and similar financial expenses).

CASH FLOW STATEMENT

€ Million	12/31/2003	12/31/2002
EBIT	136.07	119.44
Depreciation & Amortisation	77.50	70.22
Change in Working capital items	(14.37)	(98.79)
CAPEX	(93.66)	(102.38)
Operating cash flow	105.54	(11.51)
Financial investments	(147.95)	(29.42)
Financial result	4.87	(28.96)
Extraordinary result	(2.00)	(13.50)
Dividends paid	(18.71)	(18.71)
Directors' compensation	(1.39)	(1.44)
Taxes	(23.45)	27.13
Other	2.49	11.49
NET DEBT CHANGE	80.60	64.92

The operating cash flow amounted to €105.54 million, remarkably improving with regards to the previous year.

The higher operating profit, together with the improvement in the working capital change, contributed to significantly improving the operating cash flow generation.

BUSINESS DIVISIONS PERFORMANCE

The main issues that should be highlighted during the year are the following:

- EBIT at **El País** increased by 13.8% over the previous year, up to €83.86 million, due to the increase in the circulation figures, as well as the significant cost-cutting initiatives (paper, external services...) In addition, the EBIT margin stood at 27.9%, its highest figure in history.
- The revenues of the **Radio** division in Spain increased by 3.1%.
- **Good performance of the schoolbook sales** in Spain (+6.4%) and Latin America in local currency terms.
- **Specialised and Regional Press recorded positive EBIT amounting to €3 million**, as opposed to operating losses of €2 million in 2002. The sport newspaper Diario As increased its average daily circulation by 13.3%, up to 200,384 copies and its advertising revenues increased by 8.7%. In addition, the advertising revenues of the Regional Press increased by 27.2%.
- The operating losses at the **Local TV** division declined significantly due to the good performance of the local advertising and the higher programming sales. Additionally, Prisa sold an 11% stake in Pretesa to Marco Polo.
- **Remarkable operating improvement at the International Media division, with a significant cost of the expenses and growth of the market share.**
- **Prisa reaches an agreement with Grupo Polestar to merge their printing businesses in Spain**, giving rise to a new company named Dédalo. Prisa hold a 40% stake in the new company.

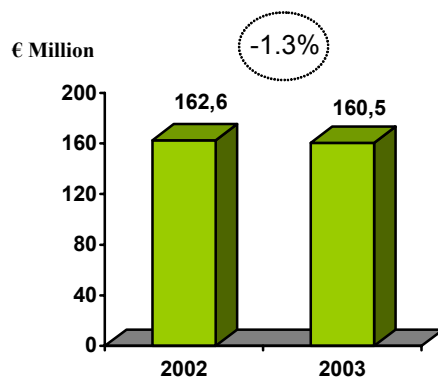
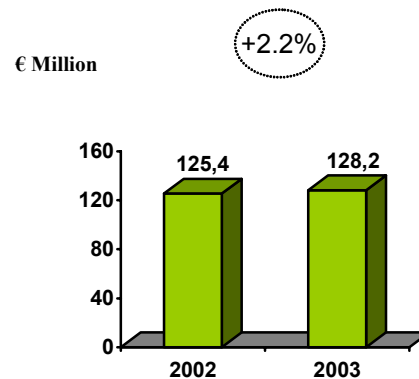
REVENUES € Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
El País	300.49	298.18	0.8
Specialised & Regional Press	116.90	106.24	10.0
Radio	190.43	184.65	3.1
Local TV	24.99	13.53	84.7
International Media	50.23	48.28	4.0
Education & General Editions	334.32	346.86	(3.6)
Prisacom	11.72	16.54	(29.1)
Leisure & Entertainment	87.89	47.83	83.8
Printing	115.45	95.91	20.4
GDM	89.79	80.85	11.1
Distribution	190.96	178.13	7.2
Other	20.22	18.08	11.8
Consolidation adjustments	(228.47)	(219.19)	4.2
TOTAL	1,304.92	1,215.89	7.3

EBIT € Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
El País EBIT Margin	83.86 27.9%	73.68 24.7%	13.8
Specialised & Regional Press EBIT Margin	3.03 2.6%	(2.06) (1.9%)	-
Radio EBIT Margin	35.09 18.4%	35.37 19.2%	(0.8)
Local TV EBIT Margin	(10.49) (42.0%)	(13.56) -	22.6
International Media EBIT Margin	(3.28) (6.5%)	(4.12) (8.5%)	20.4
Publishing EBIT Margin	35.53 10.6%	38.93 11.2%	(8.7)
Prisacom EBIT Margin	(10.64) (90.8%)	(8.89) (53.7%)	(19.7)
Leisure & Entertainment EBIT Margin	(3.96) (4.5%)	(8.82) (18.4%)	(55.1)
Printing EBIT Margin	7.78 6.7%	8.92 9.3%	(12.8)
GDM EBIT Margin	7.00 7.8%	6.52 8.1%	7.4
Distribution EBIT Margin	0.46 0.2%	0.33 0.2%	39.4
Adjustments & Others	(8.31)	(6.86)	21.1
TOTAL Margin	136.07 10.4%	119.44 9.8%	13.9



EL PAÍS

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
Operating Revenues	300.49	298.18	0.8
Operating Expenses	216.63	224.50	(3.5)
EBIT	83.86	73.68	13.8
%/Sales	27.9%	24.7%	
EBITDA	96.64	84.21	14.8
%/Sales	32.2%	28.2%	

Advertising Revenues**Circulation Revenues**

El País improved its soundness and profitability during 2003. It is worth mentioning the following:

- An improvement of the circulation revenues, which increased by 2.2%, year-on-year.
- An excellent performance of the promotions
- A 2.7% increase of the advertising revenues in the fourth quarter of the year, which confirms the trend of growth that began in the third quarter, suggesting that the recovery has started.
- Reduction in the paper prices.
- Significant cost-cutting initiatives.

As a result, EBIT increased by 13.8%, and EBIT margin came in at 27.9%.



- **The advertising Revenues**, declined by 1.3% with respect to the previous year, an improvement from the 3% drop experienced during the first nine months of 2003. In the fourth quarter the advertising revenues increased by 2.7% y-o-y.

In addition, El País outperformed the advertising market of the national press, which according to estimates of the industry, experienced a 3% decrease in 2003.

- **The circulation revenues**, increased by 2.2%, namely due to the growth in the circulation figures. The success of the promotions (“Un País de Cine – 45 DVD’s of Spanish movies- and “Los discos de tu vida” -25 CD’s of Music- “España sello a sello”, "Del Real a la Peseta", “Billetes de la Guerra Civil”, and the second edition of the books promotion "Clásicos del siglo XX") contributed to this performance.

Both the average daily circulation and the weekly average circulation, increased notably during the year as it can be seen below:

	January-December 2003	January-December 2002	Var %
Average daily circulation	440,226	435,299	1.1
Weekly average circulation	773,001	725,710	6.5

Despite the 22% increase in the depreciation expenses in 2003, as a consequence of the investments carried out in the building of El País in 2002, the operating expenses declined by 3.5% over the previous year. This remarkable cost contention was due to the following:

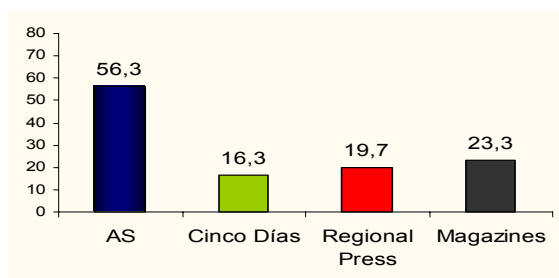
- The 9.4% decline in **the newsprint consumption**, due to lower prices and despite the increase in the number of copies printed.
- The lower **printing and binding expenses** as a result of the fall in prices in the printing market.
- The 3% reduction of the **external services** mainly due to a notable reduction in the advertising expenses.

Consequently, **EBIT** improved by 13.8%, up to €83.86 million, and **EBIT margin** stood at 27.9%, a remarkable improvement in relation to the 24.7% posted in 2002.

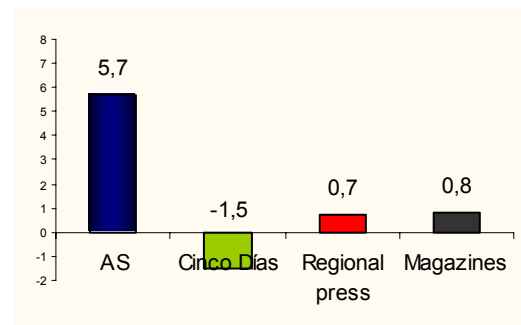
SPECIALISED AND REGIONAL PRESS

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
Operating Revenues	116.90	106.24	10.0
Operating Expenses	113.87	108.30	5.1
EBIT	3.03	(2.06)	-
%/Sales	2.6%	(1.9%)	
EBITDA	6.10	0.92	-
%/Sales	5.2%	0.9%	

Operating revenues (€ million)



EBIT (€ million)



The increase in revenues experienced by the newspaper As, the Regional Press and the magazines, together with the remarkable control of expenses, allowed this division to record an operating profit of €3.03 million, improving very significantly with respect to the previous year.

The results of Diario AS improved notably. It is worth mentioning the following issues:

- Newspaper sales increased by 13.4% due to the meaningful growth of circulation. During 2003 the average daily circulation reached 200,384 copies, in comparison to 176,912 copies reached during 2002, which demonstrates a 13.3% increase.
- The advertising revenues increased by 8.7% over the previous year. In the fourth quarter the advertising revenues increased by 24%, confirming the reactivation of the advertising market that began in the third quarter of 2003.
- An improvement of the EBIT, which grew by 6.9%, up to €5.7 million.

The average daily circulation recorded by **Cinco Días** was 25,034 newspapers, as compared to 24,621 copies reached in 2002, which demonstrates a 1.7% increase. The renewal of its design and contents, which took place in October 2003, to meet the demand and needs of the readers as well as the success of its promotions, contributed to this improvement.

Thereby, the average daily circulation during the fourth quarter increased by 29% with regards to the same period of the previous year.

Additionally, the improvement of the advertising revenues in the fourth quarter, together with a notable reduction of the expenses, led operating losses to decrease by 12.4%.

In the beginning of 2004, Cinco Días undertook a restructuring of the company with 30% of the personnel being layoff. These measures should drive Cinco días to break-even in 2004.

Regional Press recorded positive €0.7 million EBIT, as opposed to €4.38 million losses registered in the previous year. This improvement is namely explained by:

- The higher advertising and circulation revenues, which increased by 27.2% and 30.3% respectively.
- The cost control initiatives, which led operating expenses to decline by 5.9% y-o-y.
- The sale of Día de Valladolid, S.A., which recorded €1.7 million operating losses in 2002.

In addition, the recently constituted newspaper El Correo de la Costa del Sol was first time consolidated in October 2003. This newspaper has been designed as a version for Malaga of the Correo de Andalucía. Together with this, the heads of the regional newspapers of Sevilla and Huelva have been joined to achieve more synergy.

The revenues of the **magazines** increased by 5.6% over the previous year, namely due to the increase in the number of magazines published on behalf of third parties. This, together with a cost-cutting policy, led EBIT to increase by 15.4%.

As of September 26th, the new magazine of leisure and life style "Gentleman" was commercialised for the first time, and has been warmly welcomed by the audience. Its average daily circulation in 2003 amounted to 16,218 copies.

RADIO

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
Operating Revenues	190.43	184.65	3.1
Operating Expenses	155.34	149.28	4.1
EBIT	35.09	35.37	(0.8)
%/Sales	18.4%	19.2%	
EBITDA	39.74	40.35	(1.5)
%/Sales	20.9%	21.9%	

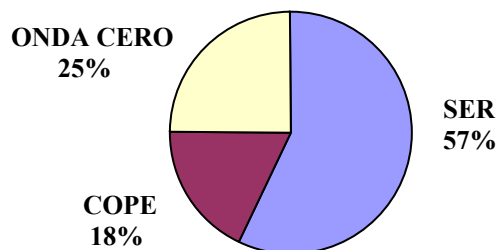
The advertising revenues of the radio business division increased by 2.8%. The indisputable leadership position of Grupo Prisa in this industry allowed it to outperform the radio market, which although still weak, it is experiencing the first signs of recovery.

The remaining revenues, which grew by 6.4%, and accounted for 9% of operating revenues, included production of advertising and events.

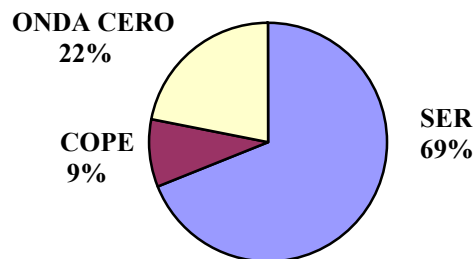
Regarding audience, EGM's third wave confirmed, once again, the leadership of SER, in both conventional and music formats. It is worth mentioning that in the conventional radio format SER had 4,911,000 listeners, 480,000 more than in the third wave of 2002.

The audience share of the main radio groups in Spain (excluding RNE), both in conventional radio and radio formulas, was as follows:

Conventional Format



Music formats

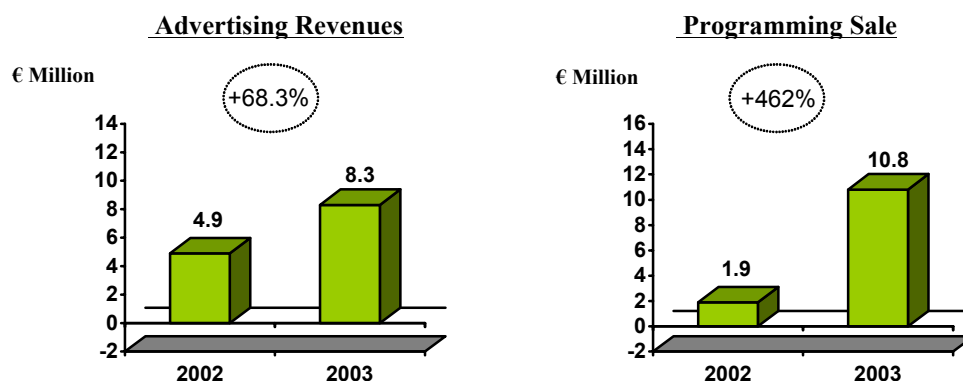


LOCAL TV

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
Operating Revenues	24.99	13.53	84.7
Operating Expenses	35.48	27.09	31.0
EBIT	(10.49)	(13.56)	22.6
%/Sales	(42.0%)	-	
EBITDA	(7.76)	(11.29)	31.3
%/Sales	(31.0%)	(83.4%)	

The local TV business continues to consolidate its position within the TV industry. Several legal initiatives suggest an improvement and consolidation of the regulatory framework that will make possible the development of the sector.

The main business lines of this division are focused on programming sale and advertising. The former represented 43% of total revenues, while the latter accounted for 33% of revenues.



The positive performance of the local advertising, the higher programming sales and the change in the consolidation method of the company, Sociedad Canaria de Televisión Regional, were the main reasons that explained the noteworthy increase of revenues and the substantial improvement at EBIT level.

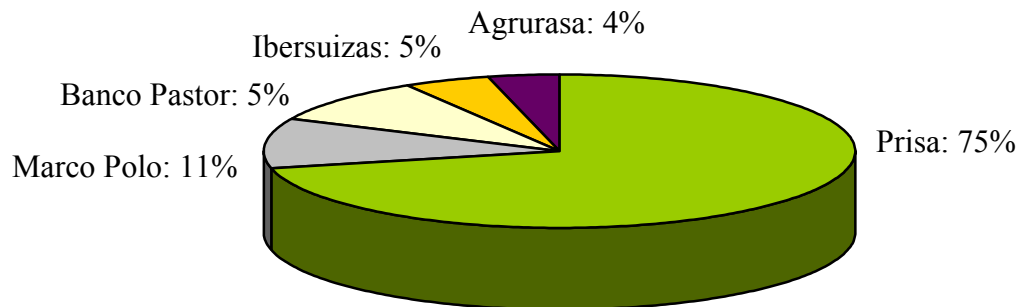
Sociedad Canaria de Televisión Regional was previously consolidated by the equity method, and consolidated by the proportionate consolidation method for the first time in June of 2003, as Prisa began to manage the company.

Without the contribution of Sociedad Canaria de Televisión Regional, the advertising revenues and programming sales would have increased by 39.3% and 59.1% respectively.



In addition, in November 2003 Prisa – by means of its 100% owned company Presa sold an 11% stake in Pretesa – the holding company that manages the different local TV stations of the Grupo Prisa – to the venture capital company, Marco Polo Investments.

As a result of the incorporation of Marco Polo, the shareholder structure of Pretesa is distributed as follows:



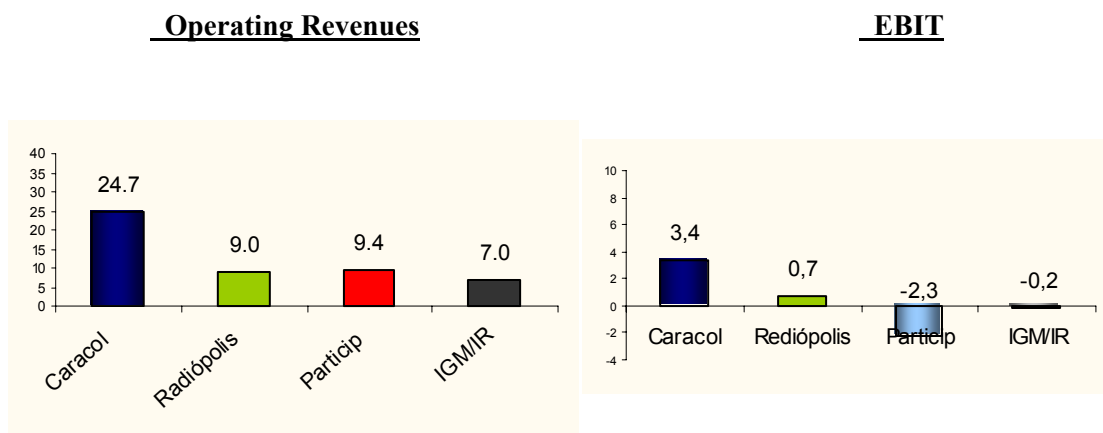
The participation of new shareholders in Pretesa's capital share show the importance of the commitment to the development of the Local TV, a sector at a full expansion stage, with very significant possibilities to raise advertising investments. It should also be noted the commitment to the model of Pretesa, based on the quality of programming, offering up to date information directly marketed to the audience.

INTERNATIONAL MEDIA

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
Operating Revenues	50.23	48.28	4.0
Operating Expenses	53.51	52.40	2.1
EBIT	(3.28)	(4.12)	20.4
%/Sales	(6.5%)	(8.5%)	
EBITDA	1.56	0.68	-
%/Sales	3.1%	1.4%	

This business division includes **Participaciones de Radio Latinoamericanas** in Chile, Costa Rica, USA, France and Panama, **Grupo Caracol** in Colombia, **Radiópolis** in Mexico and **Inversiones Grupo Multimedia** and **Inversiones de Radiodifusión (IGM/IR)** in Bolivia.

Revenues and EBIT cumulative to December, in € million, of the different businesses included in this division were the following:



The impact of the American currencies depreciation in this business division resulted in a revenues and EBIT decline of €11.6 million and €1.4 million respectively.

Without this effect, revenues would have increased by 28.1% and EBIT would have grown by 54.4%.

However, despite the Latin American currencies depreciation, the revenues increased by 4%. This, together with the cost-cutting initiatives and the restructuring of the business division, led EBIT to increase by 20%.



In Mexico, the revenues of **Radiópolis** increased by 32.5% in local currency terms. The impact of the depreciation of the Mexican peso versus the euro resulted in a revenues increase in euros of 3%.

This, together with a cost-cutting policy, which drove operating expenses to decline by 18% y-o-y, contributed to improve the EBIT by 149%.

Caracol was fully consolidated for the first time in September 2002, although retroactively since April. Hence, in the figures of 2002 there were not included the first three months of the year. On a like-for-like basis, the EBIT would decrease by 10%.

Stripping out the effect of the peso depreciation, the EBIT would have increased by 24%.

The restructuring measures and the change in the shareholder structure led the EBIT of **IGM/IR** to improve by 75%.

Additionally, during 2003 the programming and contents of the broadcasters in Mexico and Panama were revamped. Furthermore, some changes were introduced in the broadcasters of Radio **Caracol** and Chile.

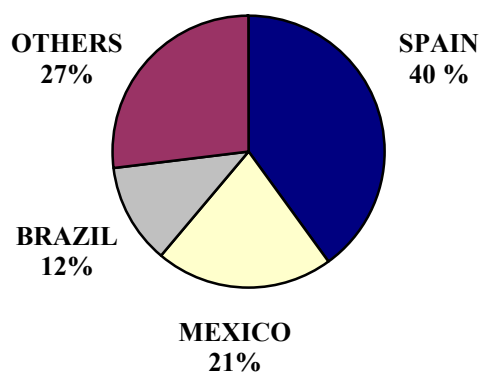
The **Prisa** project for its radio in America includes the export and adaptation to the American broadcasters of formats that have proved to be very successful in Spain because of their high quality. Currently, they are broadcasting in Mexico, Colombia and Chile and have been warmly welcomed.

EDUCATION AND TRAINING

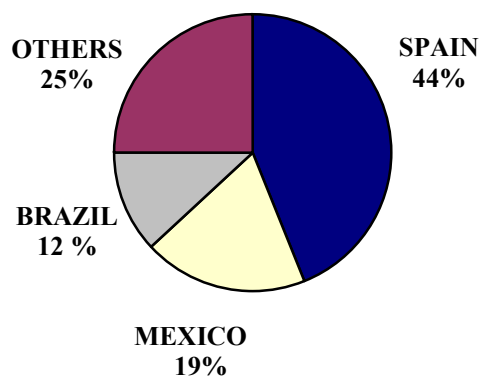
€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg. %
Operating Revenues	334.32	346.86	(3.6)
Operating Expenses	298.79	307.93	(3.0)
EBIT	35.53	38.93	(8.7)
%/Sales	10.6%	11.2%	
EBITDA	66.54	72.56	(8.3)
%/Sales	19.9%	20.9%	

Despite the good performance of the schoolbook campaigns in Spain and Portugal, and the increase of revenues in local currency terms in most of the Latin American countries, the results were conditioned by the currency depreciations of those countries. The total impact of the depreciations led Santillana's revenues to decline by €42.64 million. Therefore, the relative contribution of the American countries to the revenues of Santillana reduced with regards to the previous year.

Geographic breakdown of revenues in 2002



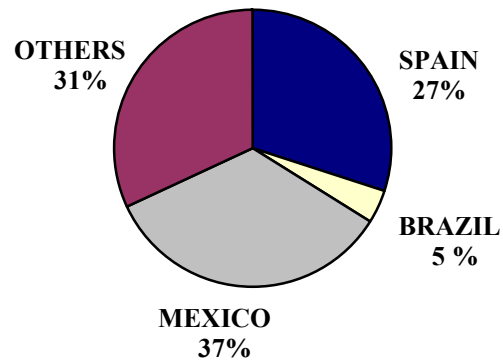
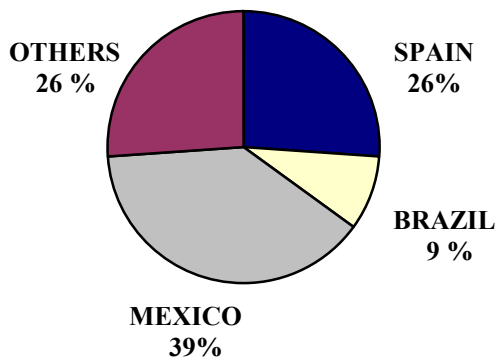
Geographic breakdown of revenues in 2003



The total impact of the depreciations led Santillana's EBIT to decline by €9.24 million.

Geographic breakdown of EBIT in 2002

Geographic breakdown of EBIT in 2003



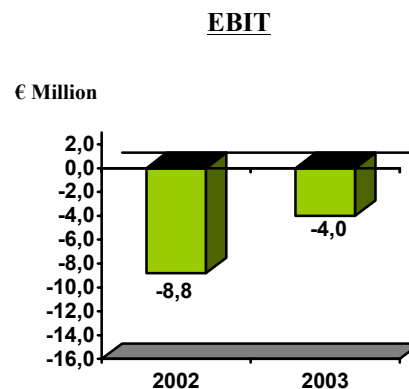
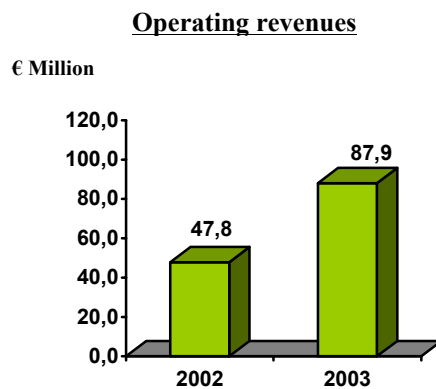
Stripping out this effect, Santillana's revenues and EBIT would have increased by 8.7% and 15% respectively.

By country, it is worth mentioning the following issues:

- In **Spain and Portugal**, the revenues increased by 6.1% due to the good performance in the sales of both schoolbooks and general editions books.
- In **Mexico**, the revenues in local currency increased by 9.5%, with an excellent performance of the general editions books.
- In **Brazil**, the revenues in Brazilian currency grew by 34.6%, due to the significant increase of the institutional sales.

LEISURE & ENTERTAINMENT

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg %
Operating Revenues	87.89	47.83	83.8
Operating Expenses	91.85	56.65	62.1
EBIT	(3.96)	(8.82)	55.1
%/Sales	(4.5%)	(18.4%)	
EBITDA	1.55	(3.64)	-
%/Sales	1.8%	(7.6%)	



The remarkable increase in revenues and expenses was mainly due to the following reasons:

- 1- The promotions that the **Music** division carried out for **El País**.
- 2- The growth in the album sales.
- 3- The good performance of the organisation of events and concerts.
- 4- The contribution of the audiovisual producer, **Tesela**, which was consolidated for the first time in September 2002.

The significant growth of revenues, together with the cost contention, resulted in a **positive EBITDA** of €1.55 million. Besides, the operating losses improved by 55.1% over the previous year.

Grupo Prisa has undertaken some negotiations so as to sale the music division to other companies in the industry in the short term.



PRISACOM

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg %
Operating Revenues	11.72	16.54	(29.1)
Operating Expenses	22.36	25.43	(12.1)
EBIT	(10.64)	(8.89)	(19.7)
%/Sales	(90.8%)	(53.7%)	
EBITDA	(8.36)	(6.34)	(31.9)
%/Sales	(71.3%)	(38.3%)	

Revenues decreased by 29.1%, namely due to the sale of the companies Extrasoftware, C2P and CMIPS, which contributed €4.4 million in revenues to the statement of income of Prisacom.

Stripping out the effect of the aforementioned sale, revenues would have decreased by 2.5%.

The negative performance of both the advertising revenues and the sale of content to mobile telephone companies also explained the revenues decline.

In October 2003, Prisacom reached an agreement with Telefónica Móviles that will allow Prisa digital media content to be accessed by Telefónica Movistar customers. This agreement adds to the already signed with Amena and Vodafone and will boost the future revenues coming from the telephone mobile companies.

In November 2003 was the one-year anniversary of the pay-per-view digital edition of the site **El País.es**. This version offers real time updated information, motion photos, multimedia elements and interactive quality for users.

Currently, the number of paid subscribers amounts to 26,000. In late January the number of subscribers amounted to 28,000.

In 2003 Prisacom has began to develop, together with Santillana, the business of on-line educational platforms and has reached important agreements, both in Spain and Latin America.



MEDIA ADVERTISING SALES (GDM)

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg %
Operating Revenues	89.79	80.85	11.1
Operating Expenses	82.79	74.33	11.4
EBIT	7.00	6.52	7.4
%/Sales	7.8%	8.1%	
EBITDA	7.39	6.91	6.9
%/Sales	8.2%	8.5%	

The Spanish advertising market continued to show signs of weakness, although since the second half of the year it began to exhibit a sound recovery.

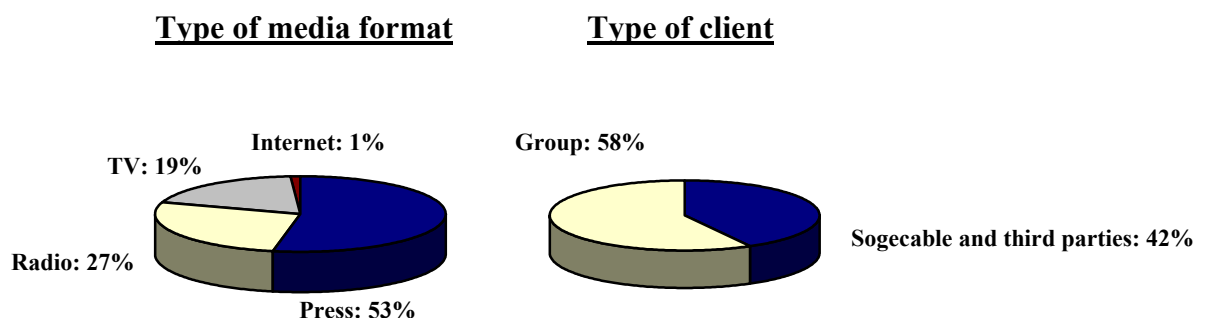
In Prisa, the advertising revenues of TV and Radio had a solid performance, and the local advertising was the type of advertising that recorded the best performance.

On the other hand, press continued to be hit by the adverse economic situation, mainly in both national and financial press, although the good advertising performance in the fourth quarter of 2003 moderated the fall of the advertising revenues.

Additionally, the improvement of the advertising market since the fourth quarter of the year resulted in an increase of margins, and therefore, the net revenues of GDM increased by 3.9% over the previous year.

€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Chg %
Advertising Sales	89.79	80.85	11.1
Supplies	67.89	59.77	13.6
Net revenues	21.90	21.08	3.9

The advertising managed by **GDM**, by type of media format and client, was as follows:



PRINTING

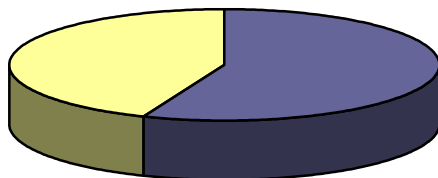
€ Million	CUMULATIVE TO DECEMBER		
	2003	2002	Var %
Operating Revenues	115.45	95.91	20.4
Operating Expenses	107.67	86.99	23.8
EBIT	7.78	8.92	(12.8)
%/Sales	6.7%	9.3%	
EBITDA	18.72	18.75	(0.2)
%/Sales	16.2%	19.5%	

Revenues increased by 20.4% mainly due to the gaining of new clients in Spain, despite the fact that the printing market continued to face a complex environment in terms of price and activity downfalls. Nevertheless, the growth in the cost of goods sold together with an increase in the depreciation expenses derived from the acquisition of new machinery, led EBIT to decline.

Revenue breakdown by geographic region (both national and exports) and type of client (Clients of the Group and third parties) was as follows:

Type of client

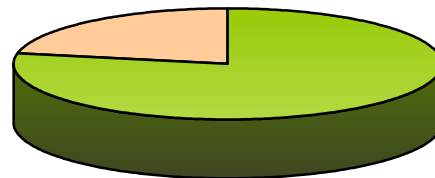
Clients of the Group: 44%



Third parties: 56%

Geographic region

Exports: 22%



National: 78%

In October 2003, Prisa and Polestar reached an agreement to merge their printing businesses in Spain. This agreement resulted in the constitution of a new company, **Dédalo Grupo Gráfico S.L**, 40% equally owned by Grupo Prisa and Polestar, with the remaining 20% owned by Ibersuizas, the financial partner.

In addition, the current financial partner could increase its interest up to 33.3%, or other financial partners could purchase a stake in Dédalo, so that the two main shareholders – Prisa and Polestar - could each hold a 33.3% stake in the company and the remaining 33.3% would be owned by the financial partner (or partners).



The new company will be much more competitive due to the achievement of important synergies, such as a high competitiveness in both, the gravure and the offset printing technologies, a generalized improvement of its market position as it will be able to offer a wider service to clients, a rationalization of investments or savings in the cost of goods sold, general and personnel expenses.

