



Grupo PRISA

JANUARY – DECEMBER 2005 Results

February 17, 2006

The financial information reported has been prepared following the rules and principles of the International Financial Reporting Standards (IFRS). In order to comply with the new standards, we have stated the 2004 results according to IFRS for an adequate comparison.

For further information regarding the impact of IFRS application, please refer to the significant event submitted to the Spanish Securities Exchange Commission (CNMV) in April 22, 2005 about the impact of the International Financial Reporting Standards application. (www.cnmv.com).

PRISA REACHES A NET PROFIT OF €153 MILLION (+25%) IN YEAR 2005.

Revenues increased by 9.4% and the operating profit (ebit) reached €219 million (+28%)

The Group strengthens its presence in the audiovisual sector after the 33% stake in Media Capital and Sogecable tender offer

Internet, International Media and audiovisual production show significant expansion growth rates

The most important results in 2005 have been the following:

- **Advertising growth (+12.9%).** Advertising revenues in radio in Spain (+12.6%) and in El País (+6.2%), increased at a higher rate than the market. Advertising revenues in Prisacom and in Radio in Latin America increased by 18.7% and 40.8% respectively.
- **Add-ons revenues increased by 30.8%** reaching €149.28 million. The ebit margin reached 30.0% compared to 15.5% previous year.
- **Book sales in Santillana increased by 17.5%.** It is worth highlighting the strength in Brazil (+45.4%) and Mexico (+22.0%). In Spain, revenues increased by 7.8%.
- **AS increases its average daily circulation by 3.2%,** gains market share and increases its advertising revenues by 17.6%.
- **Businesses under development increase their operating profit by 27%.** Prisacom reduces its losses by 33.0% and International Media reaches break-even.

Other important activities have been the following:

- **Prisa increased its ownership in Sogecable to 24.5%** and launched a tender offer for 20% of Sogecable's share capital.
- **Acquisition of 33% stake in Media Capital,** one of the main media groups in Portugal.
- **Agreement with Clear Channel** for the acquisition of programming and commercial management rights of a radio station based in Tijuana (Mexico), which broadcasts in Spanish in the area of Los Angeles and South California.
- **Acquisition of 15.5% stake in Le Monde.**
- **Ser and Antena3 radio concentration** has been authorized by the competition authorities, which will result in an improvement of the operating performance of the radio in Spain. The effectiveness of this transaction is subjected to obtaining the authorizations of the specific legislation of the radio sector.

PROFIT AND LOSS ACCOUNT

€Million (I.F.R.S.)	JANUARY-DECEMBER		
	2005	2004	Chg. %
Operating Revenues	1,483.09	1,355.44	9.4
EBITDA	314.48	257.59	22.1
EBIT	218.70	171.06	27.8
Net financial cost	-22.80	-13.80	-65.3
Income from associates	-29.62	-21.25	-39.4
Profit before tax	166.28	136.02	22.2
Income tax expense	-2.94	11.70	-
Results from discontinued activities	-9.72	-	-
Minority interest	-6.69	-1.87	-
Net profit	152.81	122.45	24.8
EBITDA Margin	21.2%	19.0%	
EBIT Margin	14.7%	12.6%	

OPERATING REVENUES

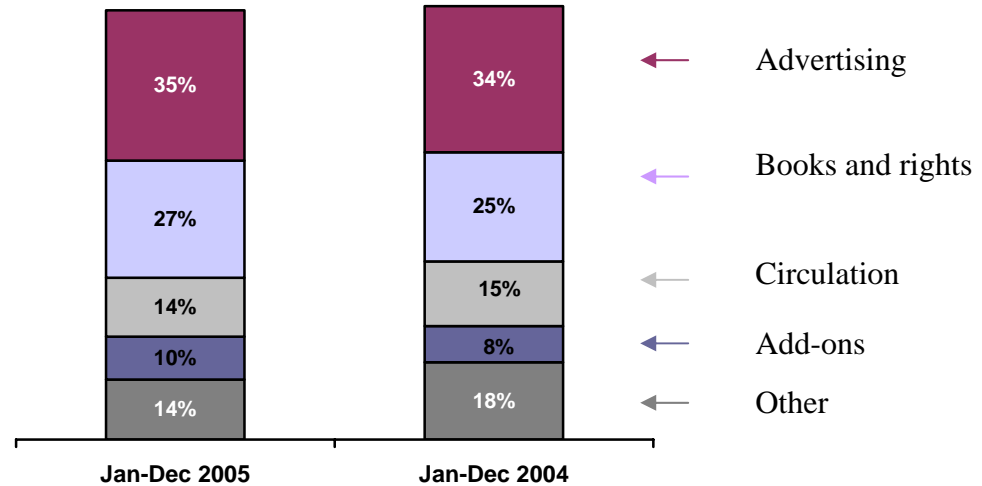
In year 2005, revenues increased by 9.4% reaching €1,483.09 million compared with €1,355.44 million in year 2004. Revenues breakdown by business line is as follows:

€Million (I.F.R.S.)	JANUARY-DECEMBER		
	2005	2004	Chg. %
Advertising revenues	521.89	462.18	12.9
Books and rights sales	403.86	343.65	17.5
Newspaper and magazine sales	203.90	204.20	-0.1
Revenues from add-ons	149.28	114.15	30.8
Printing sales ¹	58.74	60.96	-3.6
Music and audiovisual sales	36.93	38.11	-3.1
Other revenues ²	108.49	132.19	-17.9
Total operating revenues	1,483.09	1,355.44	9.4

¹ Represents 40% of Dédalo revenues. The company Dédalo is the output of a merger between Prisaprint and Polestar España and the equity holding of Ibersuizas (20%)

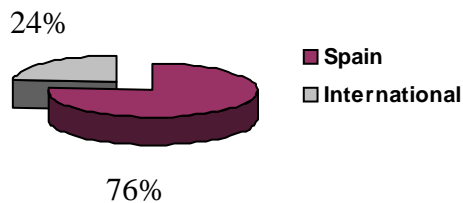
² Includes: e-commerce revenues, Internet services, fixed assets disposals and other products

By business line, advertising represents 35% of total revenues, Books and rights sales represents 27% and newspapers account for 14%.

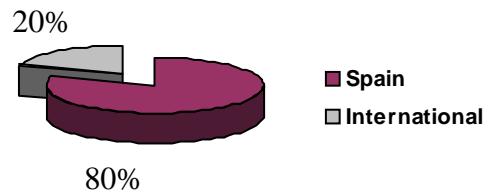


The geographic revenues break-down has been the following:

January - December 2005



January - December 2004



In 2005, out of total group revenues, 24% came from the international activity compared to 20% in year 2004.

Out of International revenues, 73% came from Santillana, 23% came from International Media (Radio and Press) and 4% from Dédalo (Printing).

➤ Advertising revenues

Total Group's advertising revenues (€21.89 million) increased by 12.9%, a growth higher than the market.

€Million (I.F.R.S.)	JANUARY-DECEMBER		
	2005	2004	Chg. %
Radio	206.05	182.99	12.6
El País	190.12	178.81	6.2
International media	65.65	46.62	40.8
Specialized Press	42.58	38.45	10.7
Local TV (Localia)	17.45	15.83	10.2
Prisacom	5.99	4,48	33.6

➤ **Books and rights sales**

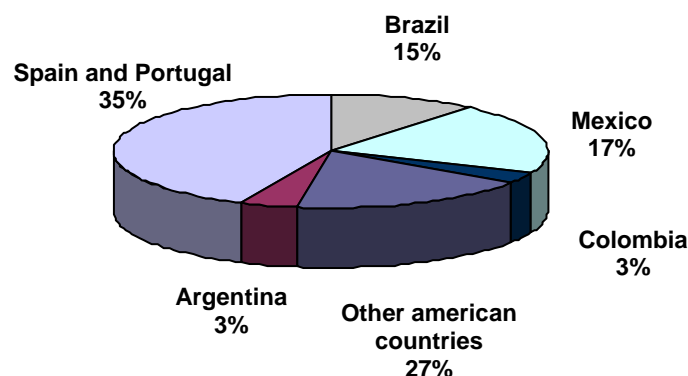
In 2005, Books and rights sales have increased by 17.5% (€403.86 million compared to €343.65 million).

In Spain, revenues increased by 7.8%. In Latam, it is worth highlighting Brazil where revenues reached €63 million (45% increase compared to 2004), and México where revenues increased by 22%.

In the rest of the South American countries, the educational campaigns have performed well, highlighting Venezuela (+44%), Colombia (+37%) and Argentina (+25%).

The exchange rate performance of local currencies against dollar, especially in Brazil, Colombia, and Dominican Republic increased the revenues by €13.2 million.

The geographic breakdown was as follows:



➤ Newspaper and magazine sales

Circulation revenues (€203.9 million) remained flat compared to 2004 figures in a difficult environment with newspapers circulation decreasing in all countries.

In 2005, average daily circulation in **El País** was 453,602 copies (826,321 copies for the week end edition). This numbers show a slight decrease in circulation compared to 2004 figures, which is explained by the fact that in 2004, the circulation of El País was helped by the add-on “La Enciclopedia” and some other exceptional events (general elections, terrorist attacks...)

The sport newspaper **As** increased by 3.2% (209,585 copies), and gained market share from its main competitor.

The economic newspaper **Cinco Días** increased its circulation by 21.1%.

Average daily circulation performance

	Jan. – Dec. 2005	Jan.-Dec. 2004	Chg. %
El País	453,602	469,183	-3.3
El País Semanal (EPS)	826,321	812,476	1.7
AS	209,585	203,158	3.2
Cinco Días	30,427	25,136	21.1

➤ Revenues from add-ons

Add-ons activity has become a consolidated business, not only helping circulation, but also as a solid business line. In 2005, revenues from add-ons reached €149.3 million and the ebit contribution was €44.6 million compared to 17.7 million in 2004 (+ 252.5% growth). The ebit margin was 29.9% compared to 15.5% in 2004.

All business units in the group are making Add-ons activity with positives results in circulation and in operating profit.

Add-ons in El País contributed €27.8 million to revenues compared to €79.3 million euros in 2004 . The contribution to ebit was €43.1 million (€23.7 million in 2004). “La Historia Universal”, “La Enciclopedia del Estudiante” and “Cine de Oro” were outstanding and registered an average weekly sale of 194,000, 177,000 and 160,000 copies respectively.

The sport newspaper **As**, has increased its add-ons revenues by 52% reaching €7.5 million and has improved its profitability contributing with €0.8 million to ebit compared €6.41 million in 2004.

➤ Printing sales

Revenues from printing activities reached €8.7 million, 3.6% below 2004. In 2005, **Dédalo** has kept making progress in the organizational and operative integration that followed the merger between Prisaprint and Polestar.

➤ Music and audiovisual sales

Music and audiovisual sales decreased by 3.1% explained by the reduction of revenues coming from music, (Gran Via Musical) following the restructuring of this business unit. The sale of audiovisual rights and events showed a good performance growing 6.3% and 4.0% respectively.

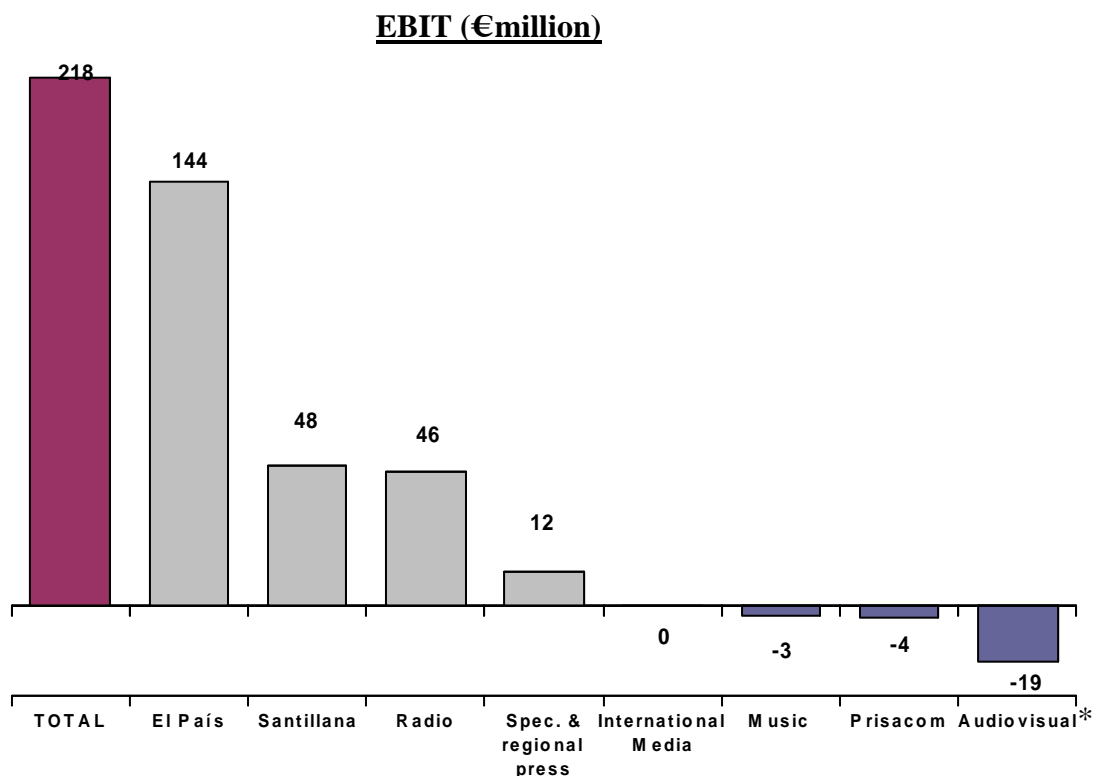
➤ Other revenues

Other revenues include e-commerce, Internet and other revenues coming from the sale of assets. The decrease of 17.9% in 2005 compared to previous year is due to the extraordinary selling of some assets in 2004.

OPERATING PROFIT

Total group operating profit (EBIT) reached €18.7 million compared with €71.1 million in 2004 (+27.8%).

EBIT breakdown by business unit is shown below:



* Out of the €19 million, €18 million belong to Local TV business and €1 million to audiovisual production (Plural)

In 2005, total group margins have improved. EBIT margin came up to 14.7% compared to 12.6% in 2004. EBITDA margin increased from 19.0% to 21.2%.

The reasons underlying the improvement in the Group operating profit can be summarized as follows:

- Performance of **El País**: the increase in the advertising revenues (+6.2%) and the improvement in the profitability of the add-ons explain the 15.0% ebit increase. Ebit margin stood at 31.7%.

- Performance of the **text book sales**: the increase in the publishing business revenues (+18.2%) together with the cost control explain the operating improvement (EBIT margin moved from 7.7% in 2004 to 11.5% in 2005).
- Operating improvement in **SER**: the EBIT margin in the radio business increased by more than three percentage points moving from 16.4% in 2004 to 19.8% in 2005. This improvement is explained by the increase in the advertising revenues (+12.6%).
- Operating profit in **Specialized and Regional Press** (€1.6 million compared to €2.4 million in 2004). It is worth highlighting the performance of As, which increased its operating profit by 149% due to the increase in circulation, advertising and improvement in the profitability of the add-ons activity, and the economic newspaper Cinco Días which reached positive operating profit (€0.4 million) compared to €3.0 million in 2004.
- Cost control and operating improvement in the business under development. In **Prisacom** and **Music**, the EBIT improved by 49.9% and 46.3% respectively. International Media reached break-even.

NET PROFIT

Net profit reached €52.8 million compared to €22.5 million in 2004 (+24.8%).

Income from associates (€29.6 million), includes mainly the stakes in Sogecable (+1.8), Antena 3 de Radio (+9.1) and Iberbanda (-39.8) which in 2005 includes some special provisions due to the closure of one of its line of activities.

Results from discontinued activities include losses in the music division and in some local TV's explained by the closure or discontinuity of some of their operations.

In 2005, the Income tax expense includes €2.94 million income due to the deductions for investing in foreign countries.

BALANCE SHEET

ASSETS (I.F.R.S.)	€million	
	12/31/2005	12/31/2004
FIXED ASSETS	1,295.23	899.33
Intangible assets	91.72	78.09
Property, plant & equipment	324.29	296.93
Long term financial investments	78.70	96.58
Investment in associates	644.84	331.27
Investment property	12.31	11.47
Assets held for sale	2.45	1.37
Deferred tax assets	140.92	83.61
GOODWILL	225.73	188.41
CURRENT ASSETS	626.20	585.41
Inventories	104.27	99.65
Accounts receivable	493.55	455.23
Short term financial investments	5.13	6.02
Cash & cash equivalents	23.24	24.51
TOTAL ASSETS	2,147.15	1,673.15

LIABILITIES AND SHAREHOLDERS EQUITY (I.F.R.S.)	€million	
	31/12/2005	31/12/2004
SHAREHOLDERS EQUITY	865.25	716.32
Issued capital	21.88	21.88
Reserves	671.66	556.25
Retained earnings	152.81	122.45
Minority interest	18.90	15.74
LONG TERM LIABILITIES	540.14	479.11
Long term financial debt	311.09	259.64
Other long term debt	161.17	155.09
Other long term liabilities	73.18	64.38
CURRENT LIABILITIES	736.46	477.72
Short term financial debt	320.17	144.49
Trade accounts payable	211.43	201.60
Other short term liabilities	198.01	127.57
Accrual accounts	6.85	4.06
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	2,147.15	1,673.15

INVESTMENTS

Investments in long term assets amounted to €12.51 million compared to €247.16 million in 2004. Investments breakdown by business unit is shown below:

INVESTMENTS JANUARY – DECEMBER 2005	€million
Prisa	382.40
Santillana	41.72
Radio	20.64
El País	14.96
International media	19.15
Printing	13.18
TV Production (Plural)/Cinema (Tesela)	5.91
Local TV (Localia)	5.82
Other	8.73
Total	512.51

Prisa investments mainly include the stake increase in Sogecable and its capital increase (€103.7 million), the acquisition of 33% stake in Media Capital (€237.8 million), and the 15.5% stake in Le Monde (€31.8 million). Santillana investments are mainly related to prototypes and to the acquisition of the Brazilian publishing company Objetiva (€6.8 million). Radio includes €10.0 million for the investment in ONA Catalana. Investments in International Media are related to the acquisition of Radio Continental in Argentina (€8.1 million).

Investment breakdown by type of long-term assets was the following:

INVESTMENTS JANUARY – DECEMBER 2005	€million
Tangible fixed assets	57.68
Intangible assets	46.25
Long term financial investments	407.64
Property investments	0.94
TOTAL INVESTMENTS	512.51

NET DEBT

Net debt as of December 31, 2005 amounted to €602.90 million compared to €373.61 as of December 31, 2004.

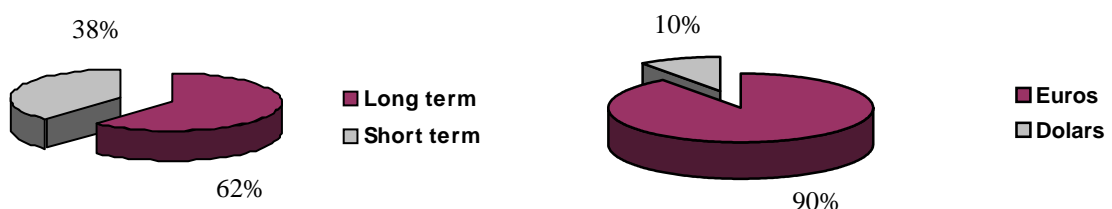
NET DEBT 12/31/2005	€million
Financial debt	631.27
Long term	311.10
Short term	320.17
Cash and cash equivalents	-28.37
Net debt	602.90

In the fourth quarter of 2005, Prisa has increased its net debt position by €202.9 million compared to the third quarter due to the acquisition of the 33% stake in Media Capital and the acquisition of the 15.5% stake in Le Monde.

In December 2005, Prisa issued a €62.3 million exchangeable bond. The bond coupon is 1.75%. Prisa owns a 5% treasury stock which guarantees the exchangeable bond.

The average interest rate of the bank debt in 2005 was 3.07%.

Long term debt accounts for 62% of total financial debt. By currency, 90% is denominated in euros and 10% in dollars.



CASH FLOW STATEMENT

€million (I.F.R.S.)	12/31/2005	12/31/2005
EBIT	218.70	171.06
Depreciation & amortization	69.77	67.37
Change in working capital	40.12	-2.30
Capex	-104.88	-94.97
Operating cash flow	223.72	141.16
Financial investments	-407.64	-152.19
Financial result	-22.81	-13.80
Dividends	-25.69	-21.26
Taxes	2.94	-11.70
Other	178	35.86
NET DEBT CHANGE	229.29	21.93

In 2005, the operating cash flow amounted to €223.72 million compared to €141.16 million.

The higher operating profit and the better management of the working capital explain the good performance of the operating cash flow.

STRATEGIC AGREEMENTS AND ACQUISITIONS IN 2005

- **Prisa increased its ownership in Sogecable to 24.50% and launched a public tender offer for 20% of Sogecable share capital.**
- **Prisa reached an agreement with Clear Channel** for the acquisition of programming and commercial management rights of a radio station based in Tijuana (México), which broadcasts in Spanish in the area of Los Angeles and the South of California. The total investment is \$28 million and the acquisition is pending regulatory authorisation.
- **Acquisition** via Santillana of a 75% stake in the Brazilian company **Editora Objetiva Ltda.**

Objetiva was founded in 1991 and it is a reference publishing company in the general edition market in Brazil. In 2004, the company had €5 million revenues. Through this acquisition, Santillana consolidates its presence in the general edition market and complements the text book publishing business that it runs in Brazil through Editora Moderna.

- **100% acquisition of Radio Continental and Radio Estéreo** in Argentina for €8.1 million.
- **Prisa reached an agreement with Le Monde for the acquisition of a 15.5% stake.** Prisa has agreed to constitute a joint venture with Le Monde for the production and management of add-ons in France. This business has started in January 2006.
- **Prisa reached an agreement with the main shareholders of the Portuguese company Media Capital for the acquisition of a stake up to 46.32%** through the exercise of two puts. In November 2005, Media Capital shareholders exercised the first put and Prisa acquired 33% stake in the company. Since then, Prisa designed the CEO, and has three members of the board.

APPENDIXES

- Operating Revenues by business unit
- Operating Expenses by business unit
- EBIT by business unit
- EBITDA by business unit

OPERATING REVENUES €million (I.F.R.S.)	JANUARY – DECEMBER		
	2005	2004	Chg. %
El País	455.16	398.96	13.0
Advertising revenues	190.12	178.99	6.2
Circulation revenues	135.02	136.82	-1.3
Specialized and regional press	139.03	131.30	5.9
AS	70.61	61.82	14.2
Cinco Días	18.54	16.59	11.8
Other ³	49.88	52.89	-5.7
Radio	231.99	206.53	12.3
Music	20.78	50.38	-58.8
Local TV	33.14	33.01	0.3
Plural	13.89	6.46	115.1
International media	80.94	54.36	48.9
Santillana	419.31	354.72	18.2
Prisacom	21.62	17.44	24.0
Printing	73.12	80.11	-8.7
GDM	25.16	24.20	3.9
Distribution	30.57	30.21	1.2
Other	28.29	41.04	-31.1
Consolidation adjustments	-89.91	-73.29	
TOTAL	1,483.09	1,355.44	9.4
OPERATING EXPENSES €million (I.F.R.S.)	JANUARY – DECEMBER		
	2005	2004	Chg. %
El País	311.49	273.92	13.7
Specialized and regional press	127.45	128.93	-1.1
AS	58.82	57.08	3.1
Cinco Días	18.13	19.62	-7.6
Other	50.50	52.23	-3.9
Radio	186.12	172.59	7.8
Music	23.96	56.30	-57.4
Local TV	51.67	49.58	4.2
Plural	14.70	9.08	61.9
International media	80.94	59.82	35.3
Santillana	371.29	327.35	13.4
Prisacom	25.17	24.53	2.6
Printing	79.26	81.71	-3.0
GDM	16.66	15.98	4.2
Distribution	28.53	28.93	-1.4
Other and consolidation adjustments	-52.85	-44.34	19.2
TOTAL	1,264.39	1,184.38	6.8

³ Includes regional press and magazine

EBIT €million (I.F.R.S.)	JANUARY – DECEMBER		Chg. %
	2005	2004	
El País	143.71	124.96	15.0
EBIT Margin	31.7%	31.4%	
Specialized and regional press	11.58	2.37	387.8
EBIT Margin	8.3%	1.8%	
AS	11.79	4.74	149.0
EBIT Margin	16.7%	7.7%	
Cinco Días	0.41	-3.03	-
EBIT Margin	0.2%	-18.3%	
Other	-0.62	-0.66	6.1
EBIT Margin	-1.2%	-1.25%	
Radio	45.88	33.94	35.2
EBIT Margin	19.8%	16.4%	
Music	-3.18	-5.92	46.3
EBIT Margin	-15.3%	-11.8%	
Local TV	-18.74	-16.57	-13.2
EBIT Margin	-55.9%	-49.4%	
Plural	-0.80	-2.62	69.3
EBIT Margin	-5.8%	-40.5%	
International media	-	-5.46	
EBIT Margin	-	-10.0%	
Santillana	48.02	27.37	75.5
EBIT Margin	11.5%	7.7%	
Prisacom	-3.55	-7.09	49.9
EBIT Margin	-16.4%	-40.6%	
Printing	-6.14	-1.60	-
EBIT Margin	-8.3%	-2.0%	
GDM	8.50	8.22	3.4
EBIT Margin	33.8%	34.0%	
Distribution	2.04	1.28	59.0
EBIT Margin	6.7%	4.2%	
Adjustments and others	-8.62	12.18	
TOTAL	218.70	171.06	27.8
Margin	14.7%	12.6%	

EBITDA €million (I.F.R.S.)	JANUARY - DECEMBER		
	2005	2004	Chg. %
El País	156.31	136.57	14.5
EBITDA Margin	34.3%	34.2%	
Specialized and regional press	13.25	4.78	177.0%
EBITDA Margin	9.5%	3.6%	
AS	12.25	5.50	122.7
EBITDA Margin	17.3%	8.9%	
Cinco Días	0.92	-2.52	-
EBITDA Margin	5.0%	-15.2%	
Other	0.08	-1.80	
EBITDA Margin	0.1%	-1.4%	
Radio	51.33	38.01	35.1
EBITDA Margin	22.1%	18.4%	
Music	-1.51	-3.83	60.7
EBITDA Margin	-7.2%	-7.6%	
Local TV	-16.45	-12.77	-28.8
EBITDA Margin	-49.0%	-37.9%	
Plural	1.44	0.53	171.2
EBITDA Margin	10.4%	8.2%	
International media	8.22	-0.96	-
EBITDA Margin	10.2%	-1.8%	
Santillana	97.06	66.39	46.2%
EBITDA Margin	23.2%	18.7%	
Prisacom	-1.42	-4.23	66.4
EBITDA Margin	-6.6%	-24.3%	
Printing	1.17	8.01	-85.4
EBITDA Margin	1.6%	10.0%	
GDM	8.88	8.56	3.8
EBITDA Margin	35.3%	35.4%	
Distribution	2.37	1.76	34.9%
EBITDA Margin	7.8%	5.8%	
Adjustment and other	-6.39	14.53	
TOTAL	314.48	257.59	22.1
Margin	21.2%	19.0%	

For further information:

Grupo Prisa
Institutional Investor Relations Department
Gran Vía 32, 6ª Planta
Telephone: +34- 91-330-10-85
Fax: +34- 91-330-10-88
e-mail: ir@prisa.es
www.prisa.es