



Grupo PRISA

**Quarterly results
January-March 2006**

24th April 2006

PRISA INCREASES ITS OPERATING PROFIT (EBIT) BY 18.9% IN THE FIRST QUARTER OF 2006.

Revenues increased by 12.8% and net result reached €30.8 million.

The tender offer for 20% of Sogecable's share capital finished successfully and now Prisa owns 43.43% of the audiovisual company. The stake in Sogecable, together with media Capital and Localia, makes Grupo Prisa the leader in the Audiovisual Iberian market.

The most important results in the first quarter of 2006 have been the following:

- **Advertising growth (+15.7%).** Growth in Radio in Spain (+17.7%), El País (+5.1%) and International Media (+52.7%) explains this performance.
- **Books sales in Santillana increased by 29.3%.** It is worth highlighting the strength in Brazil (+42.0%), Argentina (+44.8%), and Chile (+47.3).
- **Add-ons revenues increased by 9.7% reaching €5.69 million.** The ebit margin was 32.2%. This activity has started its international expansion in other countries such as France, Italy or Portugal.
- **AS increased its revenues by 11.4%, improving its average daily circulation, and gaining market share.** Its advertising revenues increased by 27.1%.
- **Prisacom (Internet activities) increased its revenues by 34.4%** and reduced the operating losses by 76.6%.

Other important activities have been the following:

- The tender offer over 20% of Sogecable finished successfully. Sogecable figures will be fully consolidated in Grupo Prisa from the 1st of April 2006.
- Antena 3 has been fully consolidated in Grupo Prisa figures from the first of January 2006.
- A new AM radio station is broadcasting through Los Angeles and San Diego (USA).

PROFIT & LOSS ACCOUNT

€Million	JANUARY-MARCH		
	2006	2005	Chg. %
Operating Revenues	375.60	332.94	12.8
EBITDA	79.57	64.49	23.4
EBIT	55.11	46.33	18.9
Net financial cost	(7.46)	(2.15)	-
Income from associates	(5.37)	(1.96)	(174.7)
Profit before tax	42.28	42.22	0.1
Income tax expense	8.22	12.89	(36.3)
Results from discontinued activities	-	-	-
Minority interest	3.29	0.20	-
Net profit	30.78	29.13	5.6
EBITDA Margin	21.18%	19.37%	
EBIT Margin	14.67%	13.92%	

OPERATING REVENUES

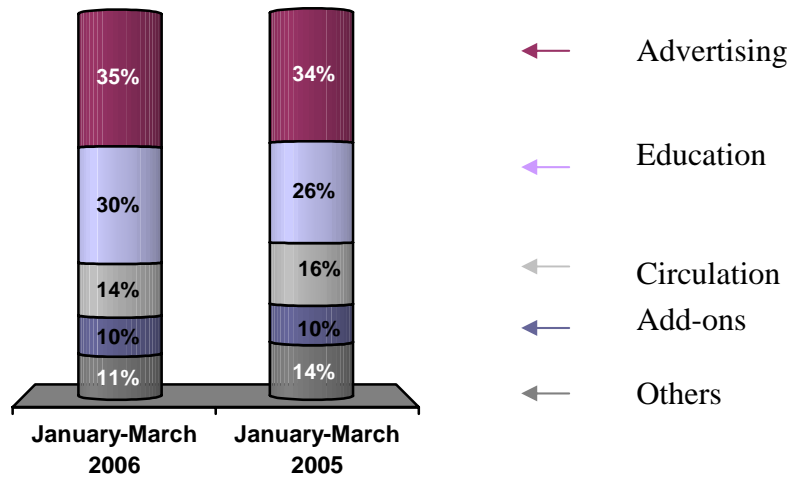
In the first quarter of 2006, revenues increased by 12.8% reaching €375.60 million compared with €332.94 million in the same period previous year. Revenues breakdown by business line is as follows:

€Million	JANUARY-MARCH		
	2006	2005	Chg. %
Advertising Revenues	129.89	112.23	15.7
Books & Rights sales	113.56	87.80	29.3
Newspapers and Magazine sales	51.94	52.78	(1.6)
Revenues from Add-ons	35.69	32.53	9.7
Printing Sales ¹	13.01	14.98	(13.1)
Music and Audiovisual sales	4.89	5.98	(18.2)
Other revenues ²	26.69	26.63	-
Total Operating Revenues	375.60	332.94	12.8

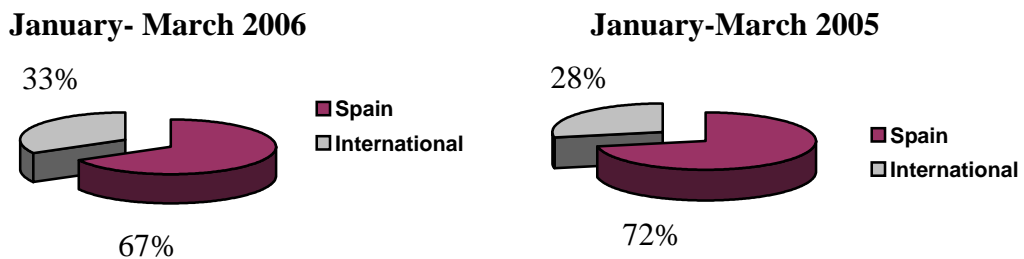
¹ Represents 40% of Dédalo revenues. The company Dédalo is the output of a merger between Prisaprint and Polestar Spain and the equity holding of Ibersuizas(20%).

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

By business line, advertising represents 35% of total revenues, Books and rights sales represent 30% and newspapers accounted for 14%. It is worth highlighting the Books and rights increase due to the health of the Latam economies and the increasing demand for education in all those countries.



The geographic revenues break-down has been the following:



In the first quarter of 2006, out of total revenues, 33% came from the international activity compared to 28% in the same period in 2005.

Out of total International revenues, 83% came from Santillana, 15% came from International Media (Radio and Press) and 2% came from Dédalo sales out of Spain.

➤ **Advertising Revenues**

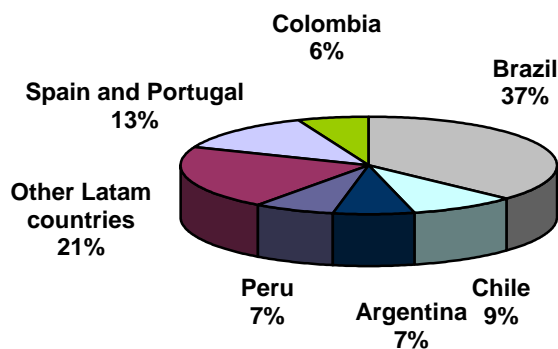
Total Group's advertising revenues (€29.89 million) increased by 15.7% including revenues coming from Antena 3 radio global consolidation. Discounting this effect, total advertising revenues would have grown by 11.5%, well above the average of the market.

➤ **Books and Rights sales**

In the first quarter of 2006, Books and Rights sales increased by 29.3% (€13.56 million in 1Q 2006 compared to €8.70 million in 1Q 2005).

In the first quarter of the year, the educational campaigns are held in the south countries, which had an outstanding performance highlighting among others Brazil (+42.0%), Argentina (+44.8%) and Chile (+47.3%).

The geographic breakdown was as follows:



➤ **Newspapers and Magazine Sales**

In the first quarter of 2006, Circulation revenues (€1.94 million) declined by 1.6%, in a difficult environment with newspapers circulation declining in most of the industrialized countries. In this context, there is to highlight the performance of the sport newspaper As which increased its average daily circulation in 1Q 2006 by 1% reaching 204,322 average daily copies, and gained market share from its main competitor which continues decreasing.

In 1Q 2006, the average daily circulation in El Pais was 470,992 copies and the weekend edition reached 817,790 copies.

Average daily circulation performance

	JANUARY-MARCH 2006	JANUARY-MARCH 2005	Var %
El País	470,992	494,150	(4.7)
AS	204,322	202,214	1.0
Cinco Días	31,956	31,846	0.4

➤ **Revenues from Add-ons**

In the first quarter of 2006, add-ons revenues reached €5.69 million, (9.7% growth). The ebit contribution was €1.5 million compared to €10.5 million in the same period previous year (9.5% growth).

Add-ons in El País contributed €1.38 million compared to €29.55 million in the same period previous year. The ebit margin was 35.3% compared to 34.2% in the same period previous year. It is worth highlighting the add-on related to Mozart which registered an average sale of 115,719 copies.

Prisa Innova, the company created to coordinate and to manage all add-ons in the group, has reached several agreements to sell add-ons to third parties, such as Le Monde in France, Corriere de la Sera in Italy, and Diario de Noticias and Jornal de Noticias in Portugal, reaching in the first quarter of 2006 revenues of €1.1 million. The company will continue expanding its activities to other countries.

➤ **Printing Sales**

Revenues from printing activities reached €13.01 million in the first quarter of 2006, 13.1% below the same period previous year. During 2006, Dédalo has kept making progress in the organizational and operative integration that followed the merger between Prisaprint and Polestar, which is expected to be finished at the end of the year.

➤ **Audiovisual Sales**

In 1Q 2006, Audiovisual sales declined by 18.2%, mainly due to the decline in revenues coming from the audiovisual production for third parties (in 2005, revenues coming from Al filo de la Ley were included). The sale of audiovisual rights showed a strong performance with 8.4% growth.

➤ Other revenues

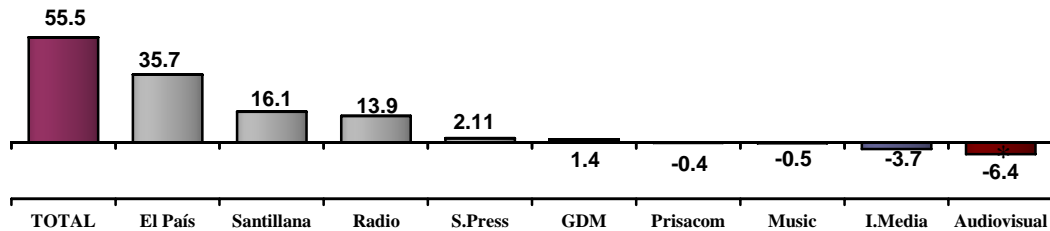
Other revenues include e-commerce, Internet, music and other revenues coming from the sale of assets. In the first quarter of 2006, other revenues have remained stable compared to the same period previous year.

OPERATING PROFIT (EBIT)

In 1Q 2006, total operating profit reached €55.11 million compared to €46.33 million in the same period previous year (+18.9%)

Ebit breakdown by business unit is shown below:

EBIT (€million)



* Out of the €6.4 million, €5.6 million belongs to local tv and €0.8 million belong to Plural.

In 1Q 2006, total group margins have improved: Ebit margin came up to 14.7% compared to 13.9% in the same period previous year and the EBITDA margin increased from 19.4% to 21.2%.

The evolution in the operating profit is mainly due to:

- The positive evolution of **margins in Radio**: the ebit margin in radio has increased more than eight points reaching 22.6% compared to 14.5% in the same period last year, due to the excellent performance of advertising and the global consolidation of Antena 3 radio figures. Excluding Antena 3 effect, margins would have improved more than two points.

- The performance of **the text books sales**: the strong growth in revenues in Education (+29.2%) led its operating profit to increase by 9.8%.
- Operating Profit in **Specialized and Regional press**. Operating profit reached €2.12 million compared to €1.11 million in January-March 2005. It is worth highlighting the performance of **As** which has increased its operating profit by 48.2% in this period.
- The operating improvement in **Prisacom** which has reached an operating loss of €0.36 million compared to €1.52 million in the same period previous year.

NET PROFIT

Net profit reached €30.78 million compared to €29.13 million in the same period 2005 (+5.6%).

Income from associates (€5.37 million), includes the stakes in Sogecable, Media Capital and Iberbanda.

BALANCE SHEET

ASSETS	€Million	
	31/03/2006	31/12/2005
FIXED ASSETS	2,346.21	1,295.23
Intangible assets	112.80	91.72
Property, plant & equipment	332.37	324.29
Long term financial investments	1,071.26	78.70
Investment in associates	672.33	644.84
Investment property	12.19	12.31
Assets held for sale	0.69	2.45
Deferred tax assets	144.58	140.92
GOODWILL	232.51	225.73
CURRENT ASSETS	658.77	626.20
Inventories	104.66	104.27
Accounts receivable	502.88	493.55
Short term financial investments	5.53	5.13
Cash & cash equivalents	45.71	23.24
TOTAL ASSETS	3,237.49	2,147.15

LIABILITIES AND SHAREHOLDERS EQUITY	€Million	
	31/03/2006	31/12/2005
SHAREHOLDERS EQUITY	914.18	865.25
Issued capital	21.88	21.88
Reserves	830.44	671.66
Retained earnings	30.78	152.81
Minority interest	31.08	18.90
LONG TERM LIABILITIES	564.64	540.14
Long term financial debt	336.39	311.09
Other long term debt	163.21	161.17
Other long term liabilities	65.04	73.18
LIABILITIES FROM DISCONTINUED ACTIVITIES	-	5.30
CURRENT LIABILITIES	1,758.67	736.46
Short term financial debt	1,338.24	320.17
Trade accounts payable	206.62	211.43
Other short term liabilities	206.82	198.01
Accrual accounts	6.99	6.85
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3,237.49	2,147.15

INVESTMENTS

In the first quarter of 2006, total investments amounted to €1,041.85 million. Investments breakdown by business unit is shown below:

JANUARY-MARCH 2006 INVESTMENTS	€Million
Prisa	1,000.38
International media	22.28
Santillana (Education)	9.92
Radio	2.99
El País	2.41
Printing	0.91
Local TV (Localia)	0.88
TV production (Plural)/Cinema (Tesela)	0.77
Others	2.19
Total	1,041.85

The most important investments come from Prisa, which includes €999.52 million for the 20% stake in Sogecable after the tender offer finished successfully, and International Media which includes €19.66 million coming from the acquisition of the programming and commercial management rights of a radio station based in Tijuana (Mexico) which broadcasts in the area of Los Angeles and San Diego.

Investments breakdown by type of assets was the following:

JANUARY-MARCH 2006 INVESTMENTS	€Million
Tangible fixed assets	9.34
Intangible assets	11.26
Financial investments	1,021.25
TOTAL INVESTMENTS	1,041.85

NET DEBT

Total net debt as of March 31, 2006 was €1,623.39 million compared to €602.90 million as of December.

NET DEBT 31/03/2006	€Million
Financial debt	1,674.63
Long term	336.39
Short term	1,338.24
Cash and cash equivalents	(51.24)
Net debt	1,623.39

In 1Q 2006, total net debt increased by €1,020.50 million compared to December 2005, due to the acquisition of 20% stake in Sogecable. This acquisition has been financed through a bridge loan signed by the company in December 2005. The average interest rate of the bank debt in 1Q 2006 was 3.38%.

In this moment, the underwriting of the transaction that will substitute the actual debt has been signed with 11 banks. The maturity is expected to be 7 years. After the general syndication, the loan is expected to be signed next month of May.

CASH-FLOW

€Million		
	31 / 03 / 2006	31/03/2005
EBIT	55.11	46.33
Depreciation & amortization	20.36	17.05
Change in working capital	(5.51)	(8.86)
Capex	(20.61)	(18.72)
Operating cash flow	49.36	35.80
Financial investments	(1,021.25)	(34.39)
Financial result	(7.46)	(2.15)
Dividends	(30.20)	(24.95)
Taxes	(8.22)	(12.89)
Other	(2.73)	(4.30)
NET DEBT CHANGE	(1,020.50)	(42.89)

The operating cash-flow during the first quarter of 2006 was €49.36 million compared to €35.80 million in the same period previous year. The higher operating profit and the better management of the working capital explain the good performance of the operating cashflow.

The increase in the Net debt change is due to the investment in Sogecable after acquiring the 20% once the tender offer finished successfully.

OTHER IMPORTANT OPERATIONS IN 1Q 2006

SOGECABLE

In November 2005, Prisa launched a tender offer over 20% of Sogecable, which successfully finished in March 2006. The price offered was €37 per share which was fully paid in cash. After this operation, Grupo Prisa reached 44.5% stake in the Audiovisual company.

After the tender offer was finished, Sogecable increased capital in order to acquire Warner stake (10%) and (Dalbergia stake (4.5%)) in Canal Satelite Digital. The capital increase was fully subscribed by Warner and Dalbergia. Therefore, after this operation, as of March 31, 2006, Prisa stake in Sogecable reaches 43.43%.

Grupo Prisa will fully consolidate Sogecable figures from the first of April 2006.

Global consolidation of Sogecable figures will change the company significantly. Revenues coming from audiovisual will account for more than half of total revenues and with good prospects of growth for the future.

By line of activity, the contribution of advertising to total revenues will decline slightly, to remain stable at around 1/3 of total revenues. More than 50% will come from others: mainly subscriptions from pay-tv. Revenues from international activities will also decline, so after two years, Prisa might make an effort again in the international activity.

This operation has been fully financed through debt, taking into account that the group has enough financial capacity to face this situation normally.

OTHER SIGNIFICANT EVENTS

Clear Channel Agreement

As of January 26, 2006, Grupo Prisa announced that it had obtained the authorizations needed in order to acquire the programming and commercial rights of an AM radio which covers from North Baja California, México, to Los Angeles.

Antena 3 Radio

As of March, 29, Grupo Prisa announced that it had obtained the authorizations needed for the concentration of SER and Antena 3 radio.

Appendixes

- I. Operating Revenues and Expenses by Business Unit
- II. EBIT by Business Unit
- III. EBITDA by Business Unit

Appendix I

OPERATING REVENUES €Million	JANUARY-MARCH		
	2006	2005	Chg. %
El País	110.55	108.53	1.9
Advertising Revenues	46.03	43.80	5.1
Circulation Revenues	33.40	35.47	(5.8)
Add-ons Revenues	30.57	28.70	6.5
Specialized Press	34.53	31.99	8.0
AS	17.44	15.67	11.4
Cinco Días	5.49	4.50	22.0
Others ³	11.60	11.82	(1.9)
Radio	60.60	51.81	17.0
Music	2.69	3.99	(32.5)
Local TV	8.52	8.82	(3.4)
Plural	3.00	2.44	23.3
Internacional Media	17.86	11.68	52.9
Education and Training (Santillana)	116.72	90.32	29.2
Prisacom	5.98	4.45	34.4
Printing	18.03	18.78	(4.1)
GDM	5.52	5.10	8.3
Distribution	7.55	7.24	4.3
Consolidation adjustments and others	(15.95)	(12.21)	-
TOTAL REVENUES	375.60	332.94	12.8

OPERATING EXPENSES €Million	JANUARY-MARCH		
	2006	2005	Chg. %
El País	74.85	73.24	2.2
Specialized Press	32.41	30.87	5.0
AS	15.26	14.19	7.5
Cinco Días	5.26	4.55	15.6
Others	11.89	12.13	(2.0)
Radio	46.69	44.28	5.4
Music	3.16	4.70	(32.8)
Local Tv	14.15	13.04	8.5
Plural	3.81	3.20	19.3
Internacional Media	21.54	15.36	40.2
Education and Training (Santillana)	100.58	75.62	33.0
Prisacom	6.33	5.97	6.1
Printing	19.36	19.71	(1.8)
GDM	4.13	4.18	(1.1)
Distribution	7.19	6.73	6.8
Consolidation adjustments and others	(38.17)	(28.46)	-
TOTAL OPERATING EXPENSES	296.03	268.44	10.3

³ Includes regional press and magazines

Appendix II

EBIT €Million	JANUARY-MARCH		Chg. %
	2006	2005	
El País	35.70	35.29	1.2
EBIT Margin	32.3%	32.5%	
Specialized press	2.12	1.12	90.0
EBIT Margin	6.1%	3.5%	
AS	2.18	1.47	48.2
EBIT Margin	12.5%	9.4%	
Cinco Días	0.23	-	-
EBIT Margin	4.3%	(1.1%)	
Others	(0.29)	(0.35)	-
EBIT Margin	(0.1%)	(1.1%)	
Radio	13.91	7.53	84.8
EBIT Margin	23.0%	14.5%	
Music	(0.47)	(0.72)	34.7
EBIT Margin	(17.4%)	(17.9%)	
Local Tv	(5.63)	(4.22)	(33.3)
EBIT Margin	(66.1%)	(47.9%)	
Plural	(0.81)	(0.76)	(6.5)
EBIT Margin	(27.0%)	(31.2%)	
Internacional Media	(3.67)	(3.69)	0.2
Margen EBIT	(20.6%)	(31.5%)	
Education and training (Santillana)	16.14	14.70	9.8
EBIT Margin	13.83%	16.27%	
Prisacom	(0.36)	(1.52)	76.6
EBIT Margin	(6.0%)	(34.2%)	
Printing	(1.33)	(0.91)	(46.5)
EBIT Margin	(0.1%)	-	
GDM	1.38	0.92	50.8
EBIT Margin	25.1%	18.0%	
Distribución	0.36	0.51	(28.7)
EBIT Margin	0.1%	0.1%	
Adjustments and Others	(2.23)	(1.92)	-
TOTAL EBIT	55.11	46.33	18.9
Margin	14.7%	13.9%	

Appendix III

EBITDA €Million	JANUARY-MARCH		
	2006	2005	Chg. %
El País	38.70	38.15	1.5
EBITDA Margin	35.0%	35.1%	
Specialized Press	2.60	1.59	63.2
EBITDA Margin	7.5%	5.0%	
AS	2.36	1.65	42.7
EBITDA Margin	13.5%	10.6%	
Cinco Días	0.36	0.07	-
EBITDA Margin	6.6%	1.5%	
Others	(0.12)	(0.13)	-
EBITDA Margin	(0.1%)	(0.0)	
Radio	15.68	8.69	80.5
EBITDA Margin	25.9%	16.8%	
Music	(0.30)	(0.50)	41.4
EBITDA Margin	(11.0%)	(12.6%)	
Local Tv	(4.96)	(3.54)	(40.3)
EBITDA Margin	(58.3%)	(40.1%)	
Plural	-	-	-
EBITDA Margin	0.01%	(0.01%)	
Internacional Media	(2.19)	(2.28)	3.9%
EBITDA Margin	(12.2%)	(19.5%)	
Education and Training (Santillana)	28.55	21.81	30.9
EBITDA Margin	24.5%	24.1%	
Prisacom	0.13	(0.96)	113.7
EBITDA Margin	2.2%	(21.5%)	
Printing	0.27	0.96	(72.0)
EBITDA Margin	0.01%	0.1%	
GDM	1.50	1.01	48.2
EBITDA Margin	27.1%	19.8%	
Distribution	0.40	0.53	(24.6)
EBITDA Margin	0.1%	0.1%	
Adjustments and Others	(0.71)	(0.97)	-
TOTAL EBITDA	79.57	64.49	23.4
Margin	21.2%	19.4%	

For further information:

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