



Grupo PRISA

JANUARY – SEPTEMBER 2005 RESULTS

October 21, 2005

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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).

IN THE FIRST NINE MONTHS OF THE YEAR, PRISA REACHES AN OPERATING PROFIT OF OVER €175 MILLION (+28%).

Net profit came up to €112 million (+25%).

The Group EBIT and EBITDA margins improved, reaching 15.6% and 23.3% respectively, compared with 13.4% and 20.6% in the same period of 2004.

The most important results in the period January-September 2005 have been the following:

- **Increase in advertising revenues** (+14.4%). Advertising revenues in the Radio in Spain (+13.8%) and in El País (+9.4%), increased at a higher rate than the market. Advertising revenues at Local TV (Localia) and international Media increased by 12.6% and 30.3% respectively.
- **Increase in revenues from Add-ons by 11.5%** reaching €106.8 million. The EBIT contribution was €26.0 million (€16.9 million in January-September 2004).
- **Book sales in Santillana increased by 15.9%**. It is worth highlighting the strength in Brazil (+51.5%) and Colombia (+41.0%).
- **AS increases its average daily circulation by 4.3%**, gains market share, and increases its advertising revenues by 18.5%.
- **Businesses under development increase their operating profit by 16%**. Prisacom reduces its losses by 33.0%.
- **Income from associates**, in which Sogecable is included, contributed €3.95 million to the Group profit compared with losses of €16.68 million in the same period of 2004.

PROFIT AND LOSS ACCOUNT

€Million (I.F.R.S.)	JANUARY-SEPTEMBER		
	2005	2004	Chg. %
Operating Revenues	1,123.25	1,024.38	9.7
EBITDA	261.69	211.39	23.8
EBIT	175.57	136.99	28.2
Net financial cost	(12.78)	(8.56)	49.3
Income from associates	3.95	(16.68)	-
Profit Before Tax	166.74	111.76	49.2
Income tax expense	52.02	22.04	136.1
Minority Interest	(2.34)	0.09	-
Net Profit	112.38	89.81	25.1
EBITDA Margin	23.3%	20.6%	
EBIT Margin	15.6%	13.4%	

OPERATING REVENUES

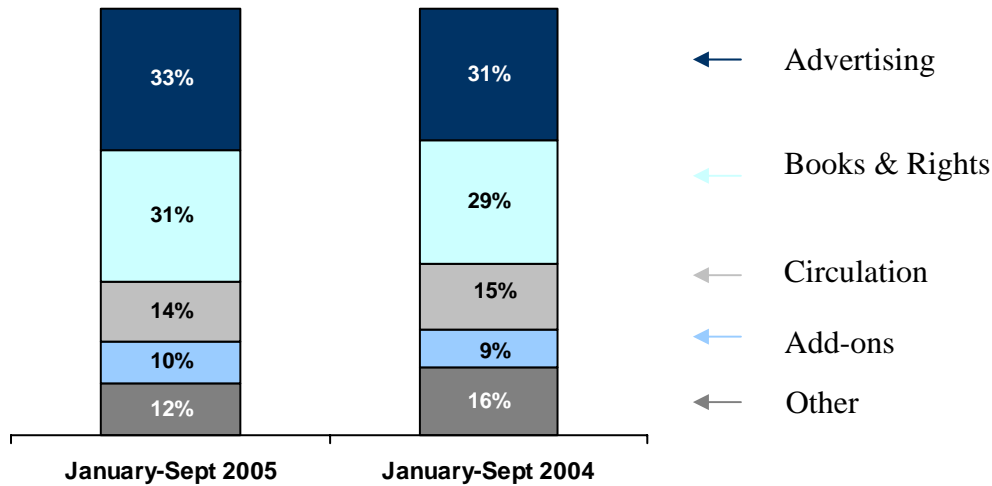
During the first nine months of 2005, operating revenues increased by 9.7% reaching €1,123.25 million compared with €1,024.38 million in the same period of 2004. Revenues breakdown by **business line** is as follows:

€Million (I.F.R.S.)	JANUARY-SEPTEMBER		
	2005	2004	Chg. %
Advertising revenues	366.94	320.87	14.4
Books and Rights sales	347.94	300.26	15.9
Newspaper and Magazine sales	154.77	155.28	(0.3)
Revenues from Add-ons	106.76	95.72	11.5
Printing sales ¹	43.29	44.41	(2.5)
Music and Audiovisual sales	27.81	26.48	5.1
Other revenues ²	75.74	81.37	(6.9)
Total Operating Revenues	1,123.25	1,024.38	9.7

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%).

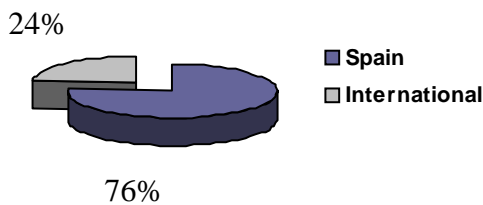
² Includes: e-commerce revenues, Internet services and other products.

Advertising is the highest contributor to revenues (33%) followed by the publishing business (31%). Newspaper and magazine sales account for 14% of total revenues and revenues from add-ons for 10%.

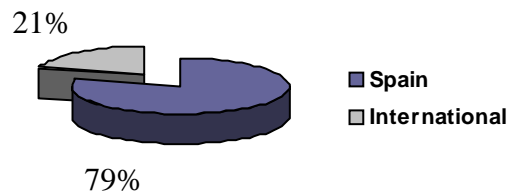


Geographic Revenue Breakdown

January-September 2005



January-September 2004



Out of the International revenues, 76% came from the publishing business (Santillana), 19% came from International Media (Radio and Press) and 5% from Dédalo (Printing).

➤ **Advertising Revenues**

The Group's advertising revenues (€366.9 million) increased by 14.4%. The growth is higher than the estimates for the total market (+11%).

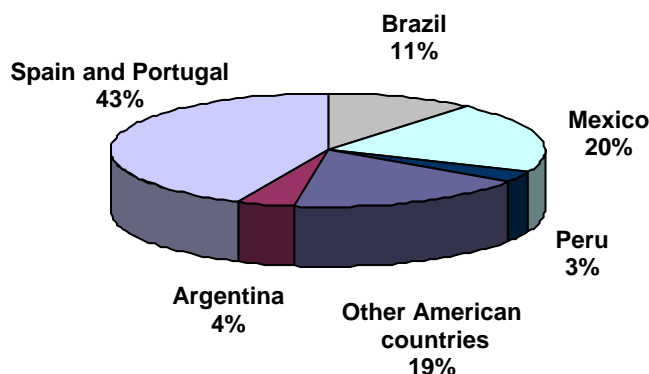
€Million (I.F.R.S.)	JANUARY-SEPTEMBER		
	2005	2004	Chg. %
Radio	147.97	130.00	13.8
El País	133.71	122.26	9.4
International Media	43.51	33.39	30.3
Specialized press	29.17	26.07	11.9
Local TV (Localia)	13.33	11.85	12.6
Prisacom	3.67	3.09	18.7

Regarding the Group advertising revenues, national revenues increased by 14.3%, local revenues by 9.0% and international ones by 30.3%.

➤ **Books and Rights Sales**

So far in 2005, books and rights sales have increased by 15.9% over the same period of 2004 (€347.9 million compared with €300.3 million).

The geographic breakdown was as follows:



In Spain, where the text book campaign has not finished yet, revenues increased by 7.7%.

It is worth highlighting the campaign in **Mexico** (yet to be concluded as well). Revenues in the period January-September 2005 reached €71.7 million (+18% over the same period of 2004).

During the first nine months of 2005, **Brazil** increased its revenues by 51.5%, thus being 2005 a year of book replacement.

In the **rest of the South American countries**, the campaigns have performed well, highlighting Venezuela (+131%), Colombia (+41%) and Argentina (+19%).

The exchange rate performance of local currencies against the dollar, especially in Mexico and Brazil, increased the revenues by €1.7 million.

➤ **Newspaper and Magazine Sales**

Circulation revenues (€154.8 million) remained flat compared to 2004 figures.

So far in 2005, El País average daily circulation is 469,357 copies (847,379 copies for the weekend edition). These numbers show a slight decrease in circulation, compared with 2004 figures, which is explained by the fact that in the first nine months of 2004 the circulation of **El País** was helped by the add-on “La Enciclopedia” and by some exceptional events (general elections, terrorist attacks...).

The sport newspaper **AS** increased its average daily circulation by 4.3% (213,773 compared with 204,907 copies) and it gained market share from its main competitor.

The financial newspaper **Cinco Días** increased its circulation by 29.5%.

Average daily circulation performance

	January-Sept. 2005	January-Sept. 2004	Chg. %
El País	469,357	484,174	(3.1)
El País Weekly edition	847,379	838,795	1.0
AS	213,773	204,907	4.3
Cinco Días	30,206	23,328	29.5

➤ **Revenues from Add-ons**

Revenues derived from add-ons reached €106.8 million. During the first nine months of 2005, the EBIT contribution was €26.0 million compared with €16.9 million in the same period of 2004. EBIT margin stood at 24.3% (17.6% in the same period of 2004).

Add-ons in **El País** contributed €5.6 million in revenues compared to €4.4 million in January-September 2004. The contribution to EBIT was €2.9 million (€0.3 million in the same period of 2004). “La Historia Universal” and “Cine de Oro” registered an average weekly sale of 195,000 and 150,000 copies respectively. On the other hand, the add-on “Cuentos Infantiles” had an average weekly sale of 280,000 copies.

➤ **Printing Sales**

Revenues from printing activities reached €43.3 million, 2.5% below the amount in the same period of 2004. During 2005, Dédalo has kept making progress in the organizational and operative integration that followed the merger between Prisaprint and Polestar.

➤ **Music and Audiovisual Sales**

Within music and audiovisual sales, revenues from the music business (Gran Vía Musical) decreased following the restructuring of this business unit. Operating losses were also reduced from €4.44 million in the first nine months of 2004 to €2.09 million in 2005.

➤ **Other Revenues**

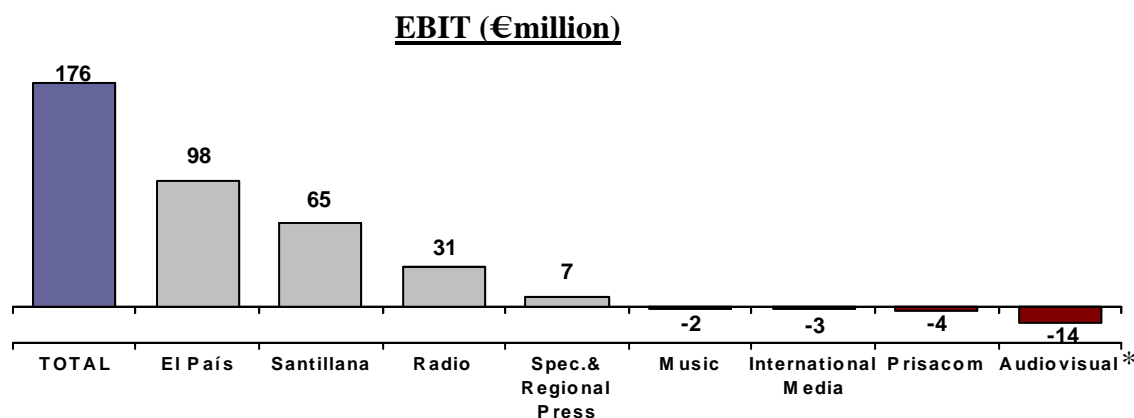
Other revenues include the printing business (Dédalo), music, audiovisual, e-commerce and Internet.

Revenues related to mobile services, which represent 38% of Prisacom revenues, increased by 21.6%.

OPERATING PROFIT

The Group operating profit reached €175.6 million, compared with €137.0 million in the first nine months of 2004 (+28.2%).

EBIT breakdown by business unit is shown below:



* Out of the €14 million, €13 million belong to the Local TV business and €1 million to audiovisual production (Plural)

In the period January-September, the Group margins have improved. EBIT margin came up to 15.6% compared to a 13.4% margin in 2004. EBITDA margin increased from 20.6% to 23.3%.

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

- Performance of **El País**: the cost control, the increase in advertising revenues and the performance of the add-ons explain the 7.7% EBIT increase. EBIT margin stood at 29.3%.
- Performance of the **text book sales** especially in **Brazil, Spain and Mexico**: the increase in the publishing business revenues (+16.4%) together with the cost control explain the operating improvement (EBIT margin moved from 17.2% in the first nine months of 2004 to 18.2% in 2005).
- Operating improvement in **SER**: the EBIT margin in the radio business increased by nearly two percentage points moving from 16.5% to 18.4% in 2005. This improvement is explained by the increase in advertising revenues (+13.8%).
- Operating profit in **Specialized and Regional Press** (€7.0 million compared with €1.1 million in the same period of 2004). It is worth highlighting the performance of the sport newspaper AS, which increased its operating profit by 130% due to the increase in circulation and the better contribution of the add-ons.

- Cost control and operating improvement in the businesses under development. In **Prisacom** and the **Music** unit, the EBIT improved by 33.1% and 53.0% respectively. **International Media** decreased its operating losses by 32.2%.

NET PROFIT

The Net Profit reached €12.4 million compared with €9.8 million in the same period of 2004 (+25.1%).

Income from associates (€+3.9 million), includes mainly the stakes in Sogecable, Antena 3 de Radio and Iberbanda, and showed an improvement compared with the results in the same period of 2004 (€16.7 million).

The attributed **income tax expense** is €2.0 million compared to €2.0 million in the same period of 2004. **Minority interest** accounted for €2.3 million losses.

BALANCE SHEET

ASSETS (I.F.R.S.)	€Million	
	30/09/2005	31/12/2004
FIXED ASSETS	999.63	921.95
Intangible assets	87.59	78.09
Property, plant & equipment	316.12	296.93
Long term financial investments	47.31	96.58
Investment in associates	444.53	353.88
Investment property	11.81	11.47
Assets held for sale	0.19	1.37
Deferred tax assets	92.08	83.61
GOODWILL	219.72	188.41
CURRENT ASSETS	678.43	585.41
Inventories	99.90	99.65
Accounts receivable	543.96	455.23
Short term financial investments	1.44	6.02
Cash & cash equivalents	33.13	24.51
TOTAL ASSETS	1,897.78	1,695.77

LIABILITIES & SHAREHOLDERS EQUITY (I.F.R.S.)	€Million	
	30/09/2005	31/12/2004
SHAREHOLDERS EQUITY	845.93	738.93
Issued capital	21.88	21.88
Reserves	694.59	578.86
Retained earnings	112.38	122.45
Minority Interest	17.08	15.74
LONG TERM LIABILITIES	456.74	479.11
Long term financial debt	231.68	259.64
Other long term debt	159.25	155.09
Other long term liabilities	65.81	64.38
CURRENT LIABILITIES	595.12	477.72
Short term financial debt	202.90	144.49
Trade accounts payable	184.06	201.60
Other short term liabilities	201.90	127.57
Accrual accounts	6.26	4.06
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	1,897.78	1,695.77

INVESTMENTS

Investments in long term assets amounted to €199.35 million compared with €197.30 million during the first nine months of 2004. Investments breakdown by business unit is shown below:

INVESTMENTS JANUARY-SEPTEMBER 2005	€Million
Prisa	101.22
Santillana	31.32
Radio	20.67
El País	14.69
International Media	12.81
Printing	6.06
Local TV (Localia)	4.45
TV Production (Plural)/Cinema (Tesela)	3.76
Other	4.37
Total	199.35

Prisa investments mainly include the stake increase in Sogecable and its capital increase (€99.9 million). Santillana investments are mainly related to prototypes and to the acquisition of the Brazilian publishing company Objetiva (€6.8 million). 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 as following:

INVESTMENTS JANUARY-SEPTEMBER 2005	€Million
Tangible fixed assets	35.47
Intangible assets	32.26
Long term financial investments	131.44
Property investments	0.18
TOTAL INVESTMENTS	199.35

NET DEBT

Net bank debt as of September 30, 2005 amounts to €400.0 million compared to €373.6 million as of December 31, 2004.

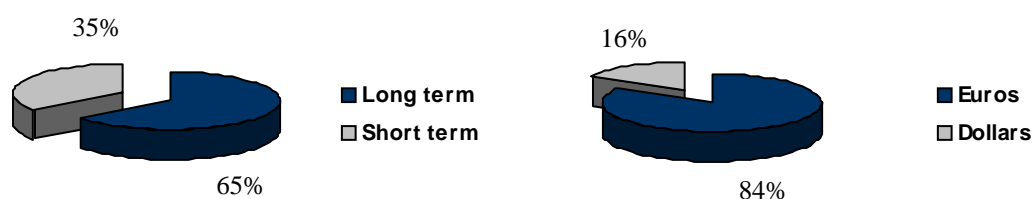
NET DEBT 30/09/2005	€Million
Financial debt	434.6
Long term	231.7
Short term	202.9
Cash and cash equivalents	34.6
Net Debt	400.0

In the third quarter of the year, Prisa has improved its net debt position by €54.1 million compared to the second quarter of the year.

In December 2003, Prisa issued a €62.3 million exchangeable bond. The bond coupon is 1.75%.

The average interest rate of the bank debt during the period January-September 2005 was 3.16%.

In addition, long term debt accounts for 65% of total financial debt. In terms of currency, 84% is denominated in euros and 16% in dollars. Approximately 65% of the debt in dollars is hedged against floating Exchange rates.



CASH FLOW STATEMENT

€Million (I.F.R.S.)	30 / 09 / 2005	30 / 09 / 2004
EBIT	175.57	136.99
Depreciation & Amortization	53.82	53.76
Change in working capital	(29.98)	(68.45)
Capex	(67.91)	(68.76)
Operating Cash Flow	131.49	53.54
Financial Investments	(131.44)	(128.53)
Financial result	(12.78)	(8.56)
Dividends	(25.69)	(21.26)
Taxes	(52.02)	(22.04)
Sogecable loan payback	52.30	-
Other	11.73	22.70
NET DEBT CHANGE	26.41	104.15

In the first nine months of 2005, the **operating cash flow amounted to €131.49 million**. The change in net debt was €+26.41 million.

The strong operating profit, together with 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%.**
- **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% stake.** The investment, yet to be concluded in November 2005, will amount to €25 million. Prisa has agreed to constitute a joint venture with Le Monde for the production and management of add-ons in France. This business will start in January 2006.
- **Prisa reached and agreement with the main shareholders of the Portuguese company Media Capital for the acquisition of a stake up to 46.32%.** If the current shareholders exercise their put options in the following weeks, the Group will be the reference shareholder of Media Capital.

APPENDIX

OPERATING REVENUES €Million (I.F.R.S.)	JANUARY-SEPTEMBER		
	2005	2004	Chg. %
El País	335.25	296.56	13.0
Advertising revenues	133.71	122.26	9.4
Circulation revenues	104.27	106.07	(1.7)
Specialized and Regional Press	99.42	93.56	6.3
AS	51.36	44.51	15.4
Cinco Días	13.23	11.99	10.3
Other ³	33.86	35.85	(5.6)
Radio	167.02	147.62	13.1
Music	12.72	40.92	(68.9)
Local TV	24.45	24.70	(1.0)
Plural	9.55	3.97	140.5
International Media	50.23	39.23	28.1
Publishing	357.46	307.13	16.4
Prisacom	14.40	11.75	22.5
Printing	53.81	55.52	(3.1)
GDM	18.13	15.39	17.8
Distribution	21.97	23.02	(4.5)
Other	21.56	21.22	1.6
Consolidation adjustments	(62.72)	(56.23)	
TOTAL	1,123.25	1,024.38	9.7

OPERATING EXPENSES €Million (I.F.R.S.)	JANUARY-SEPTEMBER		
	2005	2004	Chg. %
El País	237.14	205.49	15.4
Specialized and Regional Press	92.42	92.41	0.0
AS	43.91	41.27	6.4
Cinco Días	13.18	14.55	(9.4)
Other	33.36	33.07	0.9
Radio	136.22	123.28	10.5
Music	14.81	45.36	(67.4)
Local TV	37.16	34.80	6.8
Plural	10.55	6.22	69.5
International Media	53.43	43.94	21.6
Publishing	292.45	254.24	15.0
Prisacom	18.17	17.37	4.6
Printing	57.86	59.46	(2.7)
GDM	12.74	11.63	9.6
Distribution	20.49	21.66	(5.4)
Other & Consolidation adjustments	(35.76)	(28.48)	
TOTAL	947.68	887.39	6.8

³ Includes regional press and magazines.

EBIT €Million (I.F.R.S.)	JANUARY-SEPTEMBER		
	2005	2004	Chg. %
El País	98.11	91.07	7.7
EBIT Margin	29.3%	30.7%	
Specialized & Regional Press	6.99	1.15	509.8
EBIT Margin	7.0%	1.2%	
AS	7.45	3.24	129.7
EBIT Margin	14.5%	7.3%	
Cinco Días	0.05	(2.56)	-
EBIT Margin	0.4%	(21.3%)	
Other	0.50	2.78	(82.2)
EBIT Margin	1.5%	7.7%	
Radio	30.81	24.35	26.5
EBIT Margin	18.4%	16.5%	
Music	(2.09)	(4.44)	53.0
EBIT Margin	(16.4%)	(10.9%)	
Local TV	(12.71)	(10.10)	(25.9)
EBIT Margin	(52.0%)	(40.9%)	
Plural	(1.00)	(2.25)	55.6
EBIT Margin	(10.5%)	(56.7%)	
International Media	(3.19)	(4.71)	32.2
EBIT Margin	(6.4%)	(12.0%)	
Publishing	65.01	52.89	22.9
EBIT Margin	18.2%	17.2%	
Prisacom	(3.76)	(5.62)	33.0
EBIT Margin	(26.1%)	(47.8%)	
Printing	(4.06)	(3.93)	(3.2)
EBIT Margin	(7.5%)	(7.1%)	
GDM	5.39	3.77	43.2
EBIT Margin	29.7%	24.5%	
Distribution	1.48	1.36	9.1
EBIT Margin	6.7%	5.9%	
Adjustments and Other	(5.40)	(6.53)	
TOTAL	175.57	136.99	28.2
Margin	15.6%	13.4%	

EBITDA €Million (I.F.R.S.)	JANUARY-SEPTEMBER		
	2005	2004	Chg. %
El País	106.93	100.51	6.4
EBITDA Margin	31.9%	33.9%	
Specialized & Regional Press	8.25	2.87	187.3%
EBITDA Margin	8.3%	3.1%	
AS	7.88	3.80	107.3
EBITDA Margin	15.3%	8.5%	
Cinco Días	0.42	(2.15)	-
EBITDA Margin	3.2%	(17.9%)	
Other	0.80	3.38	(76.4)
EBITDA Margin	2.4%	9.4%	
Radio	34.72	27.99	24.0
EBITDA Margin	20.8%	19.0%	
Music	(1.38)	(3.01)	54.2
EBITDA Margin	(10.8%)	(7.3%)	
Local TV	(10.75)	(8.36)	(28.5)
EBITDA Margin	(44.0%)	(33.9%)	
Plural	1.00	0.02	-
EBITDA Margin	10.5%	0.4%	
International Media	1.23	(0.29)	-
EBITDA Margin	2.4%	(0.7%)	
Publishing	118.57	89.96	31.8%
EBITDA Margin	33.2%	29.3%	
Prisacom	(2.29)	(3.27)	29.9
EBITDA Margin	(15.9%)	(27.8%)	
Printing	1.58	3.27	(51.5)
EBITDA Margin	2.9%	5.9%	
GDM	5.63	4.02	40.1
EBITDA Margin	31.0%	26.1%	
Distribution	1.60	1.51	5.9%
EBITDA Margin	7.3%	6.6%	
Adjustments and Other	(3.41)	(3.82)	
TOTAL	261.69	211.39	23.8
Margin	23.3%	20.6%	

For further information:

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