



## Private Media Group Comments on Fourth Quarter and Full Year Results for 2003

- **Fourth quarter sees company turn-around with a 16% increase in sales**
- **Group restructures operations to strengthen core businesses and forecasts SG&A savings in low margin areas of approximately 2 million euro.**

**BARCELONA, Spain, March 29th, 2004/PRNewswire/Private Media Group Inc.** a worldwide leader in premium-quality adult entertainment products, services and Internet content, announces net sales of 9.4 million euro for the three months ending December 31, 2003, an increase of 1.3 million euro, or 16%, compared to last year. The bottom line for the quarter increased by 1.9 million euro compared to 2002 as a result of increased sales and a reduction in SG&A of 0.9 million euro.

The company also announced that as a result of a recent group-wide review it has restructured its operations to focus on core business and reduce or abandon spending on activities not generating sufficient gross profits and/or operating profits.

For 2004 the company is expecting a reduction of approximately 2 million euro in SG&A in low operating profit areas, compared to last year. Another important effect of the elimination of low margin activities is an expected improvement on the group's overall gross profit.

**Berth Milton, President and CEO of Private Media Group, said:** *"We are extremely pleased with the returning strength of our core business and we are satisfied to see that the fourth quarter sales were higher than the same period the previous year. The pattern seen in Q2 and Q3 2003, which reported a decrease in sales on the same periods in 2002, has been broken and Q4 2003 sets a new trend."*

**Mr. Milton further commented:** *"We are also happy to report to investors that the launch of the Private Fantasy Pay-Per-View Channel on our first broadcasting platform in the US has been successful and that we expect to expand our Channel onto other platforms. We are also expecting to add Video-On-Demand Services to our US broadcasting revenue streams"*

**Mr. Milton concluded:** *"Additional broadcasting revenue from the US, better margins and reductions in SG&A in low operating profit areas in 2004, mean that we can look forward to improved results this year."*

## **Fourth Quarter 2003 Financial Highlights**

<b>(In thousands, except per share amounts)</b>	<b>Three months ended December 31,</b>	
	<b>2003</b>	<b>2002</b>
Revenue	€9,385	€8,061
Net loss	€(28)	€(1,935)
Weighted average common and common equivalent shares outstanding:		
Basic	49,955,057	28,799,157
Diluted	n/a	n/a
Net income per common and common equivalent share:		
Basic	€0.00	€(0.08)
Diluted	€0.00	€(0.08)

The company reported a decrease in sales of 2% to 38.5 million euro for 2003. Video and Magazine sales fell 9% to 12.5 million euro as a result of DVD taking over from video and Internet sales fell 20% to 4.8 million euro as a result of a weaker US dollar and lower license sales. Broadcasting sales decreased 31% to 2.8 million euro. The reduction in Broadcasting sales was the result of the company's strategy to start operating its own TV channels in the United States which required Private Media Group to refrain from selling its broadcast rights to third parties for the period leading up to the launch in February 2004. The decrease in Video and Magazine, Internet and Broadcasting sales was offset by an increase in DVD sales of 18% to 18.3 million euro. DVD sales are expected to continue to increase in 2004.

The Company reported an operating loss of 0.5 million euro for 2003 compared to an operating profit of 0.2 million euro for 2002, a decrease of 0.7 million euro. Discounting non-recurring charges of 1.6 million euro in offering expenses made in 2002, the decrease in 2003 was 2.4 million euro compared to 2002. The Company reported a net loss of 0.6 million euro for 2003 compared to 0.3 million euro in net income in 2002.

## **Year-end 2003 Financial Highlights**

<b>(In thousands, except per share amounts)</b>	<b>Year ended December 31,</b>	
	<b>2003</b>	<b>2002</b>
Revenue	€38,491	€39,410
Net Income (loss)	€(570)	€340
Weighted average common and common equivalent shares outstanding:		
Basic	43,493,163	28,626,327
Diluted	n/a	n/a
Net income per common and common equivalent share:		
Basic	€(0.02)	€(0.04)
Diluted:	€(0.02)	€(0.04)

## **About Private Media Group**

With its 40 year track record, Private is a leading global adult entertainment company that distributes its content over a wide range of media platforms, including narrow and broadband Internet, DVD and video, magazines, broadcasting and wireless technologies. It owns the worldwide rights to the largest archive of high quality adult content in the world, which it physically distributes in over 40 countries.

## **Disclaimer**

This release contains, in addition to historical information, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect the Company's current judgments of those issues. However, because those statements are forward-looking and apply to future events, they are subject to such risks and uncertainties, which could lead to results materially different than anticipated by the Company.

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