# FY2018 Results

# PROMOTORA DE INFORMACIONES, S.A.

**February 26th 2019**

# GENERAL OVERVIEW

**In 2018, comparable EBITDA grows by 10%.**

**2018 is the year in which profitable growth and value creation are consolidated supported by financial and management changes.**

**Operations show a good evolution, significant savings have been achieved in compliance with the efficiency plan two years ahead of schedule and cash flow in the period has been positive in 42 million euros.**

**2018 Results surpass the Outlook provided to the market.**

**2018 Operating results, main headlines:**

- **Education shows revenue growth of 4.8% and in EBITDA 3.4%** discounting FX effect and IFRS15 impact, **despite being a year without novelties in Spain and low cycle of institutional sales in Brazil. Positive evolution of the campaigns boosted by digital learning systems**, and negative FX impact mainly coming from currencies evolution in Argentina, Brazil and Mexico.

- **In Media, the radio shows operational improvement of 33%** driven by **good performance in Spain** (with revenue growth of 5% and EBITDA improvement of 53%) **and in LatAm** (with growth in revenue of 5% in local currency and flat EBITDA with good performance in Colombia and Chile partially offset by the difficulties in Argentina). **Press continues to grow in its digital business, making progress on a growing and scalable business model, with improvement in the operational evolution in 4Q standalone (+30%) and showing progress in the implementation of efficiency measures.**

- **Media Capital continues to lead the FTA market in Portugal, increasing its advertising revenue by 3% and reinforcing its programming** with champions rights acquisition and strengthening entertainment**. Its EBITDA remains stable with a significant growth in cashflow generation and strong debt reduction.**

- **The implementation of the efficiency plan** announced **generates cost savings of €48.5 million in FY2018.** (€33.9 Mn in 9M). **The impact on EBITDA is a positive €39.5 million** (€26.9 Mn in 9M).

- **In FY2018, FX has had a negative impact on revenue of -81 million euros and -19.6 million on EBITDA.** Hyperinflation in Argentina has had an additional negative impact on revenue of -7 million euros and of -4 million euros in EBITDA.

- **A review of the accounting value of the group's assets has been carried** out resulting in an impairment of 281 million euros (mainly tax credits and MCP). The mentioned impairment has negatively affected Net result without a cash outflow. Despite impairment in tax credits, these remain fully recognized in front of Tax Authorities. The adjusted net result excluding impairments and other effects is positive in 45 million euros (+56%).

- **Net debt as of December 2018 amounts €929 million compared to 1.422Bn in December 2017.** Positive cash flow generation in the period amounting €42 million euros.

- **The company surpasses its 2018 Outlook provided to market in all its items**. Operational evolution outperformed and savings from efficiency plan have been achieved 2 years ahead of schedule.

# BUSINESS EVOLUTION

## EDUCATION

- **Santillana has had a positive evolution in 2018 despite being a year without novelties in Spain and low cycle on public sales in Brazil**. Southern area campaigns ended with revenue and EBITDA growth of 8.7% and 5.5% respectively (constant currency). Santillana obtained a 33.4% share in the institutional sales of Brazil PNLD (from 1 to 5) (versus 16% in the same cycle of 2015) as a result of the extraordinary performance in the product offer and in the commercial action. Northern Area campaigns registered falls on revenue and EBITDA of 1% and 1.2% respectively, mainly explained for being 2018 a year without novelties in Spain.

- **Digital learning systems (UNO, Compartir, Farias Brito and Educa) continue their expansion** in LatAm, growing in number of students (+6%) to surpass 1,160,000 and with revenue of 134 million euros.

- **FX** has had a **negative impact on FY2018 of -73.1 million euros on revenue and -19.9 million euros in EBITDA** mainly driven by FX evolution in Argentina, Brazil and Mexico. Hyperinflation in Argentina has had an additional negative impact in revenue of -6.8 million and -3.8 million in EBITDA.

- **Santillana's total revenue** in constant currency and excluding the temporary impact of IFRS15 **grow by 4.8% to reach 676 million euros.**

- In FY2018, and despite been 2018 a year with lack of novelties in Spain, and low cycle on public sales in Brazil, **comparable EBITDA (190.9 million euros)** excluding FX and temporary IFRS15 effect **grows by 3.4%.**

## MEDIA

### RADIO

- According to last EGM, Prisa Radio in Spain **maintains its leadership** both in radio talk and in musical.

- **In Spain, Prisa Radio Advertising in 2018 grows 5.4% above market growth,** gaining share and showing good behavior in both national and local advertising:

  - National Ad: +7.9%.
  - Local Ad: +2.5%.

- **In LatAm, total revenue grow by 5.1% in constant currency** (-2.4% in euros). **Highlights the positive behavior in constant currency of Colombia and Chile** whose revenue increase respectively by 9.3% and 3.2%. Partially offsetting Argentina's behavior for its difficult situation.

- **Negative FX Impact** of -7.2 million euros on revenue and -0.3 million on EBITDA.

- **Substantial margin improvement (21.5% vs. 16.6%)** driven by the strong business leverage with good revenue performance and focus on cost control.

- **Adjusted EBITDA** at constant currency **improves by 16 million euros (+34%)** reaching 62.1M€ explained by the growth on revenue and the operational improvement mainly in Spain.

### PRESS

- **El País consolidates its position as the first Spanish-language newspaper in the world media ranking, and AS emphasizes its leadership in digital in America.**

- **Progress towards a growing and scalable digital model, with leadership and audience growth** (126 Mn unique browsers +16%) **and digital advertising growth** (+16%) which is already bigger than traditional, representing already 53% of total advertising revenue (78% in Diario As).

- Implementation of **efficiency measures with the objective of moving towards a more variable cost structure associated to circulation whose revenue decline by 14%.** These measures include printing, distribution and technology agreements.

- **Agreement with Washington Post** to implement ARC technology focused **to optimize the technological infrastructure of newspapers.**

- **Agreement with Vocento and Godó** to launch **the main programmatic advertising platform in Spain.**

- **Strong cost control which declines by -9.1% with significant progress in implementation of efficiency measures** focused on the flexibility of the cost structure.

- **Press adjusted EBITDA improves by 10%** reaching 14 million euros**,** showing a considerable improvement in 4Q standalone of 30% as a reflection of the efficiency measures implemented .

## MEDIA CAPITAL

- **Media Capital reinforces its leadership position in Portugal in terms of market share and profitability.**

- **TVI maintains its leadership in both 24 hours and Prime Time,** reaching a daily average audience of 24% and 27%, respectively, on total Television (including total TVI channels and for the main commercial target: Adults) and **Radio grow revenue by 4%** with an operational improvement of 13%. Media Capital radios continue to grow their audience to reach 38%.

- **Advertising Revenue in the period grow by 3% and adjusted EBITDA (41.5 million euros) remains stable due to its programming reinforce in 2H2018, with champions rights acquisition and entertainment strengthening.**

- **Highlights strong cashflow generation and significant debt reduction.**

- IFRS15, has supposed an increase on revenue and expenses in the same amount (13.79 million euros). **Excluding this impact, revenue grow by 2%.**

## MAIN CORPORATE EVENTS IN 2018

**2018 is the year in which profitable growth and value creation are consolidated driven by financial and management changes:**

- **New corporate gobernance**
  - New composition of the Board of Directors reduced with a positive balance in its overall structure according to best corporate governance practices.

- **New management team in Corporate and in the Press and Radio divisions**
  - Reduction of the corporate structure.
  - Internal control increased.

- **Balance stabilization, Refinancing of company debt 5 years up to 2022 and Increase in financial transparency**
  - Capital increase by effective amount of 563 million euros with strong support from current shareholders reaching a sustainable capital structure in the long term.
  - Price: E+400bps (cero floor) until December 2020. Margin increase of 150 bps since January 2021.
  - Obtaining public credit ratings by S&P (B-) and Fitch (B) both with stable outlook.

- **Capital Efficiency and Discipline Plan**
  - Launching an efficiency plan with the aim of saving 40 million euros in the next 3 years.
  - Disposal of non-strategic / non-profitable assets.
  - Net debt / Consolidated Adj. EBITDA < 3x by 2020.

- **Delivery**
  - Positive business performance.
  - Compliance with the cost savings plan of 40 million euros, 2 years ahead of schedule.
  - 1/3 of non core non profitable disposal plan accomplished.
  - 2018 Outlook fullfilled.

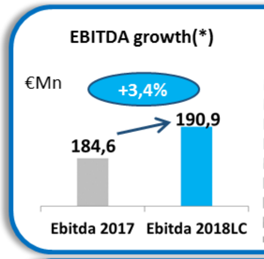
# 2018 OUTLOOK COMPLIANCE

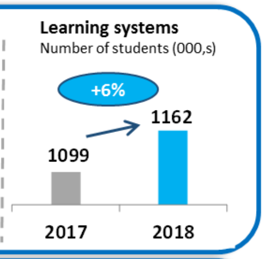
## Education

**2018 Outlook**

- 2018 adjusted EBITDA in line with 2017 in LC due to lack of novelties in Spain and low year cycle for institutional sales in Brazil
- Digital learning systems will continue delivering solid growth

**FY 2018 Results**



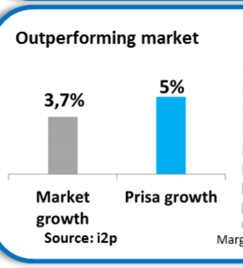



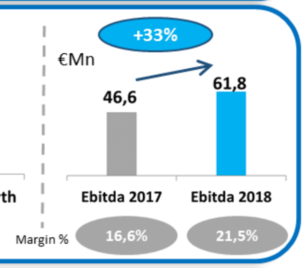

## Radio

**2018 Outlook**

- Advertising growth in line with market supported by special events : world cup and politics
- Operating improvement both in Spain and Latam

**FY 2018 Results**



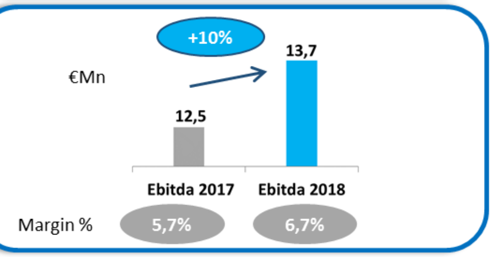




## Press

**2018 Outlook**

- Margin enhancement despite revenues decline

**FY 2018 Results**




## Efficiency Plan

**2018 Outlook**

- 40 million euros savings targeted to be achieved in the next 3 years, the majority to be implemented in 2018

**FY 2018 Results**

- €49 Million cost savings achieved in 2018, over target and 2 years ahead of schedule

| Breakdown of savings by concept | Amount |
|---|---|
| Personnel reduction | 4,6 |
| Closing of non profitable operations | 11,3 |
| Transformation operations in press | 11,5 |
| Corporate structures simpplification | 15,9 |
| Other savings | 5,2 |
| **Total** | **48,5** |

## * Fx evolution

**2018 Outlook**

- Negative impact expected mainly from Brazil and Argentina

**FY 2018 Results**

- FX impact in Renevues:
  -81Mn (BRZ -29; ARG -28)
- FX impact in EBITDA:
  -19,6 Mn (BRZ -6; ARG -5)

* Hyperinflation in Argentina had an additional negative impact of -7 million euros in revenue and -4 million in EBITDA

# CONSOLIDATED P&L

| € Millions | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Operating Adjusted Results** | | | | | | |
| **Operating Adjusted Revenues** | 1.280,5 | 1.320,0 | (3,0) | 323,9 | 325,2 | (0,4) |
| **Adjusted EBITDA** | 276,3 | 270,4 | 2,2 | 64,9 | 59,0 | 9,9 |
| *Adjusted EBITDA Margin* | *21,6%* | *20,5%* | | *20,0%* | *18,2%* | |
| **Adjusted EBIT** | 188,0 | 174,9 | 7,5 | 48,2 | 44,7 | 7,9 |
| *Adjusted EBIT Margin* | *14,7%* | *13,3%* | | *14,9%* | *13,7%* | |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Operating Adjusted Results at constant currency** | | | | | | |
| **Operating Adjusted Revenues on constant currency** | 1.361,6 | 1.320,0 | 3,2 | 341,6 | 325,2 | 5,1 |
| **Adjusted EBITDA on constant currency** | 296,0 | 270,4 | 9,4 | 68,8 | 59,0 | 16,4 |
| *Adjusted EBITDA Margin* | *21,7%* | *20,5%* | | *20,1%* | *18,2%* | |
| **Adjusted EBIT on constant currency** | 200,9 | 174,9 | 14,8 | 51,2 | 44,7 | 14,6 |
| *Adjusted EBIT Margin* | *14,8%* | *13,3%* | | *15,0%* | *13,7%* | |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Comparable results - at constant currency & excluding IFRS effect** | | | | | | |
| **Comparable Operating Revenues** | 1.350,4 | 1.320,0 | 2,3 | 336,6 | 325,2 | 3,5 |
| **Comparable Adjusted EBITDA** | 298,3 | 270,4 | 10,3 | 70,4 | 59,0 | 19,2 |
| *Adjusted EBITDA Margin* | *22,1%* | *20,5%* | | *20,9%* | *18,2%* | |

| € Millions | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Reported Results** | | | | | | |
| **Operating Revenues** | 1.280,3 | 1.335,7 | (4,2) | 331,1 | 327,2 | 1,2 |
| **EBITDA** | 253,0 | 248,2 | 1,9 | 63,1 | 46,8 | 34,9 |
| *EBITDA Margin* | *19,8%* | *18,6%* | | *19,1%* | *14,3%* | |
| **EBIT** | 85,3 | 52,6 | 62,1 | (33,4) | 6,3 | --- |
| *EBIT Margin* | *6,7%* | *3,9%* | | *-10,1%* | *1,9%* | |
| **Financial Result** | (85,6) | (69,2) | (23,8) | (21,1) | (28,7) | 26,7 |
| Interests on debt | (53,0) | (52,8) | (0,4) | (13,7) | (12,8) | (6,8) |
| Other financial results | (32,6) | (16,4) | (99,3) | (7,4) | (15,9) | 53,6 |
| **Result from associates** | 3,8 | 3,7 | 4,7 | 0,8 | 2,0 | (62,3) |
| **Profit before tax** | 3,6 | (12,9) | --- | (53,7) | (20,4) | (163,0) |
| Income tax expense | 240,2 | 61,6 | --- | 202,9 | 19,4 | --- |
| **Results from discontinued activities** | 0,0 | (1,0) | 100,0 | 0,0 | 0,0 | (100,0) |
| **Minority interest** | 32,8 | 27,2 | 20,6 | 9,7 | 7,1 | 36,6 |
| **Net Profit** | (269,3) | (102,6) | (162,6) | (266,4) | (46,9) | --- |
| **Adjusted net profit** | 45,2 | 29,0 | 55,9 | 11,1 | 19,7 | |

* The adjustments made to the consolidated P&L are detailed on pages 29 & 30

**During 2018, comparable operating revenue grow by 2% and EBITDA grows by 10%.**

- **Negative FX impact on revenue of -81.1 million and of -19.6 million in EBITDA.**
- **Temporary impact derived from the entry into force of the IFRS15 with positive effect on revenue of 11.2 million euros (-2.7 Santillana and +13.9 Media Capital) and negative in EBITDA of -2.3 million (Santillana).**
- **Significant cost savings resulting from the implementation of the efficiency plan: 48.5 million euros savings in expenses with an EBITDA impact of 39.5 million euros.**
- **Margins improvement at EBITDA and EBIT level.**
- **Other financial results in 2018 Includes accounting impact one-off derived from the signing of the new refinancing.**
- **Assets impairment by €281 million without cash impact. Despite the impairment registered in tax credits, these remain fully recognized in front of Tax Authorities.**
- **Positive adjusted net result of 45 million euros.**

# EDUCATION

| € Millions | JANUARY - DECEMBER 2018 | 2017 | % Chg. | OCTOBER - DECEMBER 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Operating Adjusted Results** | | | | | | |
| **Operating Revenues** | **600,2** | **645,1** | **(7,0)** | **126,6** | **131,6** | **(3,8)** |
| Spain | 115,1 | 121,0 | (4,9) | (12,7) | (18,0) | 29,4 |
| International | 485,1 | 524,0 | (7,4) | 139,3 | 149,6 | (6,9) |
| **Adjusted EBITDA** | **168,7** | **184,6** | **(8,6)** | **17,8** | **19,6** | **(8,8)** |
| Spain | 20,5 | 25,4 | (19,2) | (30,5) | (35,6) | 14,2 |
| International | 148,1 | 159,2 | (6,9) | 48,4 | 55,2 | (12,3) |
| *Adjusted EBITDA Margin* | *28,1%* | *28,6%* | | *14,1%* | *14,9%* | |
| **Adjusted EBIT** | **105,7** | **117,5** | **(10,0)** | **9,1** | **11,8** | **(23,0)** |
| *Adjusted EBIT Margin* | *17,6%* | *18,2%* | | *7,2%* | *9,0%* | |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Operating Adjusted Results at constant currency** | | | | | | |
| **Operating Revenues on constant currency** | **673,4** | **645,1** | **4,4** | **142,1** | **131,6** | **8,0** |
| Spain | 115,1 | 121,0 | (4,9) | (12,7) | (18,0) | 29,4 |
| International | 558,3 | 524,0 | 6,5 | 154,8 | 149,6 | 3,5 |
| **Adjusted EBITDA on constant currency** | **188,6** | **184,6** | **2,2** | **21,3** | **19,6** | **8,8** |
| Spain | 20,5 | 25,4 | (19,2) | (30,5) | (35,6) | 14,2 |
| International | 168,0 | 159,2 | 5,6 | 51,8 | 55,2 | (6,0) |
| *Adjusted EBITDA Margin* | *28,0%* | *28,6%* | | *15,0%* | *14,9%* | |
| **Adjusted EBIT on constant currency** | **119,2** | **117,5** | **1,5** | **10,5** | **11,8** | **(10,7)** |
| *Adjusted EBIT Margin* | *17,7%* | *18,2%* | | *7,4%* | *9,0%* | |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Comparable results - at constant currency & excluding IFRS effect** | | | | | | |
| **Comparable Operating Revenues** | **676,1** | **645,1** | **4,8** | **143,2** | **131,6** | **8,8** |
| Spain | 115,1 | 121,0 | (4,9) | (12,7) | (18,0) | 29,4 |
| International | 561,0 | 524,0 | 7,0 | 155,9 | 149,6 | 4,2 |
| **Comparable Adjusted EBITDA** | **190,9** | **184,6** | **3,4** | **22,9** | **19,6** | **17,2** |
| Spain | 20,5 | 25,4 | (19,2) | (30,5) | (35,6) | 14,2 |
| International | 170,3 | 159,2 | 7,0 | 53,5 | 55,2 | (3,1) |
| *Adjusted EBITDA Margin* | *28,2%* | *28,6%* | | *16,0%* | *14,9%* | |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Reported Results** | | | | | | |
| **Operating Revenues** | **600,5** | **656,2** | **(8,5)** | **132,9** | **133,6** | **(0,5)** |
| Spain | 115,1 | 121,0 | (4,9) | (12,7) | (18,0) | 29,4 |
| International | 485,5 | 535,2 | (9,3) | 145,7 | 151,6 | (3,9) |
| **Operating Expenses** | **433,3** | **476,9** | **(9,1)** | **114,3** | **118,2** | **(3,3)** |
| **EBITDA** | **167,3** | **179,3** | **(6,7)** | **18,7** | **15,4** | **21,0** |
| *EBITDA Margin* | *27,9%* | *27,3%* | | *14,1%* | *11,6%* | |
| **EBIT** | **104,0** | **110,2** | **(5,6)** | **9,1** | **5,9** | **53,8** |
| *EBIT Margin* | *17,3%* | *16,8%* | | *6,8%* | *4,4%* | |

| € Millions | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Extraordinary Effects** | | | | | | |
| **One-offs in Operating Revenues** | **0,3** | **11,1** | **(97,2)** | **6,4** | **2,0** | **---** |
| Santillana USA | 7,1 | 11,1 | (35,9) | (0,3) | 2,0 | --- |
| Argentina Hyperinflation | (6,8) | | --- | 6,6 | 0,0 | --- |
| **One-offs in Operating Expenses** | **(7,6)** | **(14,4)** | **46,9** | **2,6** | **(4,1)** | **---** |
| Redundancies | (4,7) | (5,8) | 19,3 | (1,5) | (2,1) | 29,3 |
| Santillana USA | | (8,6) | 100,0 | 0,0 | (2,0) | 100,0 |
| Argentina Hyperinflation | (3,0) | | --- | 4,1 | 0,0 | --- |
| **One-offs in Amortization&Provisions** | **0,3** | **(2,0)** | **---** | **0,8** | **(1,7)** | **---** |
| Santillana USA | | (2,0) | 100,0 | 0,0 | (1,7) | 100,0 |
| Argentina Hyperinflation | 0,3 | | --- | 0,8 | 0,0 | --- |

Argentina hyperinflation has been a negative impact on the reported results of -6.8 million euros in revenue and -3.8 million in EBITDA. See situation Argentina on page 32.

# EDUCATION

### Revenue and EBITDA breakdown by campaigns

| € Millions | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Operating Adjusted Revenues** | | | | | | |
| **Total Santillana** | **600,2** | **645,1** | **(7,0)** | **126,6** | **131,6** | **(3,8)** |
| South Campaign | 355,6 | 387,1 | (8,1) | 133,0 | 140,0 | (5,0) |
| North Campaign | 244,6 | 258,0 | (5,2) | (6,3) | (8,4) | 24,0 |
| | | | --- | | | --- |

| | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Operating Adjusted Revenues at constant currency** | | | | | | |
| **Total Santillana** | **673,4** | **645,1** | **4,4** | **142,1** | **131,6** | **8,0** |
| South Campaign | 419,0 | 387,1 | 8,2 | 148,7 | 140,0 | 6,2 |
| North Campaign | 254,4 | 258,0 | (1,4) | (6,6) | (8,4) | 21,5 |
| | | | | | | --- |

| | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Comparable Adjusted Operating Revenues in local currency and excluding NIIF** | | | | | | |
| **Total Santillana** | **676,1** | **645,1** | **4,8** | **143,2** | **131,6** | **8,8** |
| South Campaign | 420,6 | 387,1 | 8,7 | 150,0 | 140,0 | 7,1 |
| North Campaign | 255,5 | 258,0 | (1,0) | (6,7) | (8,4) | 19,9 |

| | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Adjusted EBITDA** | | | | | | |
| **Total Santillana** | **168,7** | **184,6** | **(8,6)** | **17,8** | **19,6** | **(8,8)** |
| South Campaign | 114,7 | 126,2 | (9,1) | 57,0 | 59,9 | (4,7) |
| North Campaign | 54,0 | 58,3 | (7,5) | (39,2) | (40,3) | 2,7 |

| | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Adjusted EBITDA at constant currency** | | | | | | |
| **Total Santillana** | **188,6** | **184,6** | **2,2** | **21,3** | **19,6** | **8,8** |
| South Campaign | 131,7 | 126,2 | 4,4 | 60,6 | 59,9 | 1,3 |
| North Campaign | 56,8 | 58,3 | (2,6) | (39,4) | (40,3) | 2,3 |

| | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Comparable Adjusted EBITDA in local currency and excluding NIIF** | | | | | | |
| **Total Santillana** | **190,9** | **184,6** | **3,4** | **22,9** | **19,6** | **17,2** |
| South Campaign | 133,1 | 126,2 | 5,5 | 62,3 | 59,9 | 4,1 |
| North Campaign | 57,7 | 58,3 | (1,1) | (39,4) | (40,3) | 2,2 |

# EDUCATION

## A_BUSINESS DESCRIPTION AND GENERAL MARKET POSITION

In education, Santillana, is the leading company in Spain and Latin America with a combined share of 25%, and with the competitive advantage of being the only global operator in all markets in Spain and Latin America. Santillana is focused on the K-12 educational market, which is the largest education market in size, more attractive and more resilient because of its compulsory education nature. Its capacity to generate content through its more than 850 professionals and the capillarity of its sales force with more than 1,700 professionals covering more than 210,000 schools (8,000 visits per day) allow to offer services and educational contents of added value very difficult to replicate. All this generates high entry barriers for any local or international operator.

**Santillana maintains a leadership position in the K-12 educational market in practically all the countries in which it operates**. The share and market position of Santillana is detailed below in its main markets according to the latest available data.

Market share and position of private textbooks excluding languages

| COUNTRY | Share | Market Share |
|---|---|---|
| Spain | 19,9% | 1 |
| Brazil | 21,9% | 2 |
| Mexico | 16,6% | 1 |
| Argentina | 39,6% | 1 |
| Chile | 28,4% | 1 |
| Colombia | 34,4% | 1 |

Source: PRISA internal estimates , last available.
(Colombia, Argentina, Mexico and Chile includes Norma).

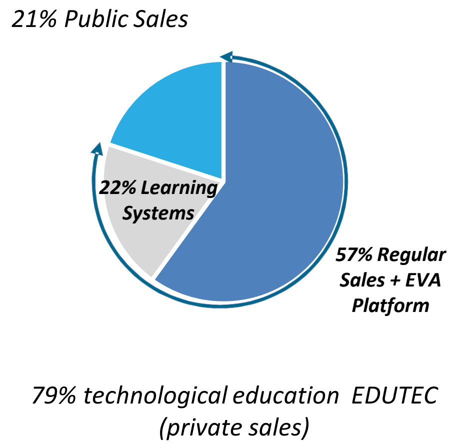
**Santillana has developed a key role in the educational technological development process of the countries in which it operates** through the implementation and development of the technology in the educational learning system. Santillana has created a scalable technological platform for any user in any region. Its offer includes a comprehensive service aimed at schools, teachers and students, which incorporates technology, training and counseling.

The products targeting the private market, 79% of their revenue on 2018, incorporate in the educational program offer relevant technological components for the education. The learning systems (UNO, Compartir, Farias Brito and Educa) have more than 1 million students and a turnover of 134 million euros in 2018.

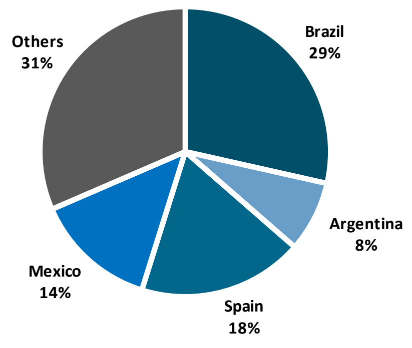
More than 50% of Santillana's revenue have as direct client the final customer, not through the traditional distribution channel as bookstores, having experienced this contribution strong growth in recent years.

Santillana is primarily focused on the private sector with 79% of its sales coming from this sector. However, the complementarity of operational synergies with the public sector makes it present in the most relevant public markets in LatAm.

**2018 Revenue breakdown by nature**




**2018 Revenue Geographical Split**



# EDUCATION

**B_CHANGE IN REGULATION: IFRS15**

**On January 1, 2018 IFRS15 has entered into force**, establishing a new model of recognition of revenue that obliges to defer over time the revenue derived from the sale of services: the sale and the expenditure of the services will be recorded monthly in twelve months from the start of the school year. This legislation temporarily affects the business of learning systems while campaigns take place. **The implementation of this standard has resulted in 2018 a negative temporary impact on revenue of -2.7 million and -2.3 million on EBITDA.**

**C_OPERATIONAL EVOLUTION**

**Main considerations in the comparison of operational performance of Santillana results FY2018 versus FY2017:**

- **In FY2018:**
  - **Good evolution of Southern area campaigns with grow on revenue (+8.7%) and EBITDA (+5.5%) in local currency.**
  - **Northern area campaigns affected by low cycle in Spain due to the lack of novelties and good performance in Mexico.**
  - **Expansion of learning systems with growth of 6% on number of students.**
  - **Santillana USA sale and real estate in Argentina.**
  - **Negative FX effect of -73.1 on revenue and of -19.9 on EBITDA.**
- **In FY2017:**
  - **An additional institutional sale was registered in Brazil (EJA) amounting 8 million euros.**
  - **Real State asset in Barcelona with a capital gain of 1.7 million euros.**

In FY2018 **revenue evolution** there is to highlight that the campaigns have had good performance, with negative FX impact, hyperinflation impact in Argentina and temporarily affected by the entry into force of the IFRS15. **Excluding these effects, revenue grow 4.8% compared to the previous year, having into account that 2018 is year without novelties in Spain and low institutional sales cycle in Brazil.**

**a) Southern Area campaigns:** Brazil, Colombia, Costa Rica, Central America, Uruguay, Chile, Bolivia, Argentina, Paraguay and Peru. These regular sales campaigns are finished and **have behaved positively showing growth on revenue and EBITDA in local currency of 8.7% y 5.5% respectively.**

**There is to highlight** in 2018 Santillana has achieved in institutional sales (public) of Brazil PNLD F1 (1st to 5th), **a share of 33.4% versus 16% of the same period in 2015.** The amount of these sales is of 156 million Brazilian Reais, with higher reposition expected than in previous cycle in the next three years.

**Public sales cycles follow the behavior showed below:**

| Year | Purchases | Repositions | Cycle |
|---|---|---|---|
| 2018 | Primary (1st to 5th) | Secondary, Bachelor | Low |
| 2019 | Secundary (6th to 9th) | Primary, Bachelor | Medium |
| 2020 | Bachelor (ensino medio) | Primary, Secondary | High |

Before 2018, Government used to purchase first year with replacements in the following two years (3 years cycle). From 2018, changes have been made to the government's purchasing model that will be repeated every 4 years: purchases in first year with replacements in the following 3 years, being replacements expected to be higher than prior ones.

**b) Campaigns in the northern area:** Spain, Mexico, Puerto Rico, Dominican Republic, Ecuador. **Spain shows a fall** of an 7% with respect to 2017 **for being 2018 year of low cycle without novelties and Mexico** shows growth in **local currency of 5%** driven by the good performance of public sales.

**c) Digital learning systems (UNO, Compartir, Farias Brito and Educa)** expansion continues in Latin America, increasing by 6% the number of students to surpass the million, showing as a whole revenue of 134 million euros.

**d) Negative FX impact** in FY2018 mainly explained by the FX evolution in Brazil, Argentina, and Mexico. The negative impact has been of -73.1 million euros on revenue and of -19.9 million euros on EBITDA.

**e)Comparable EBITDA** excluding FX and IFRS15 effect grows by 3.4% until reach 191 million euros.

# RADIO

| € Millions | JANUARY - DECEMBER 2018 | JANUARY - DECEMBER 2017 | JANUARY - DECEMBER % Chg. | OCTOBER - DECEMBER 2018 | OCTOBER - DECEMBER 2017 | OCTOBER - DECEMBER % Chg. |
|---|---|---|---|---|---|---|
| **Operating Adjusted Results** | | | | | | |
| **Operating Revenues** | **288,1** | **280,7** | **2,6** | **82,0** | **77,8** | **5,3** |
| Spain | 189,1 | 179,9 | 5,1 | 55,3 | 50,8 | 8,8 |
| Latam | 92,3 | 94,6 | (2,4) | 26,1 | 26,1 | 0,1 |
| Music | 14,7 | 15,8 | (7,0) | 2,3 | 3,8 | (38,7) |
| Adjustments & others | (8,0) | (9,6) | 16,3 | (1,8) | (2,9) | 37,7 |
| **Operating Revenues w/MX&CR** | **309,0** | **301,7** | **2,4** | **87,6** | **84,0** | **4,3** |
| **Adjusted EBITDA** | **61,8** | **46,6** | **32,7** | **23,4** | **18,1** | **29,2** |
| Spain | 37,2 | 24,3 | 52,6 | 13,8 | 9,6 | 44,3 |
| Latam | 23,4 | 24,0 | (2,4) | 8,4 | 8,8 | (5,5) |
| Music | 0,1 | (1,8) | --- | 0,0 | (0,3) | --- |
| Adjustments & others | 1,1 | (0,0) | --- | 1,1 | 0,0 | --- |
| *Adjusted EBITDA Margin* | *21,5%* | *16,6%* | | *28,5%* | *23,2%* | |
| **Adjusted EBITDA w/MX&CR** | **70,0** | **55,2** | **26,9** | **25,7** | **21,1** | **22,0** |
| **Adjusted EBIT** | **52,1** | **36,2** | **44,0** | **20,9** | **16,0** | **30,5** |
| *Adjusted EBIT Margin* | *18,1%* | *12,9%* | | *25,5%* | *20,6%* | |
| **Adjusted EBIT w/MX&CR** | **59,3** | **44,0** | **34,9** | **23,0** | **18,9** | **21,8** |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Operating Adjusted Results at constant currency** | | | | | | |
| **Operating Revenues on constant currency** | **295,2** | **280,7** | **5,2** | **84,2** | **77,8** | **8,1** |
| Spain | 189,1 | 179,9 | 5,1 | 55,3 | 50,8 | 8,8 |
| Latam | 99,4 | 94,6 | 5,1 | 28,7 | 26,1 | 10,0 |
| Music | 14,7 | 15,8 | (6,6) | 2,3 | 3,8 | (38,7) |
| Adjustments & others | (8,0) | (9,6) | 16,0 | (2,2) | (2,9) | 24,8 |
| **Operating Revenues on ctt ccy w/MX&CR** | **317,6** | **301,7** | **5,3** | **89,9** | **84,0** | **7,0** |
| **Adjusted EBITDA on constant currency** | **62,1** | **46,6** | **33,5** | **23,8** | **18,1** | **31,8** |
| Spain | 37,2 | 24,3 | 52,6 | 13,8 | 9,6 | 44,3 |
| Latam | 23,7 | 24,0 | (1,0) | 8,7 | 8,8 | (1,5) |
| Music | 0,1 | (1,8) | --- | 0,0 | (0,3) | --- |
| Adjustments & others | 1,1 | (0,0) | --- | 1,3 | 0,0 | --- |
| *Adjusted EBITDA Margin* | *21,0%* | *16,6%* | | *28,3%* | *23,2%* | |
| **Adjusted EBITDA on ctt ccy w/MX&CR** | **70,9** | **55,2** | **28,5** | **26,2** | **21,1** | **24,5** |
| **Adjusted EBIT on constant currency** | **52,1** | **36,2** | **44,0** | **22,5** | **16,0** | **40,3** |
| *Adjusted EBIT Margin* | *17,6%* | *12,9%* | | *26,7%* | *20,6%* | |
| **Adjusted EBIT on ctt ccy w/MX&CR** | **59,8** | **44,0** | **36,1** | **24,6** | **18,9** | **30,3** |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Reported Results** | | | | | | |
| **Operating Revenues** | **287,6** | **280,7** | **2,5** | **82,8** | **77,8** | **6,4** |
| Advertising | 257,6 | 250,2 | 3,0 | 73,8 | 70,4 | 4,8 |
| *Spain* | *172,0* | *163,1* | *5,4* | *50,0* | *46,4* | *7,8* |
| *Latam* | *85,8* | *87,2* | *(1,6)* | *23,8* | *24,1* | *(1,2)* |
| *Others* | *(0,2)* | *(0,1)* | *(8,5)* | *(0,0)* | *(0,0)* | *91,4* |
| Others | 30,0 | 30,5 | (1,7) | 9,0 | 7,4 | 21,2 |
| **Operating Expenses** | **234,7** | **239,3** | **(1,9)** | **61,9** | **60,6** | **2,1** |
| **EBITDA** | **52,9** | **41,4** | **27,9** | **20,9** | **17,2** | **21,4** |
| *EBITDA Margin* | *18,4%* | *14,7%* | | *25,3%* | *22,1%* | |
| **EBIT** | **43,1** | **28,4** | **51,7** | **18,4** | **12,7** | **45,4** |
| *EBIT Margin* | *15,0%* | *10,1%* | | *22,2%* | *16,3%* | |

| € Millions | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Extraordinary Effects** | | | | | | |
| **One-offs in Operating Revenues** | **(0,5)** | **0,0** | **---** | **0,8** | **0,0** | **---** |
| Argentina Hyperinflation | (0,5) | | --- | 0,8 | 0,0 | --- |
| **One-offs in Operating Expenses** | **(9,3)** | **(5,2)** | **(79,5)** | **(1,7)** | **(0,9)** | **(100,2)** |
| Redundancies | (8,7) | (5,2) | (67,9) | (2,7) | (0,9) | --- |
| Argentina Hyperinflation | (0,6) | | --- | 1,0 | 0,0 | --- |
| **One-offs in Amortization&Provisions** | **0,1** | **(2,5)** | **---** | **0,1** | **(2,5)** | **---** |
| Impairment & Losses from fixed assets | 0,0 | (2,5) | 100,0 | 0,0 | (2,5) | 100,0 |
| Argentina Hyperinflation | 0,1 | | --- | 0,1 | 0,0 | --- |

**The group's adjusted results do not include Mexico and Costa Rica.** To give a complete view of the business, the adjusted revenue and EBITDA line is included including Mexico and Costa Rica.

# RADIO

## A_ MARKET POSITION

**In Spain,** we highlight the competitive strength of radio business through its stations (Cadena Ser, 40Principales, Cadena Dial, M-80, Radiolé and Máxima FM). According to the latest EGM survey, **Cadena Ser maintains absolute leadership in the market with 4,139 thousand listeners** (market share of 36% of Spain's generalist radio)**. Los40 ranks 2nd position in Spain after SER and holds first place in the music radio market in Spain with audience shares of 22%.**

The **number of listeners of radio stations in Spain is detailed below:**

| Thousands of Listeners | LISTENERS | | |
|---|---|---|---|
| | 3rd Report 2018 | Market Share | Share |
| **TOTAL SPAIN*** | **9.717** | | |
| **TALK RADIO** | **4.139** | **1** | **36%** |
| Cadena Ser | 4.139 | | 36% |
| **MUSIC RADIO*** | **5.924** | **1** | **44%** |
| Los 40 | 2.925 | | 22% |
| Dial | 2.224 | | 16% |
| M80 | 445 | | 3% |
| Máxima FM | 259 | | 2% |
| Radiolé | 452 | | 3% |

Excludes duplicities

Source: EGM third report 2018

Regarding **international radio,**

| Thousands of Listeners | LISTENERS | | |
|---|---|---|---|
| | 3rd Report 2018 | Market Share | Share |
| Colombia | 7.174 | 1 | 27% |
| Chile | 2.588 | 1 | 40% |
| Mexico | 1.793 | 2 | 15% |

Source: ECAR (Colombia), IPSOS (Chile), INRA (México), latest information available

## B_OPERATING EVOLUTION

**Main considerations in the comparative of Radio results evolution in FY2018 versus FY2017:**

- **Leadership** both in radio talk and in musical.
- **Strong operational leverage with EBITDA improvement of 33%.**
- **AD Growth in Spain both in national (+7.9%) and local (+2.5%).**
- **Good performance in LatAm especially in Colombia and Chile with grow on revenue in local currency of 9% and 3% respectively.**
- **Efficiency Plan Implementation.**
- **Significant margin improvement.**

**In 2018, Radio adjusted revenue grew by 5% in constant currency** (+2.6% in euros) driven by the growth in Spain (+5%) and the good performance in LatAm whose revenue grow by 5% in constant currency (-2.4% in euros).

**Negative FX impact** by -7.2 million euros in revenue and -0.3 million euros on EBITDA.

**Adjusted EBITDA** at constant currency **improves by 34% (33% in euros) given to the growth of advertising, costs control and strong operational leverage.**

**Revenue breakdown:**

**Spain:** Adjusted Radio revenue in Spain grow in the period by 5% reaching 172 million euros (+7.8% growth in 4Q standalone).

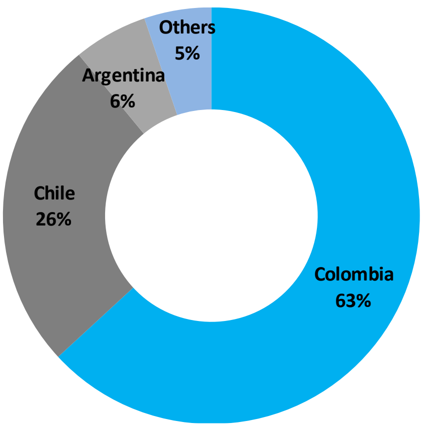
**Gross advertising revenue improves by 5%** with local growth of 7.9% and of 2.5% in national.

**LatAm**: Adjusted revenue of Radio LatAm **reach 92.3 million euros versus 94.6 million in the same period of 2017, +5% at constant currency.**

By country, there is to highlight:

- **Colombia,** which shows growth in ad revenue of 9% in local currency.
- **Chile** improves its ad revenue by 3% in local currency.

**January-December 2018**
**LatAm Revenue Breakdown (%)**




**Mexico,** Consolidated by equivalence, has experienced a growth on its revenue of 7.9% in local currency.

# PRESS

| € Millions | JANUARY - DECEMBER 2018 | JANUARY - DECEMBER 2017 | JANUARY - DECEMBER % Chg. | OCTOBER - DECEMBER 2018 | OCTOBER - DECEMBER 2017 | OCTOBER - DECEMBER % Chg. |
|---|---|---|---|---|---|---|
| **Operating Adjusted Results** | | | | | | |
| **Operating Revenues** | **203,2** | **220,6** | **(7,9)** | **58,3** | **63,2** | **(7,8)** |
| *Advertising* | *107,2* | *105,5* | *1,6* | *35,6* | *33,8* | *5,1* |
| *Circulation* | *68,3* | *79,4* | *(14,0)* | *15,9* | *18,9* | *(16,1)* |
| *Add-ons and Others* | *27,7* | *35,7* | *(22,5)* | *6,8* | *10,4* | *(34,4)* |
| **Adjusted EBITDA** | **13,7** | **12,5** | **9,5** | **10,4** | **8,0** | **30,1** |
| *Adjusted EBITDA Margin* | *6,7%* | *5,7%* | | *17,8%* | *12,6%* | |
| **Adjusted EBIT** | **7,4** | **3,9** | **89,4** | **8,3** | **6,0** | **38,9** |
| *Adjusted EBIT Margin* | *3,6%* | *1,8%* | | *14,2%* | *9,5%* | |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Reported Results** | | | | | | |
| **Operating Revenues** | **203,2** | **220,6** | **(7,9)** | **58,3** | **63,2** | **(7,8)** |
| *Advertising* | *107,2* | *105,5* | *1,6* | *35,6* | *33,8* | *5,1* |
| *Circulation* | *68,3* | *79,4* | *(14,0)* | *15,9* | *18,9* | *(16,1)* |
| *Add-ons and Others* | *27,7* | *35,7* | *(22,5)* | *6,8* | *10,4* | *(34,4)* |
| **Operating Expenses** | **195,8** | **216,6** | **(9,6)** | **49,1** | **61,1** | **(19,7)** |
| **EBITDA** | **7,3** | **4,0** | **84,8** | **9,2** | **2,0** | **---** |
| *EBITDA Margin* | *3,6%* | *1,8%* | | *15,7%* | *3,2%* | |
| **EBIT** | **1,0** | **(14,1)** | **---** | **7,1** | **(9,5)** | **---** |
| *EBIT Margin* | *0,5%* | *-6,4%* | | *12,2%* | *-15,0%* | |

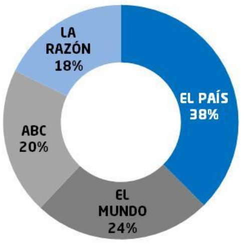
| € Millions | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Extraordinary Effects** | | | | | | |
| **One-offs in Operating Revenues** | **0,0** | **0,0** | **---** | **0,0** | **0,0** | **---** |
| **One-offs in Operating Expenses** | **(7,6)** | **(8,5)** | **10,5** | **(2,5)** | **(5,9)** | **58,3** |
| Redundancies and other non-recurrent | (7,6) | (8,5) | 10,5 | (2,5) | (5,9) | 58,3 |
| **One-offs in Amortization&Provisions** | **0,0** | **(8,7)** | **100,0** | **0,0** | **(8,7)** | **100,0** |
| Impairment & Losses from fixed assets | 0,0 | (8,7) | 100,0 | 0,0 | (8,7) | 100,0 |

# PRESS

## A_MARKET POSITION

**El País maintains its absolute leading position in Spain, with an average market share in the year of 38%** according to the latest OJD available data (December 2018).

**January-December 2018:**
**Market position of the Press business of PRISA**




Source: OJD December 2018

**Digital Market position of PRISA's Press business:**

Focus in progressing **towards a growing and scalable digital model,** whose first step has been the leadership and growth in audience figures and the boosting of digital advertising which is already bigger than traditional.

**In terms of unique browsers,** and as for December 2018 an average of 126 million has been reached (+16%). El País maintains its leadership position, reaching 83 million monthly average.

**EL PAÍS ranks 1st position in news in Spanish webs** and in the media worldwide ranking in number 11 being the first positions occupied by Chinese, American and British newspapers.

**EL PAÍS and ARC Publishing, the digital platform designed by the Washington Post, have been allied to optimize the technology infrastructure of the newspaper**. ARC is a leading platform that will improve the reader's experience and accelerate the production and distribution of digital content. The support will reinforce the process of digital transformation initiated years ago by El País and is key to continue deepening in the process of digital transformation of the newsrooms and the business model, both of the advertising and the supported by the users

**Agreement for the creation of the main program advertising platform in Spain**: Prisa, Vocento and Godó have reached an agreement to create a joint platform for sales management of programmatic advertising. The aim of this Market place is to achieve the aggregation of qualitative audiences for the sale of programmatic advertising, which allows advertisers to have high visibility rates and generate efficient campaigns for users. This is a sectorial project with the aim of incorporating other editors, with conversations in place with other media players to be incorporated in the project

## B_OPERATING REVENUE

**Main considerations in the comparative evolution of Press results in 2018 versus 2017:**

- **Significant operational improvement in 4Q2018 standalone.**
- **Progress towards a growing and scalable digital business model.**
- **Improvements in advertising evolution in the 4Q2018 standalone (+5.1%)**
- **Significant savings in expenses derived from the beginning of the implementation of the efficiency plan. With the aim of transition towards a more variable cost structure.**

**Revenue in Press business declined by 7.9%** reaching 203.2 million euros. The increase in on-line advertising and other digital revenue has not compensated the declines in traditional advertising and circulation revenue.

**Total advertising revenue** in the period growth by 1.6% (+5.1% in 4Q standalone).

- On-line advertising revenue grow at a higher rate (+16%) than traditional advertising decline (-11%) which gives good prospects for the future once digital advertising already represents 53% of total advertising revenue of the division. (78% in Diario As).

**Regarding the circulation of printed copies**, evolution by newspaper is as follows (OJD December):

| | JANUARY - DECEMBER | | |
|---|---|---|---|
| Number of copies | 2018 | 2017 | % Chg. |
| El País | 137.551 | 175.041 | (21,4) |
| Diario As | 99.346 | 111.913 | (11,2) |

In the evolution of El País circulation, and within its strategy of continuous digital transformation and improved profitability, since June 2018, printed copies in Chile, Miami, Dominican Republic and Peru have been eliminated. Printed copies has been maintained in Argentina and Mexico Without this effect, the diffusion fall is 8%.

**Significant advances in the implementation of measures** (printing, distribution and technology) **aimed to transition to a variable cost structure.**

Highlights the **strong cost control** with a fall of -9%.

**As for adjusted EBITDA**, grows by 9.5% reaching 13.7 million euros compared to 12.5 million euros of the same period of 2017 **with an improvement of 30% in 4Q standalone, reflecting the measures of efficiencies implemented.**

# MEDIA CAPITAL

| € Millions | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Operating Adjusted Results** | | | | | | |
| **OperatingRevenues** | **181,8** | **165,5** | **9,9** | **55,8** | **50,2** | **11,3** |
| *Advertising* | *124,8* | *118,9* | *4,9* | *40,2* | *36,0* | *11,9* |
| *Others* | *57,0* | *46,5* | *22,6* | *15,6* | *14,2* | *9,6* |
| **Adjusted EBITDA** | **41,5** | **41,7** | **(0,7)** | **16,3** | **18,0** | **(9,0)** |
| *Adjusted EBITDA Margin* | *22,8%* | *25,2%* | | *29,3%* | *35,8%* | |
| **Adjusted EBIT** | **34,4** | **33,6** | **2,3** | **14,3** | **15,7** | **(9,2)** |
| *Adjusted EBIT Margin* | *18,9%* | *20,3%* | | *25,5%* | *31,3%* | |

| € Millions | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Comparable results - excluding IFRS effect** | | | | | | |
| **Comparable Operating Revenues** | **167,9** | **165,5** | **1,5** | **49,6** | **50,2** | **(1,0)** |
| *Advertising* | *122,0* | *118,9* | *2,6* | *37,5* | *36,0* | *4,2* |
| *Others* | *45,9* | *46,5* | *(1,4)* | *12,2* | *14,2* | *(14,3)* |
| **Comparable Operating Expenses** | **126,4** | **123,7** | **2,2** | **33,3** | **32,2** | **3,4** |
| **Comparable Adjusted EBITDA** | **41,5** | **41,7** | **(0,7)** | **16,3** | **18,0** | **(9,0)** |
| *Adjusted EBITDA Margin* | *24,7%* | *25,2%* | | *32,9%* | *35,8%* | |
| **Comparable Adjusted EBIT** | **34,4** | **33,6** | **2,3** | **14,3** | **15,7** | **(9,2)** |
| *Adjusted EBIT Margin* | *20,5%* | *20,3%* | | *28,7%* | *31,3%* | |

| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Reported Results** | | | | | | |
| **Operating Revenues** | **181,8** | **165,5** | **9,9** | **55,8** | **50,2** | **11,3** |
| *Advertising* | *124,8* | *118,9* | *4,9* | *40,2* | *36,0* | *11,9* |
| *Others* | *57,0* | *46,5* | *22,6* | *15,6* | *14,2* | *9,6* |
| **Operating Expenses** | **141,1** | **124,8** | **13,1** | **39,6** | **32,3** | **22,6** |
| **EBITDA** | **40,7** | **40,7** | **0,1** | **16,2** | **17,8** | **(9,3)** |
| *EBITDA Margin* | *22,4%* | *24,6%* | | *29,0%* | *35,5%* | |
| **EBIT** | **33,6** | **32,2** | **4,5** | **14,1** | **15,2** | **(7,5)** |
| *EBIT Margin* | *18,5%* | *19,4%* | | *25,2%* | *30,3%* | |

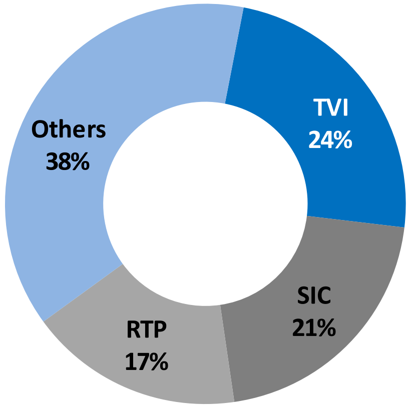
| € Millions | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
|---|---|---|---|---|---|---|
| **Extraordinary Effects** | | | | | | |
| **One-offs in Operating Revenues** | **0,0** | **0,0** | **---** | **0,0** | **0,0** | **---** |
| **One-offs in Operating Expenses** | **(0,7)** | **(1,1)** | **29,8** | **(0,2)** | **(0,1)** | **(34,8)** |
| Redundancies | (0,7) | (1,1) | 29,8 | (0,2) | (0,1) | (34,8) |

# MEDIA CAPITAL

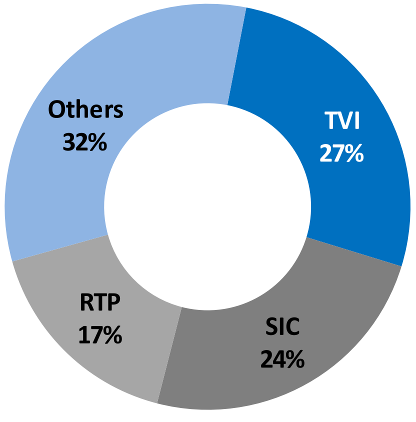
## A_ MARKET POSITION

**TVI maintains leadership in 24 hours and prime time, reaching a daily average audience of 24% and 27%,** respectively, on total Television (includes all TVI channels and for the main commercial target: Adults).

January – December 2018 (24hrs)




January – December 2018 (Prime Time)




Gfk December 2018 // *RTP includes RTP1 y RTP2 //* Others include pay TV

**Media Capital's aggregate group of radios had an average audience share** of 37%.

Media Capital Radio remains number one in the ranking. The latest report split by stations shows the following audiences:

- **Radio Comercial** maintains its market leadership with an audience share of 24.7%.
- **M80**, **music radio**, improves its audience share reaching 8.5%.

## B_OPERATING REVENUE

**In the operational evolution of Media Capital there is to highlight:**

- **Media Capital reinforces its leadership position in Portugal in terms of market share and profitability.**
- **Advertising growth by 2.6%.**
- **Reinforcement of the programming with the acquisition of Champion rights for 18/19 season and strengthening entertainment.**
- **The implementation of IFRS15 has led to an increase on revenue and expenditures in the same amount for 13.9 million euros.**
- **Highlights its strong free cashflow generation and strong net debt reduction to 84 million euros.**

**The evolution of revenue and expenses in the period has been affected by the implementation of the IFRS15 which has resulted in an increase on revenue (other revenue) and expenses in the same amount of 13.9 million euros. Without such impact, revenue grow by 1.5% and expenses by 2.2%.**

- ✓ **Total Advertising** in the period shows growth of 2.6%.
- ✓ **Other revenue** (channel rights and multimedia) record an increase of 1.4% excluding the IFRS15 impact.

By businesses,

- ✓ **TVI,** reached in 2018 revenue of 151 million euros (+1% excluding IRFS15 impact).
- ✓ Media Capital **Radio** business shows a growth of +4% on revenue with and operational improvement of 12.7%.

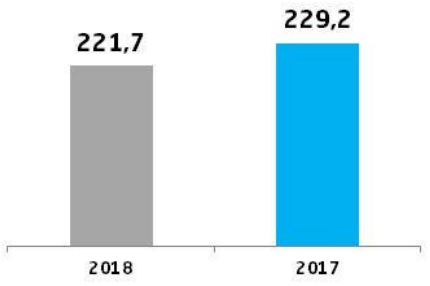
**Adjusted EBITDA on Media Capital business set reaches 41.5 million euros remaining flat compared to 41.7 million euros registered in the same period 2017, with the reinforcement of its programming specially in 2H.**

# DIGITAL TRANSFORMATION

## A_DIGITAL TRANSFORMATION REVENUE

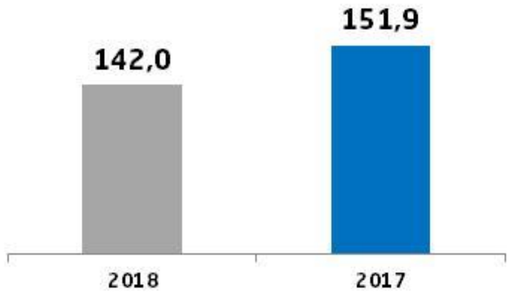
**Group's Digital transformation revenue in 2018,** increases by 3.4% in local currency until reach 229.2 million euros (-4.9% in euros). **It already represent 17% of the total revenue of the Group.**

January_December 2018
+3.4% (constant currency)




## B_ UNIQUE BROWSERS

**Average unique browsers of the Group's** web sites grow by 7% in 2018 reaching 151.9 million.

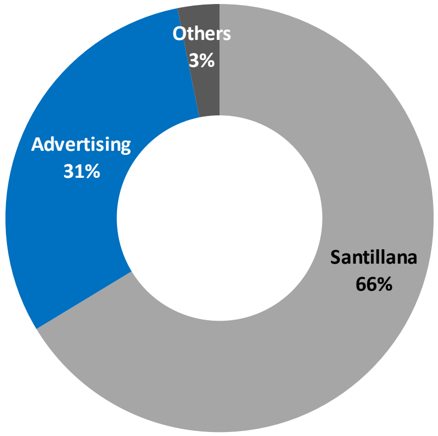



**Unique browsers in Press** in 2018 grow by +16% reaching 126 million on average.

**In Radio**: Unique Browsers to the web pages of total radio reach 39.4 million (+0.1%).

**In Media Capital** unique browsers reach 10.9 million with a growth of 10.6% compared to same period 2017.

## C_ TRANSFORMATION REVENUE SPLIT

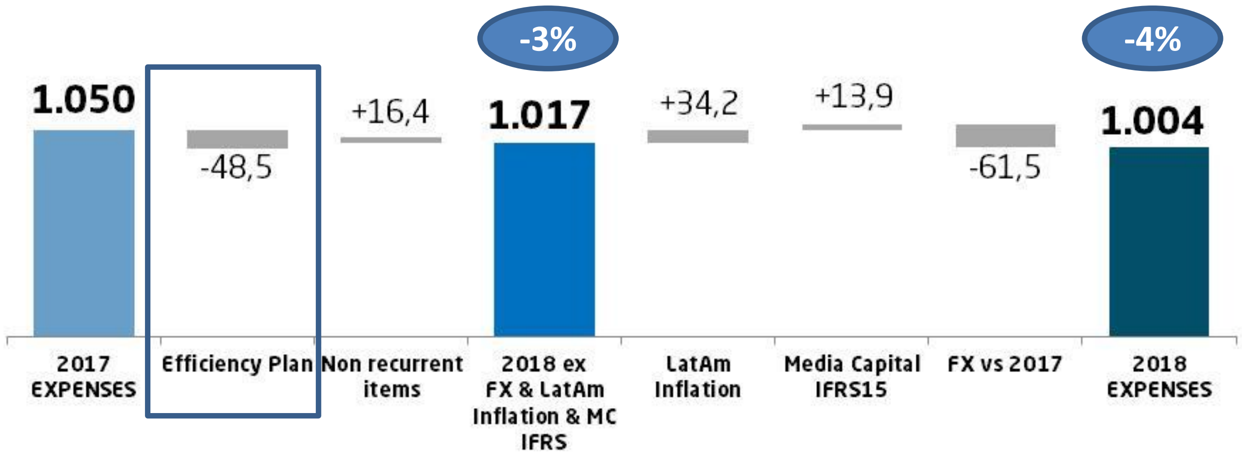



**Digital advertising** revenue mainly correspond to Press business showing a growth of 16%, already representing 53% of the division's ad revenue**.**

**Digital learning systems (UNO, Compartir, Farias Brito and Educa)** continue their development representing 66% of total transformation revenue.

# EFFICIENCY PLAN

The company has begun to implement the efficiency plan announced in February 2018, with the **objective of saving 40 million euros in expenses in the next 3 years** mainly on the perimeter of Media (press and radio) and corporate. **During 2018, savings derived from the beginning in the implementation of these measures reached 48.5 million euros with an impact on EBITDA of 39.5 million euros.**




**Breakdown of savings in expenses by Concept is detailed below:**

| Breakdown of savings by concept | Amount |
|---|---|
| Personnel reduction | 4,6 |
| Closing of non profitable operations | 11,3 |
| Transformation operations in press | 11,5 |
| Corporate structures simpplification | 15,9 |
| Other savings | 5,2 |
| **Total** | **48,5** |

# FROM EBIT TO NET RESULT

| € Millions | JANUARY - DECEMBER | | |
|---|---|---|---|
| | 2018 | 2017 | % Chg. |
| **Adjusted Results** | | | |
| **Adjusted EBIT** | **188,0** | **174,9** | **7,5** |
| *EBIT Margin* | *14,7%* | *13,3%* | |
| **Adjusted Financial Result** | **(61,2)** | **(74,7)** | **18,1** |
| Interests on debt | (53,0) | (52,8) | (0,4) |
| Other financial results | (8,2) | (21,9) | 62,6 |
| **Adjusted Result from associates** | **3,8** | **4,8** | **(20,5)** |
| **Profit before tax** | **130,7** | **105,1** | **24,4** |
| Adjusted Income tax expense | 52,6 | 47,0 | 11,9 |
| **Results from discontinued activities** | **0,0** | **(1,0)** | **100,0** |
| **Minority interest** | **33,0** | **28,1** | **17,2** |
| **Adjusted Net Profit** | **45,2** | **29,0** | **55,9** |
| Operating adjustments | (102,7) | (122,3) | 16,0 |
| *Goodwill* | *(79,0)* | *(86,8)* | *9,0* |
| *Other operating adjustments* | *(23,7)* | *(35,5)* | *33,2* |
| Financial adjustments | (24,4) | 5,5 | --- |
| Tax Income adjustments | (187,4) | (14,8) | --- |
| **Net Profit** | **(269,3)** | **(102,6)** | **(162,6)** |

**Adjusted 2018 Net Profit excluding one-off expenses would have been a positive result of €45Mn despite negative FX impact at EBIT level of €13 Mn**

- **Operating adjustments**: include i) goodwill impairments mainly related to MCP. The discount rate and long term growth rate for the FTA business have been amended following the increased volatility suffered in Europe on the back of geopolitical instability and European FTA industry valuations being negatively impacted, especially in 2H2018, resulting in a non cash goodwill impairment **of €76.1 Mn** ;ii) redundancies **(€23.7Mn**).

- **Financial adjustments:** include i) debt refinancing impact (€17.3 Mn); ii) Non cash Fx impact (€6.3Mn) related to Santillana perpetual dividend liability.

- **Tax income adjustments**: include i) tax income impact from operating and financial adjustments (€14.6Mn) and ii) tax impairments amounting **€201.8Mn**. At the end of fiscal year 2018, a review of the accounting value of the group's assets has been performed on the back of a) cash optimization aligned with company´s long term projections b) after the refinancing agreement reached in 2018 and c) the reallocation of tax credits following the 2012-2015 Tax Inspection which has reassigned category of tax credits affecting negatively to the recoverability of the fiscal assets

- This process has implied accounting losses (impairments) in its Tax Credits of **€202Mn.**

- This reduction in DTAs has an impact in P&L but **does not represent any cash outflow.**

- Despite the impairment Tax losses are fully recognized in front of Tax Authorities.

# FINANCIAL POSITION

## A_CASH FLOW STATUS: SEASONALITY

**The quarterly cashflow generation of the group's is linked to the seasonality of the business**, producing fluctuations throughout the year explained mainly by the nature of the different businesses, following every year a similar pattern of behavior.

**In the education business**, the cashflow generation, as a general rule, is conditioned to when the campaigns are produced in the different countries:

- South Area: Invoicing during 1Q (collection in 2Q) and 4Q (collection in 1Q following year).
- North Area: Invoicing in 2Q and 3Q (Collection in 4Q).
- Brazil institutional sales: Invoicing in 4Q (collection up to 45 days from reception; part in 4Q and other part in 1Q following year).

**In Media business**, the seasonally strongest quarters of advertising sales are the 2Q and 4Q (higher investment in working capital), been sales collected in 3Q and 1Q following year.

**Regarding cashflow generation, in general lines and for the whole of the Group it is important to consider:**

- **1Q and 4Q of the year concentrate the highest Cashflow generation.**
  - In 1Q, it is collected the advertising generated in the Media business during 4Q, as well as Santillana's Southern area campaigns and part of the Brazil's institutional sale.
  - In 4Q it is collected Santillana's northern area campaigns, as well as part of the institutional sale of Brazil.

- **2Q is a quarter of strong investment in working capital** by the provisioning for the campaigns of Santillana's North area and generate payables for Media businesses advertising. Additionally it is produced during 2Q the collection of the 100% of the preferent dividend of Santillana's minorities. 2Q cash flow generation always tends to be negative.

- **3Q Cashflow generation**: The investment in working capital from clients of the Northern area campaigns is compensated by Media businesses 2Q advertising collection. Cashflow generation for 3Q tends to be low or negative.

# FINANCIAL POSITION

## B_ 2018 CASH FLOW STATEMENT

| € Million | Dic. 2018 | Dic. 2017 | Chg. 18/17 Abs. | % |
|---|---|---|---|---|
| EBITDA (excluding redundancies) - provisions | 259,3 | 256,7 | 2,6 | 0,0 |
| EBITDA (excluding redundancies) | 280,0 | 274,8 | 5,1 | 0,0 |
| Provisions | -20,7 | -18,1 | -2,5 | -0,1 |
| Change in working capital | 15,4 | -55,2 | 70,6 | --- |
| Taxes paid | -29,1 | -37,2 | 8,1 | 0,2 |
| Other cash flows and adjustments from operations | -17,3 | -6,2 | -11,1 | -1,8 |
| **OPERATING CASH FLOW** | **228,4** | **158,2** | **70,2** | **0,4** |
| Capex | -68,6 | -67,4 | -1,2 | 0,0 |
| **CASH FLOW BEFORE FINANCING ACTIVITIES** | **159,8** | **90,8** | **69,0** | **0,8** |
| Financial investments | -3,0 | -7,2 | 4,2 | 0,6 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | **-3,0** | **-7,2** | **4,2** | **0,6** |
| Capital increases and other issuances | 0,1 | -0,1 | 0,2 | --- |
| Interests paid | -44,2 | -37,9 | -6,4 | -0,2 |
| Dividends paid | -25,7 | -27,1 | 1,4 | 0,1 |
| Dividends received | 0,2 | 2,2 | -1,9 | -0,9 |
| Other cash flows from financing activities | -4,7 | -6,6 | 2,0 | 0,3 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | **-74,3** | **-69,5** | **-4,7** | **-0,1** |
| Fx impact, perimeter effect and others | -1,8 | -7,1 | 5,3 | 0,7 |
| **RECURRENT CASH FLOW BEFORE EXTRAORDINARIES** | **80,7** | **6,9** | **73,9** | **---** |
| Redundancies paid | -27,4 | -25,9 | -1,5 | -0,1 |
| Divestments | 22,9 | 3,3 | 19,7 | 6,0 |
| Refinancing and succession costs | -34,2 | 0,0 | -34,2 | |
| **RECURRENT CASH FLOW BEFORE CAPITAL INCREASE** | **42,1** | **-15,8** | **57,9** | **---** |
| **Capital increase** | **547,8** | **0,0** | **547,8** | --- |
| **CASH FLOW** | **589,9** | **-15,8** | **605,7** | **---** |

In 2018, **cashflow generation before operations amounted €42.1 million compared to €-15.8Mn in the same period 2017**:

- **Working capital improvement of 70.6 million euros** mainly relates to:
  - Collections in 2018 of €26 million that were pending from Institutional sales in Brazil corresponding to 2017 campaign (permanent effect).
  - 2019 PNLD Invoicing (+20.7M€): In 2018 only remains pending to collect 5.5M€ compared to 26M€ that remained pending in 2017, which implies an improvement in working capital due to lower accounts receivable.
  - Cash advance compared to 2017 for 8 million euros and lower accounts payable for 6 million euros.

- Disinvestments have taken place amounting €22.9 million compared to €3.3 million in same period last year.

## CAPEX

*CAPEX*

| € Million | Dic. 2018 | Dic. 2017 |
|---|---|---|
| **Santillana** | **-50,4** | **-53,0** |
| **Radio** | **-5,6** | **-5,3** |
| **Press** | **-4,0** | **-3,4** |
| **Media Capital** | **-6,1** | **-4,0** |
| **Others** | **-2,5** | **-1,7** |
| **Total PRISA Group** | **-68,6** | **-67,4** |

# FINANCIAL POSITION

## B_POSICIÓN FINANCIERA BANCARIA NETA

### *TOTAL BANK DEBT*

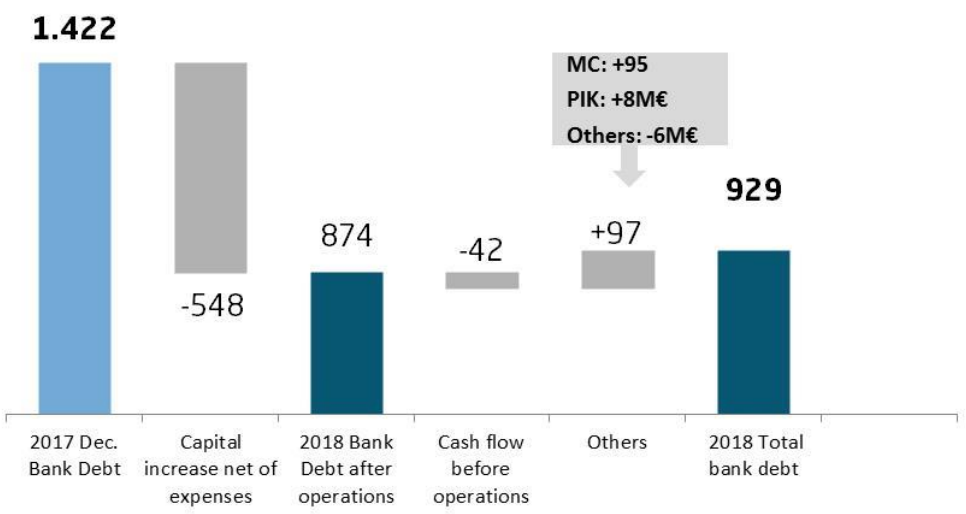
| Millones de € | Dic. 2018 | Dic. 2017 | Chg. 18/17 Abs. | Chg. 18/17 Rel. |
|---|---|---|---|---|
| **- Financial debt** | **1.225,8** | **1.644,9** | **-419,1** | **-25,5%** |
| - Non- current financial debt | 1.149,7 | 642,2 | 507,4 | 79,0% |
| - Current financial debt | 76,1 | 1.002,6 | -926,5 | -92,4% |
| **Short term financial investments** | **-24,9** | **-23,3** | **-1,6** | **-6,8%** |
| **Cash & cash equivalents** | **-295,1** | **-217,2** | **-77,9** | **-35,9%** |
| **Fair value/ Loan arrangement costs** | **22,9** | **17,3** | **5,6** | **32,5%** |
| **TOTAL BANK DEBT EXCLUDING MEDIA CAPITAL** | **928,6** | **1.421,6** | **-493,0** | **-34,7%** |

### *TOTAL BANK DEBT BY BB.UU.*

| € Million | Dic. 2018 | Dic. 2017 | Chg. 18/17 Abs. | Chg. 18/17 % |
|---|---|---|---|---|
| **Prisa Holding+ Prisa Gestión Financiera+PAE+Otros** | **896,0** | **1.420,0** | **-524,0** | **-36,9%** |
| - Financial debt | 1.123,4 | 1.596,4 | -472,9 | -29,6% |
| *Tranche 2* | *956,5* | *956,5* | *0,0* | *0,0%* |
| *Tranche 3* | *161,1* | *181,5* | *-20,4* | *-11,2%* |
| *PPL* | *0,0* | *450,9* | *-450,9* | *-100,0%* |
| *Others* | *5,8* | *7,5* | *-1,6* | *-21,8%* |
| - Cash, Short term financial investments and interco debt | -227,5 | -176,4 | -51,0 | -28,9% |
| *Cash cash pooling* | *-203,7* | *-160,1* | *-43,6* | -27,2% |
| *Cash otros* | *-0,6* | *-1,7* | *1,1* | 66,7% |
| *Short term financial investments* | *-16,3* | *-15,4* | *-0,9* | -6,1% |
| *Barrido intergrupo* | *-0,1* | *10,3* | -10,4 | --- |
| *Préstamos intergrupo* | *-6,8* | *-9,6* | *2,7* | 28,6% |
| **Santillana** | **-46,7** | **-9,3** | **-37,4** | **-401,1%** |
| **Radio** | **-28,5** | **6,5** | **-35,0** | **---** |
| **Press** | **23,4** | **6,9** | **16,5** | **238,1%** |
| **Media Capital** | **84,4** | **-2,5** | **87,0** | **---** |
| **TOTAL BANK DEBT** | **928,6** | **1.421,6** | **-492,9** | **-34,7%** |

December 2017 figures did not include Media Capital. Its net debt as of Dec. 2017 was of 95 million euros.

Bank net debt evolution is shown below:



# OUTLOOK 2019

## OUTLOOK 2019

**Education**

- Positive evolution driven by Spain's and Brazil's evolution:
  - Novelties in Spain.
  - low year cycle on Brazil's public sales and PNLD F1 2018 repositions.
- 1H below 2018 due to Spanish business seasonality, Brazil and Mexico public sales seasonality and the effect of hyperinflation in Argentina, with 2H stronger on the back of Spain and Brazil.

**Radio**

- Growth of advertising in Spain, Colombia and Chile above market average. Leveraging in its audiences and product offerings, despite the positive contribution in 2018 of the extraordinary events linked to the world cup and elections.
- Operational improvement in Spain and LatAm.

**Press**

- Leverage both on digital market growth and in launching of the programmatic advertising platform.
- Transition to a variable cost structure (printing, distribution and technology agreements).
- Leveraging operational improvement in the implementation of efficiency measures.

**Media Capital**

- Growth of advertising in line with market.
- Highly competitive market impacting programming costs with projected savings on retransmission costs.
- Maintain free cashflow generation and debt reduction performance.

**FX Evolution**

- Negative FX impact expected (lower than in 2018) mainly in Brazil and Argentina.

**Recurrent cash flow generation**

- Recurrent cashflow generation in line with or above 2018, improving along the quarters due to business seasonality, being negative in the 1H.
- Payment to 3i (non-recurrent) in the amount of 36.5 million euros estimated in February 2019.

# APPENDIX

# BALANCE SHEET

| € Million | ASSETS 12/31/2018 | ASSETS 12/31/2017 |
|---|---|---|
| **FIXED ASSETS** | **813,27** | **1.112,16** |
| Property, plan and equipment | 87,69 | 97,82 |
| Goodwill | 408,85 | 498,12 |
| Intangible assets | 111,24 | 115,47 |
| Long term financial investments | 24,61 | 25,57 |
| Investment in associates | 43,08 | 37,25 |
| Deferred tax assets | 135,36 | 335,23 |
| Other non current assets | 2,44 | 2,71 |
| **CURRENT ASSETS** | **847,45** | **810,38** |
| Inventories | 150,35 | 151,34 |
| Accounts receivable | 370,09 | 418,20 |
| Short term financial investments | 24,94 | 23,34 |
| Cash & cash equivalents | 295,09 | 217,50 |
| Assets held for sale | 6,99 | 0,00 |
| **TOTAL ASSETS** | **1.660,72** | **1.922,54** |

| € Million | LIABILITIES 12/31/2018 | LIABILITIES 12/31/2017 |
|---|---|---|
| **SHAREHOLDERS EQUITY** | **-235,81** | **-484,87** |
| Issued capital | 524,90 | 83,50 |
| Reserves | -566,01 | -544,85 |
| Income attributable to the parent company | -269,35 | -102,57 |
| Minority interest | 74,65 | 79,05 |
| **NON CURRENT LIABILITIES** | **1.325,37** | **929,74** |
| Long term financial debt | 1.149,66 | 703,48 |
| Other long term financial liabilities | 125,70 | 120,15 |
| Deferred tax liabilities | 18,61 | 23,47 |
| Provisions | 28,57 | 44,81 |
| Other non current liabilities | 2,83 | 37,83 |
| **CURRENT LIABILITIES** | **571,16** | **1.477,66** |
| Short term financial debt | 76,12 | 1.036,96 |
| Other current financial liabilities | 58,64 | 22,65 |
| Trade accounts payable | 270,98 | 277,17 |
| Other short term liabilities | 130,36 | 115,43 |
| Accrual accounts | 32,13 | 25,45 |
| Liabilities held for sale | 2,92 | 0,00 |
| **TOTAL LIABILITIES** | **1.660,72** | **1.922,53** |

# OTHER RELEVANT FACTS

## COMPOSITION OF THE BOARD

**As of March 22 2018**, The Board of Directors with the prior favorable report of the Nominations and Compensation Committee, has appointed by cooptation the company Amber Capital UK LLP as new member of the Board of Directors, with the category of proprietary director. Mr. Fernando Martínez Albacete will be the individual representative of Amber Capital UK LLP in the Board of Directors of the Company.
Likewise, the Board has acknowledged the resignation of Mr. Javier Gómez-Navarro as member of the Audit Committee, being its composition, consequently, as follows: President: Mr. Dominique D'Hinnin Members: Ms. Sonia Dulá, Mr. Waleed Alsa'di

**On April 25 2018,** As a result of the approval of the new consolidated text of the Company ́s Bylaws at the Ordinary Shareholders' Meeting held today and of the entry into force of the new consolidated text of the Regulations of the Board of Directors (see previous Relevant Information of today), the Board, at the Proposal or previous favorable report of the Nominations and Compensation Committee and the Corporate Governance Committee, each within the scope of their respective faculties, has agreed as follows: i.Appoint Mr. Javier Monzón de Cáceres, independent director and non-executive vice-chairman of the Board of Directors, as Coordinating Director. ii.Modify the composition of the Delegated Commission, which will be as follows: Chairman: Mr Manuel Polanco Moreno. Members: Mr. Manuel Mirat Santiago. Mr Joseph Oughourlian. Mr Javier Monzón de Cáceres. Ms Sonia Dulá. iii.Change the name of the current Audit Committee to Audit and Compliance Commission, which composition will remain the same, that is: Chairman: Mr Dominique D ́Hinnin. Members: Mr Waaled Alsa ́di. Ms Sonia Dulá. iv. Set-up a Nominations, Compensation and Corporate Governance Commission (replacing the current Nominations and Compensation and Corporate Governance Committees) and appoint the following directors as members of such Commission: Chairman: Mr Javier Monzón de Cáceres. Members: Mr Joseph Oughourlian. Mr Javier Gómez Navarro-Navarrete. Mr Dominique D ́Hinnin. Mr Roberto Alcántara. The Secretary of the Commissions will be Mr. Xavier Pujol Tobeña, Secretary of the Board of Directors.

**As of December 18 2018, t**he Board of Directors adopted the following resolutions at the proposal or with the prior report, as appropriate, of the Appointments, Compensation and Corporate Governance Commission:
The acceptance of Manuel Polanco Moreno´s resignation as director and non- Executive Chairman of the Board of Directors, effective as from January 1, 2019. Mr. Polanco will remain as director of the Company.
It is also agreed the appointment, at the proposal of Mr. Polanco at the meeting of the aforementioned Commission, of Mr Javier Monzón de Cáceres, independent director and Vice-Chairman, as non-Executive Chairman of the Board of Directors of PRISA, with effects as from January 1, 2019.
The Board of Directors has expressed his recognition to Mr. Manuel Polanco Moreno for his contribution and dedication to PRISA in the exercise of the office, and has agreed to propose his appointment as non-executive Chairman of the Boards of Directors of the companies controlled by PRISA, Diario El País, S.L., Grupo Santillana Educación Global, S.L. and Prisa Radio, S.A.

## CALLS AND AGREEMENTS OF MEETINGS AND AGM

**As of March 22 2018**, The Board of Directors of PRISA, has resolved to call the Ordinary General Shareholders' Meeting to be held on April 25, 2018, at 12:30 pm at CentroCentro (Palacio de Cibeles), Plaza de Cibeles, 1, 28014 Madrid, on first call, and if the necessary quorum is not achieved, at the same place and time on April 26, 2018, on second call.

## TRANSMISSIONS AND PURCHASES OF CAPITAL UNDERTAKINGS

As of June 18 2018, the Company communicates the termination of the share purchase agreement entered into between Prisa and the subsidiary of Altice NV, MEO – Serviços de Comunicaçao e Multimédia, S.A. ("MEO"), in relation to the transfer of the entire stake held by Prisa in Grupo Media Capital SGPS, S.A. Pursuant to the terms of such agreement, said termination results from the non-fulfillment on the long-stop date agreed by the parties of the last condition precedent pending to be satisfied, which consists of obtaining the relevant authorization to the transaction from the Antitrust Authority in Portugal by MEO.

# OTHER RELEVANT FACTS

## LOANS, CREDIT LINES AND GUARANTEES

**As of June 29 2018**, the Company communicates that on the date hereof has completed the implementation of the agreements with all its lenders, which imply that the refinancing and amendment of the terms and conditions of its financial debt has entered into force.
The main terms of said agreements are those communicated by means of the abovementioned Relevant Information on 16 January 2018 on the occasion of the execution of the Lock-Up Agreement.

## CREDIT RATINGS

**As of 28 September 2018**, The company communicates that the credit rating agencies Fitch and Standard&Poor's have assigned the Company a rating of "B" and "B-", respectively, in both cases with a stable outlook

## AUMENTOS Y REDUCCIONES DE CAPITAL

**As of October 16 2018**, and in relation to the warrants issued pursuant to the resolutions of the General Shareholders' Meeting of the Company held on December 10, 2013 published on such date by means of Relevant Information 196639, the Company announces that the execution of the capital increase corresponding to the warrants exercised by certain Institutional Investors during September has been formalized in a public deed. Said public deed has been registered on October 9, 2018 with the Commercial Registry of Madrid. The number of warrants that have been exercised is 2,683,063, resulting in the subscription of 140,524 new Company's ordinary shares. The Company will request the admission to trading of such shares in the Stock Exchange of Madrid, Barcelona, Bilbao and Valencia through the Automated Quotation System ("Sistema de Interconexión Bursátil" -Mercado Continuo-). As a result of this capital increase, Prisa's share capital amounts to 524,818,944.44 euros and is represented by 558,318,026 ordinary shares, all of which belong to the same class and series, with a par value of 0.94 euros, fully paid up and with the same rights.

**On January 17 2018**, and in relation to the warrants issued pursuant to the resolutions of the General Shareholders' Meeting of the Company held on December 10, 2013 published on such date by means of Relevant Information 196639 (the "2013 Prisa Warrants"), the Company announces that the execution of the capital increase corresponding to the 2013 Prisa Warrants exercised by certain Institutional Investors during December 2018 has been formalized in a public deed.

Said public deed has been registered on January 15, 2019 with the Commercial Registry of Madrid. The number of 2013 Prisa Warrants that have been exercised is 1,696,832, resulting in the subscription of 88,870 new Company's ordinary shares. The Company will request the admission to trading of such shares in the Stock Exchange of Madrid, Barcelona, Bilbao and Valencia through the Automated Quotation System ("Sistema de Interconexión Bursátil" -Mercado Continuo-). As a result of the abovementioned capital increase, Prisa's share capital amounts to 524,902,482.24 euros and is represented by 558,406,896 ordinary shares, all of which belong to the same class and series, with a par value of 0.94 euros, fully paid up and with the same rights.

After the exercise of the mentioned 2013 Prisa Warrants during December 2018, the Company reminds that the exercise period of the 2013 Prisa Warrants has terminated and that all the 2013 Prisa Warrants which have not been exercised are extinguished.

# BREAKDOWN OF ADJ. OPERATING REVENUE AND EBITDA BY B.U.

| € Millions | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Operating Adjusted Revenues** | | | | | | |
| **GROUP** | **1.280,5** | **1.320,0** | **(3,0)** | **323,9** | **325,2** | **(0,4)** |
| Education | 600,2 | 645,1 | (7,0) | 126,6 | 131,6 | (3,8) |
| Radio | 288,1 | 280,7 | 2,6 | 82,0 | 77,8 | 5,3 |
| Press | 203,2 | 220,6 | (7,9) | 58,3 | 63,2 | (7,8) |
| Media Capital | 181,8 | 165,5 | 9,9 | 55,8 | 50,2 | 11,3 |
| Others | 7,2 | 8,2 | (12,2) | 1,3 | 2,4 | (45,7) |

| € Millions | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Adjusted EBITDA** | | | | | | |
| **GROUP** | **276,3** | **270,4** | **2,2** | **64,9** | **59,0** | **9,9** |
| Education | 168,7 | 184,6 | (8,6) | 17,8 | 19,6 | (8,8) |
| Radio | 61,8 | 46,6 | 32,7 | 23,4 | 18,1 | 29,2 |
| Press | 13,7 | 12,5 | 9,5 | 10,4 | 8,0 | 30,1 |
| Media Capital | 41,5 | 41,7 | (0,7) | 16,3 | 18,0 | (9,0) |
| Others | (9,3) | (14,9) | 38,0 | (3,0) | (4,5) | 33,1 |

# EXTRAORDINARY IMPACTS AND CHANGES IN THE REVENUE AND COSTS CONSOLIDATION PERIMETER

| € Millions | JANUARY - DECEMBER | | | OCTOBER - DECEMBER | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Chg. | 2018 | 2017 | % Chg. |
| **Extraordinary Effects** | | | | | | |
| **One-offs in Operating Revenues** | **(0,2)** | **15,8** | **---** | **7,2** | **2,0** | **---** |
| Santillana USA | 7,1 | 11,1 | (35,9) | (0,3) | 2,0 | --- |
| Tax Effects | | 4,6 | (100,0) | 0,0 | 0,0 | --- |
| Argentina Hyperinflation | (7,3) | | --- | 7,5 | 0,0 | --- |
| **One-offs in Operating Expenses** | **(23,2)** | **(38,0)** | **39,0** | **(9,0)** | **(14,2)** | **37,0** |
| Redundancies and other non-recurrent | (26,7) | (29,4) | 9,1 | (3,9) | (12,2) | 68,1 |
| Santillana USA | | (8,6) | 100,0 | 0,0 | (2,0) | 100,0 |
| Argentina Hyperinflation | 3,6 | | --- | (5,1) | 0,0 | --- |
| | | | --- | | | --- |
| **One-offs in Amortization&Provisions** | **(79,3)** | **(100,0)** | **20,7** | **(79,9)** | **(26,2)** | **---** |
| Goodwill | (79,0) | (86,8) | 9,0 | (79,0) | (13,2) | --- |
| Santillana USA | 0,0 | (2,0) | 100,0 | 0,0 | (1,7) | 100,0 |
| Other impairments | 0,0 | (11,2) | 100,0 | 0,0 | (11,2) | 100,0 |
| Argentina Hyperinflation | (0,3) | | --- | (0,9) | 0,0 | --- |

**a) Santillana USA sale:** Includes in 2018 the goodwill recorded by the sale of Santillana USA business and in 2017 the results of the business.

b) **Argentina Hyperinflation** : Includes the impact coming from the resgistration of the hyperinlationist situation in Argentina.

c) **Redundancies and other non-recurrent:** In 2018 26.7 millon euros have been registered compared to 29.4 millon in 2017.

d) **Goodwill**: 2018 it mainly includes the impairment of goodwill carried out in MCP in the amount of 76 million euros. Following the increased volatility suffered in Europe on the back of geopolitical instability (Brexit, Italy etc.) and the increased volatility in European FTA industry, especially in 2H2018, the discount rate and long term growth rates for the FTA business have been amended resulting in a non cash goodwill impairment of **€76.1** Mn. 2017 includes mainly the reclassification of the result of operations in discontinuity of MCP with goodwill having continued with the activity in 2018.

## EXTRAORDINARY EFFECTS FROM EBIT TO NET RESULT

| € Millions<br>Extraordinary Effects | 2018 | 2017 | % Chg. |
|---|---|---|---|
| **EBIT** | **85,3** | **52,6** | **62,1** |
| Santillana USA | (7,1) | (0,5) | --- |
| Tax Effects | 0,0 | (4,6) | 100,0 |
| Redundancies and other non-recurrent | 26,7 | 29,4 | (9,1) |
| Argentina Hyperinflation | 4,1 | 0,0 | --- |
| Goodwill | 79,0 | 86,8 | (9,0) |
| Other impairments | 0,0 | 11,2 | (100,0) |
| **Adjusted EBIT** | **188,0** | **174,9** | **7,5** |
| | | | |
| **Financial Result** | **(85,6)** | **(69,2)** | **(23,8)** |
| Impairments | 0,9 | 10,9 | (91,8) |
| DLJ dividend (FX effect) | 6,3 | (16,4) | --- |
| Previous Refinancing amortization exp. | 17,3 | | --- |
| **Adjusted Financial Result** | **(61,2)** | **(74,7)** | **18,1** |
| | | | |
| **Result from associates** | **3,8** | **3,7** | **4,7** |
| Impairments | | 1,2 | (100,0) |
| **Adjusted Result from associates** | **3,8** | **4,8** | **(20,5)** |
| | | | |
| **Income Tax Expense** | **240,2** | **61,6** | **---** |
| Tax Impairment | (201,8) | (25,0) | --- |
| Impairments effect in tax income | 14,2 | 10,4 | 36,2 |
| **Adjusted Income Tax Expense** | **52,6** | **47,0** | **11,9** |
| | | | |
| **Minority interest** | **32,8** | **27,2** | **20,6** |
| Impairments | 0,2 | 0,9 | (81,0) |
| **Adjusted Minority interest** | **33,0** | **28,1** | **17,2** |

| € Millions<br>Extraordinary Effects | 2018 | 2017 | % Chg. |
|---|---|---|---|
| **Adjusted Net Profit** | **45,2** | **29,0** | **55,9** |
| Operating adjustments | (102,7) | (122,3) | 16,0 |
| *Goodwill* | *(79,0)* | *(86,8)* | *9,0* |
| *Other operating adjustments* | *(23,7)* | *(35,5)* | *33,2* |
| Financial adjustments | (24,4) | 5,5 | --- |
| Tax Income adjustments | (187,4) | (14,8) | --- |
| **Net Profit** | **(269,3)** | **(102,6)** | **(162,6)** |

# BRIDGE FROM REPORTED EBITDA, ADJUSTED EBITDA AND ADJUSTED EBIT

€ Millions

| GROUP | JANUARY - DECEMBER 2018 | JANUARY - DECEMBER 2017 | JANUARY - DECEMBER % Chg. | OCTOBER - DECEMBER 2018 | OCTOBER - DECEMBER 2017 | OCTOBER - DECEMBER % Chg. |
|---|---|---|---|---|---|---|
| **EBITDA** | **253,0** | **248,2** | **1,9** | **63,1** | **46,8** | **34,9** |
| Extraordinary effects | 23,4 | 22,2 | 5,1 | 1,8 | 12,2 | (85,6) |
| **Adjusted EBITDA** | **276,3** | **270,4** | **2,2** | **64,9** | **59,0** | **9,9** |
| Amortizations | 65,5 | 77,6 | (15,6) | 17,3 | 19,8 | (12,5) |
| Provisions | 20,7 | 18,1 | 14,0 | (1,7) | (3,5) | 51,5 |
| Impairment from fixed assets | 2,2 | (0,2) | --- | 1,0 | (2,0) | --- |
| **Operating Result** | **188,0** | **174,9** | **7,5** | **48,2** | **44,7** | **7,9** |

| EDUCATION | JANUARY - DECEMBER 2018 | JANUARY - DECEMBER 2017 | JANUARY - DECEMBER % Chg. | OCTOBER - DECEMBER 2018 | OCTOBER - DECEMBER 2017 | OCTOBER - DECEMBER % Chg. |
|---|---|---|---|---|---|---|
| **EBITDA** | **167,3** | **179,3** | **(6,7)** | **18,7** | **15,4** | **21,0** |
| Extraordinary effects | 1,4 | 5,2 | (73,1) | (0,8) | 4,1 | --- |
| **Adjusted EBITDA** | **168,7** | **184,6** | **(8,6)** | **17,8** | **19,6** | **(8,8)** |
| Amortizations | 45,6 | 53,0 | (13,9) | 12,3 | 13,4 | (8,5) |
| Provisions | 15,8 | 14,1 | 12,1 | (3,8) | (4,8) | 20,2 |
| Impairment from fixed assets | 1,5 | 0,0 | --- | 0,4 | (0,8) | --- |
| **Operating Result** | **105,7** | **117,5** | **(10,0)** | **9,1** | **11,8** | **(23,0)** |

| RADIO | JANUARY - DECEMBER 2018 | JANUARY - DECEMBER 2017 | JANUARY - DECEMBER % Chg. | OCTOBER - DECEMBER 2018 | OCTOBER - DECEMBER 2017 | OCTOBER - DECEMBER % Chg. |
|---|---|---|---|---|---|---|
| **EBITDA** | **52,9** | **41,4** | **27,9** | **20,9** | **17,2** | **21,4** |
| Extraordinary effects | 8,9 | 5,2 | 70,9 | 2,4 | 0,9 | 185,3 |
| **Adjusted EBITDA** | **61,8** | **46,6** | **32,7** | **23,4** | **18,1** | **29,2** |
| Amortizations | 8,2 | 8,2 | (1,0) | 2,1 | 2,3 | (7,1) |
| Provisions | 1,4 | 2,4 | (40,2) | 0,1 | 1,0 | (91,0) |
| Impairment from fixed assets | 0,2 | (0,2) | --- | 0,2 | (1,3) | --- |
| **Operating Result** | **52,1** | **36,2** | **44,0** | **20,9** | **16,0** | **30,5** |

| PRESS | JANUARY - DECEMBER 2018 | JANUARY - DECEMBER 2017 | JANUARY - DECEMBER % Chg. | OCTOBER - DECEMBER 2018 | OCTOBER - DECEMBER 2017 | OCTOBER - DECEMBER % Chg. |
|---|---|---|---|---|---|---|
| **EBITDA** | **7,3** | **4,0** | **84,8** | **9,2** | **2,0** | **---** |
| Extraordinary effects | 6,3 | 8,5 | (25,5) | 1,2 | 5,9 | (79,7) |
| **Adjusted EBITDA** | **13,7** | **12,5** | **9,5** | **10,4** | **8,0** | **30,1** |
| Amortizations | 4,3 | 7,5 | (42,7) | 1,1 | 1,8 | (39,6) |
| Provisions | 1,6 | 1,1 | 42,5 | 0,5 | 0,2 | --- |
| Impairment from fixed assets | 0,4 | 0,0 | --- | 0,4 | (0,0) | --- |
| **Operating Result** | **7,4** | **3,9** | **89,4** | **8,3** | **6,0** | **38,9** |

| MEDIA CAPITAL | JANUARY - DECEMBER 2018 | JANUARY - DECEMBER 2017 | JANUARY - DECEMBER % Chg. | OCTOBER - DECEMBER 2018 | OCTOBER - DECEMBER 2017 | OCTOBER - DECEMBER % Chg. |
|---|---|---|---|---|---|---|
| **EBITDA** | **40,7** | **40,7** | **0,1** | **16,2** | **17,8** | **(9,3)** |
| Extraordinary effects | 0,7 | 1,1 | (29,8) | 0,2 | 0,1 | 34,8 |
| **Adjusted EBITDA** | **41,5** | **41,7** | **(0,7)** | **16,3** | **18,0** | **(9,0)** |
| Amortizations | 6,6 | 7,9 | (16,1) | 1,7 | 2,1 | (20,5) |
| Provisions | 0,5 | 0,2 | 126,7 | 0,4 | 0,1 | --- |
| Impairment from fixed assets | 0,0 | 0,1 | (100,0) | 0,0 | 0,1 | (100,0) |
| **Operating Result** | **34,4** | **33,6** | **2,3** | **14,3** | **15,7** | **(9,2)** |

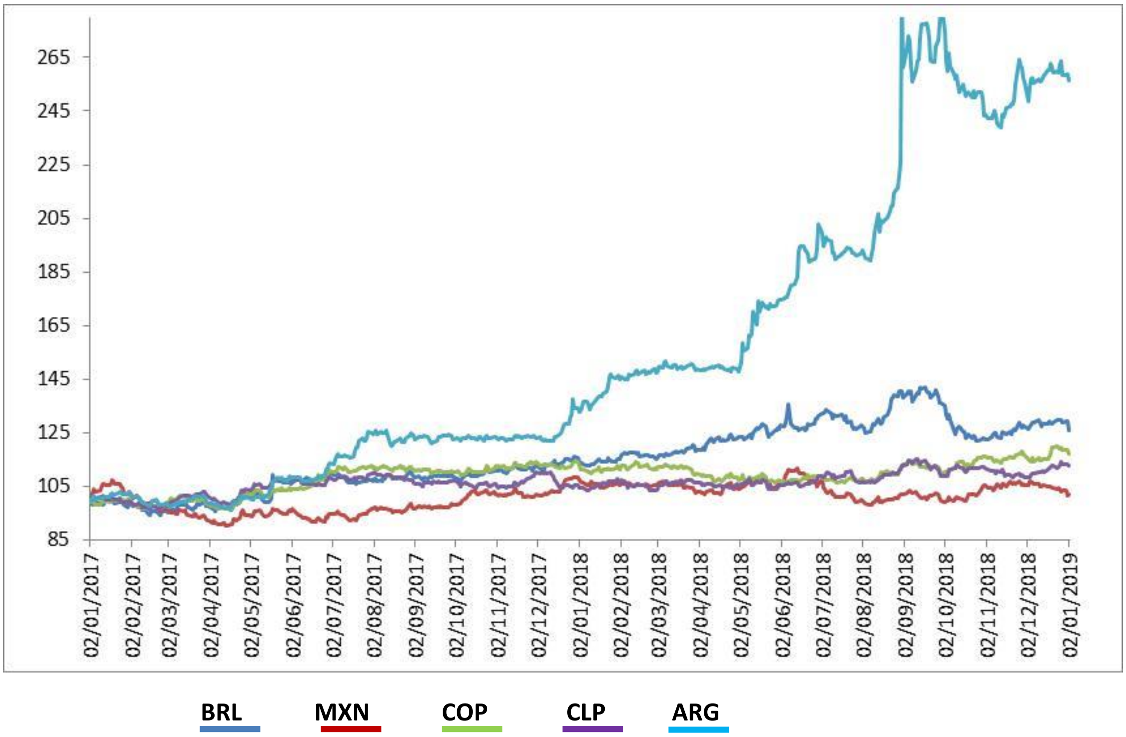
| OTHERS | JANUARY - DECEMBER 2018 | JANUARY - DECEMBER 2017 | JANUARY - DECEMBER % Chg. | OCTOBER - DECEMBER 2018 | OCTOBER - DECEMBER 2017 | OCTOBER - DECEMBER % Chg. |
|---|---|---|---|---|---|---|
| **EBITDA** | **(15,2)** | **(17,1)** | **11,1** | **(1,8)** | **(5,7)** | **68,3** |
| Extraordinary effects | 6,0 | 2,2 | 168,3 | (1,2) | 1,2 | --- |
| **Adjusted EBITDA** | **(9,3)** | **(14,9)** | **38,0** | **(3,0)** | **(4,5)** | **33,1** |
| Amortizations | 0,8 | 0,9 | (18,9) | 0,2 | 0,2 | (12,1) |
| Provisions | 1,4 | 0,3 | --- | 1,1 | 0,1 | --- |
| Impairment from fixed assets | 0,1 | 0,0 | --- | 0,0 | 0,0 | (19,4) |
| **Operating Result** | **(11,5)** | **(16,2)** | **29,0** | **(4,3)** | **(4,8)** | **9,7** |

# FX EVOLUTION

### FX Evolution vs Euro 2017/2018

Group's results in Latin America are highly impacted by e**xchange rates in the region** mainly in Brazil, Argentina and Mexico.

Negative FX impact on Group's revenue and EBITDA in 2018. **The negative impact has been of -81 million euros in revenue and -19.6 million euros in EBITDA**




| | BRL | MXN | COP | CLP | ARG |
|---|---|---|---|---|---|
| 1Q2017 | 3,35 | 21,63 | 3.111,93 | 698,44 | 16,69 |
| 2Q2017 | 3,55 | 20,42 | 3.221,61 | 731,47 | 17,33 |
| 3Q2017 | 3,71 | 20,93 | 3.493,58 | 754,35 | 20,31 |
| 4Q2017 | 3,83 | 22,36 | 3.517,41 | 745,69 | 20,67 |
| 1Q2018 | 3,99 | 23,01 | 3.509,07 | 740,26 | 24,20 |
| 2Q2018 | 4,30 | 23,13 | 3.386,10 | 740,94 | 27,91 |
| 3Q2018 | 4,59 | 22,04 | 3.442,46 | 771,05 | 37,15 |
| 4Q2018 | 4,35 | 22,63 | 3.615,20 | 776,16 | 42,36 |

Source: Bloomberg

**ARGENTINA SITUATION**

Since 9M2018, Argentina's economy has been considered hyperinflationary, being the main reason, among others that since July 1st 2018, the accumulated inflation of the last three years in that country exceeds 100%. As a result:

- Update all non-monetary assets and liabilities and income statement with inflation.
- Register accounts at EUR/ARG exchange rate of 31 December 2018 which was 43.17.

**Argentina hyperinflation impact in Group reported accounts has been negative on revenue -7 Million euros and on EBITDA -4 million euros.**

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