PRISA

2012 Results

February 28th, 2013

Disclaimer

In addition to figures prepared in accordance with IFRS, PRISA presents non-GAAP financial performance measures, e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net profit, free cash flow, gross debt and net debt, among others. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. For further information relevant to the interpretation of these terms, please refer to the “Reconciliation Section” of the 2012 earnings press release filed with the Securities and Exchange Commission and posted on prisa.com.

This document may contain “forward-looking statements” as defined in Section 27A of the Securities Act and Section 21E of the Exchange Act, including statements about the financial conditions, results of operations, earnings outlook and prospects of the Company. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements.

Forward-looking statements are based on management’s current expectations and are inherently subject to uncertainties and changes in circumstance and their potential effects and each speaks only as of the date of such statement. There can be no assurance that future developments will be those that have been anticipated.

These forward-looking statements are typically identified by words such as “plan,” “believe,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “continue,” “could,” “may,” “might,” “possible,” “potential,” “predict,” “should,” “would” and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in our filings with the Securities and Exchange Commission under “Risk Factors”.

2012 Highlights

1. **Divergence in business performance between Spain/Portugal and Latam**
2. **Difficult economic environment in Spain and Portugal**, with little visibility ahead
3. **Press and Radio businesses in Spain** are the main affected divisions
   a) *Advertising in both down by €65.6m (-19%)*
   b) *Circulation in press down by €21.9m (-12.7%)*
4. **Education continues to show growth** on the back of strong educational campaigns in Latam
5. **Pay TV** increases revenues and EBITDA (+8,1% & +11.3%) in an environment affected by lower consumption and VAT increase
   Important agreement for exploitation of Spanish football rights signed for the next three seasons
6. **LatAm** performance remains strong, with revenues +7.7% and EBITDA +12.8%
7. **Digital Area advertising** revenues up 15.1%. Unique browsers +9.4% on average
   (strong growth of digital advertising in Press, +17.9%)
8. **Strong cost control** across all business units and cost lines
9. **Net financial debt fell by €450m** on the back of reinforcement of its equity position
10. **Impairment of Canal+ Goodwill** of €294m affecting Net Income.

** All Group and business unit figures are Adjusted (exclude non-recurring items, detailed in the press release)*

2012 Results

In €m	2012	2011	% Ch.
Revenues	**2,652.3**	**2,714.2**	(2.3%)
Opex	**2,237.7**	**2,287.5**	(2,2%)
EBITDA	**476.8**	**493.2**	(3.3%)
EBITDA margin	*18.0%*	*18.2%*	
EBIT	**241.3**	**273.5**	(13.5%)
EBIT Margin	*9.1%*	*10.1%*	
Profit Before Taxes	**56.5**	**77.5**	(27.2%)
Net Profit	**(12.8)**	**1.6**	

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Revenue Diversification

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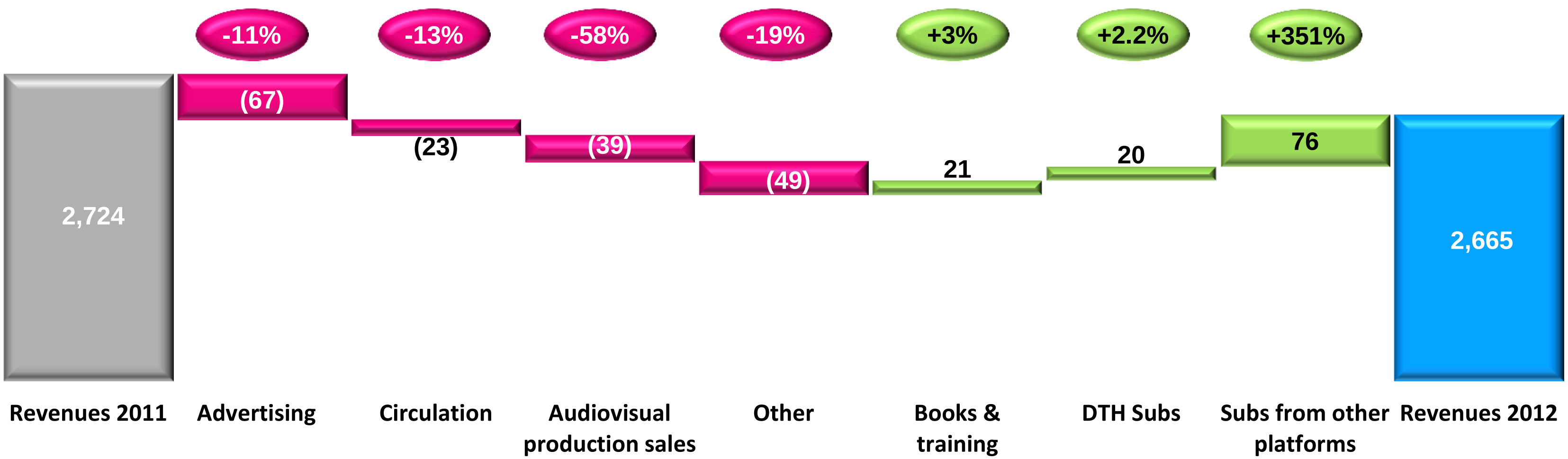
Different exposure to businesses



	Advertising	Circulation	Audiovisual production sales	Other	Books & training	DTH Subs	Subs from other platforms	
2012*	20,8%	5,5%	1,0%	8,0%	27,0%	34,0%	3,7%	38%
2011*	22,8%	6,2%	2,4%	9,6%	25,6%	32,6%	0,8%	33%

(*) As % of total revenues

- **Education and PayTV** (subscribers) **revenues account for 65% of revenues**
- **Subscribers** account for 38% of total revenues, most of which from DTH (compared with 33% in 2011) with a higher contribution from Subscribers from Other Platforms
- **Advertising** accounts for just 21% of total revenues, of which 25.4% is LatAm
- **Education** showing a strong contribution (27% of revenues), with a strong performance practically across the board in Latam and a weaker performance in Spain.

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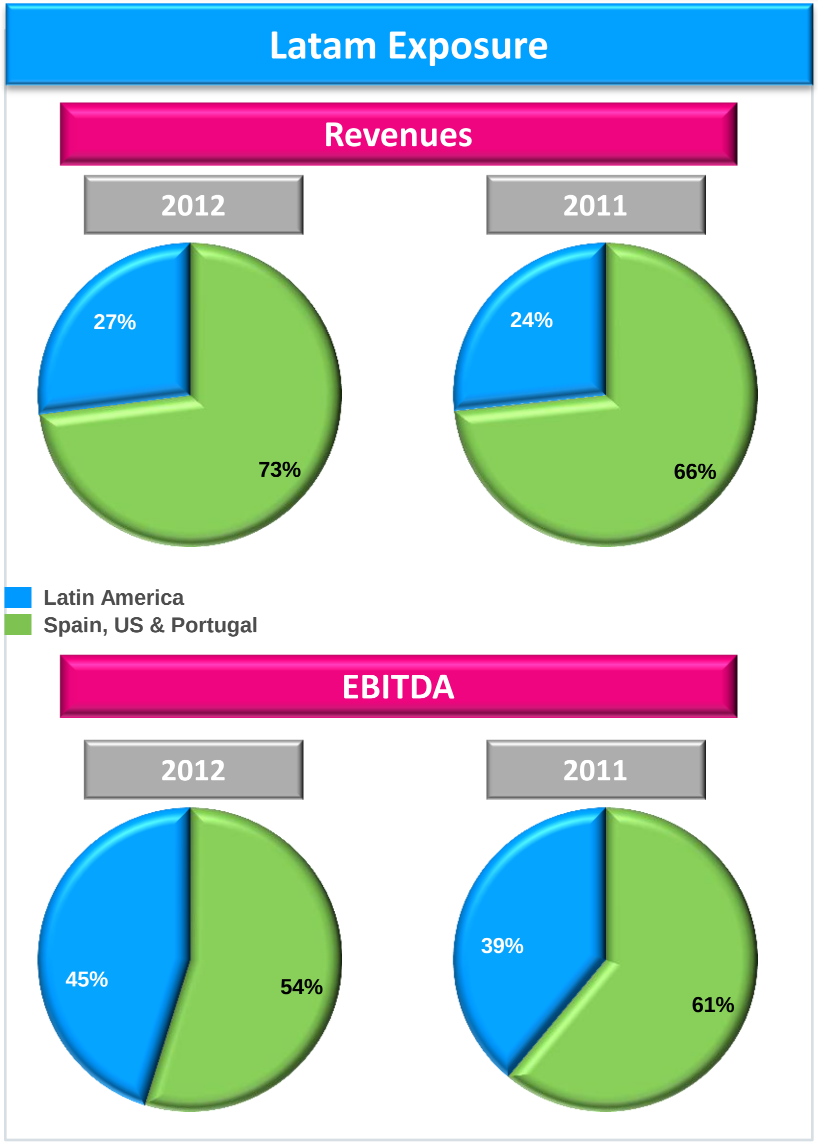
High Exposure to Strong Growing Latam



- **Latin America strong results**:
  - Revenues +7.7% (Education +5.2% and Advertising +15.2%)
  - EBITDA grows by 12.8%.
- **Latin America share of total revenues** up to 27% from 24% in 2011.
- **Latin America share of total EBITDA** up to 45% from 38.6% in 2011.

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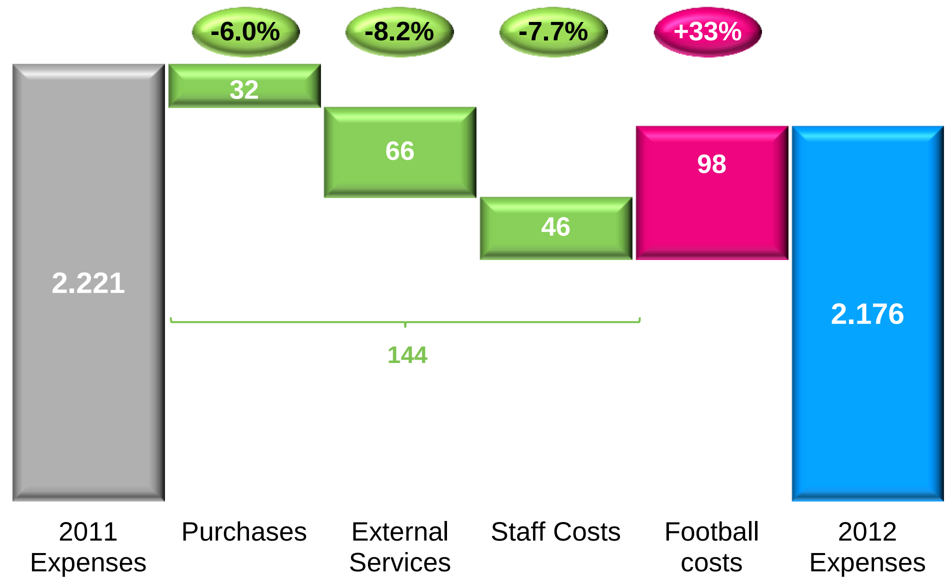
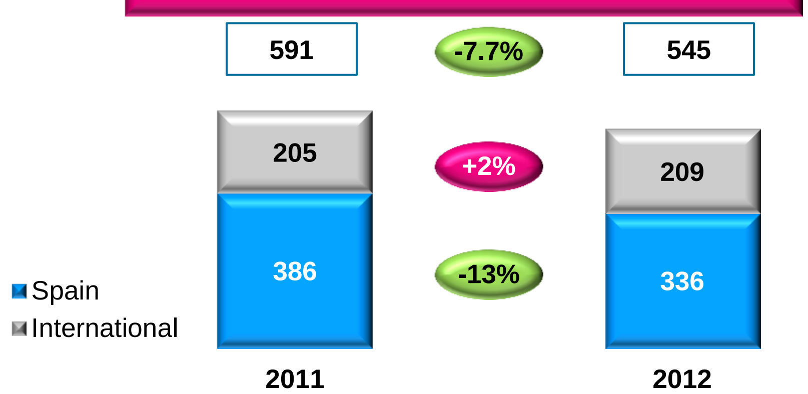
Strong Effort in Cost Control

Strong reduction in expenses



Staff Costs



- **Despite increase in football costs, the Group has undertaken a strong effort in cost reduction:**
  - **Purchases** down by €32m in 2012 (-6.0%), including a reduction in Spain & Portugal of €36m & an increase in Latam of €4.6m
  - **External services** down by €66m in 2012 (-8.2%), including a reduction in Spain & Portugal of €75m & an increase in Latam of €9m
  - **Staff costs** down by €46m in 2012 (-7.7%), including a reduction in Spain of €55m & an increase in international expenses of €9m
- Difficult economic environment in Iberia to lead the Group to **continue its cost reduction effort going forward.**

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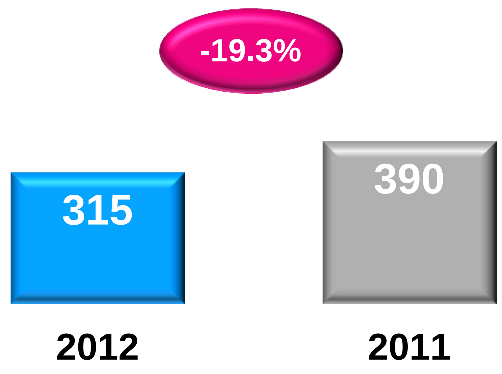
Press: Weak advertising market and circulation

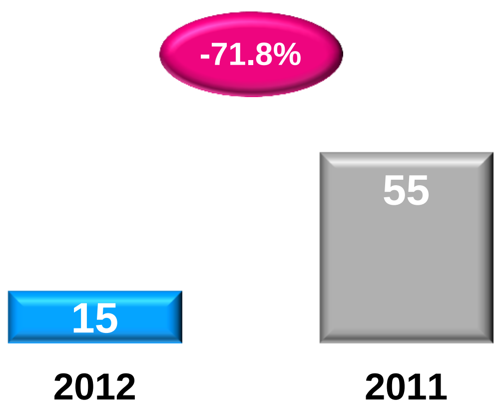
Revenues

(in €m)



EBITDA

(in €m)



- **Weak advertising**, with revenues down by 20.6% in 2011.
  - **Weakness in printed advertising but good performance of digital press advertising revenues:** +17.9%, representing 19.8% of the total in this division.
- **Circulation** fell by 12.7%:
  - El País (-11%), AS (-9.4%), Cinco Días (-0.6%)
  - We highlight the positive impact in 2011 of an individual promotion which has not taken place this year
- **Other Revenues** in press during 2011 were affected by a €15.4m fiscal deduction which in 2012 amounted to €0.46m. Excluding these, revenues would have fallen by -16.1%.
- **EBITDA fell by 71.8**%, but excluding the impact of the fiscal deduction, EBITDA would have fallen by -61.9%.
- Focus **on cost control to remain** given difficult environment.

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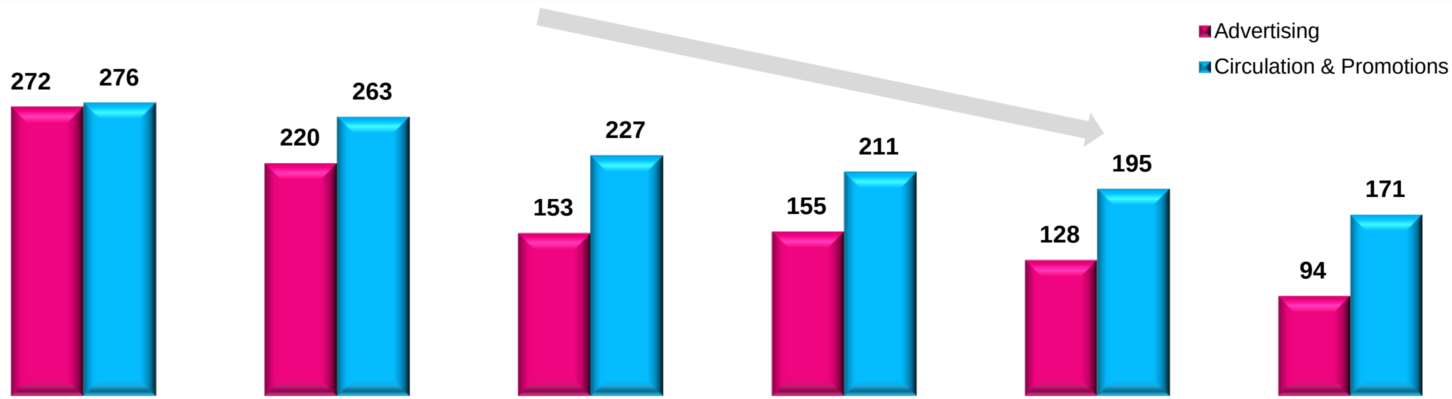
Press: A continuous fall since 2007

Press Advertising Revenues 2007-2012

(in €m)



	2007	2008	2009	2010	2011	2012
Total Revenues	**572**	**504**	**416**	**420**	**390**	**315**
Advertising growth	5,1%	(19,4%)	(30,1%)	1,1%	(17,4%)	(24,3%)
Circulation growth	(3,0%)	(4,8%)	(13,9%)	(6,8%)	(7,6%)	(12,4%)

(*): Advertising includes only Printed Press (excludes online)

- **The weakness in the Press sector goes back to 2007.** Since then, paper advertising revenues have fallen by 64% and circulation revues have fallen by 38%.
- In this environment Prisa is focusing on:
  - Developing its Digital Press platform. Digital advertising revenues in Press of €23.3m, imply an increase of 17.9% compared to 2011.
  - Reduction of costs

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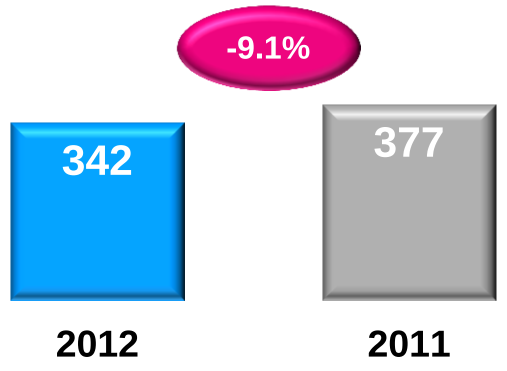
Radio: Divergent performance between Spain and Latam

Revenues

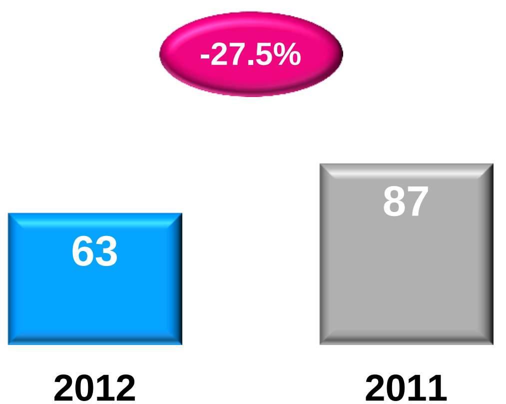
(in €m)



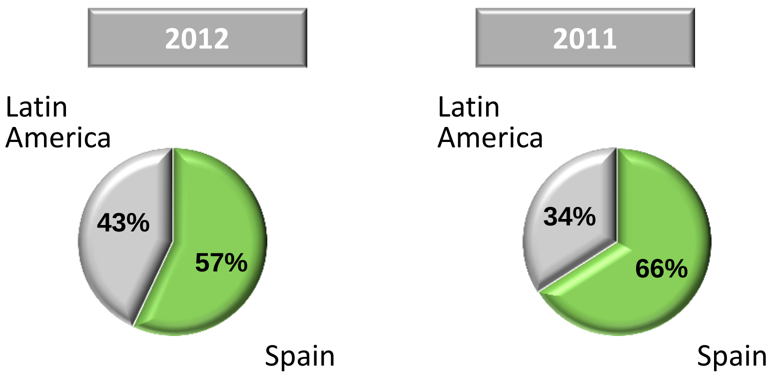
- **Spain advertising revenues** declined (-17.1%), affected by weak local advertising and further deterioration in national advertising
- **Latin America** advertising revenues up 15.2%. LatAm revenues account for already account for 43% of revenues (34% in 2011)
- **SER** maintains absolute leadership
- The **EBITDA contribution** of Latam is higher than that of Spain for the first time.

EBITDA

(in €m)



Increasing weight of LatAm in Revenues



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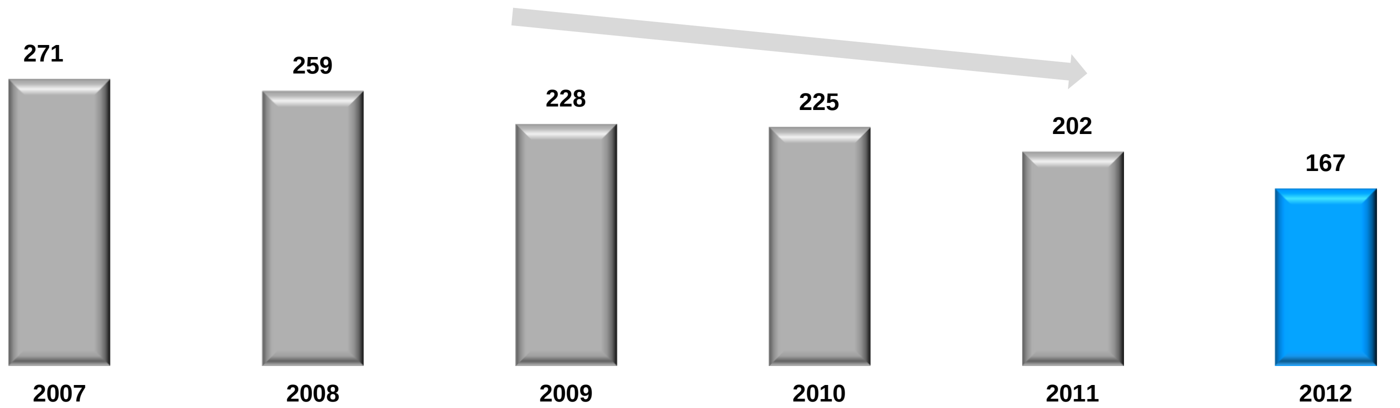
Radio: A continuous fall since 2008

Spanish Radio Advertising Revenues 2007-2012

(in €m)



	2007	2008	2009	2010	2011	2012
Total Revenues	**572**	**504**	**416**	**420**	**390**	**315**
Advertising growth	11.0%	(4.2%)	(11.9%)	(1.4%)	(10.2%)	(17.3%)

(*): Excludes GVM & Gema

- **Like in the case of Spanish Press, the weakness in the Spanish Radio sector goes back to 2007.** Since then, Spanish Radio advertising revenues have fallen by 38%
- In this environment Prisa is focusing on:
  - International expansion, given the good performance & growth potential of international Radio
  - Developing its Digital platform
  - Reduction of costs

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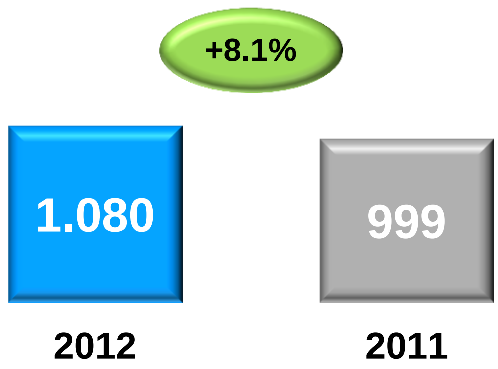
Pay TV: Strong Performance

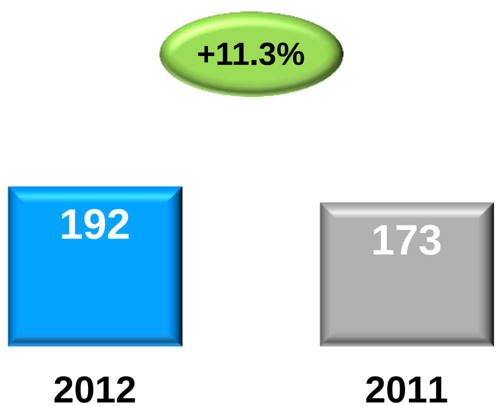
Revenues

(in €m)



EBITDA

(in €m)



- **Canal+ revenues show strong growth (+8.1%)** with strong growth in subscriber revenues, advertising and audiovisual rights sales, and lower services & fiscal deductions.
- **EBITDA increase by 11.3% in 2012**
  - Strong **cost control** despite increase in football content costs
- **Good evolution of KPI´s**
- **Football agreement signed** in August 2012 for the exploitation of the football rights in the following three seasons provides best football offer in Canal+’s history
- **Market share: 42%** *(**)*

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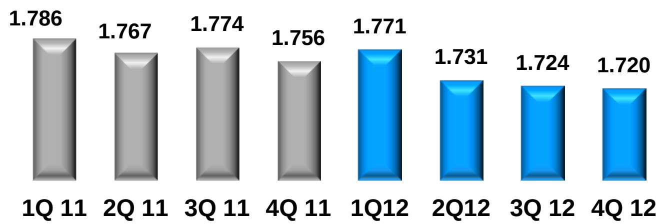
*** Internal Company estimates*

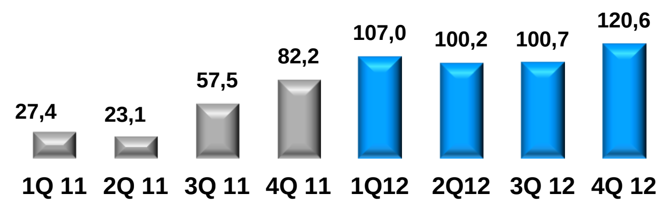
Pay TV: KPI's show very good progress

Subscriber Evolution (´000s)

DTH Subscribers

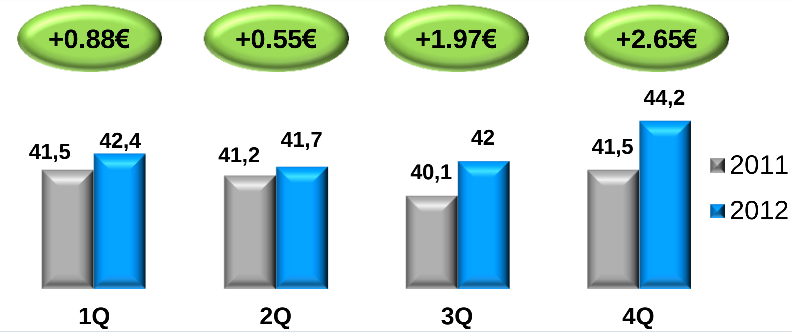


Subscribers (C+1) other platforms /OTT(*)

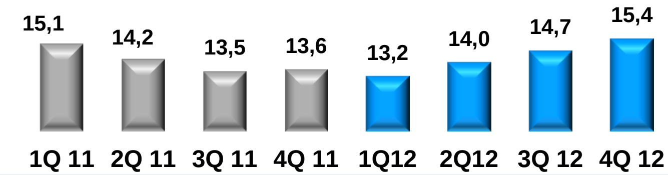


(*) Up to September 2011 In it also includes DTT subscribers

Higher Satellite ARPU (€)

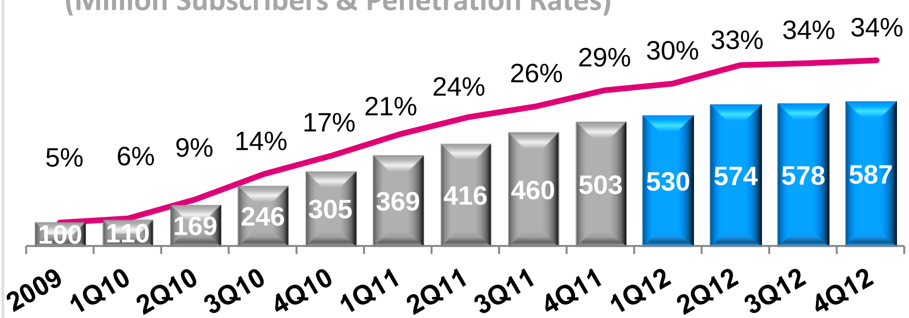


Churn (%)



iPlus penetration growing

(Million Subscribers & Penetration Rates)



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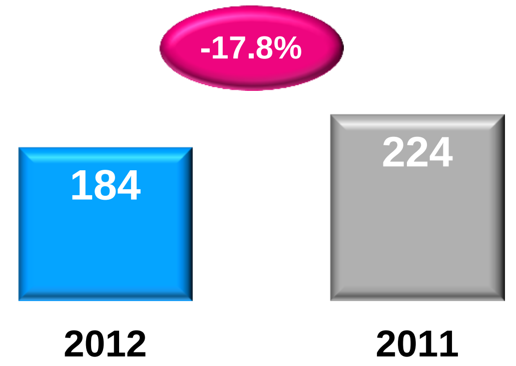
Media Capital: Good cost control effort

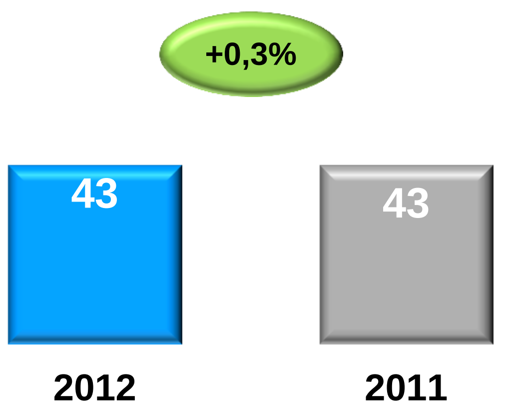
Revenues

(in €m)



EBITDA

(in €m)



- Weak top line performance of Media Capital as a reflection of the **weak economic conditions and advertising market in Portugal**.
- However, **TVI** maintains leadership in Portugal:
  - **24hrs**: 27.0% in 4Q 2012, 26.4% in 3Q, 27.1% in 2Q and 26.3% in 1Q 2012
  - **Prime Time**: 29.5% in 4Q 2012, 30.7% in 3Q, 31.0% in 2Q and 29.2% in 1Q
- Additional negative impact from **deconsoldation of Socater, Productora Canaria de Programas and Chip y Factoría** (now equity consolidated vs global consolidation in 2011). Excluding this impact:
  - Revenues -13.4%
  - EBITDA -11.4%
- **Focus remains on cost control**: Costs down by 23.1% (or 18.7% excluding the impact of deconsolidation of Socater, PCP and Chip y Factoría)

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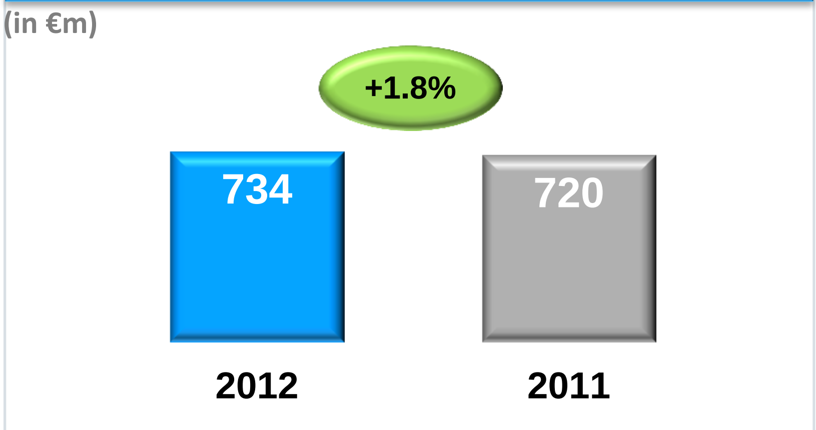
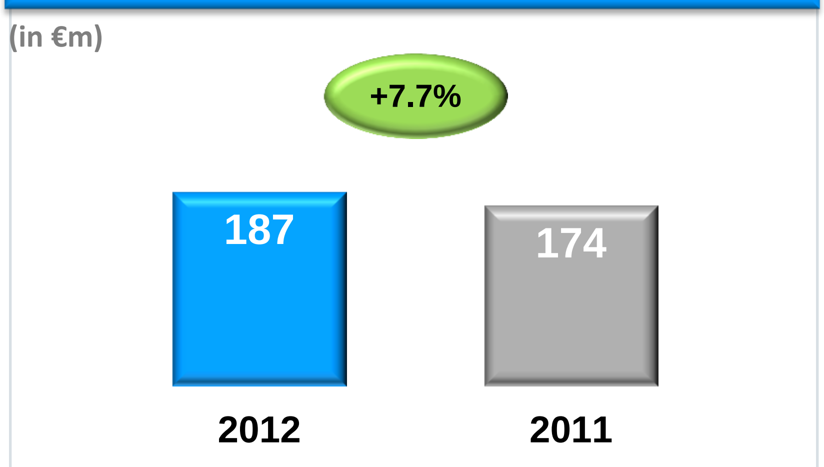
Education: Strong performance across most countries

Revenues



EBITDA



- **Positive top line performance (+1.8%) with strong education campaigns practically across the board:**
  - **Mexico** +17.6% revenues (with strong contribution from Education systems +123%)
  - **USA** +41%
  - **Argentina** +20.6%
  - **Ecuador** +23.3%
  - **Peru** +129.4%
  - **Brazil** weaker given natural cyclicity (-11% at constant currency with EBITDA down by 9.7%)
  - **Venezuela** weaker, (0.9% compared to the -6.6% of 9M 2012)
  - **Spain** Revenues fall by 8.9%,
    - Education (-3.3%)
    - General Publishing (-22.3%)
- **EBITDA up 7.7%, with EBITDA margin growth, from 24.1% in 2011 to 25.5% in 2012**

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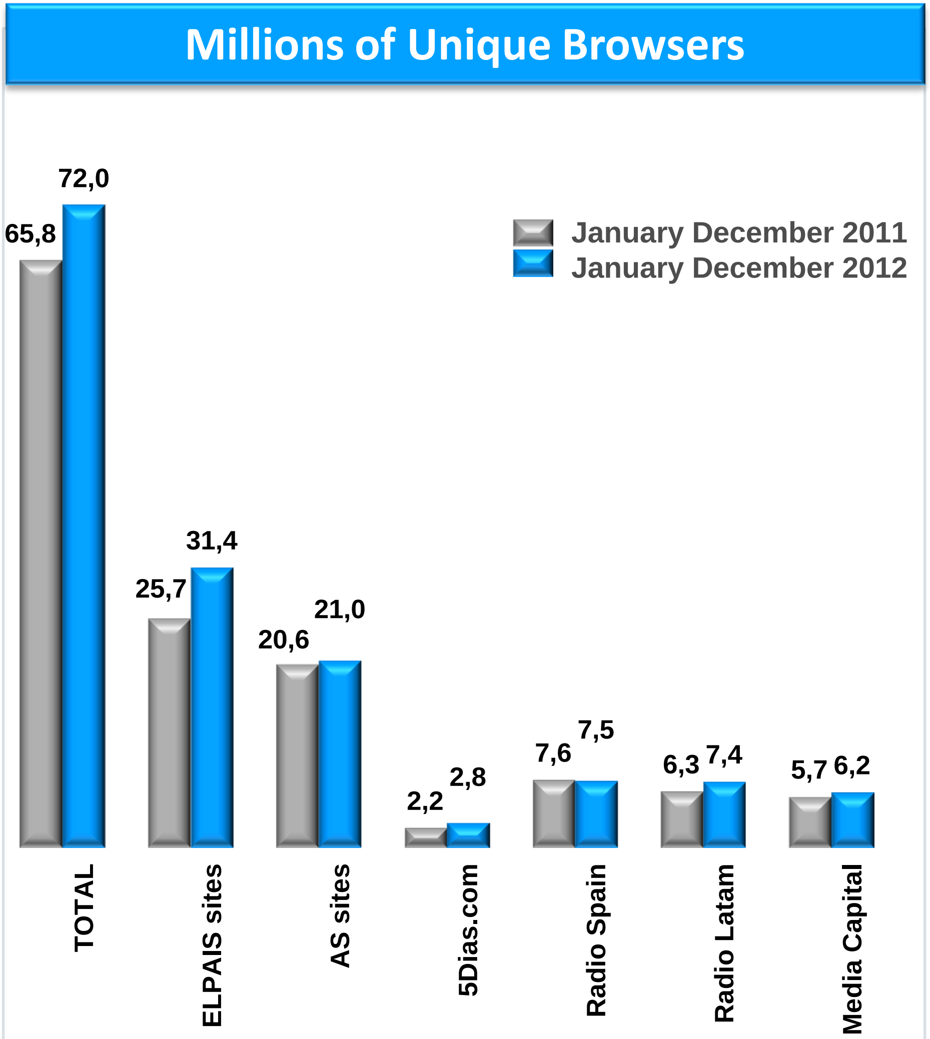
Digital: Strong Growth Continues Across Platforms



Source: Omniture, Netscope, and Certifica.com

- **Revenues up 18.7%** mainly on better online advertising revenues (+15.1%) and better digital products, which compensate the fall in services and the lower subsides and fiscal deductions
- **Average number** of unique browsers grew by 9.4% and reached 72m, thanks to strong performance of Prisa-TV, elpais.com, cincodias.com and international Radio.
- Digital development remains **strategic priority for the company** and one of its growth drivers

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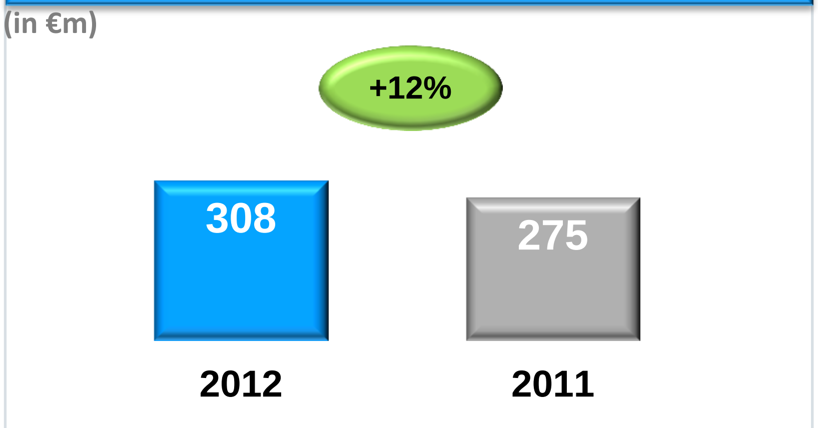
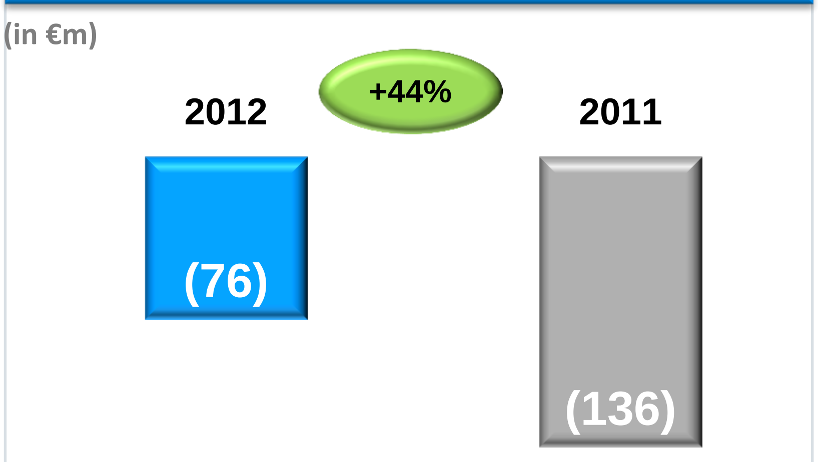
Cash Flow generation

EBITDA - capex



Working Capital



- **EBITDA-Capex has improved by 33 million Euros or +12%** on the back of strong cost control efforts undertaken by the company
- **Working Capital investment has improved by 44% and is mainly due to:** Santillana and Canal+, compensated with the positive impact of the ONO agreement
- Other relevant elements in the Cash Flow generation of the Company are:

1. **The €150m from warrants exercise are not fully included in the CF statement as** €100m have been directly employed to reduce debt (only €50m are included as cash inflow).
2. **The €434m of two convertible bond issues are not all included in the CF statement** as €334m have been directly employed to reduce debt (€100m included as cash inflow).
3. **"Other"** includes, among others, several fiscal payments, refinancing costs & Dédalo.

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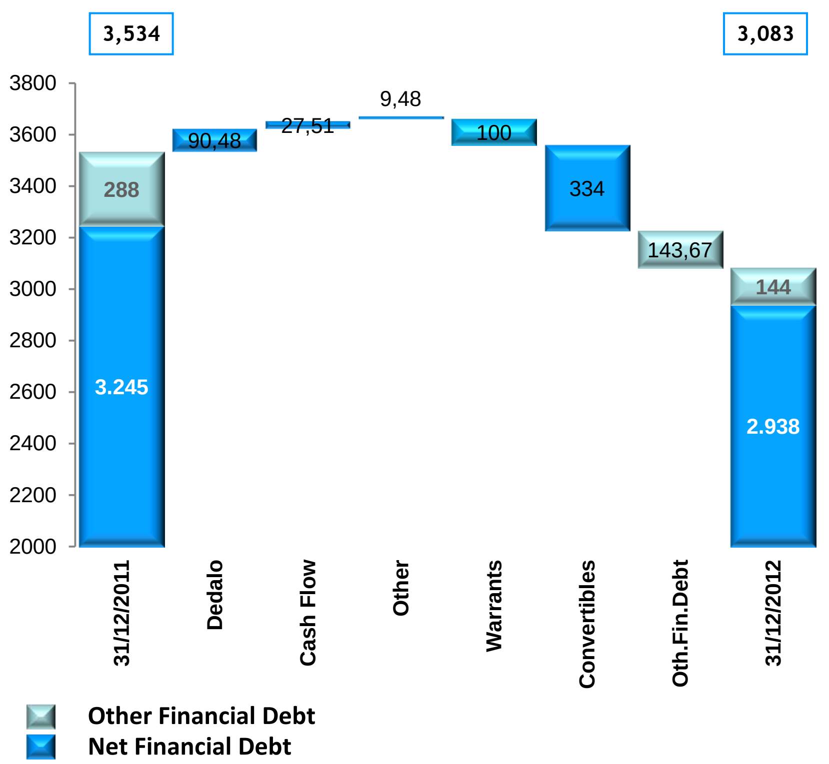
Total Net Debt position

Total Net Debt (€m)



- **Total Net debt falls from €3,533.58m to €3,083.37m on the back of:**
  - **Consolidation of Dédalo's debt** increases debt by €90.48m
  - **Negative Free Cash Flow generation,** increases debt by €27.45m
  - **"Other"** FX impact, debt formalization & refinancing costs… etc, which increase debt by €9.54m
  - **75m warrants exercise**, of which €100m are directed to debt reduction (€50m included as cash inflow)
  - **€434m convertible bond issue**, of which €334m are directed to debt reduction (€100m included as cash inflow)
  - **"Other financial debt"**, which reduces debt by €143.67m and includes**:**
    - €108.77m: NPV of obligation to pay dividends to DLJ
    - €35.38m: NPV of coupons payable to holders of convertible bonds (issued in July 2012)

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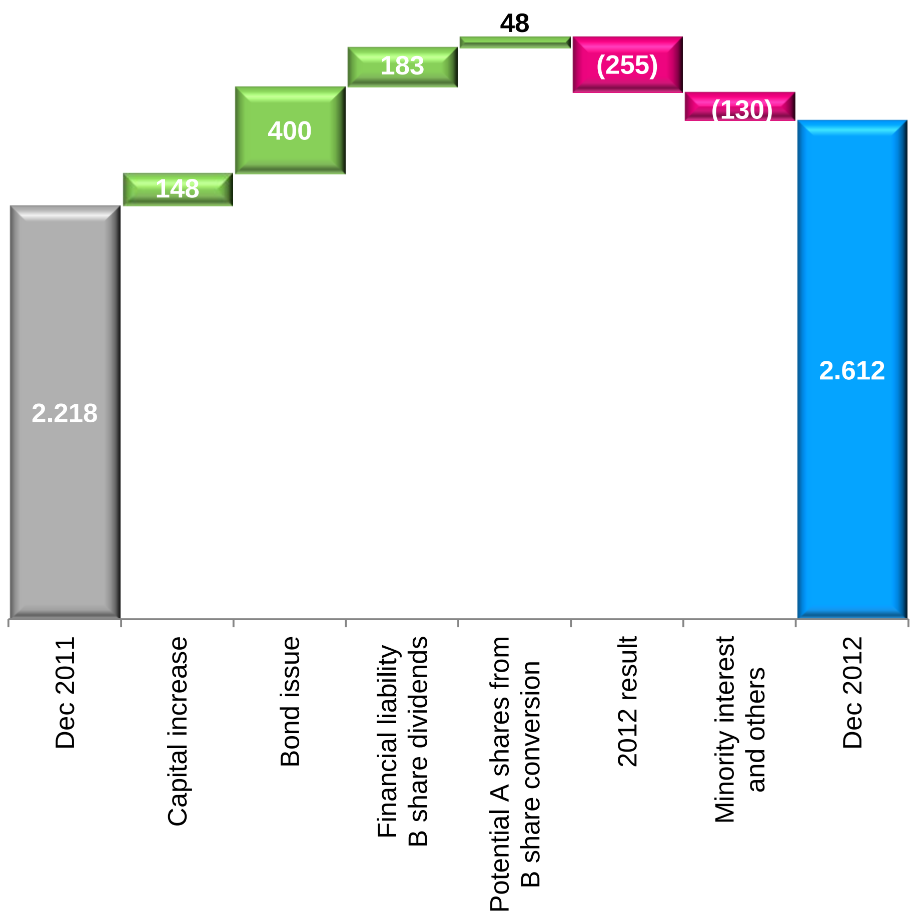
Equity improvement

Group Equity Evolution



- **Capital increase:** includes
  - Cash inflow from 75m warrants exercise (at €2), net of expenses, which took place in January 2012;
  - additional warrants exercised & B share conversions throughout 2012
- **Mandatory Convertible Bond:** €434m cash inflow from 2 mandatory convertible bonds issued in July 2012 (AGM), net of their coupon valuation of €34m.
- **Class B share dividends liability reclassification into reserves,** 2012 AGM approval allows Prisa to pay the dividend in shares, cash or a combination of both.
- **Potential additional A shares:** Value adjustment of financial liability from potential obligation to deliver additional shares as part of the mandatory conversion of the Class B shares.

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Conclusions

1. **2012 turned out more negative than expected in Spain and Portugal, hence affecting advertising strongly. Strict cost control to continue across all business lines given macro uncertainties for 2013.**

2. **Latin America performance continued clearly positive, accounting already for 45% of total Group EBITDA. Focus on preparing Santillana and Radio Latam for growth acceleration.**

3. **Pay TV client performance key focus for 2013**

4. **Ongoing efforts on treasury management and cash flow generation.**

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