9M 2012 Results

October 29th, 2012

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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 9M 2011 earnings press release filed with the Securities and Exchange Commission and posted on prisa.com.

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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”.

9M 2012 Highlights

1. **Divergence increases 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 €40.5m (-16%)
   b) Circulation in press down by €16.3m (-12.3%)
   c) Strict cost control leads to lower EBITDA fall (-€19m)
4. **Education continues showing growth** on the back of strong educational campaigns in most countries
5. **PayTV** increases revenues and EBITDA (+4.2% & +14.3%).

   Important agreement for exploitation of Spanish football rights signed for the next three seasons which changes the business model going forward
6. **LatAm** performance remains strong, with revenues +12% and EBITDA +13.4%
7. **Digital Area advertising** revenues up 14.1%. Unique browsers up 9.6% on average (strong growth of digital advertising in Press, +25.2%)
8. **Net financial debt has fallen by 274 million Euros**

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

9M 2012 Results

In €m

	9M 2011	9M 2012	% Ch.
Revenues	**2,026.2**	**1,985.8**	(2.0%)
Opex	**1,603.2**	**1,577.0**	(1.6%)
EBITDA	**423.0**	**408.8**	(3.4%)
EBITDA margin	*20.9%*	*20.6%*	
EBIT	**254.0**	**220.1**	(13.3%)
EBIT Margin	*12.5%*	*11.1%*	
Net Profit	**48.2**	**5.8**	

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

Diversification helps compensate for weak domestic environment

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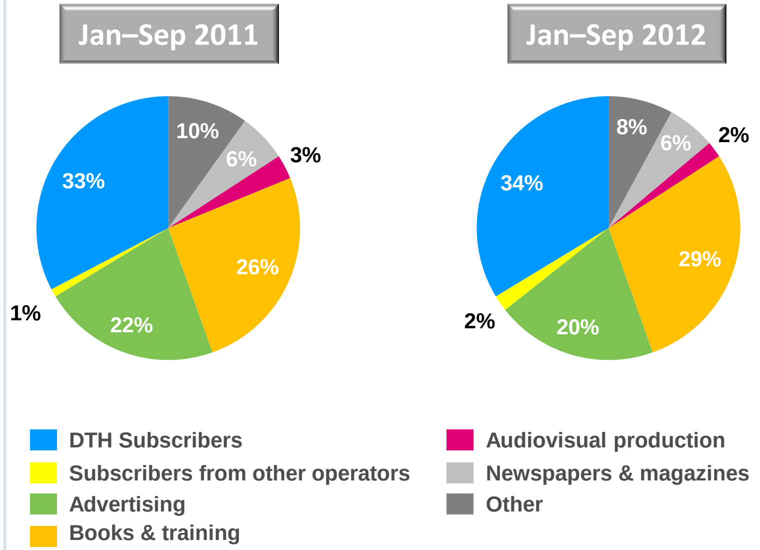
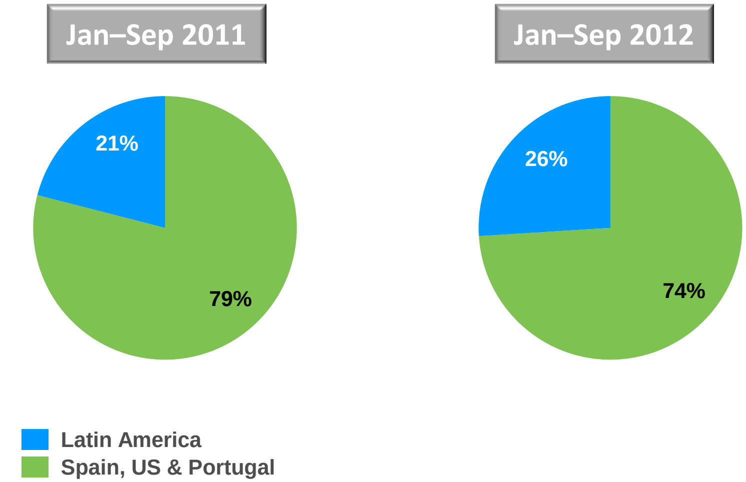
Different exposure to businesses



- **Subscribers** account for 36% of total revenues, most of which from DTH.
- **Advertising** accounts for just 20% of total revenues, of which 25% is LatAm.
- **Education** showing a strong contribution (29%), with a strong performance across the board

High exposure to strong growing LatAm



Revenues: €2,026m | **Revenues: €1,986m**

- **Latin America strong results**: Revenues +12.0% (Education +10.3%, Advertising +16%), EBITDA grows by 13%.
- **Latin America share of total revenues to 26%** from 21% in 9M 2011.
- **Latin America share of total EBITDA** up to 34.8% from 30% in 9M 2011.

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

New Football agreement in Canal+ for next 3 seasons

Canal+ Acquires

1. **Pay TV rights in exclusivity** for the first and second division Spanish Liga and Copa del Rey
2. **Distribution to other pay TV operators**: TEF, ONO, Orange…
3. **Exclusive rights on pay TV through any technology available**: DTH, internet … etc.
4. **Exclusive rights for commercial establishments**: bars, hotels

Mediapro Acquires

1. **Audiovisual rights to distribute GolTV in pay DTT. Gol-T will broadcast the same 8 matches as Canal+ Liga.**
2. **Commercialization of international rights**
3. **Commercialization of the FTA match and summaries**

All of the above in the context of FTA TV matches of lower quality due to economic reasons

The new and Improved Offer

CANAL+ 1

- **Exclusive broadcast of the best match of each match day of the first division** Liga
- **28 match days to include a match of either Real Madrid or Barcelona** (vs 22 before)
- **Canal+1 to broadcast the best match of the Copa del Rey** (per match day)

CANAL+ Liga

- **8 matches of the Liga championship per match day**
- **Always a Real Madrid or Barcelona. Number of these matches increased from 37 to 46**
- **All the rest of the matches of the Copa del Rey**
- **Additionally, Canal+ Liga will now be distributed through the rest of payTV operators, taking the place that GolTV had before**

CANAL+ Yomvi

- **Exclusive distribution through the internet of the Liga championship matches**, except for FTA match and summary

New Football agreement impacts & Market

Impacts of the new Agreement

1. **A Superior football offer: Canal+ has the best football offer of its history**
2. **Increase in the cost of football rights for Canal+ compared to previous season mainly on the back of:**
   - Inflation of costs from agreement with football clubs
   - Commercialization through third parties
   - Elimination of Madrid/ Barcelona games on FTA
   - Increase in the number of rights
3. **On top of growth among the subscriber base over time, the agreement includes elements to compensate the cost increase** by additional revenues coming from:
   - Distribution to third parties
   - Increase in prices
   - Advertising and internet
   - Exclusive revenues from public spaces
4. **Allocation of revenues and expenses to take place in 12 months** on the back of new agreement.

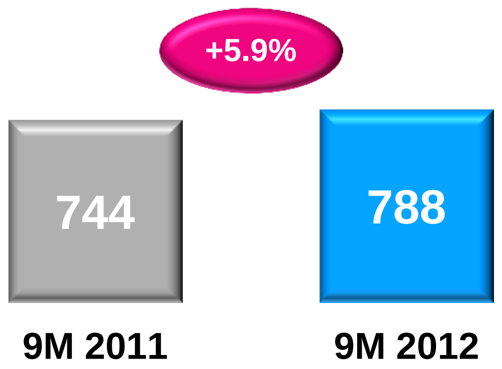
The market

1. **Acceleration of the fall in consumption. Weak macro situation**
2. **Increase of VAT tax from 8 to 21%**
3. **Increase of prices given the improved football offer**
4. **Commercial action: Champions for free**

Pay TV: Strong Performance

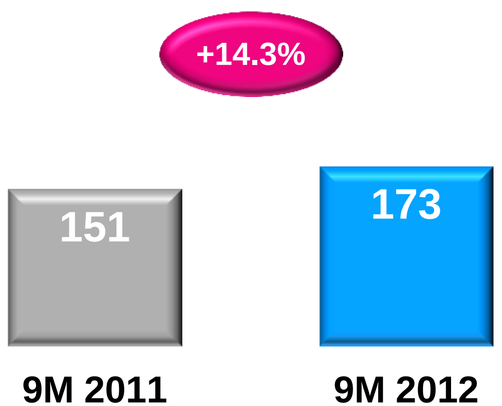
Revenues

(in €m)



EBITDA

(in €m)



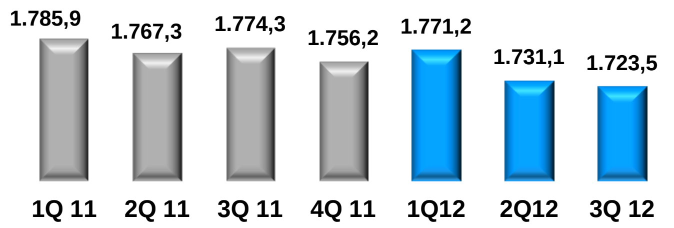
- **Canal+ revenues show strong growth (+5.9%)** with growth in subscriber revenues, advertising and audiovisual rights sales, and lower services & fiscal deductions.
- **EBITDA increase by 14.3% in the 9M 2012**
  - Strong **cost control** despite increase in football content costs
- **Good evolution of KPI´s**
- **New Football agreement signed** in August 2012 for the exploitation of the football rights in the following three seasons

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

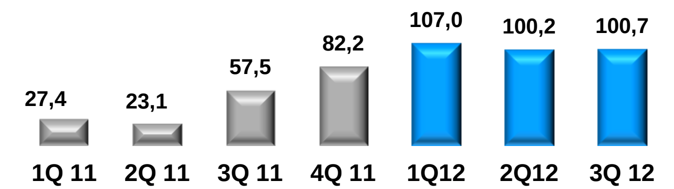
Pay TV: KPI’s show very good progress

Subscriber Evolution (´000s)

DTH Subscribers

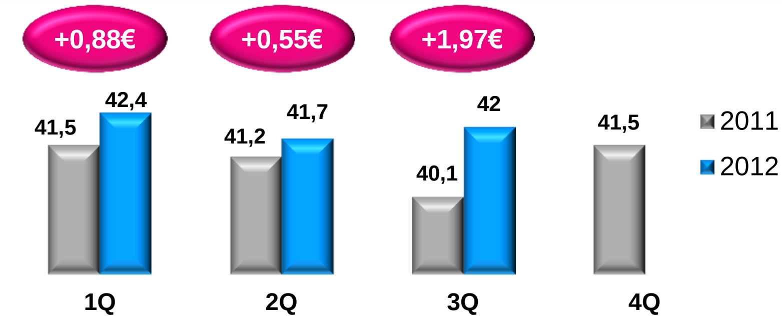


Subscribers (Canal+1) other platforms /OTT(*)

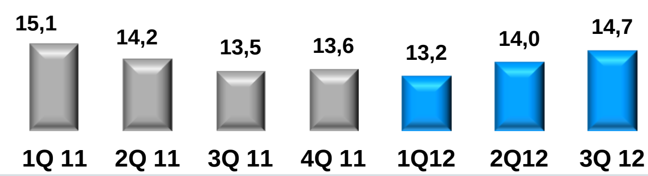


(*) Up to September 2011 In it also includes DTT subscribers.

Higher Satellite ARPU (€)

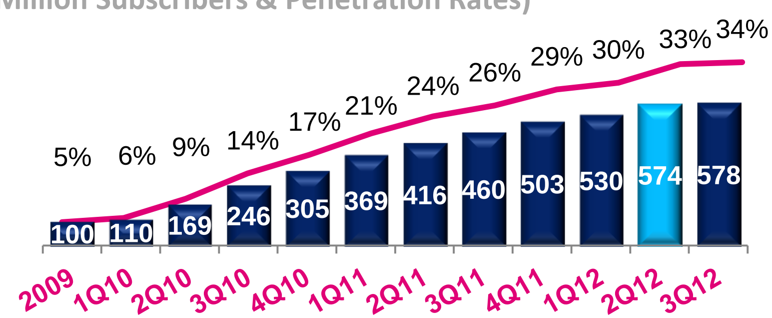


Churn (%)



iPlus penetration growing

(Million Subscribers & Penetration Rates)



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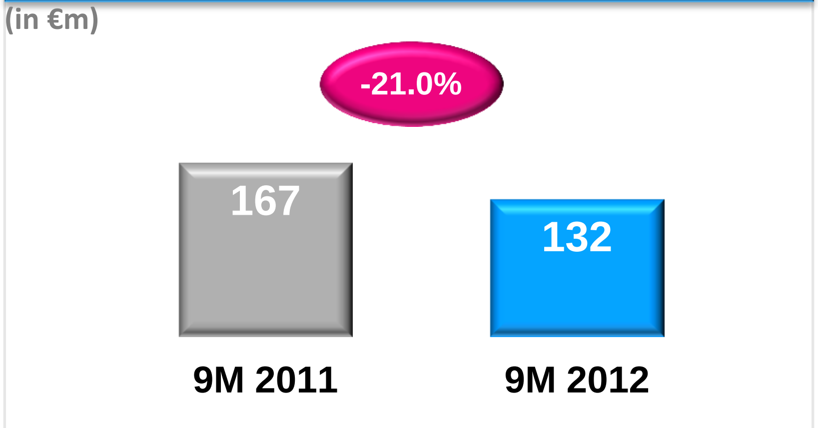
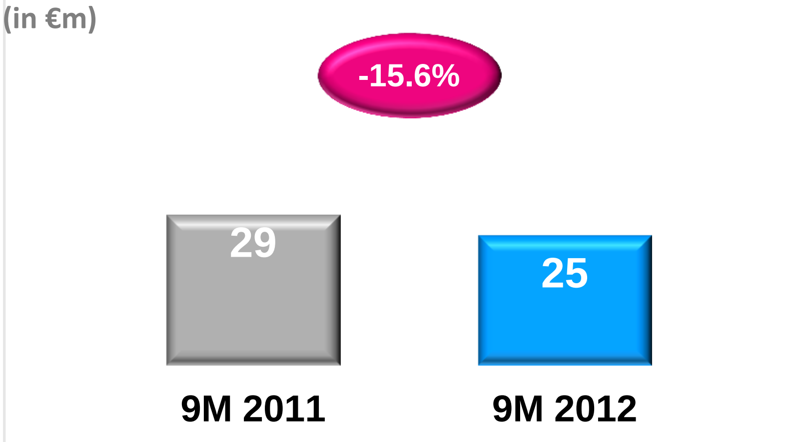
Media Capital: Still suffering from weak Portuguese market

Revenues



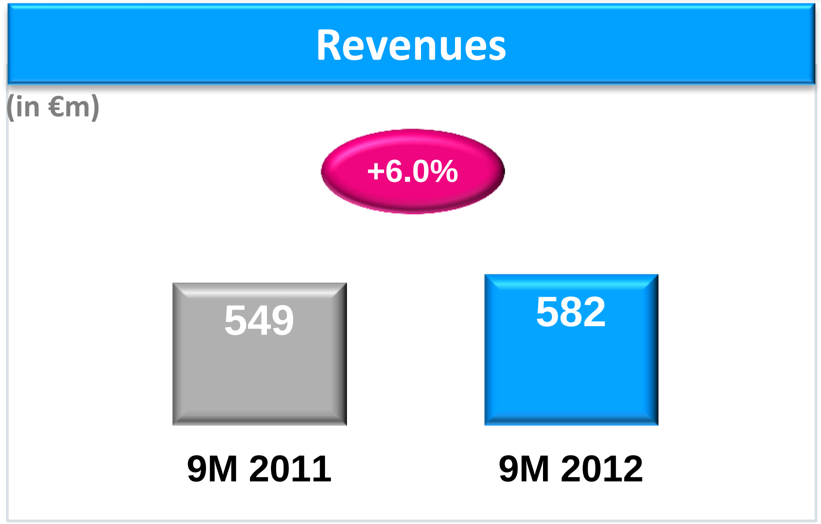
EBITDA

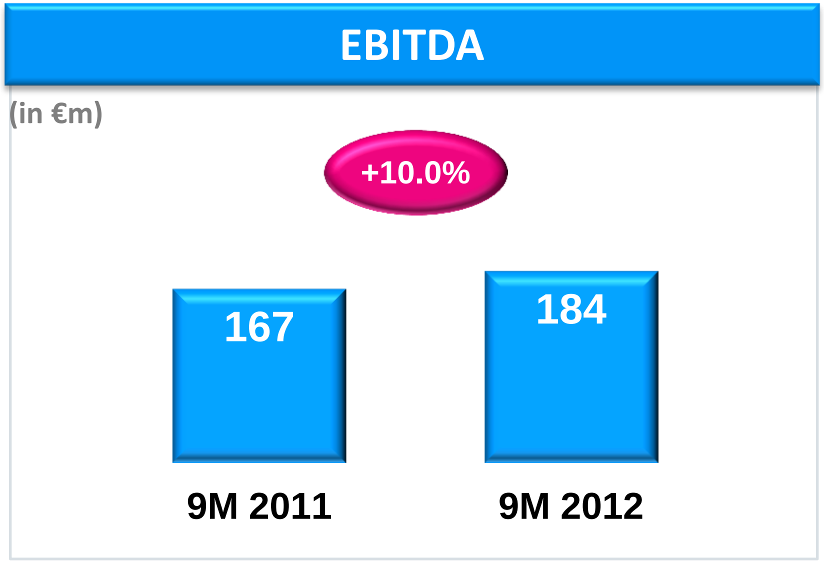


- Weak top line performance of Media Capital as a reflection of the **weak economic conditions and advertising market in Portugal**.
- However, **TVI** maintains leadership in Portugal:
  - **24hrs**: 26.4% in 3Q 2012 vs 27.1% in 2Q and 26.3% in 1Q 2012
  - **Prime Time**: 30.7% in 3Q 2012 vs 31.0% in 2Q and 29.2% in 1Q 2012
- 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 -15.7%
  - EBITDA -10.9%
- **Focus remains on cost control**: Costs down by 22.4% (or 16.7% excluding the impact of deconsolidation of Socater, PCP and Chip y Factoría)

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

Education: Strong performance across most countries



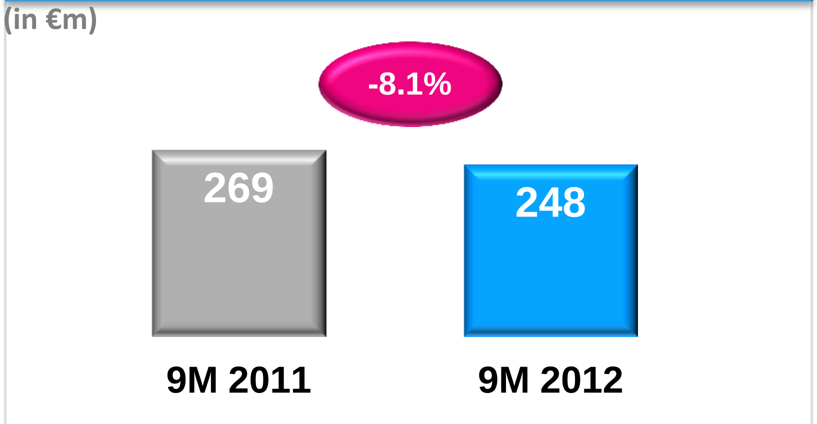


- **Strong top line performance (+6.0%) with strong education campaigns practically across the board:**
  - **Mexico** +11.2% revenues (with strong contribution from Education systems +18.3%)
  - **USA** +52%
  - **Argentina** +18.5%
  - **Ecuador** +19.9%
  - **Peru** +114.9%
  - **Brazil** weaker given natural cyclicity (-4.3% at constant currency with EBITDA up by 1%)
  - **Venezuela** weaker, (-6.6% compared to the -23.6% of 1H 2012)
  - **Spain** Revenues fall by 3.6%,
    - Education (-0.5%)
    - General Publishing (-20.1%)
- **EBITDA up 10%, with EBITDA margin growth, from 30.4% in the 9M 2011 to 31.6% in 9M 2012**

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

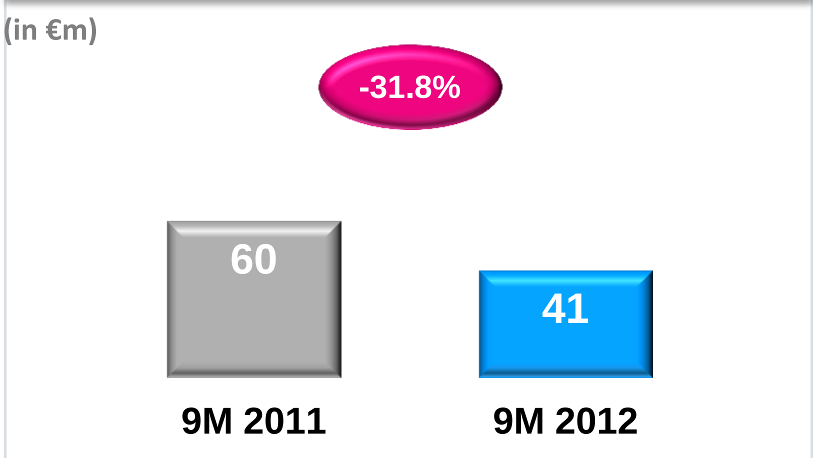
Radio: Continued outperformance in Latin America

Revenues

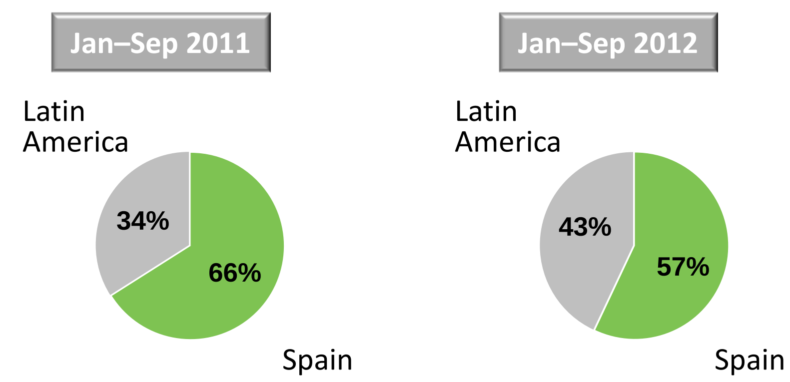


- **Spain advertising revenues** declined (-22.1%), affected by weak local advertising and further deterioration in national advertising
- **Latin America** advertising revenues up 15.6%. LatAm revenues account for already account for 43% of revenues (34% in 9M 2011)
- **SER** maintains absolute leadership

EBITDA



Increasing weight of LatAm



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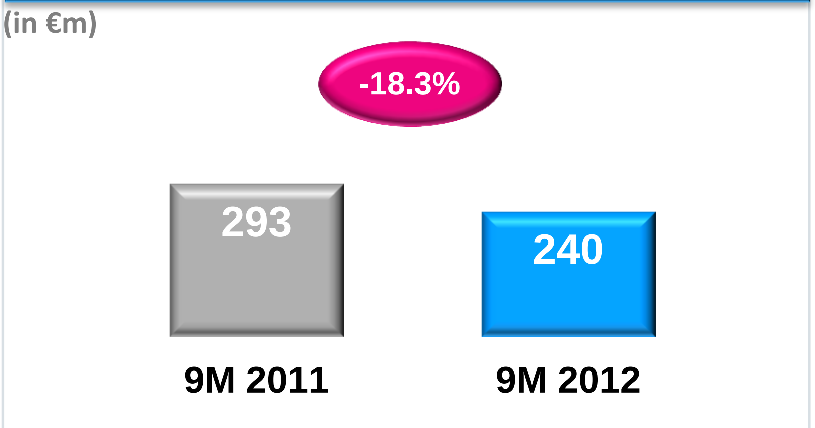
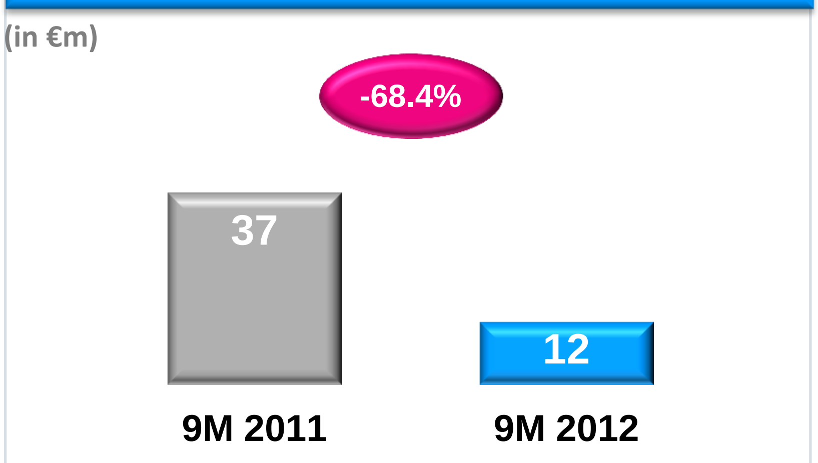
Press: Weak advertising market and circulation

Revenues



EBITDA



- **Weak advertising**, with revenues down by 16.3% in the 9M 2011.
  - **Weakness in printed advertising but good performance of digital press advertising revenues:** +25.2%, representing 19.5% of the total in this division.
- **Circulation** fell by 12.3%:
  - El País (-10.1%), AS (-8.8%), Cinco Días (-1.7%)
  - We highlight the positive impact in 9M 2011 of an individual promotion which has not taken place this year
- **Other Revenues** in press during 2011 were affected by a €15.63m fiscal deduction which in 2012 amounted to €0.65m. Excluding these, revenues would have fallen by -14.1%.
- **EBITDA fell by** 68.4%, but excluding the impact of the fiscal deduction, EBITDA would have fallen by -49,3%.
- Focus **on cost control remains** given difficult environment.

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

Digital: Strong Growth Continues Across Platforms

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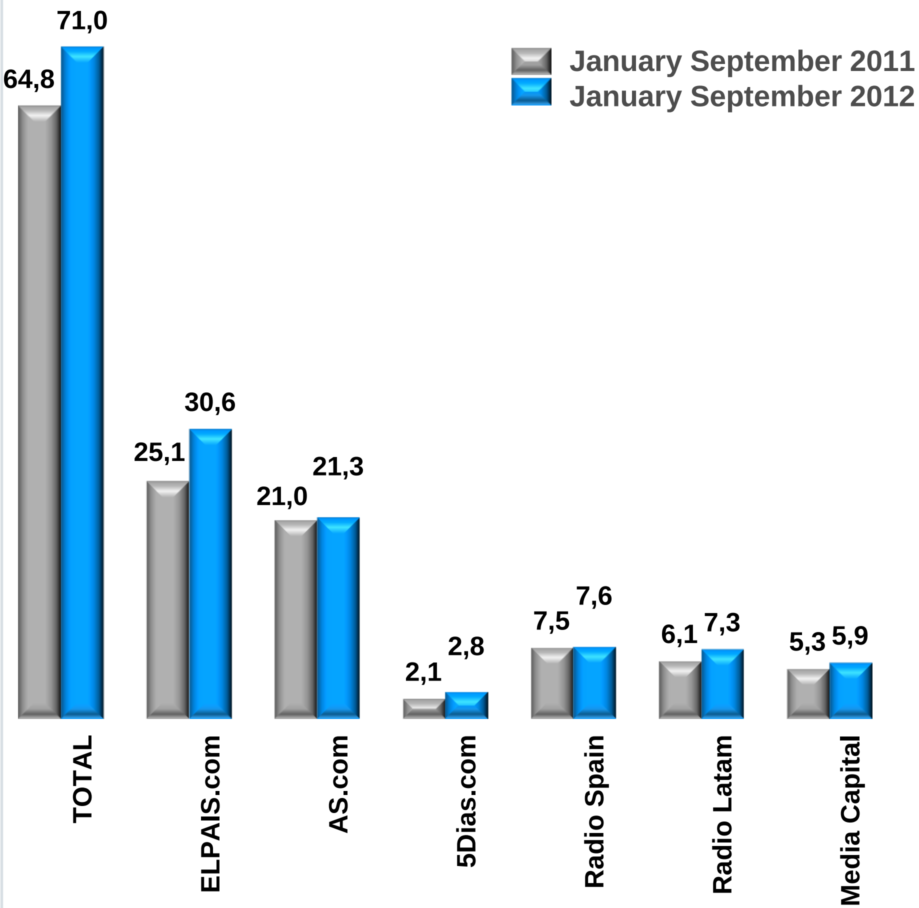
Millions of Unique Browsers



Source: Omniture, Netscope, and Certifica.com

- **Revenues up 9.0%** mainly on better online advertising revenues (+14.1%) and better digital produtcs, which compensate the fall in services and the lower subsides and fiscal deductions
- **Average number** of unique browsers grew by 9.6% and reached 71m, 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

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

Cash Flow generation

Cash Flow

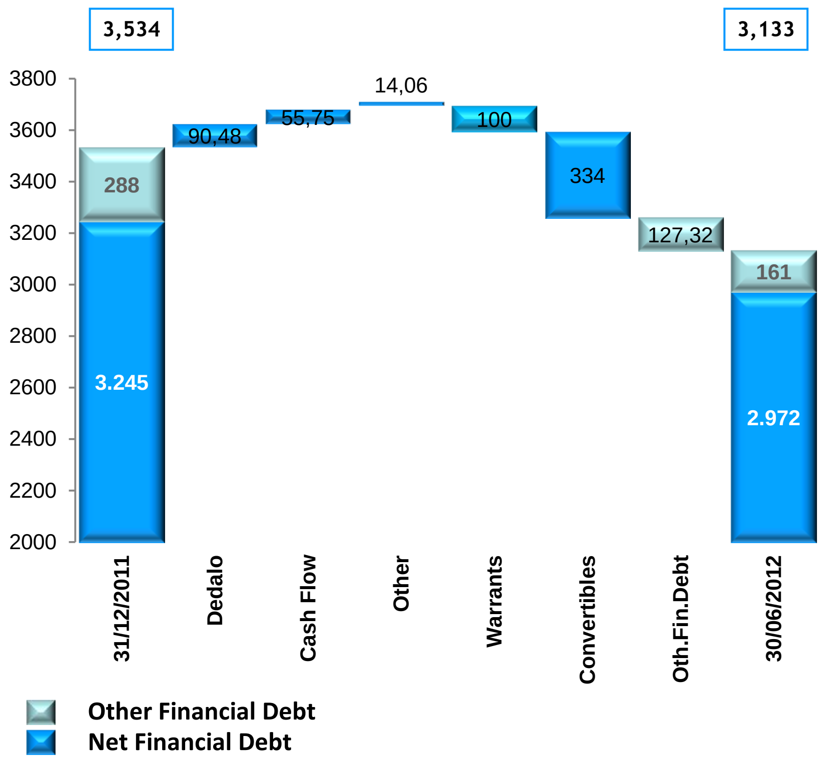
Million Euros	30/09/2012	30/09/2011
EBITDA	**403,29**	**379,69**
Provisions	(51,77)	(39,08)
Change in working capital	(223,76)	(235,51)
Cash flow from operating activitiers	**127,76**	**105,11**
Capex	(104,48)	(166,21)
Financial investments	0,62	(15,27)
Disinvestments	0,43	4,84
Cash flow from investing activities	**(103,44)**	**(176,64)**
Interests paid	(80,58)	(91,47)
Dividends paid	(35,66)	(45,73)
Dividends recieved	10,66	25,63
Financing of associates (Dédalo debt Repayment)	(15,02)	(37,77)
Warrants exercise	50,02	1,77
Convertible Bond issue	100,00	0,00
Other	(10,51)	(17,88)
Cash flow from financing activities	**18,92**	**(165,45)**
Taxes paid	(37,13)	(37,39)
Other	(61,86)	(28,47)
Cash flow	**(55,75)**	**(302,84)**
Sale of 10% of Media Capital	0,00	23,74
Cash flow from special operations	**0,00**	**23,74**
Cash flow after special operations	**(55,75)**	**(279,10)**

- **Cash Flow in 9M 2012 includes:**
    1. €104.48m of Capex
    2. €223.76m of Working Capital investment
    3. €50.0m from the Warrants execution
    4. €100m from the convertible bond issue
    5. €15.02m of Financing to Associates
- **Working Capital investment is mainly due to:** Santillana and Canal+, compensated with the positive impact of the ONO agreement
- **The €150 million from warrants exercise are not fully included in the CF statement as** €100m have been directly employed to reduce debt, so only €50m are included as cash inflow.
- **The €434m of the two convertible bond issues are not all included in the CF statement** as €334m have been directly employed to reduce debt, so only €100m are included as cash inflow.
- **"Other"** includes, among others, several fiscal payments, restructuring and Dédalo.

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

Total Net Debt position

Total Net Debt (€m)



- **Total Net debt falls from €3,533.58m to €3,132.54m on the back of:**
  - **Consolidation of Dédalo's debt** increases debt by €90.48m
  - **Negative Free Cash Flow generation,** increases debt by €55.75m
  - **"Other"** FX impact, debt formalization & refinancing costs… etc, which increase debt by €14.06m
  - **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 €127.32m and includes**:**
    - €125.98m: NPV of obligation to pay dividends to DLJ
    - €34.38m: NPV of coupons payable to holders of convertible bonds (issued in July 2012)

** All Group and business unit figures are Adjusted (exclude non-recurring items)*

Conclusions

The economic environment remains extremely difficult in Spain & Portugal

1. **This weakness impacts especially our Spanish Press and Radio businesses in Spain, as well as Portuguese Media Capital** in their revenues (advertising and circulation).
   - **To face the current macro weakness, Prisa maintains a strong focus on cost control and efficiency** (strong restructuring effort undertaken) **which should continue going forward**
2. **The strength of Education** (+10% EBITDA)**, Pay TV** (+14,3% EBITDA despite the difficult environment) **& Latin America** (+13% EBITDA) **have managed to partly offset the negative impact of this environment**
   - **Additional positive contribution from strong growth of Digital Area advertising** (revenues +14.1%, including Press Digital advertising +25.2%)
3. **Improved financial situation**: Net financial debt has fallen by €274m (mainly on the back of convertible bonds issued, warrants exercised and new agreements on B share dividends approved on AGM)
4. **We highlight the agreement on Spanish football rights** signed by for the next 3 seasons. Canal+: best football offer of its history when FTA match has greatly fallen in quality.

There is little visibility ahead for 4Q 2012 but critical elements to watch for are:

1. **Weather Press and Radio advertising further deteriorates**
2. **Santillana Brazil affected by its natural ciclycity** (2012 only includes public purchases) and complicated comparables given the very strong 2011 campaign
3. **Net adds on Canal+ subscribers in the context of the new model and the economic environment**

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