

PROSPECTUS



CAPITAL INCREASE WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS OF PROMOTORA DE INFORMACIONES, S.A.

Up to 150,243,297 ordinary shares, with a nominal amount of EUR 141,228,699.18 and an effective amount of 199,823,585.01 EUR

This Prospectus has been approved and registered with the Official Registry of the Spanish National Securities Market Commission on 21 de March 2019

Pursuant to Royal Decree 1310/2005, of 4 November, and Order EHA 3537/2005, of 10 November, this Prospectus has been drafted in accordance with the models established in Annexes I, III and XXII of EC Regulations number 809/2004, by the Commission, of 29 April 2004, regarding the application of Directive 2003/71/EC, by the European Parliament and Council, regarding the information contained in Prospectuses, incorporation by reference, the publication of such Prospectuses and the broadcasting of advertisements.

IMPORTANT INFORMATION

TERRITORIAL RESTRICTIONS

GENERAL

This Prospectus and the parts into which it is divided do not represent a sale option or a request for a purchase option in any amount, nor shall any sale of securities take place in any jurisdiction where such offer, request or sale were illegal, before obtaining a registration or qualification under the securities laws of such jurisdiction.

Following is a brief description of some considerations pertaining to the tendering of the bid subject to this Prospectus in certain jurisdictions.

SPAIN

This Prospectus has been registered with the official registries of the Spanish National Securities Market Commission (“CNMV”), as the authority of competent jurisdiction in Spain, on 21 March 2019. Consequently, the capital increase by issue of New Shares in Prisa subject to this Prospectus shall take place in Spain.

Investors residing in Spain may obtain a copy of this Prospectus at www.prisa.com, yet the reference to such website cannot be understood as an incorporation into this Prospectus and by reference of any information other than that contained herein.

UNITED STATES OF AMERICA

The pre-emptive subscription rights or the New Shares have not been now, nor shall they be hereafter, registered under the United States Securities Act of 1933 (*Securities Act of 1933*), as amended from time to time (the “United States Securities Act”), and cannot be offered, sold or exercised, directly or indirectly, without prior registration, or under a registration exemption pursuant to such regulations.

This document does not represent a bid or invitation to purchase securities in the United States of America (including its territories and possessions, “United States”). No copy of this Prospectus may be sent, communicated or distributed by any means in the United States or to persons residing or physically present in the United States. The bids and sales of New Shares are being conducted solely through an “Offshore transaction” (*Offshore transaction*), as such term is defined under Regulation S (*Regulation S*) of the United States Securities Act.

Additionally, until the lapsing of a term of 40 days from the start of the Capital Increase, a bid or sale of the New Shares in the United States by a “dealer” (*dealer*) (regardless of whether they hold an interest in the Capital Increase) may imply a breach of registration requirements under the United States Securities Act, to the extent that the sale offer is conducted in a manner other than in accordance with the foregoing restrictions.

INFORMATION FOR DEALERS

For the purposes of the governance requirements set out in (a) Directive (EU) 2014/65/EU, regarding financial instruments markets (“MiFID II”); (b) Sections 9 and 10 of the Delegated Directive of the Commission (EU) 2017/593, for the development of MiFID II; and (c) the Spanish regulations for the transposition of such norms (together the “MiFID II Product Governance Requirements”), and following the assessment of the target market of the New Shares, the conclusion has been reached that the New Shares (i) are compatible with a target market of “retail clients”, “professional clients” and “eligible counterparties”, in accordance with the definition attributed to each such term under the MiFID II Product Governance Requirements; and (ii) may be distributed by all distribution channels, in accordance with MiFID II (“Analysis of Target Market”). Notwithstanding the foregoing, dealers must take into consideration that the price of the New Shares could experience a drop and investors could lose all or part of the investment made; that the New Shares do not guarantee the obtaining of any profits or offer guarantees on the principal invested; and that an investment in the New Shares is solely compatible with investors that do not require a guaranteed profit, or any protection of the principal invested, who (individually or assisted by a financial advisor) are capable of assessing the risks and benefits of such investment and have enough resources to cover any losses that could arise as a result of such investment.

All dealers subject to MiFID II must conduct their own assessment of the target market as regards the New Shares and determine the appropriate distribution channels at their own risk.

It is expressly noted that the Analysis of the Target Market does not imply: (a) an analysis of the suitability or convenience for the purposes of MiFID II; or (b) a recommendation to invest, purchase or any other transaction pertaining to the New Shares.

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10.4	In cases where the information originates from a third party, provide confirmation that the information has been reproduced accurately and that, inasmuch as the issuer is aware and may determine based on the information published by said third party, no fact has been omitted that	

would cause the information reproduced to be inaccurate or misleading. In addition, the issuer must identify the source or sources of the information. 380

I. SUMMARY

The Summary consists of information presented in compliance with requirements for the publication of information titled “**Items**”. Such Items are listed in Sections A – E (A.1 – E.7).

This Summary contains all the Items that must be included in a summary in attention to the nature of the securities and their issuer. Inasmuch as it is not necessary that some of the Items be included in the Summary, it is possible that their numbering not be correlative.

Even in the event that a certain Item be required to be included in the Summary in attention to the type of security and the issuer, it is in turn possible that relevant information not be available with regard to such Element. In that case, it is necessary to include in the specific section of the Summary the notation “not applicable”.

Section A – Introduction and warnings

Item	Information obligations
A.1	<p>Notice:</p> <ul style="list-style-type: none"> • This summary should be read as an introduction to the “Prospectus” (which is composed of the Registration Document of Promotora de Informaciones, S.A. -”Prisa” or the “Company”- and the Note regarding the Shares entered in the official registration files of the CNMV 21 March 2019). • All decisions to invest in the securities must be based on the overall consideration by the investor of the Prospectus. • When a complaint is lodged before a court regarding the information in the Prospectus, the investor making the claim, in virtue of the laws of the member States, may have to pay the translation costs of the Prospectus before the start of the judicial proceedings. • The civil liability will only be required from the persons who have presented the Summary, including any translation thereof, and only when the Summary is maliciously incorrect, inexact or incoherent in relation to the other parts of the Prospectus, or when taken together with the other parts of the Prospectus, does not provide fundamental information for helping the investors when making their investment decisions for these securities.
A.2	<p>Consent of the issuing party for a subsequent sale or the final allocation of the securities by the financial intermediaries</p> <p>Not applicable. The Company has not given its consent to any financial intermediary for the use of the Prospectus in the subsequent sale or final allocation of the securities.</p>

Section B – Issuer and possible guarantors

Item	Information obligations
B.1	<p>Legal and commercial name of issuer</p> <p>The full registered name of the Company is Promotora de Informaciones, S.A. Its commercial name is “Prisa”. Its Tax Identification Number is A28297059.</p>
B.2	<p>Domicile and legal form of the issuer, is in accordance with the law its country of founding</p> <p>The Company has its domicile in the City of Madrid, calle Gran Via, number 32, and is registered at the Commercial Registry of Madrid under volume 2836 general, 2159 of section 3 of the Companies Book, folio 54, page number M-19511.</p> <p>Prisa is a Spanish national of commercial nature and has the legal form of a stock company. Its shares are further admitted for negotiation on the Spanish Stock Exchanges through the Automated Quotation System. Consequently, it is subject to the regulation established by the Capital Companies Act, the Law of Structural Modifications of Mercantile Companies and other concordant laws. Finally, as a listed company, it is subject to the Stock Exchange Law and its implementation regulations. Likewise, Prisa is subject to applicable legislation within the scope of its activity.</p>

B.3**Description and key factors relating to the nature of the current operation of the issuer and its main activities, declaring the main categories of products sold and/or services rendered, and indication of the main markets in which the issuer competes.**

Prisa is the parent company of a company group dedicated to the creation and distribution of cultural, education, information and entertainment content on Spanish and Portuguese speaking markets. With a global presence in 24 countries and more than 8,500 employees as of the date of this Prospectus, Prisa's operating income amounted to 1,280 million euros in 2018. During the same period, Prisa generated 60% of its operating income in international markets (46% in the Americas and 14% in Portugal). The adjusted EBITDA generated in 2018 amounted to EUR 276 million.

Prisa's operations are divided into four business areas (equivalent to the operating segments: (a) Education (Santillana), (b) Radio, (c) Press (News), and (c) Media Capital.

Education

The Education (Santillana) business area encompasses the activities carried out by Prisa in the education and training business through its publisher Santillana, including the publishing of educational texts (through the brand names Santillana and Moderna in Brazil), the publishing of language books (through the brand names Richmond, Santillana Français y Español Santillana) and Digital Learning Systems (UNO System, Santillana Compartis, Farias Brito and EDUCA). During 2018 operating income in this area amounted to EUR 601 million (47% of the total revenue of Prisa operations), of which 81% came from International sales (mainly Brazil and Mexico), and 19% from Spain. Santillana's EBITDA amounted to 167 million euros during the year.

K-12 (made up of child education up to the end of high school) is the essential component of Santillana's business. Santillana's offer in the K-12 segment mainly includes the sale of traditional books (78% of Santillana's operating income in 2018), for both private and public schools, and the sale of Digital Learning Systems to private schools (22% of Santillana's operating income as of December 2018). Santillana has annual sales of over 94 million books and 32 million students use Santillana books, and over 1 million students using its Digital Learning Systems. In addition, Santillana develops content for the professional training segment, although this is a residual contribution.

Radio

The Radio business area encompasses the business lines of (a) Radio España and Radio Internacional (which include the national and international activities of talk and music radio), and (b) Music (which includes the marketing and production of musical events). The operating income of Radio amounted to EUR 288 million in 2018 (representing 22% of the operating income of Prisa during this period).

Radio España (65% of the operating income of Radio in 2018) including channels such as Cadena SER, LOS40, Cadena Dial, M80, Radiolé and Maxima FM. Likewise, Radio Internacional (32% of the operating income of Radio in 2018) included channels such as Radio Caracol and W Radio (in Colombia), ADN Radio Chile and Radio Corazón (in Chile). In 2018, most of the operating income for these business lines came from the sale of advertising. For the Music business line developed by Prisa until 2018, 60% of the affiliate Planet Events was sold and Tyrona Eventos was closed within the framework of the strategic review process for selling unprofitable assets.

Prisa (Noticias)

The area of Press mainly includes the sale of copies and magazines, advertising, promotions and printing. Press operating income amounted to EUR 203 million in 2018 (representing 16% of the operating income of Prisa in the period).

This area encompasses various informative brands with a pronounced global vocation, among the most noteworthy of which are El País, As, Cinco Días, El Huffington Post, Tentaciones, SModa, Babelia, Buena Vida, Icon and MeriStation, in addition to other corporate magazines. The main source of operating income in this business area consists of the sale of advertising space (EUR 107 million, representing 53% of the total operating income of the area during the period) both in print (representing 47% of the advertising revenue in the area in 2018) and online (representing 53% of the advertising income of the area in 2018).

Media Capital

The activities carried out by Prisa through its Portuguese affiliate Grupo Media Capital SGPS, S.A. ("**Media Capital**") mainly consists of audiovisual production and advertising sales. Media Capital includes the segments of (a) television (with notable channels such as TVI), (b) radio (with the notable channel of Radio Comercial), and (c) the multimedia company Media Capital Digital (with the notable digital page IOL). In 2018, the operating income of Media Capital amounted to EUR 182 million.

Since 30 June 2018, following the termination of the purchase agreement of Media Capital, signed together with Altice NV, the assets and liabilities of Vertix, SGPS, S.A. (of which 94.69% of its capital is held by Media Capital) and Media Capital were no longer presented as kept for sale and the operations of Media Capital as discontinued operations, and

	were consolidated as a continued operation.																																								
B.4.a	<p>Description of the most significant recent trends that affect the radio channel and the sectors in which it operates.</p> <p>From 31 December 2018 to the date of this Prospectus, there have been no changes in trends of the sectors in which the Group operates that have a significant affect on it, except for what is indicated in the risk factors referenced in item D.1 of this summary.</p>																																								
B.5	<p>If the issuer is part of a group, a description of the group and of the position of the issuer in the group</p> <p>Prisa is the dominant entity of “Grupo Prisa” (“ Grupo Prisa” or the “Group”). As of 31 December 2018, the Group consists of 190 companies that are consolidated using the global integration method and 28 companies valued using the equity method.</p>																																								
B.6	<p>To the extent that the issuer has knowledge, the name of any person who directly or indirectly has a declarable interest, in accordance with the national law of the issuer, in the capital or the rights to vote of the issuer and declare whether the issuer is directly or indirectly under the control of a third party and who it is, and describing the nature of said control.</p> <p>As of the date of this Prospectus, the significant interests of Prisa declared by its owners are those shown below, according to the information published on the website of the CNMV and, in some case, the information provided to the Company by its own shareholders.</p> <table border="1"> <thead> <tr> <th><u>Name or registered name of shareholder</u></th> <th><u>Number of direct voting rights</u></th> <th><u>Number of indirect voting rights</u></th> <th><u>% of total voting rights ⁽¹⁾</u></th> </tr> </thead> <tbody> <tr> <td>Amber Capital UK LLP⁽²⁾</td> <td>-</td> <td>153,868,964</td> <td>27,56</td> </tr> <tr> <td>HSBC Holdings PLC</td> <td>-</td> <td>55,891,070</td> <td>10.01</td> </tr> <tr> <td>Telefónica, S.A.</td> <td>52,708,767</td> <td>-</td> <td>9.44</td> </tr> <tr> <td>Rucandio, S.A.</td> <td>-</td> <td>46,328,108</td> <td>8.30</td> </tr> <tr> <td>ADAR Capital Partners LTD ⁽³⁾</td> <td>-</td> <td>40,703,256</td> <td>7.29</td> </tr> <tr> <td>International Media Group, S.à r.l.⁽⁴⁾</td> <td>36,400,079</td> <td>-</td> <td>6.52</td> </tr> <tr> <td>GHO Networks, S.A. DE CV</td> <td>-</td> <td>28,011,547</td> <td>5.02</td> </tr> <tr> <td>Carlos Fernandez Gonzalez ⁽⁵⁾</td> <td>-</td> <td>22,474,798</td> <td>4.02</td> </tr> <tr> <td>TOTAL</td> <td>89,108,846</td> <td>347,277,743</td> <td>78,15%</td> </tr> </tbody> </table> <p><i>Notes:</i></p> <p>(1) The percentages of voting rights have been calculated on the total voting rights of (i.e., 558,406,896 rights).</p> <p>(2) Mr Joseph Oughourlian, proprietary director, has informed this Company: i) that the structure of his indirect interest in the share capital of the Company, through Amber Capital UK LLP, corresponds to that declared in the above tables, and ii) that he controls Amber Capital UK, LLP, which acts as “investment manager” of Oviedo Holdings S.à r.l., Amber Active Investors Limited and Amber Global Opportunities Limited. Fernando Martinez (individual representative of the director Amber Capital UK LLP, which is a significant shareholder of PRISA) holds an indirect interest of 0.48% in the share capital of Timon, S.A. Timon is controlled by Rucandio, S.A., a significant shareholder of Prisa.</p> <p>(3) Adar Macro Fund Ltd. is a company controlled and managed by Adar Capital Partners Ltd., a management company discretionally exercising the voting rights of the shares owned by Adar Macro Fund Ltd. Adar Capital Partners Ltd is a company wholly owned by Welwel Investments Ltd. which is in turn a company wholly owned by Zev Marynberg. Likewise, Adar Macro Fund has informed CNMV that it is the owner of financial instruments (SWAP) that would allow it to acquire 390,000 voting rights in the Company (0.07% of the share capital), if exercised or exchanged.</p> <p>(4) The voting rights of International Media Group S.à r.l. have been declared to the CNMV by proprietary director Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani, as an indirect owner. International Media Group S.à r.l. is wholly owned by International Media Group Limited which is in turn wholly owned by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani.</p> <p>(5) Mr Carlos Fernandez Gonzalez controls the majority of the capital and voting rights of the Far-Luca, S.A. de C.V., Group, an entity owning 99% of the Finaccess, S.A.P.I. de C.V. Group, which is in turn the owner of 99.99% of the capital and the voting rights of Finaccess Capital, S.A. de C.V. The latter is the owner of the majority of the voting rights of FCapital Dutch, B.V., which entity is in turn the owner of 100% of the capital and of the voting rights of FCapital Lux S.à.r.l.</p> <p>It is also noted that in addition to the voting rights reflected in the above table, as set out on the CNMV web site, the Company has received an irrevocable subscription commitment from Banco Santander, S.A., which states that as of 11 March 2019 its participation of the Company share capital amounts to 4.78%.</p> <p>Directors</p> <p>The shares which as of the date of this Prospectus are directly or indirectly held by the Board of Directors of Prisa are as follows:</p>	<u>Name or registered name of shareholder</u>	<u>Number of direct voting rights</u>	<u>Number of indirect voting rights</u>	<u>% of total voting rights ⁽¹⁾</u>	Amber Capital UK LLP ⁽²⁾	-	153,868,964	27,56	HSBC Holdings PLC	-	55,891,070	10.01	Telefónica, S.A.	52,708,767	-	9.44	Rucandio, S.A.	-	46,328,108	8.30	ADAR Capital Partners LTD ⁽³⁾	-	40,703,256	7.29	International Media Group, S.à r.l. ⁽⁴⁾	36,400,079	-	6.52	GHO Networks, S.A. DE CV	-	28,011,547	5.02	Carlos Fernandez Gonzalez ⁽⁵⁾	-	22,474,798	4.02	TOTAL	89,108,846	347,277,743	78,15%
<u>Name or registered name of shareholder</u>	<u>Number of direct voting rights</u>	<u>Number of indirect voting rights</u>	<u>% of total voting rights ⁽¹⁾</u>																																						
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TOTAL	89,108,846	347,277,743	78,15%																																						

Directors	Number of direct voting rights	Number of indirect voting rights	Total																																														
Mr Manuel Polanco Moreno	54,177	150,246	204,423																																														
Mr Manuel Mirat Santiago.....	78,317	0	78,317																																														
Mr Roberto Alcantara Rojas.....	14,265	0	14,265																																														
Mr Shk. Khalid Thani A. Al Thani ⁽¹⁾	0	36,400,079	36,400,079																																														
Mr Joseph Oughourlian ⁽²⁾	0	153.868.964	153,868,964																																														
Amber Capital UK LLP ^{(2) (3)}																																																	
Mr Waleed AlSa'di.....	0	0	0																																														
Mr Dominique D'Hinnin	0	0	0																																														
Mr Javier Monzon de Caceres.....	100,000	0	100,000																																														
Mr Javier de Jaime.....	0	0	0																																														
Mr Javier Gomez Navarro.....	8,435	0	8,435																																														
Mr Francisco Gil Diaz.....	0	0	0																																														
Ms Sonia Dula.....	8	0	8																																														
TOTAL	255,202	190,419,289	190,674,491																																														
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(1) The indirect participation of Mr Shk Khalid Bin Thani Bin Abdullah Al Thani, is through International Media Group S.à r.l. (a significant shareholder of Prisa).																																																	
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(3) Mr Fernando Martinez Albacete, representative of Amber Capital UK LLP on the Board of Directors de Prisa, is not the owner of any Prisa shares, directly or indirectly.																																																	
The members of the Board of Directors are the owners, directly and indirectly, of a total of 190,674,491 voting rights of Prisa, representing 34,15% of its share capital. This calculation has been made by computing the shares of Amber Capital UK LLP one single time.																																																	
All of the shareholders of Prisa have the same voting rights per share.																																																	
Prisa is neither directly nor indirectly under the control of any entity.																																																	
Treasury stock																																																	
The Company has 1,622,892 own shares in direct treasury stock, representing approximately 0.29% of the share capital of of the date of this Prospectus. The Company does not have indirect treasury stock.																																																	
B.7	<p>The selected historical essential financial information prepared under IFRS-EU relating to the issuer, which will be presented for each fiscal year of the period covered by the historical financial information, and any subsequent financial period, accompanying the comparative data of the same period for the previous fiscal year, with the exception that the requirement for the comparative information of the balance sheet is satisfied by presenting the final balance sheet for the fiscal year.</p> <p>The following shows the historical essential financial information under the IFRS-EU corresponding to the fiscal years ending on 31 December 2016, 2017 and 2018. The financial information corresponding to the fiscal year ending on 31 December 2017 presented for comparison has been restated and has not been audited.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="3"></th> <th colspan="3" style="text-align: center; border-bottom: 1px solid black;">As of 31 December</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">2018</th> <th style="text-align: center; border-bottom: 1px solid black;">2017</th> <th style="text-align: center; border-bottom: 1px solid black;">2016</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">(audited)</th> <th style="text-align: center; border-bottom: 1px solid black;">(restated) (unaudited)</th> <th style="text-align: center; border-bottom: 1px solid black;">(audited)</th> </tr> <tr> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">(thousands of euros)</th> </tr> </thead> <tbody> <tr> <td colspan="4">CONSOLIDATED BALANCE</td> </tr> <tr> <td colspan="4"><u>Assets</u></td> </tr> <tr> <td>Non current assets.....</td> <td style="text-align: right;">813,269</td> <td style="text-align: right;">1,112,159</td> <td style="text-align: right;">1,273,699</td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">847,453</td> <td style="text-align: right;">810,374</td> <td style="text-align: right;">852,732</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right; border-top: 1px solid black;">1,660,722</td> <td style="text-align: right; border-top: 1px solid black;">1,922,533</td> <td style="text-align: right; border-top: 1px solid black;">2,126,431</td> </tr> <tr> <td colspan="4"><u>Liabilities</u></td> </tr> <tr> <td>Net equity</td> <td style="text-align: right;">(235,809)</td> <td style="text-align: right;">(484,864)</td> <td style="text-align: right;">(336,045)</td> </tr> <tr> <td>Non current liabilities.....</td> <td style="text-align: right;">1,325,373</td> <td style="text-align: right;">929,736</td> <td style="text-align: right;">1,909,125</td> </tr> </tbody> </table>				As of 31 December			2018	2017	2016	(audited)	(restated) (unaudited)	(audited)	(thousands of euros)				CONSOLIDATED BALANCE				<u>Assets</u>				Non current assets.....	813,269	1,112,159	1,273,699	Current assets	847,453	810,374	852,732	Total assets	1,660,722	1,922,533	2,126,431	<u>Liabilities</u>				Net equity	(235,809)	(484,864)	(336,045)	Non current liabilities.....	1,325,373	929,736	1,909,125
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Current liabilities	571,158	1,477,661	553,351
TOTAL NET EQUITY AND LIABILITIES	1,660,722	1,922,533	2,126,431
	Year ended as of 31 December		
	2018	2017	2016
		<i>(restated)</i>	
	<i>(audited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
CONSOLIDATED RESULTS ACCOUNT	(thousands of euros)		
Operating income	1,280,288	1,335,740	1,358,037
Operating results (EBIT)	85,327	52,642	133,474
Financial results.....	(85,580)	(69,151)	(87,057)
Results of companies using equity method and other investments	3,830	3,656	3,332
Results before tax on continued activities.....	3,577	(12,853)	49,749
Corporate Income Tax	(240,152)	(61,559)	(87,110)
Results of ongoing activities.....	(236,575)	(74,412)	(37,361)
Results of uninterrupted activities after taxes	-	(984)	(296)
Consolidated yearly results.....	(236,575)	(75,396)	(37,657)
Results attributed to minority interest.....	(32,772)	(27,168)	(30,202)
Results attributed to Parent Company	(269,347)	(102,564)	(67,859)
Basic results per share of continued activities	(0.54)	(1.28)	(0.87)
(euros)			
Basic results per share of discontinued activities.....	0.00	(0.01)	0,00
(euros)			
Basic results per share (euros)	(0.54)	(1.29)	(0.87)
<p>The main effects of the operating income occurring between 2016 and 2017 were a decline in advertising, examples and organisation of musical events and the negative exchange rate effect between 2016 and 2017. Without such foreign exchange effect, operating income would have dropped by 2.1%.</p> <p>Operating income dropped by 4.2% in 2018 with respect to 2017, severely affected by the foreign exchange effect. With a constant exchange rate, the operating income would have grown by 2.5% with respect to 2017 thanks to the greater sales of books (due to the increase of the greater institutional sales in Argentina, Mexico and Peru) and the increase in digital advertising (+4.2%).</p> <p>The operating results (EBIT) has been significantly affected by the impairment of the goodwill (EUR 79.0 million in 2018 and EUR 86.8 million in 2017) and losses of immovable assets, recorded in both 2018 and 2017 (albeit greater in 2017). These circumstances mean that there has been an improvement in 2018 as compared to 2017, and that 2017 was worse as compared to 2016.</p> <p>For company taxes, standing out is the tax credit impairment for the years 2016 (EUR 38.0 million), 2017 (EUR 25.3 million) and 2018 (EUR 201.0 million)</p> <p>Finally, the negative result attributed to the Parent Company for the last 3 fiscal years is fundamentally due to the EBITDA generated by the different businesses failing to compensate for the interest expenses and the impairment of goodwill and tax credits.</p> <p>The table below shows the other main financial items corresponding to the 2016, 2017 and 2018 years that Prisa considers relevant in evaluating its business:</p>			
	Year ended as of 31 December		
	2018	2017	2016
		<i>(restated)</i>	
	(thousands of euros)		
Main items for Grupo Prisa			
Operating income ^(*)	1,280,288	1,335,740	1,358,037
Adjusted Operating Income ⁽¹⁾	1,280,474	1,319,983	1,349,442
Adjusted EBITDA ⁽²⁾	276,348	270,428	273,367
Adjusted EBITDA Margin ⁽³⁾	21.6%	20.5%	20.30%

	EBITDA ⁽⁴⁾	252,968	248,182	248,862
	<i>EBITDA Margin</i> ⁽⁵⁾	19.8%	18.6%	18.30%
	Operating results (EBIT) ^(*)	85,327	52,642	133,474
	Net bank debt ⁽⁶⁾	928,644	1,517,070	1,486,196
	Ratio of net bank debt / Adjusted EBITDA ⁽⁷⁾	3.36x	5.61x	5.44x
	<i>Notes:</i>			
	(*) Audited information			
	(1) Alternative Performance Measurement (“APM”) defined as operating income isolating non recurring effects such as changes to the scope, tax deductions and other non recurring effects.			
	(2) APM defined as EBITDA plus the extraordinary effects consistent in indemnifications, the scope effect, R+D activity deductions and other extraordinary effects, including, for example, the results of decisions resolving litigation or administrative or judicial proceedings regarding taxes.			
	(3) APM defined as the quotient between the adjusted EBITDA and the operating income for the same period.			
	(4) APM defined as a result of accounting exploitation (EBIT) plus the redemptions for immoveable assets, the variations in the traffic provisions, the impairment in the value of immoveable assets and the impairment of goodwill.			
	(5) APM defined as the quotient between the adjusted EBITDA and the operating income for the same period.			
	(6) APM obtained for reducing the amount of non current and current debts with credit institutions, increased in an amount equivalent to the formalisation expenses and at the fair value for financial instruments (given that both items - formalisation expenses and fair value for financial instruments - decrease the debt with credit institutions for the balance), in the amount of the current financial investments and cash and cash equivalents.			
	(7) APM defined as the quotient between the net bank debt and the EBITDA adjusted for the previous twelve month period.			
B.8	Select pro-forma financial information, identified as such	Not applicable. The Prospectus does not contain pro-forma financial information.		
B.9	If a forecast or estimate of the profits is made, indicate the amount.	Prisa has chosen not to include an estimate of profits.		
B.10	Description of the nature of any exception in the audit report regarding the historical financial information.	Not applicable. The individual annual accounts of Prisa and the Grupo Prisa liquidated accounts for the fiscal years ending on 31 December 2106, 2017 and 2018 have been audited by Deloitte, S.L., without having recorded any exceptions in these years		
B.11	If the operating capital is not sufficient for the current requirements of the issuer, include an explanation.	The total working capital of the Grupo as of 31 December 2018 amounted to EUR 272.2 million. Prisa considers that the working capital it currently has available, together with what it expects to generate in the upcoming twelve months, is sufficient to cover the requirements and obligations of the Company during said time period.		

Section C – Securities

Item	Information obligations
C.1	<p>Description of the type and class of securities offered and/or allowed for listing, including, where applicable, the identification number of the security.</p> <p>The securities issued in the capital increase (“Capital Increase”) are ordinary shares of Prisa with pre-emptive subscription rights with a nominal value of EUR 0.94, of the same class and series as those currently in circulation and grant their holders the same economic and political rights from the date in which they are effectively issued and will be represented through account entries (“New Shares”).</p> <p>The Spanish National Numbering Agency (<i>Agencia Nacional de Codificación de Valores Mobiliarios</i>), a sub-entity of the CNMV, as assigned the provisional ISIN code ES0171743976 to the New Shares up to the moment in which the Company shares are made equivalent to those currently in circulation. Therefore, once the New Shares are allowed to be listed, all of the Prisa shares will have the same ISIN code.</p> <p>The ISIN code of the Company currently in circulation is ES0171743901.</p> <p>The ISIN code of the New Shares is ES0171743976.</p> <p>The ISIN code for pre-emptive subscription rights is ES0671743955.</p>
C.2	<p>Securities issue currency</p> <p>The New Shares will be issued in euros.</p>
C.3	<p>Number of shares issued and totally paid in and nominal value per share</p> <p>The share capital of Prisa in accordance with the Capital Increase is represented by 558,406,896 shares, at EUR 0.94 nominal value each, all of which pertain to the same class and series.</p>
C.4	<p>Description of the rights related to the securities</p> <p>The New Shares are ordinary shares and confer to their holders the same political and economic rights as the rest of the shares of the Company, as set out in the Spanish Companies Law and Prisa bylaws.</p> <p><u>The right to participate in the company profits and the equity resulting from its liquidation.</u></p> <p>The New Shares confer the right to participate in the allocation of company profits and the equity resulting from its liquidation, and, as with the other shares that make up the share capital, they do not confer to right to receive a minimum dividend, since all of the shares are ordinary.</p> <p><u>Right to attend and vote in general shareholders meetings</u></p> <p>The New Shares confer the right to their holders to attend and vote in the general shareholders meetings and to oppose company resolutions, in accordance with the general regime set out in the Spanish Companies Law, and subject to the provisions set out in the Prisa Bylaws. In particular, holders of sixty shares in their own names in the corresponding accounting registry five calendar days before the general shareholders meeting is to be held, and hold the appropriate attendance card, will have the right to attend the meeting. Prisa shareholders may have a non-shareholding proxy attend in their stead. Each share shall carry the right to one vote.</p> <p><u>Pre-emptive subscription rights</u></p> <p>Under the terms set out in the Spanish Companies Law, all of the shares of the Company confer their holders the pre-emptive subscription right in capital increases with the issue of new shares (ordinary or privileged) and with charge to monetary contributions, and in the issue of obligations convertible in shares, except for the total or partial exclusion of said pre-emptive subscription right in accordance with articles 308, 504, 505 and 506 (for cases of capital increases), 417 and 511 (in the case of convertible obligations issues) of the Spanish Companies Law. Likewise, all of the shares of the Company confer their holders the right to free assignment as acknowledged in the Spanish Companies Law in the cases of capital increases charged to reserves.</p> <p><u>Right to information</u></p> <p>The Company shares confer the right to their holders to the information described in articles 93.d), 197 and 520 of the Spanish Companies Law, as well as those rights, as special statements on the right to information, are explicitly set out in the provisions of said Act and Law 3/2009 of 3 April, regarding structural changes to companies, dealing with changes to bylaws, increase or decrease of share capital, approval of annual accounts, issue of obligations, whether convertible or not</p>

	into shares, mergers and demergers, wrapping up and liquidation of the Company, overall assignment of assets and liabilities, international transfer of corporate domicile, and other company acts and operations.
C.5	<p>Description of any restriction on the free transfer of securities</p> <p>As regards foreign investments, under the GCA Law, for foreign investments, individuals or legal entities that are nationals of countries that are not members of the European Economic Space (EES) may solely acquire shares in the share capital or voting rights of the owners of an audiovisual communication service licence, such as broadcasting companies, in accordance with the principle of reciprocity. Under such principle, individuals or legal entities nationals of a country not member of the EES may solely have a percentage of participation in the share capital of a licensee of the terrestrial wave broadcasting service in Spain that is equal to or lower than the share that a Spanish person may have in the capital of a licensee of a terrestrial wave broadcasting service in the relevant country not member of the EES. The GCA Law also includes a maximum limit on ownership –direct or indirect– by an individual or legal entity of a non member state of the EES. An individual interest cannot directly or indirectly exceed 25% of the share capital. Likewise, the overall interest in a single legal entity of several individuals or legal entities of countries that are not members of the EES must be less than 50% of the share capital.</p> <p>As an exception to the above, there do not exist any restrictions on the free transfer of shares of the Company, and therefore the New Shares will be freely transferred, in accordance with the provisions of the Spanish Companies Law, the Securities Market Law and their corresponding regulations.</p>
C.6	<p>Indication of whether the offered securities are or are not the object of a request for admission for listing on a regulated market and indication of all regulated markets in which the securities are or will be listed</p> <p>Prisa will request the admission for listing the New Shares on the Spanish Securities Markets through the Automated Quotation System (Continuous Market).</p>
C.7	<p>Description of dividend policy</p> <p>Prisa does not have an established dividends policy, so the the allocation of dividends of the Group is reviewed annually. Along these lines, the allocation of dividends mainly depends on (i) the existence of allocatable profits and the financial position of the Company, (ii) its obligations with regard to the debt service and those derived from the commitments acquired with its financial creditors in the Group financing agreements, (iii) the generation of cash as a result of the normal course of its activities, (iv) the existence or not of attractive investment opportunities generating value for the Group shareholders, (v) the needs for reinvestment of the Group, (vi) the performance of the business plan of Prisa, and (vii) other factors that Prisa considers relevant from time to time.</p> <p>The ordinary shares of the Company have not received dividends since 2011 as a result of the increased debt of the Group and the restrictions established in this respect under the financing agreements.</p> <p>Along these lines, it is important to mention the restrictions imposed upon the allocation of dividends as a result of the agreement subscribed under the Refinancing framework. Such agreement includes various agreements that, in this regard, limit the capacity of Prisa to pay dividends until certain levels of reduction of the financial debt have been reached.</p> <p>Aside from that, no limitation is established for the allocation of dividends of the subsidiaries of the Company and for any company of the Group to cover the commitments of dividends allocation that, in any case, it may have assumed with its minority shareholders.</p>

Section D – Risks

Item	Information obligations
D.1	<p>Essential information regarding specific main risks of the issuer or its sector</p> <p>(A) Risks relating to the financial and equity position of Prisa</p> <ul style="list-style-type: none"> – <i>The high level of debt of Prisa reduces its strategic flexibility and could negatively affect its financial and equity position</i> – <i>The Amended Override Agreement and the Group financing agreements contain certain financial covenants the breach of which could imply an early maturity of the financial debt</i> – <i>Equity position of the Company for the purposes of the cause of dissolution or capital decrease established in the Capital Companies Act</i> <p>(B) Tax risks and other financial risks</p>

	<ul style="list-style-type: none"> – <i>The Group is exposed to various tax risks in the countries in which it operates</i> – <i>The fluctuation in the exchange rates of the euro with respect to Latin American currencies could affect the financial position of the Group as a result of the high exposure of the Group to the region</i> – <i>A significant part of the bank debt of the Group is referenced at floating interest rates.</i> – <i>The Amended Override Agreement includes a partial repayment schedule, which if not fulfilled would bring about an increase in the cost of the debt.</i> – <i>The Group is subject to credit and liquidity risk</i> <p>(C) Strategic and operating risks of the Group businesses</p> <p>(C.1) <u>Specific risks associated with the Education business</u></p> <ul style="list-style-type: none"> – <i>The Group could not adapt promptly and successfully to the changes in the competitive environment and in the use of educational content</i> – <i>The concentration of the sales in the public sector could negatively affect the evolution of the Group businesses</i> <p>(C.2) <u>Specific risks associated with businesses with exposure to the advertising market (Newspaper, Television and Radio)</u></p> <ul style="list-style-type: none"> – <i>The appearance of new actors and online platforms represents a threat to the competitive position of the Group on the markets in which it operates</i> – <i>The impairment of the advertising market could negatively affect Group revenues</i> – <i>The traditional media business is amidst a process of change; the competitive position of the Group could be affected if it were unable to adapt to new competitive dynamics</i> <p>(C.3) <u>Other risks</u></p> <ul style="list-style-type: none"> – <i>The presence of the Group on the international markets exposes it to risks of various natures</i> – <i>The use of third-party intellectual property rights implies certain contractual risks</i> – <i>The goodwill and other intangible assets of the Group could suffer damages in the future</i> <p>(D) Technological risks</p> <ul style="list-style-type: none"> – <i>The changes resulting from the process of digital transformation expose the Group to a series of risks and uncertainties</i> – <i>The dependency on IT systems implies risks for the Group</i> <p>(E) Legal risks</p> <ul style="list-style-type: none"> – <i>The Group could be affected by the proliferation of sectoral regulation and changes in the regulations applicable to the businesses in which it operates</i> – <i>The Group is exposed to litigation and third-party claims</i> – <i>The businesses of Prisa are subject to abundant regulation in matters of fair competition and merger control regulations</i> – <i>The Group is subject to compliance with abundant regulations in matters of data protection</i> – <i>Certain content subject to intellectual property rights developed by the Group in the scope of its businesses could be subject to reproduction by unauthorised third parties</i>
D.3	<p>Essential information regarding specific principal risks of the securities</p> <p><i>The Underwriting Agreement between Prisa and the Underwriters provides for the extinguishment of such agreement under certain circumstances. The underwriting agreement with the Underwriters is also subject to certain conditions precedent.</i></p> <p><i>The shareholders and investors exercising their pre-emptive subscription rights or request Additional Shares during the Pre-emptive Subscription Period cannot revoke their subscriptions.</i></p> <p><i>Prisa cannot guarantee that an active negotiation market will be developed for the pre-emptive subscription rights or that there will be enough liquidity for the aforesaid rights.</i></p> <p><i>A possible significant loss in the listing price of the shares of the Company could negatively affect the value of the pre-emptive subscription rights.</i></p> <p><i>A delay in the start of the listing of the New Shares would affect their liquidity and prevent their sale until they are admitted for listing.</i></p> <p><i>The listing price of the shares of Prisa may be volatile and undergo significant unforeseen drops.</i></p> <p><i>Shareholders not exercising their pre-emptive subscription rights shall suffer the dilution of their interest in the Company capital.</i></p>

	<p><i>The sale of a substantial number of shares or pre-emptive subscription rights of the Company during the Capital Increase or following its conclusion, or the perception that may arise of such sales, could negatively affect the listing of the shares and the pre-emptive subscription rights of the Company.</i></p> <p><i>Future capital increases could dilute the interests of the shareholders in Prisa.</i></p> <p><i>A current shareholder or third party may acquire a significant percentage of the shares in the Company under the Capital Increase.</i></p> <p><i>The ordinary shares of the Company have not accrued dividends since 2011 and it cannot be guaranteed that such situation will change in the future.</i></p> <p><i>The offer and the price of the shares and the pre-emptive subscription rights of the Company may be affected by the withdrawal of the United Kingdom from the European Union.</i></p> <p><i>The shareholders of countries with currencies other than the euro may face an additional investment risk linked to the variations in the exchange rates relating to the holding of Company shares.</i></p> <p><i>Legal or regulatory limitations on investments could restrict certain investments.</i></p> <p><i>The pre-emptive subscription rights must be exercised through the Entity Participating at Iberclear whose record of account entries reflects the deposit of the pre-emptive subscription rights and New Shares must be paid in euros. Some difficulties may be faced in exercising the pre-emptive subscription rights in other jurisdictions.</i></p>
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Section E – Bid

Item	Information obligations
E.1	<p>Total net revenue and calculation of total expenses of the issue/offer, including the estimated expenses applied to the investor by the issuer or offeror.</p> <p>For informational purposes, it is noted that the approximate expenses related to the Capital Increase, which will be paid by Prisa, amounts to a total of 7,582,000 euros, excluding VAT (under the premise that the Capital Increase is fully paid in).</p> <p>Based on this estimate, the Capital Increase expenses, approximately 3,79% of the gross amount that Prisa would obtain in the case of full subscription, would obtain for Prisa resources for an estimated net amount for expenses of 192,241,585.01 euros.</p>
E.2a	<p>Reasoning for the offer and earmarking of revenue</p> <p>The purpose of the Capital Increase is to partially finance the acquisition of 25% of the share capital of Grupo Santillana Educación Global, S.L. (“Santillana”).</p> <p>The net funds for expenses for the Capital Increase will be fully used for paying the price of acquisition for 25% of the Santillana share capital that the Company does not currently control, together with the available funds from the Company balance.</p>
E.3	<p>Description of the conditions of the offer</p> <p>Notwithstanding the incomplete subscription forecast, the Capital Increase has a nominal amount of 141,228,699.18 euros, and an effective total of 199,823,585.01 euros and will be carried out through the new issue and circulation of 150,243,294 ordinary shares, with a nominal value of EUR 0.94 each of the same class and series as those currently in circulation.</p> <p>The New Shares will be issued with an issue premium of 0.39 euros per share, which will entail a total issue premium of 58,594,885.83 euros, and a unit issue price (nominal plus premium) 1.33 euros per New Share (the “Subscription Price”). The Subscription Price represents a discount of 24.35% over the list price of the Company shares at market close on 20 March 2019 (1.758 euros) and a discount of 20.22% over the resulting value from deducting this list price the theoretical value of the pre-emptive subscription right (“<i>theoretical ex-right price</i>” or TERP).</p> <p>Subscription and pay in procedure</p> <p><u>Pre-emptive Subscription Period, and where applicable, request for Additional Shares (first round).</u></p> <p>(i) Assignment of the pre-emptive subscription rights:</p> <p>The shareholders of the Company who have acquired their shares up to 22 March 2019 (the day of publication of the announcement in the BORME - “Last Trading Date”-) and are shareholders of Iberclear at 23:59 on 26 March 2019 (“Record Date”) (“Shareholders of Record”) will have the right to pre-emptive subscription to the New Shares.</p> <p>(ii) Pre-emptive subscription rights:</p>

The Shareholders of Record may exercise the right to subscribe to a number of New Shares that is proportional to the nominal value of the shares that they hold. Each Shareholder of Record will have the preferred subscription right for each share that they hold. For each 63 pre-emptive subscription right 17 New Shares may be subscribed.

Each New Share subscribed in the exercise of pre-emptive subscriptions rights must be subscribed and paid in at the Subscription Price, which is 1.33 euros.

(iii) Transfer of rights:

The pre-emptive subscription rights will be transferrable under the same conditions from which the shares derive, in accordance with the provisions in article 306.2 of the Spanish Companies Law and will be listed on the Spanish Securities Markets.

(iv) Exercise of rights:

The pre-emptive subscription period will have a duration of fifteen calendar days, and will start on the day following the publication of the announcement of the Capital Increase in the BORME ("**Pre-emptive Subscription Period**"). It is foreseen that the Pre-emptive Subscription Period will start on 23 March 2019 and end on 6 April 2019, both inclusive. The pre-emptive subscription rights will be transacted during the market sessions between these dates, where the first will be 25 March 2019 and the last will be 5 April 2019. The Shareholders of Record who are holders of at least 63 pre-emptive subscription rights at the end of said period, as well as third party investors who during the Pre-emptive Subscription Period acquire said rights on the market ("**Investors**"), may exercise their rights in the proportion necessary to subscribe New Shares.

Pre-emptive subscription rights that are not exercised during the Pre-emptive Subscription Period shall be automatically extinguished at its end.

In order to exercise the pre-emptive subscription rights, the Shareholders of Record and the Investors may contact the Participating Entity whose accounting records include the pre-emptive subscription rights (which in the case of the Shareholders of Record will be the Participating Entity where they have the shares held that confer the rights), indicating their desire to exercise this subscription right.

The orders made in the exercise of the pre-emptive subscription right will be understood to be firm, irrevocable and unconditional, and may not be revoked or changed by the holders of the pre-emptive subscription rights, except in the case in which a supplement to the Prospectus is published before the close of the public offer.

(v) Request for Additional Shares:

During the Pre-emptive Subscription Period the Shareholders of Record that have exercised the totality of the pre-emptive subscription rights that they had held at that moment in which the Participating Entity in question and the Investors that acquire and totally exercise the pre-emptive subscription rights, may at that time request the exercise of said rights, through the Participating Entity in which they have them held the additional New Shares ("**Additional Shares**") for the case in which at the end of the Pre-emptive Subscription Period there remain unsubscribed New Shares exercised for the pre-emptive subscription rights ("**Remaining Shares**") and therefore the subscribable maximum amount has not been covered in this Capital Increase.

Additional Shares Assignment Period (second round)

In the case in which the Pre-emptive Subscription Period has ended and there are Remaining Shares, the allocation of Additional Shares will begin where the Remaining Shares will be allocated between the Shareholders of Record and the Investors who have requested the the subscription of Additional Shares in the manner indicated below.

The allocation of Additional Shares will take place on the fourth business day of the market following the date of finalisation of the Pre-emptive Subscription Period ("**Additional Shares Allocation Period**"). It is forecast that the allocation of Additional Shares will take place on 11 April 2019.

If the number of requested Additional Shares is greater than the Remaining Shares, Banco Santander, S.A., as agent entity in the Capital Increase ("**Agent Entity**"), will make a prorata calculation proportional to the volume of requested Additional Shares, using the percentage of Additional Shares requested by each subscriber with respect to the total number of requested Additional Shares.

Discretionary Allocation Period (third round)

After the Additional Shares Allocation Period has ended, if the totality of the New Shares has not been covered, a period for the subscription of the shares resulting from the difference between the total New Shares and the subscribed shares in the Pre-emptive Subscription Period and the Additional Shares Allocation Period, which will be named "**Discretionary Allocation Shares**". This Discretionary Allocation Period is foreseen to start at any moment after the end of the Additional Shares Allocation Period and end no later than 9:00 a.m. Madrid time on 12 April 2019 ("**Discretionary Allocation Period**"). If the Discretionary Allocation Period is invoked, the Company will make it known to the CNMV

through a notice stating the significant event.

In the case that during the Pre-emptive Subscription Period and the Additional Shares Allocation Period the totality of the New Shares have been paid in, the Discretionary Allocation Period would not start and the Agent Entity would communicate such to the Participating Entities no later than 6:00 p.m. Madrid time on 11 April 2019.

During the Pre-emptive Subscription Period, the Additional Shares Allocation Period, and the Discretionary Allocation Period, Banco Santander, S.A., Morgan Stanley & Co. International plc and Alantra Capital Markets, S.A. (jointly, “**Underwriting Entities**”) will develop activities of distribution and active promotion with the purpose of obtaining the potential qualified investors, both national and foreign (in those countries in which local regulations so permit), where applicable, subscription proposals for the underwritten New Shares under the Underwriting Agreement (as defined below) (“**Underwritten Shares**”).

The percentage of Underwritten Shares by the Underwriting Entities represents 57.535% of the Capital Increase while the shares of the significant shareholders irrevocable subscription commitments and statements of intent represent 42.465% of the Capital Increase.

Pay in procedure

New Shares subscribed in the Pre-emptive Subscription Period.

The total pay in of the Subscription Price for each subscribed New Share during the Pre-emptive Subscription Period must be made by the subscribers at the moment of subscribing the New Shares (e.g. at the time of making the subscription order) and through the Participating Entities of Iberclear through which the subscription orders had been made.

According to the schedule, the Participating Entities which have made subscription orders for New Shares will pay the amounts corresponding to the pay in of the New Shares subscribed during the Pre-emptive Subscription Period to the Agent Entity through the means that Iberclear makes available such that these are received by the Company no later than 8:30 a.m. Madrid time on 12 April 2019, with effective date of that same day.

New Shares subscribed in the Additional Shares Allocation Period

The total pay in of the Subscription Price for each New Share subscribed in the Additional Shares Allocation Period will be made no later than 8:30 a.m. Madrid time on 12 April 2019 through the Participating Entities through which their subscription orders for Additional Shares Allocation Period had been made. The requests for Additional Shares that are not paid in under the terms set out will not be fulfilled.

Notwithstanding the foregoing, the Participating Entities may request from the subscribers a provision of funds in the amount corresponding to the Subscription Price of the requested Additional Shares.

New Shares subscribed in the Discretionary Allocation Period

The total pay in of the Subscription Price of the Discretionary Allocation Shares will be made by the final allottees of the same no later than 17 April 2019, without prejudice to the prefunding set out in this section. The Underwriting Entities that receive subscription requests for the Discretionary Allocation Period may require from the petitioners a provision of funds to underwrite the payment of the price of the Discretionary Allocation Shares which, where applicable, were assigned to them.

For merely operational purposes, and in order for the New Shares to be admitted for listing on the Spanish Securities Markets as soon as possible, prior to the granting and registering of the public deed of Capital Increase in the Commercial Registry, Banco Santander, S.A., as global coordinator and joint bookrunner (“**Senior Global Coordinator and Joint Bookrunner**”), acting in the name and representation of the Underwriting Entities in the proportion of its respective underwriting commitments, and acting in the name and representation of the final allottees, the commitment is made to the Company to make early pay in of the corresponding amount for the number of Discretionary Allocation Shares subscribed during the Discretionary Allocation Period that does not exceed the number of Underwritten Shares (“**Prefunded Shares**”) and to subscribe and pay in said Prefunded Shares, in the amount and proportion set out in the Underwriting Agreement (as defined below), and within the referenced limits. The prefunded amount will be received by the Company, without deducting commissions or expenses, no later than the Prefunding Hour (9:00 a.m. Madrid time) on 12 April 2019.

Distribution and underwriting

On 20 March 2019, an underwriting agreement was signed between the Company, as issuer, and the Underwriting Entities (“**Underwriting Agreement**”). As mentioned above, the Underwriting Entities underwrite a total of 86,442,059 New Shares. It will be called “**Total Underwriting Commitment**” to the total number of Underwritten Shares, which corresponds to 57.535% of the New Shares.

The number of Underwritten Shares for each Underwriting Entity and its participation in the Total Underwriting Commitment are the following:

Underwriting Entity	Underwritten New Shares	
	(number)	(%)
Banco Santander, S.A.	60,126,270	69.557%
Morgan Stanley & Co. International plc	15,037,594	17.396%
Alantra Capital Markets, S.V., S.A.	11,278,195	13.047%
Total Underwriting Commitment	86,442,059	100.00%

Notes:

(1) The percentages have been calculated on the total amount of Underwritten Shares.

The underwriting commitment for each Underwriting Entity, in proportion to its participation in the Total Underwriting Commitment will be reduced by the number of Underwritten Shares that had been subscribed and paid in in the Pre-emptive Subscription Period, in the Additional Shares Allocation Period and in the Discretionary Allocation Period. This is without prejudice to the obligations of prefunding the Shares Subject to Prefunding assumed by the Senior Global Coordinator and Joint Bookrunner.

Significant shareholders and directors

The following significant shareholders have irrevocably undertaken to subscribe during the Pre-emptive Subscription Period - through the exercise of pre-emptive subscription rights - the number of New Shares that are indicated below in accordance with the terms and conditions set forth, without prejudice to their adherence to applicable regulations regarding the securities market and, in particular, to provisions of Royal Decree 1310/2005 of 4 November:

- Amber Capital UK LLP, as discretionary investment manager of the investment funds through which it holds Prisa shares, has undertaken to subscribe approximately 27.096% of the New Shares.
- FCapital Lux S.a.r.l. has undertaken to subscribe approximately 4.037% of the New Shares.
- Banco Santander, S.A. has undertaken to subscribe approximately 4.795% of the New Shares.

The above irrevocable commitments represent approximately 35.928% of the New Shares.

In addition, International Media Group S.a.r.l. states its intention to subscribe approximately 6.538% of the New Shares, subject to the Capital Increase being approved under satisfactory terms.

Consequently, the Company has received irrevocable commitments and statements of interest for approximately 42.465% of the New Shares.

The percentages reflect the number of New Shares that correspond to the subscription undertakings and the statements of intent, in attention to the exchange ratio between the number of New Shares that can be subscribed (17) with each pre-emptive right (63).

In any case, the referred shareholders shall not receive privileged treatment with respect to the other Company shareholders under the framework of the Offering, the subscription of the New Shares and in cases of revocation.

Estimated Schedule

The estimated schedule for the Capital Increase is shown below:

Action	Estimated date
Resolution of the Board of Directors regarding the Capital Increase and delegation of powers for its execution.	12 March 2019
Resolution to set the terms and conditions of the Capital Increase by the Chief Executive Officer or person authorised for these effects.	20 March 2019
Signing of the Underwriting Agreement.	20 March 2019
Announcing the significant event of the Capital Increase.	20 March 2019
Approval and registration of the Prospectus in the CNMV.	21 March 2019
Communication of the significant event of the registration of the Prospectus in the CNMV and the Pre-emptive Subscription Period.	21 March 2019

Publication of the announcement in the Spanish Commercial Registry Official Gazette (“ BORME ”) and the latest date of listing of the shares “with rights” (“ Last Trading Date ”).	22 March 2019
Start of the Pre-emptive Subscription Period (1st round) and Additional Shares request.	23 March 2019
First date of listing of the Company shares “without rights” (“ Ex-Date ”) and start of the listing of the pre-emptive subscription rights.	25 March 2019
Date on which Iberclear determines the positions for the allocation of the pre-emptive subscription rights (“ Record Date ”).	26 March 2019
(“ Payment Date ”) of the pre-emptive subscription rights by Iberclear.	27 March 2019
Finalisation of the listing of the pre-emptive subscription rights.	5 April 2019
Finalisation of the Pre-emptive Subscription Period and the Additional Shares request.	6 April 2019
Where applicable, Additional Shares Allocation Period (2 nd round).	11 April 2019
Communication of the significant event of the New Shares subscribed during the Pre-emptive Subscription Period and, where applicable, during the Additional Shares Allocation Period and, also where applicable, the opening of the Discretionary Allocation Period.	11 April 2019
Where applicable, the start of the Discretionary Allocation Period (3 rd round).	11 April 2019
Where applicable, deadline for finalisation of the Discretionary Allocation Period. In the case of the opening of the Discretionary Allocation Shares, communication of the significant event of the number of Discretionary Allocation Shares subscribed during the Discretionary Allocation Discretionary Allocation Period.	12 April 2019
Pay in by the Participating Entities of Iberclear to Banco Santander, S.A. (as Agent Entity_) of the New Shares subscribed during the Pre-emptive Subscription Period and, where applicable, Additional Shares Allocation Period.	12 April 2019
Where applicable, pay in by the Senior Global Coordinator and Joint Bookrunner (in the name and representation of the Underwriting Entities and acting in turn in the name and representation of the final allottees) of the New Shares that had been subject to distribution during the Discretionary Allocation Period (“Prefunding”) or whose subscription corresponds to the Underwriting Entities in compliance with their respective underwriting commitments.	12 April 2019
Capital Increase agreement execution (“ Execution Date ”).	12 April 2019
Granting the public deed of Capital Increase.	12 April 2019
Registration of the public deed of Capital Increase in the Commercial Registry.	15 April 2019
Announcing the significant event of the execution of the capital increase agreement, granting and registration of the deed in the Commercial Registry and forecast date for the start of the listing of the New Shares.	15 April 2019
Registration of the New Shares in Iberclear (incorporation of shares).	15 April 2019
Admission of listing the New Shares by the CNMV and the Spanish Securities Markets.	15 April 2019
Where applicable, execution of the special stock exchange transaction of the Discretionary Allocation Shares by the Senior Global Coordinator and Joint Bookrunner to the end recipients and/or the rest of the Underwriting Entities (for their subsequent transfer, where applicable, to the end recipients) (“ Special Stock Exchange Transaction ”).	15 April 2019
Communicating the significant event of the admission of the New Shares for listing.	15 April 2019

	<table border="1"> <tr> <td>Estimated day of the initial listing of the New Shares.</td> <td>16 April 2019</td> </tr> <tr> <td>Where applicable, liquidation of the Special Stock Exchange Transaction.</td> <td>17 April 2019</td> </tr> </table> <p>The Company has established the above schedule with the most probable dates in which the events described therein are most likely to take place. The dates set forth are mere estimates and there is no certainty that the events described will take place on those dates.</p> <p>If a delay arises in the planned schedule, the Company will inform the market and the CNMV as soon as possible of the corresponding significant event.</p>	Estimated day of the initial listing of the New Shares.	16 April 2019	Where applicable, liquidation of the Special Stock Exchange Transaction.	17 April 2019
Estimated day of the initial listing of the New Shares.	16 April 2019				
Where applicable, liquidation of the Special Stock Exchange Transaction.	17 April 2019				
E.4	<p>Description of any significant interest for the issue/offer, including conflicting ones</p> <p>The Underwriting Entities and other entities in their groups carry out, and may carry out in the future, bank investment services, agency services or commercial banking, as well as other services for the Company and its Group, for which they have received and will continue to receive the regular fees and expenses for these types of services. Likewise, in the ordinary course of their business, the Underwriting Entities and other entities of their groups are, and may be in the future, holders of Prisa shares and other financial instruments issued by Prisa or entities of its Group.</p> <p>Among other services or relationships are (i) Banco Santander, S.A., significant shareholder of Prisa (see section 18.1 of the Registration document), (ii) Banco Santander, S.A., creditor for Prisa, (iii) Morgan Stanley & Co. International plc, which issued a fairness opinion directed to the Board of Directors of the Company regarding the reasonableness of the consideration that the Company will pay for the Santillana Acquisition, from a financial perspective, as of the date of said opinion.</p> <p>The Company does not have knowledge of the existence of any relationship or significant economic interest between Prisa and the entities that participate in the Capital Increase, excepting for the strictly professional relationship deriving from the consulting described in the aforementioned section and mentioned in this section.</p>				
E.5	<p>Name of the person or entity that offers to sell the security. Non-desposal: the involved parties; and indication of the frozen period.</p> <p>In the Underwriting Agreement, excepting prior written authorisation from the Global Coordinators and Joint Bookrunners during the period between the signing date of the Underwriting Agreement and the date in which 180 days have lapsed from the admission to listing of the New Shares, Prisa has undertaken to (i) directly or indirectly to refrain from issuing, offering, pledging, selling, undertaking to sell or grant call options, rights, warrants or purchase commitments, exercise put options, call options or commitments to sell or provide, transfer or dispose of Prisa shares or securities that are convertible or exchangeable into Prisa shares, (ii) refrain from subscribing swaps or other Agreements or transactions that transfer, in full or in part, directly or indirectly, the economic consequences of holding Prisa shares, and (iii) refrain from subscribing other transactions with the same economic effects, or agree, announce or publish the intention to carry out any of the above. The foregoing is not applicable to (a) treasury transactions carried out in accordance with applicable regulations after 90 days have lapsed from the admission to listing of the New Shares, (b) the granting or exercise of options or other rights for acquiring Prisa shares or instruments related to them under options plans in force from the directors or officers of the Company; and/or (c) the transfer of ordinary shares that Prisa carries out in favour of companies of the Group.</p>				
E.6	<p>Amount and percentage of the immediate dilution resulting from the offer</p> <p>The shareholders of the Company have pre-emptive subscription rights to the New Shares that are the object of the Capital Increase, and therefore, in the case that they exercise said right will not undergo any dilution in their participation in the share capital of the Company.</p> <p>In the case that none of the current shareholders of the Company subscribe New Shares in the percentage that corresponds to them from the pre-emptive subscription rights, and assuming that the New Shares were fully subscribed by third parties (i.e. issuing a total of 150,243,297 New Shares), the participation of the current shareholders of the Company would represent 78,80% of the total number of shares of the Company that would come about if the Capital Increase were fully subscribed, which would imply a dilution of 21,20% of the capital prior to the Capital Increase.</p>				
E.7	<p>Estimated expenses applied to the investor by the issuer or the offeror</p> <p>The Company will not bear any expense for the subscribers of the New Shares. Expenses for the first registration of the New Shares in the accounting registries of Iberclear or its Participating Entities will not accrue under the responsibility of the investors who participate in the Capital Increase. However, the Participating Entities that keep accounts of the holders of the Prisa shares, in accordance with in-force legislation, establish the rates published in their Prospectus for rates and announcements to Banco de España and the CNMV, for the commissions and payable expenses for administration that</p>				

they freely determine, deriving from the maintenance of the securities in the accounting registries.

Likewise, Prisa and the remaining Participating Entities through which the subscription is carried out, in accordance with in-force legislation, may establish commissions and payable expenses for processing subscription orders for securities and sale and purchase of pre-emptive subscription rights that they freely determine.

The foregoing is understood to be without prejudice to the circumstances that may exist in other jurisdictions based on the provisions of their respective legislations.

II. RISK FACTORS

II.1 Risk factor specific to the issuer or their industry

Following is a list of the risks associated with Promotora de Informaciones, S.A. (hereafter, “Prisa”, the “Company” or the “Corporation”), its activity, the sector wherein it is developed and the environment wherein it operates, and that could adversely affect the business, the results or the financial, economic or equity position of the Company or the quoted price of its shares.

These risks are not the only ones that Prisa could face in the future. It is possible that future risks, that are currently unknown or not considered relevant, could have an effect on the business, the results or the financial, economic or equity position of the Company, or the quoted price of its shares or other securities issued by Prisa or companies of its group, which could lead to a partial or complete loss of the investment made due to various factors, including the risks to which the Company is subject described in this section and in section III hereof (hereafter sections II.1 and III shall be collectively referred to as the “**Registration Document**”).

For the purposes of the risk factors described hereafter, all references to Prisa or to the Company must be understood to be made to all companies forming part of the Grupo Prisa (the “**Group**” or the “**Grupo Prisa**”), except as stated otherwise.

(A) Risks relating to the financial and equity position of Prisa

(i) *The high level of debt of Prisa reduces its strategic flexibility and could negatively affect its financial and equity position*

As of 31 December 2018, the net debt bank debt of the Group amounts to 928.6 million euros, which could imply a series of risks for the Group inasmuch as it:

- Increases its vulnerability to the economic cycle and to the market evolution, especially in the businesses with higher exposure to economic cycles.
- Requires setting aside a significant part of the cash flows from the operations to cover payment obligations, payment of interest and amortisation of the principal of the debt, reducing the capacity to use such flows to covering needs for current assets, and to finance investments and future operations.
- Limits the financial, strategic and operational flexibility of the Group, and the capacity to adapt to market changes.
- Places the Group at a disadvantage with regard to less indebted competitors.

On 16 January 2018, the Company entered into a master refinancing agreement (the “**Lock-up Agreement**”) with most of the financial creditors of the Override Agreement (agreement to refinance the Group debt signed in December 2013) to refinance and amend the conditions of the financial debt of Prisa (the “**Refinancing**”). Since that date, and up to 22 January 2018, the remaining financial creditors under the Override Agreement acceded to the Lock-up Agreement. On 29 June 2018, the Refinancing entered into effect, implying, among others, the amendment of the Override Agreement (the Amended Override Agreement). On that same date and as one of the conditions precedent for execution of the agreement, the Company repaid debt in the amount of EUR 480 million using the funds derived from the monetary capital increase conducted at the beginning of 2018, and with the cash on hand of the

Company. The Refinancing has extended the maturity of the debt until November and December 2022, with no amortisation obligation until December 2020.

The net bank debt level has dropped from EUR 1,517.2 million as of 31 December 2017 to 928.6 million euros as of 31 December 2018.

The Company has “B” and “B-” ratings granted by the credit rating agencies Fitch, Ratings Espana S.A.U. (Fitch) and S&P Global Ratings Europe Limited (“S&P”) respectively – both registered as required by EC Regulation 10760/2009 of the European Parliament and Commission, and 16 September 2009 for rating agencies. Such ratings were granted in September 2018, in either case with a stable perspective. The credit rating assigned to the Company may be reviewed, suspended or removed at any time by the rating agency. A downward variation in the credit rating of the Company could adversely affect the conditions of a possible future refinancing of the financial debt of the Group.

In spite of the extension of the debt maturities profile of the Group as a result of the Refinancing, the high debt level of the Group could substantially affect the business of the Group, its financial position and the results of its operations and, specifically, could lead to the materialisation of the aforementioned risks. Likewise, in the event that there were a default on the debt amortisation obligations of the Group under its financing agreements, its creditors could draw down on the personal or in rem guaranties described in section 10.1(B) of the Registration Document.

(ii) The Amended Override Agreement and the Group financing agreements contain certain financial covenants the breach of which could imply an acceleration of the financial debt

The Amended Override Agreement, which entered into force last 29 June 2018, and the rest of the Group financing agreements in place contain certain requirements and commitments relating to the compliance with and maintenance of certain leverage and financial ratios (covenants). The aforesaid agreements further include provisions on crossed defaults, meaning that the default of a certain provision could cause, if the breach were to exceed certain amounts, not only the acceleration and resolution of the agreement in question, but also of the Amended Override Agreement.

The terms and conditions of the Amended Override Agreement establish a new set of covenants relating to the bank debt of the Group (see section 10.3 of the Registration Document for more information). The determination of such covenants has been made in attention to the market conditions and according to the business expectations of Prisa. Changes in the accounting standards applicable to the preparation of the financial statements of the Grupo Prisa could affect the measuring of such covenants, which would imply their review with the financial creditors under the Amended Override Agreement.

The covenants reduce the strategic and financial flexibility of the Group, and its possible breach could have a material adverse effect on the financial or equity position of the Group, to the extent that it could imply that the financial debt could prove immediately due and payable.

Prisa has complied with the above ratios since the effective date of the Refinancing and believes that, as of the date of this Registration Document, it continues in compliance with such ratios.

(iii) *Equity position of the company for purposes of the cause of dissolution or capital decrease established in the Spanish Companies Law*

As of 31 December 2017, the net equity of the Company —on the individual level and for purposes of commercial legislation— was EUR 46.3 million (including participative loans in the amount of EUR 513.4 million), which was below the two thirds of share capital (EUR 83.5 million at that moment) which complies with the obligation to reduce capital within the period of one year set forth in Article 327 of the Spanish Companies Law.

This situation came about as a result of losses recorded by the Company in 2017, with a recorded net loss of EUR 131.6 million. To restore the Company asset balance a series of measures was adopted which included a capital increase, which was subscribed and paid in February 2018 in the amount of EUR 563.2 million.

As a result of this, as of 31 December 2018 net corporate capital –on the individual level and for the purposes of the winding or capital reduction situation provided for in the Spanish Companies Law– amounted to EUR 418.7 million, exceeding two-thirds of the share capital by EUR 68.7 million (i.e., EUR 524.9 million). Therefore, as of 31 December 2018 the Company found itself outside the dissolution or capital decrease provided in the Spanish Companies Law, although it continued recording negative results for previous fiscal years in the amount of EUR 594.7 on that date.

Despite that as of 31 December 2018 the net equity of Prisa – on the individual level – was greater than two parts of the share capital, an adverse evolution of the businesses of Grupo Prisa, the recoverability of the assets and financial investments, the cost of debt financing, possible contingencies and other operating expenses of the Company, could bring about losses or an adverse evolution of the net equity of Prisa –on the individual level- which could imply a situation of equity imbalance for commercial law purposes. Such situation could lead to the need to propose to the competent corporate bodies the making of new capital reductions or increases or, in the event that a cause of dissolution be incurred and not be cured upon the terms established by law, the dissolution of the Company.

(B) Tax risks and other financial risks

(i) *The Group is exposed to various tax risks in the countries in which it operates*

The tax risks of the Group are associated mainly with a possible different interpretation of the rules by the competent tax authorities, and modifications of the tax rules of the countries where it operates.

As of 31 December 2018, the consolidated Group has recognised tax assets in the amount of EUR 135.4 million, of which EUR 87 million belong to the tax consolidation group whose parent company is Prisa. There is a risk that the changes in the tax rules or the capacity to generate positive tax bases is insufficient and affects the recoverability of the recognised tax assets derived from prior-year negative tax bases, the limitation of the deductibility of the interest expenses and the amortisations, and the tax deductions.

Likewise, divergences in the interpretation of the aforesaid rules could have an adverse material effect on the financial and commercial position of the Group, and on its results and expectations.

(ii) *The fluctuation in the exchange rates of the euro with respect to Latin American currencies could affect the financial position of the Group as a result of the high exposure of the Group to the region*

The Group is exposed to the fluctuations in the exchange rate mainly due to the financial investments made in shares in American companies, and the income and results derived from such investments.

During the year ended 31 December 2018, 45.5% of the operating income of the Group derived from countries with functional currencies other than the euro. Of this 13.4% of the 2018 Group operating income came from Brazil; 7.4% from Colombia, 6.6% from Mexico, 4.4% from Chile and 3.6% from Argentina.

The foreign affiliates of the Group record the items on their balance sheets and income statements in local functional currency. In the process of preparation of the consolidated accounts, the exchange rate effective at the closing date is applied to all goods, fees and obligations, and the average exchange rate is applied to the items on the income statement. The difference between the amount of the shareholders equity translated at the historical exchange rate and the net equity position resulting from the conversion of the remaining items as mentioned, is included in net equity as exchange differences.

The operating income of the Group during the year ended 31 December 2018 was significantly affected by effects of the exchange rates. This effect represented a decrease of EUR 88.41 million in 2018 income over 2017 income (a drop of 4.2%). At a constant exchange rate, operating income for 2018 would have increased by 2.5% over that of 2017. The negative exchange effect was concentrated mainly in Argentina (-35.52 million euros) and Brazil (-28.79 million euros).

Within that context, in order to mitigate the risk, to the extent that there are available credit facilities, the Group analyses the possibility of formalising, based on its forecasts and budgets analysed monthly, hedging agreements for risks in the exchange rate variation (mainly exchange insurance, *forwards* and foreign currency options) to reduce the volatility of the transactions and results of the affiliates operating abroad. As of the date of this Prospectus, the Group has not entered any exchange rate derivatives.

Likewise, a possible adverse evolution in the economies of the countries of Latin America where the Group is present could give rise to hyperinflation situations, with the consequent negative impact in the exchange rates. Along these lines, during 2018 the economy in Argentina has been considered hyper-inflationary for the purposes of the IFRS due to, among others, the fact that the accumulated inflation over the last three years in such country exceeded 100%. The main accounting impacts are described in the consolidated annual accounts of Prisa for 2018. See more information in section 9.2 of the Registration Document.

An adverse evolution of the exchange rate could have a material adverse effect on the financial and commercial position of the Group and on its results and expectations.

(iii) *A significant part of the bank debt of the Group is referenced at floating interest rates.*

The Group is exposed to the variations in interest rates, to the extent that a significant part of the cost of the external financing of the Group is indexed at floating interest rates updated

monthly, quarterly or half-yearly based on the relevant financing agreement and the applicable reference rate.

As of 31 December 2018, approximately 98.01% of the gross bank debt of the Group is indexed at floating interest rates. At the date of this Registration Document, the Group has no derivatives contracted on interest rates.

As of 31 December 2018, the average interest rate of the financial debt of the Group was of 3.68%. The following table shows the sensitivity of the interest expense (before taxes), in millions of euros, accumulated since 31 December 2018 and until the total maturity of the current debt of the Group in 2022, at variations of 50 basic points (in absolute value) at the interest rates associated with the Group debt, solely assuming the mandatory amortisations of EUR 15 million and EUR 25 million on 31 December 2020 and 2021, respectively.

<u>Interest rate variation</u>	<u>Sensitivity (before taxes)</u>
+50 bps	13
-50 bps	(2)

An upwards evolution of the interest rate could have an adverse material effect on the results and the financial and equity position of the Group.

(iv) The Amended Override Agreement includes a partial payment milestone, which if not met would lead to an increase in debt cost

The Amended Override Agreement includes a milestone for a partial payment of 275 million euros before 1 April 2020 (“**Milestone 2020**”). The Milestone 2020 is not configured as a payment due obligation, but rather as a milestone which if not met will cause an increase in debt cost. In any event the failure to pay this amount is not considered as a breach of the terms and conditions of the refinancing debt. Therefore, if beginning 1 April 2020, Milestone 2020 is not met, then an additional margin of 1.5% (0.5% payable in cash and 1% capitalisable) would be applied to the existing debt, only until that milestone has been satisfied.

(v) The Group is subject to credit and liquidity risk

The adverse macro-economic situation, with significant drops in advertising and circulation of newspapers has had a negative effect on the cash generation capacity of the Group over the last years, mainly in Spain. Businesses depending on advertising have a high percentage of fixed costs and the drop in advertising revenues significantly impacts margins and cash position, hindering the implementation of additional measures to improve the operating efficiency of the Group. During the year ended 31 December 2018, advertising revenues accounted for 37.8% of the operating income of the Group.

On the other hand, the nature of the Educational business determines that there are periods of concentration of collections based on certain dates, mainly during the last months of each year. During the year ended 31 December 2018, operating income from the Education segment accounted for 46.9% of the overall operating income of the Group.

The foregoing leads to a seasonal nature of the consolidated cash flows of Grupo Santillana Educacion Global, S.L. (“**Santillana**”). Although in an annual computation, the seasonal nature of the Group cash flows is not material, insofar as the flows derived from the various business units are offset mitigating the seasonal nature effect in great part, the foregoing could

give rise to some cash issues during the periods in which the collections are structurally lower.

In this regard, on 29 June 2018 and within the context of the Refinancing, the Company constituted a Super Senior credit policy until June 2023 in the maximum amount of up to 86.5 million euros, 50 million euros of which will be used to finance the operating requirements of the Company. As of 31 December 2018, no amount had been drawn down on the aforementioned policy. For further information see section 10.1(B) —*Financial Resources – External Resources of the Grupo Prisa*— of the Registration Document.

Paragraph 10.2 of this Prospectus includes the stipulated conditions for collection for each type of product of the Group. Paragraph 10.1(B) of this Prospectus presents the calculation for the mean payment period to suppliers.

Regarding the commercial credit risk, the Group is evaluating the ageing of the balances receivable and is constantly following up on the management of collections and payments associated with all its activities, and the maturities of financial and trade debt, and recurrently analyses other means of financing to cover the foreseen needs for cash in both the short, mid and long term.

(C) Strategic and operating risks of the Group businesses

(C.1) Specific risks associated with the Education business

(i) The Group could not adapt promptly and successfully to the changes in the competitive environment and in the use of educational content

In the Education business (which, during the year ended 31 December 2018, contributed 46.9% of the operating income of the Group), the Group also competes with both traditional players and smaller businesses, online websites and digital operators offering alternative contents and methodologies. The proliferation of new distribution channels —for instance, the internet, online platforms, online retailers — represent both threats and new opportunities for the traditional business model of the Group.

In the Education business, there is an increasing trend to access free educational content using online websites, and the market of second-hand materials is proliferating. On the other hand, there is an increase in the number of schools not using books and developing new contents in the realm of curricular autonomy of the centres. This trends exerts pressure to reduce the prices of books on the main markets of the Group. In the event that the Group were to be unable to adapt promptly and effectively to such changes, it could lose its market share to smaller competitors with greater capacity to adapt to change.

(ii) The concentration of the sales in the public sector could negatively affect the evolution of the Group businesses

The main clients in the Education business of the Group are governments and public entities of the various jurisdictions in which it operates. During the year ended 31 December 2018, 20.2% of the operating income from the Education business (18.9% as of December 2017) derived from institutional sales, specifically, a high concentration in Brazil, where during the year ended 31 December 2018, 43.9% of the operating income from such business was provided by institutional sales (42.6% as of December 2017).

Such dependency on public administrations could imply a risk for the results and the business of the Group, in the event that the economic situation in such countries were to worsen, there were regulatory changes or in public policies or if the contractual relations are not renewed.

(C.2) Specific risks associated with businesses with exposure to the advertising market (Press, Television and Radio)

(iii) *The appearance of new players and online platforms represents a threat to the competitive position of the Group on the markets in which it operates*

In the businesses of Press, Television (through Media Capital) and Radio, the Group competes for advertising with both traditional players and multinational platforms of online audiovisual and musical content—including Netflix, Amazon or HBO—, with new online contents providers and news aggregators (*news aggregators*)—including Google News—. Competition among companies offering online content is intense and there is an increasing threat of entrance by new competitors. Some of these new competitors could have greater resources and a better financial and equity position than Prisa, which could grant them a competitive advantage with regard to the Group.

The capacity to maintain the competitive position of the Group in the businesses of Press, Television and Radio depends on numerous factors, some of which are beyond its control, including among others:

- The capacity to continue to offer quality journalism and content resulting of interest and relevance to readers;
- The popularity, functionality, usability, adaptability, performance and safety of the digital products of the Group as compared to those of its competitors;
- The capacity to increase the commitment of its readers, in relation to both printed and digital products, and the capacity to draw in new readers;
- The capacity to develop and monetise digital products;
- The strategy of setting prices for the Group products;
- The ability to trade the Group products and offer advertisers returns on investments in advertising;
- The ability to attract, retain and motivate employees and, especially, attract digital talent;
- Maintaining the reputation of the Company and its brand strength.

In the event that all or any of the preceding risk factors were to materialise, the foregoing could have a material adverse effect on the results, the financial and equity position, the businesses and the expectations of the Group.

(iv) *The impairment of the advertising market could negatively affect Group revenues*

A relevant part of the operating income of Prisa derive from the advertising market (37.8% of the operating revenues of the Group over the year ended 31 December 2018), mainly in its Press, Television and Radio businesses. Advertiser spending tends to be cyclical and is a reflection of the general economic situation and perspectives.

In the event that there were an impairment of the macro-economic variables (especially the GDP) in Spain, Portugal and Latin America, the spending perspectives of the Group advertisers could be negatively affected.

Spain accounted for 56.2% of the overall advertising revenues of the Group for the year ended 31 December 2018. Portugal and Latin America in turn accounted for 25.8% and 18%, respectively, of the overall advertising revenues of the Group for the year ended 31 December 2018. Specifically, Colombia accounted for 11.5% of the advertising revenues of the Group, while Chile accounted for 4.9%.

The Company cannot predict the evolution of the advertising market in the short, mid or long term, and considering the sizeable fixed expenses component associated with businesses that rely heavily on advertising revenues, a drop in advertising revenues would directly affect the operating profits and, therefore, the capacity of the Group to generate cash.

(v) *The traditional media business is amidst a process of change; the competitive position of the Group could be affected if it were unable to adapt to new competitive dynamics*

Press revenues derived from the sale of copies and subscriptions continue to be negatively affected by the growth of alternative distribution media, including free internet sites for news and other content (also belonging to the Group itself). The user has modified access to the use of information by replacing paper with digital mediums.

During the year ended 31 December 2018, the Press business accounted for 15.9% of the operating income of the Group. The Group generated revenues of EUR 68.3 million from the circulation of newspapers and magazines —accounting for 33.6% of the operating income of the Press business and 5.3% of the operating income of the Group—. During the period from 2016 to 2018, the Group income from the circulation of newspapers dropped by 13.7% (compound annual growth rate).

In the process of deciding to purchase advertising space, advertisers take into account, among other factors, the demand for Group products —for instance, the circulation of copies, web traffic or radio show audience data —, the demographic and psycho-graphic characteristics of the reader base and audience, rates, the perception of the results of the investment in advertising and alternative advertising options.

Although the revenues from advertising on paper continue to account for 47.1% of the advertising revenues in the area of Press and 10.4% of the overall advertising revenues of the Group over the year ended on 31 December 2018, the drop in the circulation of newspapers and magazines is leading to a correlative shift in the demand for printed advertising in favour of digital advertising. Nonetheless, there is a risk that the income derived from digital advertising are not sufficient to offset the drop in the paper advertising revenues.

Likewise, the proliferation of alternative digital communication media — including social media or news aggregators (for instance, Google News)— has significantly increased the options available to consumers, leading to a fragmenting of the audience. Furthermore, the proliferation of these new players implies an increase in inventories of digital advertising space available for the advertisers, which affects and is expected to continue to affect the Group Press, Capital Media and Radio businesses.

Moreover, the digital advertising business itself is subject to constant change. The interruption with digital advertising of networks and markets —especially, advertising auction interruption methods —, allow advertisers to develop more customised advertising and pressure prices to drop.

Technologies and applications allowing users to avoid digital advertising on the web and mobile applications and for visiting *smartphones* are proliferating. The ads blocked by such technologies are not computed as advertising impressions, implying that the Group would lose the advertising revenues corresponding to the advertising impressions that would have been produced had the aforesaid applications not existed.

Should the Group business not successfully adapt to the new demands of consumers and the new business models, there could be a material adverse effect on the Group income and results.

(C.3) Other risks

(vi) *The presence of the Group on the international markets exposes it to risks of various natures*

The evolution of the macroeconomic variables, and the exchange rates affecting the evolution of the Group businesses both in Spain and in America.

During the year ended 31 December 2018, 59.9% of the operating income of the Group derived from international markets. Although the Americas have become the main geographical market of the Group (accounting for 45.5% of the operating income of the Group), Spain continues to maintain a relevant importance, representing 40.1% of the Group operating income). The following graph shows the source of the operating income of the Group by geographical markets:

<u>Country</u>	<u>Operating income % of Total</u>
Spain	40.1%
Portugal	14.4%
Brazil	13.4%
Colombia	7.4%
Mexico	6.6%
Argentina	3.6%
Chile	4.4%
Others	10.1%

The main consumption variables in Spain have suffered significant impairment in the past, that have impacted, and could continue to do so if growth provisions are not met, the expenses that the Group clients make in their products and services, including advertisers and other clients of the contents offered by Prisa.

The Company cannot predict how the economic cycle will evolve in the short term or over the next years, or if there will be an impairment of Spanish, Latin American or Global economy, or whether there will be geopolitical tensions that could affect such economies.

The macroeconomic impairment could negatively affect the position of the Group in terms of results and generation of cash, and the valuation of the Group assets.

(vii) The use of third-party intellectual property rights implies certain contractual risks

The Group, to make use of third-party intellectual property rights, has been granted non-exclusive authorisations, in exchange for a consideration, by entities managing collective holders of such rights. To the extent that the Group does not participate in the determination of the economic consideration for the use of such rights, there is a risk that significant upward variations in the amount of such considerations have a material adverse effect on the financial position and the businesses of the Group.

The Intellectual Property Law (“LPI” for the Spanish acronym) requires collective rights management institutions (ex.: SGAE, AGEDI, CEDRO, etc.) to set general rates that determine the compensation required for use of their catalogue. Those amounts will be established under reasonable conditions, considering the requirements established in Art. 164.3 of the LPI. The general rates are therefore unilaterally established by management entities, with no intervention from catalogue users, who only have the power to challenge them through administrative proceedings. For business that make an intensive use of third party intellectual rights (such as commercial radio), the modification of these tariffs by management companies could impact the variable costs of the business unit affected.

(viii) The goodwill and other intangible assets of the Group could suffer damages in the future

As of 31 December 2018, the Company has recorded intangible assets on its consolidated balance sheet in the amount of EUR 111.2 million (6.7% over total assets) and goodwill in the amount of EUR 408.8 million (24.6% over total assets). In the analysis of the valuation of such assets and goodwill, estimates made to date have been used, based on the best information available.

In the event that Prisa were unable to accomplish the business plans of the intangible assets capitalised on its balance sheet, it could be compelled to adjust the value of such assets, with the consequent financial impact that this would represent for the Group. Likewise, Prisa could be compelled to provision goodwill arising from corporate transactions conducted in the past, in the event that the future business perspectives associated with such businesses were unable to justify the book value of such goodwill.

(D) Technological risks

(i) The changes resulting from the process of digital transformation expose the Group to a series of risks and uncertainties

The businesses in which the Group operates are subject to an ongoing process of technological change. Recent technological advances have brought with them new methods and channels for the distribution and usage of contents. These advances in turn foster changes in the preferences and expectations of the consumers, which are increasingly seeking greater control of the contents they use and the manner in which they do so.

Technological change implies a series of risks for the Company, including:

- The rhythm and scope of the digital transformation initiatives conducted by the Group increase the risk of performance of new products;

- The lack of capacity to invest successfully and offer adequate products and services responding to market trends (i.e., the digitalisation of contents and the proliferation of distribution channels — aside from printed materials—);
- The lack of capacity to develop products, applications and other digital platforms for mobile devices or *smartphones* that are attractive to users, that are adaptable (*responsive*), operate with various operating systems and reach a high level of acceptance at market;
- The lack of capacity to handle the traffic on social media to increase the digital presence and visibility of the Group products;
- In a context of ongoing technological change and consequent transformation of the traditional business model, there is a risk that resistance to technological change arise in the Group business, which could hinder the implementation of the digital transformation initiatives implemented by Prisa.

Consequently, the materialisation of some or all of the aforesaid risk factors could have a material effect on the results, financial or equity position, business and expectations of the Group.

(ii) *The dependency on IT systems implies risks for the Group*

The businesses in which the Group operates depend, to a greater or lesser extent, on information technology (“IT”) systems. The Group offers software or technological solutions through web platforms —for instance, the UNO and Santillana Share systems in the Education business— using complex IT systems.

To maintain and increase its competitiveness and its business, Prisa must adapt to the technological advances, where research and development are key factors. Along these lines, the Group has outsourced to various technological suppliers the services of management of information technologies and the development of innovation projects in some Group companies. To the extent that such service offering were not to continue or were transferred to other suppliers, the Group transactions could be affected.

Likewise, the IT systems are vulnerable with respect to a series of problems, such as the malfunctioning of hardware and software, IT viruses, piracy and the physical damages suffered by the IT centres. The IT systems require regular updates and it is possible that the Group cannot implement the necessary updates at the proper moment or that the updates do not work as expected. Likewise, the cyberattacks on the systems and platforms of Prisa could lead to the loss of data or compromise client data or other sensitive information. These threats are increasingly sophisticated and it is impossible to guarantee that the Group will be capable of preventing all faults and other attacks on its IT systems.

All this could have a material adverse effect on the normal development of the Group business and, therefore, on its financial and commercial position, and on its results, operations and expectations.

(E) Legal risks

(i) *The Group could be affected by the proliferation of sectoral regulation and changes in the regulations applicable to the businesses in which it operates*

Prisa operates in regulated sectors and is therefore exposed to regulatory and administrative risks that could negatively affect its businesses.

Specifically, the Media Capital (formerly Audiovisual) and Radio businesses are subject to the obligation of having concessions and licences available for the development of its activity.

Likewise, the Education business of the Group depends directly on the public policies applied by the governments of the countries in which the Group operates. For that reason, the Education business could be affected by factors beyond the internal control of the Group, such as for instance (i) legislative changes, (ii) changes in contracting procedures with public administration, or (iii) the need to obtain prior administrative authorisations with respect to the content of the publications which, occasionally, depend on subjective criteria.

Likewise, changes in curriculum derived from some of the above risk factors compel the Group to modify its publications and, in general, educational content, to adapt them to such changes. The adapting of the Group content requires, in turn, making additional investments, thus implying an additional risk that the return on such investments be lesser than expected.

Along these lines, the succession of changes in the governments may, in turn, give rise to changes in the educational policies that could affect the expense in education and the procedure of contracting and acquiring text books, with all the above possibly have a material adverse effect on the financial and commercial position of the Group.

Furthermore, potential regulatory changes approving more restrictive norms than those in place or requiring compliance of more burdensome requirements of service providers (for instance, the modification, non renewal or revoking of the relevant licences) could have a material adverse effect on the businesses, results and expectations of the Group.

(ii) *The Group is exposed to litigation and third-party claims*

Prisa is party to significant litigation, as described in section 20.8 of this Registration Document. Prisa is further exposed to responsibilities for the contents of its publications and programs.

The uncertainty with regard to the outcome of the litigations and claims implies a risk that a damaging result could have a material adverse effect on the business and reputation of the Group, and on its results or financial and equity position.

Likewise, in the development of its activities and business, the Group is exposed to potential responsibilities and claims in the scope of its labour relations.

The provision set up by the Group to face possible claims and litigation against its companies, as of 31 December 2018, amounts to approximately EUR 5.9 million.

Even when the probability of litigation and contingencies (with a probability of over 50%) are duly covered by provisions, there is a series of high impact litigations which are not covered by any provision, as they are catalogued as possible or remote risks by internal and external legal advisors of the Group. The improbable unfavourable resolution of these cases could have a substantial impact on the Company's equity.

(iii) The businesses of Prisa are subject to abundant regulation in matters of fair competition and merger control regulations

The businesses of Prisa are subject to abundant regulation in matters of defence of competition, control of economic concentrations or antitrust laws, at both the international and local level.

Along these lines, the Group is exposed to the risk derived from potential breaches of the regulations for the defence of competition or control of economic concentrations as are applicable, which in turn exposes the Group to the risk that the antitrust authorities and agencies of the countries in which the Group may operate could open penalty proceedings against the Group.

The opening of such proceedings could possibly derive in the imposing of economic sanctions on the Group, which could have a material adverse effect on the equity and financial position of the Group, and damage the reputation of the Group on the markets in which it operates.

Likewise, the opening of penalty proceedings could have as a result that the antitrust authorities and agencies of other jurisdictions exercise greater control over the operations of the Group for the commission of possible collusive behaviour or practices implying a distortion of competition in other jurisdictions.

(iv) The Group is subject to compliance with abundant regulations in matters of data protection

The Group has a large amount of data of a personal nature as a result of the development of its businesses, including data pertaining to employees, readers or students. The Group is therefore subject to rules in matters of data protection in various countries in which it operates.

Along these lines, Regulation (EU) 2016/679 by the European Parliament and Council of 27 April 2016, regarding the protection of individuals with respect to the treatment of personal data and the free circulation of such data — applicable as of 25 May 2018— has substantially modified the rules in terms of data protection within the European Union to impose new obligations on those subject to such regulations and significantly increase the obligations of the issuers in this matter, and the penalties for serious breach. The breach of such rules could lead to reputational damages for the Group and to the payment of significant fines, which could have a material adverse impact on the business of the Group, its financial position, results and forecasts.

Likewise, any disclosure of such personal data by unauthorised third parties or employees, could affect the reputation of the Group, limit its capacity to attract and retain consumers or expose it to claims for the damages suffered by the individuals to whom the personal data refers.

(v) Certain content subject to intellectual property rights developed by the Group in the scope of its businesses could be subject to reproduction by unauthorised third parties

The businesses of the Group depend, in great part, on intellectual and industrial property rights, including, among others, trademarks, literary content or technology developed internally by the Group. The trademarks and other intellectual and industrial property rights are one of the cornerstones of the success and maintaining the competitive advantage of the Group. Nonetheless, there is a risk that third parties, without authorisation of the Company,

seek to unduly copy or obtain and use the content, services or technology developed by the Group. Along these lines, there is no certainty that the measures adopted to protect the intellectual and industrial property rights are enough to prevent the undue use and appropriation of such rights.

Likewise, recent technological advances have greatly simplified the unauthorised reproduction and distribution of content through various channels, hindering the performance of the protection mechanisms associated with intellectual and industrial property rights. Likewise, the international presence of the Group carries the risk that it not be capable of efficiently protecting its intellectual and industrial property rights in all jurisdictions in which it operates.

II.2 Risk factors pertaining to the securities offered

Before reaching the decision to invest in the pre-emptive subscription rights or in the shares subject to the capital increase with pre-emptive subscription rights of Promotora de Informaciones, S.A. (“Prisa” or “Company”, “New Shares” and “Capital Increase”, respectively) it is necessary to take into consideration, among others, the following risks, and those described in the Prisa Registration Document filed with the official registry of the Spanish National Securities Market Commission (“CNMV”) on this very date, i.e., 21 March 2019, regarding the Company and its industry (the Registration Document, the Summary, and the note on the shares included in Section IV below (the “Securities Note”) to be collectively referred to as the “Prospectus”).

- (i) *The Underwriting Agreement between Prisa and the Underwriters provides for the extinguishment of such agreement under certain circumstances. The underwriting agreement with the Underwriters is also subject to certain conditions precedent*

As described in section 5.4 of the Securities Note (section IV) and notwithstanding the commitment to irrevocably subscribe to and statement of interest in subscribing to New Shares assumed by certain shareholders referenced by the Company —corresponding to 42.465% of the Capital Increase—, the Underwriting Agreement subscribed by Prisa with the Underwriters regarding the Capital Increase may be terminated by decision by Global Coordinators and Joint Bookrunners in the event that any grounds for termination were to occur, upon the terms and conditions set out in the Underwriting Agreement. Such grounds include the occurring of certain material adverse changes in, among others, the position (financial, operating, legal or other), in the results of the operations, management, business, solvency and business perspectives of the Company and its affiliates; the suspension of the negotiation of the shares of Prisa on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia (“Spanish Stock Exchanges”) or (a) during 24 consecutive hours, if it takes place within the first 13 days of the pre-emptive Subscription Period; or (b) over more than six consecutive hours, if it takes place within the penultimate day of the Pre-emptive Subscription Period; the general suspension of commercial banking activities, declared by the competent authorities in the European Union, Spain, United Kingdom, the United States or the State of New York, or a substantial change in the commercial banking activities or those of liquidation and compensation of securities in the European Union, Spain, United Kingdom, the United States or the State of New York. The termination of the Underwriting Agreement shall give rise to (i) the termination of the underwriting and prefunding obligations of the Underwriters voiding, where applicable, the petitions for Discretionary Assignment Shares made by the investors and the obligation to subscribe to and pay in the Discretionary Assignment Shares by the Underwriters in compliance with their underwriting agreement, and (ii) in certain cases, the termination of the shareholder subscription commitments (described in section 5.2.2 of the Securities Note).

The termination of the Underwriting Agreement shall demand the publication of a supplement before the closing of the public offering, in accordance with Section 16 of Directive 2003/71/EC of the European Parliament and Council, of 4 November 2003, regarding the prospectus that must be published in case of a public offering or the admitting for trading of securities and modifying Directive 2001/34/EC, thus leading to the opening of a revocation period, affecting all Shareholders of Record and Investors equally (as defined in the Securities Note) that had presented their subscription order prior to the publication of the supplement.

To this end, the time of registration of the public deed of Capital Increase with the Commercial Registry shall be considered the final closing of the public offering.

Likewise, the underwriting and prefunding obligations of the Underwriters under the Underwriting Agreement are subject to the compliance with various conditions precedent — see section 5.4.3 of this Securities Note—, which must be met by the Prefunding Time, at latest (i.e., 9:00 am Madrid time) on the Execution Date (set for 12 April 2019) or, where applicable, no later than the filing of the public deed of Capital Increase at the Commercial Registry (on 15 April 2019, according to the set timetable). Otherwise, and save waiver by the Global Coordinators and Joint Bookrunners of the compliance with the referred conditions, the underwriting and prefunding obligations of the Underwriters shall not enter into effect in case such conditions are not met, event that would lead to publication of a supplement under the legally applicable terms.

In case of termination of the Underwriting Agreement or in the event that the underwriting and prefunding obligations of the Underwriters under the Underwriting Agreement were not to enter into effect, the Capital Increase could be left incomplete, which could have an adverse effect on the value of the shares of Prisa and on the pre-emptive subscription rights, regardless of the financial position —see risk factor pertaining to the issuer (A) (iii)— and results of the Company.

(ii) The shareholders and investors exercising their pre-emptive subscription rights or request Additional Shares during the Pre-emptive Subscription Period cannot revoke their subscriptions

The exercise of the pre-emptive subscription rights and the subscription order during the Pre-emptive Subscription Period pertaining to petitions for Additional Shares shall be deemed made with a final, irrevocable and unconditional nature. Therefore, once the rights have been exercised, or the requests have been made, the shareholders and investors cannot revoke or modify such order or applications and shall be required to subscribed to the New Shares. Likewise, the proposals to subscribe to Discretionary Assignment Shares shall be deemed final, irrevocable and unconditional except in the event of termination of the Underwriting Agreement, or from the failure if the underwriting and prefunding obligations of the Underwriting Entities to enter into effect, in which case the proposals to subscribe to the Discretionary Assignment Shares shall be void.

Nonetheless, in the event that a significant factor were to arise (such as, for instance, the termination of the Underwriting Agreement for the reasons indicated in Section 5.4.3 C of the Securities Note) between the date of registration at the CNMV of the Securities Note and the final closing of the public offering demanding the publication of a supplement and consequent opening of a period for the revocation of the orders or requests for subscription made before the publication of the supplement, over a term of no less than two business days from its publications, the Shareholders of Record and Investors could revoke their subscription orders in accordance with Section 16 of Directive 2003/71/EC of the European Parliament and Council of 4 November 2003 on the prospectus that must be published in case of public offering or the admittance to trading of securities, and which modifies Directive 2001/34/EC, and with Section 40 of Royal Decree 1310/2005, of 4 November. To this end, the time of registration of the public deed of Capital Increase with the Commercial Registry shall be considered the final closing of the public offering.

(iii) Prisa cannot guarantee that an active negotiation market will be developed for the pre-emptive subscription rights or that there will be enough liquidity for the aforesaid rights

The pre-emptive subscription rights under the Capital Increase subject to this Prospectus shall be negotiable on the Spanish Stock Exchanges through the Automated Quotation System (Continuous Market) during stock market business days over a period of fifteen calendar days from the day following that of publication of the announcement of the Capital Increase in the Spanish Commercial Registry Official Gazette (BORME).

Prisa cannot ensure that an active negotiation market is to be developed for the pre-emptive subscription rights in the aforesaid Spanish Stock Exchanges or that there will be enough liquidity for the aforesaid rights.

Pre-emptive subscription rights that are not exercised during the Pre-emptive Subscription Period shall be automatically extinguished at its end. The Company's shareholders (or those that have acquired their rights therefrom) that do not exercise or sell their rights within such term, shall waive them and shall not receive any sort of economic compensation for them.

(iv) A possible significant loss in the quoted price of the shares of the Company could negatively affect the value of the pre-emptive subscription rights

Inasmuch as the negotiation price of the pre-emptive subscription rights depend on the negotiation price of Prisa's ordinary shares, a possible significant drop in the quoted price of the shares of the Company could negatively affect the value of the pre-emptive subscription rights. Therefore, the risks affecting the quoted price of the shares of Prisa, including the risks described in this Securities Note, could also affect the quoted price of the pre-emptive subscription rights.

The Company cannot guarantee to the holders of pre-emptive subscription rights that the quoted price of the shares of Prisa will not drop below the subscription price of the New Shares after the holders of the pre-emptive subscription rights have decided to exercise them. Should this be the case, the holder of pre-emptive subscription rights would have committed to acquire New Shares at a price exceeding market value, which would give rise to an immediate unrealised loss. Prisa cannot guarantee to the holder of pre-emptive subscription rights that after the exercise of the referred rights they will be able to sell their shares at a price that is equal to or greater than the subscription price.

(v) A delay in the start of the trading of the New Shares would affect their liquidity and prevent their sale until they are admitted for trading

Once the public deed pertaining to the Capital Increase is registered with the Commercial Registry, it is expected that the New Shares issued as a result of the Capital Increase will be listed on the Spanish Stock Exchanges through the Automated Quotation System (SIBE) on the business day following that on which the referred filing takes place and the registration of the New Shares as book entries at Iberclear. Any delay in the start of the stock exchange trading of the New Shares would annul the liquidity of such shares on the market, hindering or preventing investors from selling them.

(vi) The trading value of the shares of Prisa may be volatile and undergo significant unforeseen drops

The trading value of the shares of Prisa may be volatile. Such factors as the evolution of the

operating results of the Company, negative advertising, changes in recommendations of stock analysts as regards the Company, or in the overall conditions of the financial markets, of securities or of the markets in which Prisa operates, could have a negative effect on the trading value of the Company shares. The price of the shares issued through an offering is generally subject to a higher volatility during the period immediately following the making of the offer.

Additionally, over the last years, the stock markets in Spain and worldwide have experienced great volatility in terms of contracting volume and quoted prices of the securities that are often unrelated to the underlying operating performance of the companies. Such volatility could negatively affect the trading value of the shares of Prisa, regardless of its financial position and operating results, possibly preventing investors from selling their shares on the market at a price above their subscription price.

(vii) Shareholders not exercising their pre-emptive subscription rights shall suffer the dilution of their interest in the Company capital

As this is an issue of new ordinary shares of Prisa, the shareholders that do not exercise their pre-emptive subscription rights shall suffer the dilution of their interest in the capital of Prisa, dropping down to 78.80% of their current interest (i.e., a dilution of 21.20%), assuming the subscription of 100% of the New Shares.

Even in the event that a shareholder were to transfer their unexercised pre-emptive subscription rights, before the end of the Pre-emptive Subscription Period, the price they receive as consideration, as applicable, could possibly not be sufficient to fully compensate them due to the dilution of their interest in the capital of the Company as a result of the Capital Increase.

(viii) The sale of a substantial number of shares or pre-emptive subscription rights of the Company during the Capital Increase or following its conclusion, or the perception that may arise of such sales, could negatively affect the trading of the shares and the pre-emptive subscription rights of the Company

The sale of a substantial number of shares or pre-emptive subscription rights of the Company on the market during the Capital Increase or following its conclusion, or the perception that may arise as to such sales, could negatively affect the trading value of the shares and of the pre-emptive subscription rights of Prisa.

Likewise, the future sales of shares could significantly affect the market of shares of the Company and its capacity to obtain additional capital through further issues of participative securities.

(ix) Future capital increases could dilute the interests of the shareholders in Prisa

Aside from the Capital Increase, the Company could perform additional capital increases in the future.

In general terms, the issue of new shares could result from a capital increase or as a result of the exercise of conversion rights by holder of convertible obligations or similar instruments convertible into Prisa shares. In the event that capital increases were to be made, the Company's shareholders could suffer the dilution of their interest in the capital in cases where the pre-emptive right is not exercised or it is excluded, in whole or in part, pursuant to the Consolidated Text of the Spanish Companies Law, approved by Royal Legislative Decree

1/2010, of 2 July (the “**Spanish Companies Law**”).

The Company’s Annual General Meeting of the Shareholders, held on 25 April 2018, agreed to authorise the Board of Directors to increase share capital over a period of up to five years, on one or more occasions and up to one half of the share capital (at the time set at EUR 524,686,851.88 euros). Such authorisation includes the authority to fully or partially exclude the pre-emptive subscription right, in which case the aggregate nominal amount of the capital increases executed under the provisions of the referred delegation cannot exceed 20% of the amount of share capital at the time of the authorisation —i.e., EUR 524,686,851.88—. The Capital Increase referred to in this Prospectus has been approved by the Board of Directors, on 12 March 2019, under the aforesaid delegation. The amount of the Capital Increase was set for 141,228,699.18 euros of nominal amount (see section 4.6.1 of the Securities Note). Consequently, once the Capital Increase has been exercised, assuming it is subscribed in full, the remaining amount of authorised capital shall amount to EUR 121,114,726.76 nominal amount.

Furthermore, the same Ordinary Meeting of the Shareholders agreed to delegate in the Board of Directors the authority to issue, among others, fixed-income securities convertible into newly issued shares and/or tradeable for shares issued in Prisa and other companies and warrants (options to subscribe to new shares or to purchase issued shares of Prisa or other companies) over a period of up to five years.

Nonetheless, under the Underwriting Agreement, the Company has undertaken not to issue shares or perform any of the operations described in section 7.3 —*Securities Holders Sellers – Non-disposal Commitments (lock-up agreements)*— of the Securities Note, with the exceptions described in such section, except with authorisation from the Global Coordinators and Joint Bookrunners, during the period spanning from the signature of the Underwriting Agreement until the lapsing of 180 consecutive days from the admittance to negotiation of the New Shares. Upon the lapsing of such term, the Company may decide to issue shares or securities convertible into shares.

(x) *A current shareholder or third party may acquire a significant percentage of the shares in the Company under the Capital Increase*

It is possible that a current shareholder of the Company or a third party acquire a significant number of New Shares, which could reduce the *free float* of the shares of Prisa available for negotiation on the markets, negatively affecting the liquidity of the asset. Such circumstance could also place the shareholder or third party in a position that would allow them access to the Board of Directors of Prisa or to exert significant influence thereupon.

To this end, it is noted that at the date of this Securities Note, the following shareholders have expressed their irrevocable commitment to exercise the relevant pre-emptive subscription rights (for further detail on the terms and conditions to which such commitments are subject, see section 5.2.2 of the Securities Note):

- Amber Capital UK LLP, as discretionary investment manager of the investment funds through which it holds Prisa shares, has undertaken to subscribe approximately 27.096% of the New Shares.
- FCapital Lux S.a.r.l. has undertaken to subscribe approximately 4.037% of the New Shares.

- Banco Santander, S.A. has undertaken to subscribe approximately 4.795% of the New Shares.

The above irrevocable commitments represent approximately 35.928% of the New Shares.

In addition, International Media Group S.a.r.l. states its intention to subscribe approximately 6.538% of the New Shares, subject to the Capital Increase being approved under satisfactory terms.

Consequently, the Company has received irrevocable commitments and statements of interest for approximately 42.465% of the New Shares.

The percentages reflect the number of New Shares that correspond to the subscription undertakings and the statements of intent, in attention to the exchange ratio between the number of New Shares that can be subscribed (17) with each pre-emptive right (63).

In any case, the referred shareholders shall not receive privileged treatment with respect to the other Company shareholders under the framework of the offering, the subscription of the New Shares and in cases of revocation.

(xi) The Company's ordinary shares have not accrued dividends since 2011 and it cannot be guaranteed that such situation will change in the future

The possibility of the payment of dividends by the Company in the future may be affected by the risk factors described in the Prospectus. The actual payment of dividends shall depend on the profits, the financial and equity position of the Company from time to time, its liquidity needs and other relevant factors. Along these lines, the Company's ordinary shares have not accrued dividends since 2011. The Company cannot guarantee that dividends will be distributed in the future.

Currently, the Group financing agreements impose restrictions on the distribution of dividends, described in section 20.7 of the Registration Document, until certain levels of reduction of the financial debt have been reached.

(xii) The share offering and price and pre-emptive subscription rights of the company could be affected by the U.K. withdrawal from the European Union

The process or the results of the ongoing negotiations related to the withdrawal of the U.K. from the European Union – and especially in a scenario in which no agreement is reached to regulate their relations after the U.K. withdrawal – could have a significant negative impact on international securities markets, increase volatility in terms of volume and list prices or negatively affect financial market liquidity.

Although Grupo Prisa does not have any activities in the United Kingdom, the proximity of the deadline for its withdrawal from the European Union – scheduled for 29 March 2019 – implies that the offering and price for the company shares and pre-emptive subscription rights could be especially affected by the uncertainty or the result of the U.K. withdrawal process, leading to: (i) greater volatility with the resulting negative effect on the list price of the Prisa shares or pre-emptive subscription rights; (ii) a decrease in the liquidity of the Prisa shares or pre-emptive subscription rights; (iii) even prevent the correct functioning of the market where the Company shares or pre-emptive subscription rights are traded.

(xiii) The shareholders of countries with currencies other than the euro may face an additional investment risk linked to the variations in the exchange rates relating to the holding of Company shares

The shareholders of countries with currencies other than the euro have, in relation to the ownership of the shares of the Company, an additional investment risk linked to the variations in exchange rates. The shares of the Company are solely listed in euros and any payment of dividends made in the future shall be made in euros. Therefore, any dividends received in relation to the ownership of the shares of the Company or for any sale of shares of the Company could be negatively affected by the fluctuation of the euro as regards other currencies, including the United States dollar, the pound sterling, the Mexican peso, the Brazilian real and the Argentine peso.

(xiv) Legal or regulatory limitations on investments could restrict certain investments

The investment activities of certain investors are subject to legal and statutory regulation or review and regulation by certain authorities. Each potential investor must consult with its legal counsel to determine whether, and to what extent: (i) the pre-emptive subscription rights and/or the subscription of New Shares are legal investments permitted by law; (ii) the pre-emptive subscription rights and/or the New Shares may be used as guarantee for various types of financing; and (iii) other restrictions that could apply to the subscription, acquisition, sale or pledging of any pre-emptive subscription rights and/or New Shares. Financial entities must consult with their legal counsel and the relevant regulators to determine the appropriate treatment of the pre-emptive subscription rights and/or New Shares under governing law.

(xv) The pre-emptive subscription rights must be exercised through the Entity Participating at Iberclear whose record of account entries reflects the deposit of the pre-emptive subscription rights and New Shares must be paid in euros. Some difficulties may be faced in exercising the pre-emptive subscription rights in other jurisdictions.

The pre-emptive subscription rights must be exercised through the Entity Participating at Iberclear whose record of account entries reflects the deposit of such securities. The Entity Participating in Iberclear is located in Spain and the payments must be made in euros to such Entity Participating in Iberclear. Consequently, it could be difficult or impossible for the shareholders of the Group and investors outside of Spain to exercise the rights to which they hold title, request the assignment of additional shares and pay the subscription price in relation thereto.

There is a possibility that the shareholders residing in other jurisdictions —and, in particular, those owning American Depositary Shares regarding the shares to which these confer rights —, cannot exercise their pre-emptive subscription rights unless certain legal requirements are met first, such as the need to register a securities offering with the governing bodies in the jurisdictions in which they reside or, where applicable, obtain an exception to the need to meet such requirements.

* * *

III. SHARE REGISTRATION DOCUMENT (ANNEX I TO REGULATION (EC) NO. 809/2004 BY THE COMMISSION, DATED 29 APRIL 2004)

1. PERSONS RESPONSIBLE

1.1 Identification of persons responsible for the registration document

Mr Manuel Mirat Santiago, in his capacity as Chief Executive Officer, acting under the power of attorney conferred to him by the Board of Directors on 12 March 2019, on behalf of Promotora de Informaciones, S.A., a company domiciled in Madrid, calle Gran Via, number 32 (hereafter, “Prisa” or the “Company”), assumes responsibility for the content of this document of registration of the shares of Prisa (hereafter the “Registration Document”).

1.2 Declaration by those responsible for the registration document

Mr Manuel Mirat Santiago declares that, after acting with reasonable diligence to guarantee that it is the case, the information contained in the Registration Document, to the best of his knowledge, conforms to the facts and there is no omission that could affect its content.

2. STATUTORY AUDITORS

2.1 Name and address of the issuer’s auditors for the period covered by the historical financial information

The firm that has audited the individual annual accounts of Prisa and the consolidated accounts of the Group corresponding to the fiscal years ended 31 December 2016, 2017 and 2018 is Deloitte, S.L., domiciled in Madrid, at Plaza Pablo Ruiz Picasso 1, Torre Picasso, bearer of N.I.F. number B-79.104.469 and registered with the Official Registry of Auditors (R.O.A.C.) under number S0692 and at Commercial Registry of Madrid under volume 13.650, folio 188, section 8, page M- 54.414 (“Deloitte”).

2.2 Should the auditors have resigned, been removed or not been reappointed during the period covered by the historical financial information, indicate details if material

The auditors have not resigned, have not been removed from office, were appointed by the Company for the last time and for a period of one year at the Meeting of the Shareholders of 25 April 2018, to audit the annual accounts for the fiscal year ended 31 December 2018.

3. SELECTED FINANCIAL INFORMATION

The consolidated financial information of Grupo Prisa contained in this Registration Document has been prepared in accordance with the provisions of IFRS-EU, considering all accounting principles and standards and the valuation criteria of compulsory application which have a significant effect, and the Commercial Code, the regulations of compulsory compliance approved by the Accounting and Financial Statements Auditing Institute and any other Spanish regulations as may be applicable.

3.1 Selected historical financial information regarding the issuer, presented for each year for the period covered by the historical financial information, and any subsequent interim financial period, in the same currency as the financial information

The information contained in this Chapter must be read together with Chapters 6, 9 and 20 of this Registration Document, and with the consolidated financial statements that are included

as part of this Prospectus by reference. In any case, this information is subject entirely to the content of such consolidated financial statements. The consolidated financial information of the Grupo Prisa corresponding to the years 2016, 2017 and 2018 has been audited.

The consolidated financial information of the Grupo Prisa corresponding to the year 2018 includes, for comparative purposes, financial information corresponding to the year ended 31 December 2017 that has been restated. The reason for the restatement of the financial information of 2017 is that, since 30 June 2018, following the termination of the sale and purchase agreement of Grupo Media Capital, SGPS, S.A. (“**Media Capital**”) signed with Altice NV see section 5.1.5 *2017 and 2018 – Sales operation of Grupo Media Capital SGPS, S.A. to Altice NV* – of this Registration Document), the assets and liabilities of Vertex, SGPS, S.A. (“**Vertex**”) and Media Capital were no longer presented as kept for sale and the operations of Media Capital as operations pending discontinuation, and were consolidated as a continued operation. The restated information has not been audited.

Additionally, the financial information has been restated by segments has been amended to introduce the “Media Capital” operations segment, and to present Media Capital activities as continued activities (see section 6.1 of this Registration Document for more information).

In this sense since Media Capital activities were reflected as continued activities in fiscal years 2016 and 2018, and to make the information more comparable, information related to fiscal year 2017 included in this Prospectus corresponds to restated but not audited financial information from that year. In any event, audited financial information for the year ended 31 December 2017 is included in this Prospectus for reference (for more information see section 27 of this Registration Document).

The historical results presented in this section and in other sections of this Registration Document may not be indicative of the future results of Prisa.

Selected financial information from the consolidated balance sheets of Grupo Prisa

	CONSOLIDATED BALANCE SHEETS		
	As of 31 December		
	2018	2017	2016
	<i>(audited)</i>	<i>(restated) (unaudited)</i>	<i>(audited)</i>
	(thousands of euros)		
Non current assets	813,269	1,112,159	1,273,699
Tangible fixed assets	87,689	97,819	122,390
Goodwill	408,848	498,115	593,121
Intangible assets	111,244	115,465	130,796
Non current financial investments.....	24,611	25,567	33,892
Investments recorded using the equity method	43,077	37,247	36,690
Deferred taxes assets	135,363	335,234	353,653
Other non current assets	2,437	2,712	3,157
Current assets	847,453	810,374	852,732
Inventories.....	150,345	151,335	168,679
Trade debtors and other accounts receivable....	370,090	418,195	418,124
Current financial investments.....	24,936	23,340	19,506
Cash and cash equivalents.....	295,093	217,504	246,423
Non current assets kept for sale	6,989	-	-

CONSOLIDATED BALANCE SHEETS			
TOTAL ASSETS	1,660,722	1,922,533	2,126,431
Net equity	(235,809)	(484.864)	(336.045)
Net equity attributed to the Parent Company ...	(310,458)	(563.914)	(425.125)
Subscribed capital	524,902	83,498	235,008
Other reserves.....	(507,206)	(489.781)	(705.059)
Accumulated profits	(284,380)	(119.221)	47,470
- from prior years.....	(15,033)	(16.657)	115,329
- from the year: result attributed to Parent Company	(269,347)	(102.564)	(67.859)
Treasury shares.....	(2,856)	(694)	(1.735)
Exchange differences	(40,918)	(37.716)	(809)
Minority interest.....	74,649	79,050	89,080
Non current liabilities	1,325,373	929,736	1,909,125
Non current debts with credit institutions.....	1,149,661	703,481	1,653,535
Non current financial liabilities	125,703	120,147	136,149
Deferred tax liabilities	18,612	23,470	21,055
Non current provisions	28,567	44,805	56,516
Other non current liabilities.....	2,830	37,833	41,870
Current liabilities	571,158	1,477,661	553,351
Trade creditors.....	270,982	277,165	301,636
Associated companies	2,151	1,380	1,609
Other non commercial debts.....	55,601	52,505	67,945
Debts with current credit institutions	76,121	1,036,957	68,488
Current financial liabilities	58,643	22,653	23,104
Public Administrations	61,811	51,040	61,633
Provisions for returns	10,797	10,507	8,071
Other current liabilities.....	32,129	25,454	20,865
Liabilities linked to non current assets kept for sale	2,923	-	-
TOTAL NET EQUITY AND LIABILITIES ..	1,660,772	1,922,533	2,126,431
Book value per share (euros) ⁽¹⁾	(0.55)	(6.34)	(5.40)

Notes:

(1) The book value per share (euros) is an Alternative Performance Measure ("APM", initials in English) APM resulting from dividing the net equity attributed to the parent company, less the treasury shares, by the number of shares issued at the relevant date. For a definition, explanation, use and reconciling of this APM see section 26 of this Registration Document.

Selected financial information from consolidated income statements of Grupo Prisa

INCOME STATEMENT			
Year ended 31 December			
	2018	2017	2016
	<i>(audited)⁽¹⁾</i>	<i>(restated) (unaudited)</i>	<i>(audited)⁽¹⁾</i>
(thousands of euros)			
Operating income.....	1,280,288	1,335,740	1,358,037
Adjusted operating income ⁽²⁾	1,280,474	1,319,983	1,349,442
EBITDA ⁽³⁾	252,968	248,182	248,862
Adjusted EBITDA ⁽⁴⁾	276,348	270,428	273,367
Operating results (EBIT).....	85,327	52,642	133,474
Financial results	(85,580)	(69,151)	(87,057)

INCOME STATEMENT			
Year ended 31 December			
	2018	2017	2016
	<i>(audited)⁽¹⁾</i>	<i>(restated) (unaudited)</i>	<i>(audited)⁽¹⁾</i>
	(thousands of euros)		
Results of companies using equity method and other investments	3,830	3,656	3,332
Results before tax on continued activities.....	3,577	(12,853)	49,749
Corporate Income Tax.....	(240,152)	(61,559)	(87,110)
Results of ongoing activities	(236,575)	(74,412)	(37,361)
Results of uninterrupted activities after taxes		(984)	(296)
Consolidated yearly results	(236,575)	(75,396)	(37,657)
Results attributed to minority interest	(32,772)	(27,168)	(37,657)
Results attributed to Parent Company	(269,347)	(102,564)	(67,859)
Basic results per share of continued activities (euros)	(0.54)	(1.28)	(0.87)
Basic results per share of discontinued activities(euros).....	0.00	(0.01)	0.00
Basic results per share (euros)	(0.54)	(1.29)	(0.87)

Notes:

- (1) Except for the variables expressly identified as APMs in the following notes and that have not been audited:
- (2) The adjusted operating income is an APM, (initials in English) obtained by adjusting the operating income with non recurring effects, such as group modifications, tax deductions and other non recurring effects. The definition, explanation, use and reconciling of this APM are set out in section 26 of this Registration Document.
- (3) EBITDA is an APM obtained by adding to operating results (EBIT) the variation in the provisions for current liabilities, provisions for amortisation of fixed assets and impairment of fixed assets and impairment of goodwill. The definition, explanation, use and reconciling of this APM is set out in section 26 of this Registration Document.
- (4) The adjusted EBITDA is an APM calculated by adding to the EBITDA the extraordinary effects consisting of indemnities, consolidation effect, deductions for R&D activities, other non recurring effects and other extraordinary effects, among others, the results of judgements resolving administrative or court litigation or proceedings regarding taxes. The definition, explanation, use and reconciling of this APM are set out in section 26 of this Registration Document.

3.2 Selected financial information is also provided in relation to interim periods, as well as comparative data for that same period of the previous period, unless the requirement for the comparative information on the balance sheet is met by presenting the information from the final balance sheet for the year

Non applicable.

4. RISK FACTORS

See section II.1 (“*Risk factors*”) of this Registration Document.

5. INFORMATION ABOUT THE ISSUER

5.1 History and development of the issuer

5.1.1 Legal and commercial name of issuer

The full registered name of the Company is Promotora de Informaciones, S.A. Its commercial name is “Prisa”.

5.1.2 Place of registration of issuer and registration number

The Company is registered at the Commercial Registry of Madrid under volume 2836 general, 2159 of section 3 of the Companies Book, folio 54, page number M-19511.

The Legal Entity Identifier (LEI, initials in English) of the Company is 959800U3NGPXSCQH54.

5.1.3 Date of incorporation and the length of life of the issuer, except where indefinite

The Company was incorporated in the city of Madrid by public deed executed before Notary Public, Mr Felipe Gomez-Acebo Santos, on 18 January 1972, under number 119 of the order of his formal record, and registered with the Commercial Registry of Madrid under volume 2836 general, 2159 of section 3 of the Companies Book, folio 54, page number M-19511, having adapted its Bylaws to the Spanish Companies Law pursuant to deed executed before Madrid Notary Public, Mr Jose Aristonico Garcia Sanchez, on 31 July 1990, under number 2411 in the order of his formal record, registered at the Commercial Registry of Madrid under volume 392 general, folio 60, page number M-7674, entry 106. Its Bylaws have also been consolidated pursuant to deed executed before Madrid Notary Public, Mr Alfonso Madrudejos Fernandez, on 30 May 2018, under No. 977, of the order of his formal record, registered at Commercial Registry of Madrid under volume 31513, folio 159, page number M-7674, entry 708. It is bearer of N.I.F. number A28297059. Prisa has an indefinite term.

5.1.4 Domicile and legal form of the issuer, legislation whereunder it operates, country of incorporation, and address and phone number of its registered office (or principal place of business if different from its registered office)

(A) Domicile and legal form

The Company is domiciled in the city of Madrid, at calle Gran Via, number 32.

Prisa is a Spanish national of commercial nature and has the legal form of a stock company. Its shares are further admitted for negotiation on the Spanish Stock Exchanges through the Automated Quotation System. Consequently, it is subject to the regulation established by the Spanish Companies Law, the Law of Structural Modifications of Mercantile Companies and other concordant laws. Finally, as a listed company, it is subject to the Securities Market Law and its implementation regulations.

(B) Address and phone number of its registered office and website

The contact phone number and email of Prisa for shareholders and investors are +34 91 330 11 68 and ia@prisa.com, respectively.

The website of the Company is www.prisa.com.

(C) Laws whereunder it operates, country of incorporation

(i) Introduction

The business, activities and investments of Prisa in the realms of television, education, radio and press are subject to various laws, decrees, regulations and procedures in Spain, Portugal and the other countries wherein Prisa develops its activities. Following is a summary of the substantive laws, decrees, regulations, rules, procedures and authorisations that the businesses, activities and investments of Prisa are subject. These summaries are not intended to be exhaustive and must be read together with the full texts of the relevant laws, decrees, regulations, rules, procedures and authorisations described therein. Furthermore, these laws and regulations are subject to changes and, in some cases, to new interpretations, all of which could substantially modify the following.

(ii) Legal system of radio services in Spain

Radio

The radio activity in Spain is mainly developed through Sociedad Española de Radiodifusión, S.L.U. (“**SER**”) and its Spanish affiliates and holdings, which are subject to Law 7/2010, of 31 March, General Law on Audiovisual Communication (hereafter the “GCA Law”), published in Spanish Official Gazette (*Boletín Oficial del Estado*) of 1 April 2010, and effective as of 1 May 2010; and the various Regional Decrees implementing the GCA Law and applicable when the broadcast takes place in its territorial realm of coverage (hereafter the “**Regional Decrees**”).

The GCA Law regulates public and private audiovisual communication television and radio services in Spain, establishing a basic common framework currently applicable to all of them regardless of the form of broadcasting and the technology used (terrestrial broadcasting, cable, satellite, etc.). The GCA Law supersedes existing laws in matters of television and radio and the norms on contents, including, among others, Law 10/1988, on Private Television, of 3 May, Law 66/1997 of 30 December, Law 7/2009 of 3 July, Law 37/1995 of 12 December, Law 25/1994 of 12 July, Law 21/1997 of 3 July, and Law 31/1987 of 18 December.

Under the law preceding the GCA Law, broadcasting services provided by private parties was considered a “public service” and required obtaining a prior administrative concession. The concessions were granted following a public tender and were effective for a term of ten years. Such term could be extended upon prior request by their holders, for successive periods of equal duration.

With the entering into effect of the GCA Law, which abrogates all prior provisions of the same or lesser rank in matters of broadcasting services, broadcasting services were considered “general interest services” and those provided by terrestrial hertzian waves were subject to obtaining a licence, but not an administrative concession. The concessions of the companies integrated into Prisa Radio were transformed between the years 2010 and 2012 into licences to provide an audiovisual radio communication service. At the date of this Registration Document, all regional and state authorities of competent jurisdiction in audiovisual matters have already transformed the concessions into new licences and have registered them in the new Registry of audiovisual communication service providers. The effective term of the

licences is 15 years, taken from the date of the transformation, extendible automatically for successive 15-year periods, provided the conditions established in the GCA Law are met.

Restrictions to broadcasting licences control

Under the GCA Law, a single individual or legal entity cannot, by any means, directly or indirectly control over 50% of the administrative licences of the terrestrial sound broadcasting service coinciding in their scope of coverage, with a maximum term of five licences in the same realm of coverage. No single individual or legal entity may control over 40% of the licences existing in areas where a single licence has coverage in the same autonomous community.

No individual or legal entity may directly or indirectly control over one third of all the administrative licences of the terrestrial sound broadcast service with full or partial coverage in the entire Spanish territory. To limit the number of licences which may be controlled simultaneously, when computing such limitations, the broadcasting stations managed directly by public entities shall not be taken into consideration.

All these limits shall be applied independently to the licences for broadcasting with digital technology and licences for broadcasting with analogous technology. For the purposes of the calculation of such limits, the term “control” shall have the meaning established in Section 42 of the Commercial Code.

Restrictions to ownership, to the transmission of shares and the transmission of licences

By reason of the foregoing laws, broadcasting concessions may be obtained directly by award under tenders called for such purpose, or by purchase from their holder, with prior administrative authorisation. Any change in ownership of the shares of the companies owning radio concessions must be authorised by the authority of competent jurisdiction.

Under the GCA Law, broadcasting licenses may be transferred and leased subject to certain conditions established in the GCA Law and with prior authorisation from the competent authority, at a state or regional level. The execution of such legal businesses shall be subject, in any case, to the payment of a fee to be determined by the Government for licences at a State level, or by the Autonomous Communities, for all other scenarios. There are also no restrictions on the transfer of shares or interest of licensees (except in certain circumstances, as explained in the following paragraph).

The holders of significant interests in an audiovisual communication service provider, such as broadcasting companies, must be registered in the State Registry of audiovisual communication service providers.

As regards foreign investments, under the GCA Law, natural persons or legal entities that are nationals of countries that are not members of the European Economic Area (EES) may solely acquire shares in the share capital or voting rights of the holders of an audiovisual communication service licence, such as broadcasting companies, in accordance with the principle of reciprocity. Under such principle, natural persons or legal entities nationals of a country not member of the EES may solely have a percentage of participation in the share capital of a licensee of the terrestrial wave broadcasting service in Spain that is equal to or lower than the share that a Spanish person may have in the capital of a licensee of a terrestrial wave broadcasting service in the relevant country not member of the EES.

The GCA Law also includes a maximum limit on ownership –direct or indirect– by an individual or legal entity of a State non member of the EES. An individual interest cannot directly or indirectly exceed 25% of the share capital. Likewise, the overall interest in a single legal entity of several natural persons or legal entities of countries that are not members of the EES must be less than 50% of the share capital.

Penalty system

The penalty system applicable to the providing of terrestrial wave television services is contained in Sections 55 et seq. of the GCA Law. Violations are graded based on their severity, and sanctions are determined on a case by case basis. Specifically, the sanctions for providers of audiovisual radio communication services range from a fine in the amount of up to EUR 50,000, for mild violations EUR 100,000, for serious violations and up to EUR 200,000 and the revocation of the licence for various serious violations.

Style guide

The SER network, a commercial radio network led by SER, approved in 2017 its style guide “En Antena” (On Antenna), regulating, among other matters, the treatment of news, the language to be used in the various time slots, or the use of third-party intellectual property rights, which is of mandatory compliance for network professionals.

(iii) **Legal system of the publishing of books in Spain**

Publishing

The book publishing activity of the Grupo Prisa in Spain is mainly developed through its affiliate, Santillana, which is subject to both Law 10/2007 of 22 June, on reading, books and libraries (the “**Book Law**”), and the provisions on text books contained in the applicable rules on matters of education, namely, Basic Law 2/2006 of 3 May, on Education (in its consolidated version, effective since 7 December 2018,) and the regional regulations on the subject matter.

System of fixed public sales price

The Book Law establishes a system of fixed public sales prices for books published, imported or reimported. The public sales price may range between 95% and 100% of the fixed price. The fixed sales price system does not apply to certain categories of books such as, for instance, text books and complementary teaching materials, published mainly for the development and application of the curricula corresponding to Primary Education and Compulsory Secondary Education, the books forming part of a collection (the price of the collection may be less than the sum of the individual titles forming part thereof), bibliophile books, artistic books, used or off-catalogue books, or those forming part of special editions destined for institutions or entities, or for distribution as a promotional element, provided they clearly state such specification.

Prices lower than the public sales prices may be applied (i.e., between 95% and 100% of the fixed price) on certain occasions, such as, for instance, on Book Day, at book fairs, congresses or book expos (with a maximum discount of 10% off the fixed price) or when end users are libraries, archives, museums, scholastic centres, colleges or institutions or centres with scientific or research foundational purposes (with a maximum discount of 15% off the fixed price). Lower prices may also be applied by agreement between publishers, dealers and

booksellers (an annual price offering may be made for certain funds and for specific, time-defined periods).

Notwithstanding the foregoing, the bookseller or retailer may apply prices that are lower than the public sales price to books published or imported after two years have lapsed from the last edition, provided they have offered them for at least six months. The offering and exhibiting of such books must take place separately and sufficiently distinguished from the books that are subject to fixed price

Breach of the fixed price obligation may give rise to fines of up to EUR 100,000, among other sanctions.

(iv) **Legal system of selling advertising in Spain**

Selling advertising

The activity of selling advertising for all formats of the various companies of the Grupo Prisa in Spain is mainly developed (i) through its affiliate, Prisa Brand Solutions, S.L. (sole proprietorship) and (ii) by SER and its Spanish affiliates and holdings; all these subject to General Law on Advertising 34/1988 of 11 November; to Law 34/2002 of Information and Electronic Trade Company Services of 11 July (“**LSSICE**”); and to the regulations of the Association for the Self-Regulation of Commercial Communication (“**Self Control**”).

General advertising laws

The General Law on Advertising imposes a ban against unlawful and subliminal advertising and of certain goods, establishing actions in case of breach of such activities. Unlawful advertising is that which is an affront to the dignity of a person or violates rights recognised by the Constitution. Advertising is also unlawful if it is addressed to minors and incites them to purchase a good, taking advantage of their inexperience or gullibility, or which persuade their parents or guardians to purchase them; and those directed to the purchase of certain products the advertising of which is regulated by a specific regulation. Also deemed unlawful is deceitful, unfair and aggressive advertising, tantamount to acts of unfair competition under Law 3/1991, on Unfair Competition, of 10 January, amended by Law 29/ 2009, of 30 December, amending the legal system of unfair competition and advertising for the improvement of the protection of consumers and users.

Such regulations apply to both advertising in traditional mediums, such as newspapers, radio and television, and to new technologies.

Internet advertising

Complementary to the General Law on Advertising, the companies of the Grupo Prisa that sell advertising in Spain meet the provisions established in the LSSICE, following its modification by Royal Decree-Law 13/2012 which affects the wording of its Section 22 regarding the revoking of the consent provided for the receipt of commercial communications and the installation of “cookies” on user devices.

Along these lines, service providers of the information company must obtain consent from the user, upon the terms and with the guarantees established in Regulation (EU) 2016/679 by the European Parliament and Council, of 27 April 2016, General Data Protection applicable as of 25 May 2018, and Basic Law 3/2108, of 5 December, on Personal Data and digital rights safeguarding effective since 7 December 2018.

Self-regulation codes

The companies of the Grupo Prisa are also subject to Autocontrol, and are therefore subject to the direct application of the Autocontrol Code of Advertising Practice, based on the International Advertising Practices Code of the International Chamber of Commerce, and the sectoral codes of conduct published by Autocontrol (<https://www.autocontrol.es/codigos-de-conducta/>).

(v) **Regulations in matters of television and radio in Portugal**

The television and broadcasting activity in Portugal is developed through Media Capital, which is subject to compliance with various sectoral regulations governing the prior obtaining of authorisations or licences to provide certain services in the territory, to the renewal of the authorisations and licences granted, to the programming, scheduling and control of the audiovisual content broadcast, and to the advertising incorporated in the broadcasts by the operators.

Regulation on Terrestrial Television

Television operators such as *TVI – Televisão Independente, S.A.* (“**TVI**”) are governed by Law 27/2007 of 30 July, (“**Television Law**”), incorporating Council and Parliament Directive 2007/65/EC on television activities, modified in Portugal most recently pursuant to Law 78/2015, on 29 July.

The Portuguese Regulatory Authority for the Media (“**ERC**”), created in 2015 by Law No. 53/2005, of 5 November, is the independent administrative entity in charge of the regulation of the contents broadcast by the various social communication media, among others, by television, radio and press, in accordance with the provisions of Section 39 of the Constitution of the Portuguese Republic. Nonetheless, television activity is also regulated by two independent administrative bodies, ANACOM (*Autoridade Nacional das Comunicações*) in matters pertaining to the telecommunications activity, and the Portuguese Competition Authority (*Autoridade da Concôrrencia*).

Mandatory authorisations and licences

The practice of terrestrial broadcasting activities in Portugal may solely be performed after obtaining a licence granted in accordance with the obligations established in the Television Law. By public tender, TVI obtained, pursuant to Council of Ministers Resolution No. 6/92 of 6 February 1992, the respective television broadcast licence, for an initial term of 15 years, and started broadcasting on 20 February 1993. The licence of TVI was renewed for an additional term of 15 years pursuant to Resolution 1-L/2006 by the ERC on 20 June 2006, corrected and ratified by such regulator by a new Resolution No. 2/LIC-TV/2007. TVI is therefore one of the only two private operators licensed for open terrestrial hertzian broadcasting on a general free broadcast channel, which may solely be granted in Portugal through the relevant public tender called by decision of the Government member with vested authority.

TVI exercised its right to the reserve and use of the digital terrestrial spectrum corresponding to it under the Television Law and, consequently, as of 26 April 2012, has broadcast its digital hertzian signal throughout the entire Portuguese territory. At the same time, TVI is broadcast using other technologies in Portugal and outside of Portugal, pursuant to the rebroadcast agreements signed with various operators and distribution platforms by cable and satellite.

The radio licences in force are valid for terms of 15 years, renewable by individual requests by their holders pursuant to Law 54/2010 of 24 December, approving the Radio Law in Portugal, provided the conditions established in the projects have been met. ERC, as the competent authority, renewed all the radio licences held by the respective companies forming part of Media Capital.

Limitations on the transfer of shares and on the concentration of television operators.

Under the Television Law, operators are subject to regulations for the defence and promotion of competition and are therefore subject to the issue of a prior report by ERC in the case of concentration operations between television operators, and certain restrictions on ownership, with the same holder not being allowed to exceed 50% of the licences granted in Portugal in the same area of territorial coverage.

The licences held by TVI cannot be transferred separately. Nonetheless, under the Television Law, the domain of the licensed television operators can be modified provided the ERC issues a binding report that verifies beforehand, within a term of thirty days, that the negotiation with the domain of the operator does not impair the conditions of the licence granted, guarantees the obligations upon which it was granted, and respects the interests of the potential viewers of the services according to the projects approved.

The Television Law establishes certain rules in terms of the transparency of the ownership of the share capital of the companies whose purpose is social communication, including the ownership of the parent companies, and the make-up of its boards of directors, in charge of the broadcast and editorial content. Any modification must be communicated in detail to ERC.

Obligations regarding contents

The Television Law prohibits the broadcast of programs that incite violence, hate based on race, gender, religion or nationality or programs that could impair mental, physical or moral development of minors, among other legal limitations. Specifically, a time frame of special protection is established for the most vulnerable public, for television broadcasts performed between 6.00 a.m. and 10.30 p.m.

National television operators are required to broadcast six hours during the day and must incorporate in their broadcasts at least 50% of programs in Portuguese, not including advertising, teletext and telesales, 20% of which must be reserved to creative work made in Portuguese. The referred Law also mandates the broadcast of over 50% of its national broadcasts to European work, not counting the time attributed to news spaces, sports, contests, advertising, telesales and teletext. National operators must also ensure that over 10% of their programming, with the aforesaid exclusions, are independent creative productions, made within less than five years.

The television activity is subject to certain limitations regarding advertising and sponsorship, mainly contained in the Advertising Code (Decree Law 330/90 of 23 October) regulating the content of advertising and prohibiting certain forms of advertising, including tobacco products, alcohol, medicine or medical treatments. The Television Law itself complements the regulations on advertising by prohibiting the sponsoring of programs, the forms of advertising, their identification and separation from the content or the duration of the time reserved for advertising.

List of events of general interest

Annually, the Government of Portugal publishes a list of events considered by the public to be of general interest, determining the need for pay television operators to offer free television operators access in transparent, non-discriminatory conditions. The right to issue certain abstracts of this type of events is governed and covered by the Television Law.

Administrative sanctions

In exercising the powers of supervision, the ERC may impose sanctions ranging from the revocation or suspension of the television licence to fines amounting up to EUR 375,000 for very serious breach, depending on the severity of the events. In the most extreme cases, where there is a threat to the freedom of speech or the freedom of programming, this may be grounds for a criminal penalty of up to three years in prison.

(vi) **Legal system of press in Spain**

Press

The main activity of Prisa Noticias, S.L.U. is the operation of all informative press mediums, and is the parent company of the publishing companies of the leaders of printed and digital mediums of the group; specifically, Ediciones El Pais, S.L., Diario As, S.L., Estructura Grupo de Estudios Economicos, S.A.U., Espacio Digital Editorial, S.L.U. and Meristation Magazine, S.L.U., the respectively publishers of El Pais, As, Cinco Dias and digital leaders Huffington Post in Spanish and Meristation.

Currently, and under the framework of the fundamental right under Section 20 of the Spanish Constitution, the press embodies rules directed from source to printed mediums with rules applicable to the digital environment where they actively develop their activity as a result of the digital transformation of the sector.

Along these lines, there are specific legal rules such as Law 14/1966, of 18 March, on Press and Printing, partially effective, regulating, among other matters, the system of publishing companies and the civil liability of media; Basic Law 2/1984, of 26 March, regulating the right to rectify that corresponds to both natural persons and legal entities in terms of information broadcast by any social communication medium, of facts referring to them and that they deem inaccurate and the disclosure of which could cause them harm, and Basic Law 2/1997, of 19 June, governing the clause on the conscience of information professionals, intended to guarantee independence in the performance of their professional duties. At a lower hierarchical level, we may further reference Decree 744/1967, of 13 April, approving the Consolidated Text of the Journalistic Profession Statute

In the digital area, press media are further subject to the aforementioned LSSICE, applicable to the identification and maintaining of the electronic information services, cookies and the area of electronic commerce, etc.

Likewise, leaders such as El Pais are innovative to the extent that it is the first national medium in creating a “Style Guide” in the form of a manual setting out rule of journalistic conduct and writing guidelines in a profession depending on letters, accents and words, and applicable to information professionals working at the newspaper. The current “Style Guide”, twenty-second edition, is updated to the digital environment without losing sight of its paper version.

Diario As has in turn prepared its own “Style Guide”, the first edition of which was published in December 2018.

Finally, the journalistic activity is subject to the rules regarding the protection of honour, intimacy and image which sometimes clashes with the information divulged in the media and, along these lines, the laws applicable to minors, Intellectual and Industrial Property and Consumers and Users.

5.1.5 Important events in the development of the activity of the issuer

1972

- Prisa Foundation.

1976

- First publication of El Pais.

1980s

- Prisa acquires Cadena SER.
- Prisa acquires Cinco Dias.

1990

- Sogecable (then 25% owned by Prisa) is granted a licence to operate on television, Canal+, first pay television in Spain.

1996

- Prisa acquires a majority share in AS and launches the websites of El Pais, Digital+, AS and Cadena SER.

1997

- Sogecable launches Canal Satellite Digital, a multi-channel digital platform in Spain.

1999

- Prisa expands its activity in the music market and founds Gran Via Musical.
- Prisa acquires a share in Caracol, S.A., one of the large radio groups in Colombia, and creates Participaciones de Radio Latinoamericana, S.L. whereby Prisa conducts radio operations in Chile, Costa Rica, Panama, the United States and France.

2000

- Prisa is initially listed on the Spanish stock exchange.
- Prisa expands its advertising sales activity in media and acquires Gerencia de Medios (currently Prisa Brand Solutions, S.L. (sole proprietorship)).
- Prisa extends its activities to the book publishing and printing through Santillana and Dedalo, respectively.

2001

- Prisa incorporates Plural Entertainment, to develop and produce audiovisual contents.

- Prisa enters the radio market in Mexico through an agreement with Grupo Televisa S.A.B., and the acquisition of a 50.0% share in Sistema Radiopolis, S.A. de C.V., Radiopolis.
- Prisa acquires Editora Moderna, in Brazil.

2002

- Prisa incorporates Grupo Latino de Radio, S.A., GLR, as a holding for the restructuring of its radio business in Latin America. Prisa transfers its share in Participaciones de Radio Latin America, Radiopolis and Radio Caracol to the new holding.

2005

- Prisa enters the Portuguese media market by purchasing 100.0% of the share capital of Vertex, holder of 33.0% of the shares of Media Capital.

2006

- Prisa increases its share in Sogecable to 42.9%.
- Prisa integrates its radio activities in Latin America and Spain into Union Radio.

2007

- Prisa acquires 100% of Iberoamericana Radio Chile, S.A.
- Prisa increases its share in Media Capital to 94.7%.

2008

- Prisa acquires the rest of the share capital of Sogecable, to reach a 100% share, and extends the maturity of the bridge loan obtained to fund the acquisition from June 2008 to March 2009.
- 3i Group plc joins the equity structure of Union Radio (currently Prisa Radio) with a 8.14% share.

2009

- Prisa extends the maturity of the bridge loan until March 2010.
- Merger between Canal Satelite Digital and DTS, the latter being the acquiring company.

2010

- Prisa signed an agreement (“Business Combination Agreement” or “BCA”) on 5 March 2010, with the United States company Liberty Acquisition Holdings Corp, whereby the Extraordinary General Meeting of the Shareholders of Prisa agreed to two monetary capital increases for an aggregate cash amount of EUR 650 million, subscribed to by the investors of Liberty Acquisition Holdings Corp. The shares of Prisa were admitted for trading on the Spanish Stock Exchanges and the New York Stock Exchange (NYSE) —in the form of *American Depositary Shares*.

At the same time, the shareholders of Prisa that were already shareholders before 23 November 2010 were granted Prisa *warrants* that were admitted for trading on the Spanish Stock Exchanges.

- Sale of a 25% share in Grupo Santillana de Ediciones, S.L. (currently Grupo Santillana Educacion Global, S.L.) to DLJ SAP Publishing Coöperatief, UA.
- Through Prisa Television (formerly Sogecable), sale of a 44% share in DTS to Telefonica (22%) and to Telecinco (22%), for EUR 976 million, mainly used for debt amortisation.
- On 28 December 2010, Prisa Television sold 100% of Sociedad General de Television Cuatro, S.A. and its affiliates to Gestevisión Telecinco, S.A. The sale was made through the subscription by Prisa Television of a 17.336% share in Gestevisión Telecinco, S.A. through a non-monetary capital increase, approved by the shareholders of the latter at its Meeting of the Shareholders of 24 December 2010. The market value of the investment at the time of subscription was EUR 590 million.

2011

- Sale of 10% share in Media Capital to PortQuay West I B.V., a holding of Miguel Paes do Amaral.
- Prisa refinances its debt until 2013.

2012

- On 30 June 2012, the Meeting of the Shareholders of Prisa agreed to issue bonds that were necessarily convertible into ordinary Class A shares in Prisa in two tranches: a Tranche A, in the amount of EUR 334 million, subscribed by HSBC Bank Plc, Banco Santander, S.A. and CaixaBank, S.A. and a Tranche B, amounting to EUR 100 million and was subscribed by Telefonica, S.A.

2013

- Increase in share of Media Capital by 10% as a result of the repurchase of the shares sold in 2011.
- Sale of press distribution activity.
- Through Prisa Radio, an agreement was reached with 3i Group plc for the purchase of its shares in treasury stock.
- Merger by absorption of Prisa Television and Prisa.
- The Meeting of the Shareholders of Prisa held on 10 December 2013 agreed to issue warrants in favour of certain entities creditors of the Company incorporating the right to subscribe to Class A shares by offsetting credits and that could be exercised during the term of five (5) years (the “**2013 Warrants**”).
- On 12 December 2013, the agreements and other documentation relating to the restructuring and extension of the debt of Prisa signed with all creditor banks and institutional investors representing 100% of its financial debt entered into effect. Along with the refinancing of the debts, an additional funding agreement also entered

into effect, subscribed with certain institutional investors for an amount of approximately EUR 353 million.

2014

- Over the year, Prisa sold shares in Mediaset Spain Comunicacion, S.A. representing 13.7% of its share capital.
- On 2 June 2014, a sale and purchase agreement is signed between Prisa and Telefonica de Contenidos, S.A.U. for the sale to the latter of 56% of DTS for an initial price of EUR 750 million. The signing of such agreement implies the automatic conversion of part of the financial debt of Prisa into participative loan, as established in the refinancing agreement of the Group signed in 2013, to remove the cause of dissolution that the Company was in following the recording of the accounting loss derived from the sale agreement.
- On 1 July 2014, through the affiliate of Prisa Santillana Ediciones Generales, S.L., the sale was made to Penguin Random House Group Editorial, S.A. of its business of general publishing in all countries where it had a presence, except Brazil, for an initial adjusted price of EUR 55.4 million.
- On 7 July 2014, the mandatory conversions took place of (i) the Class B non-voting shares, convertible into ordinary shares, and (ii) all bonds necessarily convertible issued in 2012 in favour of certain creditors and Telefonica, S.A.
- Between May and September 2014, the Company bought back debt for an aggregate amount of EUR 643.5 million through the direct purchase of debt and reverse auctions.
- On 7 August 2014, the reverse auction directed to the creditor entities of Prisa was closed, with the Company having agreed to the repurchase of an aggregate amount of EUR 406.6 million in debt.
- Also on 2 September 2014, Prisa notified the NYSE of its intention to exclude from trading the American Depositary Shares on the ordinary Class A shares (ADSs) and its intention to terminate the registration of the ADSs with the Securities Exchange Commission (SEC) and end its reporting obligations pursuant to the US Securities Exchange 1934 Act.
- On 11 September 2014, a monetary capital increase was made for an aggregate cash amount of EUR 100 million that was fully subscribed to and paid by Consorcio Transportista Occher, S.A. de C.V. and the net amount of which was destined to buy back EUR 133.1 million in debt.
- On 1 October 2014, through the affiliate of Prisa Santillana Ediciones Generales, S.L., the sale was made to Penguin Random House Holdings (Brasil), Ltda. of its general publishing business, for an initial adjusted price of EUR 7.9 million.

2015

- During 2015, the Company sold shares in Mediaset Spain Comunicacion, S.A. representing 3.6% of its share capital.

- On 30 April 2015, the transfer was made by Prisa to Telefonica de Contenidos, S.A.U. of all its shares in DTS, Distribuidora de Television Digital, S.A. (“**DTS**”) (56% of the capital of DTS) for a final amount of EUR 724.6 million.
- On 22 May 2015, a share grouping (or *countersplit*) was made and a capital reduction in the amount of EUR 1.30 euros, leaving the share capital of Prisa established at EUR 215,807,874, represented by 71,935,958 shares, each with a nominal amount of three euros.
- On 2 December 2015, a monetary capital increase was made for an actual aggregate amount of EUR 64 million, which was fully subscribed to and paid in by International Media Group, S.à.r.l.
 - During 2015, the Company paid off debt in an aggregate amount of EUR 833.9 million with the funds obtained from the sales of DTS, Mediaset Spain Comunicacion, S.A. and Ediciones Generales.

2016

- On 1 February 2016, the Company bought back debt from its creditor entities in an aggregate amount of EUR 65.9 million through a reverse auction procedure.
- On 1 March 2016, Santillana formalised an agreement with Carvajal, S.A. for the purchase of the education business of the latter for a final price, upon applying the relevant adjustments, of COP \$51,880,276,089, with the buyer having disbursed EUR 14.4 million. The operation consisted of the purchase of the shares that Carvajal S.A. owned in the companies engaged in the education business in Colombia, Argentina, Chile, Guatemala, Mexico, Peru and Puerto Rico, and the transfer of certain brands associated with the business and the concession of a licence on brands associated with the NORMA name of Grupo Carvajal.
- On 1 April 2016, Meeting of the Shareholders of Prisa agreed to issue bonds necessarily convertible into newly issued shares of Prisa and its subscription through loan swaps. Such issued ultimately amounted to EUR 100.7 million, divided into EUR 32.1 million of Tranche A (subscribed by HSBC Bank Plc., various entities of the Santander group and Caixabank, S.A.) and EUR 68.6 million of Tranche B, fully subscribed for by HSBC Bank Plc.
- During 2016, the Company paid off debt in an aggregate amount of EUR 140.8 million with the funds obtained from the sale of DTS and the funds provided by the capital increase of 2 December 2015.

2017 and 2018

- *Sales transaction of Grupo Media Capital SGPS, S.A. to Altice NV*

On 13 July 2017, the Board of Directors of Prisa agreed to accept the binding bid tendered by Altice NV (“**Altice**”) for the entire share that Prisa held indirectly, through its wholly-owned affiliate Vertix, in Media Capital, for an aggregate company value (“*enterprise value*”) of EUR 440 million. The decision was communicated to the market on 14 July 2017 through the relevant matter.

Subsequently, the parties subscribed to a sale and purchase agreement whereby Prisa would transfer to MEO —Serviços Comunicação e Multimedia, S.A., an affiliate of

Altice NV— 100% of the shares into which the share capital of Vertex is divided, which would have implied the indirect transfer of 94.69% of the share capital of Media Capital.

The end price of the transaction was subject to the customary adjustments for such transactions. This transaction, upon deduction of the costs necessary to conduct the sale, implied the recording of a book loss in the consolidated financial statements of the Grupo Prisa corresponding to the 2017 year of EUR 76.9 million and in the individual financial statements of Prisa of EUR 89.3 million. The recording of such book loss and the reduction of the individual shareholders equity of the Company led to the Company incurring a technical cause of dissolution. To change over this situation, the Company conducted certain transactions for restructuring and strengthening its capital structure as shown in detail below.

The performance of the transaction was subject to the conditions precedent of (i) obtaining an authorisation or *waiver* to such sale by certain financial creditors of Prisa, and (ii) the approval by the Meeting of the Shareholders of Prisa for the purposes of Section 160.f) of the Spanish Companies Law; and (iii) obtaining the mandatory authorisation from the Portuguese antitrust authorities.

Condition precedent (i) above was met by obtaining the relevant *waiver* from the financial creditors of Prisa, on 29 September 2017, while condition (ii) above was met by obtaining approval of the operation by the Meeting of the Shareholders of the Company on 15 November 2017.

On 18 June 2018, the market was informed through the relevant fact of the termination of the aforesaid sale and purchase agreement as a result of the failure to meet the last condition precedent, relating to MEO obtaining the required authorisation of the operation from the Portuguese antitrust authority, by the deadline agreed by the parties.

- *Capital increase to cover the expected conversion and the consequent redemption of all the bonds forming part of the issue of bonds necessarily convertible into shares of Prisa issued in 2016*

On 31 October 2017, the holders of the bonds necessarily convertible into shares of Prisa issued in 2016, for an amount of EUR 100.7 million, exercised the early conversion option to which they were entitled according to the conversion bases and modalities. Such conversion led to the performance, on 17 November 2017, of a capital increase in an effective amount of EUR 9,861,920.70, through the issue of 10,491,405 new ordinary shares of the Company, and the consequent early redemption of all the bonds. The shares issued under the framework of this capital increase were admitted for negotiation on the Spanish Stock Exchanges on 29 November 2017.

- *Operations of restructuring and strengthening of the capital structure of the Company*

According the foregoing, to change over the situation resulting from the sales agreement of Media Capital, the Company approved, among others, the following measures destined for reinforcing and optimising the financial structure and shareholders' equity of the Company: (i) the performance of a series of capital

reductions and reserves; (ii) an increase of monetary capital in the amount of EUR 563.2 million; (iii) the restructuring of the financial debt of the Group.

(i) Capital reductions and reserves

The Extraordinary Meeting of the Shareholders of 15 November 2017 agreed (i) to decrease capital through an offset of losses by charging voluntary reserves in the amount of EUR 1,578.7 million and to the legal reserve in the amount of EUR 5.3 million; (ii) a reduction of share capital in the amount of EUR 154.3 million through the reduction of the nominal amount of the shares of the Company by EUR 1.97 to EUR 1.03 per share, to offset losses, and (ii) a subsequent capital reduction of EUR 7 million through the reduction of the nominal amount of the Company shares by EUR 0.09 to EUR 0.94 per share, to increase the legal reserve. On 17 November 2017, the referred capital reductions and reserves were made by executing the deed notarising the aforementioned agreement, which was registered at the Commercial Registry of Madrid on 21 November 2017. Such transactions allowed the Company to eliminate the aforesaid cause of dissolution.

(ii) Monetary capital increase in an effective amount of up to EUR 563.2 million

The Company agreed to perform a capital increase through monetary contributions and by recognising pre-emptive subscription rights in the aggregate nominal amount of EUR 441.2 million through the issue and circulation of 469,350,139 ordinary shares, each with a nominal amount of 0.94 euros, with an issue premium of 0.26 euros per share and an aggregate effective amount of up to EUR 563.2 million (equivalent to an actual aggregate amount of 1.20 euros per share): divided into (i) a monetary capital increase in an actual aggregate amount of EUR 450 million, agreed by the Extraordinary General Meeting of the Shareholders of 15 November 2017, and (ii) a monetary capital increase in an actual aggregate amount of EUR 113.2 million, agreed by the Board of Directors of the Company on 22 January 2018 under the delegation made in its favour by the Annual General Meeting of the Shareholders of 20 April 2015.

Although such capital increases were approved under two different agreements, as they both establish identical terms and conditions, the Company agreed to perform them simultaneously as shown in detail below.

The referred increase was made by Board of Directors resolution of the Company at its meeting held on 22 January 2018 for an effective amount (par plus issue premium) of EUR 563,220,166.80 through the issue and circulation of 469,350,139 new ordinary shares of the Company at an issue rate of 1.20 euros (with a nominal amount of EUR 0.94 and an issue premium of 0.26 euros each).

Following the end of the pre-emptive subscription period —10 February 2018— and the additional assignment period —15 February 2018—, all 469,350,139 shares offered under the framework of the capital increases approved by the Extraordinary General Meeting of the Shareholders of 15 November 2017, and by the Board of Directors of the Company on 22 January 2018, pursuant to the delegation made in its favour by the Annual General Meeting of the Shareholders of 20 April 2015 were subscribed for.

Such shares were admitted for negotiation on the Spanish Stock Exchanges on 20 February 2018.

(iii) Refinancing

On 16 January 2018, the Company signed a framework agreement or *Lock-up Agreement* with most of its financial creditors, regulating the basic terms and the procedure to be followed to refinance and modify the conditions of the financial debt of Prisa. Between that date and 22 January 2018, the remaining financial creditors acceded to the Lock-up Agreement.

On 29 June 2018, the framework refinancing agreement entered into effect (for further information on the terms of the Refinancing, see section 10.1(B) of this Registration Document).

Within the context of Refinancing process, on 29 June 2018, an intra-group transaction was conducted in which Prisa Activos Educativos, S.L. (“PAE”) acquired 75% of the share capital of Santillana, which was owned by Prisa Participadas, S.L. Such acquisition was financed through the assuming by PAE of the financial debt of Prisa with the new conditions agreed in the aforesaid Refinancing regarding terms, costs and guarantees

Additionally, according to the provisions of the framework refinancing agreement, on 29 June 2018, Prisa and PAE, as debtors, and Deutsche Bank Aktiengesellschaft, London Branch, as lender, among others, a Super Senior credit agreement was subscribed, (for further information see section 10.1(B) of this Registration Document).

Judicial homologation of the refinancing agreements

Under the terms of the framework refinancing agreement subscribed in January 2018 and executed in June of that year, Prisa requested the judicial homologation of the terms of the Refinancing. Inasmuch as the Refinancing had been voluntarily subscribed by all the creditor entities of Prisa, the ultimate goal of the referred judicial homologation process was merely to confirm the inalienability of the new financial terms and its guarantees.

On 4 September 2018, Mercantile Court No. 3 of Madrid issued a decision declaring the judicial homologation of the agreements subscribed under the framework of the Refinancing. On 14 September 2018, the Company published a relevant fact in this regard, once such decision had been notified.

- Credit rating

On 28 September 2018, the CNMV was informed of the credit rating of the Group by two international agencies of renowned prestige (Fitch and S&P), which had assigned it a rating of “B” and “B-”, respectively, in both cases with a stable perspective, this being in line with those obtained by other companies in the industry. Such ratings are a recognition of the significant improvement of the financial position of the Group, and of the strength of the business. Likewise, they increase the financial transparency of Prisa as regards the capital markets.

2019

- Acquisition of 6.11% of Prisa Radio, S.A. owned by certain entities of the 3i Group by Prisa Radio, S.A. and termination of framework agreement of acquisition of partnership shares and regulation of partner rights of Prisa Radio, S.A.

On 27 February 2019, Prisa Radio, S.A. (“**Prisa Radio**”) acquired as treasury shares 6.11% of its share capital still owned by certain entities of the 3i Group, and terminated the framework agreement for the acquisition of partnership shares and regulation of partner rights of Prisa Radio subscribed on 14 November 2013, between Prisa Radio, 3i, Prisa and Grupo Godo de Comunicacion, S.A. (“**Grupo Godo**”), regulating the exit of 3i from the share capital of Prisa Radio. Such acquisition had been financed with the funds derived from the tranche “Term Facility” of the Super Senior Financing Agreement - referred to above - EUR 36.5 million that had been drawn down by Prisa and loaned thereby to Prisa Radio to perform such acquisition.

That same date, the Shareholders Meeting of Prisa Radio approved the repayment of all treasury shares. Those shares represented 8.1417% of capital and included the shares acquired as described above. Therefore, company capital decreased by 165,743.78 euros to end at 1,870,005.49 euros, divided in 311,149 shares with a nominal value of 6.01 euros each. The execution and inscription of the corresponding public deed of capital decrease is pending, awaiting one month to transpire for creditor opposition.

As a result of the above, the capital of Prisa Radio was distributed as follows: 80% of capital is owned by Prisa Activos Radiofonicos, S.L. and the remaining 20% by Grupo Godo.

- Acquisition of 25% of share capital of Santillana to be partially financed with funds derived from the Capital Increase subject to this Prospectus

On 26 February 2019, the Board of Directors approved the acquisition by Grupo Prisa of the remaining 25% of the share capital of Santillana. which it does not currently control and is owned by DLJ, a company owned by funds advised and managed by Victoria Capital Partners (the “**Santillana Acquisition**”).

On that same date, PAE —a wholly-owned affiliate of Prisa— Prisa, Santillana and DLJ signed the sale and purchase agreement for the shares representing 25% of the capital of Santillana (the “**Sale and Purchase Agreement**”), and the relevant fact reported on that same date of 26 February.

The price of Santillana Acquisition was established at a fixed amount of EUR 312.5 million (the “**Consideration**”) and shall be paid in entirety in cash on the closing date of the Santillana Acquisition (the “**Closing Date**”). The Sale and Purchase Agreement likewise provides that payment will be made to Santillana, on that date and in cash, for (i) the amount pending payment from the preferential dividend of DLJ for fiscal year 2017, which amounts to 202,973 USD plus interest accrued on that amount from 1 July 2018 until that date; (ii) the preferential dividend of DLJ for fiscal 2018 (which comes to approximately 25.83 million USD); and (iii) the proportional part accrued between 1 January 2019 to the date of the preferential dividend for fiscal 2019, whose annual amount was USD 25,832,596.96, this is, a monthly amount of USD

2,152,716.413 (for more information on the dividend, see section 10.1(B) of this Registration Document – *Annual liability for the minimum annual dividend for DLJSAP participation in Grupo Santillana Educacion Global, S.L. -*). The Consideration shall be funded through (i) the funds derived from the Capital Increase subject to this Prospectus, and (ii) funds available on the balance sheet of the Company mainly derived from the capital increase with pre-emptive subscription rights made in February 2018, described in further detail in section 5.1.5 above (*2017 and 2018 - (i) Monetary capital increase in an effective amount of up to EUR 563.2 million.*

The Santillana Acquisition was agreed as contingent upon obtaining the required authorisation from the Spanish antitrust authorities, and the obtaining of the necessary funds to finance the Total Consideration, which shall be achieved by performing the Capital Increase subject to this Prospectus. On 7 March 2019 the condition regarding authorisation from the Spanish antitrust authorities was satisfied.

On the Closing Date, which is expected to be in April 2019, the termination of the partners agreement subscribed of 15 December 2009, the terms and conditions of which are shown in detail in section 22(A) - *Santillana Partners Agreement* - shall be terminated.

- Increase in monetary capital in an effective amount of up to EUR 200 million, subject to the public offering described in the Securities Note of this Prospectus.

In accordance with section 5.1.5 above (*2019 – acquisition of 25% of Santillana capital will be partially financed with funds received from the Capital Increase discussed in this Prospectus*), the purpose of the Capital Increase is to provide partial financing for the Santillana Acquisition.

As reported to the market in the relevant act published on 26 February 2019, Banco Santander, S.A. entered an Underwriting Commitment with the Company that same date, subject to the customary terms for this type of document, through which it agrees to underwrite the Capital Increase up to a maximum of 200 million Euros at an issue price that will be determined in the corresponding underwriting agreement (“**Volume Put**”). The Volume Put was terminated after the Company entered into the Underwriting Agreement.

In light of the agreements and resolutions adopted on 12 and 20 March 2019 by the Board of Directors and the Chief Executive Officer respectively pursuant to the authorisations and delegations granted by the Ordinary Meeting of Shareholders of 25 April 2018 and by the Board of Directors, the Company agreed to increase capital through monetary contributions and by recognising pre-emptive subscription rights, by an aggregate nominal amount of 141,228,699.18 euros through the issue and circulation of 150,243,297 ordinary shares, each with a nominal amount of EUR 0.94, with an issue premium of 0.39 euros per share and in an actual aggregate of up to 199,823,585.01 million euros (equivalent to an actual aggregate amount per share of 1.33 euros) .

At the date of this Registration Document, the Company has received irrevocable commitments and statements of interest to subscribe to the monetary Capital Increase from certain relevant shareholder for 42.465% of the New Shares. Furthermore,

57.535% of the New Shares have been underwritten under the Underwriting Agreement that the Company subscribed on 20 March 2019 (see section 5.4 of the Securities Note).

Although the Capital Increase discussed in this Prospectus does not require prior authorisation from the banks that are creditors of the Company, that authorisation is required in order to proceed with the projected Santillana Acquisition (see above – *Acquisition of 25% of Santillana capital will be partially financed with funds from the Capital Increase object of this Prospectus -*), as well as to use cash available in the company for that purpose.

Such authorisation was obtained by the Company prior to the CNMV verification of this Prospectus.

Together with the above authorisation, the Company has negotiated the adaptation of some financial ratios in its contracts with such creditor entities, so that these reflect the structure of the resulting group and its capacity to generate results, as well as the different volume of cash initially available, as mentioned in section 10.1 above. It likewise agreed to increase from the Super Senior loan policy described in section 10.1(B) of this Registration Document by 30 million euros. Nonetheless those modifications are subject to the parties' execution of the corresponding documentation, which is expected to occur during the month of April, simultaneously with the closing of the Santillana Acquisition.

5.2 Investments

5.2.1 A description, (including the amount) of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the registration document

The following table shows in detail, by concept, the evolution of the recurring investments made over the last three years.

	Year ended 31 December		
	2018	2017	2016
	(audited)	(restated)	(audited)
	(in thousands of euros)		
Intangible assets	47,552	44,845	48,973
IT applications.....	11,585	10,164	11,748
Prototypes	34,171	32,829	33,599
Advances on copyrights	1,170	1,084	1,491
Other intangible assets	626	768	2,135
Tangible fixed assets	21,032	22,584	23,130
Land and construction	649	779	1,508
Technical installations and machinery.....	4,834	4,280	7,236
Advances and current fixed assets	3,096	1,540	891
Other tangible fixed assets	12,453	15,985	13,495

Total	68,584	67,429	72,103
	Year ended 31 December		
	2018	2017	2016
	<i>(audited)</i>	<i>(restated)</i>	<i>(audited)</i>
	(in thousands of euros)		
National.....	21,124	18,616	24,708
International	47,460	48,813	47,395
Total	68,584	67,429	72,103

The main concepts included in this item and the valuation criteria used are as follows:

IT applications-

This account shows the amounts paid in the development of specific IT programs or the amounts incurred in the acquisition of the licence to use programs from third parties.

Prototypes-

This account mainly includes the prototypes for the publishing of books, valued by the cost incurred in materials and in jobs performed by third parties until reaching the physical support allowing the industrial reproduction in series.

Advances on copyrights-

Contains the amounts advanced to authors, whether or not paid, towards the future rights or royalties for the right to use the various manifestations of intellectual property.

Other intangible assets-

Basically includes the amounts disbursed in the acquisition of administrative concessions for the operation of radio frequencies, subject to the temporary administrative concession system.

The evolution of the investments made is mainly affected by the evolution of Santillana, representing between 70%-80% of the investments in the Group.

By geographical realm, investments are mainly international, closely related with the investments required for the development of the Santillana Teaching Systems, mainly related to the digitalisation of classrooms. In 2016, investments were made in the digitalisation of classrooms in the amount of EUR 8.63 million, in 2017 for EUR 11.02 million and 2018 for EUR 8.42 thousand.

The main investments of 2016 were:

- In Santillana, EUR 34 million were invested in prototypes and masters (mainly in Brazil, Spain, Mexico, Chile and Peru) and 9 million in the digitalisation of classrooms.
- In the area of Radio, worthy of mention are digital investments in the amount of EUR 1.0 million (applications and website developments, podcast, etc.). Furthermore, in Spain, investments were made in broadcast systems, IT equipment, system migration, broadcasting facilities and broadcasting systems. In the international radio real, investments amounted to EUR 2.9 million, mainly in investments for the maintenance of facilities and the renewal of equipment.

- In the area of Press, worthy of mention are digital investments for EUR 3 million (development of websites of El Pais, As, Cinco Dias, Meristation and projects for mobilising such websites and CRM and integration of editorial systems). Furthermore, EUR 1.3 million were invested in the remodelling of the editing of El Pais.
- At Media Capital, worthy of mention is the renewal of computer writing systems (EUR 0.8 million) and facilities relating to post-production, within the Audiovisual Production segment.

The main investments in 2017, considering the figures of Media Capital (restated data) were as follows:

- In Santillana, EUR 33 million were invested in prototypes and masters (mainly in Brazil, Spain, and Mexico), 11 million euros in the digitalisation of classrooms.
- In the area of Radio, worthy of mention are the digital investments in Spain in the amount of EUR 0.9 million with Google, new player for musicals, etc.). Furthermore, in Spain, investments were made non-digital projects (1.9 million euros), fundamentally in broadcast and technological renewal systems. In the international radio realm, investments amounted to EUR 2.6 million, mainly in investments in Colombia (Proeco, studying equipment, IT systems, etc.) and Chile (facilities).
- In the Press area, noteworthy are the digital investments of EUR 3 million (development of websites of El Pais and As, projects with Google for El Pais and AS and integration of editorial systems).
- At Media Capital, noteworthy is the renewal of systems for drafting informative media and in facilities relating to post-production, within the Audiovisual Production segment.
- In the Corporation and others area, worth mentioning are the digital investments for EUR 1.1 million (Data & Analytics Plan, Asset Management Project, among others).

The main investments for 2018 were:

- At Santillana, 34 million euros were invested in prototypes and masters (mainly in Brazil, Spain and Mexico), 8 million euros in the digitalisation of classrooms.
- In the area of Radio, noteworthy were the digital investments in Spain for EUR 0.9 million (framework for musical and spoken apps, oneplayer for spoken radio, etc.). Furthermore, in Spain, investments were made in broadcast and technological renewal systems. In the realm of international radio, investments amounted to EUR 2.8 million, mainly in investments in Colombia (technical radio equipment, facilities, IT systems, etc.) and Chile (facilities).
- In the area of Press, noteworthy are digital investments for EUR 3 million (development of websites for El Pais and As, monetising and data project and projects with Google for El Pais and AS).
- At Media Capital, noteworthy is the renewal of systems for drafting informative media and in facilities relating to post-production, within the Audiovisual Production segment.
- In the Corporation and others area, noteworthy are digital investments for EUR 2 million (basically, Transformation of Infrastructures).

Section 8 of this Registration Document describes the information relating to the tangible fixed assets.

5.2.2 Description of the issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external)

As indicated in section 5.1.5 – 2019, *Acquisition of 25% of Santillana share capital that will be partially financed with funds from the Capital Increase object of this Prospectus* – above, PAE, the Company, Santillana and DLJ on 26 February 2019 entered a Sale and Purchase Agreement where PAE acquired the remaining 25% of capital of Santillana that it does not currently control. The Sale and Purchase Agreement was dependent on obtaining the prior authorisation from the Spanish competition authorities, as well as completion of the Capital Increase described here. That authorisation from the Spanish competition authorities was obtained on 7 March 2019, and only the Capital Increase remains pending.

The Sale and Purchase Agreement provides as consideration the payment of a fixed price of 312.5 million euros by participations representing 25% of Santillana shares that will be fully satisfied in cash on the Closing Date of the Acquisition. Also pursuant to the Sale and Purchase Agreement Santillana will pay on that date and in cash, (i) the amount pending payment for the preferential dividend for DLJ for fiscal 2017 in the amount of 202,973 USD, plus interest accrued on that amount from 1 July 2018 to that date; (ii) the preferential dividend for DLJ for fiscal 2018 (in the approximate amount of 25.83 million US); and (iii) the proportional part for fiscal 2019 accrued from 1 January 2019 until the date of the preferential dividend for fiscal year 2019, whose annual amount is USD 25,832,596.96, i.e. the monthly amount of USD 2,152,716.413.

As noted in section 3.4 of the Note on the Shares, net funds for costs of the Capital Increase – which are approximately 192.24 million euros – will be used in full to pay the Compensation, together with funds available in the Company balance.

In addition to the above, the Group has continued to make regular recurring investments for the development of its activity, which have mainly been financed internally. In this sense and in addition to the investment described above, there is no other relevant investment in the period from 1 December 2018 and as of the date of this Prospectus.

5.2.3 Information on main future investments of the issuer whereupon its management bodies have already adopted firm commitments

Aside from the investments described in section 5.2.2 above, as of the date of this Prospectus there are no future investments, at the date of this Prospectus, in respect of which the management bodies of Prisa have adopted firm commitments.

6. BUSINESS OVERVIEW

6.1 Principal Activities

6.1.1 A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services provided each year for the period covered by the historical financial information.

Prisa is a company dedicated to the creation and distribution of cultural, education, information and entertainment contents on Spanish and Portuguese speaking markets.

With its presence in 24 countries, Prisa reaches over 60 million people through its main brands, such as El País, Santillana, Moderna, Compartir, UNOi, SER, LOS40, W Radio, Radio Caracol or AS. As one of the main companies in the businesses of education, press, talk radio and music radio, Prisa is one of the most important media groups in the Hispanic world, based on the contents developed and its efforts to contribute to the development of the digital ecosystem through the innovation of its products and services and its accessibility in any digital environment. Its presence in Spain, Brazil, in all Spanish-speaking Latin American countries (Colombia, Chile, Mexico, Peru, etc.) and in the growing Hispanic market in the United States, allows it an Ibero-American dimension with a potential global market of over 700 million people.

The Group considers that the quality of its products and services, the positioning of its brands, its sales force, its global presence, the influence and prescription of its media and its human capital, provide it with the competitive advantage necessary to grow, increase profits and generate value, taking advantage of the opportunities that the digital world offers.

The activities of Prisa are grouped into four main business area (equivalent to the operating segments): Education (Santillana), Radio, Press (News) and Media Capital, which correspond to the operating segments.

- The area of **Education** includes the activities performed by Prisa on the markets of education and formation through its publishing house, Santillana, consisting of the publishing of school books, the publishing language books and the offering of Digital Teaching Systems.
- The **Radio** area includes both national and international radio activities, and the sales of advertising, as well as the promotion and production of musical events. This area consists of the business lines of Radio España and Radio Internacional.
- The **Press** area includes the activities of sale of copies and magazines, advertising, promotions and printing. This area encompasses such brands as El País or As.
- **Media Capital** encompasses the activities developed by the Portuguese affiliate of the Group, Media Capital, through the broadcast of advertising and audiovisual production.

On the other hand, “**Others**” includes the corporate activities developed by the various business units through the companies Prisa Brand Solutions, S.L. (sole proprietorship), Prisa Tecnología, S.L., Promotora de Informaciones, S.A., PrisaPrint, S.L., Promotora de Actividades America 2010, S.L., Promotora de Actividades America 2010 Mexico, S.A. de C.V., Prisa Participadas, S.L., Prisa Inc., Prisa Division Internacional, S.L., GLP Colombia, Ltda., Vertex, SGPS, S.A., Prisa Gestion de Servicios, S.L., Audiovisual Sport, S.L., Promotora Audiovisual de Colombia Pacsa, S.A., Promotora de Actividades de Colombia, Ltda., Promotora de Emisoras, S.L., Promotora de Emisoras de Television, S.A., Prisa Audiovisual, S.L.U. and Prisa Producciones de Video, S.L.

Until the year ended 31 December 2016, the activities carried out through Media Capital were included in the segment of operations entitled “Audiovisual”, together with Prisa Audiovisual and Prisa Producciones de Vide. During the year ended 31 December 2017 the operating segment “audiovisual” was deleted since Media Capital was then shown as an interrupted activity (see section 20.4.3 of this Registration Document for more information), and Prisa Audiovisual and Prisa Producciones de Video were registered in the “Other” segment. In

2018 Media Capital was once again reflected as a continued activity. It is considered as a segment of Media Capital activity, including Prisa Producciones de Video and Prisa Audiovisual in the “Other” segment. As such the three fiscal years (2016, 2017, 2018) are comparable: Media Capital as one segment and Prisa Producciones de video and Prisa Audiovisual in “Other”, with the “Audiovisual” segment deleted. We note in this regard that the financial information for fiscal 2017 was restated in the annual accounts for the 2018 fiscal year to include the Media Capital operating segment.

In 2018, Prisa obtained operating income of EUR 1,280 million (in comparison with 1,336 million euros in 2017), 40% of which originated in Spain, 46% in America and 14% in Portugal (40%, 48% and 13% respectively for 2017). The adjusted EBITDA generated amounted to EUR 276 million (EUR 270 million in 2017).

Over the last years, Prisa has been focused on digital transformation, thus aligning itself with the market demand and the new digital business models. In 2018, the digital transformation revenues of the Group reached EUR 229 million at a constant exchange rate, accounting for 17% of the overall adjusted operating income of the Group (17% for 2017). In the area of Education, the Digital systems UNOi, Compartir, Farias Brito and Educa continued their development in America, reaching 1,162,000 students that already use such integral educational solutions that generate digital learning environments. In the advertising realm, transformation is also underway, with an increase of 15.6% in the digital advertising of the Group and 16% in the Press business area. Another indicator of this transformation is the growth of average unique visitors on the websites, reaching 152 million in 2018, with a growth of 7% in inter-annual terms.

The Company has significantly reduced its debt over the last years and focused its business, making timely divestitures, achieving the stabilisation of its capital structure. As of 31 December 2018, Prisa had a net debt of EUR 928.6 million. In June 2018, the Company refinanced its debt through Refinancing, extending maturities by 5 years, without significant contractual amortisations until 2022 (and with none until December 2020) and with a cost of between 400 and 550 basic points.

In parallel, the Company has professionalised its Board of Directors, adapting its corporate governance and designing a new management team with experience and focused on profitable growth, improving efficiencies, deleveraging and value creation.

The new management team is implementing a plan including the sale of non strategic assets and the improvement of efficiencies in various areas of its business with a clear focus on cost reduction and cash generation. The purpose of the cost reduction plan launched in 2018 is to save EUR 40 million over the next 3 years and includes, among other measures, the conversion of fixed to variable cost structures, simplifying central structures, reducing external services and the ceasing of non-profitable operations. As of 31 December 2018, the Company has achieved its savings objective 2 years before expected, having achieved EUR 48 million in savings in 2018 as a result of the implementation of such plan.

As the Company has stabilised financially, with the focus of the new management team and following the implementation of the efficiency measures, the Group is prepared to grow, taking advantage of the favourable growth perspectives offered by each of its businesses to maximise its value, deleverage the Company and create value for the shareholder.

Along these lines, the Santillana Acquisition (see section 5.1.5. *2019 - Acquisition of 25% of the share capital of Santillana, to be financed partially with funds derived from the Capital Increase subject to this Prospectus* for further details) is one of the strategic priorities of the Grupo Prisa. There are very good growth perspectives for the educational sector in general and, especially, the digital realm. Macroeconomic perspectives are favourable in Latin America, with a trend by emerging countries to increase spending on education and with digital transformation offering a clear opportunity for growth and improvement of profits.

The management team considers that the Santillana Acquisition fully conforms to the strategic vision of the Group and that it is supported by a sound strategic and financial logic. In particular, the Santillana Acquisition would allow Prisa, individually, and the Grupo Prisa as a whole:

- (i) to recover full ownership of one of its main assets and fully internalise its main growth engine;
- (ii) make the acquisition at a price that the Group considers adequate given the current state of the market;
- (iii) improve the cash generation profile as a result of the savings of the minimum annual dividend of US\$ 25.8 million to which DLJ is entitled under the current Santillana partners agreement;
- (iv) perform an operation generating an increase in value for the shareholder from the starting moment;
- (v) give greater operating flexibility to the Grupo Prisa as a result of the consolidation of the 100% share in Santillana; and
- (vi) provide the Grupo Prisa greater financial flexibility to optimise the structure of capital.

The Board of Directors considers that the Santillana Acquisition has the potential to continue to create value for the shareholder in the mid to long term.

The digital drive and the growth in Latin America are key leverage to develop the potential of the assets of the Group and help create a unique transversal global education, entertainment and general, sports and financial information project.

The strategic focus of Prisa is directed to the growth opportunities that arise on the Spanish market and, especially, in the international area. In the digital area, noteworthy are the opportunities arising in the markets of education, press and radio due to their buoyancy, high demand and signs of expansion outside of Spain.

Santillana specifically is strategically focusing on growth in the K-12 education market, increasing adoption of the Teaching Systems and improving market share in the most significant countries.

In communications media (Radio, News and Capital Management), and thanks to the support of recognised brands, it proposes a digital growth and to increase efficiency through a single global platform, seeking to expand in Latin America and Spanish speaking markets.

Prisa's entire strategy is framed within a sustainable capital structure with improved leveraging ratios, increased cash receipts and results and the sale of non-strategic assets.

The following table describes the main variables by business area for the periods in question (2018, 2017, 2016):

	Grupo Prisa			Education		
	Year ended 31 December			Year ended 31 December		
	2018	2017	2016	2018	2017	2016
		<i>(restated)</i>	<i>(audited)⁽¹⁾</i>			
	(thousands of euros)			(thousands of euros)		
Operating income ⁽¹⁾	1,280,288	1,335,740	1,358,037	600,542	656,203	637,535
Adjusted operating income ⁽²⁾	1,280,474	1,319,983	1,349,442	600,233	645,081	632,608
EBITDA ⁽³⁾	252,968	248,182	248,862	167,255	179,328	170,913
Adjusted EBITDA ⁽⁴⁾	276,348	270,428	273,367	168,667	184,570	180,244
Operating results (EBIT) ⁽¹⁾	85,327	52,642	133,474	104,043	110,193	98,582
<i>EBITDA Margin⁽⁵⁾</i>	<i>19.8%</i>	<i>18.6%</i>	<i>18.3%</i>	<i>27.9%</i>	<i>27.3%</i>	<i>26.8%</i>
<i>Adjusted EBITDA margin⁽⁶⁾</i>	<i>21.6%</i>	<i>20.5%</i>	<i>20.3%</i>	<i>28.1%</i>	<i>28.6%</i>	<i>28.5%</i>
EBIT Margin ⁽⁷⁾	6.7%	3.9%	9.8%	17.3%	16.8%	15.5%
	Radio			Press		
	Year ended 31 December			Year ended 31 December		
	2018	2017	2016	2018	2017	2016
	(thousands of euros)			(thousands of euros)		
Operating income ⁽¹⁾	287,580	280,666	301,051	203,160	220,578	239,896
Adjusted operating income ⁽²⁾	288,074	280,666	301,051	203,160	220,578	239,896
EBITDA ⁽³⁾	52,907	41,352	41,266	7,323	3,962	15,236
Adjusted EBITDA ⁽⁴⁾	61,802	46,556	46,674	13,669	12,479	16,813
Operating results (EBIT) ⁽¹⁾	43,093	28,415	28,202	1,042	(14,104)	7,060
<i>EBITDA Margin⁽⁵⁾</i>	<i>18.4%</i>	<i>14.7%</i>	<i>13.7%</i>	<i>3.6%</i>	<i>1.8%</i>	<i>6.4%</i>
<i>Adjusted EBITDA margin⁽⁶⁾</i>	<i>21.5%</i>	<i>16.6%</i>	<i>15.5%</i>	<i>6.7%</i>	<i>5.7%</i>	<i>7.0%</i>
EBIT Margin ⁽⁷⁾	15.0%	10.1%	9.4%	0.5%	(6.4%)	2.9%

	Media Capital ⁽⁸⁾			Prisa and others		
	Year ended 31 December			Year ended 31 December		
	2018	2017	2016	2018	2017	2016
		<i>(restated)</i>			<i>(restated)</i>	
	(thousands of euros)			(thousands of euros)		
Operating income ⁽¹⁾	181,809	165,463	174,027	71,027	88,864	67,275
Adjusted operating income ⁽²⁾	181,809	165,463	174,027	71,027	84,230	63,607
EBITDA ⁽³⁾	40,722	40,689	42,195	(15,220)	(16,843)	(20,834)
Adjusted EBITDA ⁽⁴⁾	41,460	41,739	43,015	(9,003)	(14,611)	(13,465)
Operating results (EBIT) ⁽¹⁾	33,613	32,174	33,285	(96,445)	(108,986)	(33,740)
<i>EBITDA Margin</i> ⁽⁵⁾	22.4%	24.6%	24.2%	(21.4%)	(19.0%)	(31.0%)
<i>Adjusted EBITDA Margin</i> ⁽⁶⁾	22.8%	25.2%	24.7%	(12.7%)	(17.3%)	(21.2%)
<i>EBIT Margin</i> ⁽⁷⁾	18.5%	19.4%	19.1%	(135.8%)	(122.6%)	(50.2%)

Adjustments and eliminations

	Year ended 31 December		
	2018	2017	2016
		<i>(restated)</i>	
	(thousands of euros)		
Operating income ⁽¹⁾	(63,830)	(76,034)	(61,747)
Adjusted operating income ⁽²⁾	(63,830)	(76,034)	(61,747)
EBITDA ⁽³⁾	(19)	(306)	87
Adjusted EBITDA ⁽⁴⁾	(247)	(306)	86
Operating results (EBIT)	(18)	4,948	86
<i>EBITDA Margin</i> ⁽⁵⁾	0.0%	0.4%	-0.1%
<i>Adjusted EBITDA Margin</i> ⁽⁶⁾	0.4%	0.4%	-0.1%
<i>EBIT Margin</i> ⁽⁷⁾	0.0%	-6.5%	-0.1%

Notes:

- (1) Audited information
- (2) The adjusted operating income is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.
- (3) EBITDA is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.
- (4) Adjusted EBITDA is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.

- (5) EBITDA margin is an APM resulting from the quotient between EBITDA and the operating income of the same period. The definition, explanation, use and reconciling of this APM is set out in section 26 of this Registration Document.
- (6) Adjusted EBITDA margin is an APM resulting from the quotient between adjusted EBITDA and the operating income of the same period. The definition, explanation, use and reconciling of this APM is set out in section 26 of this Registration Document.
- (7) EBIT Margin is an APM resulting from the quotient between the Operating Results (EBIT) and the operating income of the same period. The definition, explanation, use and reconciling of this APM is set out in section 26 of this Registration Document.
- (8) Information for fiscal year ended 31 December 2016 should be understood as under the operating segment “Audiovisual”, which includes the activities of Media Capital.

A. Education

The Education area encompasses the activities that Prisa performs in education and formation through its publishing house, Santillana, which has been present in the sector for over five decades. In 2018, this business area accounted for 47% of the operating income of the Group (EUR 601 million) and achieved an EBITDA of EUR 167 million (with an EBITDA margin of 27.9%), i.e., 66% of the EBITDA of the Group. During 2017, this business area accounted for 49% of the operating income of the Group (656 million euros) and achieved an EBITDA of 179 million euros (with an EBITDA margin of 27.3%), i.e., 72% of the EBITDA of the Group.

Santillana is present in 21 countries and its activities span a broad array of products, from the publishing of school books (Santillana and Moderna in Brazil), the publishing of language books (Richmond, Santillana Français and Español Santillana), to Digital Teaching Systems (UNO System, Santillana Compartir, Farias Brito and EDUCA).

The Santillana offering ranges from educational content, spanning from childhood education to High School (“**K-12**” segment, as it is known in America) and professional formation, although most of the operating income in this area are provided by K-12.

Santillana is one of the main educational companies in Spain. Santillana had a combined market share of 24% in 2018, with leading positions in Spain, Mexico, Colombia, Chile, Peru and Argentina, among others, and the competitive advantage of being the only operator present in all markets in Spain and Latin America. Santillana is focused on the K-12 market, the largest market in education by size, and is more attractive and more resistant due to its being mandatory education (source: these data come from internal estimates based on the potential market for required books. The internal marketing network of Santillana carried out a study of approximately 90% of the private school market in order to collect information on all the required books for the students in the different subjects and educational levels from K-12. Santillana's share is the result of dividing the orders Santillana has received by this potential market, under the assumption that the entire market is under requirement).

Santillana has annual sales of 94 million books and 32 million students use Santillana books, and over 1 million students using its digital teaching systems. Prisa further considers that its ability to generate content —through its over 850 professionals— and the range of its sales force —having over 1,700 professionals covering over 210,000 schools (8,000 daily visits)— allow it to provide an offering that would be hard to equal. All this generates high entrance barriers for any local or international operator.

Although the Education business is less dependent on the economic cycle and advertising than the rest of the businesses in which the Group is present, it is a business that has a very seasonal pattern, due to the development of campaigns in each hemisphere (north and south), the succession of school seasons in each country where it is present, the various laws that such countries have in place and the cycles in which they are involved. Furthermore, the business depends, in part, on obtaining institutional orders, which are not always recurrent. In spite of this, the Education area remains as one of the most stable business areas in the Group, strengthening its presence and evolution day to day.

By line of activity, as of December 2018, 78% of the operating income was provided by the sale of traditional books to private and public schools (77% in 2017), while 22% (23% in fiscal 2017) was provided by the sale of Digital Teaching Systems (private schools).

With the traditional book market, 79% of sales in 2018 were from the private or regular market, and 21% from the public or institutional market (in 2017, 81% of the private market and 19% of the public market). Following is a graphic representation of the functioning of both markets from the client’s perspective, the decision to buy and the end buyer:



In terms of geographical origin, 81% of the overall operating income in the area of Education came from International sources (EUR 486 million), with Brazil being the most noteworthy country, contributing 29% of the total, followed by Mexico, which accounted for 14%. International revenues in 2017 came to EUR 535 million (82% of the total for the Education area), with Brazil showing the greatest contribution (31%) followed by Mexico with 13% of the total. In fiscal 2018 Spain generated EUR 115 million in operating income, accounting for 19% of the total (with EUR 121 million generated in 2017, or 18% of the total revenue from the Education area).

Brazil and Spain were especially affected by receipt of institutional orders (in the case of Brazil) and the different laws that were passed, affecting the developments that are renewed for each school year (in Spain) and that in both cases have a cyclical component. As a result the Santillana evolution of revenues depends largely on the cycles felt each by these two countries.

Following is a summary of the Brazil sales cycles and the quotas obtained in recent years:

Cycle (million Brazilian Reales)	Low 2015	Medium 2016	High 2017	Low 2018
1st to 5th	53	36	29	157
6th to 9th	44	103	32	32

High school	64	63	177	63
Other	54	14	83	72
Total	215	216	321	324
Modern Market Quota – Developments cycle .	16,4%	19,0%	23,3%	33,4%

Source: Internal Estimates.

With respect to Spain, below is a table of the subjects renewed annually per course according to the education laws passed in recent years:

Renewed Schedule of Subjects LOMCE 2018-2020							
	2014	2015	2016	2017	2018	2019	2020
	1st primary	2nd primary			1st primary	2nd primary	3d primary
	3d primary	4th primary				3d primary	4th primary
	5th primary	6th primary				5th primary	6th primary
		1st secondary	2nd secondary				1st secondary
		3d secondary	4th secondary				3d secondary
		1st high school	2nd high school				1st high school
Total Revenue Spain (in millions of euros)	116	138	134	119	111		

Although the sale of educational books or training services could be affected by the economic evolution and the growth of the mid class, there is a trend to increase spending in education in emerging countries. Along these lines, according to internal data on the sector, the average spending on education on emerging markets is of USD 17-20 per student, vis-a-vis the USD130 per student in developed countries; therefore, there is a broad margin of growth.

The traditional business continues to have growth potential with perspectives that the main countries increase their investments in the quality of teaching. Furthermore, the education sector is an environment of digital and teaching transformation, where efforts in innovation and quality of contents are complemented with the offering of a comprehensive teaching system of services to school centres, teachers and students, incorporating technology, formation and advice. Nonetheless, the transformation towards digital in the educational sector is still limited in countries where Santillana operates, where the main barriers are the resistance to change by the professors or the limitation of resources in school centres to invest in technological infrastructures. In this context, Santillana has developed a key role in the process of technological educational development in the countries where it is present by implementing and developing the technology in the educational teaching system in its respective level. Santillana has created a scalable technological platform for any user in any region. Its offering includes a comprehensive service directed to school centres, teachers and students, incorporating technology, formation and advice

Noteworthy is the behaviour of the digital teaching systems with a high component of innovation launched in America (UNO System, Santillana Compartir and Farias Brito). The overall weight of the systems is increasingly greater (22% in 2018 versus 10% in 2012, the launch year), growing both in the number of students and in turnover (in local currency). The last years have been to consolidating such teaching models and showing their pedagogical contribution. These teaching systems include: pedagogical proposal, formation of professors, equipping centres, evaluation platforms and advice.

The UNO System ended 2018 with 265,300 students (versus 276,200 students during fiscal 2017). Its model offers schools a comprehensive digital concept that includes contents, equipment and educational services, with a strong technological component. Santillana Compartir in turn is conceived as a modular and flexible educational solution that incorporates TIC based on the needs and rhythm at each school centre. It ended 2018 with 730,900 students and a presence in 15 countries and 2017 with 656,400 students and a presence in 15 countries.

This new business model for digital teaching systems offers a greater revenue visibility with contracts signed for mean period of 3 to 4 years and per student income of 190 euros in the case of UNO, 90 euros in the case of Compartir and 180 euros for Farias Brito over the mean price per student in the traditional model (60 euros). The mean renewal rate is 86% and gross margin is over 80%. Current revenue from digital teaching systems represents 37% of all private sale revenues in Latin America.

The Education area has started an important process of diversification, with projects that seek to respond to the new formative needs in K-12, where important curricular changes are expected over the next years (new subjects, ongoing evaluation models, etc.). This initiative has been established under the title “Twenty-first Century Education”. Actions have also been taken outside of K-12, both non curricular and for college preparation.

In 2018, education campaigns in general have shown a good evolution with the improvement of margins, in spite of 2018 having been a year with no incidents in Spain and a low public purchases cycle in Brazil. The results have shown growth in local currency in both income (+4%) and adjusted EBITDA (+2%) and have been negatively affected by the evolution of currencies mainly in Brazil, Mexico and Argentina and by the hyper-inflationary environment in Argentina.

Strategic focus

The strategic focus of Prisa in the area of Education includes:

- Maintaining its leadership position, benefiting from the macro recovery of Latin America and expanding to new growth segments.
- Continue to lead the digital transformation from the traditional text books, focusing on the development of content to improve the learning experience of integral educational solutions.
- Strengthen its offering of products, focusing on quality to cover the increasing demand for services complementary to education, leveraged by its leadership position in Spain and Latin America.

At the date of this Prospectus, the share corresponding to Prisa in the Education area is 75% (through the participation in the capital of Santillana). The remaining 25% corresponds to

DLJ, a company whose shares are held by funds advised and managed by Victoria Capital Partners. Upon completion of the Santillana Acquisition described in section 5.1.5 2019 - Acquisition of 25% of the share capital of Santillana, to be financed partially with funds derived from the Capital Increase subject to this Prospectus, the share corresponding to Prisa in the area of Education shall increase to 100%

The following table shows the main variables in the area of Education for the period in question:

	Year ended 31 December		
	2018	2017	2016
	(in thousands of euros)		
Operating income ⁽¹⁾	600,542	656,203	637,535
Spain.....	114,997	120,950	135,382
International.....	485,545	535,253	502,153
<i>America</i>	481,869	531,455	497,326
Brazil	171,179	202,593	171,373
Mexico.....	82,050	84,571	78,271
Colombia	32,636	32,834	23,153
Argentina.....	40,669	50,465	27,776
Chile	31,855	26,494	28,309
Peru.....	24,549	22,991	49,150
Rest of America.....	98,931	111,507	119,294
<i>Rest of World (Portugal)</i>	3,676	3,798	4,827
Adjusted operating income ⁽²⁾	600,233	645,081	632,608
EBITDA ⁽³⁾	167,255	179,328	170,913
Adjusted EBITDA ⁽⁴⁾	168,667	184,570	180,244
EBIT ⁽⁵⁾	104,043	110,193	98,582
<i>Ebitda Margin</i> ⁽⁶⁾	27.9%	27.3%	26.8%
<i>Adjusted Ebitda Margin</i> ⁽⁷⁾	28.1%	28.6%	28.5%
<i>Ebit Margin</i> ⁽⁸⁾	17.3%	16.8%	15.5%

Notes:

- (1) Audited data.
- (2) Adjusted operating income is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.
- (3) EBITDA is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.
- (4) Adjusted EBITDA is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.
- (5) The amount from operating results (EBIT) corresponding to the operating results as defined in IFRS-EU have been audited.
- (6) EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (7) Adjusted EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.

(8) EBIT Margin is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.

The following table shows the details of the contribution by the geographical markets in the area of Education to the operating income of the area:

	Education		
	Year ended 31 December		
	2018	2017	2016
		(%)	
Operating income	100	100	100
Spain.....	19	18	21
International ⁽²⁾	81	82	79
<i>America</i>	80	81	78
Brazil	29	31	27
Mexico.....	14	13	12
Colombia	5	5	4
Argentina ⁽²⁾	7	8	4
Chile	5	4	4
Peru ⁽²⁾	4	4	8
Rest of America ⁽²⁾	16	16	19
<i>Rest of World (Portugal)</i> ⁽²⁾	1	1	1

B. Radio

The Radio area includes both the national and international radio activity (both talk and music radio) of Prisa, and the promotion and production of musical events. During 2018, 22% of the overall operating income of the Group derived from this area (EUR 288 million) and the contribution to the Group EBITDA was of 21% (EUR 53 million with an EBITDA margin of 18.4%). In 2017, 21% of the overall operating income of the Group derived from this area (281 million euros) and the contribution to the Group EBITDA was 17% (41 million euros with an EBITDA margin of 14.7%).

The Radio area is in turn made up of the areas of Talk Radio and Musical Radio, in attention to the characteristics of the vertical markets, and the business lines of Radio Internacional and Radio España. The activities in the Radio area are currently developed through the Prisa Radio business unit (the leader of which Prisa Activos Radiofónicos, S.L.).

Prisa Radio is one of the largest Spanish-speaking radio groups, with more than 22 million listeners (aggregated data of audiences from the countries in which Prisa Radio is present) (sources: Spain (General Media Survey –EGM– 3rd wave of 2018, population of over 14 years of age, all social classes, measured in business days, base Spain, December 2018), Colombia (ECAR, population of 12 to 69 years, all social classes, from Monday to Sunday, base 18 markets, December 2018), Chile (IPSOS and EGM, population of over 15 years of age, all social classes, Monday to Saturday, base Santiago, Chile), Mexico (INRA AMCM, MEDIÓMETRO, population of over 13 years of age, Monday to Friday, 6:00 am to 10 pm,

base metropolitan area of Valley of Mexico, September 2018)) and over 1,000 stations, including own, holdings and associated, distributed among 13 countries:

- Directly in 7: Argentina, Colombia, Chile, Spain, USA, Mexico and Panama.
- Through the franchising of brands and contents, in another five: Dominican Republic, Paraguay, Guatemala, Ecuador, Nicaragua and Costa Rica.

In Spain, its main products are SER, LOS40, Cadena Dial, LOS40 Classic, Radiole, Maxima FM, SER Catalunya, KeBuena and Podium Podcast. In Colombia, the Group operates mainly through its brands Radio Caracol, W Radio, Tropicana and LOS40, while in Chile its main brands are ADN, Radiactiva and Radio Corazon.

Prisa Radio has developed a management model directed to continuing to offer the best content, preserve the value of its brands, revitalise radio formats, technological innovation and the production and presence of its contents among the group of digital platforms. Prisa considers that this model allows it to reinforce commercial synergies and develop new formats and standards, both on Talk Radio and in music radio formulas. Using this model, Prisa seeks to add the global presence of its business to a local approach that will allow it to optimise exchanges and multiply the Group generation of value.

In an environment of digital transformation, Prisa Radio increasingly faces greater competition due to the increase in radio services and online aggregators, in addition to online streaming music services (Spotify, Deezer, YouTube, etc.). In this sense, the internet represents an opportunity for operators with brands having a prominent position to reach a larger audience through by improving the user experience, facilitating online content (launching players, mobile applications, providing on demand content, developing aggregators, etc.) and investing in technological transformation.

In 2018, the radio has shown a very positive evolution both in Spain and in the International area, with a 28% growth in EBITDA and a substantial improvement of margins (18.4% vis-a-vis 14.7% in fiscal 2017) due to the strong operational leverage of the business with a solid behaviour of income (+2.5%) and a focus on costs control.

Strategic focus

The strategic focus of Prisa in the area of radio includes:

- Maintaining and improving its leadership position by benefiting from the macro recovery and expected growth of the advertising market.
- Positioning itself in the digital transformation from an analogous model to a model with digital multimedia content. Power the on-demand audio content to increase interaction and commitment with the user.
- Strengthen its portfolio of products, in both Talk Radio and Music Radio.
- Drive the commercial strategy by diversifying commercial proposals.
- Focus on cost control and improving efficiencies.

The shareholders of the business unit of Prisa Radio (through the shareholding of Prisa in Prisa Radio, S.A.) is distributed among Prisa (80%), indirectly through Prisa Activos Radiofonicos, S.L. and the Godo Group (20%), following the exit by certain entities from the 3i Group from its equity (see section 5.1.5 – 2019 *Acquisition of 6.11% of Prisa Radio, S.A., ownership of determined entities of the 3i group by Prisa Radio, S.A. and termination of the framework agreement for the acquisition of shares and governing shareholder rights of Prisa Radio, S.A. – and 22 of this Registration Document for further information).*

The following table shows the details of the main variables in the area of Radio for the period in question:

	Radio España			Radio Internacional		
	Year ended 31 December			Year ended 31 December		
	2018	2017	2016	2018	2017	2016
	<i>(unaudited)</i>			<i>(unaudited)</i>		
	(thousands of euros)			(thousands of euros)		
Operating income ⁽¹⁾	185,596	175,701	178,528	91,787	94,599	98,916
Adjusted operating income ⁽²⁾	185,596	175,701	178,528	92,281	94,599	98,916
EBITDA ⁽³⁾	31,086	21,667	20,943	20,555	21,533	20,462
Adjusted EBITDA ⁽⁴⁾	37,151	24,341	22,756	23,380	23,966	23,540
Operating results (EBIT).....	21,801	6,758	(2,460)	16,916	15,662	16,936
EBITDA Margin ⁽⁵⁾	16.7%	12.3%	11.7%	22.4%	22.8%	20.7%
Adjusted EBITDA margin ⁽⁶⁾	20.0%	13.9%	12.7%	25.3%	25.3%	23.8%
EBIT Margin ⁽⁷⁾	11.7%	3.8%	(1.4%)	18.4%	16.6%	17.1%
	Others and adjustments			Total Radio		
	Year ended 31 December			Year ended 31 December		
	2018	2017	2016	2018	2017	2016
	<i>(unaudited)</i>			<i>(unaudited)</i>		
	(thousands of euros)			(thousands of euros)		
Operating income ⁽¹⁾	10,197	10,367	23,607	287,580	280,666	301,051
Adjusted operating income ⁽²⁾	10,197	10,367	23,607	288,074	288,666	301,051
EBITDA ⁽³⁾	1,266	(1,848)	(138)	52,907	41,352	41,266
Adjusted EBITDA ⁽⁴⁾	1,271	(1,751)	377	61,802	46,556	46,674
Operating results (EBIT) ⁽¹⁾	4,375	5,995	13,726	43,093	28,415	28,202
EBITDA Margin ⁽⁵⁾	12.4%	(17.8%)	(0.6%)	18.4%	14.7%	13.7%
Adjusted EBITDA margin ⁽⁶⁾	12.5%	(16.9%)	1.6%	21.5%	16.6%	15.5%
EBIT Margin ⁽⁷⁾	42.9%	57.8%	58.1%	15.0%	10.1%	9.4%

Notes:

(1) The EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.

- (2) Adjusted EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (3) EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (4) Adjusted EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (5) EBIT Margin is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.
- (6) The EBIT Margin is an APM, which is the quotient of the operating results (EBIT) and operating revenue from a same period. The definition, explanation, use and reconciling of which are contained in Section 26 of this Registration Document.

The following table shows the contribution made by Radio activities to the operating income in the area:

	Radio		
	Year ended 31 December		
	2018	2017	2016
Operating income.....	100%	100%	100%
Radio España.....	65%	63%	59%
Radio Internacional.....	32%	34%	33%
Others and adjustments.....	3%	3%	8%

i. Radio in Spain

In 2018, radio in Spain accounted for 65% of the overall operating income of the Radio area (63% in 2017), totalling EUR 186 million (176 million euros in 2017). The greater part of the operating income in this area are provided by advertising.

The market share in Radio of Prisa in Spain by number of listeners is 36% of Talk Radio and 44% in Music Radio (source: EGM, 3rd wave of 2018, population of over 14 years of age, all social classes, measured on business days, base Spain, December 2018).

In Spain, there is a notable competitive strength in the area of Radio through its main stations (Cadena SER, LOS40, Cadena Dial, M80 (until November 2018 and beginning then LOS40 Classic), Radiole and maxima FM). Cadena SER maintains a leadership position on the Talk Radio market with 4.1 million listeners (36% share), while LOS40 and Cadena Dial hold the first and second spots in the Music Radio market, with audiences reaching 22% and 16%, respectively (source: EGM, 3rd wave of 2018, population of over 14 years of age, all social classes, measured on business days, base Spain, December 2018).

Cadena SER, according to EGM data, is the leading brand and an informative reference of Spanish radio with 4,139,000 listeners. Four out of every ten people that listen daily to talk radio in Spain choose Cadena SER, offering programs such Hoy por Hoy, La Ventana, Hora 25, A vivir que son dos días, or El Larguero. Prisa considers that the over 20 consecutive years as one of the leading brands in the sector (Source: EGM, 3d wave of 2018, population over 14 years, all social classes, measured in work days, Spain base, December 2018), have allowed it to consolidate its market position, with a value proposal recognised by its audience.

LOS40 is one of the main stakeholders in the music radio segment in Spain with 2,925,000 listeners per day (source: EGM, 3rd wave of 2018, population of over 14 years of age, all

social classes, measured on business days, base Spain, December 2018). It distributes its content through each of the digital platforms. Furthermore, each year it organises concerts, festivals and music awards.

According to EGM, 3rd wave of 2018, the audience of the broadcaster's members of Prisa in Spain, in thousands of listeners, is as follows:

(Thousands of Listeners)	Listeners		
	Third Wave 2018	Position	Share
Radio Generalista	4,139	1	36%
SER	4,139		36%
Music Radio⁽¹⁾	5,924	1	44%
LOS40	2,925		22%
Cadena Dial.....	2,224		16%
M80.....	445		3%
Maxima FM	259		2%
Radiole	452		3%

Notes:

(1) This does not reflect the sum of the various radio station networks as its duplicity is eliminated.

ii. Radio Internacional

In 2018, the operating income of Radio Internacional reached EUR 92 and accounted for 32% of the overall operating income of the Radio area (95 million euros and 34% for 2017, respectively). The most important contribution to such operating income is provided by Colombia (63% of the total), followed by Chile (26%) 58% and 25% of the total—with regard to 2017).

In Colombia, the group holds the lead through its brands Radio Caracol and W Radio. The group of stations of the Caracol group reached an audience of 7,325,000 listeners, with a market share of 27% (source: ECAR, population of 12 to 69 years, all social classes, from Monday to Sunday, base 18 markets, November 2017 – October 2018). Radio Caracol continues to be the leading information, sports and entertainment station in Colombia and one of the leaders in Latin America, and together with W Radio, are one of the cornerstones of Prisa Radio.

In Chile, Prisa Radio is the leader of the radio market with 2,503,000 listeners and a market share of 40% (source: IPSOS and EGM, population of over 15 years of age, all social classes, from Monday to Saturday, base Santiago, Chile, January-December 2018). Of the ten formats distributed, five are among the top ten in the ranking of audience, with special mention being warranted by talk radio station ADN Radio Chile and Radio Corazon, which was the radio station most tuned into in the country for another year.

In Mexico, Prisa Radio operates on the local market under the name TELEVISA Radio, 50% owned by Televisa. Prisa Radio manages its 75 stations, own and affiliates and distributes six talk and music radio formats. It reaches an audience of 1,759,000 listeners daily, holding the third spot with a 15% share (source: INRA AMCM, MEDIÓMETRO, population older than 14 years of age, Monday to Friday, from 6:00 am to 10:00 pm, base metropolitan area of the Valley of Mexico, January-December 2018). Mexico is consolidated in the accounts of Prisa Radio under the equity method.

In Argentina, Prisa Radio is in fifth place reaching an audience of 702,000 daily listeners, with a market share of 12% (source: IBPOE, population between 12 and 74 years of age, from Monday to Sunday, base Buenos Aires and suburbs).

In the United States (Miami) Prisa Radio reaches an audience of 109,000 daily listeners, holding fourth place with a market share of 5% (source: Nielsen, population over 6 years of age, Monday to Sunday, base Miami).

The audience of the main international stations of Prisa Radio is as follows:

<i>(Thousands of Listeners)</i>	Listeners		
	2018	Position	Share
Colombia.....	7,325	1	27 %
Chile.....	2,503	1	40%
Mexico	1,759	3	15%
Argentina.....	702	5	12%
USA (Miami)	109	4	5%

iii. Others and adjustments (Radio)

This line includes the Music activities developed by Prisa until 2018—including promotional activities and production of musical events, such as concerts, festivals, music awards, debates or congresses— mainly through its affiliates Planets Events and Tyrona Eventos, and consolidation adjustments.

During 2018, the sale of 60% of the share in Planet Events was completed, thus owning a 40% share, whereby the company was consolidated using the equity method.

Likewise, Tyrona Eventos was closed during the process of strategic review for the sale of non profitable assets.

C. Press

The area of Prensa mainly includes the sale of copies and magazines, advertising, promotions and printing. During 2018, the area accounted for 16% of the overall operating income of the Group (203 million euros) and reached an EBITDA of 7.3 million, representing 3% of the overall EBITDA of the Group. At 31 December 2018, the main sources of operating income of the area were provided by advertising (53%) and sales of newspapers (34%).

In 2017, the area represented 17% of the overall operating income of the Group (221million euros) and reached an EBITDA 4 million, representing 2% of the overall EBITDA of the Group.

This area encompasses various informative brands with a global vocation, among the most noteworthy of which are El Pais, As, Cinco Dias, El Huffington Post, Tentaciones, SModa, Babelia, Buena Vida, Icon or MeriStation, in addition to other corporate magazines. The activities in the Press area are developed through the business unit of Prisa Noticias (the leader of which is Prisa Noticias, S.L.).

In the Press area, El Pais maintains a leading position as the number one digital website worldwide for information in Spanish, and number one in Spain. AS holds the first position in Latin America and second in Spain (Comscore, multi-platform Pc and mobile, December 2018).

The Press area is currently undergoing a process of transition toward digital transformation. Prisa is facing a press market:

- that is increasingly smaller in size;
- with a high offering of traditional journalist company leaders, which have been joined by digital press start-ups;
- with changes in users in their use of news through social media, forcing the development of new formats, alliances and new models;
- with the need to continue investing to address the technological change; and
- where advertising revenues has stopped going exclusively to the media.

In this context, it is increasingly more important to respond with a quality product, offer new services and specialised multimedia content, develop distribution alliances, internationalise brands, implement mixed business models (free/pay) and innovate in advertising formats.

Likewise, the new digital environment (Google, Facebook, Amazon, influencers, etc.) offers new ways of reaching consumers and advertisers, which is leading to a structural change in the advertising market. This panorama, together with the need to continue to grow profitably, and gain global scaling, could lead to the consolidation of the media sector in Spain.

In this environment, the Press area has been focused over the last years on advancing toward a growing and scalable business model, the first step in which has been the growing and leading of audiences (as of December 2018, it has 126 million unique visitors) and the taking off of digital advertising, which already outweighs traditional advertising. In 2018, an agreement has been reached to launch the main computerised platform in Spain and an agreement has been reached with the Washington Post to implement ARC technology focused on optimising the technological infrastructure of newspapers. Currently there are 5 digital versions in Latin America.

Advertising revenues in the Press area reached EUR 107 million in 2018, noteworthy among which is online advertising, accounting as of 31 December 2018 for 53% of the overall advertising revenues in the Press area.

At the same time, important measures have been implemented in the restructuring of the Legacy business —i.e., that developed by traditional media — directed to adapting the business to the changes produced by digitisation, changing the structure of fixed costs of the business.

Income from newspaper sales reached EUR 68 million in 2018, and experienced declines in line with those experienced in the sector

In spite of the Legacy business decline over the last years, the continued efforts to control costs and improve efficiencies has allowed for the press area to close 2018 with a positive EBITDA of EUR 7.3 million and with improved margins.

Strategic focus

The strategic focus of Prisa in the Press area includes:

- Taking advantage of the strength of its brands to grow on the digital market, increasing its market shares and global scope.

- Expansion of its digital audiences, focusing on Latin America.
- Focusing on scalability to achieve profitable growth.
- Developing new methods of sales of advertising, and driving events.
- Strengthening of commercial strategy to drive monetisation.
- Continuing to focus on the improvement of its structures, achieving efficiencies.

The main variables in the Press area, in thousands of euros, are as follows:

	Total Press		
	Year ended 31 December		
	2018	2017	2016
		<i>(audited)⁽¹⁾</i>	
		(thousands of euros)	
Operating income	203,160	220,578	239,896
Advertising	107,239	105,500	114,488
Online advertising ⁽³⁾	56,716	48,782	46,830
Paper advertising ⁽³⁾	50,523	56,718	67,658
Circulation	68,267	79,377	91,572
Promotions and others	27,653	35,700	33,836
		<i>(unaudited)⁽²⁾</i>	
Adjusted operating income ⁽⁴⁾	203,160	220,578	239,896
EBITDA ⁽⁵⁾	7,323	3,962	15,236
Adjusted EBITDA ⁽⁶⁾	13,669	12,479	16,813
Operating results (EBIT)	1,042	(14,104)	7,060
<i>EBITDA Margin⁽⁷⁾</i>	<i>3.6%</i>	<i>1.8%</i>	<i>6.4%</i>
<i>Adjusted EBITDA Margin⁽⁸⁾</i>	<i>6.7%</i>	<i>5.7%</i>	<i>7.0%</i>
<i>EBIT Margin⁽⁹⁾</i>	<i>0.5%</i>	<i>(6.4%)</i>	<i>2.9%</i>

Notes:

- (1) Except as regards the breakdown of advertising revenues –i.e., online advertising and paper advertising –, identified as APMs in the following note and that are, therefore, unaudited.
- (2) Except as regards the figure for operating results (EBIT), corresponding to the operating results as defined in the IFRS-EU and has been audited.
- (3) The breakdown of advertising revenues (online advertising and paper advertising) is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (4) Adjusted operating income is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (5) The EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (6) Adjusted EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (7) EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (8) Adjusted EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (9) EBIT Margin is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.

i. El Pais

El Pais (founded in 1976) during the year ended 31 December 2018 accounted for 69% of the overall operating income of the Press area – in fiscal 2017 (71% of operating revenue for the Press area came from El Pais).

El Pais, at the global level, holds the top position in Spanish news websites and holds the 6th spot in the world ranking of media, with the top positions being held by American and British media (source: Comscore, Pc data, December 2018. Does not include Chinese or Indian newspapers). In terms of unique visitors (Omniture, December 2018), El Pais maintains its top position, reaching the amount of 83 million as a monthly average as of December 2018, with an important contribution from Latin America.

According to the Circulation Audit Bureau (OJD), over the last 30 years, El Pais has been the Spanish newspaper of broadest reach in Spain. According to the Circulation Audit Bureau (December 2018), El Pais has an average daily distribution of 137,552 copies during 2018, with a share of 38%, leading El Mundo by over 47,000 (average daily distribution of 89,580 copies) and ABC by more than 63,000 copies ABC (average daily distribution of 74,271 copies) over that same period.

El Pais offers its readers an open and global dialogue, based on the information, analysis, tolerance, democracy and dignity, which has also led to its being classified as the most influential Spanish communication medium on the Internet, according to the Global Thought Leaders Index, which lists the leaders that shape global online conversation every year.

The commitment by El Pais to offer quality new products to its readers has been materialised in its business lines launches; Verne, dedicated to seeking stories that deserve to be shared; Planeta Futuro (Future Planet), with content on sustainable development; or Tentaciones (Temptations), a magazine with new trends, directed to a younger target; El Pais has also strengthened its commitment to multimedia content with the new platform El Pais Video.

Prisa understands that the commitment to quality content, brand recognition, launching of new products, permanent innovation and Latin American outreach — it being the only global media in the region and having editorial offices in Mexico DF and Sao Paulo, in addition to Madrid and Barcelona— have contributed to the consolidation of the position of El Pais on the press market.

	El Pais		
	Year ended 31 December		
	2018	2017	2016
		<i>(audited)⁽¹⁾</i>	
	(thousands of euros)		
Operating income	140,539	155,695	172,067
Advertising	74,387	75,407	81,946
Online advertising ⁽³⁾	33,766	30,435	27,191
Paper advertising ⁽³⁾	40,621	44,972	54,755
Circulation	44,843	52,914	62,097
Promotions and others	21,309	27,374	28,024
		<i>(unaudited)⁽²⁾</i>	

Adjusted operating income ⁽⁴⁾	140,539	155,695	172,067
EBITDA ⁽⁵⁾	(292)	(3,350)	5,477
Adjusted EBITDA ⁽⁶⁾	4,168	3,993	6,679
Operating results (EBIT)	(4,320)	(10,775)	643
<i>EBITDA Margin</i> ⁽⁷⁾	(0.2%)	(2.2%)	3.2%
<i>Adjusted EBITDA Margin</i> ⁽⁸⁾	3.0%	2.6%	3.8%
<i>EBIT Margin</i> ⁽⁹⁾	(3.1%)	(6.9%)	0.4%

Notes:

- (1) Except as regards the breakdown of advertising revenues –i.e., online advertising and paper advertising –, identified as APMs in the following note and that are, therefore, unaudited.
- (2) Except as regards the figure for operating results (EBIT), corresponding to the operating results as defined in the IFRS-EU and has been audited.
- (3) The breakdown of advertising revenues (online advertising and paper advertising) is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
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ii. AS

In 2018, the sports newspaper AS accounted for 24% of the operating income of the Press area (against 22% in 2017).

AS is the number one sports newspaper in global audience, with over 45 million unique visitors worldwide (Omniture, December 2018) and the second sports newspaper in Spain (comScore, multi-platform Pc and mobile, December 2018).

In 2013, AS began its international expansion and, currently, it has publications in Chile, Colombia and Mexico, Argentina, USA, Peru, Venezuela, and with an edition in Arabic as the result of an agreement signed by AS and Dar Al-Sharq. It has an English publication and another in Arabic, AS Arabia. Along these lines, international traffic already accounts for 52% of the total.

Regarding the printed edition, according to the Circulation Audit Bureau, Diario As had an average daily circulation of 99,346 copies during 2018, and 34% share, positioning itself less than 13,200 copies behind Marca, which sold 112,481 copies over that same period.

AS has been able to adapt its business model to digital reality, successfully generating online income. In 2018, over 74% of the advertising revenues of AS was digital (digital format: web + mobile).

	As		
	Year ended 31 December		
	2018	2017	2016
		<i>(audited)⁽¹⁾</i>	
	(thousands of euros)		
Operating income	49,153	48,927	51,565
Advertising	27,301	23,289	23,068
Online advertising ⁽³⁾	20,390	15,371	14,604
Paper advertising ⁽³⁾	6,911	7,918	8,464
Circulation	20,547	23,336	26,093
Promotions and others	1,305	2,302	2,404
		<i>(unaudited)⁽²⁾</i>	
Adjusted operating income ⁽⁴⁾	49,153	48,927	51,565
EBITDA ⁽⁵⁾	6,529	4,664	5,525
Adjusted EBITDA ⁽⁶⁾	6,748	5,316	5,799
Operating results (EBIT)	5,440	3,432	3,985
<i>EBITDA Margin⁽⁷⁾</i>	<i>13.3%</i>	<i>9.5%</i>	<i>10.7%</i>
<i>Adjusted EBITDA Margin⁽⁸⁾</i>	<i>13.7%</i>	<i>10.9%</i>	<i>11.2%</i>
<i>EBIT Margin⁽⁹⁾</i>	<i>11.1%</i>	<i>7.0%</i>	<i>7.7%</i>

Notes:

- (1) Except as regards the breakdown of advertising revenues –i.e., online advertising and paper advertising –, identified as APMs in the following note and that are, therefore, unaudited.
- (2) Except as regards the figure for operating results (EBIT), corresponding to the operating results as defined in the IFRS-EU and has been audited.
- (3) The breakdown of advertising revenues (online advertising and paper advertising) is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
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- (7) EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
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D. Media Capital

Media Capital is the leading media group in Portugal. In 2018, Media Capital recorded EUR 182 million in operating income and an EBITDA of EUR 40.7 million (versus 165 million euros in revenue and 40.7 million euros in EBITDA in fiscal 2017). Media Capital operates in the television segment through its affiliate TVI (83% of the operating income of Media Capital in 2018), in the audiovisual production business and is present in the businesses of radio and internet services.

According to GFK, TVI is the leading free television channel in audience in Portugal. Its programming strategy is based on information, national fiction and entertainment and is complemented with movies, foreign series, football and children and youth programming. During 2018, TVI Group maintained its leadership in both 24 hours, with a 24% share, and in prime time, with a 27% share, according to GFK.

Additionally, through TVI Internacional, TVI Ficção, TVI Reality, TVI24 (information, 24hrs a day) or TVI África (for Angola and Mozambique), Media Capital has strengthened its presence in Europe and Africa. The best contents of TVI Internacional currently reach 22 countries and 40 distribution platforms. TVI Ficção in turn is present in 14 countries.

In the production area, Media Capital operates in the market through Plural Entertainment, which has held on to its position among the largest audiovisual producers on the Iberian market —Spain and Portugal—, expressly standing out in the area of fiction in Portuguese and in the area of entertainment in Spanish.

On the radio, Media Capital has several broadcast stations including Radio Comercial, Cidade FM, M80, SmoothFM, VodafoneFM and digital radio station Cotonete. All of these include several music formats and reach over two million listeners every day, according to Marktest, as of December 2018. Also according to Marktest, Media Capital holds the top position in the ranking in terms of audience as of December 2018, with a 37% market share. In 2018, the radio business has accounted for 11% of the total operating income of Media Capital.

Finally, Media Capital is present in the internet business through Media Capital Digital, a multimedia company whose digital brand, IOL, is the second most important national website.

Strategic focus

The strategic focus of Prisa in Media Capital includes:

- Maintaining its leadership position (at December 2018 Media Capital was the media group leader in 24 hour and prime time television audience in Portugal, according to data available from the GFK audience measurement panel).
- Diversifying to other markets (Angola, Cabo Verde, Mozambique, Brazil), relying on its capacity to produce fiction, entertainment and information.
- Developing new theme channels, distributed through pay television.

The equity structure of Media Capital is in turn divided into 94.69% corresponding to Prisa, 5.05% to NCG Banco and 0.26% free float.

The following table shows the main variables corresponding to Media Capital for the periods shown:

	Media Capital		
	Year ended 31 December		
	2018	2017	2016
	<i>(audited)</i>		
	(thousands of euros)		
Operating income	181,809	165,463	174,027
Advertising	124,787	118,946	121,403

	Media Capital		
Sale of audiovisual rights and programs.....	26,224	26,727	30,175
Others	30,798	19,790	22,449
		<i>(unaudited)⁽¹⁾</i>	
Adjusted operating income ⁽²⁾	181,809	165,463	174,027
EBITDA ⁽³⁾	40,722	40,689	42,195
Adjusted EBITDA ⁽⁴⁾	41,460	41,739	43,015
Operating results (EBIT).....	33,613	32,174	33,285
<i>EBITDA Margin⁽⁵⁾</i>	22.4%	24.6%	24.2%
Adjusted EBITDA Margin ⁽⁶⁾	22.8%	25.2%	24.7%
<i>EBIT Margin⁽⁷⁾</i>	18.5%	19.4%	19.1%

Notes:

- (1) Except as regards the figure for operating results (EBIT), corresponding to the operating results as defined in the IFRS-EU and has been audited.
- (2) Adjusted operating income is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (3) The EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (4) Adjusted EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (5) EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (6) Adjusted EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (7) EBIT Margin is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.

6.1.2 An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.

The new products and services developed by the Group are mentioned in sections 11 and 12.1 of this Registration Document.

6.2 Principal markets

In attention to a criterion of geographic segmentation of the markets in which it operates, America is the main geographical market of Group (46% of the operating income of the Group in 2018 against 48% in 2017), followed by Spain (40% of the operating income of the Group in 2018 and in 2017) and Portugal (14% of the operating of the Group in 2018 against 12% for fiscal 2017). In attention to the activities it develops in the various market segments, Prisa is in turn exposed, mainly, to the education market —a through Santillana in the business area Education —, the advertising market —through the business areas of Press, Radio and Media Capital, mainly — and the newspaper and magazine circulation market — through the business area Press —.

6.2.1 Geographical markets

Regarding the geographical distribution of the operating income, in 2018 Prisa generated 60% of its operating income outside of Spain (in 2017 this also generated 60% of revenues from outside of Spain). Of the total of such operating income generated on the international arena (EUR 767 million), 76% came from America (Santillana, Radio and a residual part of the Press business area) and 24% from Portugal (Media Capital and a residual part of the business

area Education). In fiscal 2017 808 million euros were generated in the international area, 79% of which were form America and 21% from Portugal.

In the international area, in 2018, EUR 767 million were generated, 63% by the Education business area, 24% by Media Capital, 12% from the Radio business area and 1% from the Press business area.

Following is the evolution of the operating income by geographical origin over the last three years:

	Year ended as of 31 December		
	2018	2017	2016
	<i>(Audited)</i>	<i>(Restated)</i>	<i>(Audited)</i>
	(in thousands of euros)		
Spain.....	513,375	527,933	566,366
International.....	766,913	807,807	791,671
Total income.....	1,280,288	1,335,740	1,358,037
<i>% Spain.....</i>	40%	40%	42%
<i>% International.....</i>	60%	60%	58%

The results of the Group in America in 2018 were negatively affected by currency devaluations, mainly in Brazil, Argentina and Mexico. Excluding the impact of the exchange rates, the results of America continue to show growth in local currency in the aggregate, although there is a looming uncertainty in terms of the political situation in some countries.

Over the next years, the countries in America where the Group is present are expected to show attractive growth rates, among the most noteworthy of which is the recovery in Brazil following a period of significant slumps. In Spain, stable growth is expected, above 2% (International Monetary Fund —IMF—, estimates as of October 2018).

The following table shows the GDP growth estimated by the IMF as of October 2018 for the main countries in which the Group is present:

	Estimated growth of GDP		
	2018	2019	2020
Spain.....	2.7%	2.2%	1.9%
Portugal.....	2.4%	1.8%	1.5%
Brazil.....	1.4%	2.4%	2.3%
Mexico.....	2.2%	2.5%	2.7%
Colombia.....	2.8%	3.6%	3.7%
Argentina.....	(2.6%)	(1.6%)	2.2%
Chile.....	4.0%	3.4%	3.2%
Peru.....	4.1%	4.1%	4.1%
USA.....	2.9%	2.5%	1.8%

Source: IMF, October 2018

6.2.2 Education market

Prisa is exposed to the education market through Santillana, which in 2018 generated EUR 601 million in operating income (in 2017 this generated EUR 656 million).

The education sector is amidst a process of transformation of the teaching system, both in the digital and the pedagogical realm. The model is carried over from the universalisation of education (situation of emerging markets such as Latin America) to the improvement of the learning experience (developed countries) through access to an integrated offering of quality contents, services and technology. On the markets on which Santillana operates, such transformation is taking place very slowly and gradually due to significant barriers to entry, including resistance to change — especially by the professors —, scarcity of homologated multimedia products and the limited resources at the centres to invest in technological infrastructures.

Although at a global level, digital transformation already affects the education sector, the various pedagogical markets will be progressively affected differently:

- Childhood education: from zero to six years of age, distributed into two cycles of 0-3 years and 3-6 years. The presence of Santillana is residual in this cycle.
- The K-12 market: are the students of primary, middle school and secondary, ages 6-18. The content of this educational band must comply with a regulated formation and also includes the required education courses (primary and secondary).

The text book continues to be the main teaching resource (now complemented with digital material) which must answer to the homologated studies plan of the official curriculum of the regulated formation. It is the pre-emptive curricular material of the teaching staff.

It is the main market in which Santillana operates, in Spain and America, offering value added products and services (traditional education, teaching systems and extra-curricular services) to both the public and private markets.

- College and Continued Formation: these markets are increasingly more dependent on mobile and ubiquitous formation, impacted by the global e-Learning market, which continues to grow. Continuous learning will assume a relevant role, such to allow developing the necessary abilities and specialisation for the changing labour environment. It should be noted that Santillana is not present in the College segment.

This dynamic digital and technological environment, demanding new teaching systems, will increase the offering of massive open online courses, offering a variety of subjects and formats (MOOC - massive open online course) available on various platforms, some driven from the colleges themselves (edX, Coursera, Udacity, Udemy, Harvard Open Courses, Stanford MOOC, etc.).

Santillana, in addition to the language courses, also has its own online courses platform which may be used in information technologies and digital marketing (BeJob). These contents are directed to professional profiles with a high employment demand.

This section is focused on the K-12 sector, as it is the largest market in which Santillana operates. In this cycle, the presence of technology is seen as an essential tool to achieve pedagogical goals, which must necessarily be accompanied by a change in the teaching and learning process for the students to learn more and better. Nonetheless, the transition is taking place very slowly and the changes are not expected to be relevant in the short term.

For this reason, companies are striving to adapt their resources and contents to the digital ecosystem. Nonetheless, the following barriers to digital transformation are being faced:

- Resistance to change, especially by the teachers.

The digital transformation has already reached the various agents of the educational system (institutions, schools, teachers, students, tools or contents) but the main barrier is the attitude of the teacher as a key part in change.

Lack of knowledge and experience of the trainers in the new teaching process and in the use of tools for digital learning.

- Limitation of resources at the centres to invest in technological infrastructures for education.

Lack of equipment for classrooms, specialised technical figures, connectivity (penetration of quality broad band), equipment of students and homes.

- Scarcity of homologated multimedia content for learning.

The contents have multiplied and diversified, from the traditional book complemented with digital support material to contents depository platforms, online courses, user-generated contents, etc. where it is necessary for the agent to certify the quality of the content, organise it and make it available in a friendly environment.

Along these lines, the sector shall be impacted by the following trends in digital transformation:

- The student becomes the centre of the educational experience. Better knowledge of the student, experience of the student, collaboration and communication in the learning process, new educational formats, etc.

Customisation: The social implication of the digital transformation is complex and shall require a flexible transformation that will allow the customisation of the learning (foster creativity, entrepreneurship, innovation, etc.)

Technological platforms for evaluation, big data and learning analytics shall achieve a greater adaptation of the learning levels and difficulties profiled and according to the needs of each student (adaptive learning).

- Contents and Services: new formats, new platforms and contents generated by the users themselves, appearance tools for the creation of contents, video, etc.

The development of the maker culture reaches the schools, which become personal factories by incorporating robotics, programming, 3D design, etc.

Social media fosters the collaboration and participation of the educational community (collaborative learning).

- Equipment: the BYOD (Bring Your Own Device) trend shall be progressively incorporated in schools, which shall need to establish safety mechanisms and good use practices.
- Increase of technological operators such as Google (G-Suite), Amazon (support for OER - Open Educational Resources) Microsoft and Apple.

In such environment, Santillana has developed a competitive position as a global operator, accompanying the centre and the group of trainers on the digital process road, offering:

- A portfolio of traditional education contents and value added services (Santillana and Moderna), languages (Richmond, Santillana Spanish and French), teaching systems (UNO, Compartir, Farias Brito and Educa) and extra-curricular and evaluation activities services (SetVeintiuno, Smartlab, Logros, etc.). All this based on the text book itself, complementary digital material and the development of technological platforms and tools that are already in place.
- Various promotional and post-sales services through the commercial network itself, making available to the director of the centre the technical support necessary to drive digital transformation, and training, coaching and advisory actions for the teaching staff in the new learning process and instruct them on the potential of digital technologies in traditional education and new forms of using them.

Santillana has achieved the following market shares in digital teaching systems in the following countries:

	Number of students (thousands)	Santillana Market Share
Brazil	361	10%
Mexico	215	58%
Colombia.....	241	80%
Argentina.....	133	75%
Ecuador	49	>80%
Perú	58	100%

Source: Prepared by the authors based on internal estimates. The private market share estimate is based on the potential market for systems. The internal marketing network of Santillana carried out a study on approximately 90% of the private schools of the market and information from the schools and students who study under some systems modality. The Santillana share is the result of dividing the students Santillana has in systems by this total market of students who study under systems.

Text books

Following are the tables where, according to the report “Global Entertainment and Media Outlook 2018” prepared by consulting firm PricewaterhouseCoopers (PWC), evolution is seen in the market of educational books in Spain and America, where year after year, the transformation of digital learning acquires greater importance, but printed/audio educational books continue to generate the largest volume of business:

(Millions of dollars, Printed Educational Books)	2016	2017	2018	2019	2020	2021	2022
Spain	1,033	1,094	1,120	1,137	1,141	1,132	1,121
Portugal.....	200	198	196	194	192	191	189
Latin America	702	679	662	654	649	647	647
Argentina.....	34	35	36	37	38	39	40

Brazil	375	358	346	340	337	335	334
Chile	15	15	15	15	14	14	14
Colombia	91	95	98	102	105	109	112
Mexico.....	182	171	162	155	149	144	141
Peru	5	5	5	5	6	6	6
USA	9,227	8,904	8,685	8,492	8,330	8,189	8,047

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2018-2022. Printed Educational Books

(Millions of dollars. Electronic Educational Books)							
	2016	2017	2018	2019	2020	2021	2022
Spain	39	42	46	50	54	58	62
Portugal.....	29	35	40	44	49	52	56
Latin America	19	28	36	44	52	55	68
Argentina.....	1	1	2	2	2	2	2
Brazil	2	3	3	4	4	4	5
Chile	1	2	2	3	3	4	4
Colombia.....	12	18	24	30	37	43	50
Mexico.....	2	3	3	3	4	4	4
Peru	1	1	2	2	2	2	3
USA	2,098	2,299	2,457	2,596	2,737	2,899	3,061

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2018-2022. Electronic Educational Books

The following table shows by country the size of the market for text books (including the entire school population, from childhood education to high school) and the target market of Santillana (school centres where a promotional action is exercised directly), all this in thousands of students, and the market share of Santillana (excluding public purchases) for 2018:

	Entire market	Target market	Santillana Share in target market
Argentina.....	2,804	2,132	39.6%
Bolivia.....	231	231	30.2%
Brazil.....	2,282	2,277	21.9%
Guatemala	879	568	31.8%
El Salvador.....	203	153	58.8%
Honduras	386	199	41.9%
Costa Rica	104	104	29.8%
Panama.....	146	144	40.4%
Chile.....	383	314	28.4%
Colombia.....	2,172	1,817	34.4%
Ecuador	859	688	33.2%
Spain	6,636	6,636	20.0%
Mexico	3,528	2,231	15.7%
Paraguay.....	338	179	21.1%

Peru	1,922	1,614	28.3%
Portugal.....	1,450	1,215	4.3%
Puerto Rico.....	109	109	17.6%
Dominican Republic	402	402	31.2%
Uruguay	120	88	41.4%
Venezuela.....	1,652	744	24.7%
Total	26,606	21,845	23.5%

Source: internal estimates, excludes USA and languages

According to its internal estimates, Prisa considers that Santillana is one of the main global operators on the text books market, with the exception of Brazil (which holds second place since 2015, when the Abril Group acquired Editora Saraiva, creating the Somos Educaçao Group) and Portugal (where it participates with a small share of less than 5%).

In October 2016, Santillana acquired one of the main global operators in the region of America, Norma, which allowed it to strengthen the markets, mainly in Colombia, Argentina, Mexico and Peru.

In the various countries, Santillana competes, on the one hand, with a fragmented market with local companies and, on the other, a reduced number of publishing groups (SOMOS, SM, Anaya, Pearson, etc. which participate to a greater or lesser extent in the region and with different relevance in the various segments of education).

Following are the market shares of Santillana in languages for 2018:

	Language	Ranking	Share
Brazil.....	English	1°	25.4%
	Spanish	1°	26.0%
Spain	English	4°	6.7%
	French	1°	42.9%
Mexico	English	1°	18.5%
Colombia.....	English	1°	26.5%
Argentina.....	English	3°	13.0%
Chile.....	English	4°	11.6%
Peru	English	2°	25.3%

Source: internal estimates

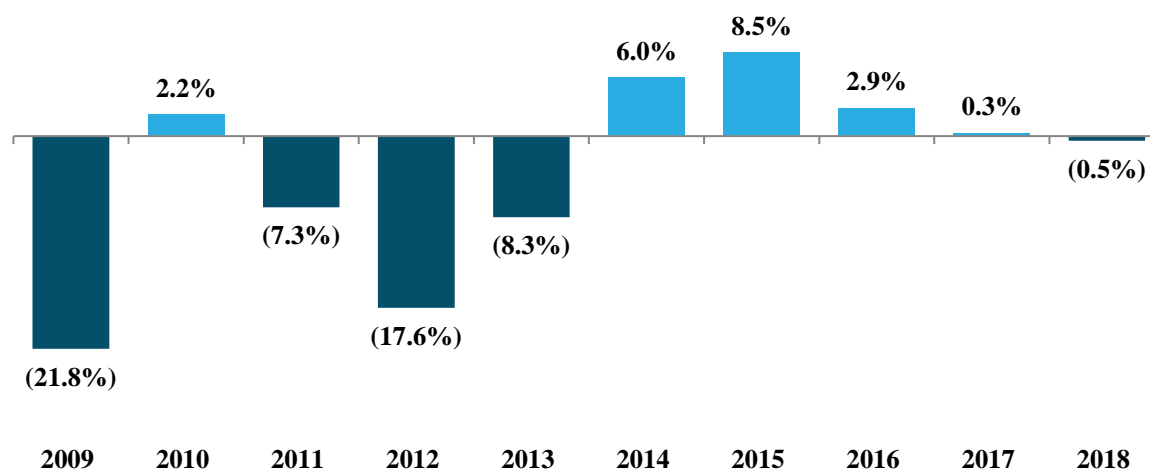
6.2.3 Advertising market

Prisa is exposed to the advertising market in Spain through the Press and Radio business areas; in America through its presence in the Radio business area —with a significant bearing in Colombia, Chile and Mexico— and in Portugal through its television business TVI y radio. In spite of the diversification of the operating income of the Group in 2018, advertising revenues account for 38% of the operating income of the Group (EUR 484 million), vis-a-vis 35% over the same period in 2017 (EUR 468 million).

Advertising market in Spain

The evolution of the investment in advertising in Spain over the last years is as follows:

Annual evolution of advertising investment in Spain 2009-2018



Source: i2p by Arce Media, Kantar Media, preparation Media Hotline.

The advertising market in Spain is led by television, which continues to be the leading sector in terms of advertising investment, followed by radio. The changes in the media usage habits, especially among the younger population (less hours of television use) have led to changing the advertising campaigns to more specific audience targets. Part of the advertising budgets that in the past were set aside for conventional media are being directed to other segments in which the Internet is clearly the winning sector.

The evolution of spending in advertising by segments, in thousands of euros, has been as follows:

(Thousands of euros)	2018	2017	2016	Var. (%) (2018-2017)	Var. (%) (2017-2016)
Television	2,119	2,140	2,120	(1.0%)	1.0%
Press.....	487	522	561	(6.98%)	6.9%
Internet.....	691	602	552	14.8%	9.1%
Radio.....	425	411	391	3.5%	5.2%
Abroad	13	319	320	(1.9%)	(0.3%)
Magazines	181	201	213	(10.0%)	(5.8%)
Sunday Supplements.....	29	33	37	(11.5%)	(10.9%)
Cinema.....	34	31	29	7.9%	8.0%
Total	4,279	4,259	4,221	0.5%	0.9%
Social Media	279	241	179	15.9%	34.5%
Total Market	4,557	4,500	4,400	1.3%	2.2%

Source: i2p by Arce Media, Kantar Media, prepared by Media Hotline (February 2018)

In 2018, the estimated growth of the advertising market in Spain is 0.5%. Including social networks 2018 growth comes to 1.3%.

The growth experienced in radio (+3.5%), the Internet (+14.8%) and social media (+15,9%) could offset the declines experienced in the other media, mainly television, press, magazines and Sunday supplements.

Focusing on the Group, EUR 272 million in advertising revenues were generated in 2018 in Spain, displaying a 4% growth with respect to the previous year. Regarding the source of the advertising revenues, 63% was provided by the Radio area and 37% from the Press area, with Radio increasing its contribution over the past years due to the drops suffered in the traditional part of the Press area.

The estimates by PWC contained in the report “*Global Entertainment and Media Outlook 2018-2022*” for the upcoming years, on the evolution of the advertising market in Spain for radio and press are set out below, showing growth in both radio and digital press, sectors in which Prisa holds leading positions:

(Thousands of dollars)	2019	2020	2021	2022
Radio.....	540	552	566	580
% Variation from previous year	2.1%	2.3%	2.5%	2.6%
Traditional Media	533	500	477	456
% Variation from previous year	(6.3%)	(6.2%)	(4.6%)	(4.4%)
Digital Press.....	292	305	317	328
% Variation from previous year	5.0%	4.4%	3.8%	3.6%

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2018-2022.

Advertising market in America

The advertising market in America has behaved quite differently than in Spain. It has shown growth for over more than 20 years, to a greater or lesser extent, but during no period has it suffered overall losses.

The Grupo Prisa has a significant presence in the radio advertising market in several countries in America: mainly Chile and Colombia (where it holds the top market position, in line with its audience position), and Mexico (where it maintains the second position).

The estimates by PWC regarding the evolution of the advertising market over the next years in the main countries where Prisa is present are shown below, displaying growth in the three main countries:

(Millions of dollars. Radio Marketing)	2016	2017	2018	2019	2020	2021	2022
Argentina.....	76	81	86	92	97	101	106
Brazil.....	382	376	373	373	376	380	385
Chile.....	89	93	96	100	105	109	112
Colombia.....	158	152	150	152	155	160	164
Mexico	491	531	569	606	640	673	705
Peru.....	96	105	113	120	126	131	136
Total	1,292	1,338	1,387	1,443	1,499	1,554	1,608

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2018-2022. Radio Marketing.

Advertising market in Portugal

The advertising market in Portugal behaves quite similar to that of Spain.

The evolution of the spending in advertising by segments, in thousands of euros, over the last 3 years, has been as follows:

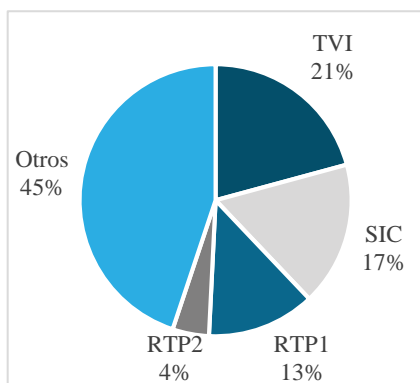
(Thousands of dollars)	2018	2017	2016	Var. (%) (2018-2017)	Var. (%) (2017-2016)
Television	244	238	234	3%	2%
Internet.....	184	154	128	19%	20%
Radio.....	111	109	106	2%	3%
Total.....	539	501	468	8%	7%

Source: Price Waterhouse Coopers Global Entertainment and Media Outlook 2018-2022

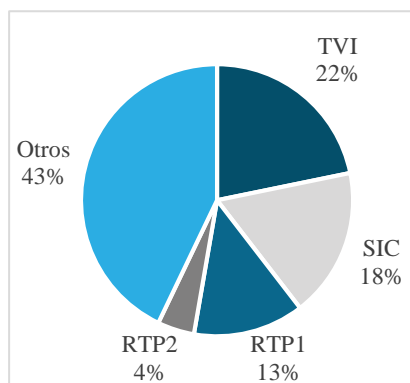
In 2018, the Group generated 125 million in advertising revenues in Portugal, provided by Media Capital, representing a growth of 4.9% with respect to 2017. TVI (the open television of Media Capital) experienced a 4.7% growth in advertising revenues and 4.1% in radio.

In open television market in Portugal, Media Capital holds the first position in audience share, both in 24 hours and prime time, reaching average daily audiences of 21% and 24%, respectively, of the total for Television.

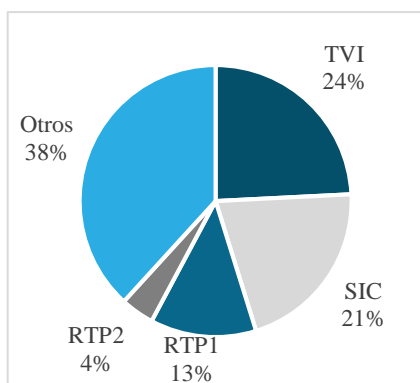
January – December 2018 (24hrs)



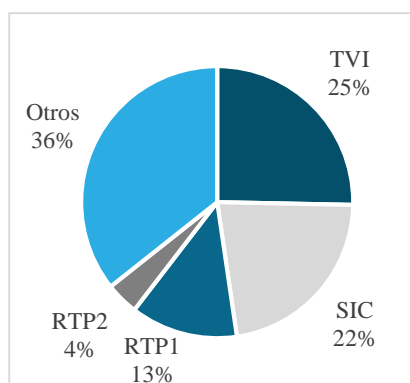
January – December 2017 (24hrs)



January – December 2018 (prime time)



January – December 2017 (prime time)



Source: Gfk December 2018

In terms of radio, according to data from Bareme Radio (5th wave of 2018), the average consolidated Radio audience of Media Capital in 2018 reached 37%, maintaining the number one place in the ranking.

Digital advertising market

The advertising investment in the digital medium continues to gain market share, although according to the report “PWC Global Entertainment and Media Outlook 2018-2022”, the growth of the digital advertising revenues will not offset in the aggregate the decline in advertising on paper or the sales of copies in Spain.

The digital advertising market itself is amidst a period of relevant transformation that causing the slowing of its growth due to, among others, the following factors:

- (i) Changes in the use of contents by the user:
 - Proliferation of Adblockers
 - The increasing digital use on mobile devices is causing a drop in revenues due to the lesser development of digital mobile commercialisation and the loss of formats with respect to computers; and

- New contents distribution environments with lesser monetisation.
- (ii) The displacement of the investment of the direct purchase toward the purchase of programs has allowed access to non-premium media operators and lowered prices in general with respect to the direct investment;
- (iii) Imbalance between supply and demand due to: a) a larger growth of the supply of inventories that the demand does not absorb at the same price, b) reduction of traditional formats (display and branding) for newer ones (video, native advertising, branded content, etc.) and c) concentration of digital advertising investment in Google and FB to the detriment of traditional media;
- (iv) Changes in digital investment strategy of advertisers.

According to the report “Global Entertainment and Media Outlook 2018-2022” by PWC, the main growth determinant over the next years will be that derived from the changes by the clients towards digital advertising and the increase in the ubiquitous use of video, representing an opportunity for the media sector with a competitive position in contents, videos and brands.

6.2.4 Newspaper and magazine circulation market

Prisa is exposed to the newspaper and magazine circulation market through the Press business area. During 2018, the Group generated EUR 68 million in newspaper and magazine circulation revenues, accounting for 5% of the total operating income of the Group.

The press sector in general has experienced significant declines in newspaper circulation over the last years as a result of the structural changes that the industry is facing (Circulation Audit Bureau, December 2018). In this environment, Prisa has maintained its leadership in national press and has maintained the second spot in sports press (narrowing the distance with its main competitor)

The following table shows the average daily circulation in Spain, and the market share of the main Spanish national newspapers in the periods in question:

Circulation of national newspapers / Number of copies per day						
	2018	2017	2016	2018	2017	2016
El Pais	137.552	175.041	194.005	38%	41%	41%
El Mundo	89.580	97.162	108.386	24%	23%	23%
ABC	74.271	79.893	91.159	20%	19%	19%
La Razon	65.135	70.018	77.129	18%	17%	16%
TOTAL	366.538	422.114	470.679	100%	100%	100%

Source: Circulation Audit Bureau, December 2018 and 2017

The following table shows the average daily circulation in Spain, and the market share of the main Spanish sports newspapers during the periods in question:

Circulation of national newspapers / Number of copies per day						
	2018	2017	2016	2018	2017	2016
As.....	99,346	112,003	125,955	34%	34%	34%
Marca	112,481	126,215	138,983	38%	38%	38%
Sport.....	39,253	43,251	48,235	13%	13%	13%
Mundo Deportivo.....	45,291	49,288	53,434	15%	15%	15%
TOTAL	296,371	330,757	366,607	100%	100%	100%

Source: Circulation Audit Bureau, December 2018 and 2017

As of 31 December 2018, the market share of El Pais was of 38% and AS 34% of the total of their respective markets, according to OJD.

6.3 Where the information given pursuant to items 6.1 and 6.2 has been influenced by exceptional factors, mention that fact

Prisa has no knowledge of any exceptional factors having arisen influencing the markets on which it operates and in main activities it develops. In any case, section II.1 (“Risk Factors”) of this Registration Document describes the factors affecting or that could affect the activity of Prisa on the main markets on which it operates.

6.4 If material to the issuer’s business or profitability, a summary information regarding the extent to which the issuer is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes

The activities developed by Prisa are considerably dependent on administrative concessions and licences and industrial property Items.

To provide the television and radio activities, Prisa must obtain the relevant administrative concessions and licences and renew them, where applicable. The renewal of the licences or concessions and the granting of new licences or concessions must be approved by the relevant administrative authorities (see Chapter 5.1.4.(C) of this Registration Document). These activities are also subject to the requirements established in current regulations on the revocation of concessions and licences. The breach of certain requirements may be punishable with the forfeiture of the administrative concessions or licences held by Prisa. At the date of this Registration Document, the affiliates of the Company have obtained the administrative concessions and licences necessary to perform their business and corporate activity, which are in full force and effect. The Company understands that the obligations under its concessions or licences cannot be breached and, likewise, it has no knowledge of any grounds for its revocation. In any case and considering the large number of existing licences and concessions, the unlikely revocation of a radio licence would not have a significant impact on the business activity.

Industrial Property

Prisa is the holder of various brands which it uses to commercialise different products and services in its various areas of activity. Notwithstanding the fact that the most relevant brands are protected in Spain in the classes of the nomenclature corresponding to the businesses they support. Prisa devotes significant efforts and resources to the protection of its main industrial

property assets to extend the protection by requesting community brands for the territory of the European Union, and in the countries of America in which it is now present or could reasonably be in the future.

Some of the most relevant brands of Prisa are firmly consolidated in Latin America, the most important being Santillana, El Pais, Moderna, UNO, Compartir, Radio Caracol, W Radio and LOS40, which are protected in Spain and in certain countries of the American continent.

Prisa maintains a centralised tracking of the brands to keep an exhaustive control and tracking of their portfolio, and to maximise profitability of the existing portfolio, so that each company of the Group may take advantage of the information in hands of the others or, even, obtain usage licences on brands owned by another company of the Group.

The following are deemed the most important brands: Prisa, El Pais, Santillana, Moderna, UNO, Compartir, As, Cinco Dias, Plural, TVI, Cadena SER, LOS40, Cadena Dial, Radio Caracol, W Radio, ADN Radio and Radio Continental.

With regard to the Internet, the Group companies have registered the domains “.com” and “.es” with its most important word marks, in most cases.

6.5 The basis of any statement made by the issuer regarding its competitive position

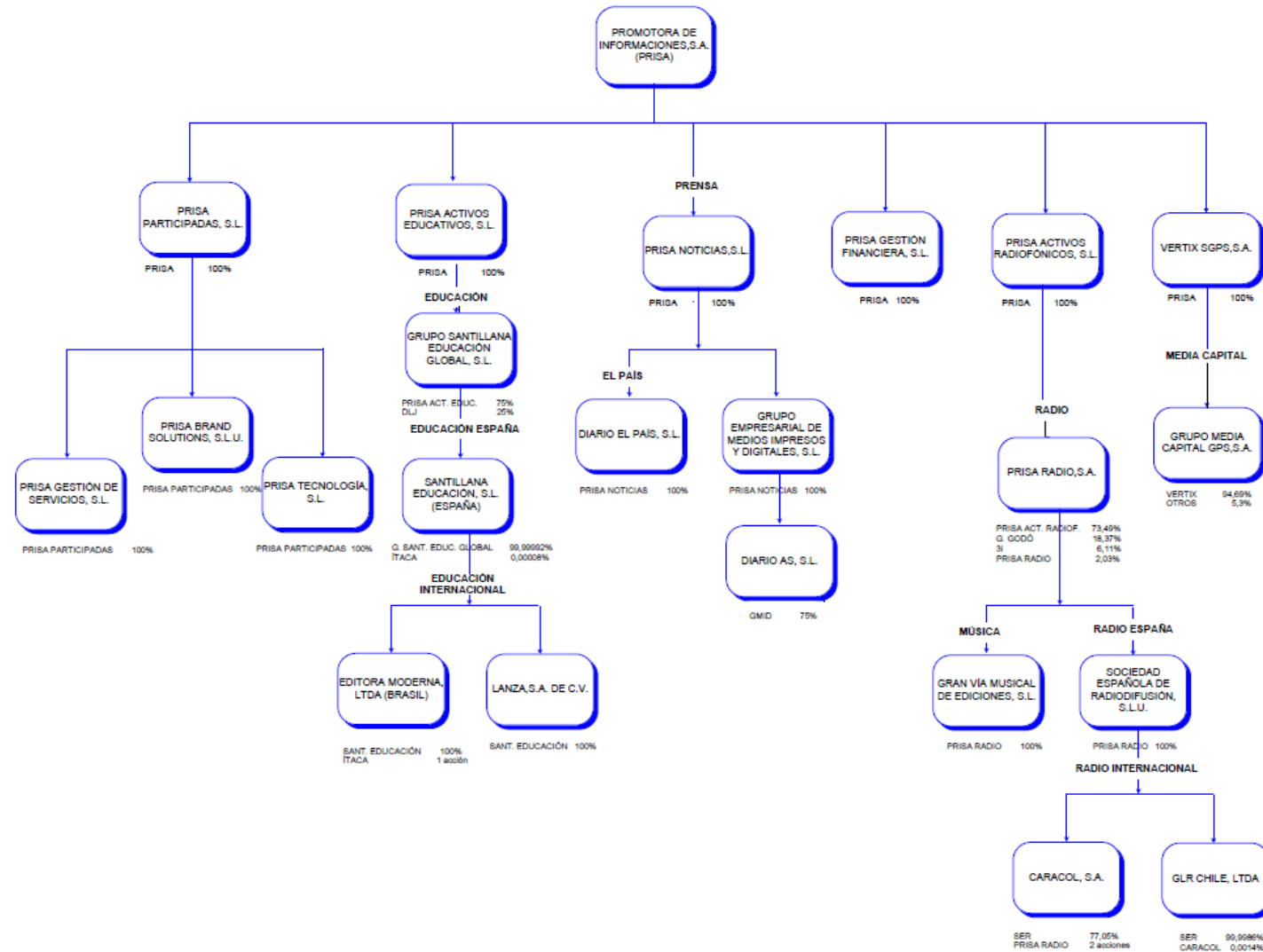
In this Registration Document, Prisa has relied on the information and figures on market share in the sectors in which it operates and other sectoral data. Prisa has obtained such figures and information from external sources, such as independent sectoral publications, state publications or reports by market study companies, such as OJD, Zenith Optimedia, i2p, FMI, PriceWaterhouseCoopers, TNS Sofres, Marktest, ECAR, IPSOS, INRA. Prisa has complemented such information, when necessary, with data from external sources, conversations with its clients, and with its own internal estimates, considering the publicly available information on other operators in the sector and the opinions of Prisa management on information that is not publicly available. Prisa considers that these sources and estimates are reliable, but has not verified them independently.

7. ORGANISATIONAL STRUCTURE

7.1 If the issuer is part of a group, a brief description of the group and of the issuer's position within the group

Promotora de Informaciones, S.A. is the parent company of “Grupo Prisa”. As of 31 December 2018, the Group consisted of 190 companies that are consolidated using the global integration method and 28 companies valued using the equity method:

ORGANIGRAMA GRUPO PRISA



7.2 List of significant affiliates of the issuer, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held

Following are the details of the companies that form part of the Grupo Prisa as of 31 December 2018 (by business unit), stating their registered name, domicile, activity and nominal share percentage.

Since the referred date and until the date of the Prospectus, no material changes have been made to the list of significant affiliates of Prisa, with the exception of the change in the share structure of Prisa Radio, S.A. which is described in section 5.1.5 2019 – *Acquisition of 6.11% of Prisa Radio, S.A. ownership owned by determined entities of the 3i group by Prisa Radio, S.A. and termination of the framework agreement to acquire shares and shareholders rights in Prisa Radio, S.A.* and 22 of this Registration Document so that as of the date of this Prospectus they are divided between Prisa (80%), indirectly through Prisa Activos Radiofónicos, S.L. and the Godo Group (20%). This change in the share structure of Prisa Radio has not affected the composition of shareholders of the affiliates and shares in same and their consolidated fiscal subgroup.

It is noted that as of the date of this Registration Document there are no differences between the proportion of voting rights and the nominal amount of the shares at any of the affiliates of Prisa, other than in the following companies:

- Sistema Radiopolis, S.A. de C.V. (Mexico), where for regulatory reasons, the shares of companies licensees of radio frequencies owned by foreign companies are neutral and, therefore, grant their holders limited voting rights.
- GLP Chile, where there are three share classes – wholly owned by Group companies-, with a different voting system:
 - Class A shares, with one ordinary voting right per share.
 - Class B shares, with a double voting right per share; and
 - Class C shares, with no voting rights at the General Meetings of the Shareholders.
- Grupo Media Capital, SGPS, S.A, where each group of 100 shares, with a nominal amount of EUR 1.06 per share, is entitled to one vote.

Company	Headquarters	Activity	Company holding the share	Nominal %
EDUCATION				
Global Integration				
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala – Guatemala	Publishing House	Santillana Educacion Pacifico, S.L Santillana Educacion, S.L.	98.85% 1.15%
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing House	Santillana Educacion, S.L. Itaca, S.L.	100.00% 1 share
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª N°98-50 Office 501. Bogota. Colombia	Publishing House	Santillana Educacion, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazalema, S.L.	94.90% 4.80% 0.10% 0.10% 0.10%
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Sevilla	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.98% 0.02%
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing House	Santillana Educacion, S.L.	100.00%
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	95.00% 5.00%
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Editorial	Santillana Educacion, S.L.	100.00%
Edicions Obradoiro, S.L.	Ruela de Entrecercos. 2 2º B. 15705. Santiago de Compostela	Editorial	Santillana Educacion, S.L. Ítaca, S.L.	99.99% 0.01%
Edicions Voramar, S.A.	Valencia, 44. 46210. Pincaya. Valencia	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.99% 0.01%
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	100% 1 share
Editora Pintangua, LTDA	Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brazil	Publishing House	Editora Moderna, Ltda. Ítaca, S.L.	100% 1 share

Company	Headquarters	Activity	Company holding the share	Nominal %
Editorial Nuevo Mexico, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing House	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (Mexico)	100% 1 share
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.99% 0.01%
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevard Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.00% 1.00%
Editorial Santillana, S.A. (Dominican Republic)	Juan Sanchez Ramirez, 9. Gazcue. Santo Domingo. Dominican Republic	Publishing House	Santillana Educacion, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazaalema, S.L. Grup Promotor D'Ensenyement i Difussio en Catala, S.L. Ediciones Santillana Inc. (Puerto Rico)	99.95% 0.01% 0.01% 0.01% 0.01% 0.01% 0.01%
Editorial Santillana, S.A. (Venezuela)	Avenida Romulo Gallegos. Edificio Zulia 1°. Caracas. Venezuela	Publishing House	Santillana Educacion, S.L.	100.00%
Editorial Santillana, S.A. de C.V. (Mexico)	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing House	Lanza, S.A. de C.V. Editorial Nuevo Mexico, S.A. de C.V.	100.00% 1 share
Editorial Santillana, S.A. de C.V. (El Salvador)	3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.95% 0.05%
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª N°98-50 Office 501. Bogota. Colombia	Publishing House	Santillana Educacion, S.L. Ítaca, S.L. Edicions Voramar, S.A. Edicions Obradoiro, S.L. Ediciones Grazaalema, S.L.	94.90% 5.10% 0.00% 0.00% 0.00%
Educa Inventia, S.A. de C.V. (Mexico)	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing House	Santillana Educacion Pacifico, S.L. Santillana Educacion, S.L.	99.99% 1 share
Educactiva Ediciones, S.A.S (Colombia)	Avenida El Dorado No. 90 – 10 Bogota, Colombia	Editorial	Santillana Educacion, S.L.	100.00%
Educactiva, S.A. (Chile)	Avenida Andres Bello 2299 Office 1001 Providencia. Santiago, Chile	Publishing House	Santillana Educacion Pacifico, S.L. Santillana Educacion, S.L.	93.52% 6.48%

Company	Headquarters	Activity	Company holding the share	Nominal %
Educactiva, S.A.C. (Peru)	Av. Manuel Olguin Nro. 215 Int. 501/ Los Granados/ Santiago de Surco/ Lima, Peru	Publishing House	Santillana Educacion Pacifico, S.L Santillana Educacion, S.L.	99.99% 1 share
Educactiva, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogota, Colombia	Publishing House	Santillana Educacion Pacifico, S.L Santillana Educacion, S.L.	87.12% 12.88%
Grup Promotor D'Ensenyament i Difussio en Catala, S.L.	Frederic Mompou, 11. V. Olimpica. Barcelona	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.99% 0.01%
Grupo Santillana Educacion Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing House	Prisa Activos Educativos, S.L.	75.00%
Ítaca, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Book Dealer	Grupo Santillana Educacion Global, S.L. Santillana Educacion, S.L.	99.99% 0.02%
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing House	Santillana Educacion Pacifico, S.L Santillana Educacion, S.L.	99.82% 0.18%
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Creation, promotion and administration of companies	Santillana Educacion, S.L. Editorial Santillana, S.A. de C.V. (Mexico)	100.00% 0.00%
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Office 1001 Providencia - Santiago	IT advice and consulting, software development and sales	Santillana Del Pacifico, S.A.	70.00%
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing House	Editora Moderna, Ltda. Ítaca, S.L.	100% 1 share
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing House	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (Mexico)	99.98% 0.02%
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sao Paulo. Brazil	Editorial	Editora Moderna, Ltda. Ítaca, S.L.	100.00% 1 share
Santillana Administração de Biens, LTDA	Rua Padre Adelino, 758. Belezinho. Sao Paulo (Brazil)	Asset management	Santillana Educacion, S.L. Ítaca, S.L.	100.00% 1 share
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, N° 8078. Zona de Calacoto. La Paz. Bolivia	Publishing House	Santillana Educacion, S.L. Ed. Grazalema, S.L. Ítaca, S.L.	99.70% 0.15% 0.15%
Santillana del Pacifico, S.A. de Ediciones.	Avenida Andres Bello 2299 Office 1001-1002 Providencia. Santiago, Chile	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	100.00% 1 share

Company	Headquarters	Activity	Company holding the share	Nominal %
Santillana Editores, S.A.	R. Mario Castelhana, 40 - Queluz de Baixo - 2734-502 Baracarena - Portugal	Publishing House	Santillana Educacion, S.L.	100.00%
Santillana Educacion Pacifico, S.L. (formerly Grupo Pacifico, S.A. (Panama))	Av. De los Artesanos 6. 28760, Tres Cantos, Madrid.	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.996% 0.004
Santillana Educacion, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing House	Grupo Santillana Educacion Global, S.L. Ítaca, S.L.	100.00% 1 share
Santillana Formacion, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online training	Grupo Santillana Educacion Global, S.L. Ítaca, S.L.	99.99% 0.01%
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing House	Grupo Santillana Educacion Global, S.L. Ítaca, S.L.	100.00% 1 share
Santillana Infantil y Juvenil, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing House	Santillana Educacion, S.L. Edicions Obradoiro, S.L.	100.00% 1 share
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª N°98-50 Office 501. Bogota. Colombia	Producing, commercialising and distributing all sorts of training, preparation, advice and consulting	Santillana Sistemas Educativos, S.L. Distribuidora y Editora Richmond S.A.	94.46% 5.54%
Santillana Sistemas Educativos, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing House	Grupo Santillana Educacion Global, S.L. Ítaca, S.L.	99.99% 0.01%
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviacion Civil. San Jose. Costa Rica	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.99% 0.01%
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	100.00% 1 share
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asuncion. Paraguay	Editorial	Santillana Educacion, S.L. Ediciones Santillana, S.A. (Argentina)	99.89% 0.11%
Santillana, S.A. (Peru)	Avenida Primavera 2160. Santiago de Surco. Lima. Peru	Publishing House	Santillana Educacion, S.L.	95.00%
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Editorial	Santillana Sistemas Educativos, S.L. Lanza, S.A. de C.V. Nuevo Mexico, S.A. de C.V.	99.98% 0.02% 1 share
Soluções Inovadoras em Educação LTDA. (SIEDUC) (formerly Uno Educação Ltda.)	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brazil	Publishing House	Editora Moderna, Ltda. Ítaca, S.L.	100.00% 1 share

Company	Headquarters	Activity	Company holding the share	Nominal %
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. Mexico DF. Mexico	Publishing House	Editorial Santillana, S.A. de C.V. Lanza, S.A. de C.V.	70.00% 30.00%
Zubia Editorial, S.L.	Poligono Lezama Leguizamon. Calle 31. Etxebarri. Vizcaya	Publishing House	Santillana Educacion, S.L. Ítaca, S.L.	99.90% 0.10%
RADIO				
RADIO ESPAÑA				
Global Integration				
Antena 3 de Radio de Leon, S.A.	Gran Via, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	99.56%
Compañía Aragonesa de Radiodifusion, S.A.	Paseo de la Constitucion, 21. Zaragoza	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	97.03%
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	50.00%
Gran Via Musical de Ediciones, S.L.	Gran Via, 32. Madrid	Musical services provider	Prisa Radio, S.A.	100.00%
Iniciativas Radiofonicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	Edicioines L.M., S.L. Sociedad Española de Radiodifusion, S.L.U.	40.00% 50.00%
Iniciativas Radiofonicas, S.A.	Gran Via, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	94.74%
Ondas Galicia, S.A.	San Pedro de Mezozzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	46.25%
Prisa Radio, S.A.	Gran Via, 32. Madrid	Services provided to radio broadcasting companies	Prisa Activos Radiofonicos, S.L. Prisa Radio, S.A.	73.49% 2.03%
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	99.89%
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	95.00%
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	99.32%

Company	Headquarters	Activity	Company holding the share	Nominal %
Radio Lleida, S.L.	Calle Vila Antonia. N° 5. Lleida	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	66.50%
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	83.33%
Radio Zaragoza, S.A.	Paseo de la Constitucion, 21. Zaragoza	Operation of radio broadcasting stations	Compañía Aragonesa de Radiodifusion, S.A. Sociedad Española de Radiodifusion, S.L.U.	66.00% 24.00%
Sociedad Española de Radiodifusion, S.L.U.	Gran Via, 32. Madrid	Operation of radio broadcasting stations	Prisa Radio, S.A.	100.00%
Sociedad Independiente Comunicacion Castilla La Mancha, S.A.	Avenida de la Estacion, 5 Bajo. Albacete	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	74.60%
Sogecable Musica, S.L.	Gran Via, 32. Madrid	Creation, broadcasting, distribution and operation of television theme channels	Sociedad Española de Radiodifusion, S.L.U.	100.00%
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	50.00%
Teleradio Pres, S.L.	Avenida de la Estacion, 5 Bajo. Albacete	Media management	Sociedad Española de Radiodifusion, S.L.U.	75.10%
Teleser, S.A.	Gran Via, 32. Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U. Compañía Aragonesa de Radiodifusion, S.A. Radio España de Barcelona, S.A. Propulsora Montañesa, S. A.	72.59% 4.14% 1.58% 0.95%
Equity Method				
Laudio Irratia, S.L.	Pol.Industrialdea Ed.Ceramica planta 3ª, Alava	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	26.43%
Planet Events, S.A.	Gran Via, 32. Madrid	Production and organisation of shows and events	Prisa Radio, S.A.	40.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Radio Jaen, S.L.	Obispo Aguilar, 1. Jaen	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	35.99%
INTERNATIONAL RADIO				
Global Integration				
Abril, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication media and services, operation of radio concessions	Iberoamericana Radio Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	100.00% 0.00%
Aurora, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication media and services, operation of radio concessions	Iberoamerican Radio Holding Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	99.98% 0.02%
Blaya y Vega, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication media and services, operation of radio concessions	Radiodifusion Iberoamerican Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	100.00% 0.00%
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, USA	Operation of radio broadcasting stations	GLR Services Inc.	100.00%
Caracol Estereo, S.A.S.	Calle 67 N° 7-37 Piso 7 Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusion, S.L.U. Prisa Radio, S.A.	77.04% 2 shares
Caracol, S.A.	Calle 67 N° 7-37 Piso 7 Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusion, S.L.U. Prisa Radio, S.A.	77.05% 2 shares
Comercializadora de Eventos y Deportes, S.A.S.(formerly Prisa Música America, SAS)	Calle 67 N° 7-37 Piso 7 Bogota. Colombia	Production and organisation of shows and events	Sociedad Española de Radiodifusion, S.L.U.	100.00%
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Production and sale of CDs, advertising items, promotions and events	GLR Chile Ltda. Sociedad Española de Radiodifusion, S.L.U.	99.84% 0.16%

Company	Headquarters	Activity	Company holding the share	Nominal %
Compañía de Comunicaciones de Colombia C.C.C., S.A.S.	Calle 67 N° 7-37 Piso 7 Bogota. Colombia	Commercial broadcasting services	Caracol, S.A.	
			Promotora de Publicidad Radial, S.A.S.	
			Sociedad Española de Radiodifusion, S.L.U.	43.45%
			Caracol Estereo, S.A.S.	19.27%
			Ecos de la Montaña Cadena Radial Andina, S.A.	16.72%
			11.13%	4.42%
Compañía de Radios, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication media and services, operation of radio concessions	Iberoamerican Radio Holding Chile, S.A.	
			Comercializadora Iberoamericana Radio Chile, S.A.	99.92% 0.08%
Comunicaciones del Pacifico, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Radio and television broadcasts, operation of radio concessions	Comercializadora Iberoamericana Radio Chile, S.A.	66.67%
			Iberoamericana Radio Chile, S.A.	33.33%
Comunicaciones Santiago, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Radio and television broadcasts, operation of radio concessions	Sociedad Radiodifusora del Norte, Ltda.	75.00%
			Iberoamericana Radio Chile, S.A.	25.00%
Consortio Radial de Panama, S.A	Urbanizacion Obarrio, Calle 54 Edificio Caracol. Panama	Advisory services and commercialisation of services and products	Sociedad Española de Radiodifusion, S.L.U.	100.00%
Corporacion Argentina de Radiodifusion, S.A.	Rivadavia 835. Ciudad Autonoma de Buenos Aires. Argentina	Operation of radio broadcasting stations	GLR Services Inc.	
			Sociedad Española de Radiodifusion, S.L.U.	99.17% 0.83%
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. N° 7-37. Piso 7. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusion, S.L.U.	76.8%
			Prisa Radio, S.A.	1 share
Emisora Mil Veinte, S.A.	Calle 67. N° 7-37. Piso 7. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusion, S.L.U.	75.72%
			Prisa Radio, S.A.	1 share
Fast Net Comunicaciones, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication services and operation of radio concessions	Comunicaciones Santiago, S.A.	99.00%
			Iberoamericana Radio Chile, S.A.	1.00%
GLR Chile, Ltda.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	100.00%
			Caracol, S.A.	0.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
GLR Colombia, Ltda.	Calle 67. N° 7-37. Piso 7. Bogota. Colombia	Supply of services to broadcasting companies	Sociedad Española de Radiodifusion, S.L.U. Prisa Participadas, S.L.	99.00% 1.00%
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, USA	Supply of services to broadcasting companies	Sociedad Española de Radiodifusion, S.L.U.	100.00%
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication media and services, operation of radio concessions	Iberoamericana Radio Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	100.00% 0.00%
Iberoamericana Radio Chile, S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication media and services, operation of radio concessions	GLR Chile, Ltda. Sociedad Española de Radiodifusion, S.L.U.	100.00% 0.00%
La Voz de Colombia, S.A.	Calle 67. N° 7-37. Piso 7. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusion, S.L.U. Caracol, S.A.	75.64% 0.01%
LS4 Radio Continental, S.A	Rivadavia 835. Autonomous City of Buenos Aires. Argentina	Operation of broadcasting and advertising services	GLR Services Inc. Corporacion Argentina de Radiodifusion, S.A.	70.00% 30.00%
Promotora de Publicidad Radial, S.A.S.	Calle 67. N° 7-37. Piso 7. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusion, S.L.U. Prisa Radio, S.A.	77.04% 2 shares
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Radio, television, technical and computer services, operation of radio concessions	Comercializadora Iberoamericana Radio Chile, S.A. Iberoamericana Radio Chile, S.A.	99.00% 1.00%
Radio Estereo, S.A	Rivadavia 835. Autonomous City of Buenos Aires. Argentina	Operation of broadcasting and advertising services	GLR Services Inc. Corporacion Argentina de Radiodifusion, S.A.	70.00% 30.00%
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Holding	Iberoamericana Radio Chile S.A. Sociedad Española de Radiodifusion, S.L.U.	100.00% 0.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Radio Mercadeo, Ltda.	Calle 67. N° 7-37. Piso 7. Bogota. Colombia	Commercial broadcasting services	Sociedad Española de Radiodifusion, S.L.U. Caracol, S.A. Caracol Estereo, S.A.S. Emisora Mil Veinte, S.A. Promotora de Publicidad Radial, S.A.S. Ecos de la Montaña Cadena Radial Andina, S.A.	48.40% 29.85% 0.35% 0.35% 0.35% 0.01%
Societat de Comunicacio i Publicitat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6° Escalde. Engordany. Andorra	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U. Union Radio del Pirineu, S.A.	99.00% 1.00%
Sociedad de Radiodifusion El Litoral, S.L.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication media and services, operation of radio concessions	Iberoamericana Radio Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	99.9% 0.10%
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of radio and television broadcasts	Comercializadora Iberoamericana Radio Chile, S.A. Iberoamericana Radio Chile S.A	80.00% 20.00%
Equity Method				
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000, Col Espartaco, Mexico D.F. 04870. Mexico	Operation of radio broadcasting stations	Sistema Radiopolis, S.A. de C.V.	100.00%
Cadena Radiopolis, S.A. de C.V.	Calzada de Tlalpan 3000, Col Espartaco, Mexico D.F. 04870. Mexico	Providing of all types of public telecommunications and broadcasting services	Sistema Radiopolis, S.A. de C.V. Cadena Radiodifusora Mexicana, S.A. de C.V.	99.90% 0.10%
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. USA	Development of Latino radio market in USA	GLR Services Inc.	25.00%
Green Emerald Business Inc.	Via Espana 177, Ed. PH Plaza Regency, piso 15. Panama City, Panama.	Development of Latino radio market in Panama	Sociedad Española de Radiodifusion, S.L.U.	34.95%
Multimedios GLP Chile SPA	Eliodoro Yañez. N° 1783. Comuna Providencia Santiago. Chile	Operation of communication media and services	Iberoamericana Radio Chile, S.A.	50.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Promotora Radial del Llano, Ltda.	Calle 67 N° 7-37 Piso 7 Bogota. Colombia	Commercial broadcasting services	Caracol, S.A. Promotora de Publicidad Radial, S.A.S.	25.00% 25.00%
Q'Hubo Radio, S.A.S	CL 57 No 17 – 48 Bogota, Colombia	Operation of broadcasting and advertising businesses	Caracol, S.A.	50.00%
Radio Comerciales, S.A. de C.V.	Ruben Dario n° 158. Guadalajara. Mexico	Operation of radio broadcasting stations	Sistema Radiopolis, S.A. de C.V.	99.97%
Radio Melodia, S.A. de C.V.	Ruben Dario n° 158. Guadalajara. Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99.00%
Radio Tapatia, S.A. de C.V.	Ruben Dario n° 158. Guadalajara. Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99.00%
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. Mexico	Operation of radio broadcasting stations	Sistema Radiopolis, S.A. de C.V.	100.00%
Servicios Radiopolis, S.A. de C.V.	Calzada de Tlalpan 3000, Col Espartaco, Mexico D.F. 04870. Mexico	Operation of radio broadcasting stations	Sistema Radiopolis, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.998% 0.002%
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000, Col Espartaco, Mexico D.F. 04870. Mexico	Operation of radio broadcasting stations	Xezz, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.998% 0.002%
Sistema Radiopolis, S.A. de C.V.	Calzada de Tlalpan 3000, Col Espartaco, Mexico D.F. 04870. Mexico	Operation of radio broadcasting stations	Sociedad Española de Radiodifusion, S.L.U.	50.00%
Union Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations	Prisa Radio, S.A.	33.00%
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. USA	Broadcasting	El Dorado Broadcasting Corporation	100.00%
Xezz, S.A. de C.V.	Ruben Dario n° 158. Guadalajara. Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V.	99.00%

PRESS

Global Integration

As Chile SPA	Eliodoro Yañez 1783, Providencia. Santiago. Chile	Editing and operation of Diario As in Chile.	Diario As, S.L.	100.00%
Diario AS Colombia, SAS	Cl 98, n° 1871 OF401. Bogota D.C.	Editing and operation of Diario As in Colombia.	Diario As, S.L.	100.00%
Diario As USA, Inc.	2100 Coral Way Suite 603. 33145 Miami, Florida	Editing and operation of Diario As in USA.	Diario As, S.L.	100.00%
Diario As, S.L.	Valentin Beato, 44. Madrid	Editing and operation of Diario As.	Grupo de Medios Impresos y Digitales, S.L	75.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Diario El Pais Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of Diario El Pais in Argentina.	Diario El Pais, S.L. Diario El Pais Mexico, S.A. de C.V.	94.89% 5.11%
Diario El Pais Do Brazil Distribuidora de Publicações, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brazil	Operation of Diario El Pais in Brazil.	Diario El Pais, S.L. Ediciones El Pais, S.L.	99.99% 0.01%
Diario El Pais Mexico, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. Mexico D.F. Mexico	Operation of Diario El Pais in Mexico.	Diario El Pais, S.L. Promotora de Informaciones, S.A.	97.42% 2.58%
Diario El Pais, S.L.	Miguel Yuste, 40. Madrid	Editing and operation of Diario El Pais.	Prisa Noticias, S.L.	100.00%
Distribuciones Aliadas, S.A.	Poligono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of publishing products.	Prisaprint, S.L.	100.00%
Ediciones El Pais (Chile) Limitada.	Eliodoro Yañez 1783, Providencia. Santiago. Chile	Publishing, operation and sale of Diario El Pais in Chile.	Ediciones El Pais, S.L. Grupo de Medios Impresos y Digitales, S.L	100.00% 0.00%
Ediciones El Pais, S.L.	Miguel Yuste, 40. Madrid	Publishing, operation and sale of Diario El Pais.	Diario El Pais, S.L. Prisa Noticias, S.L.	99.99% 0.01%
Espacio Digital Editorial, S.L.	Gran Via, 32. Madrid	Publishing and operation of the digital Huffington Post for Spain.	Prisa Noticias, S.L.	100.00%
Estructura, Grupo de Estudios Economicos, S.A.	Miguel Yuste, 42. Madrid	Publishing and operation of Diario Cinco Dias.	Grupo de Medios Impresos y Digitales, S.L	100.00%
Factoria Prisa Noticias, S.L. (formerly Agrupacion de Servicios de Internet y Prensa, S.L.)	Valentin Beato, 44. Madrid	Providing of administrative, technological and legal services, and distribution of printed and digital media.	Diario El Pais, S.L.	100.00%
Grupo de Medios Impresos y Digitales, S.L.	Gran Via, 32. Madrid	Holding of shares of publishing companies.	Prisa Noticias, S.L.	100.00%
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Documentation services provider.	Promotora General de Revistas,S.A.	100.00%
Norpremsa, S.A.	Parque Empresarial IN-F. Calle Costureiras. s/n 27003. Lugo	Printing of publishing products	Prisaprint, S.L.	100.00%
Noticias AS Mexico S.A. de C.V.	rIO Lerma 196B15 Torre B-503, Mexico City, DF	Publishing and operation of Diario As in Mexico.	Diario As, S.L. Prisa Noticias, S.L.	99.00% 1.00%
Pressprint, S.L. (sole proprietorship)	Valentin Beato, 44. Madrid	Production, printing, publication and distribution of products.	Diario El Pais, S.L.	100.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Prisa Noticias de Colombia, SAS.	Calle 98 No 18- 71 oficinas 401 -402 del edificio Varese Bogota	Operation of Diario El Pais in Colombia.	Diario El Pais, S.L.	100.00%
Prisa Noticias, S.L.	Gran Via, 32. Madrid	Management and operation of press media.	Promotora de Informaciones, S.A.	100.00%
Prisaprint, S.L.	Gran Via, 32. Madrid	Management of companies engaged in printing.	Prisa Noticias, S.L.	100.00%
Promotora General de Revistas, S.A.	Valentin Beato, 48. Madrid	Publishing, production and operation of magazines.	Grupo de Medios Impresos y Digitales, S.L Promotora de Informaciones, S.A.	99.96% 0.04%
Equity Method				
As Arabia For Marketing, W.L.L.	D Ring Road, 3488, Doha, Qatar	Commercialisation of Diario As online in Arab, in the countries of the Middle East and North Africa.	Diario As, S.L.	49.00%
Kioskoymas, Sociedad Gestora de la Plataforma Tecnologica, S.L.	Juan Ignacio Luca de Tena, 7. Madrid	Publishing and commercialisation of periodicals in digital format	Prisa Noticias, S.L.	50.00%
Le Monde Libre Soci��t��Comandite Simple	17, Place de la Madeleine. Paris	Holding of shares in publishing companies	Prisa Noticias, S.L.	20.00%
MEDIA CAPITAL				
Global Integration				
Argumentos para Audiovisual, Lda. (CASA DA CRIA��O)	Rua Mario Castelhana, n�� 40, Queluz de Baixo 2734 506 Barcarena. Portugal	Creation, development, translation and adapting of texts and ideas for television programs, movies, entertainment, advertising and theatre.	Plural Entertainment Portugal, S.A.	100.00%
BEIRAS FM - Radiodifus��o e Publicidade, Unipessoal, Lda. ("BEIRAS FM") (formerly Penalva do Castelo FM Radiodifusao e Publicidade ,Lda.)	Rua Sampaio e Pina, n�� 24-26 1070 249 Lisboa. Portugal	Broadcasting in the areas of production and broadcast of programs.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
CLMC-Multimedia, Unipessoal, Ltda.	Rua Mario Castelhana, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Supply of production and commercial operation of the cinematographic activities of video, radio, television, audiovisual and multimedia.	Media Global, SGPS, S.A.(MEGLO)	100.00%
COCO-Companhia de Comunica��o, Unipessoal, Lda.	Rua Sampaio e Pina, n��s 24-26 1099 044 Lisboa. Portugal	Broadcasting, creation, development, production, recording and commercialisation of radio productions and related activities. Promotion of musical and cultural events and spreading of music culture.	Radio Comercial, S.A. (COMERCIAL)	100.00%
DRUMS - Comunica��es Sonoras, Unipessoal LDA	Rua Sampaio e Pina, n.��s 24-26 1070 249 Lisboa. Portugal	Sound broadcast activities in the domains of production and broadcast of programs.	Producoes Audiovisuais, S.A. (RADIO CIDADE)	100.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasts.	Media Capital Radios, S.A (MCR II)	100.00%
Empresa de Meios Audiovisuais, Lda. (EMAV)	Rua Mario Castelhana, n° 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Purchase, sale and rental of audiovisual media (cameras, videos, special filming and lighting equipment, cranes, rails, etc.).	Plural Entertainment Portugal, S.A.	100.00%
Empresa Portuguesa de Cenarios, Lda. (EPC)	Rua Mario Castelhana, n° 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Design, construction and installation of decorative accessories.	Plural Entertainment Portugal, S.A.	100.00%
Grupo Media Capital, SGPS, S. A.	Rua Mario Castlhano n° 40. Queluz de Baixo. Portugal	Holding of company shares.	Vertex, SGPS, S.A	94.69%
Leirimedia, Produções e Publicidade, LDA	Rua Sampaio e Pina, n° 24-26 1070 249 Lisboa. Portugal	Production and performance of radio programs and shows, advertising, promotions and representations.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Media Capital Digital, S.A	Rua Mario Castelhana. N° 40. 2734-502. Barcarena. Portugal	Publishing, multimedia production, distribution, consulting, commercialisation (mail, phone or others) of goods and services; and the acquisition, supply, preparation and broadcast of journalism by any means.	Media Global, SGPS, S.A. (MEGLO)	100.00%
Media Capital Musica e Entretenimento, S.A (MCME)	Rua Mario Castelhana. N° 40. 2734-502. Barcarena. Portugal	Publishing, graphic arts and reproduction of recorded formats: magazines, audio publishing, video reproduction; and the providing of services relating to music, radio, television, movies, theatre and literary magazines.	Media Global, SGPS, S.A. (MEGLO)	100.00%
Media Capital Produções, S.A. (MCP)	Rua Mario Castelhana. N° 40. 2734-502. Barcarena. Portugal	Concept, design, development, production, promotion, commercialisation, acquisition, exploration rights, registration, distribution and broadcast of audiovisual media.	Media Global, SGPS, S.A. (MEGLO)	100.00%
Media Capital Radios, S.A (MCR II)	Rua Mario Castelhana. N° 40. 2734-502. Barcarena. Portugal	Providing of services in the economic and consultancy areas and supervision and management of other group units or companies in the activity of sound broadcasting, in the areas of production and broadcast of radio programs among the group companies; market prospecting; promotion and marketing services and gathering of advertising for the broadcast activity; sound broadcast activity in the areas of program production and broadcast.	Media Global, SGPS, S.A. (MEGLO)	100.00%
Media Global, SGPS, S.A. (MEGLO)	Rua Mario Castelhana. N° 40. 2734-502. Barcarena. Portugal	Holding of company shares.	Grupo Media Capital, SGPS, S. A.	100.00%
Moliceiro, Comunicacao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070 249. Lisboa. Portugal	Broadcast activity.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
NOTIMAIA-Publicações e Comunicações, S.A.	Rua Sampaio e Pina, n°s 24/26 1099 044 Lisboa. Portugal	Broadcast activity, and the publication of newspapers and magazines.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Plural Entertainment Spain, S.L.	Gran Via, 32. Madrid	Audiovisual production and distribution.	Media Capital Produções, S.A. (MCP)	100.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. USA	Audiovisual production and distribution.	Plural Entertainment Spain, S.L.	100.00%
Plural Entertainment Portugal, S.A.	Rua Mario Castelhana, nº 40, Queluz de Baixo 2730 120 Barcarena. Portugal	Production of video and cinema, organization of shows, rental of sound and illumination, advertising, commercialisation and representation of registered videos.	Media Capital Produções, S.A. (MCP)	100.00%
Polimedia - Publicidade e Publicações, Lda.	Rua Sampaio e Pina, nº 24-26 1070 249 Lisboa. Portugal	Broadcasting in the areas of production and broadcast of programs.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
PRC Produções Radiofonicas de Coimbra,Lda.	Rua Sampaio e Pina, nºs 24-26 1070 249 Lisboa. Portugal	Production of cinema, video and television programs.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Produção de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mario Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Publishing, graphic arts and reproduction of recorded formats: magazines, audio publishing, video reproduction; and the providing of services relating to music, radio, television, movies, theatre and literary magazines.	Media Capital Musica e Entretenimento, S.A (MCME)	100.00%
Flor Do Éter Radiodifusão, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Production, performance and commercialisation of cultural and recreational, sports and informative programs by radio and audiovisual media, promotion of cultural and artistic expositions and conferences, sound and image production and equipping.	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%
Producciones Audiovisuales, S.A. (NBP IBÉRICA)	Almagro 13. 1º Izquierda. 28010. Madrid	No activity.	Plural Entertainment Portugal, S.A.	100.00%
Produções Audiovisuais, S.A. (RADIO CIDADE)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcast, production of advertising spots in audio or video, Advertising, record production and recording. Development and production of radio programs.	Media Capital Radios, S.A (MCR II)	100.00%
R 2000 - Comunicação Social, Lda.	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Broadcasting in the areas of production and broadcast of programs.	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%
R.C. - Empresa de Radiodifusão, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Broadcasting, creation, development, production, recording and commercialisation of radio productions and related activities. Promotion of musical and cultural events.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Radio Comercial, S.A. (COMERCIAL)	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Broadcasting in the areas of production and broadcast of programs.	Media Capital Radios, S.A (MCR II)	100.00%
Radio do Concelho de Cantanhede.Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Broadcasting in the areas of production and broadcast of programs.	Radio Comercial, S.A. (COMERCIAL)	100.00%
Radio Litoral Centro, Empresa de Radiodifusao, Lda.	Rua Sampaio e Pina, 24-2 1099 044 Lisboa. Portugal	Operation of broadcasting stations, gathering, selection and broadcasting of information and cultural and recreational programs, and advertising using audiovisual, radio and telematic media.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%
Radio Nacional - Emissoes de Radiodifusao, Unipessoal Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Broadcasting activity, and providing other services in the area of social communication.	Radio Comercial, S.A. (COMERCIAL)	100.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Radio Voz de Alcanena, Lda. (RVA)	Rua Sampaio e Pina, n°s 24-26 1099 044 Lisboa. Portugal	Production and broadcasting of radio programs of formative, informative, recreational and cultural nature.	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%
Radio XXI, Lda. (XXI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting in the areas of production and broadcast of programs.	Radio Comercial, S.A. (COMERCIAL)	100.00%
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mario Castelhana. N° 40. 2734-502. Barcarena. Portugal	Operating advice, guidance and assistance in public relations to the companies and organisations.	Media Global, SGPS, S.A. (MEGLO)	100.00%
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Mario Castelhana, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Services, publishing and commercialisation of electronic goods and services. Media publication, production and distribution activities.	Media Capital Digital, S.A	100.00%
SIRPA. Sociedad de Empresa Radio Paralelo, Lda.	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting in the areas of production and broadcast of programs.	Radio Comercial, S.A. (COMERCIAL)	100.00%
Sociedade de Produção e Edição Audiovisual, Lda (FAROL MÚSICA)	Rua Mario Castelhana. N° 40. 2734-502. Barcarena. Portugal	Production of storage media, phonograms, audiovisual and multimedia.	Media Capital Musica e Entretenimento, S.A (MCME)	100.00%
Televisao Independente, S.A. (TVI)	Rua Mario Castelhana. N° 40. 2734-502. Barcarena. Portugal	Performance of any activity relating to television, such as installing, managing and operating any television infrastructure or network.	Media Global, SGPS, S.A. (MEGLO)	100.00%
Tesela Producciones Cinematograficas, S.L.	Gran Via, 32. Madrid	Audiovisual production and distribution.	Plural Entertainment Spain, S.L.	100.00%
OTHERS				
Global Integration				
Audiovisual Sport, S.L	Av. de los Artesanos, 6 Tres Cantos. Madrid	Management and distribution of audiovisual rights.	Prisa Participadas, S.L.	80.00%
Fullscreen Solutions, S.A. de C.V.	Montecito 38 Piso 6 Oficina 24 Col. Napoles Del. Benito Juarez Ciudad de Mexico 03100	Sale of video advertising.	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sole Proprietorship)	84.00% 1.00%
Grupo Latino de Publicidad Colombia, SAS	Carrera 9, 9907 Oficina 1200. Bogota. Colombia	Advertising operation and commercialisation of any sort	Prisa Participadas, S.L.	100.00%
Malaga Altavision, S.A.	Paseo de Reding, 7. Malaga	Production and broadcast of videos and television programs	Prisa Participadas, S.L.	87.24%
Mobvious Corp.	2600 Douglas Road Suite 502 Coral Gables Miami Florida USA 33134	Marketer of advertising using digital media.	Prisa Brand Solutions USA, Inc.	60.00%

Company	Headquarters	Activity	Company holding the share	Nominal %
Plural Entertainment Canarias, S.L.	Darsena Pesquera. Edificio Plato del Atlantico. San Andres 38180. Santa Cruz de Tenerife	Audiovisual production and distribution	Prisa Participadas, S.L.	100.00%
Prisa Activos Educativos, S.L.	Gran Via, 32. Madrid	Direct or indirect supply, either personally or through third parties, of related services of any kind related to radio broadcast, Advise and provide services to communications companies in the area of advertising, programming, administration, marketing and technical, computer and commercial matters and any others related to its activities. Produce, operate and manage, either personally or through third parties, radio and audiovisual programs and products of any kind and in any medium.	Promotora de Informaciones, S.A.	100.00%
Prisa Activos Radiofonicos, S.L.	Gran Via, 32. Madrid	Providing, for its own or as an agent, any sorts of services directly or indirectly related to broadcasting.	Promotora de Informaciones, S.A.	100.00%
Prisa Brand Solutions USA, Inc. (formerly Prisa Digital Inc.)	2100 Coral Way. Suite 200. Miami. Florida. 33145. USA	Marketer of advertising in media.	Prisa Brand Solutions, S.L. (Sole Proprietorship)	100.00%
Prisa Brand Solutions, S.L. (Sole Proprietorship)	C/ Valentin Beato, 48. Madrid	Marketer of advertising in media.	Prisa Participadas, S.L.	100.00%
Prisa Gestion de Servicios, S.L.	Gran Via, 32. Madrid	Management and development of all sorts of administrative, accounting, financial, head-hunting, human resources and legal work.	Prisa Participadas, S.L.	100.00%
Prisa Gestion Financiera, S.L. (formerly Santillana Canarias, S.L.)	Gran Via, 32. Madrid	Management and operation of information and social communication media, regardless of technical format. Performance on the capital and money markets.	Promotora de Informaciones, S.A.	100.00%
Prisa Inc. (Under liquidation)	2100 Coral Way Suite 200 Miami 33145 U.S.A.	Management of companies in USA and North America	Prisa Participadas, S.L.	100.00%
Prisa Participadas, S.L.	Gran Via, 32. Madrid	Management and operation of printed and audiovisual social communication media, participation in companies and businesses, providing of all sorts of services.	Promotora de Informaciones, S.A.	100.00%
Prisa Producciones de Video, S.L.	Gran Via, 32. Madrid	Audiovisual production, distribution and commercialisation.	Prisa Participadas, S.L.	100.00%
Prisa Tecnologia, S.L.	Gran Via, 32. Madrid	Internet services provider.	Prisa Participadas, S.L.	100.00%
Productora Audiovisual de Badajoz, S.A.	Ramon Albarran, 2. Badajoz	Local television services provider	Prisa Participadas, S.L.	61.45%
Productora Extremeña de Television, S.A.	J. M. R. "Azorin". Edificio Zeus. Poligono La Corchera. Merida. Badajoz	Local television services provider	Prisa Participadas, S.L.	70.00%
Promotora de Actividades America 2010 - Mexico, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juarez. 06600. Mexico. D.F. Mexico	Development, coordination and management of all sorts of projects, both national and international, relating to the commemoration of the Bicentennial of the Independence of the American nations	Promotora de Actividades America 2010, S.L. Prisa Participadas, S.L.	100.00% 1 share

Company	Headquarters	Activity	Company holding the share	Nominal %
Promotora de Actividades America 2010, S.L. (Under liquidation)	Gran Via, 32. Madrid	Production and organisation of activities and projects relating to the commemoration of the Bicentennial of the Independence of the American nations	Promotora de Informaciones, S.A.	100.00%
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogota. Colombia	Audiovisual production and distribution	Prisa Participadas, S.L. Promotora de Informaciones, S.A.	99.00% 1.00%
Starm Interactiva, S.A. de C.V.	Montecito 38 Piso 6 Oficina 24 Col. Napoles Del. Benito Juarez Mexico City 03100	Marketer of advertising using digital media.	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sole Proprietorship)	99.99% 0.01%
Vertex, SGPS, S.A.	Rua Mario Castelhana, nº 40, Queluz de Baixo. Portugal	Holding of company shares.	Promotora de Informaciones, S.A.	100.00%
Equity Method				
Canal Club de Distribucion de Ocio y Cultura, S.A.	Calle Hermosilla, 112. Madrid	Catalogue sales	Promotora de Informaciones,S.A.	25.00%
Chip Audiovisual, S.A. (!)	Coso, 100 . Planta 3ª puerta 4-50001. Zaragoza	Audiovisual productions for television programming	Factoria Plural,S.L.	50.00%
Factoria Plural, S.L. (!)	Calle Biarritz, 2. 50017 Zaragoza	Production, performance and distribution of audiovisual	Prisa Participadas, S.L.	15.00%
Productora Canaria de Programas, S.A.	Enrique Wolfson, 17. Santa Cruz de Tenerife	Development of TV channel for promoting the Canary Islands	Prisa Participadas, S.L.	40.00%
Sociedad Canaria de Television Regional, S.A.	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for TV programming	Prisa Participadas, S.L.	40.00%

- (1) Within the Education business unit, Prisa operates under the following brands:
- Santillana: text books and complementary materials (Spain, Portugal and Latin America (except Brazil)).
 - Moderna: text books and complementary materials (Brazil).
 - UNO System: (Uno Sistema de Ensino in Brazil and Sistema UNO Internacional in Mexico): bilingual teaching system using a digital platform. (Colombia, Mexico and Brazil).
 - Richmond: English as a foreign language.
 - Loqueleo: (Salamandra in Brazil): children's and juvenile literature.
 - Santillana Compartir: (Moderna Compartilha in Brazil): educational solution (text and digital content) (Argentina, Bolivia, Brazil (Moderna Compartilha), Central America, Chile, Colombia, Ecuador, Mexico, Peru, Dominican Republic and Uruguay).
 - Norma: (licensed by the Carvajal Group), in Argentina, Bolivia, Chile, Colombia, Costa Rica, El Salvador, USA, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Puerto Rico and Uruguay.
 - Bejob: e-learning platform for employment training.

- (2) Within the Press business unit, Prisa operates under the following brands:

- General press: El Pais and Huffington Post.
- Sports press: AS.
- Economic press: Cinco Dias.
- Magazines:
 - Kioskos-El Pais Semanal, Icon, Buena Vida, Retina and S Moda.
 - On Line- Meristation.
 - Corporate magazines - Club+ Renfe, Club Gourmet (El Corte Ingles), Cercha, AMA, Azul Marino (Acciona), Global (Renault), Claves, Cruz Roja, Abrecartas (Mail), Autoclub (Madrid Mutual Insurance Company), Savia, Natural (Natural Gas), Acciona, Observatorio de Pensiones (Caser), Guia Repsol, Eroski Club, Eroski Consumer, BBVA, Pais Shopping and Anuario Vinos.

Prisa holds a minority share in Le Monde.

- (3) Within the Radio business unit, Prisa operates under the following station brands:

- International:
 - Prisa Radio and LOS40.
- Radio (stations):
 - Spain: Cadena SER: SER Catalunya, SER+, LOS40, Cadena Dial, Maxima FM, Radiole and KeBuena.

- Argentina: Radio Continental and LOS40.
 - Chile: Radiactiva; ADN; Radio Corazon; FMDos; Futuro; LOS40; Imagina; Pudahuel; Rock&Pop, Concierto and Radio Uno (Digital).
 - Colombia: W Radio; LOS40; Caracol Radio; Tropicana; RadioAktiva; Sistema Oxigeno; Besame; and Q´Hubo.
 - USA: Caracol 1260.
 - Mexico: KeBuena; LOS40; Besame; Vox; and W Radio.
 - Panama: Radio Panama; LOS40; Besame and Mas Musica.
- Podcast:
 - Podium Podcast.
 - Music:
 - Gran Via Musical.
- (4) Within the Media Capital business unit, Prisa operates under the following brands:
- Television: TVI, TVI24, TVI Ficção, TVI Reality, TVI Internacional, TVI Africa and TVI Player.
 - Audiovisual production: Plural Entertainment, EMAY and EPC.
 - Radio: Radio Comercial, Cidade, M80 and Smooth FM.
 - Digital: MCD, IOL, Maisfutebol, IOL Negocios and Autoportal.

The main variations occurred within the area of the consolidation during 2018 were as follows:

Affiliates-

During February 2018, Infotecnia 11824, S.L., a company 60% owned by Prisa Tecnologia, S.L., was liquidated

During March 2018, Prisa Activos Educativos, S.L.U., is incorporated, wholly owned by Promotora de Informaciones, S.A.

Prisa Radio Peru, S.A.C., a company 99.99% owned by Sociedad Española de Radiodifusion, S.L., was also liquidated in March

Eresmas Interactiva Inc and Latam Digital Ventures, LLC also merged with Prisa Digital Inc, a company that changed its name to Prisa Brand Solutions USA, Inc.

During the month of April, Collserola Audiovisual, S.L., a company 99.95% owned by Promotora de Emisoras de Television, S.A. was liquidated and Prisa Eventos, S.L. was merged with Prisa Noticias, S.L.

Without affecting the scope of consolidation of the Group, during May 2018, Prisa Participadas, S.L. was partially spun off, giving rise to Prisa Activos Radiofonicos, S.L. (a company wholly owned by Promotora de Informaciones, S.A.), which became the holder of shares representing 74.49% of Prisa Radio. Likewise, the printing business, PrisaPrint, S.L.

was also spun off, the shares of which were contributed to Prisa Noticias, S.L. Also during the month of May, Promotora de Informaciones, S.A. contributes to Prisa Participadas, S.L. by non monetary contribution, its 100% share in Prisa Gestion de Servicios, S.L., Prisa Brand Solutions, S.L.U., Prisa Audiovisual, S.L.U. and Promotora de Emisoras, S.L.

These mercantile operations are intended to achieve an organisation structure wherein the various business areas —i.e., Education, Radio, Press and Medida Capital— are managed through legally-separate business units, keeping separate the rest of the shares, considered non strategic, allowing the optimising the organisational structure of the business and the organisational table of the Group.

On 29 June 2018, and within the context of the Refinancing process, PAE acquired 75% of the share capital of Santillana, owned by Prisa Participadas, S.L. Such acquisition was funded by PAE assuming financial debt with Prisa subject to the new conditions agreed in the aforesaid Refinancing, as regards terms, costs and guarantees.

Such sale and purchase was carried out according to the general rules for transactions between companies of the same group contained in the General Accounting Plan regarding the valuation of the operation, which implies its valuation at fair value, based on the share valuation report issued by an independent expert. Following the recording of the sale of Santillana, Prisa Participadas has distributed to Prisa a dividend based on the results of 2018 in the amount of EUR 570 million.

The purpose of this operation is to take advantage of the financial capacity of Santillana to face the debt service with the cash flows generated by its business and complete the restructuring and reorganisation of the Group business described earlier.

The described operation of the sale of Santillana has had no impact on either net equity or the consolidated results of the Grupo Prisa.

In July 2018, Gestion de Marcas Audiovisuales, S.A. was merged with Sociedad Española de Radiodifusion, S.L. and Prisa Musica, S.A. with Gran Via Musical de Ediciones, S.L.

Also in July 2018, the sale GLR Southern California, LLC., W3 Comm Inmobiliaria, S.A. de C.V. and W3 Comm Concesionaria, S.A. de C.V. (associated company) took place.

In November 2018, Santillana USA Publishing Company, Inc. was liquidated

In December 2018, Prisa Audiovisual, S.L.U. Prisa Division Internacional, S.L., Prisa Inn, S.A., Promotora de Emisoras, S.L.U. and Promotora de Emisoras de Television, S.A. were merged by absorption with Prisa Participadas, S.L.

Also in December 2018, Prisaprint, S.L. sold Bidasoa Press, S.L.

Likewise, in December 2018, Inevery DPS, S.L.U. merged with Ítaca, S.L. and Educa Inventia, Inc merged with Ediciones Santillana, Inc.

Associate companies-

In November 2018, Prisa Noticias, S.L. sold the 25% share it held in Betmedia Soluciones, S.L.

In November 2018, Sociedad Española de Radiodifusion, S.L. sold the 50% share it owned in GLR Costa Rica S.A.

In December 2018, Prisa Radio, S.A. sold 60% of its share in Planet Events, S.A., leaving it holding 40%, whereby the company was consolidated under the equity method.

Also in December 2018, Plural Entertainment Canarias, S.L.U. sold its interest in Nuntium TV, S.L.

Other significant transactions-

See section 5.1.5 of the Registration Document, which describes the transactions expected and outstanding at the date of this Prospectus, which could have a relevant impact on the information contained in this section.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Information regarding any existing or planned tangible fixed assets, including leased properties, and any major encumbrances thereon

The details of the cost of the Items of the tangible real assets and accumulated amortisation and the impairment provisions established in the years 2016 to 2018 are as follows:

	As of 31 December, and for the years ended 31 December of		
	2018	2017	2016
	<i>(audited)</i>	<i>(restated)</i>	<i>(audited)</i>
	(in thousands of euros)		
Tangible fixed assets	87,689	97,819	122,390
Land and construction	62,211	80,986	86,799
Technical installations and machinery	237,801	347,106	359,296
Other tangible fixed assets ⁽¹⁾	116,081	118,709	127,631
Advances and current fixed assets	2,025	379	433
Amortisations	(325,186)	(415,169)	(424,354)
Impairment.....	(5,243)	(34,192)	(27,415)

Notes:

(1) Includes both “Other tangible fixed assets” and “I-pads and Classroom Kits”.

At the date of this Prospectus, the Group operates with a high level of utilisation of its installations and productive capacity.

Land and construction

For the development of its activities, Prisa is the owner and leases several properties in Spain, Portugal, America and other places where it operates. It is considered that each such property is in good condition, is suitable for its purpose and is used conveniently according to the nature and individual requirements of the relevant businesses. The policy of Prisa consists of improving and replacing the properties when deemed necessary to cover the needs of the business.

Prisa is the owner of several buildings located in Spain, Portugal and Latin America, used as the headquarters of some affiliates, as warehouses, as broadcasting centres or television

studios. It also has various printing plants. The most important buildings are the headquarters and warehouses of Santillana in Latin America, with a gross book value as of 31 December 2018 of EUR 8.1 million, and the headquarters of Radio Caracol and Radio Chile, with a gross value of EUR 5.4 million and EUR 4.6 million, respectively. The Group also owns some of the broadcast centres in Spain, with a gross value of EUR 4.5 million and some buildings in Portugal with a gross value of EUR 10.0 million.

The Group further uses properties that are subject to an operating lease system, the most significant of these being Gran Via 32, Miguel Yuste, Tres Cantos, Caspe and Queluz de Baixo (Portugal).

The lease agreements for the properties of Gran Via 32 and Miguel Yuste have a term of twenty-five years, until July 2033, at the end of which period no additional extension shall apply except in case of agreement between the parties. On the other hand, the lease agreement of Queluz ends on 31 December 2022 and that of Tres Cantos provides for a mandatory term of 5 years, until 30 April 2020. The lease expense for such properties in 2018 totalled EUR 27.7 million (EUR 22.2 million in 2017).

Technical installations and machinery

The account “Technical installations and machinery” mainly includes pre-printing equipment, rotaries, closing equipment and facilities to provide television services.

The main investments from 2016 to 31 December 2018 mainly correspond to the investments made by Media Capital to acquire audiovisual and post production equipment, by Prisa Radio in technical equipment in Colombia, Chile and Spain and in the remodelling of its headquarters in Chile, and by Prisa Noticias in the remodelling of the newsroom of El Pais.

Other tangible fixed assets

This account mainly includes IT and communications equipment, and furniture, and technological equipment (Classroom Kits, iPads) for use in the classroom by the students and teachers integrated in the Santillana teaching systems.

The most significant investments in this item from 2016 to 31 December 2018 correspond to Santillana, in technological equipment for teaching systems.

Advances and current fixed assets

This account mainly includes the investments in tangible fixed assets, even when they are not in operational conditions.

Tangible fixed assets are valued at cost, net of the relevant accumulated amortisation of the impairment losses they have sustained.

The costs of enlarging, modernising or upgrading representing an increase in productivity, capacity or efficiency, or an extension of the useful lives of the goods, are capitalised as a greater cost of the relevant goods.

Expenses for conservation and maintenance incurred during the year are charged directly to the income statement.

The material assets acquired under a financial leasehold system are recorded in the balance sheet, according to the nature of the good subject to the agreement and, at the same time

recognising a liability in the same amount, which shall be lower of the fair value of the leased good, or the sum of the current values of the amounts payable to the lesser, plus the price of exercise of the purchase option, where applicable, provided there are no reasonable doubts for their exercise.

For further details on the operating leases of Prisa, see the item “future payment commitments” of section 10.1(B) of this Registration Document.

The policy of the Prisa companies is to formalise insurance policies to hedge the possible risks the various of their tangible fixed assets are subject. During the period analysed, the insurance policies taken out provided enough coverage for the tangible fixed assets.

8.2 A description of any environmental issues that may affect the issuer’s utilisation of the tangible fixed assets

Prisa is committed to respecting the environment, reducing costs and the impact of its operations on the environment. The environmental safety policy applies a series of basic principles to provide safe products and services that respect the environment over their entire life cycle. Under such policy, Prisa:

- Will meet the applicable legal requirements and, where possible, will anticipate them.
- Will actively pursue the reduction and prevention of pollution, the conservation of energy and the reduction of waste in its operations.
- Will require that its suppliers perform their operations in an environmentally-friendly manner.
- Will ensure the safety of its industrial operations, to avoid incidents and negative effects on the environment.

This policy is staged on three levels:

- Control of usage.
- Control of emissions.
- Control of waste.

The purpose is to provide safe products and services, respectful of the environment over their entire life cycle, conducting the operations in a manner that is environmentally responsible.

In this sense, considering the printing activities in which some of the consolidated group companies are engaged and pursuant to current laws, such companies keep control over the degree of contamination of discharge and emissions, and a proper waste removal policy.

The expenses incurred for such purposes, which are not at all significant, are charged to the income statement as they are incurred.

The evaluation conducted shows that, in in any case, the Group has no environmental liabilities, expenses, assets or provisions of contingencies that could be significant with regard to its equity, financial position and results.

9. OPERATING AND FINANCIAL REVIEW

9.1 Financial condition

See sections 9.2, 10, 20.3 and 20.6 of the Registration Document.

9.2 Operating results

Following are the details of the evolution of the consolidated operating results of Prisa for the years 2016 to 2018, and their inter-annual variations. These results include Media Capital consolidating by global integration as an ongoing transaction in the restated data column for 2017:

	2018	2017	2016	Var. (18- 17)⁽¹⁾	Var. (17-16)
	<i>(audited)</i>	<i>(restated)</i>	<i>(audited)</i>		
	(thousands of euros)			(%)	
Sales of books and training	578,718	646,428	626,364	(10.5%)	3.2%
Sales of Advertising and sponsorship	483,928	467,705	483,861	3.5%	(3.3%)
Sales of newspapers and magazines	68,267	79,377	91,572	(14.0%)	(13.3%)
Sale of audiovisual rights and programs	28,413	28,646	30,910	(0.8%)	(7.3%)
Sales of promotional products and collections	9,815	16,826	18,079	(41.7%)	(6.9%)
Income derived from fixed assets	19,685	4,262	4,405	361.8%	(3.2%)
Intermediation services provided	10,563	10,317	7,135	2.4%	44.6%
Other services	66,413	59,415	72,040	11.8%	(17.5%)
Other income	14,486	22,764	23,671	(36.4%)	(3.8%)
OPERATING INCOME	1,280,288	1,335,740	1,358,037	(4.2%)	(1.6%)
ADJUSTED OPERATING INCOME⁽²⁾	1,280,474	1,319,983	1,349,442	(3.0%)	(2.2%)
Purchases and use	(181,642)	(197,804)	(217,437)	(8.2%)	(9.0%)
Personnel expenses	(383,413)	(402,514)	(388,709)	(4.7%)	3.6%
External Services	(462,204)	(486,832)	(502,581)	(5.1%)	(3.1%)
Provision for amortisation of fixed assets	(65,475)	(77,556)	(83,196)	(15.6%)	(6.8%)
Variation in traffic provisions	(20,651)	(18,121)	(29,149)	14.0%	(37.8%)
Losses in value of goodwill	(78,981)	(86,754)	(431)	(9.0%)	---
Other expenses	(2,595)	(13,517)	(3,060)	(80.8%)	341.8%
OPERATING EXPENSES	(1,194,961)	(1,283,098)	(1,224,563)	(6.9%)	4.8%
EBITDA⁽³⁾	252,968	248,182	248,862	1.9%	(0.3%)
Adjusted EBITDA⁽⁴⁾	276,348	270,428	273,367	2.2%	(1.1%)
OPERATING RESULTS (EBIT)	85,327	52,642	133,474	62.1%	(60.6%)
EBITDA MARGIN⁽⁵⁾	19.8%	18.6%	18.3%	6.3%	1.4%
Adjusted EBITDA MARGIN⁽⁶⁾	21.6%	20.5%	20.3%	5.3%	1.1%

	2018	2017	2016	Var. (18- 17) ⁽¹⁾	Var. (17-16)
<i>EBIT MARGIN (%)</i> ⁽⁷⁾	6.7%	3.9%	9.8%	69.1%	(59.9%)

Notes:

- (1) The variation is calculated with respect to the restated amounts for the year ended 31 December 2017.
- (2) Adjusted operating income is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (3) The EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (4) Adjusted EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (5) EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (6) Adjusted EBITDA Margin is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.
- (7) EBIT Margin is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.

To properly construe the evolution of the consolidated income statement of Prisa over the periods considered, it is necessary to take into account the main variations in the scope of consolidation of the Group:

- In March 2016, Santillana formalised an agreement with Carvajal, S.A. for the purchase of the education business of the latter in Colombia, Argentina, Chile, Guatemala, Mexico, Peru and Puerto Rico, and to transfer certain brands relating to the business and to grant a licence on brands associated with the NORMA name. This business is integrated into the consolidated financial statements of the Group since October 2016.
- In July 2017, the Board of Directors of Prisa accepted a binding offer submitted by Altice NV (“**Altice**”) for the sale of Vertex, a company owned by Media Capital. The transaction was authorised in September 2017 by the financial creditors of Prisa and, in November of that year, by the Meeting of the Shareholders. The transaction was contingent upon obtaining the required authorisation from the Portuguese antitrust authorities. On the consolidated financial statements for 2017, Vertex and Media Capital were considered non-current assets held for sale and the transactions of Media Capital were classified as transactions being discontinued (audited data). In June 2018, the sale and purchase agreement of Media Capital, subscribed between Prisa and Altice was terminated due to the failure to meet the last of the conditions precedent remaining outstanding, regarding the obtaining by Altice of the required authorisation of the operation by the Portuguese Antitrust Authority by the deadline agreed by the parties. Following such decision, the Board of Directors of Prisa agreed to in the future assess the various alternatives regarding such asset. Therefore, since 30 June 2018, the assets and liabilities of Vertex and Media Capital were no longer shown as kept for sale and the transactions of Media Capital as being subject to discontinuation and were consolidated as an ongoing transaction. The financial statements of 2018 are compared with the financial statements of 2017, which consider Media Capital as an ongoing activity for the comparison of the information (restated data).

The operating and financial review conducted below considers the data of Media Capital as an ongoing activity in 2017 (restated data) for the comparison of the information. Therefore, the data for the three comparative years (2016, 2017 and 2018) follow homogeneous review criteria.

On the other hand, since the third quarter of 2018, the economy of Argentina is considered hyper-inflationary, the main reason for this being, among others, that since 1 July 2018, the accumulated inflation in such country over the last three years has exceeded 100%. The functional currency of the Argentine affiliates of the Group is the Argentine peso. This has implied updating all non-monetary assets and liabilities as of 31 December 2018 with the effect of the accumulated inflation, and the income statement for 2018 with the effect of the inflation of this year. The inflation rate from January to December 2018 and from January to December 2017 amounts to 47.74% and 26.10%, respectively. Likewise, the balance sheet and the income statement of the Argentine affiliates have been translated at the exchange rate as of 31 December 2018, that was 43.18 EUR/Argentine peso.

Prior to Argentina being considered to be a hyper-inflationary economy, the financial statements of the affiliates of such country were prepared using the historical costs method.

Considering Argentina to be a hyper-inflationary economy implies, in the 2018 income, an effect of EUR -7.31 million and on the EBITDA of EUR -3.76 million, considered an exchange effect with respect to 2017.

OPERATING INCOME

In 2018, Prisa obtained operating income in the amount of EUR 1,280.29 million (EUR 1,335.74 million in 2017 and EUR 1,358.04 million in 2016).

Operating income dropped by 4.2% in 2018 with respect to 2017, severely affected by the foreign exchange effect. The foreign exchange effect on operating income implied a drop of EUR 88.41 million. At a constant exchange rate, operating income would have increased with respect to 2017 (2.5%). The negative foreign exchange effect was mainly concentrated in Argentina (EUR -35.52 million) and Brazil (EUR -28.79 million).

In the evolution from 2016 to 2017, operating income fell by 1.6%, mainly linked to the decline in advertising, copies and organisation of musical events. Foreign exchange had a positive effect of EUR 6.47 million in the comparison of 2017 with respect to 2016. Without such foreign exchange effect, operating income would have dropped by -2.1%.

Following is the evolution of the exchange rates over the last three years with respect to the euro of the main currencies with which the Group operates

Versus €	2018	2017	2016
USA	1.18	1.13	1.11
Argentina.....	32.92	18.72	16.34
Brazil.....	4.30	3.61	3.86
Chile.....	757	732	749
Colombia.....	3,489	3,350	3,379
Mexico	22.69	21.34	20.66
Peru	3.88	3.69	3.74
Costa Rica	683	647	610

Source: www.infobolsa.es. The amounts reflect the average monthly exchange rates for each year.

The Group continues with its digital transformation and expansion strategy in Latin America, allowing it to lessen the negative effects of the exchange rate and damage to the more traditional businesses, such as Prisa Noticias, linked to paper advertising or printed broadcast.

Following are the details of the evolution of the digital transformation income for the 2016-2018 period:

	2018	2017	2016	Var. (%)	Var.
	<i>(audited)</i>	<i>(restated)</i> <i>(unaudited)</i>	<i>(audited)</i>	<i>(18-17)</i>	<i>(17-16)</i>
	(thousands of euros)			(%)	
Teaching Systems	133,915	150,780	131,066	(11.2%)	15.0%
Digital	76,956	70,877	70,301	8.6%	0.8%
TRANSFORMATION					
INCOME.....	210,871	221,657	201,367	(4.9%)	10.1%

Regarding digital transformation, the income derived from the digital activities of the Group (essentially Teaching Systems and digital advertising) in 2018, these amounted to EUR 210.87 million, i.e., 4.9% less than 2017 due to the negative foreign exchange effect sustained during the year. The foreign exchange effect implies in 2018 a negative effect with respect to 2017 of EUR 18.35 million. Without that effect, the transformation income of 2018 would increase by 3.4%. In 2018, the transformation income accounted for 16.5% of the overall operating income of the Group. In 2017, the digital transformation income was of EUR 221.66 million, with respect to the EUR 201.37 million of 2016, representing an increase of 10.1% over the 2016-2017 period.

The following table shows the details of the evolution of the operating income by geographical source during the 2016-2018 period:

	2018	2017	2016	Var.	Var.
	<i>(audited)</i>	<i>(restated)</i>	<i>(audited)</i>	(%)	(%)
	(thousands of euros)			(%)	
Spain.....	513,375	527,933	566,366	(2.8%)	(6.8%)
International.....	766,913	807,807	791,671	(5.1%)	2.0%
America	581,929	639,545	616,028	(9.0%)	3.8%
Portugal.....	184,984	168,262	175,643	9.9%	(4.2%)
OPERATING INCOME	1,280,288	1,335,740	1,358,037	(4.2%)	(1.6%)

As regards operating income by geographical origin, the make up has not varied significantly since 2016. In 2016, 42% of the operating income was provided from Spain and 58% was from international sources; in 2018, 40% was national operating income and 60% international operating income.

Operating income in Spain dropped by -2.8% in 2018 (EUR -14.56 million), mainly due to the loss of sales of Prisa Noticias in the Spain area (EUR -17.43 million) mainly associated with the lesser income from sales of copies and promotions. Likewise, national income has dropped due to less new titles in the 2018 book campaign at Santillana in Spain (EUR -6.85 million). These slumps are covered with higher income at Radio España (+EUR 10.38 million), mainly from increased advertising.

During 2017, with respect to 2016, operating income dropped in Spain by -6.8% (EUR -38.43 million), mainly due to the lesser sales of Santillana Spain due to there being no new titles with respect to 2016 (EUR -14.46 million), the loss of operating income from the Press business area in Spain (EUR -18.06 million) and the reduced income from Radio (EUR -3.04 million) mainly due to less advertising.

In the evolution of operating income in Latin America, it is important to stress the significant foreign exchange effect referenced earlier. Operating income in Latin America dropped -9.0% in 2018 with respect to 2017 (EUR -57.62 million). At a constant exchange rate of 2017, the operating income would have increased by +4.8%. In the comparison of 2016 with respect to 2017, there is an increase in operating income of 3.8% (+EUR 23.52 million). The incorporation in the scope of consolidation in 2017 brought in EUR 32.6 million (5.0 million in 2016). Without such effect, the international downturn is attributed to Santillana Peru, accounting for a loss of EUR 31.52 million due to the extraordinary tender (institutional sale) that took place in 2016.

Portugal has grown in operating income in 2018 with respect to 2017 (+9.9%), partially explained by the effect of the registration of income derived from IFRS 15, which implies increased income and expenses tied to the activity of value added and advertising calls, with no effect on EBITDA. Isolating that effect, Portugal has grown +1.7% in 2018 with respect to 2017. Nonetheless, in the comparison of 2017 with respect to 2016, income has dropped by -4.2% (EUR -7.38 million) mainly in advertising at Media Capital and sales of channels. Practically all the operating income from Portugal corresponds to Media Capital.

Following is a description of the evolution of the main lines of operating income during the period analysed:

Sales of books and training

The main line of operating income of Prisa is the sale of books and training, accounting for 45% of the aggregate operating income in 2018, 48% in 2017 and 46% in 2016. This line of revenues has been quite affected by the foreign exchange effect, mainly in 2018 with respect to 2017, and by the sales cycles tied to institutional sales orders in each country (mainly in Brazil), and the new titles published during each year.

During the 2018 to 2017 period, at a constant exchange rate, sales of books increased 1.5%, in spite of 2018 being a low institutional sales cycle year in Brazil and there being no new titles in Spain, the two main countries of Santillana. The good result of the institutional sales campaign in Brazil (at a constant exchange rate it maintained the 2017 figures, in spite of being a low cycle year in relation to 2017, an average cycle) and institutional sales increase, especially in Chile, Mexico and Peru, joined the good behaviour of the regular sales campaigns of most of the countries in local currency.

During the 2016 to 2017 period, at a constant exchange rate, the book sales income also increased, specifically by +1.9%.

Such growth over the entire period analysed has been based on the positive behaviour of the educational campaigns in most countries, the incorporation of Norma in the scope of consolidation and the growth of the UNO and Compartir Teaching systems, which are joined with new students in the Farias Brito and Educa Systems (Norma Group Systems). As of December 2018, 1.162 million students have been reached with Systems.

Following is a breakdown of the sales of books by countries in thousands of euros for the years 2018, 2017 and 2016:

	2018	2017	2016	Var. (%) (18-17)	Var. (%) TC cte.	Var. (%) (17-16)	Var. (%) TC cte.
	<i>(unaudited)⁽¹⁾</i>						
	(thousands of euros)					(%)	
Argentina.....	34,271	50,445	27,772	(32.1%)	75.0%	81.6%	83.8%
Bolivia.....	6,113	5,880	6,068	4.0%	11.5%	(3.1%)	(1.3%)
Brazil.....	168,888	199,835	167,196	(15.5%)	(1.5%)	19.5%	14.2%
North Central America.....	27,903	27,947	26,952	(0.2%)	3.6%	3.7%	7.9%
South Central America.....	9,501	12,265	11,321	(22.5%)	(13.1%)	8.3%	10.6%
Chile.....	31,751	26,464	26,880	20.0%	27.1%	(1.5%)	(6.9%)
Colombia.....	32,241	32,465	22,908	(0.7%)	6.9%	41.7%	39.9%
Ecuador.....	20,579	22,268	19,360	(7.6%)	(0.8%)	15.0%	14.2%
Spain.....	109,838	116,684	132,671	(5.9%)	(5.9%)	(12.0%)	(12.0%)
Mexico.....	81,449	83,612	77,446	(2.6%)	5.4%	8.0%	8.9%
Paraguay.....	1,793	2,748	2,159	(34.8%)	(26.2%)	27.3%	22.9%

	2018	2017	2016	Var. (%) (18-17)	Var. (%) TC cte.	Var. (%) (17-16)	Var. (%) TC cte.
	<i>(unaudited)⁽¹⁾</i>						
	(thousands of euros)						
	(%)						
Peru.....	24,411	22,709	48,904	7.5%	20.1%	(53.6%)	(55.8%)
Portugal.....	3,632	3,733	4,765	(2.7%)	(2.7%)	(21.7%)	(21.7%)
Puerto Rico.....	8,211	8,185	9,016	0.3%	5.6%	(9.2%)	(8.9%)
Dominican Republic	9,003	9,635	13,421	(6.6%)	(3.6%)	(28.2%)	(22.0%)
Uruguay	2,358	2,591	1,867	(9.0%)	4.0%	38.7%	24.5%
USA	5,297	14,852	20,462	(64.3%)	(62.1%)	(27.4%)	(25.5%)
Venezuela.....	526	3,892	7,300	(86.5%)	3,824.1%	(46.7%)	(46.7%)
GSE and others	1,154	217	1,141	431.7%	431.7%	(81.0%)	(81.0%)
Others.....	(202)	1	(1,245)	---	---	---	---
TOTAL	578,718	646,428	626,364	(10.5%)	1.5%	3.2%	1.9%

Notes:

(1) Except the line "Total", which has been audited.

In 2018, 62% of the overall operating income corresponds to Spain, Brazil and Mexico.

- Education in Spain dropped in 2018 by -5.9%, as the campaign did not incorporate new titles or curricular changes as compared to 2017.
- Brazil, in regular sales, drops -17.6%, mainly due to the effects of the foreign exchange. Without foreign exchange effect, the drop would be -3.5%. In institutional sales, in spite of 2018 being a low sales cycle year, sales increased by +1.3% thanks to the increased share achieved in the new order by PNLD, the replacement of which shall be 100% over the next three years, according to the new policy approved in relation to PNLD. In euros, the foreign exchange effect also punishes institutional sales, falling off with respect to 2017 by -12.9%.
- Mexico, in regular sales has had virtually the same behaviour as in 2017 in local currency (-0.1%). With the foreign exchange effect, however, it suffered a loss of -7.2%. Growth in institutional sales (mainly Conaliteg): increase in local currency by 38.1%. Without the foreign exchange effect, it increased 24.3%.
- In the remaining countries, the effect in Peru is worthy of mention, where it increased 20.1% in local currency, mainly due to increased institutional sales. Argentina should also be mentioned, where growth was of 75.0% in local currency thanks to the increase in institutional sales. Sales are nonetheless greatly affected by hyperinflation and foreign exchange effects, inasmuch as in euros, overall sales plummeted by -32.1%. Dominican Republic experienced lower institutional sales leading to its sales falling by -3.6% in local currency.

In 2017, 62% of the income once again was provided by Spain, Brazil and Mexico.

- Education in Spain in 2017 shrunk -12.0% as it was a year with fewer new titles than 2016.
- Brazil, in regular sales grew +5.9% in euros and +1.1% in local currency. Furthermore, institutional sales also increased both in euros (+43.9%) and in local currency (+37.7%), as 2017 was a high-cycle year in terms of the public sales of PNLD.
- Mexico, in regular sales, grew with respect to 2016 in local currency by +10.1% and there was also growth in euros (+9.0%). Institutional sales grew in 2017 by 2.3% (in both euros and local currency).
- In the remaining countries, worthy of mention is the effect of Argentina, where book sales increased by 83.8% in local currency (81.6% in euros) due to both increased institutional sales and better regular sales. And, on the other hand, the extraordinary effect in Peru should be noted, that slipped -55.8% at a constant rate (-53.6% in euros) due to the reduction of institutional sales (2016 was an exceptional year of public tenders for primary and secondary school).

Sale of advertising and sponsorship

The second most important line of operating income of Prisa is the sale of advertising, accounting for 37.8% of the total operating income in 2018, 35.0% in 2017 and 35.6% in 2016. Prisa advertising revenues increased by 3.5% in 2018 with respect to 2017. Over the 2016-2017 period, advertising revenues fell -3.3%, affected by the negative foreign exchange effect.

The following table breaks down by business line the evolution of the advertising revenues of Prisa corresponding to the years 2018, 2017 and 2016:

	2018	2017	2016	Var. (%)	Var. (%)	Var. (%)	Var. (%)
	(unaudited) ⁽¹⁾	(restated) (unaudited)	(unaudited) ⁽¹⁾	(18-17)	TC cte.	(17-16)	TC cte.
	(thousands of euros)			(%)			
Radio	257,617	250,193	255,748	3.0%	5.6%	(2.2%)	(1.7%)
Radio España	171,957	163,136	164,077	5.4%	5.4%	(0.6%)	(0.6%)
Radio Internacional.....	85,812	87,197	91,876	(1.6%)	5.8%	(5.1%)	(3.8%)
Music		11	27	(98.3%)	(98.3%)	(57.7%)	(57.7%)
Consolidation adjustments	(152)	(151)	(232)	(0.6%)	(0.6%)	34.9%	34.9%
News	107,239	105,500	114,488	1.6%	1.9%	(7.9%)	(7.8%)
El Pais.....	74,387	75,407	81,946	(1.4%)	(1.2%)	(8.0%)	(8.0%)
As.....	27,301	23,289	23,068	17.2%	17.9%	1.0%	1.0%
Others	5,573	6,919	9,649	(19.4%)	(19.4%)	(28.3%)	(28.3%)
Consolidation Adjustments	(22)	(115)	(175)	80.9%	80.9%	34.6%	34.6%

Media Capital	124,787	118,946	121,403	4.9%	4.9%	(2.0%)	(2.0%)
Others	(3)	51	26	-	-	97.6%	97.6%
Consolidation adjustments	(5,712)	(6,985)	(7,803)	18.2%	18.2%	10.5%	10.5%
TOTAL	483,928	467,705	483,861	3.5%	4.9%	(3.3%)	(3.1%)

Notes:

(1) Except for the subtotals —lines corresponding to “Radio”, “News”, “Media Capital”, “Others” and “Consolidation adjustments”— and the total for advertising revenues.

Radio advertising in Spain grew in 2018 by 5.4% due to increased national advertising (+7.9%), local (+2.5%) and digital (+7.8%). The Radio market is estimated to have grown by +3.7%, according to public sources (i2P report, February 2019). The source of this data is i2P, Arce media and prepared by Media Hotline. In terms of audience, the Radio market share of Prisa in Spain in number of listeners is 36% of the radio in general and 44% of music radio (data from General Media Study EGM, 3rd Wave 2018). Through its main broadcasting stations (Cadena SER, 40 Principales, Cadena Dial, M-80, Radiolé and Maxima FM) it continues to lead the Spanish radio market. Such data is contained in the EGM, for a population of over 14 years of age, all social classes, measured on business days, base Spain. It is prepared by the Association for Communication Media Research.

In 2017, Radio España maintained an advertising level similar to that of 2016 (-0.6%). Local advertising of Prisa Radio in Spain grew by +4.2%, national dropped by -1.5% and digital increased by +0.1%. The market, according to the i2P report, publishing the closing data for advertising on the market, estimated that in 2017, the market grew +5.3%.

Advertising on Radio Internacional decreased by -1.6% in 2018 with respect to 2017, affected by the devaluation of Latin American currencies. At the 2017 exchange rate, Radio Internacional advertising increased by +5.8%.

In 2018, Colombia has grown by +8.7% in local currency. Advertising also grew in Chile and Argentina, increasing by 2.7% and 8.6%, respectively, in local currency and without hyperinflation.

Chile and Colombia Radio held on to their leading position in audience with 40% and 27% shares, respectively, according to the market data.

As regards 2017, in comparison to 2016, Radio Internacional experienced a -5.1% downturn.

By countries, advertising in Colombia dropped -4.6% in local currency. Chile and Argentina nevertheless experienced 6% and 16.3% increases, respectively.

Prisa Noticias has grown in 2018 by +1.6% with respect to 2017, although in 2017 it fell 7.9% in respect of 2016, partially thanks to the event of the 40th Anniversary of El País in 2016, which implied extraordinary income.

In 2018, paper advertising fell -10.9% with respect to 2017 (the market according to data from the previously-mentioned i2P report published in February 2019, estimates that paper advertising in 2018 fell by -6.7%). Digital advertising nonetheless grew by 16.3% at Prisa Noticias, above market. (according to i2p report published in February 019, digital advertising grew +15.8%, as per estimated data. The growth in digital advertising has allowed offsetting

the slump in traditional advertising so overall growth was +1.0% in 2018. Digital advertising accounted for 53% of the overall advertising revenues in 2018.

In 2017, paper advertising dropped by -16.2% with respect to 2016. According to the i2p report, at the end of 2017, the advertising market shrunk -6.9%. At Prisa Noticias, the decrease exceeded market due to the significant effect of the 40th anniversary of El Pais in 2016. As regards digital advertising, it increased by +4.2% (according to i2p report for 2017, the market increased +12.9%, once again affected by the special event of 2016 mentioned earlier). Digital advertising in 2017 accounted for 46% of the total advertising revenues.

Media Capital experienced positive advertising behaviour in 2018, with advertising increasing by +4.9% (TVI grew 4.7% and Radio 4.1%) and in excess of the Portuguese market, as per internal estimates. In 2017, however, advertising slipped -2.0% (TVI lost -2.8% and Radio gained +4.8%) showing better behaviour than the market (internal estimates).

Media Capital maintains leadership in 24 hours and prime time, reaching average daily audiences of 24% and 27% during prime time, according to GFK (audience measuring company in Portugal since 2010).

The Group has waged on digital growth and, in this sense, digital advertising has been one of the business lines that has experienced most growth. In 2018, it grew by +15.6% as regards 2017 and in 2017 it grew by +4.5% as regards 2016. Following is the evolution of digital advertising over the period under analysis in relation to non-digital advertising:

	2018	2017	2016	Var. % (18- 17)	Var. % (17- 16)
	<i>(unaudited)</i>	<i>(restated) (unaudited)</i>	<i>(unaudited)</i>		
	(thousands of euros)			(%)	
Digital	69,715	60,330	57,710	15.6%	4.5%
Non Digital.....	414,213	407,375	426,151	1.7%	(4.4%)
TOTAL	483,928	467,705	483,861	3.5%	(3.3%)

Sales of newspapers and magazines

Sales of newspapers and magazines accounted for 5.3 % in 2018, 5.9% in 2017 and 6.7% in 2016 of the total operating income of the Group.

Such income dipped in 2018 by -14.0% and by -13.3% in 2017, as regards 2016, due to the generalised drop in the distribution of printed press.

The evolution of the sales of newspapers and magazines during the 2016-2018 period is as follows:

(Thousands of euros)	2018	2017	2016	Var. (%) (18-17)	Var. (%) (17-16)
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News	68,267	79,377	91,572	(14.0%)	(13.3%)
El Pais	44,843	52,914	62,097	(15.3%)	(14.8%)
As	20,547	23,336	26,093	(12.0%)	(10.6%)
Others	2,880	3,138	3,382	(8.2%)	(7.2%)
Consolidation adjustments ..	(3)	(11)	(0)	73.5%	---
TOTAL	68,267	79,377	91,572	(14.0%)	(13.3%)

The following table shows the figures for average daily distribution of the main two Prisa newspapers in 2018, 2017 and 2016:

Copies	2018	2017	2016	Var. % 18-17	Var. % 17-16
El Pais.....	137,552	175,041	194,005	(21.4%)	(9.8%)
AS.....	99,346	112,003	125,955	(11.3%)	(11.1%)

El Pais, in general press, holds the top position in terms of distribution according to the Circulation Audit Bureau (OJD), with 137,552 copies (December 2018), and a share of 38% and leading its nearest competitor in the general press, El Mundo, by 47,000 copies. In the calculation of such 38% share, the market made up by El Pais, El Mundo, ABC and La Razon is considered.

Diario As had an average distribution of 99,346 copies in 2018, according to OJD, with a 34% share in sports press, positioning itself at less than 13,200 copies behind Marca, its main competitor. In the calculation of this 34% share, the market made up by As, Marca, Sport and Mundo Deportivo is considered.

Additionally, the prices of El Pais from Monday to Sunday were modified by 2016, increasing to EUR 1.5 and on Sundays the price was increased to EUR 2.8. Since then, there have been no price modifications.

The readers and users use the information increasingly more through digital media, implying a reduction of the distribution on paper in favour of the digital distribution or audience. It is therefore necessary to analyse the evolution of the analogous audiences to discuss the wager on the digital development of newspapers. Along these lines, there has been substantial growth in visitors and users.

Unique visitors of the websites of El Pais.com increased in 2018 by +5.7% reaching an annual average of 83.2 million. The increase in visitors to the websites of As.com in 2018 was of 1.6%, reaching 45.8 million on the average. The Prisa News unit increased traffic considerably in 2018 (+16.2%) and in 2017 (+22.9%) in terms of unique visitors.

In terms of unique multi-platform users (traffic through pc and mobile) in Spain, according to Comscore, in general press for 2018, El Pais.com maintained its leadership position, reaching a figure of 19.8 million users per month on the average (December 2018 data). In sports press, As.com reaches an average of 11.9 million unique users per month. The figures at the global level of unique users currently measured by Comscore only measure traffic by pc and such measure is affected by the increase in mobile use. Thus the evolution of users is only measured in Spain including multi-platform use.

Following is the evolution between 2016-2018 of visitors and users of the Prisa News business area:

(Thousands of visitors)	2018	2017	2016	Var. (%) 18-17	Var. (%) 17-16
El Pais.com.....	83,235	78,750	57,048	5.7%	38.0%
As.com.....	45,794	45,086	32,296	1.6%	39.6%
Prisa Noticias⁽¹⁾	125,946	108,428	88,245	16.2%	22.9%

Notes:

(1) Duplicates are eliminated and other supports (Cinco Dias, Meristation and Huffington Post are included)

(Thousands of multi-platform users in Spain)	2018	2017	2016	Var. (%) 18-17	Var. (%) 17-16
El Pais.com.....	19,759	18,402	14,853	7.4%	23.9%
As.com.....	11,900	10,426	8,074	14.1%	29.1%

Sale of audiovisual rights and programs

The sale of audiovisual rights in 2018 accounts for 2.2%, 2.1% in 2017 and 2.3% in 2016.

Income from sale of audiovisual rights and programs has remained in line with 2017 and dropped by -7.3% in 2017 in respect of 2016, mainly due to the sale of rights of channels which decreased due to the slump in TVI Reality (variable income based on the average audience that dropped during this period following the adjustments in programming expenses made and that has recovered in 2018).

This caption of income from the sale of audiovisual rights and programs is mainly represented by the audiovisual productions of Plural Spain and Plural Portugal belonging to the business unit of Media Capital and the activity of income from broadcast rights of the TVI channels.

Sale of promotional products and collections

Sales of promotional products in 2018 accounted for 0.8% and 1.3% in 2017 and 2016.

Income from the sale of promotional products and collections include commercial items and other products, such as books, CDs or DVDs, sold with the newspapers of Prisa. These items are occasionally provided free of charge to the consumer.

Income from promotional items dropped 41.7% in 2018 with respect to 2017, without affecting net results of the profit margin of the promotional business, as savings were obtained in promotional costs associated with the smaller volume produced. In 2017, promotions dropped 6.9% with respect to 2016. In spite of the lower income during the period analysed, in terms of results, the promotions continued to generate a positive margin.

Income derived from fixed assets

During 2018, EUR 19.69 million were recorded in income provided by fixed assets, with capital gain being obtained mainly from the following operations:

- Santillana (EUR 13.62 million): sale of building in Argentina (EUR 6.25 million) and Santillana USA (EUR 7.13 million).
- Radio (EUR 3.76 million): mainly from the sale of Planet (EUR 1.10 million) and the sale of broadcasting stations in Colombia (EUR 1.45 million)
- Prisa Noticias (EUR 2.15 million): sale of Bidasoa printing press (EUR 1.00 million) and Pressprint machinery (EUR 1.05 million).

During 2017 (including Media Capital as an ongoing activity) EUR 4.26 million were recorded in income from fixed assets, with capital gain mainly being obtained from the following operations:

- Santillana (EUR 1.96 million): mainly from sale of building in Barcelona.
- Radio (EUR 2.15 million): sale of broadcast stations in Colombia (EUR +1.98 million): mainly Tunja, Bucaramanga, Cartagena, Sincelejo, Barranquilla and Valledupar.

During 2016, EUR 4.41 million were recorded in income from fixed assets, with capital gain being obtained mainly in the following operations:

- Santillana: sale of fixed assets in Chile (EUR 0.92 million)
- Radio: sale of land in Colombia (EUR 0.67 million) and Chile (EUR 0.34 million) and sale of GLR Networks (EUR 1.57 million).
- Gran Via Musical: sale of RLM (EUR 0.34 million).
- News: EUR 0.25 million, corresponding to the sale of printing machinery in Barcelona.

Other operating income (*includes providing intermediation services, other services and other operating income*)

The line of other operating income includes income from value added calls (at Media Capital), printing services, organisation of events, advertising services and commercialisation of magazines (trading post), income from music, intellectual property rights, e-commerce, income from rentals, work performed by the company on its fixed assets and other miscellaneous income.

Other operating income in 2018 accounts for 7.1%, 6.9% in 2017 and 7.6% in 2016.

Such line of income declined during the 2017 to 2018 period -1.1%. Most income was from value added calls at TVI, affected by the change in the revenue recognition standard (IFRS 15) compensated by other minor effects in various entries (event organisation, magazine sale services and other various income). In 2017, with regard to 2016, other operating income plunged by -10.1%, mainly due to the drop in the organisation and management of events (valley year).

OPERATING EXPENSES

During 2018, Prisa had operating expenses of EUR 1,194.96 million (EUR 1,283.10 million in 2017 and EUR 1,224.56 million in 2016).

Expenses dropped by -6.9% during the 2017-2018 period —i.e., EUR -88.1 million —, of which EUR -72.30 million result from a foreign exchange effect implying less income and less expenses in euros for the period. Without the exchange effect, expenses dropped by -1.2% thanks to the Efficiency Plan implemented in 2018. This plan has envisaged cost reduction measures by closing non profitable operations, transformation of press operations (mainly printing and distribution), simplifying central structures and personnel adjustments.

In the comparison of 2017 with 2016, expenses increased by +4.8%. The increase is mainly the result of the impairment of the goodwill considered in 2017 in the amount of EUR 86.75 million corresponding essentially to the recognition of the loss in usage value of Media Capital. Should we isolate such effect, expenses would droop -2.3%.

Purchases and Consumption

In 2018, the expense in purchases and consumption has waned -8.2% with respect to the previous year. Such skid is affected by the foreign exchange effect. Expenses drop mainly tied to sales of books. 95% of the departure in purchases and consumption corresponds to Santillana. The costs of promotional products also lessen tied to the lesser promotional revenues.

In 2017, purchase and consumption expenses tumbled by -9.0% with respect to 2016 in spite of the incorporation of Norma being incorporated in the scope throughout the entire year 2017 (in 2016, since October). Of the total drop in purchases and consumption, 76% corresponds to lesser consumption at Santillana. Furthermore, Noticias incurred less consumption in promotions.

External services

The following table shows the details of the external services expenses for the years 2018, 2017 and 2016:

	2018	2017	2016	Var. (%)	Var. (%)
	<i>(audited)</i>	<i>(restated)</i>	<i>(audited)</i>	(18-17)	(17-16)
	(thousands of euros)			(%)	
External Services	(462,204)	(486,832)	(502,581)	(5.1%)	(3.1%)
Lease and rentals.....	(53,918)	(55,997)	(57,282)	(3.7%)	(2.2%)
Intellectual property	(31,700)	(36,599)	(35,216)	(13.4%)	3.9%
Repairs and conservation ...	(22,849)	(22,070)	(16,775)	3.5%	31.6%
Independent professional services.....	(115,270)	(126,400)	(130,572)	(8.8%)	(3.2%)
Transportation.....	(33,190)	(35,898)	(35,112)	(7.5%)	2.2%
Advertising, promotions and Public Relations	(39,322)	(48,697)	(48,842)	(19.3%)	(0.3%)
Supplies.....	(21,258)	(22,633)	(23,980)	(6.1%)	(5.6%)
Other external services.....	(144,695)	(138,538)	(154,802)	4.4%	(10.5%)

The Group shall continue the efforts to reduce expenses over the 2017 to 2018 period, including in external services. During 2018, as regards 2017, services subsided by -5.1%. In addition to the foreign exchange effect, the efforts derived from the implementation of an

efficiency plan in all business units has allowed offsetting the growth of expenses with respect to the past year.

During 2017, as regards 2016, external services expenses also dipped, specifically by -3.1%.

Personnel expenses

The following table shows the make up of the personnel expenses corresponding to the years 2018, 2017 and 2016:

	2018	2017	2016	Var. (%)	Var. (%)
	<i>(audited)</i>	<i>(restated)</i> <i>(unaudited)</i>	<i>(audited)</i>	(18-17)	(17-16)
	(thousands of euros)			(%)	
Personnel expenses	(383,413)	(402,514)	(388,709)	(4.7%)	3.6%
Expenses without variable indemnities or returns.....	(314,596)	(336,635)	(334,218)	(6.5%)	0.7%
Salaries and wages	(241,294)	(258,635)	(258,024)	(6.7%)	0.2%
Social security contributions ...	(57,279)	(59,887)	(59,546)	(4.4%)	0.6%
Other company expenses	(16,023)	(18,112)	(16,648)	(11.5%)	8.8%
Variable returns.....	(43,554)	(39,460)	(38,814)	10.4%	1.7%
Indemnities.....	(25,263)	(26,420)	(15,677)	(4.4%)	68.5%

During 2018, 2017 and 2016, Prisa has continued to make great efforts to optimise its payroll and reduce personnel costs. This effort has focused on adapting the payroll to a new market environment and a more digital business model, as regards a traditional business model (especially in Press). As a result of such efforts, in 2018 expenses for such item fell -4.7% with respect to the previous year. In 2017, personnel expenses increased by +3.6%, mainly due to the increase in indemnities (to perform the expenses adjustment plan) and the effect in the change of scope of Norma (incorporated for the whole year in 2017, vis-a-vis only three months in 2016).

Following are the details of the evolution of the payroll (measured as man-month equivalents) over the 2016-2018 period:

Man-Month Equivalent (by business unit)	2018	2017	2016	Var. (%)	Var. (%)
				(18-17)	(17-16)
Santillana.....	3,989	4,049	3,906	(1.5%)	3.7%
Radio	2,265	2,213	2,394	2.3%	(7.6%)
News.....	746	816	859	(8.6%)	(4.9%)
Media Capital	1,022	1,001	1,057	2.1%	(5.3%)
Others	516	617	481	(16.4%)	28.5%

TOTAL	8,538	8,698	8,697	(1.8%)	0.0%
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In line with what is seen with personnel expenses, the man-month equivalence drops by -1.8% in 2018 as a result of the restructuring performed this year, in relation to the efficiency plan in all business units. As regards 2016, in 2017 the payroll remained constant in spite of the increase implied by the incorporation of Norma into the scope of consolidation.

Provision for amortisation of fixed assets

Amortisations of fixed assets receded over the 2017 to 2018 period: -12.08 million (specifically linked to lesser investments in Santillana) and -5.6 million in 2017 as regards 2016 (mainly due to less investments in News and Radio).

Variation in traffic provisions

The provisions over the 2018 period increase with respect to 2017 by EUR +2,53 million, mainly due to the provision funded at Santillana by some of its main dealers (Saraiva) which has entered bankruptcy proceedings in 2018. Regarding 2016, the provisions have lowered by -11.03 million euros.

Other expenses

Other expenses mainly include extraordinary losses of fixed assets and funding of the consolidation goodwill.

In 2018, EUR 81.58 million were recorded for this item. Real estate losses include impairment in the amount of EUR 2.5 million (buildings in Radio EUR 0.2 million, prototypes and intangible fixed assets at Santillana of EUR 1.8 million and impairment of printing press at Pressprint representing EUR 0.4 million). Also included is impairment in the goodwill of Latam Digital Ventures and Media Capital in the amount of EUR 78.98 million.

In 2017, EUR 100.27 million were recorded, mainly corresponding to the impairment to the recorded goodwill (EUR 86.75 million), mostly associated with the loss in value in use of Media Capital. Also included is impairment at Prisa Noticias amounting to EUR 8.7 million (printing presses in Madrid and Valencia), impairment at Santillana (EUR 2.03 million) and at Radio USA (EUR 2.2 million) and EUR 0.4 million of the Lleida broadcast station.

In 2016, EUR 3.49 million were recorded, from which EUR 2.62 million were produced at Santillana (loss in value of tangible and intangible fixed assets, essentially IT applications and prototypes).

EBITDA

The EBITDA is an APM, the definition, explanation, use and reconciling of which are contained in section 26 of this Registration Document.

The EBITDA for 2018 increased by 1.9% with respect to 2017 and in 2017 remains practically in line with respect to 2016. The effect of the exchange rate has implied in 2018, as compared to 2017, EUR -22.25 million. Without that effect, the EBITDA would have increased by +10.9%.

Operating results (EBIT)

Operating results (EBIT) are very affected by the impairment of the goodwill and fixed asset losses recorded in 2017 as well as in 2018 (although these were greater in 2017), leading to the comparative image improve 2018 with respect to 2017 but the comparative between 2017 and 2016 be worse.

Operating results (EBIT) changed from EUR 52.64 million in 2017 to 85.33 million euros in 2018.

Operating results (EBIT) decreased from EUR 133.47 million in 2016 to EUR 52.64 million in 2017. Although the EBITDA kept in line with 2016, the recognition of extraordinary impairments in 2017 implied a comparative below the 2017 figure in terms of operating results.

9.2.1 Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected

See section 9.2.3 of this Registration Document regarding the significant factors with material effects on the income of Prisa.

See sections 6.1.1, 6.2, 20.3 and 20.6 of this Registration Document regarding the explanation of the extent to which such factors have affected the income of Prisa.

9.2.2 Where the financial statements disclose material changes in net sales or revenues, provide a narrative discussion on the reasons for such changes

See sections 6.3, 9.2, 20.3 and 20.6 of this Registration Document.

9.2.3 Information regarding governmental, economic, fiscal, monetary or political policies or factors that have material affected, or could materially affect, directly or indirectly, the issuer's operations

The main factors or actions of a government, economic, tax, monetary or political nature that could have an impact on the perspectives of the Group are those shown in detail in the risk factors described under the following captions of section II.1 (“Risk factors”) of this Registration Document: (B)(i), (B)(ii), (C.1) (vi) and (C.3)(viii).

10. CAPITAL RESOURCES

10.1 Information concerning the issuer's capital resources (both short and long term)

The details of the own and third-party resources of the Grupo Prisa as of 31 December 2016, 2017 and 2018 are as follows:

	As of 31 December		
	2018	2017	2016
	(audited)	(restated)	(audited)
	(in thousands of euros)		
Net equity	(235,809)	(484,864)	(336,045)
Net equity attributed to the Parent Company ..	(310,458)	(563,914)	(425,125)
Subscribed capital	524,902	83,498	235,008

	As of 31 December		
Other reserves	(507,206)	(489,781)	(705,059)
Accumulated profits	(284,380)	(119,221)	47,470
- from prior years	(15,033)	(16,657)	115,329
- from the year: result attributed to Parent Company	(269,347)	(102,564)	(67,859)
Treasury shares	(2,856)	(694)	(1,735)
Exchange differences	(40,918)	(37,716)	(809)
Minority interest	74,649	79,050	89,080
Non current liabilities	1,325,373	929,736	1,909,125
Non current debts with credit institutions	1,149,661	703,481	1,653,535
Non current financial liabilities	125,703	120,147	136,149
Deferred tax liabilities	18,612	23,470	21,055
Non current provisions	28,567	44,805	56,516
Other non current liabilities	2,830	37,833	41,870
Current liabilities	571,158	1,477,661	553,351
Trade creditors	270,982	277,165	301,636
Associated companies	2,151	1,380	1,609
Other non commercial debts	55,601	52,505	67,945
Debts with current credit institutions	76,121	1,036,957	68,488
Current financial liabilities	58,643	22,653	23,104
Public Administrations	61,811	51,040	61,633
Provisions for returns	10,797	10,507	8,071
Other current liabilities	32,129	25,454	20,865
Liabilities linked to non current assets kept for sale	2,923	-	-
TOTAL NET EQUITY AND LIABILITIES	1,660,772	1,922,533	2,126,431

(A) Net Equity of the Grupo Prisa

Relevant operations in 2016

Issue of bonds necessarily convertible into shares of Prisa

On 1 April 2016, the Meeting of the Shareholders of Prisa agreed to issue bonds necessarily convertible into newly issued shares of Prisa and its subscription through loan swaps. Such issue ultimately amounted to EUR 100.74 million, divided into EUR 32.11 million of Tranche A (subscribed by HSBC Bank Plc., various entities of the Santander Group and Caixabank, S.A.) and EUR 68.63 million of Tranche B, fully subscribed for by HSBC Bank Plc.

The issue was directed exclusively to certain creditor entities of Prisa, which subscribed to a total of 10,074,209 bonds, in a swap of certain credits for an aggregate amount of EUR 100.74 million. This issue was subscribed during the month of April in two tranches:

- Tranche A: in an amount of EUR 32.11 million, subscribed by HSBC Bank Plc., Caixabank, S.A. and several entities of the Santander Group through the swap of all the subordinated debt originating from the capitalised interest associated with the bond issue conducted by the company in 2012.
- Tranche B: in an amount of EUR 68.63 million, subscribed by HSBC through the swap of part of its participative loans.

The maturity date of the bonds was 7 April 2018, notwithstanding the early conversion rights established in the agreement, with a conversion unit price of 10 euros per share and shall accrue annual interest payable in new company shares at the conversion date.

The issue of such bond was treated as an equity instrument, as it is mandatorily convertible into a fixed number of shares and does not incorporate any contractual obligation to surrender cash or any other financial asset.

As of 30 June 2016, an increase is recorded in own funds in the amount of EUR 100.74 million under the caption “Other reserves” as a result of recording the operation at the fair value of the equity instruments to be issued.

Relevant operations in 2017

Process of sale of Media Capital

The agreement subscribed for the sale of Media Capital implied the recording of an accounting loss that reduced the net equity of the Group by EUR 73.22 million. The accounting loss recorded at the parent company was of EUR 85.59 million, reducing its net equity for the purposes of the cause of dissolution or capital reduction as of 30 September 2017 by EUR 55.44 million, which amount is less than one half of the share capital and with the Company being subject to a cause for dissolution. The performance of the sale was contingent upon, among other conditions, obtaining the required authorisation from the Portuguese antitrust authorities (see section 5.1.5 of this Registration Document).

Capital reductions and reserves

To correct the equity situation derived from the sale of Media Capital referred to above, the Meeting of the Shareholders of 15 November 2017 agreed (i) to offset losses by charging to voluntary reserves in the amount of EUR 1,578.7 million and to the legal reserve in the amount of EUR 5.3 million; (ii) a reduction in Share Capital of EUR 154.3 million through the reduction of the nominal amount of the Company shares by 1.97 euros to 1.03 euros per share, to offset losses, and (iii) a subsequent capital reduction in the amount of EUR 7 million through the reduction of the nominal amount of the Company shares by 0.09 euros to 0.94 euros per share, to increase the legal reserve.

Conversion of bonds necessarily convertible into shares in Prisa issued in 2016

On 31 October 2017, the holders of the bonds necessarily convertible into shares of Prisa issued in 2016, for an amount of EUR 100.7 million, exercised the early conversion option to which they were entitled according to the conversion bases and modalities. Such conversion led to the performance, on 17 November 2017, of a capital increase in an effective amount of EUR 9,861,920.70, through the issue of 10,491,405 new ordinary shares of the Company, and the consequent early redemption of all the bonds.

Relevant operations in 2018

Increase in monetary capital

The Company agreed to perform a capital increase through monetary contributions and by recognising pre-emptive subscription rights in the aggregate nominal amount of EUR 441.2 million through the issue and circulation of 469,350,139 ordinary shares, each with a nominal amount of 0.94 euros, with an issue premium of 0.26 euros per share and an aggregate

effective amount of up to EUR 563.2 million (equivalent to an actual aggregate amount of 1.20 euros per share): divided into (i) a monetary capital increase in an actual aggregate amount of EUR 450 million, agreed by the Extraordinary General Meeting of the Shareholders of 15 November 2017, and (ii) a monetary capital increase in an actual aggregate amount of EUR 113.2 million, agreed by the Board of Directors of the Company on 22 January 2018 under the delegation made in its favour by the Annual General Meeting of the Shareholders of 20 April 2015.

The referred increases were made in a unified act through Company Board of Directors resolution of its meeting held on 22 January 2018, in the effective amount (nominal plus issue premium) of EUR 563,220,166.80, by the issue and circulation of 469,350,139 new ordinary shares of the Company at an issue rate of EUR 1.20 euros (EUR 0.94 nominal amount, plus an issue premium of EUR 0.26 each).

The capital increase was fully subscribed on 15 February 2018 and the shares issued were admitted for trade on 20 February 2018.

Capital increase to cover exercise of Prisa 2013 warrants

In September 2018, the rights were exercised on 2,683,063 Prisa 201 warrants (as defined further in this document) and, in that context, 140,524 newly-issued ordinary shares of the Company were subscribed for, each with a nominal amount of EUR 0.94. The amount of the relevant capital increase was EUR 132,092.56 euros.

In December 2018, the rights were exercised on 1,696,832 Prisa 2013 warrants and, in that context, 88,870 newly-issued ordinary shares of the Company were subscribed for, each with a nominal amount of EUR 0.94. The amount of the relevant capital increase was EUR 83,537.8.

At the date of this Prospectus, the share capital was EUR 524,902,482.24 and is represented by 558,406,896 ordinary shares, all of the same class and series, each with a nominal amount of 0.94 euros. The capital has been fully subscribed for and paid in. The shares are traded on the Spanish Stock Exchanges through the Automated Quotation System.

(B) Resources outside of the Grupo Prisa

The main sources of resources outside of the Group, in addition to the debt with credit institutions, are as follows:

- **Non current financial liabilities:** this caption includes:

Financial liabilities for the minimum annual dividend from the interest of DLJSAP in Grupo Santillana Educacion Global, S.L.

The sales operation for 25% of the share capital of Grupo Santillana Educacion Global, S.L., during 2010, also carried an obligation to pay a preferential dividend in a minimum annual amount of US\$ 25.8 million. The Group has therefore recorded as of 31 December 2018 a financial liability in the amount of 125.7 million euros (EUR 119.80 million as of 31 December 2017 and EUR 136.2 million as of 31 December 2016), calculated as the current value of the annual preferential dividends discounted at the interest rate applicable to credit instruments with similar characteristics. This liability is denominated in United States dollars and, therefore, during the year, the differences derived from the

fluctuations in the exchange rate are recorded as financial results in the consolidated income statement.

The caption “Current financial liabilities” contains the payment obligation accrued for the aforesaid outstanding payment in the amount of 22.6 million euros as of 31 December 2018 (EUR 21.6 as of 31 December 2017).

Additionally, the section “Current financial liabilities” includes the commitments derived from the agreement reached in November 2013 between Prisa Radio and 3i Grupo plc for the acquisition by Prisa Radio of the shares of 3i Grupo plc in Prisa Radio, in the amount of 36 million euros (as of 31 December 2017, this commitment was recorded under the captions “Other non current liabilities” and “Other non commercial debts” in the amount of 35.5 million and 3.0 million euros, respectively).

- **Liabilities for deferred taxes and public administrations:** the analysis of these accounts is shown in detail in section 20.3.1 of this Registration Document.
- **Non current provisions** (see section 20.3.1 of this Registration Document) mainly includes:
 - o Provisions for taxes: corresponds to the estimated amount of tax debts derived from the inspections made of various companies of the Group whose payment is not yet determined in terms of exact amount or is uncertain in terms of the date on which it will arise, depending on the meeting of certain conditions.
 - o Provisions for indemnities and responsibilities: correspond to the estimated amount to face claims derived from the obligations assumed by the companies in the development of their commercial operations, and likely or certain responsibilities derived from litigation underway, indemnities to workers whose labour relations are expected to be severed or other outstanding obligations in indeterminate amounts, as is the case of bonds or other similar guaranties under the responsibility of the Group.
- **Other non current liabilities:** during 2017 and 2016 mainly included the long-term liability derived from the agreement reached in November 2013 between Prisa Radio and 3i Grupo plc for the acquisition by the former of the shares of Prisa Radio owned by 3i Grupo plc for EUR 35.5 million euros as of 31 December 2017 and EUR 38.0 million as of 31 December 2016. As mentioned earlier, during 2018, the liabilities derived from this agreement has been reclassified under the caption “Current financial liabilities”. See further information in section 22 of this Registration Document.
- **Trade creditors:** includes the debts contracted with the suppliers of goods and services.

Following is the detailed information required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December) prepared in accordance with ICAC Resolution of 29 January 2016, regarding the average period for the payment of suppliers in commercial operations:

	As of 31 December	
	2018	2017
	Days	
Average period for payment of suppliers.....	71	81
Ratio of operations paid.....	73	80
Ratio of operations with outstanding payments	60	85
	Amount (thousands of euros)	
Total payments made	374,138	348,271
Total payments outstanding	68,348	49,383

For the calculation of the average payment for the payment of suppliers, consideration has been afforded to the payments made during each year for commercial operations corresponding to the delivery of goods or rendering of services, and the amount relating to such operations pending liquidation at the end of each year, included under the caption “Trade creditors” on the attached consolidated balance sheet, referring solely to the Spanish entities included in the scope of consolidation.

“Average period for the payment of suppliers” is defined as the term lapsing from the delivery of the goods or rendering of the services under the responsibility of the supplier and the material payment for the operation.

The “Ratio of the operations paid” has been calculated as the quotient consisting of (a) the sum of the products of (x) the amounts paid by (y) and the number of days of payment (calendar days lapsed from the date of start of the calculation of the term until the material payment of the operation) in the numerator, and (b) the aggregate amount of the payments made during the year in the denominator.

The “Ratio of operations with outstanding payments”, has in turn been calculated as the quotient consisting of (a) the sum of the products of (x) the amounts of outstanding payment, times (y) the number of days of outstanding payment (calendar days that have lapsed from the date on which the calculation of the term starts until the last day of the period to which the annual accounts refer) in the numerator, and (b) the aggregate amount of the outstanding payments at the end of the year in the denominator.

The maximum legal term applicable for the years 2018 and 2017 according to Law 3/2004, of 29 December, establishing measures to prevent delinquency in commercial operations, is by default 30 days, and maximum 60 days if particular conditions are reached with the suppliers. The average term of payment to the suppliers of the Group exceeds the maximum legal term established, in part based on agreements reached with suppliers for the extension and implementation, where applicable, of payments.

For further information see section 10.2 of this Registration Document.

- **Other non commercial debts:** this caption mainly includes remuneration with payments outstanding and other debts with suppliers of fixed assets. During 2017 and 2016, this caption also included the short-term liabilities derived from the aforesaid agreement reached between Prisa Radio and 3i Grupo plc, in the amount of EUR 2.96 million as of 31 December 2017, and EUR 2.47 million as of 31 December 2016).
- **Other current liabilities:** includes the end-of-period adjustments arising mainly in the business of Education and Radio.

- **Current and non current debt with credit institutions:** The evolution of the bank debt is shown in the following chart:

	As of 31 December		
	2018 <i>(audited)</i>	2017 <i>(restated)</i>	2016 <i>(audited)</i>
	(in thousands of euros)		
Prisa syndicated loan (Tranche 2).....	956.51	956.51	956.51
Prisa syndicated loan (Tranche 3).....	161.08	181.47	176.99
Participative loan (PPL).....		450.92	439.78
Loans, credit policies, leasing and others.....	131.08	169.02	178.85
Formalisation expenses.....	(0.06)	(17.48)	(30.10)
Fair value in financial instruments.....	(22.83)	-	-
TOTAL	1,225.78	1,740.44	1,722.03

Of the total debt with credit institutions as of 31 December 2018, 98.45% is denominated in euros (97.54% as of 31 December 2017) and the rest in foreign currency.

The average interest rate of the financial debt of the Group with credit institutions for 2018 and 2017 was of 3.68% and 3.00%, respectively.

Likewise, of the total debt with credit institutions as of 31 December 2018, the 98.01% is indexed at a floating interest rate and the rest to a fixed interest rate (62.13%) at a variable interest rate as of 31 December 2017).

Financial debt is initially recognised at its fair value amount, also recording the costs incurred in obtaining such debt. During subsequent years, it is registered at amortised cost, i.e., the amount measured during the initial recognition, after discounting principal reimbursements, plus any difference between the initial amount and the amount at maturity, using the effective interest method.

The balances of debts with credit institutions as of 31 December 2018, in thousands of euros, and the established limits and maturities, are as follows:

	<u>Maturity</u>	<u>Limit granted</u>	<u>Set up with short-term maturities</u>	<u>Set up with long-term maturities</u>
(in thousands of euros)				
Prisa syndicated loan (Tranche 2).....	November 2022	956.51	-	956.51
Prisa syndicated loan (Tranche 3).....	December 2022	161.08	-	161.08
Credit policies	2019	156.09	17.52	-
Loans	2019 – 2024	105.03	45.36	49.67
Leasing, interest and others.....	2019 – 2022	18.54	13.30	5.23
Formalisation costs	2019 – 2022		(0.06)	-
Fair value in financial instruments.....	2019 - 2022	-	-	(22.83)
TOTAL		1,397.25	76.12	1,149.66

Likewise, as of 31 December 2018, the net bank debt of Prisa amount to 928.6 million euros (equivalent to 3.36 times the adjusted EBITDA).

Following is a description of the main loans and credits with financial institutions:

Syndicated Loan (Tranche 3) and PPL-

During the first semester of 2018, the Company transferred EUR 183.9 million from Participative Loans (PPL) to debt Tranche 3. Likewise, a capitalisable cost (PIK) on the Participative Loans (PPL) and Tranche 3 was accrued at 30 June 2018 came to EUR 4.5 million and EUR 4.2 million, respectively.

Refinancing-

On 16 January 2018, the Company signed the Lock-up Agreement with the majority of the financial creditors under the *Override Agreement* (agreement to refinance the debt of the Group signed in December 2013) to refinance and change the conditions of the financial debt of Prisa. Since that date, and up to 22 January 2018, the remaining financial creditors under the *Override Agreement* acceded to the Lock-up Agreement. On 29 June 2018, the Refinancing entered into force, implying, among others, the amendment of the *Override Agreement* and of the inter-creditors agreement, and the entering into force of the *Amended Override Agreement* and the *Amended Intercreditor Agreement*.

The Refinancing agreement implies a first repayment of the debt in the amount of EUR 480 million with the funds derived from the monetary capital increase performed in early 2018.

In the context of the Refinancing, Prisa agreed the novation of the del *Override Agreement* in the amount of EUR 1,117.6 (once the initial repayment had been made in the amount of EUR 480 million), which was structured in two tranches, with the following characteristics:

- The amount of the debt under **Tranche 2** was set at EUR 956.5 million and with a maturity extended until November 2022.
- The amount of the debt under **Tranche 3** was set at EUR 161.1 million and with a maturity extended until December 2022.

- The cost of the debt under Tranches 2 and 3 is indexed at Euribor plus a margin negotiated with the financial creditors, equal for both tranches.
- The schedule of payments establishes two partial and mandatory debt payments on 31 December 2020 and 2021, the amount of EUR 15 million and EUR 25 million, respectively, and additional partial amortisations in 2021 and 2022, contingent upon the generation of cash by the Grupo Prisa.
- The financial creditors have agreed that Tranche 2 will have preference over Tranche 3.
- Partial modification of the debt guarantee package.

The *Amended Override Agreement* establishes an automatic conversion mechanism for the debt of Tranche 3 into Tranche 2 debt, to the extent that Tranche 2 is reduced by contractual or voluntary debt amortisation. As of 29 June 2018 all participative loans were converted into Tranche 2 and Tranche 3.

The Refinancing has also implied the restructuring the bank debt of the Group, leading the accession by PAE as borrower under the *Amended Override Agreement*. Specifically, PAE assumed Prisa debt in a nominal amount of EUR 685 million within the context of a corporate reorganisation of the Grupo Prisa. Among other aspects, the corporate reorganisation allowed part of the bank debt of the Group be assigned to the Education business unit—the main cash generating unit of the Group—to facilitate the servicing of the debt. The remaining amount of the debt continues to be registered at Prisa.

The financing agreement (specifically the *Amended Override Agreement*) establishes certain financial ratios (covenants) for the Grupo Prisa, that have been honoured since the entering into effect of the Refinancing and with the Santillana Acquisition have been adjusted so that they adapt to the new composition of the Group, its new capacity to generate resources and the cash situation resulting from the acquisition. These agreements likewise include provisions on crossed breach, which could, if the breach exceeds determined amounts, cause the early maturity and termination of the agreement in question, including the *Amended Override Agreement*. No such breaches have occurred since the effective date of the Refinancing.

Furthermore, the *Amended Override Agreement* establishes common causes for early resolution of such agreements, including scenarios such as the takeover of Prisa, defined as the acquisition, by one or more persons in concert, of more than 30% of the voting capital of Prisa.

The Company conducted an analysis of the conditions agreed under the framework of the Refinancing and concluded that these were a substantial modification of the previous conditions, leading the cancellation of the original financial liability and the recognition of a new liability derived from the Refinancing. The initial recognition of the financial liability was made at fair value, which implied the recognition of financial income in the amount of EUR 25.5 million under the caption “*Fair value in financial instruments*” of the consolidated income statement, for the difference between the nominal amount of the debt and its fair value at the date of initial registration. To do so, own credit risk was used, derived from a report provided by an independent expert with regard to the transactions performed on the secondary

debt market (level 2 variables, estimates based on other observable market methods). The fair value of the Refinancing debt as of 30 June 2018, according to this calculation, amounted to EUR 1,092 million. The total of expenses and commissions corresponding to the financial debt were recognised in the account “*Financial expenses*” of the consolidated income statement.

Other aspects of the debt regulated under the Amended Override Agreement-

The structure of the guarantees for Tranches 2 and 3 follows the scheme shown below:

Personal guaranties

Tranches 2 and 3 of the Prisa debt, corresponding to the debt refinanced in June 2018, are jointly guaranteed by Prisa and by Diario El Pais, S.L., Distribuciones Aliadas, S.A.U., Grupo de Medios Impresos y Digitales, S.L.U., Norprensa, S.A.U., Prisa Activos Educativos, S.L.U., Prisa Activos Radiofonicos, S.L.U., Prisa Noticias, S.L.U., Prisaprint, S.L.U and Prisa Gestion Financiera, S.L.U.

Vertex, SGPS, S.A.U. also guarantees Tranches 2 and 3, limited to a maximum amount of EUR 600 million.

In rem guaranties

As a result of the Refinancing, Prisa pledged certain checking accounts of its own. These pledges do not restrict the availability of the accounts affected nor demand maintenance of the minimum cash balances. In the case of non-fulfilment of the guaranteed obligations, and therefore the execution of the pledges, the creditors may dispose of the money that is in the affected accounts at that moment.

On the other hand, Norprensa, S.A.U. and Distribuciones Aliadas, S.A.U. pledged credit rights derived from certain material agreements, all to guarantee the aforesaid creditors.

An in rem guarantee was also established on the shares of Prisa in Santillana (75% of the share capital), Prisa Radio (73.49% of its share capital) and Media Capital (84.69% of its share capital) and on 100% of the shares (100% of the share capital) of PAE., Prisa Activos Radiofonicos, S.L.U., Prisa Noticias, S.L.U., Prisaprint, S.L.U and Prisa Gestion Financiera, S.L.U., guaranteeing Tranches 2 and 3.

Other aspects

Santillana and Media Capital assume certain restrictions in relation to the financing agreements, thereby restricting the actions and operations that they may perform under the same terms as Prisa, as the head company of the Group. Such operating restriction, that limit for example assuming additional financial liabilities that exceed determined volumes, are customary in this type of syndicated financial agreements.

Credit policies and other debts with credit institutions-

On 29 June 2018, and under the framework of the Refinancing of the debt, the Company established a Super Senior credit policy of an amount of up to EUR 86.5 million, EUR 50 million of which are destined for funding the operating requirements of the Company. As of 31 December 2018, no amounts whatsoever have been drawn down, although the amount of 36.5 million euros was disbursed in February 2019 as indicated in section 5.1.5 – *Execution of*

the acquisition of 6.11% of Prisa Radio, S.A. by determined entities of 3i group by Prisa Radio, S.A. and termination of the framework agreement to acquire the shareholder rights of Prisa Radio, S.A. Prisa, in turn, with the acquisition of 25% of the capital of Santillana, has agreed with its financial creditors to increase this credit by an additional 30 million euros.

The structure of guarantees of such Super Senior credit policy is the same as that referenced earlier with respect to Tranches 2 and 3 of the Prisa debt, implying that the creditors of such policy and those of Tranches 2 and 3 share the same guarantees; nonetheless the Super Senior credit policy has a preferential rang over Tranches 2 and 3 with respect to such guarantees. Furthermore, Santillana and Media Capital also assume certain restrictions in respect of such policy under the same terms as those stated above.

In addition to this policy, this caption includes the balances drawn down on the credit facilities used to fund the operating requirements of the companies of the Grupo Prisa outside of Spain. Credit policies with maturities in 2019, in the amount of EUR 17.5 million are registered under the caption “*Debts with current credit institutions*” on the consolidated balance sheet. The interest rate applicable to such policies is Euribor or Libor plus a market margin.

Capital management policy

The main objective of the capital management policy of the Group is to achieve an appropriate capital structure to guarantee the sustainability of its business, aligning the interests of the shareholders with those of the various financial creditors.

In this regard a series of measures have been implemented during recent years to strengthen the financial and capital structure of the Group such as asset sale operations, capital increases and debt refinancing operations, as described in Sections 5.1.5 and 10.3 of this Registration Document.

Future payment commitments

The following table shows the obligations of Prisa derived from firm contractual agreements as of 31 December 2018:

	Total	2019	2020-2021	2022-2023	2024 and following
	(in thousands of euros)				
	1,248,673	76,184	67,244	1,105,234	11
Cash interest obligations regarding financial debt ⁽²⁾	269,258	50,888	111,997	106,373	-
Financial leases ⁽³⁾	209,996	29,212	39,650	33,569	107,565
Future commitments ⁽⁴⁾	190,446	63,113	38,212	27,830	61,291
Sureties ⁽⁵⁾	62,084	4,345	-	-	57,739
Other long-term liabilities ⁽⁶⁾	14,123	-	5,425	-	8,698
TOTAL	1,994,580	223,742	262,528	1,273,006	235,304

Notes:

- (1) Includes maturity of gross debt, i.e does not consider the reasonable debt value recorded in the balance as a reduction of debt with credit entities.
- (2) Interest obligations on long-term debt are an estimate of the cash payments of future interest based on current interest rates, the current debt levels and the schedule of payments of the debt.

- (3) This section includes the minimum payments for leases derived from miscellaneous assets and services used by Prisa. The most important are the buildings of Gran Via 32, Miguel Yuste, Tres Cantos and Queluz (Portugal), the television studios in Portugal and the vehicles of management personnel.
- (4) This section represents an estimate of the contractual commitments of Media Capital with several programming broadcast rights providers. It also includes the payments required under the agreement between Prisa and Indra to provide global IT services over seven years, and the commitments derived from the agreement reached by Prisa Radio with 3i Grupo plc (see section 10.1 (B)) and payments that derive from the agreement signed with Axion for use of radio frequencies until June 2031.
- (5) Bonds with indeterminate maturity dates are included in the “Over 5 years” maturity tranche.
- (6) This section includes the long-term provisions for taxes corresponding to the estimated amount of the tax debts derived from the inspections made of the various Prisa companies that are underway as of 31 December 2018. As the maturity date of such obligations is indeterminate, this amount is included in the “Over 5 years” maturity tranche. Also included is the provision to cover the employment regularisation processes, expected to be applied over the next two years.

Liquidity risk management

The liquidity risk management provides for a detailed following of the schedule of maturities of the financial debt of the Group, and the maintaining of credit facilities and other means of financing allowing covering the foreseen cash needs both in the short, mid and long term.

The following table sets out the details of the analysis of the liquidity of the Grupo Prisa in 2018, for its debt with credit institutions, which imply nearly all of the non-derivative financial liabilities. The table has been prepared based on the cash outlays, without discounting the expected maturities, when these are expected to take place before contractual maturities. The flows include both expected amortisations and payments of interest. When such settlement is not fixed, the amount has been determined using the implicit rates calculated based on the interest rates curve at the end of 2018.

Maturities	(Thousands of euros)	Curve of Euribor implicit rates
Less than 3 months	29,534	0.00%
3-6 months	23,184	0.00%
6-9 months	59,893	0.00%
9-12 months	14,460	0.00%
From 1 to 2 years	75,023	0.00%
From 2 to 3 years	95,231	0.00%
Over 3 years	1,220,605	0.19%
Total	1,517,930	

Bonds and guaranties

As of 31 December 2018, the Grupo Prisa had provided bank bonds in the amount of EUR 62.08 million. Of such amount, EUR 50.00 million correspond to litigation relating to the football rights of Audiovisual Sport, S.L. (see section 20.8 of the Registration Document).

In the opinion of Company Management, the possible effect on the attached income statement of the execution of the bonds provided would not be significant.

10.2 An explanation of the sources and amounts of and a narrative description of the issuer's cash flows

The sources and cash flows of the Group are closely tied to the structure and nature of the income and costs forming part of its income statement

- Regarding the source of the funds, these are the main lines of income (source), namely:
 - Advertising and sponsorship: collections from the advertising inserts in the various formats of the Group (TVI, newspapers, magazines, radio, etc.). The average term for collection is close to 90 days.
 - Books: collections derived from institutional sales, schools, bookstores, other direct sales points, and those derived from the new teaching systems (UNO System and Compartir). The collection term is variable and is established in the various sales agreements. Regarding the income from the digital teaching systems, the collection takes place in two different ways, either in full at the beginning of the school year, or by instalments over the year.
 - Newspapers and magazines: charges derived from the sales of newspapers and magazines. This collection takes place during the month in which the sales take place,
 - Audiovisual production: collections for performing audiovisual productions (television, cinema). It is made mainly through Plural Entertainment Spain, S.L. The period for collection is established in the agreements reached.
 - Other income: collections relating to sales of music, organisation and management of events, sale of electronic commerce and internet services.
 - Charges for divestitures: divestitures made in non strategic assets whose funds are basically destined for paying off part of the financial debt of the Group.
 - Flows provided by financing activities: derived from capital increases, exercising of warrants or obtaining new liquidity lines.
- Regarding payments, the main items are:
 - Payments for purchases of paper and other raw materials: Acquisition of paper for the production of Group books and newspapers.
 - Payments for the purchase of programming rights: Acquisitions of programming broadcast rights and operation of image rights.
 - Staff: Payment of remuneration to Group staff.
 - Commercial payments: Payment for the services engaged by the Group. Noteworthy among the main services are:
 - Advertising and promotion
 - Independent professional services: collaborators, auditors, attorneys, consultants, etc.

- Transportation
- Structure payments: Rentals, supplies, general services, advertising commissions, rentals, etc.
- Financial payments: Payments relating to bank loans and other existing sources of financing, payable according to the conditions established in the agreements signed.
- Investment payments: Investments of an operating nature to guarantee the proper development of the various Group activities.

Following are details of the current capital of the Group as of 31 December 2016, 2017 and 2018:

	As of 31 December		
	2018	2017	2016
	<i>(audited)</i>	<i>(restated)</i>	<i>(audited)</i>
	(in thousands of euros)		
Inventories.....	150,345	151,335	168,679
Trade debtors and other accounts receivable	370,090	418,195	418,124
Trade creditors and associated companies	(273,133)	(278,545)	(303,245)
Other non-financial short-term creditors	(160,338)	(139,506)	(158,514)
Current operating capital.....	86,964	151,479	125,044
Current financial investments	24,936	23,340	19,506
Cash and cash equivalents.....	295,093	217,504	246,423
Other financial short-term creditors	(58,643)	(22,653)	(23,104)
Debts with current credit institutions	(76,121)	(1,036,957)	(68,488)
Current financial capital	185,265	(818,766)	174,337
Total current capital	272,229	(667,287)	299,381

Inventories-

The breakdown of the inventories, in thousands of euros, as of 31 December 2016, as of 31 December 2017 and as of 31 December 2018, is as follows:

	31.12.2018			31.12.2017 (restated)		
	Cost	Provision	Net	Cost	Provision	Net
Finished products	164,928	(27,531)	137,397	174,756	(33,316)	141,440
Unfinished products	374	-	374	740	-	740
Raw materials and other consumables	14,539	(1,965)	12,574	11,614	(2,459)	9,155
Total.....	179,841	(29,496)	150,345	187,110	(35,775)	151,335

	31.12.2016		
	Cost	Provision	Net
Finished products	188,979	(34,898)	154,081
Unfinished products	3,725	-	3,725
Raw materials and other consumables	13,453	(2,580)	10,873
Total	206,157	(37,478)	168,679

The account “*Finished products*” contains editorials products for a net amount of EUR 57.7 million (EUR 59.1 million in 2017 and EUR 70.1 million in 2016) and audiovisual rights in a net amount of EUR 79.3 million (EUR 81.2 million in 2017 and EUR 83.1 million in 2016).

On the other hand, the account “*Raw materials and consumables*”, mainly includes paper.

Trade debtors and other accounts receivable accounts receivable-

The most significant item under the caption “*Trade debtors and other accounts receivable*” is “*Clients from sales and services rendered*” which, as of 31 December 2018, net of the provision, amounts to 309.0 million euros (EUR 359.7 million as of 31 December 2017 and EUR 347 million as of 31 December 2016). The details of the ageing of such balance is as follows:

	As of 31 December		
	2018	2017	2016
	<i>(audited)</i>		
	(in thousands of euros)		
0-3 months	277,188	328,020	285,109
3-6 months	13,439	15,729	34,666
6 months - 1 year	15,703	13,998	22,686
1 year - 3 years	2,144	1,237	4,174
More than 3 years	488	761	340
Total	308,962	359,745	346,975

The largest part of the amount aged more than one year as of 31 December 2017 was collected in early 2018.

The largest part of the balances aged over one year as of 31 December 2016 corresponds to institutional sales of the Education business in the Dominican Republic, collected during the first months of 2017, in accordance with an agreement with the government of such country. It also includes clients by exchange on the Radio with an offsetting credit item.

Current financial investments-

Mainly includes short-term deposits.

Cash and cash equivalents-

The balance of the caption “Cash and cash equivalents” on the consolidated balance sheet as of 31 December 2018 amounts to EUR 295.1 million (EUR 217.5 million as of 31 December 2017 and EUR 246.4 million as of 31 December 2016). This amount includes EUR 97.8 million corresponding to the capital increase of February 2018 (see the paragraph related to the most relevant operations of 2018 in section 10.1(A) of this Registration Document), EUR 35.6 million derived from the capital increase subscribed by International Media Group,

S.à.r.l in December 2015 and approximately EUR 74 million corresponding to the companies of the Radio and Education segments located in Latin America.

In 2017, this amount included EUR 35.6 million derived from the capital increase subscribed by International Media Group, S.à.r.l in December 2015 and approximately EUR 50 million corresponding to the companies of the Radio and Education segments located in Latin America.

In 2016, this amount included EUR 35.6 million derived from the capital increase subscribed by International Media Group, S.à.r.l in December 2015 and approximately EUR 40 million corresponding to the companies of the Radio and Education segments located in Latin America.

Analysis of cash flow

The following table contains information pertaining to the consolidated cash flows corresponding to the years 2016, 2017 and 2018. The positive values correspond to cash entries and the negative values to cash outlays.

	Year ended 31 December		
	2018	2017	2016
	<i>(audited)</i>	<i>(restated)</i>	<i>(audited)</i>
	(in thousands of euros)		
Cash flows provided by operating activities	192,737	132,296	192,340
Cash flows provided by investment activities	(45,981)	(77,989)	17,581
Cash flows provided by financing activities	(66,978)	(76,147)	(282,721)
Effect of variations in exchange rates	(2,189)	(7,079)	222
Variation in cash flows from ongoing activities.....	77,589	(28,919)	(72,578)
Variation in cash flows	77,589	(28,919)	(72,578)

As of 31 December 2017, the variation in the cash flows of Media Capital was presented in the caption on discontinued activities, as a result of the agreement subscribed with Altice NV for the sale of all the shares that Prisa owns in Media Capital (see section 5.1.5 of the Registration Document).

Under IFRS 5, and for comparative purposes, the consolidated cash flows statement as of 31 December 2017 has been restated to present Media Capital as an ongoing activity.

Prisa further uses free cash flows (*Free Cash Flow*) to assess the funds available to cover financial obligations. Free cash flow is an APM measuring the generation of cash corresponding to the operating activities and recurring investments (for a definition, explanation, use and reconciling of this APM, see section 26 of this Registration Document).

The following table shows the breakdown of the free cash flows during the years 2016, 2017 and 2018.

	Year ended 31 December		
	2018	2017	2016
	<i>(unaudited)⁽¹⁾</i>	<i>(restated)</i>	<i>(unaudited)⁽¹⁾</i>
	(in thousands of euros)		
Cash flows provided by operating activities	192,737	132,296	192,340
Recurring investments.....	(68,584)	(67,429)	(72,103)
Total free cash flows.....	124,153	64,867	120,237

Notes:

- (1) Free cash flows is an APM described in section 26 of the Registration Document. Free cash flows have not been audited. Nonetheless, the captions “Cash flows provided by operating activities” and “Recurring investments” have been audited.

Cash flows provided by operating activities

The following table shows the breakdown of the cash flows provided by the operating activities recorded in the years 2016, 2017 and 2018:

	Year ended 31 December		
	2018	2017	2016
	<i>(audited)</i>	<i>(restated)</i>	<i>(audited)</i>
	(in thousands of euros)		
Results before taxes.....	3,577	(12,853)	49,749
Amortisations and provision	167,641	195,541	115,387
Variation in current liabilities.....	(13,934)	(73,362)	(14,856)
Inventories.....	991	17,344	(10,124)
Debtor.....	20,949	(13,510)	11,809
Creditors.....	(35,874)	(77,196)	(16,541)
Collections (payments) for taxes on income.....	(29,077)	(37,197)	(31,268)
Other adjustments of results	64,530	60,167	73,328
Financial results	85,580	69,151	87,057
Results from sales of assets	(17,311)	(1,721)	(2,163)
Other adjustments of results	(3,739)	(7,263)	(11,566)
Cash flows provided by operating activities	192,737	132,296	192,340

Cash flows provided by investment activities

The following table shows the breakdown of the cash flows provided by the investment activities recorded in 2016, 2017 and 2018

	31.12.2018	31.12.2017	31.12.2016
		<i>(restated)</i>	
	(in thousands of euros)		
Recurring investments.....	(68,584)	(67,429)	(72,103)
Investments in financial fixed assets	(6,198)	(21,256)	(25,801)
Charge for divestitures	28,481	8,579	110,811
Other cash flows from investment activities	320	2,117	4,674
Cash flows provided by investment activities	(45,981)	(77,989)	17,581

Recurring investments-

The following table shows the details of the recurring investments by business unit made during 2016, 2017 and 2018:

	31.12.2018	31.12.2017	31.12.2016
		<i>(restated)</i>	
	(in thousands of euros)		
Education.....	50,438	52,994	53,298
Radio	5,569	5,347	6,437
Press	4,001	3,353	5,313
Media Capital	6,126	4,039	6,311
Others	2,450	1,696	744
Total.....	68,584	67,429	72,103

Investments in financial assets-

The investment in financial fixed assets in 2018 and 2017 mainly includes the payment to 3i in the amount of EUR 3.0 million —EUR 2.5 million in 2017— (in this sense, see section 22 of this Registration Document), and deposits made. Likewise, in 2017 it included the purchase of Latam Digital Ventures (EUR 2.7 million).

Investments in financial assets in 2016 mainly included the purchase of Norma in the amount of EUR 14.4 million, the payment to 3i in the amount of EUR 2.4 million, and the deposit made for the conflict with Indra in the amount of EUR 4.1 as of 31 December 2016. It also includes loans to associated companies.

Charge for divestitures - includes mainly the cash influx from the following operations:

- 2018: collection from the sale of the assets of Santillana USA in the amount of EUR 14.2 million, EUR 6.0 million from the sale of a building in Argentina owned by Santillana and EUR 1.4 million from the sale of Radio in USA.
- 2017: amount received for the sale of a building in Barcelona owned by Santillana (EUR 3.3 million) and the cancellation of the deposit of Indra made in 2016.
- 2016: includes the collection of EUR 36.3 million following the favourable resolution of the adjustments to the price of DTS, compensated by the payment of costs in the amount of EUR 1.5 million and the cancellation of deposits in the amount of EUR 65 million.

Other cash flows from investment activities-

In 2017 and 2018, the collection of dividends was included, mainly from the Radio business in Mexico.

Cash flows provided by financing activities

The following table shows the breakdown of the cash flows provided by the financing activities registered in 2016, 2017 and 2018:

	31.12.2018	31.12.2017 (restated)	31.12.2016
	(in thousands of euros)		
Collections (payments) for equity instruments	545,216	(50)	(1,131)
Collections for financial liability instruments.....	708,233	20,889	13,968
Payment for financial liability instruments.....	(1,222,621)	(25,340)	(225,975)
Payments for dividends and remuneration of other equity instruments	(25,715)	(27,125)	(29,812)
Payment of interest	(44,238)	(37,881)	(42,516)
Cash flows from financing activities	<u>(27,853)</u>	<u>(6,640)</u>	<u>2,745</u>
Cash flows provided by financing activities	<u>(66,978)</u>	<u>(76,147)</u>	<u>(282,721)</u>

Collections (payments) for equity instruments-

2018 includes funds derived from the capital increase subscribed in February 2018, in the amount of EUR 547.8 million, net of costs (see the section related to most relevant operations of 2018 in section 10.1(A) of this Registration Document), netted up for the purchase of treasury shares.

Collections (payments) for financial liability instruments-

The details of the amortisation/disposal of debt is explained in section 10.1 of this Registration Document.

Payments for dividends and remuneration of other equity instruments-

Payments of dividends include dividends paid to the minority shareholders of Santillana (DLJ), Media Capital, Diario AS and Radio en Colombia

10.3 Information on the borrowing requirements and funding structure of the issuer

The financing structure of Prisa is described in section 10.1 of this Registration Document.

The financing agreements establish three types of common obligations under such agreements: (i) financial obligations, (ii) information obligations, and (iii) general obligations.

I. Financial obligations

The *Amended Override Agreement* establishes the obligation to comply with three financial ratios:

- Consolidated Net Financial Debt on consolidated EBITDA, for the companies of Santillana, Prisa Radio, Prisa Noticias, Media Capital and the corporate companies of Prisa. The EBITDA is in turn adjusted by the amounts attributable to the minority shareholders.
- Interest hedging for companies with treasury centralised of Prisa, comparing free cash flows with the net financial burdens of such companies.
- Maintenance of a minimum liquidity level.

The meeting of such ratios is assessed quarterly through the delivery of a compliance certificate to HSBC Bank plc, in its capacity as agent of the syndicated loan, signed by the CFO of Prisa. The certificate currently incorporates a report prepared by the auditors of the Company.

At the date of this Registration Document, Prisa considers that it meets the aforementioned ratios.

However as indicated in section 5.1.5 above- *2019 – Acquisition of 25% of the capital of Santillana to be partially financed with funds from the Capital Increase object of this Prospectus* – because of the Santillana Acquisition Prisa agreed with its creditor entities to make certain adjustments in the applicable levels for each of the ratios mentioned above, so that these are adapted to the new composition of the Group, its new resource generation capacity and cash situation resulting from that acquisition. In particular, the new figures established as financial ratios take into account that the totality of the EBITA generated by Santillana will pertain to Grupo Prisa after the Santillana Acquisition, without having to pay any preferential dividend to a third party after the acquisition. Likewise, the cash position of the Group will be reduced to the extent that a significant part of the Santillana Acquisition will be financed with available funds from the equity of the Company. In this way, the financial ratios are adapted for the purpose of taking into consideration these circumstances. The changes referred to will foreseeably become effective in April 2019, together with closing of the Santillana Acquisition.

II. Information obligations

The financing agreements incorporate certain reporting obligations common under such agreements, including:

- Interim financial information, consolidated for the Group and individual, among others for Prisa, Santillana, Prisa Radio, Prisa Noticias and the corporate companies of Prisa, certified by the CFO of Prisa and accompanied by a statement by the Chief Executive Officer comparing the information of the period being reported with respect to the budget and the same period of the previous year.
- When regarding annual information, the audited annual accounts of the Group are incorporated, and those of the obligors where applicable, and a certification by the CFO of each company, accrediting that such information offers a true image of its financial position and the operations to date.
- Certificates of financial ratios compliance, as described earlier.
- Annual and monthly budget with forecasts of results and cash flows, current capital, financial debt of the Group and of Core Prisa.
- Three year business plan approved by the Board of Directors of the Company, updated annually.
- At the request of the agent bank and at most twice per year, confirmation of the relevant affiliates (those representing over 85% of the EBITDA and consolidated net assets of the consolidated Group).
- Finally and because of the Santillana Acquisition and the authorisation for that acquisition obtained from its creditors, Prisa has agreed to request from the appropriate agencies the issue of the rating reports such that the current credit qualifications are revised or new qualifications are issued.

III. General obligations

Prisa and the obligors have further assumes a series of obligations (both to do and not to do) common to such financing agreements, including the obligation to not create or allow the creation of any in rem guaranty or lien on any of their goods or assets, except legal burdens or certain permitted guarantees, the obligation to not incur debt or grant loans, credits, personal guaranties or any type of financing in favour of third parties (except in the cases expressly permitted under the Agreement) or prohibitions to incorporate and acquire companies, shares, businesses or assets and sales of assets, except in the cases permitted.

Prisa and the obligors have also assumed certain obligations relating to the management of the Group, including the annual auditing of their consolidated annual accounts by a firm of renowned prestige, not changing their accounting criteria and practices unless imposed by governing regulations, conducting the operations between Group companies in market conditions, complying with the governing regulations, maintaining and conserving any relevant licences, permits or authorisations necessary for the development of their activity, maintaining their activity and assets insured, not agreeing to a substantial change in the nature or scope of their commercial activity, and not pay dividends, except in the case of permitted distributions, as described in caption 20.7 of this Registration Document.

10.4 Information regarding any restriction on the use of capital resources that have materially affected, or could materially affect, directly or indirectly the issuer's operations

The financing agreements subscribed by Prisa, described in section 10.1 above, contain limitations, common to this type of agreements, to the capacity to assume additional debt of the Group and the capacity to make new acquisitions. Likewise, the aforesaid agreements establish the obligation to use the net amount received from the permitted disposal of assets for the repayment of the debt.

See section 5.1.5 – *2017 and 2018 (vi)* for further information on the limitations to the capacity of the Group to resort to addition debt ranking senior to the refinanced debt.

10.5 Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3 and 8.1.

In general, Prisa plans to finance ongoing and future investments with the resources it has available from time to time, with the exception of the specific ones necessary, where applicable, in relation to activities outside of the regular course of the Group.

Regarding the Santillana Acquisition described in sections *5.1.5 2019 – Acquisition of 25% of the share capital of Santillana, to be financed partially with funds derived from the Capital Increase subject to this Prospectus* and 5.2.3 of this Registration Document, the Company expect to finance the payment of the Compensation by charging it to the net funds derived from the Capital Increase subject to this Prospectus, along with the cash on hand on the balance sheet of the Company.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group is constantly adapting its current management applications and process to the changes arising in its business and the technological changes in its midst. For all these purposes, it participates and forms part of associations and forums, both national and international, allowing it to identify any improvement or opportunity for innovation and development in its management services, processes and systems.

The amount spent on research and development activities is calculated in attention to the corporate income tax deduction for research and development and technological innovation activities, established in Section 35 of Law 27/2014, of 27 November, on the Corporate Income Tax, and the Company has no other indicators to determine the amounts spent on these types of activities.

In this context, and based on the information regarding the referred tax, during the financial year 2016 and 2018, the Group assigned 9 million and 6 million euros, respectively, to these types of activities.

Given that the amounts assigned to research and development activities are derived from the corresponding corporate income tax forma —and that the Company has no other method to estimate these amounts—, as of the date of this Prospectus the amount corresponding to the year ended 31 December 2018 is not be available. In any event, and in accordance with the trend of the previous two years, a slight decrease is expected in the amount of the expenses corresponding to the financial year ended 2018.

During 2018, the News business unit continued to foster developments in the areas relating to content distribution, distribution and data. The creation of the Contents API has been especially important, allowing for the consolidation of all contents under a database that allows, among other functions, big data analysis and greater agility in content distribution. El Pais already has all its content accessible in such Contents API, and As is prepared to join it shortly.

In the area of distribution, since February 2018, the content of As and El Pais are available in the Google Play Kiosk news app and interactive apps have been developed for Google Assistant and for Alexa. In March, the website Movistar eSports will be integrated into As.com. The referred website has contents on the theme channel of the Movistar Television platform. In April, the website **As Arabia** is to be launched, a Joint Venture with the Qatari Dar Al Sharq Group to extend the best sports information to 25 countries in the Arab world. Furthermore, web notifications are activated on As that reach 2 million users. A trial is conducted with Whatsapp to test its value as an interactive channel where the user may find the most relevant sports information of the day and an agreement is reached with Twitter for the creation of a new direct football service adapted to the new trends of use and directed to improve monetisation.

El Pais and As are also pioneers in the ecosystems of smart speakers: they participate, with their bulletins and applications, as strategic partners in the April launchings of Google devices and in October those of Amazon and Apple; El Pais also became the first Spanish media to obtain the sponsorship for a bulletin on such platforms. A part of this effort towards a new audio ecosystem is the creation of a podcasts platform that allows the publication of this type of contents, on both the websites of El Pais and As, and the main platforms of Apple or Google.

2018 has also been witness to significant efforts to improve the technical performance of the sites so the experience of the readers is optimal. At El Pais, the **Akamai CDN** has been implemented, allowing the improvement of the performance of elpais.com from any access point anywhere in the world. At As, in October, Web Page Optimization improvements were also implemented, implying faster speeds in the loading of the page. The improvements provide results of up to 30 upload points in the tests performed with Google tools.

There have been significant advances in data modelling and machine learning this year. At El Pais, predictive models have been created of propensity to registry and segmented web campaigns, allowing the appearance of new advertising models based on data that is receiving increasingly higher demand from Premium advertisers. Control Boards were developed for monitoring KPIs that were previously not systematically available, as an editorial production, engagement of the articles, exhibiting and performance thereof, and the segmenting of the various navigation metrics for audience scaling.

To conclude, As and El Pais have collaborated with Google for Spanish training of **Perspective API**, an artificial intelligence that allows the automatic detection of the toxicity of user comments, allowing the moderation and raising the level of the conversation in the media. The impact this has had is being seen in the interest shown by other relevant media that wish to replicate the experience in their respective languages.

During 2018, **Prisa Radio** has focused its innovative efforts on the distribution and monetising of digital audio, both directly and on demand.

The main lines of work have been the following:

- The development of apps for **smart speakers** for the SER, LOS40 and Podium brands. Such applications allow accessing content through simple voice commands, such as “Listen to Cadena SER”, “Give me the latest news” or “Play El Larguero” and are compatible with the Amazon Alexa and Google Assistant platforms.
- The creation of a new generation of our production platform for **mobile apps** for radio, both for talk and music formats. This “factory” allows the generation and maintaining at low cost apps for listening to direct and on demand contents, adapting to the needs of any size networks.
- The creation of new **web players** for talk radios in Colombia, Mexico, Chile and Argentina, offering simple and organised access to an entire wealth of contents offered by the brands. These players have been optimised for use from mobile devices.
- The development of a system allowing the **automatic extraction of news bulletins** from local and national broadcasts. The automating of the process allows the informative summaries to be available few minutes after their broadcast on all distribution channels.
- The integration of our audio advertising system with **data platforms**. Thanks to this, we can offer online audio campaigns -direct and programmatic - segmented with proprietary and third-party data.

In matters of **Education**, Santillana has focused specifically on matters relating to investigation regarding innovation and transformation in educational centres, in-depth analysis of various trends relating to education, and the continuation of the space **SantillanaLAB** to delve into the knowledge of the current reality of education and its demands for products or services.

The #SantillanaLAB observatory has allowed the in depth exploration of matters relating to methodological innovation that are taking place in the educational centres in Spain and Latam, knowing of new stakeholders in the current educational process, delving into all that pertaining to new products and services within the scope of the schools, teachers, students and families, delve into all matters pertaining to education and technology. As a result of this, a total of nine dossiers have been prepared, with proposals as attractive as GAFAM and education, Conquistadors of the XXI and XXII centuries, In-depth Learning, Is every mind a world?, Learning is a world of screens, The future is made of math, Is the teacher the new publishing house?, The user is the new curriculum, Learning, a land of phenomena, and Contrived artificial intelligence?.

Additionally, understanding how educational transformation and innovation is being addressed at schools, how it affects how the centres are organised, how the teachers and students work, how they relate or how to learn have the purpose of the study performed together with the research team of Universidad de Granada. The purposes of such study not only intended to identify and characterise the specific themes whereupon educational innovation are developed in Spain, but also identify and characterise the work tools used by

the teachers, the methodologies that are making their way into classrooms, the conditions simplifying or hindering new educational practices, or the processes that are conducted at the centres developing transformation processes. The learning generated has been published in a document also containing a proposal for an action plan for Santillana.

Through the space #SantillanaLAB, subjects such as educational video (or the educational use of video) have been delved into for the purpose of conceptualising a commercial product or service, based on the use of audiovisual content that has been distilled and added from Santillana; the podcast in education, to understand the role of the podcast in our classrooms or in the learning process, including the development of prototypes that have formed part of several pilot experiences; #artthinking as a transversal methodology that may become a differential proposal for Santillana, or the possibility of extrapolating the learning of the Fontan pedagogies to other territorial contexts.

K12Math and other products on the market were another fundamental focus throughout 2018, and in this case, the purpose was to develop a map of math offers for Primary and Secondary school that served to gather, combine and systematise all the information available from our area. All this knowledge has become a tool titled Math Compass, allowing obtaining a detailed image of products and services in Spain, Latam, USA, the United Kingdom, Japan, India, China, Korea and Singapore, but also understanding the trends in the teaching of math, current methodologies or arrival of new entries that have understood the need to improve the teaching and learning of math.

Finally, it is worth mentioning the leading role of the communication spaces and forums, **IneveryCREA** (named most influential Educational Website in the Second National Educational Marketing Awards), and the **blog SantillanaLAB**, which has been worked with throughout 2018 to merge it with the Lideres Compartir initiative.

At the same time, from I+D+i, in 2018, commercial tasks have been undertaken, relating to **SET VEINTIUNO**, with the idea of complementing and enhancing the arrival of the commercial network in Spain, taking advantage of the in-depth knowledge of a product needed for a sale of consultative nature, or approaching the sale from an innovation perspective on the one hand, and understanding the new educational reality on the other.

Media Capital **has in turn**, during 2018, focused mainly on the following lines of work:

- Investment in the creation of new digital content for their distribution in the various platforms and media of the Media Capital Group, with especial relevance afforded to the application “*TVI Player*”. Likewise, investments have been made in radio apps to launch 14 new radios in their digital versions, along with the traditional FM version.
- Development of the “*Onlive*” project that has allowed for the direct re-broadcasting (“*streaming*”) of the television channels of the Media Capital Group and videos on the various websites of the Group.
- Association with the *Weather Channel* to develop new innovative ways of broadcasting weather information to the municipalities.
- Creation of an integral solution (“*All in one*”) for payment using mobile devices.

- The “*Proyecto Nonio*” has developed the creation of a digital advertising market with professional content that promotes greater effectiveness in advertising.

Regarding the policy of the Company in matters of patents and licences, see section 6.4 of this Registration Document.

12. TREND INFORMATION

12.1 The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document.

The most significant trends in relation to the activities and the income and expenses of the Grupo Prisa for the year ended 31 December 2018 are contained in caption 20.6 of this Registration Document.

Since such date and that of this Registration Document, there have been no material changes in the aforesaid most significant trends in production, sales and inventories, and costs and sales prices.

12.2 Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material impact on the issuer’s prospects for at least the current financial year

See, in this regard, section II.1 (“*Risk factors*”) of this Registration Document.

13. PROFIT FORECASTS OR ESTIMATES

The Company has elected not to include any forecast or estimate of profits.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 Names, business address and functions in the issuer of the following persons and an indication of the principal activities performed by them outside of the issuer where these are significant with respect to that issuer

(A) Members of the administrative, management or supervisory bodies

(i) *Board of Directors*

Currently, in accordance with the provisions of Section 16 of the Company Bylaws and with the agreement adopted by the Annual General Meeting of the Shareholders of 25 April 2018, the Board of Directors is made up of 13 members.

Following is a table with information on the members of the Board of Directors, their positions on the Board and the category of each director. It is expressly noted that, for the purposes of this Registration Document, the professional address of the individuals mentioned in the table shown below is as follows: calle Gran Via 32, 28013 Madrid.

Board of Directors ⁽¹⁾		
Name	Position	Category
Mr Javier Monzon de Caceres.....	Non-executive Chairman	Independent
Mr Manuel Mirat Santiago.....	Managing Director	Executive

Board of Directors⁽¹⁾		
Name	Position	Category
Mr Manuel Polanco Moreno	Director	Proprietary, proposed by Timon, S.A. (a company held by Rucandio, S.A.)
Mr Roberto Alcantara Rojas	Director	Proprietary, proposed by Consorcio Transportista Occher, S.A. de C.V.
Mr Shk. Khalid Thani A. Al Thani	Director	Proprietary, proposed by International Media Group S.à r.l
Mr Joseph Oughourlian.....	Director	Proprietary, proposed by Amber Active Investors Limited
Mr Waleed Alsa'di	Director	Proprietary, proposed by International Media Group S.à r.l
Amber Capital UK LLP (represented by Mr Fernando Martinez Albacete).....	Director	Proprietary, proposed by Amber Capital UK LLP
Mr Dominique D'Hinnin	Director	Independent
Ms Sonia Dula.....	Director	Independent
Mr Javier de Jaime	Director	Independent
Mr Javier Gomez-Navarro	Director	Independent
Mr Francisco Gil Diaz ⁽²⁾	Director	Others, external

Notes:

(1) *Mr Xavier Pujol Tobeña is the non-board member secretary of the Board of Directors and since 26 February 2019, Monica Varela Miura is the non-board member vice secretary of the Board of Directors.*

(2) *Mr Francisco Gil Diaz was CEO of Telefonica Mexico until 1 June 2016. Telefonica Mexico is an affiliate of Telefonica, S.A., a significant shareholder of Prisa, and therefore, for the purposes of section 4 of Section 529k of the Spanish Companies Law, Mr Gil cannot be considered an independent director of the Company.*

Section 15 of the Company Bylaws provide that the Board of Directors is charged with the management, administration and representation of the Company. As regards the make-up of such body, Section 16 of the Bylaws provides that the Directors shall consist of a minimum of five and a maximum of 15 directors, with the Meeting of the Shareholders being responsible for their appointment and the determination of its number —which number has been set at 13—.

Likewise, from the members of the Board of Directors, there is a Delegated Committee, an Audit, Risks and Compliance Committee Audit, Risks and Compliance Committee and an Appointments, Remunerations and Corporate Governance Committee.

Following is a brief summary of the professional trajectory of the members of the Board of Directors.

Mr Javier Monzon de Caceres

Non-executive Chairman, Chairman of the Delegated Committee and Chairman of the Appointments, Remunerations and Corporate Governance Committee

Javier Monzon de Caceres is an economist, born in Madrid. He has developed his professional activity in the financial, business and technology sectors. He is a former director of Corporate Banking at Cajamadrid and Managing Partner of Corporate Finance at Arthur Andersen; CFO

and General Director of Corporate Development at Telefonica, where he was also President of Telefonica Internacional, and President of Indra from its creation in 1993 until 2015.

He has been and is currently a director of various companies, both private and traded, national and international. He is also an investor in start-ups and equity funds, and in the development of technology bases.

Javier Monzon de Caceres is heavily committed to support entrepreneurs, education and innovation. He has been the Vice-President of the Social Council of Universidad Carlos III and is currently Chairman of the Executive Committee of Fundacion CyD (Knowledge and Development), trustee of Fundacion Princesa de Girona, trustee - director of Endeavour in Spain and member of the international advisory council of Brookings.

He was appointed Director at Prisa in November 2017, Vice Chairman of the Board of Directors of Prisa in February 2018 and, since 1 January 2019 he is the Executive Chairman of such Board.

Mr Manuel Mirat Santiago

Chief Executive Officer and member of the Delegated Committee

Manuel Mirat Santiago (Caceres, 1970) is a bachelor of Laws, PADE and PDD from IESE. Mirat started his career at Arthur Andersen and in 1997 joined Prisa where he assumed various corporate offices, including CFO. In 2004, he was appointed Chief Executive Officer of PRISACOM to lead the digital development of the Group, leading projects for the transformation of the various brands: El Pais, Cadena SER, 40 Principales, AS and Cinco Dias.

In March 2009, he was appointed General Director of Operations at Sogecable, and in December of that same year he assumed the office of General Director of CANAL+, in charge of the commercialisation and marketing area and of the development of new businesses. In 2014, he was appointed Chief Executive Officer of El Pais and Prisa Noticias. Since June 2017, he is a Director at Prisa and since September 2017, its Chief Executive Officer.

Manuel Polanco Moreno

Board Member and member of the Delegated Committee

Mr Manuel Polanco Moreno is a bachelor in Economic and Business Sciences, graduated from Universidad Autonoma de Madrid and has in-depth knowledge of Prisa, where he has developed his entire professional career. He started his trajectory in Latin America, due to the relevance that the knowledge and understanding of the region always had for the development of the Group.

Between 1991 and until 1993, he was charged with the Direction of Santillana in Chile and Peru. Shortly thereafter, he was Director General of the Mexican newspaper *La Prensa* and participated in the implementation of the American edition of *El Pais* in Mexico City, the first Spanish newspaper published simultaneously in the two countries and that at the time became a clear reference in international information in Latin America. In 1996, he assumes in Miami the international direction of Santillana for all of America, a stage during which he supported the creation of the last *Santillanas* in the region and boosted coordination between the headquarters of the various countries.

Returning to Spain in 1999, he presided over the commercial area of the entire Group through GDM (Media Management) and one year later was appointed President of GMI, Management of Printed Mediums, gathering the publications *Cinco Dias*, *Diario AS*, the magazines and the new investments in regional press. In 2005, and following the acquisition of Media Capital by Prisa, he became the Chief Executive Officer of the first television and audiovisual production company in Portugal, giving way to the drive for the international expansion in other Portuguese-speaking markets and consolidating the leadership of the Portuguese Group in both television, with TVI, and in audiovisual production for television, through Plural.

In 2009, he returns to Spain as Director General of business at Prisa, and over the last years has presided over the Group television area, including Canal + until its sale to Telefonica in 2015, and the implementation of the new production and video division of Prisa while at the same time he was Vice Chairman of the Group. Polanco has been a Director of Prisa since 2001 and a member of its Delegated Committee since 2008. On 1 January 2018, he assumed the Chairmanship of the Board of Directors of Prisa, remaining in such office until December of that year.

Mr Roberto Alcantara Rojas

A Board Member and member of the Appointments, Remunerations and Corporate Governance Committee

Roberto Alcantara Rojas (Mexico 1950), is a businessman devoted to passenger transportation, Chairman of the Board of Directors of Grupo Toluca and of the low-cost airline “VivaAerobus”, which he founded in 2006 with the developer of Irish Ryanair. He is a shareholder and Chairman of the Board of Directors of the Iamsa -Inversionistas en Transportes Mexicanos, S.A. de C.V., Consortium, grouping the largest auto-mobile transportation companies in Mexico.

Between 1991 and 1999, he was the Chairman of the Board of Directors of BanCreceer, S.A., a multi-service Banking Institution. Alcantara has been included in the list of the top 100 executives in Mexico prepared annually by CNN.

Mr Shk. Khalid Thani A. Al Thani

Board Member

Shk. Dr. Khalid Thani Al Thani is a prominent businessman from Qatar with various interests in banking, real estate, insurance, financial securities, health, telecommunications, media, information technology, humanitarian services, educational and tourism industries. He is the President of several companies trading in Qatar, the co-founder and benefactor of several non-profit organisations business associations. In addition to his business activity, he is a huge sports fan and a key benefactor of large sports events and national and international sports associations.

Mr Joseph Oughourlian

Board Member, member of the Delegated Committee and member of the Appointments, Remunerations and Corporate Governance Committee

Joseph Oughourlian is the founder of Amber Capital. Oughourlian founded Amber Capital in New York in November 2005. He started his career at Societe Generale in Paris in 1994 and

moved to New York in 1996. In 1997 he started to manage direct shareholders of Societe Generale in New York, leading him to create Amber Fund in October 2001 with start-up capital from that bank.

Oughourlian graduated from the HEC business school and from IEP (Sciences-Po), both in Paris, and obtained a post-graduate degree in Economics from the Sorbonne in Paris. Oughourlian forms part of the Board of Directors of several companies.

Mr Waleed AlSa'di

Board Member and member of the Audit, Risks and Compliance Committee

Waleed AlSa'di is a renowned professional from Qatar, with ample experience in the establishment and restructuring of companies, supporting them in the creation of alliances with the most relevant groups of interest in the creation of business strategies and increasing their profit margins.

Since 2007, Waleed AlSa'di has been the Managing Director of PKF Accountants and Business Advisers, member of PKF International Ltd, an international group that pools 400 legally independent companies together and operates in 150 countries. PKF is a company specialising in audits and tax advice, consulting and business solutions, advising on corporate governance and corporate financing, insolvency and consulting for IT systems.

Between 2005 and 2007, Waleed was the Chief Executive Officer of United Development Company (UDC), one of the most important traded companies in Qatar, and between 2003 and 2005, he held the office of Chief Executive Officer at Al Faisal Holding, a group made up by over 20 companies. Waleed started his professional career as Managing Partner at Arthur Andersen (subsequently Ernst & Young) (1984-2003).

Amber Capital UK LLP (represented by Mr Fernando Martinez Albacete)

Board Member

Fernando Martinez Albacete, is the individual representing Amber Capital UK LLP, and is a professional and management professional with over 20 years experience in the media sector. He is the CFO of Inmoglaciari, a real estate group controlled by an international private equity and collaborates in the design and management of investments for Tapru, S.L., the flagship for a Spanish family-owned group.

He was involved with Prisa between 2009 and 2017, successively holding the offices of General Secretary, the directorship of Corporate Development and Strategic Planning, Control and Budgets and, ultimately, the Financial Administration.

He was formerly the CFO of Sogecable - a pay and open television group - between 2001 and 2008, where he had previously participated when it went public.

He had been a Director of Sogecable/Canal+, Santillana, Prisa Radio and Diario As, among other companies.

He has a bachelor degree in Economic and Business Sciences from Universidad Pontificia Comillas – ICADE.

Mr Dominique D'Hinnin

Board Member, Chairman of the Audit, Risks and Compliance Committee and member of the Appointments, Remunerations and Corporate Governance Committee

Dominique D'Hinnin is a renowned professional associated with the media sector and was a co-director partner and financial director of the French Lagardère Group, world leader in the publishing sector.

D'Hinnin started career at Inspection Generale des Finances (French Ministry of Finance). In 1990, he joined Lagardère as Director of the Internal Audit team, where he played an active role in the financial and legal restructuring of the Group to create Lagardère SCA, perform the merger of Matra with Hachette. Three years later, he was appointed CFO of the publishing house Hachette Livre. In 1994 he became the Executive Vice Chairman of Grolier Inc (Connecticut, USA) where he undertook the remodelling and development of the company in the United States, United Kingdom and Asia, and the beginning of the operation of Grolier Interactive Europe.

D'Hinnin was a member of the boards of directors of Marie Claire Album and Holding Evelyne Prouvost until April 2016. He was also a member of the boards of directors of Editions Amaury SA (2011-2013), the Strategic Council of Price Waterhouse Coopers France (2009-2013), the Remunerations and Audit Committees of EADS-Airbus (2007-2013), and Attached President of the Supervisory Council and member of the Audit Committee of Canal+ France (2007-2013).

He was also the attached Chairman of the Board and Chairman of the Audit Committee of Atari - Infogrames Entertainment SA (2005-2011) and member of the Board of Directors and Chairman of the Audit Committee of Le Monde SA, between 2005 and 2010.

He is currently the Chairman of the Board of EUTELSAT Communications, a French satellite operation company. He is also a Board Member at EDENRED, a French services company, and of the Belgian group Louis Delhaize, S.A.

Dominique D'Hinnin graduated from École Nationale d'Administration and École Normale Supérieure (Classical Culture Studies) between 1979 and 1986.

Mr Javier de Jaime

Board Member

Javier de Jaime (Madrid, 1964), is a Lawyer and the Managing Partner of CVC Capital Partners; he worked for 7 for British company 3i, 2 in the United Kingdom and 5 in Spain.

In September 1997, he joined CVC to lead the Spanish market, which has become one of the most active markets for CVC. In 2003, he was appointed managing partner of the firm and since 2008 he has also assumed the responsibility of leading the Italian market of CVC.

He is a bachelor of law, graduated from Universidad Pontificia de Comillas (ICADE) and has an MBA from the University of Houston.

Ms Sonia Dula

A Board Member, member of the Delegated Committee and member of the Audit, Risks and Compliance Committee

Sonia Dula (Mexico, 1961) is an economist and an entrepreneur and, until March 2018, was Vice Chairman at Bank of America Merrill Lynch. Before holding such office, she was head of Private Banking for Latin America at Merrill Lynch and led the Corporate Bank and Investment Division for Latin America. In such position, she supervised all the investment banking business, including mergers and acquisitions, public issues of capital and debt, and corporate loans.

Dula started her career in Mexico, at Pemex. She worked for nine years at Goldman Sachs, where she handled important privatisations in Spain, Italy and Mexico and led global debt and capital issues for Latin American companies. After Goldman Sachs, Dula was general director of Telemundo Studios Mexico, the production centre of the Telemundo (USA) network, co-founder of two internet companies, Internet Group of Brazil and Obsidiana; and the Director General of Grupo Latino de Radio (PRISA), a company with over 500 radio stations in Latin America and the U.S.

Dula is a life member of the Council on Foreign Relations, and a member of the Latin America Strategic Advisory Board of Banco ITAU (Brazil). She has been a member of the boards of administration of Council of the Americas, Women's World Banking and The Adrienne Arsht Center for the Performing Arts. She was a member of the Young Presidents Organization (YPO) and of the Global Diversity and Inclusion Council of the Bank of America.

Dula is a bachelor in Economics, Magna Cum Laude, of Harvard University and has an MBA from Stanford. She holds the 4th place on the Fortune list of "The 50 Most Powerful Latinas in Business", 2018.

Mr Javier Gomez-Navarro

A Board Member and member of the Appointments, Remunerations and Corporate Governance Committee

Javier Gomez-Navarro (Madrid, 1945) is a prominent politician and businessman. He was a founding shareholder of El Pais and manager of Cuadernos para el Dialogo, publisher of the political weekly publication and essay and theatre books, which played a key role in the Spanish political transition. In 1979, he also participated in the creation of the Ortega and Gasset Foundation. His contribution to the publishing sector was completed with his promoting of LIBER, the Professional Book Fair.

One of his most significant contributions to the tourism sector in Spain was the implementation of the International Tourism Fair (FITUR), which he co-directed during its initial stage and where he was a Board Member until 2000.

In January 1983 he was appointed Executive Chairman of Viajes Marsans. Following his time at this company, he participated in the creation of the airline SPANAIR.

In January 1987, he was appointed Secretary of State and President of the Higher Sports Council, assuming the responsibility for the organisation of the Barcelona Olympic Games.

In 1993, he was appointed Minister of Commerce and Tourism and International Cooperation of Spain. During his time as a Minister, on behalf of Spain, between 1993 and 1996, he was governor of the Development Banks (Banco Iberoamericano, Banco Asiatico and Banco Africano).

He has been the executive president of ALDEASA, Chairman of the Higher Chamber of Chambers of Commerce and is currently at the helm at MBD, a company engaged in business consulting, mergers and acquisitions.

Mr Francisco Gil Diaz

Board Member

Francisco Gil Diaz (Mexico City, 1943), is an economist who led the Ministry of Finance and Public Credit during the six-year term of President Vicente Fox. Before that he was President and General Director of Avantel, a telecommunications company and, before holding that office, he was a member of the Governing Board of Banco de Mexico.

As part of his academic trajectory, he has mainly chaired at ITAM, the institution that bestowed upon him the degree of Professor Emeritus and the Honoris Causa Doctorate at Universidad Iberoamericana and Universidad Nacional Autonoma de Mexico. He has given conferences at various United States colleges such as Columbia, Harvard, Stanford, etc. and at business schools such as the London School of Economics, the IPADE Business School and Instituto de Empresa de Madrid.

He has published research on aspects spanning from money policy, to causes of Latin American crises, to market deregulation, etc., in books and magazines of international circulation.

He has participated as an independent director at Bancomer, at Telefonica Mexico, and on the Mexican Stock Exchange, and is a member of several advisory committees, including that of Fiat Chrysler of Mexico.

Gil Diaz is the president of Dispensario Tonantzin, a Board Member of the Dolores Olmedo Museum, of the Rodolfo Diaz Perches Foundation for caring for those suffering from cancer and of the Mexican Philanthropy Council.

(ii) Board Committees

At the date of registration of this Registration Document, the Company had established the committees described in section 16.3 below.

(B) Special partners, when regarding a partnership limited by shares

Not applicable, as this is a stock company.

(C) Founders, if the issuer was established less than five years ago

Not applicable, as the issuer was established over five years ago.

(D) Any senior manager relevant to establish that the issuer has the qualifications and experience appropriate to manage the issuer's activities

Senior management member of the Grupo Prisa are the members and individuals that regularly attend the meetings of the Direction Committee that are not executive board

members and that have a labour relation with Prisa and/or other companies of the Group aside therefrom and, likewise, the Director of Internal Audit of Prisa.

At the date of this Registration Document, the members of senior management are as follows:

Name	Senior Management Position
Mr Guillermo de Juanes	Chief Financial Officer (CFO)
Mr Xavier Pujol Tobeña	General Secretary and Secretary of the Board of Directors
Mr Augusto Delkader Teig	Editorial Director
Mr Jorge Rivera	Director of Communication and Institutional Relations
Ms Marta Bretos	Director of Talent Management
Mr Miguel Ángel Cayuela Sebastian	Chief Executive Officer of Santillana
Mr Pedro Garcia Guillen.....	Chief Executive Officer of Prisa Radio
Mr Alejandro Martinez Peon	Chief Executive Officer of Prisa Noticias
Ms Rosa Cullell Muniesa.....	Chief Executive Officer at Media Capital
Ms Virginia Fernandez.....	Director of Internal Audit

Mr Guillermo de Juanes

Chief Financial Officer (CFO)

Guillermo de Juanes has an extensive professional trajectory in the field of corporate finance, merger and acquisition transactions, and debt restructuring. He is a bachelor in Economic and International Business Sciences graduated from ICADE, and a Bachelor of Law graduated from Universidad Complutense de Madrid. In 2000 he joined the investment bank division of Credit Suisse where he performed relevant duties for 12 years at the offices of London and Madrid. In 2012 he joined Prisa in its financial department. Until his appointment as CFO of Prisa in July 2017, he held the office of Director of Finance and Corporate Operations.

Mr Xavier Pujol Tobeña

General Secretary and Secretary of the Board of Directors

Xavier Pujol **Tobeña** is a bachelor and master of laws graduated from ESADE, a visiting student of the University of Minnesota and has a PLD from IESE. He began his professional career at Cuatrecasas, including a stay as a secondee at the London offices of Herbert Smith. In January 2007, he joined Latham & Watkins as a result of the establishment of the firm in Spain and, subsequently, he worked at their London offices.

In January 2013, he was appointed counsel for Latham & Watkins and in September of that year he joined the Group as Director of Legal Counsel at Prisa Radio and Prisa Noticias. In October 2014, he became attached General Secretary, which office he made compatible with that of Secretary to the Board of Prisa Radio and legal corporate representative of the Press and Radio units. In July 2017, he was appointed General Secretary and Secretary of the Board of Directors of Prisa.

Mr Augusto Delkader

Editorial Director of Prisa

The professional activity of Augusto Delkader Teig, has mainly revolved around the management of communication companies, leaders on the Spanish speaking markets. In February 2018, he was appointed Editorial Director of Prisa, and from that post he

coordinates the editorial area of the Group as a whole, in collaboration with the media directors, who are ultimately responsible for making the decisions in each of the divisions. Delkader was director of Diario de Cadiz, a member of the founding team of El Pais, a publication where he was Attached Director for ten years Chief Executive Officer of Cadena SER and Prisa Radio. In other areas, he has been the Chairman of the Social Council of Universidad de Cadiz and trustee of Fundacion de las Tres Culturas del Mediterraneo. He is a bachelor of Laws and Information Sciences, graduated from Universidad Complutense de Madrid, having extended his studies in the United Kingdom and the United States and is a *fellow* of the first Spanish graduating class of the German Marshall Fund. He is currently a Director of Sacyr, Vice Chairman of Prisa Radio, Chairman of Cadena SER and of its Network Committee, a Board Member of Caracol Radio and a member of the Social Sciences Council of the Ramon Areces Foundation.

Mr Jorge Rivera

Director of Communication and Institutional Relations

Jorge Rivera, a bachelor of Information Sciences, graduated from Universidad Complutense de Madrid, was Attached Director of Information of El Pais from March 2016, until his appointment as Director of Communication and Institutional Relations of Prisa in February 2018. He was previously a Director of Cinco Dias from June 2005 to March 2016, where he performed the duties of sub-director and chief editor. He formed part of the Economics section of El Pais from 1991 to 2000, after participating in the founding of the newspaper El Sol in 1990 and of La Gaceta de los Negocios in 1989.

Ms Marta Bretos

Director of Talent Management

Marta Bretos, Director of Talent Management, is a Labour and Social Security Inspector and has a bachelor degree in Political Sciences from Universidad Complutense de Madrid. Currently, and since 2011, she is also Director of Human Resources at PRISA Radio. She had previously held similar offices at both Corporacion Radiotelevision Española (RTVE), and at Correos. Before assuming such responsibility at Correos, she was the Head of the labour staff management area at the Development Ministry and head of Labour Relations Services at the Public Works, Transportation and Environment Ministry.

Mr Miguel Ángel Cayuela Sebastian

Chief Executive Officer of Santillana

A Bachelor in Economic Sciences, he began his professional career at Grupo Santillana in 1985, within the area of commercial research marketing. In 1991 he was appointed sub-director of Santillana in Mexico, and two years later he assumed the General Direction of the Group. In 2003 he returns to Madrid to take over the General Direction of Operations. Miguel Ángel Cayuela is appointed Chief Executive Officer of Group Santillana in April 2008.

Mr Pedro Garcia Guillen

Chief Executive Officer of Prisa Radio

Pedro Garcia Guillen is the Chief Executive Officer of Prisa Radio. He was the Chief Executive Officer at Movistar+ between May 2015 and December 2017. A Bachelor in

Economic and Business Sciences graduated from Universidad Complutense de Madrid, he has developed most of his professional life within the Grupo Prisa. Among other positions, he held the position of Chief Executive Officer of Prisa TV and DTS (formerly Sogecable) between 2009 and May 2015. Formerly, between 2000 and 2009, he was the General Director of El Pais.

Mr Alejandro Martinez Peon

Chief Executive Officer of Prisa Noticias

Alejandro Martinez Peon, Chief Executive Officer of Prisa Noticias, held the same executive position at Telecable between October 2009 and August 2017. Previously, between the years 2000 and 2009 he held several directive offices within the Telefonica Group, both in Spain and in Latin America. He began his career at Arthur Andersen in 1995. A Bachelor in Administration and Business Management graduated from Universidad de Oviedo, Alejandro has academic experience at The London School of Economics and Political Science and at Stanford University.

Ms Rosa Cullell Muniesa

Chief Executive Officer at Media Capital

A Bachelor in Information Sciences, graduated from Universidad Autonoma de Barcelona and PADE from IESE, she started her professional trajectory as a journalist at Mundo Diario, Television Española, and the BBC (in London). Following a period of work for the Ministry of Immigration of Western Australia, she returned to Spain, joining the Economic section of El Pais in 1984.

Between 1989 and 2003, she was Executive Attached General Director of La Caixa and Chief Executive Office of Editorial Group 62. Subsequently, she was General Director of the Grand Theatre of Liceo de Barcelona and, in 2008, she assumed the General Direction of Corporacion Catalana de Medios Audiovisuales. In 2011, she joined Grupo Prisa as CEO of Media Capital, the leading audiovisual group in Portugal.

Ms Virginia Fernandez

Director of Internal Audit

Bachelor in Economic and Business Sciences, she started her professional career at Arthur Andersen (currently Deloitte) in 1995, in the Auditing and Business Consulting division. In 2000 she was appointed Manager of the Transportation, Products, Distribution and Services Sector, and in 2006 she became Senior Manager thereof. Since May 2007, she has directed and managed the Internal Audit Department of the Grupo Prisa at the national and international level.

The professional address of the senior management is at calle Gran Via 32, 28013 Madrid.

Nature of any family relation existing between any of these people

It is certified that there are no family ties between any of the people referenced herein-above.

Names of all companies and associations in which such person has been, at any time during the past five years, a member of the administrative, management or supervision bodies or a

shareholder, indicating whether such person continues to be a member of the administrative, management or supervisory bodies or a shareholder.

Following is a list of the companies, other than the Company, in which the persons mentioned in letters (A) and (D) of this 14.1 —according to the information provided by such persons to the Company— have been members of their administrative, management or supervisory bodies, or direct shareholders, at any time over the last five years, with the exception of: (i) the affiliates of the Grupo Prisa of which the person is or has been also a member of their administrative, management or supervisory body; (ii) companies that are merely of a capital or family nature, except those of particular relevance for the Company due to their relation to the Group or their ownership percentage in the share capital; (iii) share packages of traded companies that do not have the nature of significant shareholdings; and (iv) offices or shareholdings in other companies that have already been stated in the biographical notes to section 14.1 (A) of this Registration Document.

Name of Director	Name of object company	Office or duties	
Mr Javier Monzon de Caceres ⁽¹⁾	Openbank, S.A.	Non-executive Chairman (current)	
	4iQ Inc (USA-Delaware)	Director (current)	
	SopraSteria Grupo, S.A.	Director (current)	
	Ferroglobe PLC	Director (current)	
	ACS, Actividades de Construccion y Servicios, S.A.	Former Director	
	ACS Servicios y Concesiones, S.A.	Former Director	
	Lagardère, S.C.A	Former member of the Supervisory Board	
	American Chamber of Commerce Spain	Former Vice Chairman	
	<i>Other positions: See biographical note</i>		
	Mr Manuel Polanco Moreno	Rucandio, S.A.	Chief Executive Officer and holder of 25% share (current)
Timon, S.A.		Vice Chairman (current)	
Rucandio Inversiones SICAV		Director and direct holder of 10.71% and indirect holder of 1.99% of share capital	
Qualitas Venture Capital, S.A. S.C.R		Director (current)	
Tropical Hoteles, S.A.		Director (current)	
Canal Club de Distribucion de Ocio y Cultura, S.A.		Former joint administrator	
Mr Manuel Mirat Santiago	<i>Other positions: See biographical note</i>		
	Canal Club de Distribucion de Ocio y Cultura, S.A.	Joint administrator (current)	

Name of Director	Name of object company	Office or duties
Mr Roberto Alcantara Rojas	Grupo Herradura de Occidente, S.A. de CV	Chairman (current)
	Consorcio Transportista Occher, S.A. de CV	Chairman (current)
	GHO Networks S.A. de CV	Chairman and holder of 18.1815% of the share capital (current)
	<i>Other positions: See biographical note</i>	
Mr Shk. Khalid Thani A. Al Thani ⁽²⁾	Ezdan Holding Group	Chairman (current)
	Qatar International Islamic Bank	Chairman (current)
	Medicare Group	Former Director
	Dar Al Sharq Printing Publishing & Distribution Co.	Vice Chairman (current)
	Dar Al Arab Publishing & Distribution Co.	Vice Chairman (current)
Mr Joseph Oughourlian ⁽³⁾	Amber Global Opportunities Master Fund Ltd	Former Director
	Amber Global Opportunities Fund Ltd	Former Director
	Amber Capital Italia SGR SPA	Chairman of the Board of Directors (current)
	Racing Club de Lens	Chairman (current)
	<i>Other positions: See biographical note</i>	
Mr Waleed AlSa'di	Ezdan Holding Company (Q.S.C)	Director (current)
	Medicare Group (Q.S.C)	Director (current)
	Qatar General Insurance and Reinsurance Company	Former Director
	Jordanian Expatriates Investment Holding	Former Director
	Qatar International Islamic Bank (QIIB)	Director (current)
	Oman-Re	Former Director
	<i>Other positions: See biographical note</i>	
Mr Dominique D'Hinnin	<i>Other positions: See biographical note</i>	
Mr Javier de Jaime ⁽⁴⁾	CVC Capital Partners (Luxembourg) S.a.r.l.	Director (current)
	CVC Capital Partners, S.L.	Director (current)
	CVC Capital Partners (Luxembourg) S.a.r.l.	Director (current)
	Clara Vision, S.A.	Director (current)
	CVC investment Advisory Services, S.L.	Director (current)
	<i>Other positions: See biographical note</i>	
Ms Sonia Dula	<i>Other positions: See biographical note</i>	

Name of Director	Name of object company	Office or duties
Mr Javier Gomez-Navarro	Tecnicas Reunidas, S.A.	Director (current)
	Securitas	Advisor (current)
	Digitex	Member of Advisory Council (current)
	Isolux, S.A.	Former Director
	<i>Other positions: See biographical note</i>	
Mr Francisco Gil Diaz	Fibra Dahnos	Director (current)
	Telefonica Mexico	Former Chairman
	Avanzia Group	Former Chairman
	EXI CKD de infrastructure	President of Advisory Council
	<i>Other positions: See biographical note</i>	
Amber Capital UK LLP (represented by Mr Fernando Martinez Albacete)	<i>Other positions: See biographical note</i>	

Notes:

- (1) Mr Javier Monzon de Caceres is an independent Director of Santander Spain, a business unit devoid of its own legal status.
Mr Javier Monzon de Caceres is an indirect shareholder in the following companies, as shown below:
 - Alto Social Analytics, S.L. – attributable indirect share of 11.75%, 50% owned with his spouse, through a third company.
 - Closca Design, S.L. – attributable indirect share of 1.65%, 50% owned with his spouse, through a third company.
 - Trident Capital Cybersecurity Fund I, L.P. (USA – Delaware) – attributable indirect share of 0.65%, 50% owned with his spouse, through a third company, which in turns has a share in another third party, which is the direct shareholder.
 - 4iQ, Inc (USA-Delaware) – attributable indirect share of 2.15%, 50% owned with his spouse, through a third company, which in turns has a share in another third party, which is the direct shareholder.
- (2) International Media Group S.à r.l., wholly owned by International Media Group Limited, which is in turned wholly owned by Mr Shk. Khalid Thani A. Al Thani.
- (3) Mr Joseph Oughourlian is the majority shareholder of Amber Capital Management LP, which is the owner of Amber Capital UK Holdings Limited which in turn is the owner of Amber Capital UK LLP.
- (4) Mr Javier de Jaime represents (current positions):
 - the Director Theatre Directorship Service Alpha S.à r.l. on the Board of Directors of: Vitalia Plus, S.A., Vivaly Inversiones Globales, S.L (as Chairman), Compañía Logistica de Hidrocarburos CLH, S.A., Tendam Retail, S.A., Tendam Fashion S.L.U., Tendam Brands, S.A.U, Rioja Bidco Shareholdings, S.L.
 - the Director Theatre Directorship Service Beta S.à r.l. on the Board of Directors of traded company Deoleo S.A. and of Baranoa Directorship, S.L.
 - the Director Rioja Bidco Shareholdings, S.L. on the Board of Directors of Naturgy Energy Group, S.A.
Mr Javier de Jaime has represented (non current positions):
 - Director Theatre Directorship Service Alpha S.à r.l. on the Board of Directors de Abertis., Cortefiel, S.A. and MEP Retail Spain, S.L.U.
 - Director Theatre Directorship Service Beta S.à r.l. on the Board of Directors of Desarrollos Empresariales Piera, S.L., Food Service Project, S.L., Merbea Restauracion Canaria, S.L.U, R Cable y Telecomunicaciones Galicia, S.A., Rede Brigantium, S.L., y Rede Artabros, S.L. Lecta, S.A., Sub Lecta, S.A., Torraspapel, S.A., and IDC Salud Holding, S.L.

Name of member of senior management	Name of object company	Office or duties
Mr Guillermo de Juanes	<i>Other positions: See biographical note</i>	
Mr Xavier Pujol Tobeña	<i>Other positions: See biographical note</i>	
Mr Augusto Delkader Teig	Federico Garcia Lorca Foundation	Trustee (current)

Name of member of senior management	Name of object company	Office or duties
	<i>Other positions: See biographical note</i>	
Mr Jorge Rivera	<i>Other positions: See biographical note</i>	
Ms Marta Bretos	<i>Other positions: See biographical note</i>	
Mr Miguel Ángel Cayuela Sebastian	<i>Other positions: See biographical note</i>	
	Telefonica Audiovisual Digital, S.L.U.	Chief Executive Officer (non current)
Mr Pedro Garcia Guillen (*)	Canal Club De Distribución De Ocio Y Cultura, S.A.	Joint Administrator (non current)
	Compañia Independent De Television, S.L.U.	Chairman and Chief Executive Officer (non current)
	<i>Other positions: See biographical note</i>	
Mr Alejandro Martinez Peon	Member of the Advisory Council of Nae Comunicaciones, S.L.	
	<i>Other positions: See biographical note</i>	
Ms Rosa Cullel	Fundacion Serralves	Director and member of Board of Trustees (current)
	<i>Other positions: See biographical note</i>	
Ms Virginia Fernandez	<i>Other positions: See biographical note</i>	

Notes:

(*) Has represented Prisa TV and Prisa on the Board of Directors of Audiovisual Sport, S.L. and Cinemania, SLU (non current positions).

In the case of the persons mentioned in items (A) and (D) of this section 14.1, information regarding:

Any conviction for crimes of fraud over at least the last five years

Data on any bankruptcy, moratorium or settlement with which any such person, acting as a director or senior manager, were involved over at least the last five years

Details of any official public incrimination and/or sanctions of any of these persons by statutory or regulatory authorities (including the designated professional bodies) and whether such person has been qualified at any time by a court for their action as a member of the administrative, management or supervisory bodies or for their action in the management of the matters of an issuer over at least the last five years

According to the information furnished to the Company for each director and senior manager, it is noted that, except as specifically indicated hereafter, none of the directors or senior managers of Prisa: (i) has been convicted regarding crimes of fraud at least over the last five years; (ii) is involved in any meeting of creditors, bankruptcy, moratorium or the liquidation of any company where they have acted as member of the board of directors or as a senior manager, at least over the last five years; or (iii) has been publicly or officially incriminated or punished by the statutory or regulatory authorities, or disqualified by any court for their action as a member of an administrative, management or supervisory body of an issuer or for their action in the management of the affairs of an issuer at least over the last five years.

Notwithstanding the foregoing, until 29 July 2016, Director Javier Gomez-Navarro held the office of Director of Isolux, which was subsequently declared in meeting of creditors by Mercantile Court Number 1 of Madrid on July 2017.

14.2 Conflicts of interest of the administrative, management and supervisory bodies and senior management. It is necessary to clearly state the possible conflicts of interest between the duties of any of the persons mentioned in 14.1 with the issuer and their private interest and/or other duties. If such conflicts do not exist, a statement to this effect must be provided

In the case of the Directors the Company, Section 36 of the Regulation of the Board of Directors establishes that directors must adopt the necessary measures to avoid incurring situations where their interest, whether directly or for others, may enter into conflict with the interests of the company and their duties therewith.

An exception is provided for cases where the Company has granted its consent upon the terms indicated hereafter.

A conflict of interest is deemed to exist in situations where the interests of the Company or the companies forming part of its Group clash with the personal interests of the director. There shall be a personal interest of the director when the matter affects them or a person related to them.

For the purposes of the Regulations of the Board, persons related to the director shall be those that from time to time are established by current laws.

Specifically, in the situations of conflicts of interest, the director shall refrain from:

- (i) performing transactions with the Company, except as regards ordinary transactions, made in standard conditions for clients or suppliers of little relevance, upon the terms legally established;
- (ii) use the name of Company or lean on their director capacity to unduly influence the performance of private transactions;

- (iii) make use of the corporate assets, including the confidential information of the Company, for private purposes, upon the terms established in Section 37 of these Regulations;
- (iv) take advantage of the business opportunities of the Company, upon the terms established in Section 39 of these Regulations; and
- (v) obtain advantages or remunerations from third parties other than the Company and its Group associated with the performance of its position, unless these were attentions of strict courtesy.

The above provisions shall also apply in the event that the beneficiary of the acts or of the prohibited activities where a person related to the board.

In cases where the situation of conflict of interest is, or could reasonably be expected to be, of a nature that represents a structural and permanent conflict between the director (or a person related thereto or, in the case of a proprietary director, the shareholder or shareholders that proposed or made their appointment or the persons directly or indirectly related thereto) and the Company or the companies forming part of its Group, it shall be deemed that the director lacks, or has ceased to have, the suitability necessary to exercise the position.

The directors must inform the Board of any situation of conflict, whether direct or indirect, that they or any person related to them, could have with the interests of the Company. Specifically, they must inform of the situations that could imply the existence of conflicts of interest, as established in the “Internal Regulations on Conduct in Matters Relating to Stock Markets of Promotora de Informaciones, S.A. and its Group of Companies”.

They must further report: (i) the offices they hold on other boards of directors of which they are members, whether or not traded, and on the other remunerated activities they perform, regardless of their nature; and (ii) the shares of the Company, and options thereupon, that they own, directly or indirectly.

Notwithstanding the foregoing, the Company may waive the prohibitions contained in such section in particular cases, authorising: (i) the performance by a director or related person of a transaction relating to the Company (as indicated in these Regulations); (ii) the use of certain company assets; (iii) taking advantage of a specific business opportunity; (iv) obtaining an advantage; or (v) a third-party remuneration.

The authorisation must necessarily be agreed by the Meeting of the Shareholders when it refers to the waiving of a prohibition to obtain an advantage or remuneration from a third party, or affects a transaction the value of which is greater than 10% of the company assets.

In other cases, the authorisation may also be granted by the Board of Directors provided the independence of the members granting it with respect to the director authorised is guaranteed, further guaranteeing the safety of the authorised transaction for the shareholders equity or, where applicable, that it is performed in market conditions and within a transparent process.

In the cases referenced above, the Board, upon reporting to the Appointments, Remunerations and Corporate Governance Committee, shall require the adoption of the measures that, in its opinion, are necessary to preserve social interest.

The Company shall make public the situations of conflicts of interest in which the directors are involved upon the terms established from time to time in the applicable regulations.

In the case of members of senior management, the mechanisms for the detection of conflicts are mainly based on the obligation to report a situation of conflict of interest by the persons subject to the Internal Rules of Conduct in stock exchange matters of Prisa. The aforesaid Regulations establish under caption IV the guidelines to follow in cases of conflicts of interest, which are also applicable to members of the Board of Directors.

Furthermore, the Code of Ethics, also applicable to the directors and managers, stresses the duty to avoid situations that could lead to a conflict between the interests of the individuals and those of the company and also requires reporting such situations to the Company.

For the purposes of Section 229 of the Spanish Companies Law, and as of the date of this Registration Document, the Board of Directors had not been informed of any situations of conflict, direct or indirect, that the directors or persons related thereto (according to Section 231 of the referred Law) could have with the interests of the Company.

Notwithstanding the foregoing, the Board of Directors has been informed of the following activities developed by the members of the Board of Directors, and by certain persons related thereto, in companies with the same, analogous or complementary type of activity as that which is the corporate purpose of the Company or of the companies of its Group:

Director	Activity	Person related to the Director	Activity
Mr Manuel Mirat Santiago	Joint Administrator of Canal Club de Distribucion de Ocio y Cultura, S.A.	—	—
Mr Joseph Oughourlian	<i>See Note (1)</i>	—	—
Mr Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	Vice Chairman of Dar Al Sharq Printing Publishing & Distribution Co. Vice Chairman of Dar Al Arab Publishing & Distribution Co.	—	—
Mr Dominique D'Hinnin	Ownership of 0.1% of the share capital of Lagardère SCA	—	—
Mr Javier Monzon de Caceres	—	Spouse	His spouse is a director and owns 75% of the share capital of Derecho y Reves, S.L., a company engaged in publishing activities.

Notes:

- (1) Mr Joseph Oughourlian controls Amber Capital, its associates and affiliates (together “Amber Capital”), who act as directors of investment, shareholders, directors and managers of funds, accounts and other investment vehicles (collectively, the “Amber Funds”) which invest in companies trade and not traded in Europe, North America and Latin America, which includes activities of trading of entities with activities that are equal, analogous or

complementary to the corporate purpose of Prisa. Mr Oughourlian also acts as managing partner of Amber Capital UK LLP and as portfolio manager of various Amber Funds.

This list does not include the companies of the Grupo Prisa. The following Directors of Promotora de Informaciones, S.A. form part of the administrative body of some of the companies of the Grupo Prisa or companies in which Prisa holds a direct interest: Mr Manuel Polanco Moreno and Mr Manuel Mirat Santiago.

The Board of Directors does not know of the existence of possible conflicts of interest that could affect the members of the senior management.

15. REMUNERATION AND BENEFITS

15.1 The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to the persons mentioned in captions (A) and (D) of section 14.1 by the issuer and its affiliates for services in all capacities to the issuer and its affiliates

(A) Prior considerations

Section 18 of the Bylaws and Sections 31 and 32 of the Regulations of the Board of Directors of Prisa contain the general system applicable to the remuneration of the directors of Prisa.

Under the applicable regulations, the Meeting of the Shareholders is the corporate body in charge of approving the policy for the remuneration of the directors, which must conform to the provisions that are applicable under the law and the bylaws.

The policy of remunerations for the Board of Directors for the years 2018, 2019 and 2020 was approved by the Annual General Meeting of the Shareholders of 25 April 2018, on proposal by the Board and the then Appointments and Remunerations Committee of the Company (the “**Remunerations Policy**”). Nonetheless, and as a result of the appointment of the non-executive Chairman, Mr Javier Monzon de Caceres, effective as of 1 January 2019, the Board of Directors, will propose to the next Annual General Meeting of the Shareholders to amend such Remunerations Policy, to establish the remuneration of the new Chairman of the Board of Directors.

The last Report on the Remunerations of the directors explaining the applying of the remunerations policy during 2018 has been approved by the Board of Directors held on 12 March 2019, upon proposal by the Appointments, Remunerations and Corporate Governance Committee and shall be subjected to consultative vote at the next Meeting of the Shareholders, as provided by Section 541 of the Spanish Companies Law. The Report on the Remunerations of the directors individually reports the remuneration accrued by each director, explaining the amounts corresponding to each remuneration item.

The Report on the Remunerations of the directors explaining the application of the remunerations policy during 2017 was subjected to consultative voting by the Annual General Meeting of the Shareholders held on 25 April 2018. Such report, which was approved by the Board of Directors, upon proposal by the then Appointments and Remunerations Committee, was reported to the CNMV on 23 March 2018.

(i) **General principles of the Remunerations Policy:**

The current Remunerations Policy of Prisa establishes as a general principle that the remuneration be as necessary to attract, retain and motivate directors with professional profiles, suitable to contribute to achieving the strategic objectives of the group of which Prisa is a parent company. Specifically, the Remunerations Policy of the directors of Prisa is based on the following principles:

- a) *Moderation and adapting of the best market practices:* It is sought that the remuneration of the directors be moderate and according to the trends and references in matters of remuneration followed in its industry or at comparable companies based on size, activity or structure and characteristics, such that they are in line with the best market practices.
- b) *Proportionality:* The remuneration of the external directors must correspond with the actual dedication, qualification and responsibility warranted by the position, but cannot be high enough to compromise the independence of their criteria.
- c) *Restrictions on transfers of shares that can be received by the directors as part of the remuneration:* The Remunerations Policy establishes that external directors receiving shares as payment for their fixed remuneration shall have the obligation to maintain ownership thereof until such time as they cease to be directors. The referred policy in turn establishes that the executive directors that receive Company shares in payment for their remuneration shall have the obligation to maintain ownership thereof for an amount equivalent to twice their annual remuneration until at least three years have lapsed from their assignment. These restrictions shall not apply to the shares that the director must sell, as applicable, to pay the costs and taxes relating to their acquisition.

Furthermore, regarding the remuneration of the directors that perform executive duties, the Remunerations Policy is based on the following criteria:

- that the remuneration established encourage the stay and guide strict management and with a special focus on the long term, with a reasonable relation to the evolution of the stock market in such time frame.
- that is take into consideration the current situation, perspectives and sustainable growth objectives of the Company.
- that it include fixed and variable components; annual and, where applicable, pluri-annual in nature; in cash, in kinds and in Items indexed by the stock market; determined in accordance with the following criteria, so the weighting of the remunerative Items be in in line with market practices:
 - (i) That the remuneration remain constant in moderate levels and not be modified over the effective term of the Policy, unless specific circumstances were to become known that warrant its review.
 - (ii) That the variable remuneration represent a variable part of the overall remuneration.
 - (iii) That the mid-term remuneration have significant weight.

- (iv) That the remuneration referencing the stock exchange also be significant.
 - (v) That a significant part of the overall variable remuneration be obtained after the lapsing of a certain period of time.
- Include a clause in the respective agreement that allows the company to claim reimbursement for any variable remunerations that were paid, in the event that it is later objectively proven that such determination was based on incorrect or inexact data.

Likewise, under the Remunerations Policy, the remuneration of the directors bears a reasonable proportion to the relevance of the Company, its current economic and financial situation and the market standards of comparable companies.

Finally, the remuneration system is directed to promoting the profitability and long-term sustainability of the Company, incorporating the necessary protections to avoid the excessive assuming of risks and the rewarding of unfavourable results.

(ii) **Remuneration system applicable to directors in their capacity as such (non-executive directors)**

The remuneration of the directors in their capacity as such would consist of a fixed annual amount.

The Board of Directors, upon proposal by the Appointments, Remunerations and Corporate Governance Committee, shall distribute among its members the aforementioned remunerations, considering the functions and responsibilities invested in each director, their membership on the Board Committees and any other objective circumstances that the Board of Directors considers relevant. Along these lines, it is noted that the Remunerations Policy established a remuneration for the previous non-executive Chairman of the Board of Directors, Mr Manuel Polanco Moreno, exceeding that of the other members of the Board based on the dedication required and the institutional functions and his representation of the Company at the highest level, and in attention to the other non-executive functions performed by the Chairman.

The aggregate annual amount that the Company may pay the directors as a whole in their capacity as such (aside from that received as executive directors) cannot exceed EUR 2,000,000. Such limit, established in the current Remunerations Policy, shall remain effective until the Meeting of the Shareholders has approved its modification.

Items of remuneration

Fixed annual remuneration for their participation on the Board of Directors:

The fixed annual remuneration received by non-executive directors for belonging to the Board of Directors, shall be paid in full to each of the external directors in cash and pro-rated monthly.

The maximum amount of the fixed annual remuneration for such item is EUR 70,000 per year per director.

Fixed annual remuneration of non-executive Chairman

The current Remunerations Policy established that the former non-executive Chairman of the Board of Directors, Mr Manuel Polanco Moreno, was entitled, based on his condition as director and non-executive Chairman of the Board, to a fixed gross annual remuneration of EUR 500 thousand, payable in cash, pro-rated monthly and incompatible with the remuneration items described below for non-executive directors, and with the fixed annual remuneration for his membership on the Board of Directors, referenced in the preceding section. It was also provided that the non-executive Chairman was the beneficiary of the life and health insurance policies referred to hereafter.

As mentioned at the beginning of item (A) of this section 15.1, the current Remunerations Policy must be amended to reflect the change in the Chairman of the Board and to establish the remuneration of the new non-executive Chairman, Mr Javier Monzon de Caceres. Such modification will be proposed to the Annual General Meeting of the Shareholders by the Board of Directors.

Fixed annual remuneration for membership on the Board Committees:

The fixed annual remuneration received by the non-executive directors for their membership on the Committees of the Board of Directors, shall be paid in cash, pro-rated monthly, and the maximum amounts of which shall be as follows:

- i. Remuneration for membership on the Delegated Committee: EUR 30,000 per year per director.
- ii. Remuneration for membership on the Audit, Risks and Compliance Committee and the Appointments, Remunerations and Corporate Governance Committee: EUR 20,000 per year per director, with such amount being double for their respective Chairmen (i.e., EUR 40,000).

Membership on the Boards of Directors of other Group companies

The directors of Prisa, other than the executive directors, may earn other fees for their membership in the Boards of Directors of other Group companies, as provided by the bylaws of the respective companies. We note in this regard that the Prisa Board of Directors in its meeting of 26 February 2019 proposed that Prisa Noticias remunerate Manuel Polanco Moreno for his work as non-executive President, in the amount of maximum 50 thousand euros per year.

Other remuneration Items

The current Remunerations Policy establishes that Mr Manuel Polanco Moreno is entitled to receive, under the terms agreed for the resolution of his previous service agreement, the amount established therein as remuneration for his no compete agreement (which agreement was agreed to be left in place until 31 December 2019), in the amount of EUR 230 thousand, in the event that he were to cease to be the Chairman of the Board before 31 December 2019 — as a result of his leaving the office of Chairman of the Board agreed by the Meeting of the Shareholders or by the Board for reasons other than the serious breach of his obligations, implying his removal from office — and does not compete with the Grupo Prisa during a period of one year after his departure. Such amount stems from the previous agreement of Mr Manuel Polanco as Executive Director and, therefore, is not included in the cap amount of the

remuneration of the directors in their capacity as such referenced in this section 15.1. The Prisa Board of Directors in this regard in its meeting of 26 February 2019 adopted the resolutions necessary to pay such amount.

The Remunerations Policy for the directors in their capacity as such does not provide for the granting of loans, advances or guaranties. It further does not provide for the participation of the non-executive directors in social security systems or the right to any compensation in the event of the termination of their duties as directors, or the granting of other remunerations aside from those described in this Policy.

Other provisions

Expenses associated with Board and Committee meetings

The expenses associated with the commutes and stays to attend the meetings of the Board of Directors and of the Committees shall be reimbursed by the Company, provided they have been previously notified and accepted by the Company, and are duly justified.

Aside from the foregoing, the directors of Prisa do not receive per diems for their participation on the Board of Directors or its committees. The directors are further not entitled to other fixed remunerations as directors.

The President will likewise have the means necessary to correctly perform his duties and functions in accordance with Company policies and practices.

Civil liability insurance

The Company has contracted liability insurance for all its directors in the usual market conditions and proportional to the circumstances of the Company itself.

(iii) **Remuneration system applicable to executive directors**

Under the Prisa Bylaws and its current Remunerations Policy, the directors with executive functions are entitled to receive remuneration for rendering certain services, to be determined by the Board of Directors in accordance with the Remunerations Policy for the directors. Executive directors shall not receive any amount for the items established in the preceding section, regarding the remuneration system for directors in their capacity as such. Nonetheless, the executive directors are beneficiaries of the liability insurance that the Company has contracted for its directors.

Currently, the only member of the Board of Directors with executive duties is Mr Manuel Mirat Santiago. Under the Remunerations Policy, he shall be entitled to a remuneration that could include the following Items:

- a fixed contribution;
- a variable, short-term remuneration and a variable mid or long-term remuneration;
- social security systems;
- remuneration in kind; and
- insurance, savings plans, indemnities, exclusiveness, post-contractual no compete or permanence agreements.

The remuneration items forming part of the remuneration of the executive director and the basic conditions for the performance of their duties are set out in an agreement signed between the Company and the executive director. Such agreement has been approved by the Board of Directors, upon the terms established in current laws.

Items of the remuneration of Executive Director Mr Manuel Mirat Santiago

Fixed remuneration

The current executive director of the Company shall receive for his executive and senior management duties a fixed annual remuneration in cash amounting to EUR 500,000.

Variable remuneration

To boost the commitment of the executive director to the Company and encourage the best performance of his duties, a part of the remuneration of the executive director shall be variable. The variable remuneration of the executive director shall represent a relevant part of the total remuneration and shall be tied to the achievement of pre-determined objectives set by the Board of Directors, which shall be specific and quantifiable for the most part, so that it does not derive merely from the general evolution of the markets, of the industry of the Company or other similar circumstances. The purpose of the Company in this regard, same as with the remaining senior management of the Group, is to establish competitive remuneration packages that allow attracting and retaining distinguished professionals, while at the same time establishing a relation between remuneration and results and the achievement of objectives for the Company and the Group.

The variable remuneration of the executive director currently includes (a) a variable short-term annual remuneration, and (b) a variable mid-term remuneration.

The objectives of the variable remuneration of the executive director are approved by the Board of Directors, upon proposal by the Appointments, Remunerations and Corporate Governance Committee. It is also the responsibility of the Board of Directors, upon proposal by such Committee, to assess the degree of accomplishment of the previously established objectives.

(a) Variable short-term annual remuneration

The variable annual remuneration of the Chief Executive Officer, Mr Manuel Mirat Santiago, is established in his service agreement with the Company, whereby he is entitled to receive a variable remuneration, not subject to consolidation, in cash, in accordance with the objectives he is assigned for each of the annual periods encompassed by the effective term of his agreement and to be established annually by the Board of Directors upon proposal by the Appointments, Remunerations and Corporate Governance Committee. The variable annual remuneration of the Chief Executive Officer, determined in accordance with a performance scale, is mainly tied to the achievement of quantitative business objectives, including the operating and financial objectives of the Group, value creation objectives and sustainability objectives and, in a smaller proportion, qualitative objectives. The Board shall have discretion to establish the system of variable remuneration of the executive director within the framework of the Remunerations Policy.

In the event that the level of achievement of the objectives set is of 100%, the variable remuneration of the Chief Executive Officer shall amount to EUR 300 thousand, with there

being a possibility of increasing such amount by up to a maximum of 130% in the event that the degree of accomplishment of the objectives set is greater than 100%. Therefore, the maximum amount that the Chief Executive Officer could receive for this remuneration item would be EUR 390, thousand.

Payment of the variable annual remuneration is made for years in arrears, implying that the amount accrued during a year by the Chief Executive Officer is paid during the next year.

(b) *Variable mid-term remuneration*

Furthermore, the Chief Executive Officer, Mr Manuel Mirat Santiago, is the beneficiary of a Mid-term Incentives Plan approved by the Annual General Meeting of the Shareholders, dated 25 April 2018. The referred Plan covers the period spanning between the years 2018 and 2020 and consists of the delivery of Company shares.

The delivery of Company shares under the Mid-term Incentives Plan is tied to the evolution of the stock exchange and the achievement of certain objectives. Therefore, the Chief Executive Officer, as beneficiary of the referred plan, shall be entitled to receive a certain number of the Company's ordinary shares following a reference period of 3 years, provided certain pre-determined requirements are met.

From the shares assigned to the Mid-term Incentives Plan —i.e., 11,200,000 shares, extendible to a maximum of 14,000,000—, up to 20% of the total may be assigned to the Chief Executive Officer, i.e., up to a total of 2,800,000 shares (for further information, see section 17.3 of this Registration Document).

Actions taken to reduce exposure to excessive risks and adjust it to the long-term objectives, values and interests of the company

Under the current Remunerations Policy, the variable remuneration system established by the Company includes the following provisions for such purposes:

- There is no right to obtain a guaranteed variable annual remuneration.
- The remunerations relating to the results of the Company must take into consideration the possible qualifications evidenced in the auditor's report reducing such results.
- A variable remuneration system is currently defined in attention to formal procedures for the determination of the amounts to be paid to the executive director. The objectives are previously set in writing and their achievement determined based on the results obtained and approved by the Board.
- The agreement of the Chief Executive Officer has a *clawback* section that allows the Company to claim reimbursement of the variable components of the remuneration when it has been paid based on data the accuracy of which is subsequently disproved. This measure applies to remuneration received as of the entering into effect of his agreement with the Company, i.e., 4 September 2017. Furthermore, the Mid-term Incentives Plan establishes the relevant *malus* clauses and *clawback* clauses.
- The system for establishing the metrics for the quantitative objectives takes into consideration the variables identified within the map of risks of the Company.
- All the variable remunerations have set maximum payment amounts.

(iv) **Insurance and other remunerations**

Prisa has subscribed a policy with an insurance company to cover the contingencies of death by any cause, complete disability and permanent disability due to accident, with capital equivalent to an annuity of the total remuneration of the beneficiary (remuneration received the previous year), some extra capital in case of accidental death or complete disability due to accident and extra capital in case of death due to traffic accident. On the Board of Directors of the Company, the only beneficiary of this policy is the current Chief Executive Officer (and the prior non-executive Chairman, Mr Manuel Polanco Moreno, was until 31 December 2018). The main risk of death is subject to an age limit of 75 years of age and the complementary risks with extra capital are subject to an age limit of 65 years of age.

The Group further has within its policy applicable to all its directors a private health insurance policy that has an expense reimbursement modality. On the Board of Directors of the Company, the only beneficiary of this policy is the current Chief Executive Officer (and the prior non-executive Chairman, Mr Manuel Polanco Moreno, was until 31 December 2018), and his immediate family, respecting the age limits contained in the relevant policy.

Finally, the Chief Executive Officer is entitled to the use of a vehicle and driver, upon the terms shown in vehicle fleet policy of the Grupo Prisa.

(v) **Board of Directors resolutions under the framework of the process of succession of the Chairman**

In December 2017, the succession of the former executive Chairman, Mr Juan Luis Cebrian Echarri, took place and Mr Manuel Polanco Moreno (then executive Vice Chairman) was appointed non-executive Chairman of the Board of Directors of Prisa, effective as of 1 January 2018.

Subsequently, in December 2018, Mr Manuel Polanco Moreno stepped down as non-executive Chairman of Prisa and Mr Javier Monzon de Caceres (then non-executive Vice Chairman) was appointed non-executive Chairman of the Board of Directors of Prisa, effective as of 1 January 2019.

Under the framework of the above succession processes, the Board of Directors of Prisa has adopted the following agreements in terms of remunerations:

- (i) Mr Juan Luis Cebrian has stepped down as Executive Chairman of the Company (effective as of 1 January 2018):

At the time of acceptance of his resignation, the Board of Directors approved the recognition of the following items of remuneration: (i) as a complement to the retirement or pensions plan, an amount equivalent to six million euros; (ii) as a variable remuneration for 2017, the amount of one million euros. These two amounts were paid to Mr. Cebrian in January 2018.

Furthermore, the Board recognised the right of Mr Cebrian to receive, if accrued, an incentive in stock approved at the Extraordinary General Meeting of the Shareholders of 15 November 2017, tied to the success in the financial restructuring and capitalisation and in the sale of Media Capital. Such incentive in stock was ultimately not accrued.

- (ii) Mr Manuel Polanco Moreno stepped down as Executive Vice Chairman and was appointed as non-executive Chairman of the Group (effective as of 1 January 2018):

The Board that approved such appointment recognised the right of Mr Polanco to receive, as a result of the termination of the service lease agreement he had with the Company, the following remuneration recognised upon the following terms by the directors Remunerations Policy, approved by the Annual General Meeting of the Shareholders on 25 April 2018:

- EUR 905,000 as indemnity for the early resolution by mutual agreement of his mercantile service lease agreement with the Company, as manager of the audiovisual area.
- EUR 264,000 as variable annual remuneration for 2017.

The above two amounts were paid to Mr Polanco during 2018.

As mentioned earlier in this section 15.1., Mr Polanco was also recognised the right to receive, upon the terms agreed for the resolution of his previous service agreement, the amount established therein as remuneration for his no compete agreement (which agreement was agreed to be kept in force until 31 December 2019), in the amount of EUR 230 thousand, in the event that he were to cease to be the Chairman of the Board before 31 December 2019 — as a result of his leaving the office of Chairman of the Board agreed by the Meeting of the Shareholders or by the Board for reasons other than the serious breach of his obligations, implying his removal from office — and does not compete with the Grupo Prisa during a period of one year after his departure.

The Remunerations Policy further recognised a gross fixed annual remuneration to Mr Polanco of EUR 500 thousand, for his capacity as director and non-executive Chairman of the Board, payable in cash and to be pro-rated monthly.

(iii) Mr Manuel Polanco Moreno steps down as non-executive Chairman and appointment of Mr Javier Monzon de Caceres as non-executive Chairman of the Group (effective as of 1 January 2019):

As previously indicated, the Board of Directors at the next Ordinary Meeting of Shareholders will propose a modification to the Remunerations Policy so that this includes the new remuneration for the new President of the Board of Directors, Javier Monzon de Caceres.

On the other hand, in light of his resignation as non-executive President effective 1 January 2019, Manuel Polanco Moreno no longer receives the remuneration that corresponded to him under that title. Effective 1 January 2019, Mr. Polanco is due the same remuneration established by the Remunerations Policy for non-executive directors.

According to the provisions of the Remunerations Policy (section (A) (ii) above), Mr. Polanco can likewise earn other fees for his participation on the Boards of Directors of other companies of the Group, according to the Bylaws of those companies and the resolutions of their different bodies. As indicated in section (ii) above, the Prisa Board of Directors in its meeting of 26 February 2019 proposed that Prisa Noticias remunerate Manuel Polanco Moreno as a non-executive President, in the annual amount of up to 50 thousand euros.

The Board of Directors in its meeting of 26 February 2019 proposed that the Appointments, Remunerations and Corporate Governance Committee recognise Mr. Polanco's right to receive the amount of 230 thousand euros under the non-competition agreement referred to in section (ii) above, under the terms of the agreement as well as those of the Remunerations Policy.

(B) Remuneration of the members of the Board of Directors of the Company and the members of Senior Management:

I. Prior considerations

Prior to the details on the remuneration of the Board of Directors of the Company and of the senior management members, the following is noted: the remunerations relating to 2018 correspond to the amount accrued during the year following the accrual criterion established in CNMV Circulars 4/2013 and 5/2013—as amended by CNMV Circular 2/2018, of 12 June—, approving the annual report model remunerations for the directors and the annual report of corporate governance of traded stock companies, and differ from the aggregate amount of the remunerations of the directors and senior managers evidenced in the Report on the Annual Accounts and in the Half-yearly Financial Information for 2018, corresponding to the accounting provision.

II. Remuneration of the members of the Board of Directors of the Company during 2018:

The remuneration of 2018 evidenced in the following tables are those established in the Annual Report on the Remunerations of the Directors corresponding to 2018:

a. Remunerations accrued at Prisa:

i) Remuneration in cash (in thousands of euros)

Name	Fixed remuneration	Per diem	Remuneration for membership on Board	Wages	Long-term variable remunerations	Indemnities	Other items	Year total	
			Committees					2018	Total 2017
Francisco Javier Monzon de Caceres	70	0	70	0	0	0	0	140	36
Manuel Mirat Santiago	0	0	0	500	352		6	858	246
Manuel Polanco Moreno	347	0	0	153		230	5	735	1,636
Roberto Alcantara Rojas.....	70	0	23	0	0	0	0	93	168
Khalid Bin Thani Abdullah Al Thani.....	70	0	7	0	0	0	0	77	57
Joseph Oughourlian.....	70	0	50	0	0	0	0	120	161
Waleed Ahmad Ibrahim AlSa'di	70	0	20	0	0	0	0	90	82
Amber Capital UK LLP (represented by Mr Fernando Martinez Albacete)	54	0	0	0	0	0	0	54	0
Dominique D'Hinnin	70	0	60	0	0	0	0	130	224
Javier de Jaime Guijarro.....	70	0	0	0	0	0	0	70	11
Sonia Dula	70	0	20	0	0	0	0	90	0
Francisco Javier Gomez-Navarro Navarrete	70	0	22	0	0	0	0	92	18
Jose Francisco Gil Diaz	70	0	0	0	0	0	0	70	11
John Paton	23	0	17	0	0	0	0	40	191
TOTAL.....	1,124	0	289	653	352	230	11	2,659	2.841

Notes:

- (i) The amount of the total remuneration of the directors shown in the above table and the following tables, following the accrual criterion established in “CNMV Circular 2/2018, establishing the annual model of remunerations for directors of traded stock companies”, differ by 480 thousand euros from the aggregate amount of the remunerations of the directors evidenced in the Report on the Annual Accounts and in the Half-yearly Financial Information for 2018, corresponding to The books and records. The amount of the difference is broken down as follows:

- a. Variable remuneration for the Chief Executive Officer: recorded as subject to a qualitative provision of 20% The Board of Directors fixed the qualitative amount of 25% for acting as Chief Executive Officer.
- b. Pursuant to the Mid-Term Incentive Plan for 2018/2020, the Company assigned a number of “theoretic shares” (Restricted Stock Units) to each beneficiary and specified certain objectives (different from the listing) to be met in order to benefit from the incentive which would be used as reference to determine the final number of shares to be delivered, as applicable. A total of 2,200,000 theoretic shares have been assigned to the Chief Executive Officer. The possibility that the collective beneficiary of the Plan would receive Company shares depends on compliance with certain specific conditions during the period of reference; therefore, there was no actual right to receive any amount for this concept during fiscal 2018, without prejudice to the accounting provisions recorded in the balance sheets.
- c. Insurance Reversion: An amount of EUR 9 thousand was recorded in the books while the above global remuneration was considered at EUR 11 thousand as a result of the premium regularizations for modification to the Group workers collective during the preceding year.

As such the remuneration included in the above table coincides with the amount declared in the report on directors’ remuneration, which can be reviewed for greater explanation.

- (ii) The global remuneration to the Board of Directors includes the amount corresponding to, John Paton to the date that he stepped down as director on 24 April 2018.
- (iii) According to the Directors Remunerations Policy for the 2018-2020 period, approved at the Annual General Meeting of the Shareholders held on 25 April 2018 and applicable retroactively since 1 January 2018, Mr Manuel Polanco Moreno was entitled to receive a gross annual fixed remuneration of EUR 500 thousand, based on his capacity as director and non-executive Chairman of the Board, payable in cash and to be pro-rated monthly. The remuneration corresponding to 2018, i.e., EUR 500 thousand, has been recorded as follows: i) until the approval of the Remunerations Policy, Mr Manuel Polanco has continued to receive the remuneration corresponding to him pursuant to the service lease agreement he had with the Company, in an aggregate amount of EUR 153 thousand, recorded under “wages” and ii) the difference of up to EUR 500 thousand, i.e., EUR 347 thousand, is recorded under “fixed remuneration”.
- (iv) By resolution of the Board of Directors held in December 2018, Mr Manuel Polanco Moreno has stepped down as non-executive Chairman of Prisa effective as of 1 January 2019. Mr Manuel Polanco Moreno, is entitled to receive the amount established in his previous service agreement as remuneration for his no compete agreement, in the amount of EUR 230,000, as a result of his stepping down as non-executive Chairman before 31 December 2019.
- (v) It is noted that Mr Fernando Martinez Albacete, individual representative of Amber Capital UK LLP, was a member of the senior management of Prisa until June 2017 and, due to the termination of his agreement with the Company, he received certain amounts under a no compete agreement, until May 2018. Such amounts are not included in the above table inasmuch as they do not refer to payments received due to his capacity as director and senior management member in 2018.

ii) Stock-based remuneration systems (in thousands of euros)

		D. Manuel Mirat Santiago
Name of Plan		Mid-Term Incentives Plan 2018-2020 ⁽¹⁾
Financial instruments at the beginning of the period	No. of instruments	-
	No. of equivalent shares	-
Financial instruments granted during the period	No. of instruments	2,200,000
	No. of equivalent shares	2,200,000
Financial instruments consolidated during the period	No. of instruments	-
	No. of equivalent/consolidated shares	-
	Price of consolidated shares	-
	Gross Profit from shares or consolidated financial instruments	-
	(thousand €)	-

**D. Manuel Mirat
Santiago**

Matured or not exercised instruments	No. of instruments	-
Financial instruments at the end of the period	No. of instruments	2,200,000
	No. of equivalent shares	2,200,000

Notes:

- (1) The Ordinary Meeting of Shareholders of 25 April 2018 approved a Mid-Term Incentive Plan for the period from fiscal 2018 to 2020, consisting of granting Company shares linked to evolution of stock values and to achieving certain targets, addressed to the Chief Executive Officer of Prisa and to determined directors, who could receive a determined number of ordinary shares of the Company after a reference period of 3 years, and upon compliance with certain predefined requirements. The company assigned a number of “Restricted Stock Units” or “RSUs” to each beneficiary and specified certain objectives (other than listing) which must be met in order to benefit from the incentive and that would be used as reference to determine the final number of shares to be delivered, as applicable.

Receipt of the shares by the collective beneficiary of the Mid-Term Incentive Plan would depend on compliance with determined conditions during the reference period; as such the right to receive any amount for this concept in fiscal 2018 has not occurred, without prejudice to account expenses that may have been recorded in the profit and loss account.

iii) Other benefits (in thousands of euros)

Insurance Premiums:

<u>Name</u>	<u>Amount (thousands of euros)</u>
Mr Manuel Polanco Moreno	5
Mr Manuel Mirat Santiago.	6

Notes: These are “Life Insurance Premiums” and those corresponding the Health and Accidents Policy.

b. Remunerations accrued by the company directors due to their membership on committees of other Group companies:

i) Remuneration in cash (in thousands of euros)

<u>Name</u>	<u>Remuneration for membership on Board</u>		<u>Wages</u>	<u>Long-term variable remunerations</u>	<u>Remuneration for membership on Board</u>			<u>Year total</u>	
	<u>Fixed remuneration</u>	<u>Per diem Committees</u>			<u>Committees</u>	<u>Indemnities</u>	<u>Other items</u>	<u>2018</u>	<u>Total 2017</u>
Manuel Mirat Santiago	0	0	0	0	0	0	0	0	79
John Paton	14	0	0	0	0	0	0	14	34
TOTAL	14	0	0	0	0	0	0	14	113

Notes: Global remuneration for the Board of Directors includes the amount corresponding to John Paton to the date that he stepped down as director on 24 April 2018.

c. Summary of remunerations (in thousands of euros):

Name	Remuneration accrued at the Company				Remuneration accrued at Group companies					
	Total cash remuneration	Gross profit from shares or consolidated financial instruments	Remuneration under savings systems	Remuneration from other items	Total cash remuneration	Gross profit from shares or consolidated financial instruments	Remuneration under savings systems	Remuneration from other items	Total 2018	Contribution to savings system during the year
Mr Francisco Javier Monzon de Caceres ...	140	0	0	0	0	0	0	0	140	0
Mr Manuel Mirat Santiago.....	858	0	0	0	0	0	0	0	858	0
Mr Manuel Polanco Moreno.....	735	0	0	0	0	0	0	0	735	0
Mr Roberto Alcantara Rojas	93	0	0	0	0	0	0	0	93	0
Mr Shk. Khalid Thani A. Al Thani	77	0	0	0	0	0	0	0	77	0
Mr Joseph Oughourlian.....	120	0	0	0	0	0	0	0	120	0
Mr Waleed AlSa'di.....	90	0	0	0	0	0	0	0	90	0
Amber Capital UK LLP ⁽¹⁾	54	0	0	0	0	0	0	0	54	0
Mr Dominique D'Hinnin	130	0	0	0	0	0	0	0	130	0
Mr Javier de Jaime	70	0	0	0	0	0	0	0	70	0
Ms Sonia Dula	90	0	0	0	0	0	0	0	90	0
Mr Javier Gomez-Navarro	92	0	0	0	0	0	0	0	92	0
Mr Francisco Gil Diaz	70	0	0	0	0	0	0	0	70	0
Mr John Paton ⁽²⁾	40	0	0	0	14	0	0	0	54	0
Total	2,659	0	0	0	14	0	0	0	2,673	0

(1) Amber Capital UK LLP was appointed director by co-option on 22 March 2018.

(2) Mr John Paton resigned as director effective as 24 April 2018.

III. Remuneration of members of senior management of the Company during 2018:

The aggregate remuneration of the senior management members during 2018 of Promotora de Informaciones, S.A. and other Group companies aside therefrom amounts to EUR 5.96 million.

Such aggregate remuneration of the members of senior management corresponds to the members of the Business Direction Committee that are not executive directors of Prisa and that have a labour relation with Prisa or with other Group companies aside therefrom, to the directors regularly attending the meetings of such Committee and, furthermore, the director of internal audit of Prisa. Specifically, this refers to the following directors: Mr Xavier Pujol (Secretary General and Secretary of the Board of Directors), Mr Guillermo de Juanes (CFO), Mr Augusto Delkader (Editorial Director), Mr Jorge Rivera (Director of Communication and Institutional Relations), Ms Marta Bretos (Director of Talent Management), Mr Miguel Angel Cayuela (Chief Executive Officer of Santillana), Mr Pedro Garcia Guillen (Chief Executive Officer of Prisa Radio), Mr Alejandro Martinez Peon (Chief Executive Officer of Prisa Noticias), Ms Rosa Cullel (Chief Executive Officer of Media Capital) and Ms Virginia Fernandez (Director of Internal Audit).

The remuneration included for Mr Augusto Delkader, Mr Jorge Rivera, Ms Marta Bretos, Mr Pedro Garcia Guillen and Mr Alejandro Martinez Peon, is that received thereby since their appointment in 2018, as Editorial Director, Director of Communication and Institutional Relations, Director of Talent Management, Chief Executive Officer of Prisa Radio and Chief Executive Officer of Prisa Noticias, respectively.

Likewise, the overall remuneration of the senior management includes that corresponding to Ms Barbara Manrique de Lara, Mr Ignacio Soto and Mr Andres Cardo Soria, until they stepped down, in 2018, from their respective functions as Director of Communication and Institutional Relations, Chief Revenue Officer and Chief Executive Officer of Prisa Radio, for a total of EUR 1.21 million.

This aggregated remuneration include, among other concepts, EUR 1.02 million for the post-contract non-competition agreement and indemnification for termination of the senior management contracts in 2018. We also note that Fernando Martinez Albacete, representative of director Amber Capital, was a member of the senior management of Prisa until June 2017, and therefore upon termination of his contract with the Company received amounts for concept of the non-competition agreement to May 2018. These amounts are not included in the remuneration to the senior management as these do not refer to payments received by him as member of senior management in 2018.

The amount of the overall remuneration of the senior management members is the amount accrued during 2018 following the criterion established in “CNMV Circular 2/2018, establishing the annual report model for corporate governance of traded stock companies”, and differs from the aggregate amount of the remunerations evidenced in the in the Consolidated Annual Accounts and in the Half-yearly Financial Information for 2018, corresponding to the accounting provision.

More specifically, the overall remuneration of the senior management is not included in this report.

Remuneration that appears in semi-annual information and the consolidated annual accounts for fiscal 2018 are as follows:

The Mid-Term Incentives Plan for the period 2018/2020 assigned a number of “Restricted Stock Units” to each beneficiary and specified certain objectives (other than listing) that must be met in order to benefit from the incentive, which will be used as reference to determine the final number of shares to be delivered, as applicable.

- a. A total of 4,940,000 RSUs have been assigned to the senior management members. The possibility that the collective beneficiary of the Plan receive Company shares is contingent upon the meeting of certain conditions during the reference period, which is why no right to receive any amounts whatsoever in this regard has arisen in 2018, notwithstanding the accounting expenses recorded on the income statement.
- b. The amount of EUR 145 thousand for the assignment of a qualitative assessment of 25% and 30% instead of 20% for the performance of four members of senior management.
- c. Accounting reversion of EUR 168 thousand over variable remuneration for 2018 for one member of senior management.

15.2 Total amounts saved or accumulated by the issuer or its affiliates for pension, retirement or similar benefits

Not applicable.

16. BOARD PRACTICES

16.1 Date of expiration of the current term of office, if applicable, and unless the period during which the person has served in that office

The dates of initial appointment and lapsing of the duration of the positions of the members of the Board of Directors are set out below:

Name	Position	Date of first appointment	Date of last appointment	Date of lapsing of term ⁽²⁾
Mr Javier Monzon de Caceres ⁽⁴⁾ ...	Non-executive Chairman	20/11/2017	20/11/2017	01/04/2020
Mr Manuel Mirat Santiago ⁽⁵⁾	Managing Director	30/06/2017	30/06/2017	01/04/2020
Mr Manuel Polanco Moreno	Director	19/04/2001	01/04/2016	01/04/2020
Mr Roberto Alcantara Rojas	Director	24/02/2014	28/04/2014	28/04/2018 ⁽⁷⁾
Mr Shk. Khalid Thani A. Al Thani .	Director	18/12/2015	01/04/2016	01/04/2020
Mr Joseph Oughourlian	Director	18/12/2015	01/04/2016	01/04/2020
Mr Waleed AlSa'di ⁽⁶⁾	Director	06/05/2016	06/05/2016	28/04/2018 ⁽⁸⁾
Mr Dominique D'Hinnin ⁽⁶⁾	Director	06/05/2016	06/05/2016	22/06/2018 ⁽⁸⁾
Mr Javier de Jaime ⁽³⁾	Director	20/11/2017	20/11/2017	01/04/2020
Mr Javier Gomez-Navarro ⁽³⁾	Director	20/11/2017	20/11/2017	01/04/2020

Name	Position	Date of first appointment	Date of last appointment	Date of lapsing of term ⁽²⁾
Mr Francisco Gil Diaz ⁽³⁾	Director	20/11/2017	20/11/2017	01/04/2020
Ms Sonia Dula ⁽³⁾	Director	20/11/2017	20/11/2017	01/04/2020
Amber Capital UK LLP (represented by Mr Fernando Martinez Albacete) ⁽⁶⁾	Director	22/03/2018	22/03/2018	01/04/2020

Notes:

- 1 Mr Xavier Pujol Tobeña is the non-board member secretary of the Board of Directors and, from 26 February 2019, Ms Monica Varela Miura is the non-board member vice-secretary of the Board of Directors.
- 2 Law 31/2014, of 3 December, amending the Spanish Companies Law to improve corporate governance, reduced the duration of the position of director from five to four years. Transitory Provision Three of Law 31/2014 nonetheless provided that directors appointed before 1 January 2014 could finish their terms even if they exceed the maximum duration established in Section 529.11 of the Consolidated Text of the Spanish Companies Law.
At the Meeting of the Shareholders held on 20 April 2015, the Company Bylaws were amended, among other reasons, to reduce the duration of the term of directors from five to four years.
- 3 Directors Mr Javier Monzon de Caceres, Mr Javier de Jaime, Mr Javier Gomez-Navarro, Ms Sonia Dula and Mr Francisco Gil Diaz were appointed by co-option by Board of Directors resolution, dated 20 November 2017, to cover the vacancies left on the Board after the departure of several directors that had been appointed by the Meeting of the Shareholders held on 1 April 2016, for the statutory term of four years. Such appointments were subsequently ratified by the Annual General Meeting of the Shareholders held on 25 April 2018.
- 4 Mr Javier Monzon was appointed non-executive Chairman of the Board of Directors, effective as of 1 January 2019.
- 5 The appointment of Manuel Mirat Santiago as director was made by co-option by resolution by the Board of Directors held on 30 June 2017 and was ratified by the Meeting of the Shareholders held on 15 November 2017. Manuel Mirat Santiago was appointed Chief Executive Officer took place, effective as of 4 September 2017.
- 6 Director Mr Waleed AlSa'di was appointed by co-option by the Board of Directors, on 6 May 2016, to cover the vacancy of a director initially appointed for the statutory term of five years, as of 28 April 2014. Director Mr Dominique D'Hinnin was appointed by co-option by the Board of Directors, on 6 May 2016, to cover the vacancy of a director initially appointed for the statutory term of five years, as of 22 June 2013. These appointments were subsequently ratified by the Meeting of the Shareholders of 30 June 2017.
- 7 Amber Capital UK LLP (represented by Mr Fernando Martinez Albacete) was appointed by co-option by resolution by the Board of Directors held on 22 March 2018 and was subsequently ratified by the Annual General Meeting of the Shareholders held on 25 April 2018.
- 8 By application of Section 222 of the Spanish Companies Law, the appointment of the directors shall lapse when, at the end of their term, a Meeting of the Shareholders is held or the term has lapsed for holding the Meeting of the Shareholders to resolve upon the approval of the accounts for the preceding year. The last Meeting of the Shareholders was held on 25 April 2018.

Under Section 17 of the Prisa Bylaws, the directors shall remain in office during a term of four years, at the end of which they may be re-elected one or more times for terms of equal duration.

16.2 Information about members of the administrative, management and supervisory bodies' service contracts with the issuer or any of its affiliates providing for benefits upon termination of employment, or an appropriate negative statement

No compete agreement of Mr Manuel Polanco Moreno

As mentioned in section 15.1. of this Registration Document, the current Remunerations Policy establishes that Mr Manuel Polanco Moreno is entitled to receive, upon the terms agreed for the resolution of his prior service agreement, the amount established therein as remuneration for his no compete agreement (which agreement was agreed to be kept in force until 31 December 2019), in the amount of EUR 230,000, in the event that he were to cease to be the Chairman of the Board before 31 December 2019 — as a result of his leaving the office

of Chairman of the Board agreed by the Meeting of the Shareholders or by the Board for reasons other than the serious breach of his obligations, implying his removal from office — and does not compete with the Grupo Prisa during a period of one year after his departure.

Indemnities in case of termination of the duties of Mr Manuel Mirat Santiago as executive director

The agreement regulating the performance of the functions and responsibilities of the Chief Executive Officer of the Company includes the clauses that are common to these agreements, in attention to the regular market practices in this matter and for the purpose of attracting and retaining the most distinguished professionals and protecting the legitimate interests of the Company.

Following, and according to the provisions of Sections 249 and 529 octodecies LSC, and Section 32 of the Regulations of the Board of Directors, are the essential terms and conditions of the agreement of the Chief Executive Officer:

- a) Term of Duration: The agreement has a duration of four years as of 4 September 2017.
- b) Exclusiveness and no compete: The agreement of the Chief Executive Officer includes an exclusive service in favour of the Company and the Grupo Prisa, precluding him from providing services or developing professional activities under any contractual relation to other persons or entities. Furthermore, the agreement of the Chief Executive Officer includes a specific no compete prohibition.
- c) Advanced termination notice: In case of termination of the agreement by decision of the Chief Executive Officer, it must send a communication to the Company indicating such circumstance at least three months in advance. In case of complete or partial breach of the advanced termination notice, the Chief Executive Officer shall have the obligation to pay the fixed remuneration in cash, including the pro-rated extraordinary payments corresponding to the term of the advanced notice not provided.

The Company, in case of termination thereby, must provide notice at least three months in advance. In case of complete or partial breach of the advanced notice, the Company shall have the obligation to pay the fixed remuneration in cash, including the pro-rated extraordinary payments corresponding to the term of the advanced notice not provided.

- d) Indemnities: The agreement of the Chief Executive Officer provides for the following remuneration: (i) an indemnity equivalent to eighteen months of his fixed and variable annual remuneration, in the event that the agreement be terminated by reason of the lapsing of its term. Furthermore, in such case, the Chief Executive Office shall be entitled, as part of his settlement, to the proportional part of the objective variable compensation (i.e. 300,000 euros) and the pluri-annual incentive to which he may be entitled; (ii) the labour indemnity corresponding to him under the applicable regulations by reason of his common labour relations in suspense, plus an indemnity equivalent to one year and six months of his fixed and variable cash remuneration, in the event that the Company were to decide to terminate the agreement for reasons other than those established in Section 54 of the Workers Statute, and; (iii) the labour indemnity to which he may be entitled under the applicable regulations for common

labour relations in suspense, plus an indemnity equivalent to one year and six months of his fixed and variable cash remuneration, in the event that the termination be the result of the will of the Chief Executive Officer due to the serious and wilful breach by the Company regarding the obligations established in the agreement.

Moreover, the termination of the mercantile relation of the Chief Executive Officer shall entitle him to a complementary indemnity equivalent to the amount established at that time for unemployment, using as a reference the maximum rate and the maximum period over which such rate would be payable. In any case, in the event that the Chief Executive Officer were to obtain the unemployment payment from the relevant public agency, he would be required to reimburse the Company in the amount received as such complementary indemnity, which reimbursement must be made within a maximum term of one month from the date of receipt of the unemployment payment.

In the event that the agreement were terminated between the Company and the Chief Executive Officer for any reason attributable to the latter, he shall receive the proportional part of the short-term variable remuneration based on the term worked during the year. No variable remuneration shall be paid with respect to the year in which the Chief Executive Officer steps down, if discharged by the company due to serious breach of his obligations, or resignation or voluntary departure by the Chief Executive Officer himself, unless in the latter case, such resignation or departure were to take place during the last two months of the year, in which case he shall receive the proportional part of the variable remuneration to which he were entitled, provided the established annual objectives have been met.

- e) Post-contractual no compete: The agreement of the Chief Executive Officer includes a post-contractual no compete clause whereby the Chief Executive Officer undertakes (i) not to provide services to Spanish or foreign companies whose activity is identical or similar to that of the companies of the Grupo Prisa over a period six months, and (ii) not to contract anyone that belongs or that has belonged during the 12 months preceding the date of termination of the agreement to the staff of the Grupo Prisa, or to contribute to any worker of the Grupo Prisa abandoning it.

The Chief Executive Officer shall receive as an economic consideration for such obligations a remuneration equivalent to six months of the last gross fixed salary earned at the time of termination of the agreement. In case of breach of the aforesaid post-contractual no compete agreement, the Chief Executive Officer shall be required to reimburse the amount of the compensation and an indemnity equal to six months of the last fixed salary received.

- f) “Clawback” clause: In general terms, the agreement of the Chief Executive Officer includes a clause whereby the Company may require the reimbursement of the excess amounts received thereby for annual and pluri-annual variable compensation in the event that during the year following his settlement and payment, any event or circumstance resulting in the alteration or modification of the accounts, results or economic data that could affect the quantitative part considered for granting them.

Professional secrecy and confidentiality duty:

The agreement of the Chief Executive Officer of Prisa includes the obligation to keep professional secrecy. The confidentiality duty is regulated under Section 34 of the Board Regulations and continues even after the director has left his position.

16.3 Information on the issuer's Audit, Risks and Compliance Committee and Appointments, Remunerations and Corporate Governance Committee, including the names of members of the committees and a summary of the terms of reference under which the committee operates

To adapt the system of governance of the Company to the best existing standards and under the framework of the significant changes that have taken place in the structure of the capital and government of the Company, during 2018, the main internal regulations of the Company have been updated (Bylaws, Regulations of the Meeting of the Shareholders and Regulations of the Board of Directors). Among other aspects, the organisational structure and operations system of the corporate bodies have been revised, reorganising the Board Committees, which are currently as follows: Delegated Committee, Audit, Risks and Compliance Committee (formerly Auditing Committee, which has been assigned compliance duties) and Appointments, Remunerations and Corporate Governance Committee (following the disappearance of the former Appointment and Remunerations and Corporate Governance Committees).

The existence and operation of the Delegated Committee, the Audit, Risks and Compliance Committee and the Appointments, Remunerations and Corporate Governance Committee are established in the Bylaws and in the Regulations of the Board of Directors of the Company.

Following is a description of the structure and of the functions assigned to each of them, according to the provisions of the Bylaws and the Regulations of the Board of Directors.

(A) Delegated Committee

Section 26 of the Regulations of the Board of Directors establishes that the Board of Directors may establish a Delegated Committee that will consist of at least one third of the members of the Board. The Delegated Committee shall be presided over by the Chairman of the Board of Directors, unless the Board were to accord that it is to be presided over by the Chief Executive Officer. In case of a transitory absence or momentary absence of whomever is acting as its President, they shall be replaced by the Chairman of the Board or the Chief Executive Officer, as applicable, and in their absence, by the Coordinating Director or, failing which, by another external director determined by the Commission itself. In general terms, the Secretary of the Board shall act as Secretary of the Committee or, failing which, the Assistant Secretary and, failing such, the member of the Committee designated thereby.

The members of the Delegated Committee shall be appointed by the Board of Directors, upon proposal by the Appointments, Remunerations and Corporate Governance Committee, with the favourable vote of two thirds of the directors.

The Chairman of the Board and the Chief Executive Officer shall be members of the Delegated Committee, as well as the Coordinating Director, if any.

The Delegated Committee shall consist of a majority of non-executive directors. The structure of participation of the various categories of directors in the make-up of the Delegated Committee shall seek to be made similar to that of the Board itself.

The members of the Delegated Committee shall step down when they are no longer directors, and when so accorded by the Board of Directors.

The Delegated Committee shall be delegated all authorities of the Board other than those that cannot be delegated by reason of the law or the bylaws. The Board Regulations also provides that when duly justified emergency situations arise, and where permitted by Law, the Delegated Committee may adopt decisions relating to the matters included in Section 5 of the Regulations of the Board, which must be ratified at the first meeting of the Board of Directors held after their adoption.

The Delegated Committee shall meet as often as warranted by the interests of the Company at the discretion of its Chairman, who is responsible for calling it with due time in advance, and at the request of two or more members of the Delegated Committee or the Chief Executive Officer.

For the Committee to be validly constituted, the presence, whether in person or by proxy, of at least a majority of the directors forming part thereof shall be required, and those not in attendance may exceptionally grant their proxy to another director member of the Committee —giving them precise voting instructions—. The members of the Committee that are non-executive directors may solely confer their proxy to another non-executive director.

The agreements shall be adopted by absolute majority of the directors members of the Delegated Committee in attendance, whether in person or by proxy. The Chairman of the Committee shall have the casting vote in case of ties.

When called by the Chairman of the Committee, other directors that are not members of the Committee and directors whose reports are necessary or convenient for the exercise of the functions of the Commission may attend the meetings thereof, but not vote.

The Delegated Committee shall account for its activity at the first plenary session of the Board following its meetings and shall be responsible for the work performed. The Board shall at all times know of the issues addressed and the decisions adopted by the Delegated Committee. All Board members shall have access to the information provided at the sessions of the Delegated Committee and to copies of the minutes or the proformas thereof before the next Board meeting held after each session of the Delegated Committee.

At the date of this Registration Document, the Delegated Committee consists of the following members:

Delegated Committee		
<u>Name</u>	<u>Position</u>	<u>Type of director</u>
Mr Javier Monzon de Caceres	Chairman	Independent
Mr Manuel Mirat Santiago	Director	Executive
Mr Joseph Oughourlian	Director	Proprietary
Mr Manuel Polanco Moreno.....	Director	Proprietary
Ms Sonia Dula	Director	Independent

Secretary: Mr Xavier Pujol Tobeña

The Delegated Committee met a total of 5 times during 2018.

(B) Audit, Risks and Compliance Committee

The rules of organisation and operation of the Audit, Risks and Compliance Committee described below are set out in Section 23 of the Bylaws and Section 27 of the Regulations of the Board of Directors.

The Audit, Risks and Compliance Committee shall consist of the number of directors that from time to time is determined by the Board of Directors, with a minimum of three and a maximum of five. The members of the Audit, Risks and Compliance Committee shall all be non-executive directors and most shall be independent directors.

The members of the Audit, Risks and Compliance Committee, and especially its Chairman, shall be appointed taking into account their knowledge and experience in accounting, auditing and risk management.

The members of the Audit, Risks and Compliance Committee shall be appointed taking into consideration their knowledge and experience in accounting, auditing or both.

The members of the Committee shall be appointed and removed by the Board of Directors upon proposal by the Appointments, Remunerations and Corporate Governance Committee.

The members of the Committee shall step down as such when they are no longer directors or when so accorded by the Board of Directors.

The Chairman of the Committee shall be elected by the Board of Directors, upon proposal by the Appointments, Remunerations and Corporate Governance Committee, from among the members of the Committee that have the capacity of independent directors. The Chairman of the Commission must be replaced every four years, and may be re-elected after one year has lapsed from this stepping down. In the absence of the Chairman, the meeting shall be presided over by the independent director designed for such purpose by the Committee.

In general terms, the Secretary of the Board shall act as Secretary of the Committee or, failing which, the Assistant Secretary and, failing such, the member of the Committee designated thereby.

For the Audit, Risks and Compliance Committee to be validly constituted, it must be attended, in person or by proxy, by at least the majority of the directors forming part thereof, and those not attending may confer their proxy to another director member of the Committee, giving them precise voting instructions wherever possible.

Agreements shall be adopted by absolute majority of the attending members, whether present or by proxy. The Chairman of the Committee shall have the casting vote in case of ties.

The Audit, Risks and Compliance Committee shall have the authorities established in the applicable laws from time to time. Furthermore, the Audit, Risks and Compliance Committee shall have the following authorities:

- a) Striving for the Board of Directors to seek to present the accounts to the Meeting of the Shareholders without limitations or qualifications in the auditor's report. In the exceptional cases where qualifications exist, both the Chairman of the Audit, Risks and Compliance Committee and the auditors, where applicable, shall clearly explain the contents and scope of such limitations or qualifications.

- b) Supervise the Internal Audit unit so that it oversees the proper performance of the information and internal control systems. The Internal Audit unit shall be functionally ascribed to the Audit, Risks and Compliance Committee. The Commission shall evaluate the Internal Audit unit and its management shall annually approve the functions, plans of action and resources of such unit and shall propose, where applicable, the appointment, re-election or removal of its manager, and their remuneration conditions and contractual relation with the Company, which shall require the favourable report from the Appointments, Remunerations and Corporate Governance Committee. The manager of the Internal Audit unit must present to the Audit, Risks and Compliance Committee its annual work plan. They must further inform the Commission of the issues arising during the development of the Internal Audit function and must submit to the Commission, at the end of each year, a report on its activities.
- c) Regarding the information and internal control systems and the units in charge thereof: (i) supervise the process of manufacture and the integrity of the financial information relating to the Company and the Group, reviewing compliance with regulatory requirements, proper definition of the scope of consolidation and the proper application of accounting criteria; (ii) striving for the independence of the unit assuming the Internal Auditing function; (iii) approving the guidance and its work plans, ensuring that its activity is mainly focused on the relevant risks of the Company; (iv) receiving regular information on its activities; and (v) verifying that senior management takes into consideration the conclusions and recommendations in its reports.
- d) Regarding the independent auditor, as provided by Section 23 of these Regulations, channel the relation therewith and, particularly: (i) in case of resignation by the independent auditor, examine the circumstances leading thereto; (ii) striving for the remuneration of the external auditor not compromising their capacity or independence; (iii) supervising that the Company report to the National Stock Exchange Marmet Commission, as a relevant matter, of the change in auditor and accompany their report with a statement regarding the possible existence of disagreements with the departing auditor and, if any exist, their content; (iv) maintaining a fluid communication with the external auditor and ensuring that he annually holds a meeting with the plenary of the Board of Directors to report on the work performed and the evolution of the accounting, equity, financial and risks situation of the Company; and (v) ensure that the Company and the external auditor respect the current rules on the providing of services other than auditing services, the limits on concentration of the business of the auditor and, in general, all other norms on the independence of the auditors.

The Audit, Risks and Compliance Committee shall be responsible for the process of proposal of the accounts auditor, for which it shall take into account, among others and notwithstanding the provisions of the regulations applicable from time to time, such factors as the scope of the work to be performed, training, experience and resources of the auditing team and of the auditing firm itself, its fees and its independence and effectiveness and the quality of the services to be provided.

- e) Examine compliance with the Regulations of the Board, the Internal Rules of Conduct and, in general, the rules of governance of the Company and making the improvement proposals resulting from such analysis.
- f) Evaluate all matters pertaining to the non financial risks of the company, including, operational, technological, legal, social, environmental, political and reputational.

The Audit, Risks and Compliance Committee shall establish an annual work plan covering the activities established in the Regulations of the Board.

The Audit, Risks and Compliance Committee shall establish and supervise a mechanism that allows informing this Committee of the irregularities of potential transcendence, especially financial and accounting, detected within the company. When regarding claims filed by employees of the Company or its Group, this mechanism shall provide for the confidential and, where deemed appropriate, anonymous treatment, of the claims.

The Audit, Risks and Compliance Committee shall regularly assess that the risk control and management function be exercised independently, verifying that the proper processes have been implemented so that management, the Committee itself and the Board may know whether the risk control and management system has worked, according to the policies and criteria approved by the Board. The units in charge of this function or, failing which, the Committee, shall have the following functions: a) to ensure proper performance of the risk control and management systems and, in particular, the proper identification, management and quantification of all important risks affecting the company; b) actively participating in the preparation of the risk strategy and in the important decisions relating to its management; and c) striving for the risk control and management systems properly mitigate the risks under the framework of the policy defined by the Board of Directors.

The Audit, Risks and Compliance Committee shall prepare an annual report on its operation, stressing the main impacts arising, if any, in relation to the functions inherent therein, and shall propose to the Board its publication as a result of the holding the Meeting of the Shareholders. The Committee may evaluate its own performance specifically to strengthen its operation and improve the planning for the next year. To this end, it may request the opinion of the other directors and, if deemed appropriate, seek the aid of an external consultant. Regardless of the procedure chosen, the Board must be informed of the aspects analysed and the results of the analysis so that they are taken into account in the annual evaluation of the Board. The annual report on the operation of the Committee shall include the extent to which the analysis has led to significant changes in the internal organisation and procedures.

The Audit, Risks and Compliance Committee shall meet periodically, based on its needs and, at least, four times per year.

It shall have the obligation to attend to the sessions of the Committee and to provide its collaboration and access to the information available to any member of the directive team and the personnel of the Company as required for such purpose. The Committee may also require that the auditors attend its sessions.

At the date of this Registration Document, the Audit, Risks and Compliance Committee consists of the following members:

Audit, Risks and Compliance Committee

<u>Name</u>	<u>Position</u>	<u>Type of director</u>
Mr Dominique D'Hinnin.....	Chairman	Independent
Mr Waleed AlSa'di	Director	Proprietary
Ms Sonia Dula	Director	Independent

Mr Xavier Pujol Tobeña is the non-member secretary of the Board of Directors, and from 26 February 2019 Ms Monica Varela Miura is the non-member vice-secretary of the Board of Directors.

The Audit, Risks and Compliance Committee met a total of 8 times during 2018.

(C) Appointments, Remunerations and Corporate Governance Committee

The rules of organisation and operation of the Appointments, Remunerations and Corporate Governance Committee described below are contained in Section 23 of the Bylaws and in Section 28 of the Regulations of the Board of Directors.

The Appointments, Remunerations and Corporate Governance Committee consists of at least three and at most five non-executive directors, most of whom must be independent directors. The members of the Committee shall be appointed ensuring that they have the knowledge, skills and experience befitting the functions that they are required to perform.

The members of the Committee shall be appointed and removed by the Board of Directors upon proposal by the Appointments, Remunerations and Corporate Governance Committee.

The members of the Appointments, Remunerations and Corporate Governance Committee shall step down when they cease to be directors or when accorded by the Board of Directors.

The Chairman of the Committee shall be elected by the Board of Directors, upon proposal by the Appointments, Remunerations and Corporate Governance Committee itself from among the members of the Committee itself that have the status of independent directors. In the absence of the Chairman, the meeting shall be presided over by the independent director designed for such purpose by the Committee.

In general terms, the the Secretary of the Board shall act as Secretary of the Committee and, failing which, the Assistant Secretary and, failing the latter, the member of the respective Committee designated thereby.

To perform its duties, the Committee may require the attendance at its meetings of any member of the management team or staff of the Company and any collaborator of the Company or of any of the Group Companies and shall have access to all the information in respect thereof as deemed necessary.

For the Appointments, Remunerations and Corporate Governance Committee to be validly constituted, it must be attended, in person or by proxy, by at least a majority of the directors that make it up, with those not in attendance being permitted to grant their proxy to another director member of the Committee, proving them precise voting instructions whenever possible.

The agreements shall be adopted by absolute majority of the directors members of the Committee in attendance, whether in person or by proxy. The Chairman of the Committee shall have the casting vote in case of ties.

In addition to the functions it is assigned by Law, the Appointments, Remunerations and Corporate Governance Committee shall have the following authorities:

- a) Regarding the make up of the Board of Directors and of the Committees of the Board of the Company and the administrative bodies of other Group companies:
 - i. Annually verify compliance with the directors Selection Policy approved by the Board of Directors
 - ii. Make the proposals, in the case of the independent directors, and report the proposals submitted to the Board, in the case of the remaining directors, to appoint directors for their appointment by co-option or for them to be submitted for decision by the Meeting of the Shareholders, taking into consideration the criteria referenced in Section 20.4 of these Regulations, and taking the equivalent actions regarding their re-election or separation by the Meeting of the Shareholders or when there is just cause, due to the breach by the director of the duties inherent in their position and a disciplinary procedure were instructed that could imply the removal of the director.
 - iii. Propose the classification of the directors in the categories of executive, proprietary, independent or other external director, when the appointment of the directors is to be made or ratified by the Board itself or the Meeting of the Shareholders.
 - iv. Annually verify the maintenance of the character in which each director was appointed, to be reported in the Annual Corporate Governance Report.
 - v. Report on the proposals for the appointment of the individual representative of legal-entity directors.
 - vi. Propose and report, together with the Chairman of the Board — except as regards such person specifically — the appointments of the Chairman, the Vice Chairmen, the Coordinating Director, the Chief Executive Officer, the members of the Delegated Committee and of the other Committees of the Board of Directors, and their respective Chairmen.
 - vii. Report the proposals for the appointment of the Secretary and Assistant Secretary.
 - viii. Propose and report, together with the Chairman del Board — except as regards such person specifically — the proposals for the separation, removal or replacement of any member of the Board and their Committees, other than the Secretary and the Assistant Secretary.
 - ix. Report on the proposals for the appointment of the representatives of the Company in the administrative bodies of the Group Companies.
 - x. Make the timely proposals for the Board to conduct an adequate planning for the orderly renewal and succession of its members, especially the independent directors, in attention to their seniority in their offices and the profiles with which it is convenient that the Board have as a whole from time to time.
- b) Regarding the senior management of the Group:

- i. Report the proposals for the appointment and separation of senior managers, their remuneration and the contractual conditions of their relation with the Company, and to receive information and, where applicable, issue, prior to their application, reports on the disciplinary measures relating to the senior managers of the Company.
 - ii. Supervise the succession plan for the senior managers that the Company must keep up to date under the responsibility of the Chief Executive Officer.
 - c) Regarding the policy of remuneration of the directors and senior management:
 - i. Propose to the Board of Directors the policy of remuneration of the directors and senior management, and the individual remuneration and other contractual conditions of the executive directors.
 - ii. Strive for its observance and regularly review the Remunerations Policy applied to the directors and senior managers, including stock-based remuneration systems and their application, and guarantee that their individual remuneration is proportional to their responsibility and their dedication and to that of the other directors and senior managers of the Company.
 - iii. Report to the Board on the proposals relating to the terms of the variable remuneration of the executive directors and of the senior managers of the Company, and those of other incentive plans destined for them and, where applicable, verify the degree of compliance with the objectives to which they are subject.
 - iv. Verify the information on the remuneration of the directors and senior managers contained in the various corporate documents and, especially, prepare the Annual Report on the Remunerations of the directors for approval by the Board.
 - d) Regarding the corporate governance system:
 - i. Drive the corporate governance policies of the Company.
 - ii. Propose to the Board of Directors the approval of the Annual Corporate Governance Report.
 - iii. Prepare a prior report which shall serve as basis for the Board to conduct the annual evaluation of its operation upon the terms established in Section 8 of these Regulations.
 - iv. Strive for the external advice that may be received by the Committee and the Board in this regard be provided with due independence.
 - v. Drive, guide and supervise the policy, internal regulations, procedures and practice of the Company in matters corporate social responsibility and sustainability, and its degree of adaptation to the national and international standards, recommendations and practices in such areas and report on such matters to the Board of Directors and the Delegated Committee, as applicable.

- vi. Propose to the Board the modifications deemed appropriate in the aforesaid policies, standards, practices and procedures in matters of corporate social responsibility, establishing the reasoning whereby they are warranted.
 - vii. Propose to the Board of Directors the approval of the annual corporate responsibility report and, in general, issue the reports and develop the actions that, in matters of corporate social responsibility and sustainability as may also correspond thereto, in accordance with the corporate governance of the Company or as requested by the Board of Directors or its Chairman.
 - viii. Supervise the communication strategy and relation with the shareholders and investors, including small and mid-size shareholders.
 - ix. Report the proposals for the modification of the Bylaws, the Regulations of the Board, the Regulations of the Meeting of the Shareholders, the Rules of Operation of the Electronic Shareholders Forum, the Internal Rules of Conducts, the Code of Ethics and any other rules of governance of the Company.
 - x. Review the regulatory performance policy and propose all the necessary measures for its reinforcement.
- e) Other skills:
- i. Annually approve a report on the operation of the Committee and propose to the Board of Directors its publication, as a result of the holding of the Meeting of the Shareholders.
 - ii. Exercise any other authorities assigned to such Committee under these Regulations.

The Committee shall meet whenever the Board of Directors of the Company or the Delegated Committee requests the issue of a report or the approval of proposals in the area of its authorities and provided, in the opinion of the Chairman of the Committee, it is convenient for the proper development of its functions.

At the date of filing of this Registration Document, the Appointments, Remunerations and Corporate Governance Committee consists of:

Appointments, Remunerations and Corporate Governance Committee

Name	Position	Type of director
Mr Javier Monzon de Caceres	Chairman	Independent
Mr Dominique D'Hinnin	Director	Independent
Mr Javier Gomez-Navarro	Director	Independent
Mr Joseph Oughourlian	Director	Proprietary
Mr Roberto Alcantara Rojas	Director	Proprietary

Secretary: Mr Xavier Pujol Tobeña

From January to April 2018, the former Appointments and Remunerations Committee met five times, four of which were held jointly with the Corporate Governance Committee.

From April to December 2018, the Appointments, Remunerations and Corporate Governance Committee met a total of 3 times.

16.4 A statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime(s). In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime

(A) Recommendations in matters of corporate governance

Prisa complies with current Spanish corporate governance regulations. Under the provisions of Section Five of Order EHA/3537/2005, incorporated by reference to this Registration Document is the Annual Corporate Governance Report of the Company corresponding to 2018, sections F “Internal control and risk management systems relating to the issue of financial information (SCIIF)” and G “Degree of compliance with Corporate Governance recommendations” of which, applicable as of 31 December 2018, contain the information relating to such caption. The Annual Corporate Governance Report of Prisa is deposited at the CNMV and may be consulted at the following link, in addition to on the website of the CNMV (www.cnmv.es): <https://www.prisa.com/uploads/2019/03/iagc-120319-completo.pdf>.

Regarding the recommendations on good corporate governance, it should be noted that the last Annual Corporate Governance Report of the Company (that corresponding to 2018) reports, under caption G, how the Company governance system complies with and substantially follows the recommendations on corporate governance included in the Code of good governance of traded companies approved by the National Committee of the Stock Market in February 2015. The overall balance shows the commitment of Prisa to good corporate governance, as it fully complies with or is not subject to 61 of the 64 recommendations of such Code applicable to Prisa, and partially complies with 3 recommendations—recommendations numbers 3 (that during the holding of the Annual General Meeting of the Shareholders, the Chairman del Board of Directors verbally render a detailed report on the most relevant aspects of the corporate governance of the company), 33 (that the Chairman, being responsible for the proper operation of the Board of Directors, in addition to exercising with which he is invested by law and under the bylaws, prepare and submit to the Board of Directors a program of dates and issues to be addressed; organise and coordinate the regular evaluation of the Board, and, where applicable, that of the top executive of the company; be responsible for the direction of the Board and of the effectiveness of its operation; make sure to devote enough time to the discussion of the strategic issue, and agree and review the programs for updating knowledge for each director, when warranted by the circumstances) and 36 (that the Board of administration in plenary evaluate, once per year, and adopt, where applicable, a plan of action correcting the deficiencies detected, based on the reports of the Committees and that every three years the Board be assisted to perform the evaluation by an external consultant). The aforesaid report, incorporated by reference to this Registration Document, includes the relevant explanations for such purposes.

(B) Internal financial information control system (SCIIF)

The Internal Financial Information Control System (“**SCIIF**”) of the Group is based on the guidebook of recommendations on the subject matter issued by the CNMV in June 2010. Along these lines, the Group SCIIF was initially developed based on the methodological framework of COSO 1992 and adapted during the year 2014 to the new framework of COSO 2013. Annual Corporate Governance Report for 2018 includes a general description of the main Items making up the SCIIF of the Grupo Prisa. The Annual Corporate Governance Report of Prisa is deposited at the CNMV and may be consulted by following the link shown below, in addition to on the website of the CNMV (www.cnmv.es): <https://www.prisa.com/uploads/2019/03/iagc-120319-completo.pdf>.

17. EMPLOYEES

17.1 Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the registration document

The average number of executive directors of Prisa during the years 2016, 2017 and 2018, and as of the date of this registration document, is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Executive directors ⁽¹⁾	2	3	3

(1) *Note:* Includes the Executive Chairman, who has a service agreement.

The number of employees of Prisa and the Grupo Prisa, distributed according to the professional category during the years 2016, 2017 and 2018, and as of the date of this Registration Document, is as follows:

	<u>Media 2018</u>	<u>Media 2017</u>	<u>Media 2016</u>
Senior management of the Grupo Prisa ⁽¹⁾	10	8	9
Rest of Prisa employees ⁽²⁾	35	34	51
Rest of employees of other Group companies	8,493	8,656	8,637
Total Grupo Prisa	8,538	8,698	8,697
Total Prisa.....	37	39	55

Notes:

- (1) Includes the persons classified as Senior Management of the Group shown in the Annual Remunerations Report.
 (2) The data on Prisa employees does not include Senior Management. It also does not include the Executive Chairman, who has a service agreement

The data on the average staff of Prisa by operating segments is as follows:

<u>Operating segment⁽¹⁾</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Media Capital ⁽²⁾	1,022	1,001	1,057
Education	3,989	4,049	3,906
Radio	2,265	2,213	2,394

Operating segment ⁽¹⁾	2018	2017	2016
News	746	817	859
Rest	516	618	481
Total	8,538	8,698	8,697

Notes:

(1) In all periods, Prisa Video is included.

(2) Previously, the Audiovisual segment.

During 2018, at the Grupo Prisa, there was an average of 7,758 people with a fixed contract, representing 91% of the total staff (7,902 people in 2017 with Media Capital, also representing 91% of the staff).

Following is the data for the average staff, segmented by categories and by geographical origin:

Number of people	2018	2017	2016
By categories.....			
Managers.....	370	388	396
Middle positions.....	1,126	1,204	1,182
Other employees	7,042	7,106	7,119
Total	8,538	8,698	8,697
By geographical origin.....			
Spain	2,948	3,091	3,186
International	5,590	5,607	5,511
Total	8,538	8,698	8,697

17.2 Shareholdings and stock options

According to the data in hands of the Company, at the date of this Registration Document, the participation of the members of the Board of Directors in the share capital of Prisa is as follows:

Directors	Direct		Indirect		Total	
	No. of shares	% of voting rights	No. of shares	% of voting rights	No. of shares	% of voting rights
Mr Manuel Polanco Moreno	54,177	0.01%	150,246	0.03%	204,423	0.04%
Mr Manuel Mirat Santiago	78,317	0.01%	0	0.00%	78,317	0.01%
Mr Roberto Alcantara Rojas.....	14,265	0.00%	0	0.00%	14,265	0.00%
Mr Shk. Khalid Thani A. Al Thani ⁽¹⁾	0	0.00%	36,400,079	6.52%	36,400,079	6.52%
Mr Joseph Oughourlian ⁽²⁾	0	0.00%	153,868,964	27.56%	153,868,964	27.56%
Amber Capital UK LLP ⁽²⁾ ⁽³⁾	0	0.00%	153,868,964	27.56%	153,868,964	27.56%

Directors	Direct		Indirect		Total	
	No. of shares	% of voting rights	No. of shares	% of voting rights	No. of shares	% of voting rights
Mr Waleed AlSa'di	0	0.00%	0	0.00%	0	0.00%
Mr Dominique D'Hinnin	0	0.00%	0	0.00%	0	0.00%
Mr Javier Monzon de Caceres	100,000	0.02%	0	0.00%	100,000	0.02%
Mr Javier de Jaime	0	0.00%	0	0.00%	0	0.00%
Mr Javier Gomez-Navarro.....	8,435	0.00%	0	0.00%	8,435	0.00%
Mr Francisco Gil Diaz	0	0.00%	0	0.00%	0	0.00%
Ms Sonia Dula	8	0.00%	0	0.00%	8	0.00%
Total.....	225,202	0.05%	190,419,289	33.56%	190,674,491	33.61%

Notes:

- (1) The indirect participation of Mr Shk. Khalid Thani Al Thani, is through International Media Group S.à r.l. (a significant shareholder of Prisa).
- (2) Mr Joseph Oughourlian, a proprietary director, has advised this Company: i) that the structure of his indirect share in the share capital of the Company is through Amber Capital UK, LLP, (significant shareholder of Prisa) and ii) that he controls Amber Capital UK, LLP, which acts as *investment manager* of Oviedo Holdings S.à r.l., Amber Active Investors Limited and Amber Global Opportunities Limited.
- (3) Mr Fernando Martinez Albacete, representative of Amber Capital UK LLP on the Board of Directors de Prisa, is not the holder of any Prisa shares, directly or indirectly.

The members of the Board of Directors are the holders, directly and indirectly, of a total of 190,674,491 shares carrying voting rights of Prisa, representing 34.15% of its share capital. This calculation has been made by computing the shares of Amber Capital UK LLP one single time.

According to the date in hands of the Company, at the date of this Registration Document, the share of the members of senior management in the share capital of Prisa is as follows:

Management	Direct		Indirect		Total	
	No. of shares	% of voting rights	No. of shares	% of voting rights	No. of shares	% of voting rights
Mr Xavier Pujol Tobeña	0	0.00%	0	0.00%	0	0.00%
Mr Guillermo de Juanes	665	0.00%	0	0.00%	665	0.00%
Mr Augusto Delkader Teig ...	2.078	0.00%	61	0.00%	2,139	0.00%
Mr Jorge Rivera	7.381	0.00%	0	0.00%	7,381	0.00%
Ms Marta Bretos	0	0.000%	0	0.000%	0	0.000%
Mr Miguel Ángel Cayuela Sebastian	16.698	0.00%	0	0.00%	16,698	0.00%
Mr Pedro Garcia Guillen.....	0	0.00%	0	0.00%	0	0.00%
Mr Alejandro Martinez Peon	75.000	0.01%	0	0.00%	75,000	0.01%

Management	Direct		Indirect		Total	
	No. of shares	% of voting rights	No. of shares	% of voting rights	No. of shares	% of voting rights
Ms. Rosa Cullell Muniesa.....	11.813	0.00%	0	0.00%	11,813	0.00%
Ms Virginia Fernandez.....	2.867	0.00%	0	0.00%	2,867	0.00%
Total	116.502	0.02%	61	0.00%	116,563	0.02%

At the date of this Registration Document, no member of the Board of Directors, or any senior manager, is the holder of share purchase options.

17.3 Description of any arrangements for the employees to share in the capital of the issuer

At the date of this Registration Document, the only Plan that the Company has in place in terms of shares and/or options of Prisa affecting the employees, managers and directors, is that adopted by the Annual General Meeting of the Shareholders held on 25 April 2018, whereby a Mid-Term Incentives Plan was approved for the period spanning between 2018 and 2020, consisting of the delivery of Company shares tied to the evolution of the stock exchange and the achievement of certain objectives, directed to the Chief Executive Officer of Prisa and certain managers of the Company. The beneficiaries of this plan may receive a certain number of the Company's ordinary shares following a reference period of three years, provided certain pre-determined requirements have been met.

The Company has assigned a number of "theoretical shares" ("**Restricted Stock Units**" or "**RSUs**") to each beneficiary and has specified certain objectives (other than trading) that must be met for them to benefit from the incentive, which shall also serve as a reference to determine the end number of shares to be delivered, where applicable. The Incentive Plan provides for the delivery of a total of up to 11,200,000 Company shares, which could be increased by up to 25% in the event that the increase in value of the shares of the Company were to reach or surpass 66% or that a level of compliance of the objectives of EBITDA and Cash Flows of 100% be reached. In that case, the maximum number of shares under the plan could reach up to 14,000,000. Of the total shares assigned, 20%, at most, shall correspond to the Chief Executive Officer, i.e., up to a total of 2,800,000 shares.

To date, the Company has assigned a total of 10,965,000 RSUs, of which 2,200,000 RSUs correspond to the Chief Executive Officer of Prisa, 4,940,000 theoretical shares correspond to the senior management members and 3,825,000 theoretical shares correspond to other Group managers.

The possibility that the collective beneficiary of the Incentive Plan receive Company shares is contingent upon the meeting of certain conditions during the reference period, which is why no right to receive any amounts whatsoever in this regard has arisen, notwithstanding the accounting expenses recorded on the income statement.

The liquidation of the Incentive Plan may be performed through the delivery of treasury shares, newly issued shares under a capital increase or by the contracting, by the Company, of adequate financial hedging instruments.

Under the agreement adopted by the Annual General Meeting of the Shareholders, the Company reserves the right to decide, when it deems convenient, to replace the delivery of shares with the payment of its cash equivalent, applying in such case to determine the amount payable, the trading closing price of the share on the date of delivery of the shares, and to liquidate the Incentive Plan in advance in the scenarios established for such purposes in the general conditions of the Incentive Plan, as approved by the Board of Directors of the Company.

18. MAJOR SHAREHOLDERS

18.1 In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement

(A) Significant interests

The significant interests of Prisa declared by its holders are those shown below, according to the information published on the website of the CNMV and, in some case, the information provided to the Company by its own shareholders.

Name or registered name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights ⁽¹⁾
Amber Capital UK LLP ⁽²⁾	-	153,868,964	27.56%
HSBC Holdings PLC	-	55,891,070	10.01%
Telefonica, S.A.	52,708,767	-	9.44%
Rucandio, S.A.	-	46,328,108	8.30%
ADAR Capital Partners LTD ⁽³⁾	-	40,703,256	7.29%
International Media Group S.à r.l. ⁽⁴⁾	36,400,079	-	6.52%
GHO Networks, S.A. DE CV	-	28,011,547	5.02%
Carlos Fernandez Gonzalez ⁽⁵⁾	-	22,474,798	4.02%
TOTAL	89,108,846	347,277,743	78.15%

The interest interest referenced above is instrumented as follows:

Name or registered name of the indirect holder of the share	Through: Name or registered name of the direct holder of the share	Number of voting rights	% of total voting rights
Amber Capital UK LLP	Amber Active Inverstors Limited	69,765,512	12.49%
Amber Capital UK LLP	Amber Global Opportunities Limited	17,458,271	3.13%
Amber Capital UK LLP	Oviedo Holdings S.à r.l.	66,645,181	11.93%

Name or registered name of the indirect holder of the share	Through: Name or registered name of the direct holder of the share	Number of voting rights	% of total voting rights
HSBC Holdings PLC	HSBC Bank PLC	55,891,070	10.01%
Rucandio, S.A.	Rucandio Inversiones, SICAV, S.A.	71,246	0.01%
Rucandio, S.A.	Promotora de Publicaciones, S.L.	125,949	0.02%
Rucandio, S.A.	Aherlow Inversiones, S.L.	46,130,913	8.26%
ADAR Capital Partners LTD	ADAR Macro Fund LTD	40,703,256	7.29%
GHO Networks, S.A. DE CV	Consortio Transportista Occher, S.A. DE CV	28,011,547	5.02%
Carlos Fernandez Gonzalez	FCapital LUX S.à r.l.	22,474,798	4.02%

Notes:

- (1) The percentages of voting rights have been calculated on the total voting rights of Prisa (i.e., 558,406,896 rights).
- (2) Mr Joseph Oughourlian, proprietary director, has informed this Company: i) that the structure of his indirect interest in the share capital of the Company, through Amber Capital UK LLP, corresponds to that declared in the above tables, and ii) that he controls Amber Capital UK, LLP, which acts as “investment manager” of Oviedo Holdings S.à r.l., Amber Active Investors Limited and Amber Global Opportunities Limited. Fernando Martinez (individual representative of the director Amber Capital UK LLP, which is a significant shareholder of Prisa) holds an interest of 0.48% in the share capital of Timon, S.A. Timon is controlled by Rucandio, S.A., a significant shareholder of Prisa.
- (3) Adar Macro Fund Ltd. is a company controlled and managed by Adar Capital Partners Ltd., a management company discretionally exercising the voting rights of the shares owned by Adar Macro Fund Ltd. Adar Capital Partners Ltd is a company wholly owned by Welwel Investments Ltd. which is in turn a company wholly owned by Zev Marynberg. Likewise, Adar Macro Fund has informed CNMV that it is the holder of financial instruments (SWAP) that would allow it to acquire 390,000 voting rights in the Company (0.07% of the share capital), if exercised or exchanged.
- (4) The voting rights of International Media Group S.à r.l. have been declared to the CNMV by proprietary director Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani, as an indirect owner. International Media Group S.à r.l. is wholly owned by International Media Group Limited which is in turn wholly owned by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani.
- (5) Mr Carlos Fernandez Gonzalez controls the majority of the capital and voting rights of the Far-Luca, S.A. de C.V., Group, an entity owning 99% of the Finaccess, S.A.P.I. de C.V. Group, which is in turn the holder of 99.99% of the capital and the voting rights of Finaccess Capital, S.A. de C.V. The latter is the holder of the majority of the voting rights of FCapital Dutch, B.V., which entity is in turn the holder of 100% of the capital and of the voting rights of FCapital Lux S.à r.l.

Likewise, it is noted that in addition to the voting rights reflected in the above tables, as shown on the CNMV web site, the Company has received an irrevocable subscription commitment from Banco Santander, S.A. which expressed that, as of 11 March 2019, its participation in the company equity amounts to 4.78% (for more information regarding the irrevocable subscription commitment, see section 5.5.2 of the Prospectus).

Additionally, see section 17.2 of this Registration Document regarding the share in the voting rights of Prisa of the senior management and of the members of the Board of Directors.

Finally, it should be noted that, as a result of the public offering to subscribe to the shares of the Company, that shall be conducted in the performance of the Capital Increase, that substantive changes could arise in the equity structure described above. Along these lines, see

section 5.2.2 of the Securities Note for further information regarding the commitments to subscribe to the referred Capital Increase.

(B) Parasocial agreements

The information on parasocial agreements set out below is that set out in the public information made public to the market by the Company shareholders through the relevant communications of material events. Prisa has no information regarding the content of such parasocial events aside from the information made public by the very shareholders of the Company:

i) Parasocial agreement in Rucandio, S.A.:

On 23 December 2003, by private document, Mr Ignacio Polanco Moreno, Ms Isabel Polanco Moreno —deceased— (and whose children are her successors in this agreement), Mr Manuel Polanco Moreno, Ms M^a Jesus Polanco Moreno, plus her late father, Mr Jesus de Polanco Gutierrez, and her mother Ms Isabel Moreno Puncel, subscribed to a Family Protocol, which has as an agreement a Syndication Agreement regarding the shares of Rucandio, S.A., the purpose of which is to prevent the entry by third parties outside of the Polanco Family in Rucandio, S.A., and providing that: i) the shareholders and syndicated directors are to meet before holding the Shareholder or Board Meetings to determine the sense of the vote of the syndicated shares, that they are compelled to vote in the same way in the Meeting of the Shareholders, following the sense of the vote determined by the group of syndicated shareholders; ii) if no express agreement were obtained from the syndicate regarding any of the proposals made at the Meeting of the Shareholders, it shall be deemed that there is not sufficient agreement in the syndicate and, accordingly, each syndicated shareholder may freely exercise the sense of their vote; iii) the members of the syndicate have the obligation to attend in person, or by delegating their vote to the person agreed by the syndicate to the shareholder meetings, except with an express agreement from the syndicate, and vote according to the instructions agreed by the syndicate, and to not individually exercise any right as a shareholder which has not been previously debated and agreed by the syndicate group; iv) the syndicate members undertakes not to transmit or in any way dispose of the shares of Rucandio, S.A. until 10 years have lapsed as of the death of Mr Jesus de Polanco Gutierrez, requiring, in any case, the consensus of all the shareholders for any type of transfer to a third party. The unanimous agreement of all the shareholders of Polanco Moreno is established as an exception to the aforesaid term.

See the table set out in section (A) of this caption regarding the total percentage of voting rights of the Company corresponding, directly or indirectly, to Rucandio, S.A.

ii) Parasocial agreement in Promotora de Publicaciones, S.L.:

The parasocial agreement was signed on 21 May 1992 and by instrument executed before Notary Public of Madrid Mr Jose Aristonico Sanchez. Timon, S.A. subscribed with various Prisa shareholders a Shareholders Agreement to govern the contribution of its shares in such company to Promotora de Publicaciones, S.L. (hereafter “**Propu**”) and the system of its participation therein. Essentially, the ties established through the Agreement are: a) that each majority shareholder shall have at least one representative of the Board of Directors of Prisa and that, to the extent possible, the administrative body of Propu shall have the same make-up

as that of Prisa; b) that the sense of the vote of the shares of Propu at the Meetings of the Shareholders of Prisa shall be that determined previously by the majority shareholders. Likewise, the shareholders of Propu that are members of the Board of Directors de Prisa shall vote in the same sense, following the instructions of the majority shareholders; c) that in the event that Timon, S.A. were to sell its share in Propu, the remaining majority shareholders shall be entitled to sell their share in Propu in the same conditions and to the same buyers. It is understood that this is provided that the foregoing is possible.

See the table contained in section (A) of this caption regarding the overall percentage of voting rights of the Company corresponding directly to Promotora de Publicaciones, S.L.

iii) Shareholders agreement of Prisa:

Regarding the shareholders agreement subscribed on 24 April 2014, between Timon, S.A., Propu, Asgard Inversiones, S.L.U., Otnas Inversiones, S.L. (all direct or indirect affiliates of Rucandio, S.A.) together with the shareholder Consorcio Transportista Occher, S.A. de CV (affiliate of Grupo Herradura Occidente, S.A. de CV) and other shareholders, it is noted that, on 22 May 2018, the Company communicated to the CNMV (Registration number 265999) the information it had received from its shareholder Rucandio, regarding the termination of the aforesaid shareholders agreement of Prisa.

18.2 Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement

All the shares of the share capital of Prisa carry the same political and economic rights, with there being no different voting rights for any shareholder.

18.3 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused

There is no knowledge of the existence of direct or indirect shares through which the control of the Company is exercised.

18.4 A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer

Notwithstanding the provisions of section 18.1 above, the Company has no knowledge of any agreement, the application of which could, at a later date, lead to a change in the control of Prisa.

19. RELATED PARTY TRANSACTIONS

Following is presented, in accordance with item 19 of Annex I to Regulations (EC) No. 809/2004 of the Committee, of the date of the operations with related parties that Prisa has performed over the period covered by the historical financial information, i.e., years 2016, 2017 and 2018. From 31 December 2018 until the date of this Registration Document, there have been no irregular or relevant operations with related parties, to the best of the knowledge of the Company, that are significantly different from those described below, with the exception of the Underwriting Agreement subscribed with Banco Santander, S.A., Morgan Stanley & Co. International plc, and Alantra Capital Markets, S.V., S.A., described in sections 5.4 of the Notes on Shares and the Agency Agreement subscribed with Banco Santander,

S.A., as well as a financial advising services agreement subscribed with Banco Santander Totta, S.A. on 1 February 2019 regarding a potential transaction whose payment depends on the execution and amount of said transaction.

(A) Operations with related parties during 2018

Following is a detail of the significant operations, due to their amount or subject matter, performed between the Company or companies of the Grupo Prisa and the significant shareholders of the Company during the year ended 31 December 2018. See, for further information, note 20 (Operations with related parties) of the consolidated annual accounts of the Grupo Prisa incorporated into this Registration Document by reference.

Name or registered name of the significant shareholder	Name or registered name of the company or entity of its group	Nature of the relation	Type of operation	Amount (thousands of euros)
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Services	2,140
BANCO SANTANDER, RUCANDIO, S.A.	GRUPO PRISA	Commercial	Services	2,370
HSBC HOLDINGS PLC	GRUPO PRISA	Commercial	Services	3
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Services	2
TELEFONICA, S.A.	GRUPO PRISA	Commercial	Receipt of services	8,070
TELEFONICA, S.A.	GRUPO PRISA	Contractual	Operating lease	2,228
Banco Santander, S.A.	GRUPO PRISA	Commercial	Receipt of services	10
BANCO SANTANDER, S.A.	GRUPO PRISA	Contractual	Operating lease	11
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES,	Commercial	Receipt of services	8,918
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S.A.	Commercial	Receipt of services	4,222
HSBC HOLDINGS PLC	GRUPO PRISA	Commercial	Receipt of services	11
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN GLOBAL, S.L.	Contractual	Financing agreements: loans	5,241
BANCO SANTANDER, S.A.	MEDIA GLOBAL, SGPS	Contractual	Financing agreements: loans	14,982
BANCO SANTANDER, S.A.	SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.	Contractual	Financing agreements: loans	5,919
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES, S.A.	Contractual	Financing agreements: loans	4,367
BANCO SANTANDER, S.A.	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Financing agreements: loans	6,915

Name or registered name of the significant shareholder	Name or registered name of the company or entity of its group	Nature of the relation	Type of operation	Amount (thousands of euros)
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES,	Contractual	Financing agreements: loans	142,295
HSBC HOLDINGS PLC	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Financing agreements: loans	225,321
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES,	Contractual	Guaranties and sureties	1,153
BANCO SANTANDER, S.A.	GRUPO SANTILLANA EDUCACIÓN	Contractual	Guaranties and sureties	285
BANCO SANTANDER, S.A.	PRISA RADIO, S.A.	Contractual	Guaranties and sureties	322
BANCO SANTANDER, S.A.	SERVICIOS DE INTERNET, S.A.	Contractual	Guaranties and sureties	60
BANCO SANTANDER, S.A.	PROMOTORA DE INFORMACIONES,	Contractual	Interest paid	338
BANCO SANTANDER, S.A.	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Interest paid	141
BANCO SANTANDER, S.A.	GRUPO SANTILLANA	Contractual	Interest paid	167
BANCO SANTANDER, S.A.	SOCIEDAD ESPAÑOLA DE RADIODIFUSIÓN, S.L.	Contractual	Interest paid	202
BANCO SANTANDER, S.A.	MEDIA GLOBAL, SGPS	Contractual	Interest paid	208
HSBC HOLDINGS PLC	PROMOTORA DE INFORMACIONES, S A	Contractual	Interest paid	9,370
HSBC HOLDINGS PLC	PRISA ACTIVOS EDUCATIVOS, S.L.	Contractual	Interest paid	4,607

For the purposes of what is included in this table, the following is noted:

- (i) The transactions shown in the table include operations performed with the significant shareholder and/or entities of its Group;
- (ii) The transactions performed with Grupo Prisa include those performed with Promotora de Informaciones, S.A. (Prisa) and/or the entities of its Group. When the name of a specific entity of the Grupo Prisa is specified it is because the transaction has solely been performed with such company.
- (iii) The operations reflected in the table are the reflection of the accounting information contained in the consolidated income statement of the Grupo Prisa.
- (iv) It should also be noted that in 2018, the Company has reached an agreement with its bank creditors for the refinancing and modification of the terms of its debt. Such

creditors include certain significant shareholders of the Company, such as HSBC and Banco Santander.

Following are the significant operations performed by the Company with other entities members of the same group, that have not been eliminated from the process of preparation of consolidated financial statements:

<u>Corporate name of the Group entity</u>	<u>Description of the transaction</u>	<u>Amount (thousands of euros)</u>
Le Monde Libre	Loan granted by Prisa Noticias, S.L. to Le Monde Libre Societe Comandite Simple.	6,351
Sociedad Española de Radiodifusion, S.L. .	Loan granted by Sociedad Española de Radiodifusion, S.L. to its holding Green Emerald Business INC.	2,472
PRISA Radio, S.A.	Income received by Prisa Radio, S.A for the rendering of technical assistance services and advice to Sistemas Radiopolis, S.A. de CV.	859
Ediciones El Pais, S.L.....	Income received by Ediciones El Pais, S.L. from the sale of copies to KIOSKOYMÁS, Sociedad Gestora De La Plataforma Tecnologica, S.L.	421
Noticias As Mexico, S.A. de CV	Income received by Noticias As Mexico, S.A. de CV from the sale of advertising to Sistema Radiopolis, S.A. de CV.	554
Prisa Gestion Financiera, S.L.....	Loans granted by Prisa Gestion Financiera, S.L. to Planet Events, S.A.	970

It is noted that in addition to the related operations described in the preceding tables, the following transactions have been performed: i) services provided to companies of the Grupo Prisa both other holdings, in the aggregate amount of EUR 1.18 million, ii) services rendered by companies of the Grupo Prisa to other holdings, in an aggregate amount of EUR 0.39 million, iii) loans granted by companies of the Grupo Prisa to other associated companies, amounting to EUR 1.22 million, iv) financial income registered by companies of the Grupo Prisa, relating to the loans granted to the holdings, in an aggregate amount of EUR 1.02 million, v) dividends received by companies of the Grupo Prisa of holdings, in an aggregate amount of EUR 20 thousand, and vi) expenses from impairment of credits granted to associated companies and exchange differences derived from loans denominated in foreign currency.

Likewise, in February 2018, Prisa has performed a capital increase, with pre-emptive subscription rights, in the amount of EUR 441,189,130.66, through the issue and subscription of 469,350,139 new ordinary shares of the Company, each with a nominal amount of EUR 0.94, of the same class and series as the rest of the outstanding shares. The issue rate of the

shares was EUR 1.20 (nominal amount of EUR 0.94 and an issue premium of EUR 0.26 each). Such capital increase was subscribed, among other others, by some significant shareholders of the Company, as evidenced by its statements to the CNMV. According to the information published on the website of CNMV, the following Prisa directors subscribed to the capital increase:

Name of Director	Number of direct voting rights subscribed	Number of indirect voting rights subscribed
Manuel Mirat Santiago	65,879	0
Manuel Polanco Moreno	45,580	126,405 (through Olnacasco, S.L.)
Francisco Javier Monzon de Caceres	60,049	0
Joseph Oughourlian	0	131.022.714 (through Amber Capital UK LLP)
Francisco Javier Gomez-Navarro	7,102	0
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	0	33,920,000 (through International Media Group, S.a.r.l.)

Additionally, it is necessary to take into account the remunerations of the Directors of Prisa and of the senior management members accrued during 2018, in the amount of EUR 2.67 million and EUR 5.96 million, respectively, as evidenced by the Annual Corporate Governance Report corresponding to such year (see section 15.1(B) of this Registration Document.

Additionally, director Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is Vice Chairman of the Dar Al -Sharq media group, which has a strategic alliance with Diario As (a company of the Grupo Prisa), en whereby in 2017 they collectively launched “AS Arabia”.

(B) Operations with related parties during 2017

Following is a detail of the significant operations, by amount or subject matter, performed between Company or companies of the Grupo Prisa and the significant shareholders of the Company during the year ended 31 December 2017. For further information, see note 20 (*Operations with related companies*) of the consolidated annual financial statements of the Grupo Prisa included with this Registration Document by reference.

Name or registered name of the significant shareholder	Name or registered name of the company or entity of its group	Nature of the relation	Type of operation	Amount (thousands of euros)
Telefonica, S.A.	Grupo Prisa	Commercial	Services	1,223
Caixabank, S.A.	Grupo Prisa	Commercial	Services	2,527
Banco Santander, S.A.	Grupo Prisa	Commercial	Services	2,329
Rucandio, S.A.	Grupo Prisa	Commercial	Services	4

Name or registered name of the significant shareholder	Name or registered name of the company or entity of its group	Nature of the relation	Type of operation	Amount (thousands of euros)
HSBC Holdings PLC	Grupo Prisa	Commercial	Services	2
Telefonica, S.A.	Grupo Prisa	Commercial	Receipt of services	9,393
Telefonica, S.A.	Grupo Prisa	Contractual	Operating lease agreements	2,169
Banco Santander, S.A.	Grupo Prisa	Commercial	Receipt of services	203
Caixabank, S.A.	Grupo Prisa	Commercial	Receipt of services	418
HSBC Holdings PLC	Grupo Prisa	Commercial	Receipt of services	249
Banco Santander, S.A.	Grupo Santillana Educacion Global, S.L.	Contractual	Financing agreements: loans	10,003
Banco Santander, S.A.	Media Global, SGPS	Contractual	Financing agreements: loans	15,016
Banco Santander, S.A.	Sociedad Española de Radiodifusion, S.L.	Contractual	Financing agreements: loans	5,998
Banco Santander, S.A.	Promotora de Informaciones, S.A.	Contractual	Financing agreements: loans	16,880
Caixabank, S.A.	Promotora de Informaciones, S.A.	Contractual	Financing agreements: loans	57,687
Caixabank, S.A.	Media Capital Group	Contractual	Financing agreements: loans	72,367
HSBC Holdings PLC	Promotora de Informaciones, S.A.	Contractual	Financing agreements: loans	458,599
Caixabank, S.A.	Sociedad Española de Radiodifusion, S.L.	Contractual	Financing agreements: loans	126
Banco Santander, S.A.	Promotora de Informaciones, S.A.	Contractual	Financing agreements: others	212
Caixabank, S.A.	Promotora de Informaciones, S.A.	Contractual	Financing agreements: others	212
HSBC Holdings PLC	Promotora de Informaciones, S.A.	Contractual	Financing agreements: others	1,798
Banco Santander, S.A.	Grupo Santillana Educacion Global, S.L.	Contractual	Guaranties and sureties	285
Banco Santander, S.A.	Prisa Radio, S.L.	Contractual	Guaranties and sureties	334

Name or registered name of the significant shareholder	Name or registered name of the company or entity of its group	Nature of the relation	Type of operation	Amount (thousands of euros)
Banco Santander, S.A.	Serviços de Internet, S.A.	Contractual	Guaranties and sureties	59
Banco Santander, S.A.	Grupo Prisa Promotora de	Contractual	Interest paid	999
Caixabank, S.A.	Informaciones, S.A.	Contractual	Interest paid	1,520
Caixabank, S.A.	Media Capital Group Promotora de	Contractual	Interest paid	3,000
HSBC Holdings PLC	Informaciones, S.A.	Contractual	Interest paid	11,705
HSBC Holdings PLC	Promotora de Informaciones, S.A.	Contractual	Interest accrued and not paid	272
Banco Santander, S.A.	Promotora de Informaciones, S.A.	Corporate	Financing agreements: capital contributions in cash or in kind	148
Caixabank, S.A.	Promotora de Informaciones, S.A.	Corporate	Financing agreements: capital contributions in cash or in kind	148
HSBC Holdings PLC	Promotora de Informaciones, S.A.	Corporate	Financing agreements: capital contributions in cash or in kind	1,256

For the purposes of what is included in this table, the following is noted:

- (i) The transactions shown in the table include operations performed with the significant shareholder and/or entities of its Group;
- (ii) The transactions performed with Grupo Prisa include those performed with Promotora de Informaciones, S.A. (Prisa) and/or the entities of its Group. When the name of a specific entity of the Grupo Prisa is specified it is because the transaction has solely been performed with such company.
- (iii) The transactions performed with the Media Capital Group encompass those made with the Grupo Media Capital, SGPS, S.A. and/or the entities of its Group.
- (iv) The operations reflected in the table are the reflection of the accounting information contained in the consolidated income statement of the Grupo Prisa.
- (v) Transactions of “financing agreements: capital contributions in cash or in kind” corresponds to the early conversion of the bonds necessarily convertible into shares of Prisa issued in 2016. The holders of such bonds, including HSBC, Caixabank and

several entities of the Santander Group, significant shareholders of the Company, exercised the early conversion option to which they were entitled under the conversion bases and modalities. Such conversion resulted in the performance, on 17 November 2017, of a capital in an effective amount of EUR 9,861,920.70, through the issue of 10,491,405 new ordinary shares of the Company, and the consequent early redemption of all the bonds.

Following are the significant operations performed by the Company with other entities members of the same group, that have not been eliminated from the process of preparation of consolidated financial statements:

Corporate name of the Group entity	Description of the transaction	Amount (thousands of euros)
Le Monde Libre	Loan granted by Prisa Noticias, S.L. to Le Monde Libre Societe Comandite Simple.	6,351
Sociedad Española de Radiodifusion, S.L.	Dividends received by Sociedad Española de Radiodifusion, S.L. as a result of its equity interest in Sistemas Radiopolis, S.A. de CV.	1,999
Sociedad Española de Radiodifusion, S.L.	Loans granted by Sociedad Española de Radiodifusion, S.L. to its holdings W3 COMM Concesionaria, S.A. de CV and Green Emerald Business INC.	2,078
W3 COM Inmobiliaria, S.A. dE CV	Loans granted by W3 COM Inmobiliaria, S.A. de CV to holding W3 COMM concesionaria, S.A. DE CV.	693
Prisa Radio, S.A.	Income received by Prisa Radio, S.A for providing technical assistance and advisory services to Sistemas Radiopolis, S.A. de CV.	1,242
Noticias AS Mexico, S.A. DE CV	Income received by Noticias AS Mexico, S.A. de CV from the sale of advertising to Sistemas Radiopolis, S.A. de CV.	595
Ediciones El Pais, S.L.	Income received by Ediciones El Pais, S.L. from the sale of copies to KIOSKOYMÁS, Sociedad Gestora De La Plataforma Tecnologica, S.L.	391
Prisa Noticias, S.L.	The financial expense recorded by Prisa Noticias, S.L. for the impairment of the credit extended to Le Monde Libre Societe Comandite Simple.	3,175

It is noted that in addition to the related transactions described above, the following transactions were performed: i) services provided to companies of the Grupo Prisa by other holdings, in an aggregate amount of EUR 1.31 million, ii) services provided by companies of Grupo Prisa to other holdings, for an aggregate amount of EUR 0.64 million, iii) loans granted by companies of the Grupo Prisa to other associated companies, in an amount of EUR 1.24 million, iv) interest income recorded by companies of the Grupo Prisa, relating to loans granted to the holdings in an aggregate amount of EUR 0.64 million, v) dividends received by companies of the Grupo Prisa from holdings, in an aggregate amount of EUR 25 thousand, and vi) exchange differences associated with the loans granted to associated companies denominated in foreign currency.

Additionally, in 2017 EUR 90 thousand were paid to Mr Gregorio Marañon y Bertran de Lis, director of Prisa until 15 November 2017, as consideration for the legal advisory services provided during the year. Furthermore, during 2017 EUR 100 thousand were paid to the director Mr Dominique D’Hinnin (EUR 50 thousand half-yearly) as consideration for the advisory services provided to the Chairman and to the Chief Executive Officer under the Company Refinancing Plan.

It is also noted that director Shk. Dr. Khalid bin Thani bin Abdullah Al Thani is Vice Chairman of the media group Dar Al-Shark, which in 2017 subscribed to a strategic alliance with Diario As (a company of the Grupo Prisa) to launch “As Arabia”.

Finally, it is necessary to take into account the remunerations accrued in 2017 by the directors of Prisa and by the senior management members, in the amount of EUR 9.81 million and EUR 4.46 million thousand, as evidenced in the Annual Corporate Governance Report for such year.

(C) Transactions with related parties during 2016

Following is the detail of the significant transactions due to their amount or relevant due to their subject matter, performed between the Company or Grupo Prisa companies and the significant shareholders of the Company during the year ended 31 December 2016. For further information, see note 20 (*Transactions with related parties*) of the consolidated annual accounts of the Grupo Prisa, incorporated into this Registration Document by reference.

<u>Name or registered name of the significant shareholder</u>	<u>Name or registered name of the company or entity of its group</u>	<u>Nature of the relation</u>	<u>Type of operation</u>	<u>Amount (thousands of euros)</u>
Telefonica, S.A.	Grupo Prisa	Commercial	Services	3,167
Caixabank, S.A.	Grupo Prisa	Commercial	Services	2,407
Banco Santander, S.A.	Grupo Prisa	Commercial	Services	2,259
Rucandio, S.A.	Grupo Prisa	Commercial	Services	22
Telefonica, S.A.	Grupo Prisa	Commercial	Receipt of services	7,758
Banco Santander, S.A.	Promotora de Informaciones, S.A	Commercial	Receipt of services	250
HSBC Holdings PLC	Promotora de Informaciones, S.A	Commercial	Receipt of services	497
Banco Santander, S.A.	Grupo Santillana de Educacion Global, S.L.	Contractual	Financing agreements: loans	5,692
Banco Santander, S.A.	Media Global, SGPS	Contractual	Financing agreements: loans	7,036
Banco Santander, S.A.	Antena 3 de Radio, S.A.	Contractual	Financing agreements: loans	5,941
Caixabank, S.A.	Promotora de Informaciones, S.A	Contractual	Financing agreements: loans	57,699

Name or registered name of the significant shareholder	Name or registered name of the company or entity of its group	Nature of the relation	Type of operation	Amount (thousands of euros)
HSBC Holdings PLC	Promotora de Informaciones, S.A	Contractual	Financing agreements: loans	456,606
Banco Santander, S.A.	Grupo Prisa	Contractual	Interest paid	606
Banco Santander, S.A.	Grupo Prisa	Contractual	Interest accrued and not paid	47
Caixabank, S.A.	Promotora de Informaciones, S.A	Contractual	Interest paid	1,591
Caixabank, S.A.	Promotora de Informaciones, S.A	Contractual	Interest accrued and not paid	12
HSBC Holdings PLC	Promotora de Informaciones, S.A	Contractual	Interest paid	13,783
HSBC Holdings PLC	Promotora de Informaciones, S.A	Contractual	Interest accrued and not paid	290
Telefonica, S.A.	Grupo Prisa	Contractual	Operating lease	3,202
Caixabank, S.A.	Sociedad Española De Radiodifusion, S.L.	Contractual	Financing agreements: loans	150
Banco Santander, S.A.	Promotora de Informaciones, S.A	Contractual	Financing agreements: others	9,802
Caixabank, S.A.	Promotora de Informaciones, S.A	Contractual	Financing agreements: others	9,802
HSBC Holdings PLC	Promotora de Informaciones, S.A	Contractual	Financing agreements: others	83,088
Banco Santander, S.A.	Grupo Santillana de Educacion Global, S.L.	Contractual	Guaranties and sureties	312
Banco Santander, S.A.	Servicios de Internet, S.A.	Contractual	Guaranties and sureties	59
Caixabank, S.A.	Prisa Brand Solutions, S.L.U	Contractual	Guaranties and sureties	250
Banco Santander, S.A.	Prisa Radio, S.A.	Contractual	Guaranties and sureties	327
Caixabank, S.A.	Grupo Prisa	Commercial	Receipt of services	186

For the purposes of what is included in this table, the following is noted:

- (i) The transactions shown in the table include operations performed with the significant shareholder and/or entities of its Group;

- (ii) The transactions performed with the Grupo Prisa include those performed with Promotora de Informaciones, S.A. (Prisa) and/or the entities of its Group. When the name of a specific entity of the Grupo Prisa is specified it is because the transaction has solely been performed with such company.
- (iii) The operations reflected in the table are the reflection of the accounting information contained in the consolidated income statement of the Grupo Prisa.

Following are the significant operations performed by the Company with other entities members of the same group, that have not been eliminated from the process of preparation of consolidated financial statements:

<u>Corporate name of the Group entity</u>	<u>Description of the transaction</u>	<u>Amount (thousands of euros)</u>
Le Monde Libre	Loan granted by Prisa Noticias, S.L. to Le Monde Libre Societe Comandite Simple.	9,070
Sociedad Española de Radiodifusion, S.L.	Dividends received by Sociedad Española de Radiodifusion, S.L. as a result of its equity interest in Sistemas Radiopolis, S.A. de CV.	4,524
Sociedad Española de Radiodifusion, S.L.	Loan granted by Sociedad Española de Radiodifusion, S.L. to its holdings W3 COMM Concesionaria, S.A. de CV and Green Emerald Business INC.	2,848
Prisa Radio, S.A.	Income received by Prisa Radio, S.A for the rendering of technical assistance services and advice to Sistemas Radiopolis, S.A. de CV.	1,260
Ediciones El Pais, S.L.	Income received by Ediciones El Pais, S.L. from the sale of copies to KIOSKOYMÁS, Sociedad Gestora De La Plataforma Tecnologica, S.L.	411
Prisa Noticias, S.L.	The financial expense recorded by Prisa Noticias, S.L. for the impairment of the credit extended to Le Monde Libre Societe Comandite Simple.	474
Sociedad Española de Radiodifusion, S.L.	The financial expense recorded by Sociedad Española de Radiodifusion, S.L. for the impairment of the loan extended to Green Emerald Business Inc.	530

It is further noted that in addition to the related transactions described in the above table, the following transactions were performed: i) services provided to companies of the Grupo Prisa by other holdings, in an aggregate amount of EUR 1.89 million, ii) services provided by companies of Grupo Prisa to other holdings, for an aggregate amount of EUR 0.65 million, iii) loans granted by companies of the Grupo Prisa to other associated companies, in an amount of EUR 1.56 million, iv) interest income recorded by companies of the Grupo Prisa, relating to loans granted to the holdings in an aggregate amount of EUR 1.06 million, v) dividends received by companies of the Grupo Prisa from holdings, in an aggregate amount of EUR 27 million, and vi) letter of intent subscribed in 2016 between Fundacion Santillana, Prisa and Prisa Noticias, whereby Fundacion Santillana assumed the commitment to sell to Prisa Noticias the partnership shares it owned in Diario El Pais, S.L. and Ediciones El Pais, S.L., which have the nature of “founders’ shares” and carry a series of special political rights.

The price of the sale and purchase is EUR 3 million, at a rate of EUR 150 thousand per share. In establishing the price, a third party valuation has been used. Regarding such sale and purchase, in 2016 Prisa made a first payment to Fundación Santillana, in the name and on behalf of Prisa Noticias, in the amount of EUR 1 million. The transaction has been authorised by the Board of Directors, upon prior report by the Auditing Committee.

Additionally, during 2016 the director Mr Gregorio Marañón y Bertran de Lis provided legal advisory services to the Company for an amount of EUR 90 million.

It is also necessary to take into consideration the remunerations of the Directors of Prisa and of the senior management members accrued during 2016, in the amount of EUR 5.75 million and EUR 5.16 million, respectively, as evidenced in the Annual Corporate Governance Report corresponding to such year.

20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1 Historical financial information

The historical financial information incorporated into this Prospectus refers to the consolidated annual accounts of the Grupo Prisa of the years ended 31 December 2016, 2017 and 2018, audited by Deloitte, S.L., all prepared in accordance with the provisions of IFRS-EU, in accordance with Regulations (CE) No. 1606/2002 of the European Parliament and Council, considering all accounting principles and standards and valuation criteria of mandatory application of significant effect, and the Commercial Code, the rules of mandatory compliance approved by the Accounting and Accounts Auditing Institute and any other Spanish regulations as are applicable.

The consolidated financial information of the Grupo Prisa corresponding to 2018 includes, for comparative purposes, financial information corresponding to the year ended 31 December 2017, which has been restated. The restating of the 2017 financial information is basis for a claim in that, from 30 June 2018, after the termination of the sales agreement subscribed between Media Capital and Altice NV) see section 5.1.5 *2017 and 2018 – Sales Transaction of Grupo Media Capital SGPS, S.A. to Altice NV* – of this Registration Document) no longer show the assets and liabilities of Vertix and Media Capital as held for sale and the transactions of Media Capital as discontinued transactions, becoming consolidated into one continuous transaction.

According to the IFRS-EU, such consolidated annual accounts include the following consolidated statements of the Group:

- Balance sheet
- Income statement
- Consolidated income statement
- Statement of changes in equity
- Cash flows statement

The audited annual accounts of the Company, individual and consolidated, corresponding to 2016, 2017 and 2018, and their respective audit reports, are available at the CNMV,

incorporated into this Registration Document by referenced in accordance with Order EHA/3537/2005 (see section 27 of the Registration Document).

20.2 Pro forma financial information

Not applicable.

20.3 Financial statements

20.3.1 Consolidated balance sheet

Following is the consolidated balance sheet corresponding to the years ended 31 December 2016, 2017 and 2018:

BALANCE	As of 31 Dec. 2018		
	2018 <i>(audited)</i>	2017 <i>(restated)</i>	2016 <i>(audited)</i>
	(thousands of euros)		
Non current assets	813,269	1,112,159	1,273,699
Tangible fixed assets	87,689	97,819	122,390
Goodwill	408,848	498,115	593,121
Intangible assets	111,244	115,465	130,796
Non current financial investments.....	24,611	25,567	33,892
Investments recorded using the equity method	43,077	37,247	36,690
Deferred taxes assets	135,363	335,234	353,653
Other non current assets	2,437	2,712	3,157
Current assets	847,453	810,374	852,732
Inventories.....	150,345	151,335	168,679
Trade debtors and other accounts receivable	370,090	418,195	418,124
Current financial investments	24,936	23,340	19,506
Cash and cash equivalents.....	295,093	217,504	246,423
Non current assets kept for sale	6,989	-	-
TOTAL ASSETS	1,660,722	1,922,533	2,126,431
Net equity	(235,809)	(484,864)	(336,045)
Net equity attributed to the Parent	(310,458)	(563,914)	(425,125)
Subscribed capital	524,902	83,498	235,008
Other reserves	(507,206)	(489,781)	(705,059)
Accumulated profits	(284,380)	(119,221)	47,470
- from prior years	(15,033)	(16,657)	115,329
- for the year: results attributed to the Par	(269,347)	(102,564)	(67,859)
Treasury shares	(2,856)	(694)	(1,735)
Exchange differences	(40,918)	(37,716)	(809)

BALANCE**As of 31 Dec. 2018**

	2018 <i>(audited)</i>	2017 <i>(restated)</i>	2016 <i>(audited)</i>
	(thousands of euros)		
Minority interest.....	74,649	79,050	89,080
Non current liabilities	1,325,373	929,736	1,909,125
Non current debts with credit institutions	1,149,661	703,481	1,653,535
Non current financial liabilities.....	125,703	120,147	136,149
Deferred tax liabilities.....	18,612	23,470	21,055
Non current provisions.....	28,567	44,805	56,516
Other non current liabilities	2,830	37,833	41,870
Current liabilities	571,158	1,477,661	553,351
Trade creditors	270,982	277,165	301,636
Associated companies.....	2,151	1,380	1,609
Other non commercial debts	55,6001	52,505	67,945
Debts with current credit institutions	76,121	1,036,957	68,488
Current financial liabilities.....	58,643	22,653	23,104
Public Administrations.....	61,811	51,040	61,633
Provisions for returns	10,797	10,507	8,071
Other current liabilities	32,129	25,454	20,865
Liabilities related to non current assets kept for sale	2,923	-	-
TOTAL NET EQUITY AND LIABILITIES.....	1,660,722	1,922,533	2,126,431
Book value per share (euros) ⁽¹⁾	(0.55)	(6.34)	(5.4)

Note:

(*1) The book value per share (euros) is an APM determined by dividing the net equity attributed to the parent company, less the own shares, between the number of outstanding shares at the relevant date. For a definition, explanation, use and reconciling of this APM see section 26 of this Registration Document.

Most significant variations on the balance sheet in 2016, 2017 restated and 2018:

Section 10.1 of this Registration Document describes the most significant variations of the items relating to the shareholders equity of the Company in 2016, 2017 (restated) and 2018.

Tangible fixed assets-

The information relating to the caption “*tangible fixed assets*” is contained in Chapter 8 (“*Property, plant and equipment*”) of this Registration Document.

Goodwill

The make-up and activity of the goodwill of the companies consolidated by global integration of the Group during 2017 (restated) and 2018 are as follows:

2018-

	<u>31.12.2017</u>	<u>Conversion adjustment</u>	<u>Impairment</u>	<u>31.12.2018</u>
	<u>(in thousands of euros)</u>			
Editora Moderna, Ltda.	55,693	(6,127)		49,566
Grupo Latino de Radiodifusion Chile, Ltda	55,594	(4,217)		51,377
Grupo Media Capital, SGPS, S.A.	330,559		(76,099)	254,460
Propulsora Montañesa, S.A.	8,608			8,608
Sociedad Española de Radiodifusion, S.L.	35,585			35,585
Other companies	12,076	58	(2,882)	9,252
Total	<u>498,115</u>	<u>(10,286)</u>	<u>(78,981)</u>	<u>408,848</u>

Following is the make-up and activity of the goodwill of the companies consolidated by global integration of the Group during 2018 by business areas:

	<u>31.12.2017</u>	<u>Conversion adjustment</u>	<u>Impairment</u>	<u>31.12.2018</u>
	<u>(in thousands of euros)</u>			
Radio	106,625	(4,217)		102,408
Education	57,475	(6,153)		51,322
Media Capital ⁽¹⁾	330,559		(76,099)	254,460
Others	3,456	84	(2,882)	658
Total	<u>498,115</u>	<u>(10,286)</u>	<u>(78,981)</u>	<u>408,848</u>

(1) Previously, Audiovisual segment

The impairment of the goodwill of Media Capital is the result of an increase of the applicable discount rate and a reduction in forecast long term growth of Media Capital due to events occurring in 2018, especially in the second half of the year. Among these are the increase in the country risk deriving from the geopolitical uncertainty in Europe and the increase in the volatility and drop in long term growth expectations for open television in Europe. This has negatively impacted the valuations of comparable European companies. As a result of recording these changes in the impairment test, the consolidated accounts showed an impairment of EUR 76.10 million for the 2018 fiscal year.

Since the impairment recorded in the book value of Media Capital being similar to the value in use, an adverse variation in the key individual hypotheses used in the valuation may lead to the detection of future impairment.

Likewise, the impairment in “Others” is a result of the evolution of the Latam Digital Ventures, LLC business during the 2018 fiscal year and the forecasts available to the Directors that indicate that the goodwill assigned to this company is not recoverable bringing about the overall impairment to 2.88 million.

2017 restated-

	Balance as of 31.12.2016	Adjustment conversion	Variation of the perimeter/Incorporation		Balance as of 31.12.2017
			Impairment		
	(in thousands of euros)				
Editora Moderna, Ltda.	64,331	(8,638)	-	-	55,693
Grupo Latino de Radiodifusion....	58,222	(2,628)	-	-	55,594
Grupo Media Capital, SGPS, S.A.	416,695	-	-	(86,136)	330,559
Propulsora Montañesa, S.A.....	8,608	-	-	-	8,608
Sociedad Española de Radiodifusion, S.L.	35,585	-	-	-	35,585
Other companies	9,680	(125)	3,139	(618)	12,076
Total	593,121	(11,391)	3,139	(86,754)	498,115

Following is the make-up and the movement of the goodwill of the companies consolidated by global integration of the Group during 2017 by business segments:

	Balance as of 31.12.2016	Adjustment conversion	Variation in perimeter/Incorporation		Balance as of 31.12.2017
			Impairment		
	(in thousands of euros)				
Radio.....	109,258	(2,633)	-	-	106,625
Education	65,894	(8,676)	257	-	57,475
Media Capital.....	416,695	-	-	(86,136)	330,559

Others.....	1,274	(82)	2,882	(618)	3,456
Total	593,121	(11,391)	3,139	(86,754)	498,115

The incorporation to the scope of “Others” segment was the result of the goodwill in the amount of EUR 2.9 million, arising in the acquisition, during August 2017, by Prisa Brand Solutions, S.L. (Sole Proprietorship), of 100% of Latam Digital Ventures, LLC.

The impairment of the “Media Capital” segment in the 2017 fiscal year for EUR 86.14 million was a result of the reduction in long term grown forecast for Media Capital, mainly due to the negative evolution of the advertising market in that year.

Intangible assets

The most significant additions in 2016, 2017 and 2018 are made in the caption “Prototypes”, corresponding to the incorporation of prototypes for the publishing of books in Grupo Santillana de Ediciones, S.L. in the amount of EUR 33.6 million in 2016, EUR 32.8 million in 2017 and 34.2 million euros in 2018 and in “IT Applications” corresponding to the applications acquired or developed by third parties for the companies of the Group in the amount of EUR 11.7 million in 2016, EUR 10.2 million in 2017 and 11.6 million euros in 2018.

Non current financial investments

The activity in this caption of the consolidated balance sheet in 2017 restated and 2018, in attention to the nature of the operations is as follows:

2018-

	Balance as of 31.12.201 7	Adjustment s for conversion	Variatio n in the scope	Additions / contributions	Disincorporations / Transfers	Balance as of 31.12.201 8
(in thousands of euros)						
Financial investments at amortised cost.....	24,581	(77)	(693)	4,193	(3,970)	24,034
<i>Loans and accounts receivable.....</i>	10,937	16	(693)	3,509	(215)	13,554
- Credits to associated ..	35,479	352	(693)	953	(897)	35,194
- Long-term credits to third parties	5,272	160		3,284	(215)	8,501
- Provision.....	(29,814)	(496)		(728)	897	(30,141)
<i>Other financial assets at amortised cost.....</i>	13,644	(93)		684	(3,755)	10,480
<i>Investments in minority capital</i>	5,921	(1)			(4)	5,916
<i>Other financial fixed assets.....</i>	13,023	(92)		684	(3,755)	9,860
Provision	(5,300)					(5,296)

Financial investments at fair value with changes in other overall results	986				(409)	577
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<i>Other financial fixed assets at fair value.....</i>	<u>986</u>				(409)	577
Total	<u>25,567</u>	(77)	(693)	4,193	(4,379)	24,611

The variation in the caption “*Loans and accounts receivable*” is mainly due to the term-term account receivable derived from the sale of the radio companies in the USA by GLR Services, Inc. (see section 7.2 of this Registration Document).

Likewise, the reduction in the caption “*Other financial assets at amortised cost*” is the consequence of the disincorporation of the bonds associated with the institutional sale of Chile.

2017 restated-

	Balance as of 31.12.201 6	Adjustment s for translation/ monetary correction	Variatio n in the scope	Incorporations / contributions	Disincorporations / Transfers	Balance as of 31.12.201 7
(in thousands of euros)						
Financial investments at amortised cost.....	32,725	(2,630)	(7)	(4,178)	(1,329)	24,581
<i>Loans and accounts receivable.....</i>	<i>17,060</i>	<i>(1,557)</i>	<i>-</i>	<i>(4,842)</i>	<i>276</i>	<i>10,937</i>
- Loans to associated companies	35,641	(1,088)	-	791	135	35,479
- Long-term credits to third parties	7,941	(586)	-	1	(2,084)	5,272
- Provision.....	(26,522)	117	-	(5,634)	2,225	(29,814)
Other financial assets at amortised cost	15,665	(1,073)	(7)	664	(1,605)	13,644
Investments in minority capital	9,026	(4)	(7)	310	(3,404)	5,921
<i>Other financial assets at amortised cost.....</i>	<i>12,849</i>	<i>(1,072)</i>	<i>-</i>	<i>1,517</i>	<i>(271)</i>	<i>13,023</i>
<i>Provision</i>	<i>(6,210)</i>	<i>3</i>	<i>-</i>	<i>(1,163)</i>	<i>2,070</i>	<i>(5,300)</i>
Financial investments at fair value with changes in other overall results	1,167				(181)	986
<i>Other financial fixed assets at fair value.....</i>	<i>1,167</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(181)</i>	<i>986</i>
Total	33,892	(2,630)	(7)	(4,178)	(1,510)	25,567

The variation in the section “Loans and accounts receivable” was mainly due to the impairment in the credit extended to Le Monde in the amount of EUR 3.2 million, leaving a new amount of EUR 6.3 million, and the impairment of the loans granted to certain radio companies in Argentina in the amount of EUR 2.2 million.

Investments recorded using the equity method

The activity in this caption of the consolidated balance sheet as of 31 December 2017 restated and 2018 is as follows:

2018-

Balance as of 31.12.2017	Conversion adjustments	Variation in the scope	Share in results/impairment	Transfers	Disincorporations/Dividends	Balance as of 31.12.2018
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(in thousands of euros)

Investments recorded using the equity method:

Sistema Radiopolis, S.A. de C.V. ...	34,243	1,714		5,044		(300)	40,701
Other companies	3,004	(181)	(692)	(1,214)	1,567	(108)	2,376
Total	37,247	1,533	(692)	3,830	1,567	(408)	43,077

2017 restated-

Balance as of 31.12.2016	Conversion adjustments	Variation in the scope	Share in results/impairment	Transfers	Disincorporations/Dividends	Balance as of 31.12.2017
--------------------------	------------------------	------------------------	-----------------------------	-----------	-----------------------------	--------------------------

(in thousands of euros)

Investments recorded using the equity method:

Sistema Radiopolis, S.A. de C.V. ...	33,565	(2,988)	-	5,659	-	(1,993)	34,243
Other companies	3,125	451	11	(840)	672	(415)	3,004
Total	36,690	(2,537)	11	4,819	672	(2,408)	37,247

During the years 2017 and 2018, the most important variations in this section mainly arise from the share in the results of Sistema Radiopolis, S.A. de C.V., and the effect of the exchange rate.

Assets and Liabilities for deferred taxes

The following table shows the source and the amount of the assets and liabilities for deferred taxes, recorded in accounting during 2017 restated and 2018, and their activity (in thousands of euros):

2018-

DEFERRED TAXES FOR ASSETS ORIGINATING IN THE FOLLOWING:

	31.12.2017	Transfer	Addition	Withdrawal	31.12.2018
	7	s	s	s	8
Non-deductible financial expenses	144,538	(49,458)		(38,491)	56,589
Non-deductible repayments and provisions	22,792		5,444	(2,478)	25,758
Activated deductions pending execution.....	76,733		1,339	(57,855)	20,217
Pending negative tax bases.....	77,856	49,458	2,935	(112,824)	17,425
Others	13,315		3,271	(1,212)	15,374
Total	335,234	-	12,989	(212,860)	135,363

DEFERRED TAXES FOR LIABILITIES ORIGINATING IN THE FOLLOWING:

	31.12.2017	Transfer s	Additions	Withdrawals	31.12.2018
Portfolio provisions and goodwill.....	1,055			(396)	659
Deferral for reinvestment of extraordinary profits.....	2,181			(379)	1,802
Accelerated repayment.....	514	714	351	(375)	1,204
Different accounting and tax base for income and	9,564			(5,413)	4,151
Others.....	10,156	(714)	1,436	(82)	10,796
Total	23,470	-	1,787	(6,645)	18,612

2017 restated-

DEFERRED TAXES FOR ASSETS ORIGINATING IN THE FOLLOWING:

	31.12.2016	Transfers	Additions	Withdrawals	31.12.2017
Early tax payment	3,488	-	-	(3,488)	-
Non-deductible financial expenses	140,592	-	5,007	(1,061)	144,538
Non-deductible repayments and provisions.....	19,772	1,431	3,249	(1,660)	22,792
Activated deductions pending execution	75,676	-	2,981	(1,924)	76,733
Pending negative tax bases.....	101,126	225	2,541	(26,036)	77,856
Others.....	12,999	(1,568)	2,219	(335)	13,315
Total	353,653	88	15,997	(34,504)	335,234

DEFERRED TAXES FOR LIABILITIES ORIGINATING IN:

	31.12.2016	Transfers	Additions	Withdrawals	31.12.2017
Portfolio provisions and goodwill.....	2,280	-	-	(1,225)	1,055
Deferral for reinvestment of extraordinary profits.....	2,560	-	-	(379)	2,181
Accelerated repayment.....	1,563	-	-	(1,049)	514
Different accounting and tax base for income and	2,391	2,277	6,575	(1,679)	9,564
Others.....	12,261	(2,277)	517	(345)	10,156
Total	21,055	-	7,092	(4,677)	23,470

The movement under the heading “Deferred Taxes for Assets” mainly includes, (I) the effect of standardisation deriving from the Inspection corresponding to the Corporate Income Tax for the 2012 to 2015 period, finalised in the fiscal year, which has meant a redistribution of the tax credits generating an addition to the tax credit derived from the negative tax bases of the tax consolidation group for EUR 44.82 million and a withdrawal of tax credit deriving from the limitation of the deductibility of the financial expenses for EUR 49.46 million and (II) the effect of the analysis of recovering tax credits, in accordance with the criteria established by accounting rules, which has entailed a withdrawal of tax credits corresponding to (i) deductions from investments for EUR 30.08 million, (ii) deductions from double taxation for EUR 27.32 million, (iii) tax credits deriving from the non-deductibility of the net financial expense for EUR 37.06 million, and (iv) credits for negative tax bases for EUR 106.54 million.

These declines are based on (i) a perspective of cash optimisation aligned with the long term projections of the Group, (ii) the impact of the refinancing described in section 10 of this Registration Document which entails a greater annual financial expense deductible in the future which reduces the capacity of using existing credits, and (iii) the result of the Audit

completed for the 2018 fiscal year corresponding to the Corporate Income Tax of the Prisa tax consolidation group for the 2012 to 2015 period, which has generated a reassignment of credits as a result in the increase of deductible financial expenses in the 2014 and 2015 fiscal years, increasing the tax bases for said years. To the extent that the negative tax bases have limitations to their recovery (25% of the positive results of the fiscal year), this reassignment from one category to another has negatively impacted their recovery.

The net variation under the heading “Deferred Taxes for Liabilities” for EUR 4.86 million mainly includes the different accounting and tax criteria of certain institutional sales made in Brazil, as well as certain repayment expenses for intangibles.

Inventories

See section 10.2 of this Registration Document.

Minority interest

Correspond to the shares of the minority interest in the equity value and in the results of the year of the Group companies, consolidate using the global integration method. The activity in 2017 (restated) and 2018 under this section is as follows:

2018-

Thousands of euros	Conversion		Participation in results	Variation in the scope	Dividends paid/received	Others	Balance as of 31.12.2018
	Balance as of 31.12.2017	adjustment					
Caracol, S.A.	12,161	(469)	2,694		(5,713)	(373)	8,300
Diario As, S.L.	11,789		1,066		(687)	(223)	11,945
GLR Chile, Ltda.	16,425	1,253	870		(807)	(34)	15,201
Grupo Santillana Educacion Global, S.A. and affiliates.....	7,899	(3,403)	22,668		(22,581)	(1,162)	3,421
Grupo Media Capital, SGPS, S.A. and affiliates....	8,028	(9)	1,146		(935)	(91)	8,139
Prisa Radio, S.A. and affiliates (Spain)	16,628		3,951		1,578	(1,361)	20,796
Other companies.....	6,120	562	377	(2,252)	(1,557)	3,597	6,847
Total.....	79,050	(4,572)	32,772	(2,252)	(30,702)	353	74,649

2017 restated-

Thousands of euros	Conversion		Participation in results	Variation in the scope	Dividends paid/received	Others	Balance as of 31.12.2017
	Balance as of 31.12.2016	adjustment					
Caracol, S.A.	13,749	(1,664)	2,034	-	(2,096)	138	12,161
Diario As, S.L.	11,648	-	691	(26)	(417)	(107)	11,789
GLR Chile, Ltda.	17,733	(792)	1,034	-	(1,537)	(13)	16,425
Grupo Santillana Educacion Global, S.A. and affiliates.....	15,519	(8,717)	21,657	299	(21,563)	704	7,899
Grupo Media Capital, SGPS, S.A. and affiliates....	7,895	24	1,051	-	(942)	-	8,028
Prisa Radio, S.A. and affiliates (Spain)	15,749	-	801	-	(27)	105	16,628
Other companies.....	6,787	(625)	(100)	(75)	(429)	562	6,120
Total.....	89,080	(11,774)	27,168	198	(27,011)	1,389	79,050

Non current provisions

The details of the variations during the years 2017 restated and 2018 in the various accounts of the caption “Non current liabilities - Provisions” is as follows:

2018-

	Balance as of 31.12.2017	Adjustme nt conversio n	Variation of the Scope	Contribution / Excess	Applicatio ns / Withdraw als	Transfers	Balance as of 31.12.2018
(in thousands of euros)							
For taxes.....	22,133	2	(6)	2,852	(16,263)	(20)	8,698
For indemnities	7,025	(93)	-	1,126	(2,691)	58	5,425
For liabilities and others.....	15,647	(1,020)	-	5,003	(4,246)	(940)	14,444
Total	44,805	(1,111)	(6)	8,981	(23,200)	(902)	28,567

2017 restated-

	Balance as of 31.12.2016	Adjustme nt conversio n	Contribut ions	Applications/ Withdrawals	Transfers	Balance as of 31.12.2017
(in thousands of euros)						
For taxes	26,805	(51)	85	(4,706)	-	22,133
For indemnities	9,644	(14)	1,845	(4,385)	(65)	7,025
For liabilities and others	20,067	(1,611)	2,283	(5,736)	644	15,647
Total	56,516	(1,676)	4,213	(14,827)	579	44,805

During 2018, the activity of the “*Provision for taxes*” mainly corresponds to the reversion of the provision for taxes from having finalised the procedures covered by it without the risks associated to it and the contribution having come about; it includes the forecast of the items that have been standardised by the Audit, in the verification procedure ending in the 2018 fiscal year.

During 2017, the activity in the “*Provision for taxes*” was mainly attributable to the withdrawals derived from the execution by the Tax Administration of the National Court Judgement of 5 May 2016, in relation to the Tax Inspection of the Consolidated Corporate Income Tax for the 2003 to 2005 period.

The “*Provision for indemnities*” includes the provision established over the last years to face the likely or certain liabilities derived from the indemnities to the workers whose labour relations are expected to be terminated. During 2018, the Group has funded an additional provision for this item in the amount of 1.1 million euros (EUR 1.8 million during 2017), has applied 1.1 million euros (EUR 3.1 million during 2017) as a result of the payment of indemnities and the issue of promissory notes and has reversed 1.6 million euros (EUR 1.3 million during 2017). The Group expects to apply this provision over the next two years.

Other non current liabilities

See section 10.1 of this Registration Document.

Current and non current financial debt

See section 10.1 of this Registration Document.

Other non commercial debts

See section 10.1 of this Registration Document.

Other current liabilities

See section 10.1 of this Registration Document.

20.3.2 Consolidated income statement

Section 9.2 of this Registration Document contains the information relating to the consolidated income statement corresponding to the years ended 31 December 2016, 2017 restated and 2018.

Following are the main balances of the consolidated income statement corresponding to such years (in thousands of euros), and certain APMs that the Group deems relevant to evaluate the operating behaviour of its businesses:

	Income statement		
	Year ended 31 December		
	2018	2017	2016
	<i>(au</i>	<i>restated)</i>	<i>(audited)⁽¹⁾</i>
	(thousands of euros)		
Operating income.....	1,280,288	1,335,740	1,358,037
EBITDA ⁽¹⁾	252,968	248,182	248,862
Adjusted EBITDA ⁽²⁾	276,348	270,428	273,367
Operating results (EBIT).....	85,327	52,642	133,474
Financial results	(85,580)	(69,151)	(87,057)
Results of companies using equity method and other investments	3,830	3,656	3,332
Results before tax on continued activities.....	3,577	(12,853)	49,749
Corporate Income Tax.....	(240,152)	(61,559)	(87,110)
Results of ongoing activities	(236,575)	(74,412)	(37,361)
Results before taxes of discontinued		(984)	(296)
Consolidated yearly results	<u>(236,575)</u>	<u>(75,396)</u>	<u>(37,657)</u>
Results attributed to minority interest	<u>(32,772)</u>	<u>(27,168)</u>	<u>(30,202)</u>
Results attributed to Parent Company.....	<u>(269,347)</u>	<u>(102,564)</u>	<u>(67,859)</u>
Basic results per share of continued activities (euros)	(0.54)	(1.28)	(0.87)
Basic results per share of discontinued activities(euros).....		(0.01)	
Basic results per share (euros).....	(0.54)	(1.29)	(0.87)

Notes:

- (1) Except as regards the measures identified in this note as APMs —i.e., the EBITDA and adjusted EBITDA — and that, accordingly, have not been audited.
- (2) EBITDA is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.
- (3) Adjusted EBITDA is an APM, the definition, explanation, use and reconciling of which are set out in section 26 of this Registration Document.

Most significant variations in the income statement in 2016, 2017 restated and 2018

The analysis of the items forming part of the operating income are detailed in chapter 9.2 of this Registration Document.

Financial results

The breakdown of the balance of this caption is as follows (in thousands of euros):

	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Income from temporary financial investments	690	1,466	1,251
Capital from equity investments	125	87	151
Other interest income	5,491	4,070	24,158
Interest income	6,306	5,623	25,560
Interest on debt	(52,986)	(52,794)	(58,510)
Inflation adjustments	(5,827)	(1,945)	(3,117)
Formalisation expenses	(41,891)	(12,354)	(17,838)
Other interest expenses	(7,437)	(18,007)	(29,214)
Interest expenses	(108,141)	(85,100)	(108,679)
Positive exchange differences	50,330	29,590	14,428
Negative exchange differences	(56,889)	(19,264)	(18,365)
Exchange differences (net)	(6,559)	10,326	(3,937)
Variations in value of financial instruments	22,814		(1)
Financial results	85,580	(69,151)	(87,057)

In 2018 the increase in the “*Inflation adjustments*” was due to taking into account that the Argentinean economy experienced hyperinflation.

In 2018 the item “*Formalisation expenses for debt*”, in addition to the expenses and commissions corresponding to the prior financial debt pending taxation, also includes those corresponding to the expenses associated with the Refinancing of 2018.

In 2017, the item “*Formalisation expenses for debt*”, includes the expenses accrued during the year. In 2016 they also include the decline in expenses associated with the cancelled debt.

The variation in the “*Exchange differences*” is mainly due to the expenses generated from the update of the dividend to pay to DLJ as a result of the appreciation of the dollar.

In 2018, the income recorded for the item “*Variations in the value of financial instruments*” corresponds to the difference between the nominal value of the debt associated with the Refinancing and the fair value on the date of the initial recording compensated with the financial expense associated with the difference between the initial amount and the amount at expiration, using the effective interest method.

The “*Other interest income*” includes the capital gains from the repurchasing of debt at a discount in 2016 for EUR 20.67 million, with the funds gained from the sale of DTS and the increase of underwritten capital by International Media Group, S.a.r.l.

Results of companies under equity method

The total results of the companies under the equity method is as follows (in thousands of euros):

	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Sistema Radiopolis, S.A. de C.V. and affiliates	5,044	5,659	4,344
Others	(1,214)	(840)	(163)
Total	3,830	4,819	4,181

Corporate Income Tax

In 2018 the Corporate Income Tax was a greater expense as a result of the decline in the consolidated balance as of 31 December 2018, for tax credits corresponding to (i) deductions for investments for a total amount of EUR 30.08 million, (ii) deductions for double taxation for EUR 27.32 million, (iii) tax credits deriving from the non-deductibility of the net financial expense for EUR 37.06 million, and (iii) credits for negative tax bases for EUR 106.54 million.

These reductions are based on (i) a perspective of optimisation of cash aligned with the long term projections for the Group; (ii) the impact of the refinancing described in section 10 of this Document which entails a greater annual financial expense deductible in the future which reduces the capacity to use existing credits; and (iii) the result of the Audit finalised in the 2018 fiscal year corresponding to the Corporate Income Tax of the Prisa tax consolidation group for the 2012 to 2015 period, which has generated a reassignment of credits, deriving from the increase of deductible financial expenses in the 2014 and 2015 fiscal years, increasing the negative tax bases for these fiscal years. To the extent that the negative tax bases have limitations to their recovery (25% of the positive result of the fiscal year), this reassignment from one category to another has negatively impacted their recovery.

In addition, from the measures approved by Royal Decree-Law 3/2016 of, 2 December, a greater tax liability has been recorded for EUR 6.82 million, as a result of the minimum integration in five years, of the reversion of the losses due to the impairment of the values representative of the participation in the capital of entities that would have been tax deductible.

In 2017, there was a higher expense due to the ax plan impairments of 25.34 million euros. Furthermore, the impact from Royal Decree-Law 3/2016, of 2 December, for an amount of 9.61 million euro as a consequence of the 5 year minimum integration, the review of the impairment losses of the securities representing the stake in the share capital of the entities that would have been tax deductible.

Lastly, the 2016 fiscal year generated a greater tax liability from the accounting decline of EUR 38 million of negative taxable bases of the Spanish tax consolidation group and EUR

8.37 million of investment as a result of the recovery analysis. These declines are mainly derived from the measures enacted by Royal Decree-Law 3/2016 of 2 December, which introduces a new limitation on the compensation for negative tax bases as well as the application on the tax rate for deductions for double taxation. Likewise, from this tax reform there has been a greater tax expense for EUR 19.11 million as a result of the minimum integration in five years, of the reversion of the losses from impairment of the securities representative of the capital share of the entities that would have been tax deductible.

Results attributed to minority interest

The total results attributed to minority interest per business unit is as follows:

(thousands of euros)	31.12.2018	31.12.2017	31.12.2016
Education	22,668	21,657	23,447
Radio	8,125	4,486	5,158
Press	1,115	569	905
Media Capital	1,146	1,051	1,014
			-
Audiovisual Sport	(154)	(719)	722
Others	(128)	124	(1,044)
Total	32,772	27,168	30,202

Result attributed to the Parent Company

The negative result attributed to the Parent Company for the 2018 and 2017 fiscal years is mainly due to the operating results generated by the different businesses (EUR 85.33 million in 2018 and EUR 52.64 million in 2017) not compensating the interest expense for financing (EUR 52.99 in 2018 and EUR 52.79 in 2017), debt formalisation expenses (EUR 41.89 million in 2018 and EUR 12.35 million in 2017), or the company tax expense (EUR 240,15 million in 2018 and EUR 61.56 million). Likewise, the result attributed to minority interests means a loss to the Parent Company of EUR 32.77 million in 2018 and EUR 27.17 million in 2017).

Similarly, the loss attributed to the Parent Company for fiscal year 2016 is mainly attributed to the operations result generated by the different businesses (EUR 133.47 million) not compensating the financing interests expense (EUR 58.51 million), debt formalisation expenses (EUR 17.84 million in 2018), or the company tax expense (EUR 87.11 million). Likewise, the result attributed to minority interests means a loss to the Parent Company of EUR 30.20 million.

20.3.3 Statement of consolidated overall results

Following is the statement of consolidated overall results corresponding to the years ended 31 December 2016, 2017 restated and 2018 (in thousands of euros):

	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
CONSOLIDATED RESULTS FOR THE YEAR	(236,575)	(75,396)	(37,657)
Items that are not reclassified to the result of the year	(17,145)		
Rest of income and expenses that are not reclassified for the result for the year	(17,145)		
Items that may be subsequently reclassified as results of the year	(21,266)	(46,730)	20,964
Translation differences	(22,744)	(43,247)	27,088
Financial assets available for sale	(409)	(181)	117
Valuation Profits/(Losses)	(409)	(181)	117
Amounts transferred to the income statement			-
Tax effect	102	45	(29)
Entities valued using the equity method	1,785	(3,347)	(6,212)
TOTAL RECOGNISED INCOME AND EXPENSES	(274,986)	(122,126)	(16,693)
Attributed to the parent company	(303,186)	(137,520)	(52,928)
Attributed to minority interest	28,200	15,394	36,235

20.3.4 Statement of variations of consolidated net equity

Following is the statement of variations of consolidated net equity corresponding to the years ended 31 December 2016, 2017 restated and 2018 (in thousands of euros):

	Share Capital	Issue premium	Reserve	IRFS first application reserves	Accumulated gains from prior years	Treasury shares	Exchange differences	Accumulated gain for the year	Equity attributed to the Parent Company	Minority interest	Net equity
	(in thousands of euros)										
Balance as of 31 December 2016	235,008	1,371,299	(2,003,697)	(72,661)	115,329	(1,735)	(809)	(67,859)	(425,125)	89,080	(336,045)
<i>Reduction of capital</i>	(161,372)		161.372								
<i>Conversion of financial liabilities to net equity</i>	9,862	95,052	(104,914)								
<i>Transactions with own shares</i>											
- <i>Submission of own shares</i>						366			366		366
- <i>Purchase of own shares</i>											
- <i>Provisions of own shares</i>			(675)			675					
<i>Distribution of 2016 results</i>											
- <i>Negative results of prior years</i>			(19,698)		(48,161)			67,859			
<i>Transfers</i>		(1,371,299)	1,455,731		(84,432)						
<i>Income and Expenses accounted for in the Net Equity</i>											
- <i>Conversion differences</i>					2,087		(36,907)		(34,820)	(11,774)	(46,594)
- <i>Results for the year 2017</i>								(102,564)	(102,564)	27,168	(75,396)
- <i>Valuation of financial instruments</i>			(136)						(136)		(136)
<i>Other activity</i>		(50)	(107)	2	(1,480)				(1,635)	1,587	(48)
<i>Variations in external shareholders</i>											
- <i>Dividends paid during the year</i>										(27,011)	(27,011)
Balance as of 31 December 2017	83,498	95,002	(512,124)	(72,659)	(16,657)	(694)	(37,716)	(102,564)	(563,914)	79,050	(484,864)
<i>Capital Increase</i>	441,189	122,031							563,220		563,220
<i>Conversion of net equity instruments (Note 10)</i>	215	1,624	(1,770)						69		69
<i>Transactions with own shares</i>											
- <i>Submission of own shares</i>						95			95		95

	Share Capital	Issue premium	Reserve	IRFS first application reserves	Accumulated gains from prior years	Treasury shares	Exchange differences	Accumulated gain for the year	Equity attributed to the Parent Company	Minority interest	Net equity
	(in thousands of euros)										
- Purchase of own shares						(2,709)			(2,709)		(2,709)
- Provisions of own shares			(452)			452					
Distribution of 2017 results.....											
- Negative results of prior years.....			(131,598)		29,034			102,564			
Income and Expenses accounted for in the Net Equity											
- Conversion differences					(13,185)		(3,202)		(16,387)	(4,572)	(20,959)
- Results for the year 2018								(269,347)	(269,347)	32,772	(236,575)
- Valuation of financial instruments.....			(307)						(307)		(307)
- Total Recognised Income And Expenses.....		(17,145)							(27,125)	(2,822)	(29,947)
Other activity			10,192		(14,225)				(4,033)	353	(3,680)
Variations in external shareholders.....											
- Dividends paid during the year.....										(30,702)	(30,702)
- For variations within the scope of consolidation.....										(2,252)	(2,252)
Balance as of 31 December 2018	524,902	201,512	(636,059)	(72,659)	(15,033)	(2,856)	(40,918)	(269,347)	(310,458)	74,649	(235,809)

20.3.5 Statement of consolidated net equity

Following is the statement of consolidated net equity corresponding to the years ended 31 December 2016, 2017 restated and 2018 (in thousands of euros):

	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Results before taxes	3,577	(12,853)	49,749
Amortisations and provisions	167,641	195,541	115,387
Variation in current liabilities	(13,934)	(73,362)	(14,856)
Inventories	991	17,344	(10,124)
Debtors	20,949	(13,510)	11,809
Creditors	(35,874)	(77,196)	(16,541)
Collections (payments) for taxes on income	(29,077)	(37,197)	(31,268)
Other adjustments of results	64,530	60,167	73,328
Financial results	85,580	69,151	87,057
Sale of assets	(17,311)	(1,721)	(2,163)
Other adjustments of results	(3,739)	(7,263)	(11,566)
Cash flows provided by operating activities	192,737	132,296	192,340
Recurring investments	(68,584)	(67,429)	(72,103)
Investments in intangible fixed assets	(47,552)	(44,845)	(48,973)
Investments in tangible fixed assets	(21,032)	(22,584)	(23,130)
Investments in financial fixed assets	(6,198)	(21,256)	(25,801)
Charge for divestitures	28,481	8,579	110,811
Other cash flows from investment activities	320	2,117	4,674
Cash flows provided by investment activities	(45,981)	(77,989)	17,581
Collections (payments) for equity instruments	545,216	(50)	(1,131)
Collections for financial liability instruments	708,233	20,889	13,968
Payment for financial liability instruments	(1,222,621)	(25,340)	(225,975)
Payments for dividends and remuneration of other equity instruments	(25,715)	(27,125)	(29,812)
Payment of interest	(44,238)	(37,881)	(42,516)
Other cash flows from financing activities	(27,853)	(6,640)	2,745
Cash flows provided by financing activities	(66,978)	(76,147)	(282,721)
Effect of variations in exchange rates	(2,189)	(7,079)	222
Variation in cash flows from ongoing activities	77,589	(28,919)	(72,578)
Variation in cash flows during the year	77,589	(28,919)	(72,578)
Cash and cash equivalents at the start of the year	217,504	246,423	319,001
- Cash	191,394	236,230	301,129
- Other cash equivalents	26,110	10,193	17,872
Cash and cash equivalents at the end of the year	295,093	217,504	246,423
Cash	250,360	191,394	236,230
Cash equivalents	44,733	26,110	10,193

The analysis of the cash flows is set out in detail in chapter 10.1 of this Registration Document.

20.4 Auditing of historical annual financial information

20.4.1 Statement of auditing of historical financial information

The individual and consolidated accounts for the years ended 31 December 2016, 2017 and 2018 have been audited by the auditing firm of Deloitte, S.L. The years of auditing of such years have not presented any qualification.

20.4.2 Indication of any other information in the registration document that has been audited by the auditors

There is no other information of Prisa in the Registration Document that has been audited.

20.4.3 When the financial data of the registration document has not been extracted from the issuer's audited financial statements, it must declare the source of the data and declare that the data has not been audited

The financial information relating to years 2016, 2017 and 2018 included in this Registration Document has been extracted from the respective consolidated annual accounts of the Group, with the exception of (i) the data where the source is expressly cited, (ii) that derived from the breakdown or addition of items from the annual accounts, or (iii) those extracted from the internal accounting and information systems of the Group. Such data has not been audited or reviewed and have been identified as APMs in section 26 of this Registration Document.

The financial information for the year ending 31 December 2017 included in the consolidated annual accounts of the Group for fiscal year 2018, which has been restated for comparison, and for presenting Media Capital as a continuous operation and refraining from presenting the assets and liabilities of this company as being kept for the sale, has not been audited.

Comparison of information

In July 2017, as a result of the acceptance of the binding offer submitted by Altice NV for the sale of Vertex, the parent company of Media Capital, the results of Media Capital were reclassified to the heading “*Results of the interrupted activities after taxes*” and the assets and liabilities to the headings “*Non-current assets kept for the sale*” and “*Associated liabilities to non-current assets kept for the sale*”.

On 18 June 2018 the sales agreement for Media Capital signed by Prisa and Altice was terminated, and the Board of Directors of Prisa agreed to evaluate in the future the diverse alternatives for this asset. Therefore, from 30 June 2018, the assets and liabilities of Vertex and Media Capital, which had been kept for sale, and the operations of Media Capital as operations subject to discontinuation were no longer presented, and were consolidated as an ongoing transaction.

Based on IRFS 5, and for purposes of comparison, the consolidated accounts and the consolidated cash flow account for the 2017 fiscal year have been changed to present Media Capital as a continuous activity. Likewise, the balance sheet for 2017 has been restated leaving the assets and liabilities of Vertex and Media Capital to be presented as kept for sale.

Reconciliation of the consolidated balance sheet

Following is the reconciliation of the consolidated balance sheet published in the consolidated financial statements for 2017 along with the consolidated balance sheet, modified for comparative purposes, contained in these consolidated financial statements:

	As of 31 December 2017	Effect Media Capital	As of 31 December 2017
	<i>(audited)</i>	<i>(unaudited)</i>	<i>(restated) (unaudited)</i>
	(in thousands of euros)		
Non current assets	756,693	355,466	1,112,159
Tangible fixed assets	82,653	15,166	97,819
Goodwill	167,556	330,559	498,115
Intangible assets	110,802	4,663	115,465
Non current financial investments.....	25,561	6	25,567
Investments recorded using the equity method	37,247	0	37,247
Deferred taxes assets	332,846	2,388	335,234
Other non current assets	28	2,684	2,712
Current assets-	1,166,386	(356,012)	810,374
Inventories.....	70,145	81,190	151,335
Trade debtors and other accounts receivable	381,520	36,675	418,195
Current financial investments	23,340	0	23,340
Cash and cash equivalents.....	217,209	295	217,504
Non current assets kept for sale	474,172	(474,172)	0
Total assets	1,923,079	(546)	1,922,533
Net equity -.....	(485,911)	1,047	(484,864)
Subscribed capital	83,498	0	83,498
Other reserves	(489,781)	0	(489,781)
Accumulated profits	(119,572)	351	(119,221)
- From prior years	(16,657)	0	(16,657)
- For the year: Results attributed to the parent company.....	(102,915)	351	(102,564)
Treasury shares	(694)	0	(694)
Exchange differences	(37,894)	178	(37,716)
Minority interest.....	78,532	518	79,050
Non current liabilities-	863,136	66,600	929,736
Non current debts with credit institutions	642,248	61,233	703,481
Non current financial liabilities.....	120,147	0	120,147
Deferred tax liabilities.....	23,901	(431)	23,470
Non current provisions.....	39,007	5,798	44,805
Other non current liabilities	37,833	0	37,833
Current liabilities-	1,545,854	(68,193)	1,477,661
Trade creditors	247,232	31,313	278,545
Other non commercial debts	42,600	9,905	52,505
Debts with current credit institutions	1,002,633	34,324	1,036,957
Current financial liabilities.....	22,630	23	22,653
Public administrations.....	39,785	11,255	51,040
Provisions for returns	10,507	0	10,507
Other current liabilities	21,391	4,063	25,454
Liabilities associated with non current assets kept for sale	159,076	(159,076)	0
Total liabilities	1,923,079	(546)	1,922,533

Reconciliation of consolidated income statement

Following is the reconciliation of the consolidated income statement published in the consolidated financial statements for 2017 with the consolidated income statement, modified for comparative purposes, contained in these consolidated financial statements:

	As of 31 December 2017	Effect Media Capital	As of 31 December 2017
	<i>(audited)</i>	<i>(unaudited)</i>	<i>(restated) (unaudited)</i>
(in thousands of euros)			
Net amount of business turnover.....	1,144,831	163,883	1,308,714
Other income.....	25,874	1,152	27,026
OPERATING INCOME.....	1,170,705	165,035	1,335,740
Materials used in operations.....	(177,077)	(20,727)	(197,804)
Personnel expenses	(361,325)	(41,189)	(402,514)
Payments towards amortisation of fixed assets	(69,653)	(7,903)	(77,556)
External services	(424,917)	(61,915)	(486,832)
Variation in provisions.....	(17,911)	(210)	(18,121)
Losses in value of goodwill.....	(618)	(86,136)	(86,754)
Impairment and losses derived from fixed assets.....	(13,459)	(58)	(13,517)
OPERATING EXPENSES	(1,064,960)	(218,138)	(1,283,098)
OPERATIONS RESULTS	105,745	(53,103)	52,642
Interest income	5,529	94	5,623
Interest expenses	(81,016)	(4,084)	(85,100)
Exchange differences (net).....	10,818	(492)	10,326
FINANCIAL RESULTS.....	(64,669)	(4,482)	(69,151)
Results of companies under equity method.....	4,819	0	4,819
Results of other investments	(1,163)	0	(1,163)
RESULTS OF CONTINUED ACTIVITIES BEFORE TAXES.....	44,732	(57,585)	(12,853)
Corporate Income Tax.....	(51,977)	(9,582)	(61,559)
RESULTS OF CONTINUED ACTIVITIES	(7,245)	(67,167)	(74,412)
Results of uninterrupted activities after taxes	(68,502)	67,518	(984)
CONSOLIDATED RESULTS OF THE YEAR ..	(75,747)	351	(75,396)
Results attributed to minority interest	(27,168)	0	(27,168)
RESULTS ATTRIBUTED TO THE PARENT COMPANY.....	(102,915)	351	(102,564)

Reconciliation of consolidated cash flows

Following is the reconciliation of the consolidated statement of cash flows published in the consolidated financial statements of 2017 with the consolidated statement of cash flows, modified for comparative purposes, contained in these consolidated financial statements:

	As of 31 December 2017	Effect Media Capital	As of 31 December 2017
	<i>(audited)</i>	<i>(unaudited)</i>	<i>(restated) (unaudited)</i>
(in thousands of euros)			
RESULTS BEFORE TAXES.....	44,732.00	(57,585.00)	(12,853.00)

	As of 31 December 2017	Effect Media Capital	As of 31 December 2017
	<i>(audited)</i>	<i>(unaudited)</i>	<i>(restated) (unaudited)</i>
	(in thousands of euros)		
Amortisations and provisions.....	101,233.00	94,308.00	195,541.00
Variation in current liabilities.....	(68,235.00)	(5,127.00)	(73,362.00)
Inventories.....	15,444.00	1,900.00	17,344.00
Debtors.....	(17,905.00)	4,395.00	(13,510.00)
Creditors.....	(65,774.00)	(11,422.00)	(77,196.00)
Collections (payments) for taxes on income	(27,483.00)	(9,714.00)	(37,197.00)
Other adjustments of results.....	55,098.00	5,069.00	60,167.00
Financial results	64,669.00	4,482.00	69,151.00
Sale of assets	(1,721.00)	0,00	(1,721.00)
Other adjustments of results.....	(7,850.00)	587.00	(7,263.00)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	105,345.00	26,951.00	132,296.00
Recurring investments	(63,390.00)	(4,039.00)	(67,429.00)
Investments in intangible fixed assets.....	(44,550.00)	(295.00)	(44,845.00)
Investments in tangible fixed assets	(18,840.00)	(3,744.00)	(22,584.00)
Investments in financial fixed assets	(21,256.00)	0,00	(21,256.00)
Charge for divestitures	8,563.00	16.00	8,579.00
Other cash flows from investment activities	2,117.00	0.00	2,117.00
CASH FLOWS PROVIDED BY INVESTMENT ACTIVITIES	(73,966.00)	(4,023.00)	(77,989.00)
Collections (payments) for equity instruments	(50.00)	0.00	(50.00)
Collections for financial liability instruments	20,889.00	0.00	20,889.00
Payment for financial liability instruments	(21,632.00)	(3,708.00)	(25,340.00)
Payments for dividends and remuneration of other equity instruments.....	(26,184.00)	(941.00)	(27,125.00)
Payment of interest.....	(34,305.00)	(3,576.00)	(37,881.00)
Other cash flows from financing activities	(6,640.00)	0.00	(6,640.00)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	(67,922.00)	(8,225.00)	(76,147.00)
Effect of variations in exchange rates.....	(7,079.00)	0.00	(7,079.00)
VARIATION OF CASH FLOWS FROM ONGOING ACTIVITIES	(43,622.00)	14,703.00	(28,919.00)
Cash flows derived from the operation of discontinued activities	26,951.00	(26,951.00)	0.00
Cash flows from the investment in discontinued activities	(4,318.00)	4,318.00	0.00
Cash flows derived from the financing of discontinued activities	(8,225.00)	8,225.00	0.00
VARIATION IN CASH FLOWS FROM DISCONTINUED ACTIVITIES	14,408.00	(14,408.00)	0.00
VARIATION IN CASH FLOWS DURING THE YEAR	(29,214.00)	295.00	(28,919.00)

Rounding off

Certain amounts shown in this Registration Document have been rounded off to simplify their presentation. Consequently, the amounts corresponding to the totals line on the tables shown in the Registration Document may not coincide with the mathematical sum of the concepts or items making up the total. Likewise, some percentages shown in the tables of this Registration

Document reflect certain calculations based on numerical information that has been previously rounded off and, consequently, may not coincide with the percentages that would result had they not have been rounded off.

20.5 Age of latest financial information

The most recent financial information included in this Registration Document corresponds to the year ended 31 December 2018. Therefore, it is not more than 15 months before the date of this Registration Document.

20.6 Interim and other financial information

20.6.1 Should the issuer have been publishing financial information quarterly or half-yearly since the date of its latest audited financial statements, these must be included in the registration document. Should the quarterly or half-yearly information have been audited or not have been reviewed, the auditor's review report must also be included. Should the quarterly or half-yearly information not have been audited or not have been reviewed, this circumstance must be stated.

Non applicable.

20.6.2 Should the date of registration be over nine months prior to the end of the last audited financial year, it must contain interim financial information covering at least the first six months of the years and may not be audited.

Non applicable.

20.7 Dividend policy

20.7.1 Amount of dividends per share for each year, for the period covered by the historical financial information, adjusted if the number of shares of the issuer has changed, so as it is comparable in such manner

Prisa does not have an established dividends policy, so the the allocation of dividends of the Group is reviewed annually. Along these lines, the allocation of dividends mainly depends on (i) the existence of allocatable benefits and the financial position of the Company, (ii) its obligations with regard to the debt service and those derived from the commitments acquired with its financial creditors in the Group financing agreements —as described further ahead in this caption —, (iii) the generation of cash as a result of the normal course of its activities, (iv) the existence or not of attractive investment opportunities generating value for the Group shareholders, (v) the needs for reinvestment of the Group, (vi) the performance of the business plan of Prisa, and (vii) other factors that Prisa considers relevant from time to time.

For these purposes, it is recorded that on the date of this Prospectus, the Group does not fulfil the conditions set out in the Refinancing agreement for the distribution of dividends.

Dividends of ordinary shares:

The Company's ordinary shares have not received dividends since 2011 as a result of the increased debt of the Group and the restrictions established in this respect under the financing agreements.

Along these lines, it is important to mention the restrictions imposed upon the distribution of dividends as a result of the agreement subscribed under the framework of the Refinancing. Such agreement includes various agreements that, in this regard, limit the capacity of Prisa to pay dividends until certain levels of reduction of the financial debt have been reached.

In particular, the aforesaid agreement solely allows the distribution of dividends by the Company when the total aggregate amount available for distribution to the shareholders in any fiscal year with the net result coming from the previous year, provided that the following conditions are met:

- a) that the amount of the dividend to be distributed does not exceed 10% of the aggregate amount available for the shareholders of the Company; and
- b) that at the close of each fiscal year, a determined average leverage ratio be met, such as the Consolidated Net Financial Debt over the adjusted EBITDA.

Aside from that, no limitation is established for the distribution of dividends of the affiliates of the Company and for any company of the Group to cover the commitments of dividends distribution that, in any case, it may have assumed with its minority shareholders.

20.8 Legal and arbitration proceedings

Following is a description of the main administrative, court or arbitration proceedings (including those outstanding or that the issuer knows of that affect it), for the twelve months prior to the date of this Registration Document, which may have or may have had in the recent past, significant effects on the issuer or the financial profitability position of the Group:

- (i) *Court proceeding regarding the agreement for the utilisation of sports rebroadcast rights between Audiovisual Sport, S.L., Sogecable, S.A.U., TVC multimedia, S.L. and Mediaproduccion, S.L.*

On 24 July 2006, the companies members of the Prisa Audiovisual Sport, S.L. Group (“**AVS**”) and Sogecable, S.A.U. (now Prisa), on the one hand, and TVC multimedia, S.L. and Mediaproduccion, S.L. (“**Mediapro**”), on the other, reached an agreement for the utilisation of the rights to the Football League for seasons 2006/2007 and thereafter. The main purpose of the agreement was to maintain the televised football utilisation model that had allowed, under the coordination of AVS, the broadcast since 1997 of all the matches of the League in a peaceful, stable and orderly way.

Following the reiterate breaches of the agreement by Mediapro, since the moment immediately following its signature, and the breach of the payment of the amounts owed to AVS, it filed suit against Mediapro on 3 July 2007, which was subsequently enhanced on 31 July 2007.

On 28 September 2007, Mediapro answered the suit and counter-sued the remaining signatories of the agreement on 24 July 2006, claiming that it was null and void.

On 8 October 2007, First Instance Court number 36 of Madrid considered the protective measures petitioned by AVS against Mediapro, declaring that the rights of the First Division clubs corresponding to season 2007/2008, subject to the request for protective measures, belonged to AVS and resolved to “prohibit Mediapro, for the 2007/2008 football season, any act of disposal or utilisation of the audiovisual rights assigned to AVS, other than the

legitimate use thereof that may take place under the relevant framework of the Agreement of 24 July 2006”.

In compliance with such decision, AVS filed with the Court a bond in the amount of EUR 50 million, to guarantee compliance with its contractual obligations. The decision of 8 October 2007 was revoked by the Provincial Court of Madrid during July 2008, maintaining at the disposal of the First Instance Court the aforesaid surety until the procedure for the settlement of damages had ended, which procedure was subject to the final resolution of the main procedure.

After several judgements that were appealed by both parties under the framework of this procedure, once the Judgement of 9 January 2015 by the Supreme Court was final, declaring the annulment of the agreement of 24 July 2006, considering that overall its purpose was to restrict competition and its clauses were related to the based on the purpose sought, on 14 September 2015, Mediapro requested the lifting of the suspension and the continuation of the suspension and the continuation of the incident for determining damages resulting from the protective measure of 8 October 2007. By Case Management Ruling of 28 September 2015, the Court agreed to continue the incident and requested a judicial expert to, in the light of the judgement by the Supreme Court, quantify the possible damages caused with the adoption of the protective measure, granting them a term until February 2017 and quantifying such damages at EUR 65.10 million. The hearing on such procedure took place on 16 March 2017. The decision of 9 January 2018, dismissed the request for damages filed by Mediapro and upheld the opposition claimed by AVS, imposing payment of court costs upon Mediapro. On 6 February 2018, Mediapro brought an appeal against such decision; and AVS brought the respective option against it in time and form. At the date of this Registration Document, the appeal continues to be pending Court setting, for deliberation voting and decision. As a guarantee of the said procedure, the surety presented by AVS with the Court in the amount of EUR 50 million is still in place.

Subsequently, AVS filed on 20 June 2016 a suit against Mediapro to claim the damages sustained by AVS for the illegitimate use of its audiovisual rights by Mediapro during the 2007/2008 and 2008/2009 seasons. Upon declaring the annulment of the agreement of 24 July 2006 by the aforesaid Judgement by the Supreme Court, and inasmuch as during the 2007/2008 and 2008/2009 seasons, Mediapro and AVS commercialised and utilised the audiovisual rights of certain First and Second Division soccer clubs, the rights to which had been assigned by the clubs individually and exclusively, to either AVS or Mediapro, AVS filed suit with the courts of Barcelona to claim from Mediapro the net unjust results obtained by such company (Mediapro) from the utilisation of the audiovisual rights of such clubs, which rights were owned by AVS, reduced by the net unjust results obtained in turn by AVS from the utilisation of the rights of the clubs whose ownership belonged to Mediapro. The claim was accompanied by an expert report, the conclusion of which is that for the difference between the Net Unjust Results obtained by AVS and Mediapro, each on their own account, AVS obtained a positive balance in favour in the amount of EUR 85,12 million, which is the balance now claimed by AVS in the suit of 20 June 2016. Mediapro answered the claim in due time and form, with an exception of res judicata serving as the basis for its procedural position and filed expert evidence to counteract the conclusion of the expert report filed by AVS, and Court No. 37 of Barcelona set the prior hearing for 29 January 2017. The prior hearing was held on 7 June 2017 and on 3 July, First Instance Court Judgement No. 37 of

Barcelona was notified, dismissing the suit and applying the positive or prejudicial *res judicata* to the rest of the 2007/2008 season and to the entire 2008/2009 season, without delving into the valuation of the economic equity repercussion of the use of the third-party audiovisual rights. AVS has filed an appeal before the Provincial Court of Barcelona requesting the renewal of such judgement and the revoking of such judgement and the upholding of the claims of AVS, having set the deliberation, voting and decision of the appeal for 8 February 2019, without as of the current date having produced any decision on the matter.

(ii) *Claim for indemnity by Mediapro and Imagina Media Audiovisual regarding Audiovisual Sport, S.L. and DTS Distribuidora de Television Digital, S.A.*

Additionally, on 12 May 2016, a suit was brought by Mediapro, S.L.U. and Imagina Media Audiovisual before the First Instance Court of Colmenar Viejo, whereby the claimants asked for a joint ruling against AVS and DTS (a company belonging to the Grupo Prisa until 30 April 2015) to pay an indemnity in the amount of EUR 89.74 million. The claimants allege that Mediapro was compelled to file for a meeting of its creditors due its having been placed in a position of imminent insolvency, due to the fact that on 16 June 2010 (i) it was informed of the provisional enforcement requested by AVS of the Judgement of 15 March 2010, compelling Mediapro to pay to AVS the amount of EUR 104.6 million and (ii) DTS had sent a letter announcing that it could not continue to comply with the agreement of 4 June 2009 to utilise the audiovisual rights to the League and the Copa during the 2009/2010, 2010/2011, 2011/2012 seasons if Mediapro did not establish a surety to guarantee that, in the event that compliance with the obligations of Mediapro were to prove impossible, it should proceed to return to DTS the amounts delivered (therefore, DTS notified that it would not pay the EUR 91.20 million that it owed under the agreement on 15 June 2010). Mediapro is of the opinion that the petition to enforce the judgement, together with the concerted breach by DTS of the agreement of 4 June 2009, destroyed the bases whereupon its financial entities had been willing to finance Mediapro in the amounts necessary to pay the indemnification requested by AVS.

Facing the imminent insolvency due to its inability to make payment of the indemnity and without the possibility of negotiating an agreement with the financial entities, on 16 June 2010, Mediapro filed for bankruptcy. By reason of the foregoing, Mediapro considers that AVS and DTS have wilfully caused its bankruptcy and have set at EUR 89.74 million the damages caused to Mediapro and to the Imagina Group as a result of such proceeding.

Both DTS on the one hand, and AVS on the other, in turn, answered the suit filed by Mediapro in due time and form, with both replies having been admitted for negotiation by First Instance Court No. 82 of Madrid and with the prior Hearing having been held on 25 May 2017, setting the trial date of 23 January 2018.

By judgement of 22 February 2018, First Instance Court No. 82 of Madrid dismissed the claim brought by Mediapro in its entirety, determining the prescription of the action to claim damages, and (ii) the lack of damages, even had the statute of limitations of the action to claim them not have lapsed.

This judgement was appealed by Mediapro, with the appeal being contested in due time and form by both AVS and DTS. On 29 October 2018, the Provincial Hearing of Madrid issued a

judgement (notified on 12 November 2018) that, although partially upholding the appeal in the sense of considering the statute of limitations of the claim for damages not have lapsed, it maintains the dismissal in full of the suit brought by Mediapro against AVS.

This judgement has been appealed by AVS extraordinary appeal for procedural violation and cassation appeal before the Supreme Court. Both DTS and Mediapro have in turn solely brought a cassation appeal. All these remain pending admission for process.

(iii) Opening punishment file by the National Market and Competition Committee against the companies of the Santillana Group for engaging in collusive behaviour

On 5 October 2017, the National Markets and Competition Committee (CNMC) notified Santillana, Santillana Global, S.L., Santillana Educacion, S.L., Santillana Sistemas Educativos, S.L., Santillana Formacion, S.L. y Santillana Infantil and Juvenil, S.L. (all members of the Grupo Prisa) in accordance with the opening of punishment file S/DC/0594/16, considering that there were indications that it participated in the practices contrary to Sections 1 of the Competition Defence Law (LDC) and 101 of the Treaty on the Functioning of the European Union.

On 21 November 2018, the CNMC issued an agreement denying the proposal for the conventional termination of the process. On 7 December 2018, Santillana filed an appeal against the aforementioned agreement which is pending resolution by the CNMC.

On 17 December 2018, the CNMC notified Santillana of its Termination Proposal, which Santillana has answered with pleadings. Under the Termination Proposal, in the event that an unfavourable resolution were to be issued, the penalty imposed could reach up to 6% of the business volume of Santillana in Spain.

The companies of the Santillana Group to which the Termination Proposal is directed are the following: Santillana, Santillana Educacion, S.L., Ediciones Grazalema, S.L., Edicions Obradoiro, S.L., Edicions Voramar, S.A., Zubia Editoriala S.L. and Grup Promotor d'Ensenyament i Difusio en Catala, S.L.

At the date of this Registration Document, this procedure is pending resolution by the Board of the CNMC.

(iv) Other litigation

The Group is also involved in other litigation of lesser quantities, which, the Directors and internal and external counsel do not consider will originate significant liabilities.

20.9 Significant change in the issuer's financial or trading position

There have been no significant changes in the financial or commercial position of the Group as of the date referred to in the financial information incorporated in this Registration Document, i.e., since 31 December 2018.

21. ADDITIONAL INFORMATION

21.1 Share capital

21.1.1 Amount of capital issued and for each class of the share capital:

At the date of this Registration Document, the nominal amount of the share capital issued by Prisa amounts to EUR 524,902,482.24, represented by 558,406,896 ordinary shares, fully subscribed to and paid in, each with a nominal amount of 0.94 euros and belonging to the same class and series. All shares grant their holders the same rights.

Furthermore, since July 2014, the Company has a single class of shares.

a) Number of authorised shares

Likewise, the Annual General Meeting of the Shareholders held on 25 April 2018 delegated in the Board of Directors the authority to enhance the share capital up to a maximum of 50% of the share capital subscribed at that time, on one or several occasions, and at any time during the maximum term of 5 years, through monetary contributions, with the authority, where applicable to accord the exclusion of the pre-emptive subscription right up to a limit of 20% of the share capital, voiding the authorisation granted by the Annual General Meeting of the Shareholders of 20 April 2015.

As agreed at such Meeting of the Shareholders, this authorisation may be used, among others, to hedge any remunerations plan or agreement through the delivery of shares and options to the members of the Board of Directors and management personnel of the Company, effective from time to time – therefore including the Mid-Term Incentives Plan for the period spanning between the years 2018 and 2020, approved by the aforesaid Meeting of the Shareholders and shown in detail in section 17.3 of this Registration Document.

Based on such authorisation, the Board of Directors of the Company accorded the Capital Increase subject to the public offering described in the Securities Note of this Prospectus and whereby up to 150,243,297 million shares are to be issued.

b) Number of shares issued and fully paid in and those issued but not fully paid in

All shares issued have been fully paid in.

c) Nominal amount per share, or that the shares have no nominal amount

All shares into which the capital of the Company is divided have a nominal amount of EUR 0.94, each.

d) Reconciliation of the number of shares in circulation at the beginning and end of the year. If more than 10% of the capital is paid in with assets other than cash over the period covered by the historical financial information, this fact must be declared

As of 1 January 2018, Prisa had issued 88,827,363 shares of a single class and series, each with a nominal amount of EUR 0.94. As of 31 December 2018, the number of outstanding shares of the Company was 558,406,896 shares, each with a nominal amount of EUR 0.94. At the date of this Registration Document the number of outstanding shares of the Company is 558,406,896, of a single class and series, and their nominal amount is of EUR 0.94. Furthermore, more than 10% of the capital has not been paid with assets other than cash over the period covered by the historical financial information, i.e., 2016, 2017 and 2018.

Following is the reconciliation of the number of shares outstanding at the beginning and end of each year covered by the historical financial information:

	Initial position 01/01/2016	Final position 31/12/2016
Number of ordinary shares	78,335,958	78,335,958
Nominal amount per share	3.00	3.00
Share capital (nominal amount)	235,007,874	235,007,874.00

	Initial Position 01/01/2017	Position following the performance of the following operations			Final Position 31/12/2017
		First capital reduction by decrease in nominal amount	Second capital reduction by decrease in nominal amount	Capital increase to cover the early conversion of the bonds issued in 2016	
Number of ordinary shares	78,335,958	78,335,958	78,335,958	88,827,363	88,827,363
Nominal amount per share	3.00	1.03	0.94	0.94	0.94
Share capital (nominal amount)	235,007,874.00	80,686,036.74	73,635,800.52	83,497,721.22	83,497,721.22

	Initial Position 01/01/2018	Position following the performance of the following operations		Final Position 31/12/2018⁽²⁾
		Capital increase recognising the pre-emptive subscription rights	Capital increase a result of the exercise of the Prisa 2013 Warrants ⁽¹⁾	
Number of ordinary shares	88,827,363	558,177,502	558,318,026	558,318,026
Nominal amount per share	0.94	0.94	0.94	0.94
Share capital (nominal amount)	83,497,721.22	524,686,851.88	524,818,944.44	524,818,944.44

Notes:

(1) On 10 December 2013, in the context of the refinancing of the bank debt of the Company that was subscribed with all the creditor banks and certain institutional investors, the Extraordinary General Meeting of the Shareholders of Prisa adopted an agreement to issue warrants (the “**Prise 2013 Warrants**”) incorporating the right to subscribe to ordinary shares newly issued by the Company. Likewise, a capital increase of the Company was approved in the amount necessary to cover the exercise of the rights attached to the Prisa 2013 Warrants, exclusively by offsetting credits and, consequently, with no pre-emptive subscription right, and the authority was delegated to the Board of Directors to perform the agreed capital increase once or twice, based on the exercise of the rights derived therefrom. The period for exercising the Prisa 2013 Warrants ended in December 2018; therefore, at the date of this Registration Document, all Prisa 2013 Warrants that had not been exercised were extinguished.

(2) In December 2018, an increase in the share capital of the Company was made as a result of the exercise of the Prisa 2013 Warrants during such month of December. Nonetheless, although for accounting purposes the capital increase took place in 2018, the deed corresponding to such increase of the Prisa 2013 Warrants was registered on 15 January 2019 in the Commercial Registry of Madrid and the shares were admitted for negotiation on 28 January 2019. As a result of such increase, the capital of the Company was set at EUR 524,902,482.24, divided into 558,406,896 shares, each with a nominal amount of EUR 0.94.

21.1.2 Should there be non-equity shares, number and main characteristics of such shares

The Company has no non-equity shares.

21.1.3 Number, book value and nominal amount of the shares of the issuer in hands or in the name of the issuer or its affiliates

At the date of this Registration Document, the number of treasury shares in hands of the Company and its affiliates amounts to 1,622,892 shares, representative of 0.29% of the share capital (each with a nominal amount of EUR 0.94). The Company is not the indirect holder of treasury shares.

Furthermore, the Annual General Meeting of the Shareholders of Prisa held on 25 April 2018, agreed to authorise the derivative acquisition of shares of the Company itself, directly or through any of its affiliates, by sale and purchase or any other act “inter vivos” for valuable consideration and over a maximum term of 5 years as of the execution of such Meeting of the Shareholders, with the following limitations or requirements:

- That the nominal amount of the shares acquired directly or indirectly, added to those already owned by the Company and its affiliates, and, where applicable, the parent company and its affiliates, at no time exceeds the maximum permitted by law.
- That the shares acquired be free of liens or encumbrance, be fully paid in and not subject to the meeting of any sort of obligation.
- That the net equity of the Company include an indisposable reserve equivalent to the amount of the own shares reflected as assets. This reserve must be maintained until the shares are sold or amortised or there is a legislative amendment authorising them.
- That the price of acquisition not be lower to the nominal amount, or greater by 20% than the trading value at the time of the relevant acquisition. The transactions for the acquisition of own shares shall conform to the norms and uses of the stock markets.

All this is understood notwithstanding the application of the general system of derivative acquisitions established in Section 146 of the current Spanish Companies Law.

In the development of these operations, the norms on the matter contained in the Internal Rules of Conduct of Prisa shall also be followed.

It was further authorised that the shares acquired in this use of this authorisation may be used for both their sale or amortisation and for the application of the remunerations systems, plan or agreement through the delivery of shares or options on the shares to the members of the Board of Directors and management personnel of the Company or of its Group effective from time to time and it was expressly authorised that the shares acquired by the Company or its affiliates in the use of this authorisation and those owned by the Company at the date of holding of such Meeting of the Shareholders could be destined in whole or in part to facilitating compliance with such plans or agreements, and the development of programs fostering the share in the capital of the Company, such as dividend reinvestment plans, fidelity bonds or other analogous instruments.

21.1.4 Amount of any convertible security, exchangeable security or security subject to warrants, indicating the conditions and procedures governing their conversion, exchange or subscription

i) *American Depositary Shares:*

At the Extraordinary General Meeting of the Shareholders of 27 November 2010, ordinary class A shares and convertible class B shares were issued, which were formally subscribed for by a depositary bank (Citibank NA) (the “**Depositary**”), acting in a strictly fiduciary way for the benefit of the actual holders of the shares. Simultaneous to the subscription, the depositary bank issued *American Depositary Shares* (“ADSs”), representative of the Class A shares (ADS-A) and of the Class B shares (ADS-B).

The ADSs representative of Class A and Class B shares of Prisa were traded on the New York Stock Exchange (NYSE) until: i) in the case of the ADS-B, the time of their mandatory conversion, in July 2014; and ii) in the case of the ADS-A, the time of their *delisting* (requested by the Company), in September 2014.

Prisa has maintained its program of ADS-A in the USA through the unofficial market (*over the counter* or *OTC*) (“**Prisa ADS**”). The Prisa ADS may be negotiated on such market.

Each Prisa ADS conveyed the rights to four ordinary shares of Prisa. Following the grouping of shares and countersplit conducted by the Company effective as of 22 May 2015, and referenced in section 21.1.1 of this Registration Document, the ratio is of one Prisa ADS per Prisa share.

The holders of the Prisa ADS are entitled to request of the Depositary the direct delivery of the relevant shares and their subsequent negotiation on the Spanish stock exchanges.

At the date of this Registration Document there is a total of 476,786 Prisa ADSs.

ii) *Agreement to issue other securities:*

Additionally, on 25 April 2018, the Annual General Meeting of the Shareholders agreed to delegate to the Board of Directors, under the provisions of Section 319 of the Commercial Registry Regulations, and applying by analogy the provisions of Section 297.1.b) of the Spanish Companies Law, the authority to issue negotiable securities subject to the following conditions:

- a) Securities subject to the issue: The securities referred to in this delegation may be obligations, bonds and other fixed income securities of an analogous nature, convertible into newly-issued shares of the Company and/or exchangeable for Company shares. This delegation may also be used to issue obligations exchangeable for outstanding shares of another company, whether of the Grupo Prisa or not, for the issue of warrants or other analogous securities that may directly or indirectly entitle the subscription or acquisition of shares of the Company or another company, whether of the Group or not, newly issued or outstanding, payable by physical delivery of the shares or, as applicable, for differences which may or may not be linked or in any way related to each issue of obligations, bonds and other fixed income securities of analogous nature made under the provisions of this delegation or other loans or financing instruments whereby the Company recognises or creates a debt. The delegation may also be used to issue promissory notes or preferential shares.

- b) Term: The issue of the securities may be made on one or more occasions, at any time, within the maximum term of five (5) years from the date of adoption of the agreement.
- c) Maximum amount of the delegation: The maximum aggregate amount of the issue or issues of securities agreed under this delegation shall be one billion euros (EUR 1,000,000,000) or its equivalent in other foreign currency.

For the purposes of calculating the aforesaid limit, in the case of the warrants, it shall be necessary to take into account the sum of the premiums and prices of exercise of the warrants of each issue approved under such delegation. Likewise, in the case of promissory notes, for the purposes of the aforementioned limitation, the live balance of the promissory notes issued under the delegation shall be computed.

- d) Scope of delegation: In the exercise of the delegation of authorities and solely for illustrative and not exhaustive purposes, the Board of Directors shall be charged with determining, for each issue, the amount, always within the aforesaid global quantitative limit; the place of issue –domestic or foreign – and the local or foreign currency and, when foreign, its equivalence in euros; denomination, whether bonds or obligations –including subordinated–, warrants (which may in turn be liquidated by physical delivery of the shares or, where applicable, by differences), promissory notes, preferential shares or any others admitted by Law; the date or dates of issue; the circumstance of being the securities necessary or voluntarily convertible and/or exchangeable, even with a contingent nature, and, if voluntary, at the option of the holder of the securities or of the issuer; when the securities are not convertible, the possibility that they be fully or partially exchangeable for shares of the issuer Company itself or of another company, whether or not of the Group, or incorporating a purchase right on the referred shares, the number of securities and their nominal amount, which, when involving convertible and/or exchangeable securities, cannot be less than the nominal amount of the shares; the interest rate, dates and procedures for the payment of the coupon; the nature of perpetual (including, where applicable, its possible amortisation by the issuer) or amortisable and, in the latter case, the term of amortisation and maturity date; the type of reimbursement, premiums and lots, the guaranties; the form of representation, through securities or account entries; the exercise or exclusion of the pre-emptive subscription right, where applicable, and the subscription system; anti-dilution clauses; the priority and, where applicable, subordination system; governing law; requesting, where applicable, the admission for negotiation on official secondary markets, official or unofficial, organised or not, domestic or foreign, of the securities issued subject to the requirements that from time to time are established by current regulations and, in general, any other condition of the issue (including their subsequent modification), and, where applicable, appointing the statutory auditor and approving the fundamental rules that are to govern the legal relations between the Company and the syndicate of holders of the securities issued, when necessary or decided to choose to incorporate such syndicate. Regarding each specific issue made under this delegation, the Board of Directors may determine all circumstances that are not covered by this agreement. The delegation further includes the attributing to the Board of Directors of the authority that, in each case, may decide with respect to the conditions of redemption of the securities issued in the use of such authorisation, allowing for the use, as applicable, of the means for rescue referred to in

Section 430 of the Spanish Companies Law or any others as may be applicable. Furthermore, the Board of Directors is authorised to, when deemed convenient, and subject to obtaining the necessary official authorisations and, where applicable, according to the meetings of the relevant syndicates or representative bodies of the holders of the securities, modify the conditions of the redemption of the securities issued and their respective term and the interest rate that, when applicable, is accrued by those included in each issue made under the provisions of this authorisation.

- e) Bases and modalities of conversion and/or swap: In the event of the issue of convertible and/or exchangeable obligations or bonds and for the purposes of determining the bases and modalities of the conversion and/or swap, it is agreed to establish the following criteria:
- (i) The securities issued under the provisions of this agreement may be convertible into new shares of Prisa and/or exchangeable for outstanding shares of the Company itself, of any of the Group companies or of any other company, in accordance with a determined conversion and/or swap ratio now or hereafter determined, with the Board of Directors being authorised to determine whether they are convertible and/or exchangeable, and to determine whether they are necessarily or voluntarily convertible and/or exchangeable, and in the event that they are voluntarily, at the option of the holder or issuer, with the frequency and over the term established in the issue agreement and that shall not exceed fifteen (15) years from the date of issue.
 - (ii) The Board may also establish, in the event that the issue were convertible and exchangeable, that the issuer reserves the right to choose at any time between the conversion into new shares or their swap for outstanding shares, establishing the nature of the shares to be delivered at the time of making the conversion or swap and even electing to provide a combination of newly-issued shares and pre-existing shares, or an equivalent cash amount. In any case, the issuer must respect the equality of treatment between all holders of the fixed-income securities that convert and/or swap on the same date.
 - (iii) For the purposes of the conversion and/or swap, the fixed-income securities shall be valued at nominal amount and the shares the exchange determined in the resolution by the Board of Directors where this delegation is made, or at the exchange to be determined on the date or dates indicated in the very agreement of the Board, and based on the trading value on the Stock Exchange of the shares of Prisa on the date/s or period/s used as reference under the same agreement, with or without a premium or with or without a discount on such trading, and, in any case, with a minimum of the greater between (a) the measure of the average weighted prices of the share of Prisa on the Continuous Market of Spanish Stock Exchanges over the period to be determined by the Board of Directors, no greater than three (3) months or less than fifteen (15) calendar days before the date of adoption of the agreement for the issue of the fixed-income securities by the Board, and (b) the closing price of the share of Prisa on the same Continuous Market for the stock exchange business day prior to that of the adoption of the referred issue agreement. The Board may

determine that the valuation of the shares for the purposes of the conversion and/or swap may be different for each conversion and/or swap date. In the case of the swap of shares of another company (whether or not from the Group) the same rules shall apply, to the extent required and with the adaptations necessary, as applicable, although referring to the trading of the shares of such company on the relevant market.

- (iv) The Board may establish, in the event that the issue were convertible and exchangeable, that the issuer reserves the right to elect at any time between the conversion into new shares or their swap for outstanding shares, determining the nature of the shares to be delivered at the time the conversion or swap is made, even allowing the choice of delivering a combination of newly-issued shares with pre-existing shares. In any case, the issuer must respect the equality of treatment between all holders of the fixed-income securities that convert and/or swap on the same date.
- (v) When the conversion or and/or swap were applicable, the fractions of shares that in each case are to be delivered to the holder of the obligations shall be rounded off by default to the immediately lesser whole number. The Board shall be charged with deciding whether to pay each holder in cash for the difference that could arise in such event.
- (vi) The value of the share for the purposes of the conversion ratio of the obligations into shares cannot by any means be less than its nominal amount. In accordance with the provisions of Section 415.2 of the Spanish Companies Law, obligations cannot be converted into shares when their nominal amount is less than that thereof. Convertible obligations also cannot be issued for an amount that is lesser than their nominal amount.

When approving an issue of convertible obligations under the authorisation granted by the Meeting of the Shareholders, the Board of Directors shall issue a report from the directors developing and specifying, based on the criteria mentioned before, the bases and modalities of the conversion applicable specifically to the issue in question. This report shall be accompanied by the relevant report by the auditors referenced in Section 414.2 of the Spanish Companies Law.

- f) Bases and modalities of exercise of the warrants. In the case of issues of warrants convertible and/or exchangeable for shares, subject to the application by analogy of the provisions of the Spanish Companies Law for convertible obligations, and for the purposes of determining the bases and modalities of their exercise, it is agreed to establish the following criteria:
 - (i) The warrants issued under the provisions of this agreement may entitle the subscription of new shares issued by the Company or the acquisition of outstanding shares in Prisa or another company, whether of the Group or not, or a combination of either of these. In any case, the Company may reserve the right to choose, at the time of the exercise of the warrant, whether to deliver new or old shares, or a combination of the two, and to proceed to settle any differences.

- (ii) The term for the exercise of the warrants shall be determined by the Board of Directors and cannot exceed fifteen (15) years from the date of issue.
- (iii) The price of exercise of the warrants may be fixed or variable based on the date/s or period/s taken as reference. Therefore, the price shall be determined by the Board of Directors at the time of the issue or may be determined at a subsequent time in accordance with the criteria established in the agreement itself. In any case, the price of the share to be considered cannot be less than the higher between (i) the average of the weighted average prices of the share of the Company on the Continuous Market of the Spanish Exchanges over the period to be determined by the Board of Directors, no more than three (3) months or less than fifteen (15) calendar days prior to the date of adoption of the issue agreement by the Board, and (ii) the closing price of the share of the Company on the same Continuous Market of the stock exchange business day prior to that of adoption of the aforesaid issue agreement. In the case of the purchase option on existing shares of another company (of the Group or not), these shall be subject, to the extent applicable and with the adaptations resulting necessary, where applicable, to the same rules, although referring the trading of the shares of such company on the relevant market.
- (iv) When warrants are issued in relation to simple or outright exchanges -i.e., one share for each warrant - the sum of the premium or premiums paid for each warrant and their price of exercise cannot be, in any case, lower than the value of the underlying share, considered in accordance with the provisions of section (iii) above, or its nominal amount.

When warrants are issued with multiple exchange ratios -i.e., other than one share for each warrant-, the sum of the premium or premiums paid for the set of warrants and their price of exercise cannot be, in any case, lower than the result of multiplying the number of underlying shares all the warrants issued times the the value of the underlying share considered in accordance with the provisions of section (iii) above, or their collective nominal amount at the time of the issue.

When approving an issue of warrants under this authorisation, the Board of Directors shall issue a report developing and specifying, based on the criteria described in the preceding sections, the bases and modalities of exercise specifically applicable to such issue. This report shall be accompanied by the relevant auditors report referenced in Section 414.2 de la Spanish Companies Law.

- g) Rights of the holders of convertible securities: Whenever the conversion and/or swap into shares of the fixed-income securities that may be issued or in the exercise of the warrants is possible, their holders shall have all rights as recognised by current law and, especially, where applicable, those relating to the pre-emptive subscription right (in the case of convertible obligations or warrants on newly-issued shares) and anti-dilution clause within the legal scenarios, notwithstanding the provisions of section h).(i) below.

- h) Capital increase and exclusion of the pre-emptive subscription right in convertible securities: The delegation in favour of the Board of Directors also includes, illustratively and not exhaustively, the following authorities:
- (i) The authority for the Board of Directors, under the provisions of Sections 417 and 511 of the Spanish Companies Law, exclude, in whole or in part, and up to a maximum of 20% of the share capital of the Company, taken from the adoption of this agreement by the Meeting of the Shareholders, the pre-emptive subscription right of shareholders and the holders of convertible obligations and, where applicable, warrants on newly-issued shares when, under the framework of a specific issue of convertible obligations or warrants on newly-issued shares, this is required for the drawing of financial resources on the international markets, to use demand prospecting techniques, to incorporate industrial or financial investors that may facilitate the creation of value and the meeting of the strategic objectives of the Group or in any other manner warranted by the interests of the Company. In any case, should the Board choose to suppress the pre-emptive subscription right in relation to a specific issue of convertible obligations or warrants that could eventually choose to make under this authorisation, it shall issue, at the time of approving the issue and in accordance with the governing regulations, a report showing in detail the specific reasons of social interest warranting such measure, which shall be subject to the correlative report of the auditor referenced by Sections 417.2 and 511.3 of the Spanish Companies Law. Such reports shall be made available to the shareholders and holders of convertible obligations and warrants on newly-issued shares, advised to the first Meeting of the Shareholders held following the issue agreement.
 - (ii) The authority to increase capital in the amount necessary to cover the conversion requests or the exercise of the warrant on newly-issued shares . Such authority may solely be exercised to the extent that the Board, adding the capital it increases to cover the issue of convertible obligations or the exercise of warrants and the remaining capital increases agreed under the provisions of the authorisations granted by Meeting of the Shareholders, does not exceed the limit of one half of the amount of the share capital established in Section 297.1 b) of the Spanish Companies Law. This authorisation to increase capital includes the issue and placement in circulation, once or more times, the shares representative thereof necessary to carry out the conversion or the exercise of the warrant, and to reword the Section of the bylaws relating to the capital amount and to, where applicable, annul the part of such capital increase that were not necessary for the conversion into shares or the exercise of the warrant.
 - (iii) The authority to develop and specify the bases and modalities of the conversion and/or swap, considering the criteria established in sections e and f above, including, among others, setting the time for the conversion and/or swap or exercise of the warrants and, in general and its broadest terms, the determination of any circumstances and conditions necessary or convenient for the issue.

The Board of Directors, in the successive General Meetings of the Shareholders held by the Company, shall inform the shareholders of the use that, where applicable, has been given to that point, of the delegation to issue securities referenced in this agreement.

- i) Admittance for trading: The Company shall request, where applicable, the admittance for trading on secondary official or unofficial markets, whether organised or not, domestic or foreign, of the obligations, bonds, preferential shares, warrants and any other securities issued under this delegation, authorising the Board to perform the necessary procedures and steps for the admittance for trading before the competent authorities of the various domestic or foreign stock markets.
- j) Guarantee of issues of securities by affiliates: The Board of Directors shall further be authorised, for a term of five years, to guarantee, on behalf of the Company and within the limitation established earlier, the issues of fixed income securities, whether convertible and/or exchangeable, including warrants, and promissory notes and preferential shares made by companies members of the Group.
- k) Substitution: The Board of Directors is authorised to delegate the delegable powers conferred in virtue of this agreement to the President, Chief Executive Officer or the Board Secretary.

21.1.5 Information and conditions of any acquisition right and/or obligations as regards the authorised but unissued capital or on a commitment to increase capital

At the date of this Registration Document there are no acquisition rights and/or obligations with respect to the authorised but unissued capital or regarding a commitment to increase capital.

It is nonetheless noted that, as mentioned in section a)21.1.1 a) of this Registration Document, on 25 April 2018, the Annual General Meeting of the Shareholders agreed to delegate to the Board of Directors, the authority to increase, one or more times, the share capital through monetary contributions, with or without issue premium —and with delegation of the power to exclude, as applicable, the right to pre-emptive subscription —, upon the terms, conditions and periods established in Section 297.1.b) of the Spanish Companies Law, so that, within a term of up to five years as of the date of adoption of such agreement and without requiring a call or subsequent agreement of the Meeting of the Shareholders, it may agree, once or more times, when and to the extent warranted by the needs of the Company in the opinion of the Board itself, the increase in its share capital up to the maximum amount equivalent to one half of the share capital at the time of the authorisation.

As agreed at such Meeting of the Shareholders, this authorisation may be used to hedge any remunerations plan or agreement through the delivery of shares and share options for the members of the Board of Directors and management staff of the Company, effective from time to time – therefore including the Mid-Term Incentives Plan for the period spanning between the years 2018 and 2020 approved by the referred Meeting of the Shareholders and shown in detail in section 17.3 of this Registration Document.

21.1.6 Information on any capital of any Group member that is subject to an option or that has been agreed conditionally or unconditionally to be subject to an option and the details of such options, including the persons to whom such options are addressed

At the date of this Registration Document, no member of the Company Group has capital that is optioned or conditionally or unconditionally optioned.

21.1.7 Evolution of the share capital, stressing the information on any change during the period covered by the historical financial information

The following table shows the variations seen in share capital since such date:

Concept	Nominal (euros)	Shares issued	Nominal value (euros)
April 2007	22,035,550	218,812,500 ordinary shares and 1,543,000 redeemable shares	0.1
March 2008	21,913,550	219,135,500 ordinary shares	0.1
November 2010	84,697,802	443,991,020 Class A shares 402,987,000 Class B shares	0.1 0.1
January 2011	84,707,588.80	444,088,888 Class A shares 402,987,000 Class B shares	0.1 0.1
February 2011	84,723,174.60	444,244,746 Class A shares 402,987,000 Class B shares	0.1 0.1
March 2011	84,733,928.10	444,352,281 Class A shares 402,987,000 Class B shares	0.1 0.1
April 2011	84,777,663.20	444,795,672 Class A shares 402,980,960 Class B shares	0.1 0.1
May 2011	84,779,939.10	444,822,431 Class A shares 402,976,960 Class B shares	0.1 0.1
June 2011	84,785,788.20	444,884,922 Class A shares 402,972,960 Class A shares	0.1 0.1
July 2011	84,785,857.50	444,885,615 Class A shares 402,972,960 Class B shares	0.1 0.1
August 2011	84,785,958.60	444,886,626 Class A shares 402,972,960 Class A shares	0.1 0.1
September 2011	84,786,054	449,845,980 Class A shares 398,014,560 Class B shares	0.1 0.1
October 2011	84,786,109	454,316,286 Class A shares 393,544,804 Class B shares	0.1 0.1
November 2011	84,786,115.80	458,047,318 Class A shares 389,813,840 Class B shares	0.1 0.1
December 2011	84,786,115.80	459,650,730 Class A shares 388,210,428 Class B shares	0.1 0.1
January 2012	92,286,115.80	534,650,730 Class A shares 388,210,428 Class B shares	0.1 0.1

Concept	Nominal (euros)	Shares issued	Nominal value (euros)
January 2012	92,286,134.50	534,824,517 Class A shares 388,036,828 Class B shares	0.1 0.1
February 2012	92,286,152.40	538,726,736 Class A shares 384,134,788 Class B shares	0.1 0.1
March 2012	92,286,489	538,730,102 Class A shares 384,134,788 Class B shares	0.1 0.1
April 2012	92,287,042.80	538,735,640 Class A shares 384,134,788 Class B shares	0.1 0.1
May 2012	92,287,076.90	538,736,981 Class A shares 384,133,788 Class B shares	0.1 0.1
June 2012	92,287,086.20	546,026,426 Class A shares 376,844,436 Class B shares	0.1 0.1
July 2012	92,287,092.20	556,601,690 Class A shares 366,269,232 Class B shares	0.1 0.1
August 2012	98,696,802.70	620,698,795 Class A shares 366,269,232 Class B shares	0.1 0.1
September 2012	98,696,814.70	620,698,915 Class A shares 366,269,232 Class B shares	0.1 0.1
October 2012	98,696,831.20	620,699,080 Class A shares 366,269,232 Class B shares	0.1 0.1
November 2012	98,696,837.20	620,699,140 Class A shares 366,269,232 Class B shares	0.1 0.1
November 2012	98,921,700.20	636,947,770 Class A shares 352,269,232 Class B shares	0.1 0.1
December 2012	99,132,289.90	651,054,490 Class A shares 340,268,409 Class B shares	0.1 0.1
January 2013	99,163,457.70	652,938,956 Class A shares 338,695,621 Class B shares	0.1 0.1
February 2013	99,310,215.00	661,608,304 Class A shares 331,493,846 Class B shares	0.1 0.1
March 2013	99,388,437.60	665,968,084 Class A shares 327,916,292 Class B shares	0.1 0.1
April 2013	99,457,220.20	669,605,806 Class A shares 324,966,396 Class B shares	0.1 0.1
May 2013	99,531,844.20	673,362,582 Class A shares 321,955,860 Class B shares	0.1 0.1
June 2013	99,681,391.90	680,559,843 Class A shares 316,254,076 Class B shares	0.1 0.1
July 2013	99,737,818.70	683,147,931 Class A shares 314,230,256 Class B shares	0.1 0.1
September 2013	105,236,846.70	738,138,211 Class A shares 314,230,256 Class B shares	0.1 0.1

Concept	Nominal (euros)	Shares issued	Nominal value (euros)
September 2013	105,266,006.30	740,656,607 Class A shares 312,003,456 Class B shares	0.1 0.1
October 2013	105,266,047.20	740,659,416 Class A shares 312,001,056 Class B shares	0.1 0.1
January 2014	105,266,057.10	740,659,515 Class A shares 312,001,056 Class B shares	0.1 0.1
February 2014	122,949,967.40	917,498,618 Class A shares 312,001,056 Class B shares	0.1 0.1
April 2014	122,949,976.40	917,498,708 Class A shares 312,001,056 Class B shares	0.1 0.1
May 2014	123,232,781.70	920,326,761 Class A shares 312,001,056 Class B shares	0.1 0.1
May 2014	123,238,027.70	920,591,269 Class A shares 311,789,008 Class B shares	0.1 0.1
June 2014	123,238,457.80	920,595,570 Class A shares 311,789,008 Class B shares	0.1 0.1
June 2014	141,228,679	1,412,286,790 Class A shares	0.1
July 2014	183,364,600.70	1,833,646,007 Class A shares	0.1
August 2014	192,835,852.70	1,928,358,527 Class A shares	0.1
August 2014	211,703,777.20	2,117,037,772 Class A shares	0.1
September 2014	213,400,608.80	2,134,006,088 Class A shares	0.1
October 2014	214,369,901.40	2,143,699,014 Class A shares	0.1
November 2014	214,757,618.50	2,147,576,185 Class A shares	0.1
December 2014	215,807,875.30	2,158,078,753 Class A shares	0.1
April 2015	215,807,874	71,935,958 ordinary shares	3
December 2015	235,007,874	78,335,958 ordinary shares	3
November 2017	80,686,036.74	78,335,958 ordinary shares	1.03
November 2017	73,635,800.52	78,335,958 ordinary shares	0.94
November 2017	83,497,721.22	88,827,363 ordinary shares	0.94
February 2018	524,686,851.88	558,177,502 ordinary shares	0.94
October 2018	524,818,944.44	558,318,026 ordinary shares	0.94
December 2018	524,902,482.24	558,406,896 ordinary shares	0.94

2016-

Neither the amount of share capital, nor the number of outstanding ordinary of the Company suffered any changes during the year 2016.

2017-

During 2017, the following capital decreases were made implementing the agreements adopted by the Extraordinary General Meeting of the Shareholders held on 15 November 2017:

- Share capital reduction in the amount of EUR 154,321,837.26, i.e., from EUR 235,007,874 to EUR 80,686,036.74, through the reduction in the nominal amount of each of the 78,335,958 ordinary shares with voting rights from three euros per share to EUR 1.03 per share, to restore the balance between capital and the net equity of the Company, reduced as a result of losses derived from previous years.
- Share capital reduction in the amount of EUR 7,050,236.22, i.e., from EUR 80,686,036.74 to EUR 73,635,800.52 euros, through the reduction in the nominal amount of each of the 78,335,958 ordinary shares with voting rights in the amount of EUR 0.09, i.e., from EUR 1.03 per share to EUR 0.94 per share, to increase the legal reserve.

Likewise, on 17 November 2017, the deed was executed for the performance of the capital increase necessary to cover the early conversion of the bonds issued by agreement by the Annual General Meeting of the Shareholders of 1 April 2016, requested by all holders of such bonds, in accordance with the conversion bases and modalities, and whereby 10,491,405 new Prisa shares were issued and all the aforesaid bonds were amortised, with the overall conversion having been requested.

2018-

On 16 February 2018, the capital increase deed executed on that date was filed with the Commercial Registry of Madrid, relating to the capital increase with pre-emptive subscription rights approved by the Extraordinary General Meeting of the Shareholders of Prisa on 15 November 2017 and by the Board of Directors of the Company, under the authorisation granted by the Meeting of the Shareholders of 20 April 2015. As a result of such increase, the Company issued 469,350,139 new shares, each with a nominal amount of EUR 0.94, increasing its share capital to an amount of EUR 524,686,851.88.

Regarding the Prisa 2013 Warrants, issued pursuant to the agreements of the Meeting of the Shareholders of the Company held on 10 December 2013, the Company made two capital increases during 2018 as a result of the exercise of 2,683,063 Prisa 2013 Warrants —leading to the issue of 140,524 new ordinary shares of the Company— and 1,696,832 Prisa 2013 Warrants —leading to the issue of 8,870 new ordinary shares of the Company—.

At the date of this Registration Document, the share capital of Prisa amounts to EUR 524,902,482.24, represented by 558,406,896 ordinary shares, each with a nominal amount of EUR 0.94. The share capital has been fully subscribed for an paid in.

Additionally, in virtue of the agreements entered into on 12 and 20 March 2019, the Company approved the monetary Capital Increase, recognising the pre-emptive subscription rights, for an effective amount of up to EUR 199,823,585.01, which is subject to the public offering described in the Securities Note of this Prospectus which, at the date of this Registration Document, is pending performance.

For further information, see sections 5.1.5 and 21.1.1 of this Registration Document.

21.2 Bylaws and articles of incorporation

21.2.1 Description of company purpose and purposes of the issuer and where the bylaws and articles of incorporation may be found

As indicated in 5.1.3, the Company was incorporated in the city of Madrid by public instrument executed before Notary Public Mr Felipe Gomez-Acebo Santos, on 18 January 1972. The articles of incorporation are registered at the Commercial Registry of Madrid under volume 2836 general, 2159 of section 3 of the Book of Companies, folio 54, page number M-19511. It is also noted that the consolidated text of the Bylaws, effective at the date of this Prospectus, were approved by the Annual General Meeting of the Shareholders of the Company on 25 April 2018, and notarised by Madrid Notary Public Mr Alfonso Madrideoj Fernandez, on 30 May 2018, under number 977 in the order of his protocol. Such instrument was registered at the Commercial Registry of Madrid under volume 31.513, folio 159, page number M-7674, registration 708.

Under the provisions of Section 2 of the Bylaws of Prisa:

“1. The purpose of the Company is:

- a) The management and operation of all sorts of information media and social networks, of its own or of third parties, regardless of their technical format, including the publication of printed newspapers and educational material.*
- b) The promotion, planning and performance, for itself or third parties, directly or through others, of all sorts of projects, businesses or enterprises of communication media, publishing and book distribution (in any format) including educational, industrial, commercial and services.*
- c) The incorporation of enterprises and companies, participation, including majority shares, in others in existence and the association with third parties in transactions and businesses, using collaboration formulas.*
- d) The acquisition, direct or indirect holding, operation by lease or other form and sale of all sorts of real and personal property and rights.*
- e) Contracting and providing advisory services, acquisitions and management of third-party interests, whether by intermediation, representation or any other means of collaboration for their own benefit or that of third parties.*
- f) Acting on the capital and money markets through their management, the purchase and sale of fixed or variable income securities or of any other nature, for its own benefit.*

2. The activities described are deemed to refer to companies and enterprises, operations or businesses, national or foreign, meeting the respective legal prescriptions. Should the Law require obtaining an administrative licence, registration with a public registry or any other requirement to commence any of the activities listed in the preceding section, the Company cannot start the specific activity until the established requirement has been met.

3. The activities forming part of the corporate purpose may be indirectly developed by the Company in whole or in part, through the participation in other companies of analogous purposes.”

21.2.2 Brief description of any provision of the bylaws provisions or internal rules of the issuer relating to the members of the administrative, management and supervisory bodies

The functioning and make-up of the Board of Directors of Prisa is regulated by Sections 15 to 23 of its Bylaws and the Regulations of the Board of Directors. The functioning of the various Committees of the Board is contained in the Bylaws and the Regulations of the Board. There are no specific regulations of the Committees del Board.

Following is a brief description of the main content of the provisions of the Bylaws and of the Regulations of the Board that regulate such bodies.

Function, structure and responsibilities

Functions of the Board of Directors

Except in the matters reserved to the authorities of the Meeting of the Shareholders, the Board of Directors is the supreme decision-making body of the Company.

The management, administration and representation of the Company at trial and outside of it, and in all acts encompassed by the corporate purpose, corresponds to the Board of Directors, which shall act as a body, notwithstanding the delegations and proxies it may confer. Nonetheless, indelegabe authorities under the Law or the Bylaws, the authorities that the Meeting of the Shareholders has granted without express delegation authorisation, any others necessary for the responsible exercise of the general function of supervision and control, or those that the Regulations of the Board of Directors reserves to be considered by the body as a whole cannot be subject to delegation.

Structure of the Board of Directors

The Bylaws establish that the Board shall consist of a minimum of five and a maximum of 15 directors, and the Meeting of the Shareholders shall be charged with their appointment and the determination of their number. At the Annual General Meeting of the Shareholders held on 25 April 2018, the number of directors was set at 13.

The Board of Directors, in the exercise of its authorities of proposal to the Meeting of the Shareholders and of co-option for the covering of vacancies, must seek that the Board be made up in such manner that the external directors represent a broad majority of the Board, and that the number of independent directors represent, at least one half of all the members of the Board and, in any case, one third. Likewise, the number of executive directors shall be the minimum necessary, considering the complexity of the corporate Group and the participation of the executive directors in the capital of the Company.

To establish a reasonable balance between the proprietary directors and independent directors, the Board shall set up the structure of the shareholders of the Company, considering in absolute and comparative terms the importance of the shareholdings and the degree of permanence and strategic relation to the Company of the shareholders.

In any case, the Board shall seek that the percentage of proprietary directors to the total non-executive directors be no greater than the percentage of capital of the Company represented by such proprietary directors.

For the purposes of the foregoing, the Company shall adjust the rating of the directors to the definitions and criteria contained in the regulations applicable from time to time.

The nature of each director shall be explained by the Board of Directors to the Meeting of the Shareholders which must appoint them or ratify their appointment, and it shall be confirmed or, in any case, review annually in the Annual Corporate Governance Report, upon verification by the Appointments, Remunerations and Corporate Governance Committee.

The directors may be designated by the Meeting of the Shareholders or, provisionally, by the Board of Directors, in accordance with the provisions contained in the governing regulations and the Bylaws. Proposals for the appointment of the directors that the Board of Directors submits for the consideration of the Meeting of the Shareholders and the agreements of appointment adopted by such body in accordance with the authorities of co-option it has legally vested, must comply with the provisions of these Regulations, in the policy for the selection of the directors of the Company and be preceded by the relevant proposal in the case of independent directors, or report for the remaining directors, by the Appointments, Remunerations and Corporate Governance Committee.

Additionally, the proposals for the appointment of directors must be accompanied at all times by a justifying report from the Board of Directors, which, for these purposes, may adopt as its own that submitted by the Appointments, Remunerations and Corporate Governance Committee.

The office of director shall last four years, and they may be re-elected once or more time for terms of equal duration. The directors appointed by co-option may be ratified in their positions by agreement by the first Meeting of the Shareholders following their appointment. Should a vacancy arise once the Meeting of the Shareholders has been called and before it is held, the Board of Directors may appoint a director until the next Meeting of the Shareholders is held.

The directors shall step down once the term for which they were appointed has lapsed, or when decided by the Meeting of the Shareholders in the use of the powers it has been granted legally or under the bylaws.

The Board of Directors shall not propose the removal of any independent director before the compliance of the statutory period for which they were appointed, except with just cause, appreciated by the Board upon report by the Appointments, Remunerations and Corporate Governance Committee. In particular, just cause shall be deemed to exist when the director were to have breached the duties inherent in its office or has incurred ex post facto any of the circumstances expressly established in the Regulations of the Board of Directors of the Company. Such separation may also be proposed as a consequence of public offerings for acquisitions, mergers or other similar corporate operations determining a significant change in the equity structure of the Company.

The members of the Committees shall step down when they cease to be directors or when so agreed by the Board of Directors.

Furthermore, the Regulations of the Board establish the following scenarios where the directors must report and tender their resignation to the Board of Directors and formalise, if it were to consider this convenient, their respective resignation: i) when for supervening

circumstances, they become involved in any legally established scenarios of incompatibility or prohibition or grounds for dismissal; ii) when due to acts or behaviours attributable to the director, serious damages have been caused—or could be caused, in the opinion of the Board—to the equity or reputation of the Company or there were a risk of criminal liability for the Company or any of the Group companies; iii) when the repute, fitness, solvency, competitiveness, availability or commitment with their functions necessary to serve as directors of the Company were significantly negatively affected. In particular, when the activities developed by the director, or the companies controlled, directly or indirectly, or the natural persons or legal entities shareholders or relating to any of them, or of the individual representative of a legal entity director, could compromise their fitness; iv) when seriously admonished by the Board of Directors for having breached their obligations as directors, through agreement adopted by a majority of two-thirds of the directors; v) when the reasons for their appointment have disappeared and, in particular, in the case of proprietary directors, when the shareholder or shareholders that proposed, required or determined their appointment, sell or transfer all or part of their share, with the consequence of losing such condition of significant or sufficient to justify the appointment; vi) when an independent director incurs ex post facto any of the circumstances that, under the provisions of the Law, prevents them from continuing to be considered as such; vii) when the el Board considers that the number of absences at the sessions of the Board and of the Committees of which a director is a member is high.

In any case, the director must inform and, where applicable, resign in the cases affecting them and that could damage the credit and reputation of the Company.

Positions on the Board of Directors

The Board of Directors, upon proposal by the Appointments, Remunerations and Corporate Governance Committee, with the active participation of the Coordinating Director, if appointed, shall appoint one of its own to serve as Chairman. The Chairman of the Board of Directors shall have supreme responsibility for the proper operation of the Board and, therefore, in addition to the authority corresponding to the office by law, bylaws and regulations, they have the following authorities:

- (i) exercise the highest institutional representation of the Group;
- (ii) call and preside over the meetings of the Board of Directors, establishing the agenda of the meetings and leading the discussions and deliberations;
- (iii) in the absence of a specific finding by the Board of Directors, to preside over the Meeting of the Shareholders;
- (iv) ensure that the directors receive with due time in advance the proper information to deliberate on the items on the agenda;
- (v) to encourage debate and active participation by the directors at the sessions, safeguarding their free assuming of positions;
- (vi) prepare and submit to the Board of Directors a program with dates and matters to be addressed;

- (vii) organise and coordinate the regular evaluation of the Board, upon the terms established in the Regulations of the Board, and promote and supervise the programs for updating knowledge for directors;
- (viii) assuming the responsibility for the direction of the Board and the effectiveness of its operation;
- (ix) ensuring that enough time is devoted to the discussion of strategic issues; and
- (x) in general, striving for the compliance with the Bylaws and other internal rules of the Company, and for the proper enforcement of the agreements of the Meeting of the Shareholders, of the Board of Directors and of the Delegated Committee.

The Board, upon proposal by the Appointments, Remunerations and Corporate Governance Committee, may appoint one or more Vice Chairmen, which may replace the Chairman, in the case of a transitory absence, momentary disability or express delegation thereby, as regards the operation of the Board of Directors, and shall have the authorities established in the internal regulations of the Company.

In the case of there being several Vice Chairmen, and unless the Regulations of the Board provide otherwise, their order shall be followed; in the absence of all Vice Chairmen, the Chairman shall be replaced by the Coordinating Director and, in the absence thereof, by such director as appointed by the Board of Directors.

In the event that the Board were to decide to appoint a Vice Chairman, and provided the Chairman of the Board does not have the consideration of an independent director, the Vice Chairman —first or only, as applicable— must be appointed from among the independent directors, with the abstention of the executive directors. If a Coordinating Director has not been previously appointed, the Vice Chairman must assume the functions of the Coordinating Director. Otherwise, the Coordinating Director shall be the designated to hold the office of Vice Chairman.

In the event that the Chairman not have the status of independent director, the Board, upon proposal by the Appointments, Remunerations and Corporate Governance Committee, must designate, with the abstention of the executive directors, a Coordinating Director from among the independent directors.

The Coordinating Director shall have the following authorities, among others:

- (i) regarding the operation of the Board of Directors, and the authorities of the Bylaws, substitute the Chairman —or the Vice Chairman or Vice Chairmen, if more than one— in the case of a transitory absence, momentary disability or express delegation thereby;
- (ii) ask the Chairman to call the Board of Directors or to include new items on the agenda of a Board meeting already called;
- (iii) voice the concerns of the non-executive directors, especially the independent ones; and
- (iv) coordinate the plan for the succession of the Chairman.

The Board of Directors may delegate, permanently, all or part of its authorities, except the authorities that are indelegable under the law, the Bylaws of the Company or the Regulations

of the Board of Directors, upon a Delegated Committee or Chief Executive Officer, and determine the members of the Board of Directors itself that are to be members of the delegated body and, where applicable, the form of exercise of the authorities granted to the Chief Executive Officer.

The delegation of authorities of a permanent nature and the determination of the members of the Board of Directors itself that are to hold such offices shall require for their validity to favourable vote of two-thirds of the number of members of the Board of Directors. Nonetheless, the Board of Directors shall keep the delegated authorities.

Where applicable, the Board of Directors, at the proposal of the Appointments, Remunerations and Corporate Governance Committee, and with the majorities indicated in the preceding paragraph, shall appoint a Chief Executive Officer, delegating in such all the authorities of the Board of Directors that are not indelegable by law or under the Bylaws.

The Chief Executive Officer shall be considered the top executive of the Company, shall have the supreme responsibility for its management and shall be charged with the following functions, among others: (i) directing the management and running of the businesses of the Group and leading its senior management, (ii) supervising the ordinary management of the Company, (iii) proposing the qualifications of the personnel in upper management, as well as their appointment, termination, remuneration and other conditions that govern their contractual relationship with the company; (iv) informing the Board and the Delegated Directors of compliance with the objectives set out by the Board of Directors and, in general, the state of the business, and (v) preside over the Delegated Directors when the Board of Directors so decides.

The Board of Directors may grant the distinction of Honorary Chairman to any person or persons that have held the office of Chairman of the Board of Directors and that, by merits and extraordinary dedication to the Company, deserve to reach such category after ceasing to be members of the Board of Directors. The agreement to appoint the Honorary Chairman adopted by the Board of Directors shall be reached, in any case, upon proposal by the Appointments, Remunerations and Corporate Governance Committee.

The distinction of Honorary Chairman is an ad honorem title and, consequently, the Honorary Chairman is not a member of the Board of Directors. Notwithstanding the foregoing the Honorary Chairman must meet the obligations derived from the duty of loyalty legally imposed for the directors. The appointment of the Honorary Chairman may be rendered ineffective by the Board itself, in attention to the circumstances particular to each case. The Honorary Chairman may attend all meetings of the Board of Directors, and be heard but not vote, and must be called to such in due manner by the Chairman del Board.

The Board of Directors, upon proposal by the Chairman, shall appoint a Secretary, which must be a a lawyer but need not be a director. The Board of Directors may also appoint, upon proposal by the Secretary, an Assistant Secretary, which need not be a director, to assist them in the development of their functions.

Responsibilities

The directors must devote to the exercise of their functions the time and efforts necessary for their proper performance. Regarding the number of other Boards of which they may form

part, it is established as a general rule that a director not be member of such a number of these that would prevent or hinder their having proper devotion to their office of director at the Company. Along these lines, the directors of the Company shall meet the following general limits:

- (i) Executive directors may hold administrative offices at two other companies, provided they do not exercise executive functions at either.
- (ii) The non-executive directors may hold administrative offices at another six companies, provided they do not exercise executive functions at either of them. Nonetheless, they may solely hold administrative offices at two other companies if at one of them they exercise executive functions. Those exercising executive functions at two or more companies cannot serve as non-executive directors of the Company.

For the purposes of the two previous rules, (a) only companies whose shares are admitted for trading on stock exchanges or alternative markets, domestic or foreign, and those requiring an equivalent dedication shall be taken into consideration; and (b) all the administrative bodies of companies forming part of the same group, and those to which they are party as proprietary director proposed by a company of that group, even if the participation in the capital of the company or its degree of control were not to permit it to be considered a member of the group, shall be computed as a single administrative body. Exceptionally and for duly justified reasons, the Board of Directors may exempt the director of such prohibition.

In addition to the foregoing, the directors, in the performance of their duties, must act in compliance with their legally and statutory duties, with the diligence of an orderly businessman, considering the nature of the office and the functions attributed to each of them, acting in good faith and for the safekeeping of the social interest.

The main obligations of each member of Board of Directors established in the Regulations of the Board of Directors, derived from the duty of diligence of the directors, may be summarised as follows: i) being informed and duly prepare the meetings of the Board and Committees of which they are member (and, as applicable, of the Delegated Committee) and, along these lines, they shall have the duty to demand and the right to collect from the Company the information proper and necessary that will serve to meet its obligations; ii) attend the meetings of the Committees that they are members of and participate actively in the deliberations so that their opinion effectively contributes to the decision making; iii) having the proper dedication and adopting the measures necessary for the proper direction and control of the Company; iv) performing any specific commitment commissioned by the Board of Directors and that is reasonably encompassed under its commitment to dedication; v) promoting the research of any irregularity in the management of the Company and the monitoring of any situation of risk; vi) complying with the Code of Ethics, the Internal Rules of Conduct and the Regulations of the Board; vii) urging the persons with the capacity to call, to call a special meeting of the Board of Directors or include new items on the agenda of the first meeting to be held, to deliberate on the matters deemed convenient; viii) oppose to agreements that are contrary to the Law, to the corporate governance system or social interest and request the evidence on the record of their opposition, and ix) comply with the duties and obligations established by Law.

The directors must also keep secret the deliberations and resolutions by the Board of Directors and Committees and, in general, must refrain from disclosing information, data, reports or background information to which they have had access in the exercise of their office, and to use them for their own benefit, that of the shareholder that, in any case, has proposed or made their appointment, or of any other third party, notwithstanding the obligations of transparency and information imposed by the governing law.

The directors furthermore cannot (i) develop activities on their own for others that imply an actual significant competition, whether actual or potential, with the Company or that, otherwise, put them in a permanent conflict with its interests; or (ii) make use of the Company assets, or take advantage of their position at the Company para to obtain an equity advantage, unless satisfied a market consideration and is a standardised service.

Finally, the directors must adopt the measures necessary to avoid incurring situations where their interests, whether their own or of third parties, may clash with social interests and their duties to the Company and must inform the Board of Directors of any situation of conflict, direct or indirect, that they or any person related thereto, could have with the interests of the Company. In particular, they must inform of any situations that could imply the existence of conflicts of interest, as established in the “Internal Rules of Conduct in Matters Relating to Stock Markets of Promotora de Informaciones, S.A. and its Group of Companies”.

Meeting and call

The Board of Directors shall meet as often as deemed convenient by its Chairman, with at least one session being required to be held each quarter of the year and striving for at least eight sessions per year to be held.

The Board of Directors shall also meet extraordinarily whenever its Chairman elects to call it or at the request of one third of the directors, the First Vice Chairman or the Coordinating Director. In the last three cases, the Chairman of the Board of Directors must call the meeting within the five business days following the receipt of the request, to hold the relevant meeting no later than three calendar days after the date of the call; which term shall be of four calendar days if there were a weekend between the call and the date set for holding the relevant meeting.

The session of the Board may be held without requiring a call when attended by all directors and all accept that the meeting be held and agree to the items on the agenda. Additionally, the adoption of Board resolutions in writing and without a session shall solely be admitted when no director objects to such procedure. Votes of the Board of Directors may also be held in writing and without a session, provided no director objects to doing so.

The Board shall be validly constituted when attended, in person or by proxy, by at least a majority of the directors members thereof.

The directors must personally attend the meetings and, preferably, do so in person. Nonetheless, should their attendance be impossible, the director must seek to grant their representation to another director to attend, with such representation being conferred in writing, specific to each Board meeting, and instructing the representative in terms of the criterion of the principal. Non-executive directors may solely delegate their representation in

favour of other non-executive directors. The representation cannot be delegated in respect of issues with regard to which the director is in a position of conflict of interest.

The Board may be held by video-conference or any other analogous means that duly guarantees the identity of the attendants.

During 2018, the Board of Directors of Prisa has met on 10 occasions.

Majority for the adoption of agreements

Except in cases where the Law requires a super majority, agreements shall be adopted by an absolute majority of the directors in attendance, in person or by proxy, with the Chairman having a casting vote in case of ties.

Remuneration

Section 15 of this Registration Document includes information in terms of the remunerations of the members of the Board of Directors.

Relations with the shareholders and institutional investors

The Board of Directors, shall favour and foster a policy of regular communication and contact of the Company with its shareholders, institutional investors, financial mediators, voting advisers and the market in general, fully respectful of the rules on market abuse and the principle of equal treatment of the shareholders that are in the same position and shall arbitrate the proper causes to hear the proposals that they may present in relation to the management of the Company, guaranteeing the continuity and integrity of the communications made.

Relations with markets

The Board of Directors shall strive for the timely compliance with the current instructions in matters of communication of privileged information, in accordance with the provisions of the Internal Rules of Conduct of the Company which, in this regard, establishes that any information whose knowledge may affect an investor reasonably to acquire or transfer securities or financial instruments and therefore may substantially influence the trading of the securities issued by any company of the Grupo Prisa shall be immediately made known to the CNMV, prior to its broadcast by any other means and as soon as the relevant event is known, the decision is adopted, or the agreement or contract is signed with third parties. The content of the communication must be true, clear, complete and, when so required by the nature of the information, quantified.

The Board of Directors shall adopt the necessary measures to ensure that the quarterly, half-yearly, annual and any other financial information required by prudence to be made available to the markets, be prepared in accordance with the same professional principles, criteria and practices with which the annual accounts are prepared. To this end, the information in question shall be reviewed by the Audit, Risks and Compliance Committee.

The Board of Directors shall prepared and make public an annual report on the corporate governance, as provided by Law and upon verification by the relevant commissions.

Delegated Committee, Audit, Risks and Compliance Committee and Appointments, Remunerations and Corporate Governance Committee

Section 16.3 of this Registration Document includes information on the Delegated Committee, the Audit, Risks and Compliance Committee and the Appointments, Remunerations and Corporate Governance Committee.

21.2.3 Description of the rights, preferences and restrictions relating to each class of shares in existence

See, in this regard, caption 4.5 of the Note on the Shares.

21.2.4 Description required to change the rights of the shareholders, indicating whether the conditions are more demanding than those imposed by law

The Bylaws of the Company do not contain any speciality in this regard as pertains to that provided by the Spanish Companies Law, implying that the requirements established by such norm are applicable.

21.2.5 Description of the conditions governing the means of calling Annual General Meetings of the Shareholders and Extraordinary General Meetings of the Shareholders, including conditions for admittance

The functioning of the Meeting of the Shareholders is governed by Sections 9 to 14 of the Bylaws and the Regulations of the Meeting of the Shareholders.

Call

Meetings of the Shareholders may be ordinary or extraordinary. The Annual General Meeting of the Shareholders, which must necessarily meet within the first six months of each year, shall be that which has the purpose of approving, as applicable, the corporate business, the financial statements of the previous year and resolving upon the application of the results, and deciding on any other matters included on the agenda. The remaining Meetings of the Shareholders held by the Company shall have the consideration of Extraordinary General Meetings of the Shareholders.

The General Meetings of the Shareholders shall be called by the Board of Directors, which shall establish their agenda. The Board of Directors must call the Annual General Meeting of the Shareholders upon the terms established by Law, and the Extraordinary General meetings whenever required by notary public by a number of shareholders that are the holders of at least three percent of the share capital. In such case, the Board of Directors shall call the Meeting of the Shareholders to be held within the two months following the date of the requirement by notary public, noting such circumstance in the notification of call, and shall prepare an agenda that shall necessarily include the matters to be subject to the request. Should the ordinary Meeting of the Shareholders not be called within the legal term, it may be called by the competent authority in accordance with the system legally established from time to time, which shall also appoint the person that is to preside over the Meeting of the Shareholders. That same call must be made with respect to the Extraordinary General Meeting of the Shareholders, when requested by the number of shareholders referred to above.

The General Meetings of the Shareholders, both Ordinary and Extraordinary, must be called by the Board of Directors by ad published in at least the following media: a) the Spanish Commercial Registry Official Gazette or one of the major national newspapers in Spain, b) the website of the National Stock Exchange Committee, and c) the website of the Company.

Between the call and the date set for holding the meeting there must be a term of at least one month, notwithstanding, where applicable, the possibility of reducing such term when the requirements established by Law are met. The call shall show the date on which, where applicable, the Meeting of the Shareholders shall meet on second call; in such case, between the first and second meeting there must be at least a term of 24 hours.

Shareholders representing at least three per cent of the capital, may request the publication of a complement to the call to the Annual General Meeting of the Shareholders including one or more items on the agenda, provided the new items are accompanied by a justification or, where applicable, a justified agreement proposal. By no means may such right be exercised with respect to the call to the Extraordinary General Meetings of the Shareholders. This right must be exercised by official notification which must be received at the corporate domicile within the five days following the publication of the call. The complement to the call must be published at least 15 days in advance of the date established for the Meeting of the Shareholders.

Shareholders representing at least three per cent of the share capital may, within the same term indicated in the preceding paragraph, submit founded proposals of agreement on matters already included or that should be included on the agenda of the Meeting of the Shareholders called. The Company shall ensure the dissemination of these agreement proposals and of the attached documentation, where applicable, among the rest of the shareholders.

The announcement of the call shall state the name of the Company, place, date and time of the meeting of the first and, where applicable, second call, the agenda of the meeting establishing the items to be addressed, the office of the person or persons issuing the call, the date on which the shareholder must have registered in their name the shares to be able to participate and vote at the Meeting of the Shareholders, and the other requirements established by Law, the Bylaws and the Regulations of the Meeting of the Shareholders. The announcement of the call to the Meeting of the Shareholders shall make known the right corresponding to the shareholders to obtain, from the date of its publication and immediately and free of charge, the documentation required by Law and the Bylaws and the address of the website of the Company where the information will be available. It must also include the necessary details on the Shareholder Attention Office, indicating the telephone numbers, email address and office hours. The notice shall also contain clear and precise information on the steps that the shareholders must take to participate and issue their vote at the Meeting of the Shareholders, including, particular, the requirements established in the applicable regulations regarding the procedures for the issue of the vote from a distance or by proxy.

The most recent Annual General Meeting of the Shareholders of the Company took place on 25 April 2018, while the most recent Extraordinary General Meeting of the Shareholders was held on 15 November 2017.

Right to information prior to the holding of the Meeting of the Shareholders

The shareholders, by written communication, may ask the directors, up to the fifth calendar prior to that set for the holding of the Meeting of the Shareholders, for information or clarifications, or pose questions regarding the items included on the agenda and the information available to the public provided by the Company to the Spanish National Securities Markets Commission since the holding of the most recent Meeting of the

Shareholders and regarding the auditor's report. Valid requests for information, clarifications or questions made in writing and the replies provided in writing by the directors shall be included on the Company website.

The information requested in accordance with the provisions of the preceding paragraph shall be provided to the petitioner by the Board of Directors, or upon delegation thereby, by any of its members authorised to do so, by the Chief Executive Officer, by its Secretary or by any employee or expert on the matter. The information shall be provided in writing, within the term existing between the day of holding of the Meeting of the Shareholders, and through the Shareholders Attention Office.

The information shall not be provided when such information is unnecessary for the protection of the rights of the shareholder, or when there are objective reasons for considering that it could be used for extra-corporate purposes or its advertising damages the Company or the related companies. The information shall not be denied for such reason when the request is backed by shareholders representing at least 25% of the share capital.

Likewise, when, prior to its preparation, the requested information is available clearly, expressly and directly for all shareholders on the website of the Company under the Q&A format, the directors may limit their replies to referencing the information provided in such format.

The petitioner must credit their identity, in the case of written information, by a copy of their National Identity Document or Passport and, when regarding legal entities, the document duly accrediting their representation. Likewise, the petitioner must accredit their condition of shareholder or provide sufficient data (number of shares, depositary entity, etc.), for their verification by the Company.

The right to information may be exercised through electronic correspondence, or by other means of telematic communication, upon the terms established in Section 6 of the Regulations of the Meeting of the Shareholders.

As a result of the call to the Meeting of the Shareholders, where provided by current laws and upon the terms whereupon it is developed technically and legally, on the website of the Company, an Electronic Shareholders Forum shall be set up, which may be accessed with the guarantees both the individual shareholders and the voluntary associations that may be established, to facilitate their communication prior to the holding of the General Meetings of the Shareholders. At the Forum, proposals may be published that are sought to be presented as complements to the agenda advertised in the call, requests of accession to such proposals, initiatives to reach a sufficient percentage to exercise a minority right established by Law, and offers or petitions for voluntary representation. The Board of Directors of the Company shall establish the norms that shall govern, from time to time, the operation of the Forum set up for the Meeting of the Shareholders, which shall be advertised on the website.

Attendance

The Annual General Meetings of the Shareholders held by the Company may be attended by those owning at least 60 shares, provided, within five calendar days prior to that on which the Meeting of the Shareholders is to be held, these are registered in the relevant accounting

records and are kept until the Meeting of the Shareholders is held. The holders of a lesser number of shares may group together to reach 60 shares, appointing a representative.

To exercise their right to attendance, the shareholder must be previously legitimised by the relevant attendance card issued by any of the entities participating in Iberclear, or in any other form admitted by current law.

The Meeting of the Shareholders shall be attended by the Board of Directors, and may be attended by the Directors, Managers and Technicians of the Company and its affiliates, and any other person whose attendance has been authorised by the Chairman of the Meeting of the Shareholders, notwithstanding the right of the Meeting of the Shareholders to revoke such authorisation. Nonetheless, the attendance of the Board of Directors shall not be necessary for the Meeting of the Shareholders to be validly constituted.

To credit the identity of the shareholders, or those validly representing them, at the entrance to the establishment where the Meeting of the Shareholders is to be held, together with the presentation of the attendance card, the National Identity Document or other generally accepted official document may be requested. The legal entities shall act through whoever legally exercised their representation, which must be accredited.

The shareholders may invest their representation in favour of another person. The representation shall be specific for the relevant Meeting of the Shareholders. The representation shall be evidenced by any of the following documents, in any case signed by autograph signature: i) in the attendance card issued by the depositary entities participating in Iberclear, ii) on a letter, or iii) on the standardised form that, for such purposes, is made available by the the Company to its shareholders. The document evidencing the representation must contain or have attached the agenda.

When the representative is a spouse, ascendant or descendant of the representative or when they have general powers under a public document with authorities to administer all the equity that the principal has in the national territory, the representation shall not be required to be granted specifically for a given Meeting of the Shareholders, or that the representation be evidenced, with autograph signature, on one of the documents required for the above scenarios. Nonetheless, the representative must include the attendance card issued, in favour of the principal, by the depositary entities participating at Iberclear.

Should the representation be filled out in favour of the Board of Directors or should the representation not include a nominative statement of the person to whom the delegation is made, it shall be deemed to have been granted in favour of the Chairman of the Board of Directors, or, where applicable, in favour of the person presiding over the Meeting of the Shareholders. In the event that the principal have not provided voting instructions, it shall be deemed that the representative may vote in the sense that it considers most convenient for the interests of the shareholder.

Except as otherwise stated by the principal on the document granting their representation, the delegation is extended also to the proposals on items not included on the agenda. In the event that, in accordance with the foregoing, the delegation were to extend to proposals on items not included on the Agenda, the precise instruction of the principal shall be deemed to be to vote in the sense deemed most convenient for the corporate interest, unless by express instructions otherwise were included by the principal in the document granting such representation.

Should the designated representative face a conflict of interest in the voting of any of the proposals that, whether or not included on the Agenda, were submitted for the approval of the Meeting of the Shareholders, and the principal were not to have provided precise instructions, the principal must refrain from issuing a vote for the matters in which there is a conflict of interest and they must vote on behalf of the shareholder. Notwithstanding the foregoing, if the representative designated were the Chairman of the Meeting of the Shareholders or any member of Board of Directors, were to face a conflict of interest and not have received precise voting instructions, they shall be replaced as representative by the Secretary of the Board of Directors. In the event that the Secretary were also in a position of conflict of interest, they must refrain from voting on the matters where, facing the conflict of interest, they must vote on behalf of the shareholder. It shall be deemed that the Secretary of the Board of Directors is in a situation of conflict of interest regarding the proposals of removal of directors or exercise of the corporate responsibility action presented as items outside of the agenda.

The representation may also be conferred by electronic distance communication mediums, upon the terms established in Sections 8 and 11 of the Regulations of the Meeting of the Shareholders.

The representation shall always be revocable, with it being considered revoked by the distance vote or personal attendance by the principal at the Meeting of the Shareholders.

A representation granted shall not be valid or effective if granted to whom cannot exercise such representation under the Law.

The representative may represent more than one shareholder, without limitation in terms of the numbers of shareholders represented. When a representative represents several shareholders, they may vote differently according to the instructions given by each shareholder.

In any case, the number of shares represented shall be computed for the valid constitution of the Meeting of the Shareholders.

Furthermore, the entities appearing as legitimised as shareholders pursuant to the accounting record of the shares, but that act for various persons, may in any case fraction their vote and exercise it differently in accordance with different voting instructions if they were to have so received them. Specifically, the fractioning of the vote of the depositary of shares issued by the Company under the framework of an American Depositary Shares (ADS) program, represented by American Depositary Receipts (ADRs). Intermediary entities may delegate the vote to each of the indirect holders or to third parties designated thereby, without any limitation to the number of delegations granted.

The public request for representation must be made, in any case, according to the regulations applicable from time to time and observing the provisions of the Regulations of the Meeting of the Shareholders.

The vote of the proposals on items included on the agenda of any type of Meeting of the Shareholders may be exercised by the shareholder by postal correspondence or by electronic means of distance communication, provided this duly guarantees the identity of the subject exercising their voting rights, pursuant to the requirements established in Section 11 of the

Regulations of the Meeting of the Shareholders. The shareholders issuing their votes at a distance shall be taken into account for the purposes of the constitution of the Meeting of the Shareholders as in attendance.

Right to information during the holding of the Meeting of the Shareholders

At their time to participate, the shareholders may verbally request the information or clarifications that they deem convenient regarding the issues included on the agenda and regarding the information available to the public that the Company were to have provided to the Spanish National Securities Markets Commission from the holding of the last Meeting of the Shareholders and regarding the auditor's report.

The directors shall be required to provide the information requested, except that not available at the very act of the Meeting of the Shareholders, in which case the directors shall be required to facilitate such information in writing within the seven calendar days following that of the end of the Meeting of the Shareholders, notwithstanding the provisions of the next paragraph.

The information shall not be provided when such information is unnecessary for the protection of the rights of the shareholder, or when there are objective reasons for considering that it could be used for extra-corporate purposes or its advertising damages the Company or the related companies. The information shall not be denied for such reason when the request is backed by shareholders representing at least 25% of the share capital. Likewise, when, prior to its preparation, the requested information is available clearly, expressly and directly for all shareholders on the website of the Company under the q&a format, the directors may limit their replies to referencing the information provided in such format.

The information or clarification requested of the members of the Board shall be provided by the Chairman, by the Chief Executive Officer, by the Secretary or, by indication from the Chairman, by a director, by the Chairman of the Audit, Risks and Compliance Committee or by any employee or expert on the matter.

The Chairman shall decide the order of the answers to the shareholders and whether they are to be made after each turn to participate, or collectively, after the last of the participants has finished. The shareholders have no right to surrebuttal, unless granted by the Chairman according to the importance of the matter.

21.2.6 Brief description of any provision of the bylaws provisions or internal rules of the issuer that has as an effect the delay, deferral or prevention of a change in the control of the issuer

There are no provisions under the Bylaws or the internal regulations that have as an effect the delay, deferral or prevention of a change in the control of the Company.

21.2.7 Indication of any provision of the bylaws provisions or internal rules, where applicable, governing the threshold of participation above which the participation of the shareholder should be disclosed

There are no provisions of the bylaws compelling the shareholders with a significant shareholding to disclose such circumstance, notwithstanding the requirements established by current regulations and, especially, Royal Decree 1362/2007, of 19 October, regarding the requirements of transparency in relation to the information on issuers whose securities are

admitted for negotiation on a secondary official market or another regulated market of the European Union, under Royal Decree 878/2015, of 2 October, regarding the compensation, settlement and registration of negotiable securities represented by account entries, regarding the legal system of the central depositories of securities and the central compensation entities and on requirements of transparency of the issuers of securities admitted for trade on an official secondary market and in Royal Decree 1464/2018, of 21 December, developing the Consolidated Text of the Stock Market Law, approved by Royal Legislative Decree 4/2015, of 23 October and Royal Decree-Law 21/2017, of 29 December, of urgent measures for adapting Spanish Law to the rules of the European Union in matters of the stock market, and which partially modifies Royal Decree 217/2008, of 15 February, regarding the legal system of the investment service companies and other entities providing investment services and partially modifying the Regulations of Law 35/2003, of 4 November, on Collective Investment Institutions, approved by Royal Decree 1309/2005, of 4 November, and other royal decrees in matters of stock markets.

21.2.8 Description of conditions imposed by the bylaws provisions or internal rules governing changes in capital, if such conditions are more rigorous than required by law

The conditions that must be met by the modifications of the share capital of Prisa are governed by the provisions of the Spanish Companies Law. The Company bylaws do not establish any special condition in this regard.

22. MATERIAL CONTRACTS

In addition to the contracts mentioned in different sections of this Registration Document, the Company has entered into the following relevant contracts in addition to those entered into during the normal course of its business activity:

(A) Santillana Shareholders Agreement

On 15 December 2009, Prisa and DLJ formerly named DLJSAP Publishing Coöperatief U.A as shareholders of Santillana, DLJSAP Partco GP LLC, as guarantor and Santillana itself signed a shareholders agreement to regulate the relations between Prisa and DLJSAP Publishing Coöperatief U.A. as shareholders of Santillana.

The most significant aspects of this agreement are as follows:

- The Board of Directors of Santillana shall comprise no fewer than eight (8) directors nor more than twelve (12) of whom DLJ may, as long as it continues to own at least fifteen percent (15%) of the share capital of Santillana, appoint two directors if the total number of members of the board is fixed between eight (8) and eleven (11) or three (3) directors if the total number of members is fixed at twelve (12).
- The Board of Directors currently comprises eight (8) members.
- The posts of Chairman and Secretary of the Board of Directors shall be appointed at the proposal of Prisa.
- Certain matters outside the normal course of business both in the Board of Directors and the general meeting together with the approval of certain related-party operations

shall require the favourable vote of DLJ or the directors appointed at the proposal of DLJ for approval.

- DLJ is entitled to an annual dividend equal to the greater of the following: (i) twenty-five million eight hundred thirty-two thousand five hundred ninety-six dollars and ninety-six cents (USD25,832,596.96) or (ii) 25% of the sum distributable by Santillana on respect of dividends.
- Likewise, DLJ has the right to request the admission to trading of the shares of Santillana on the Spanish Stock Exchanges and the trading of same on the Automated Quotation System (*Sistema de Interconexión Bursátil*) and/or, when applicable, if so agreed by the Parties, on the securities exchanges of other countries, such as New York, London or Sao Paulo.
- Lastly, in the event of Santillana's liquidation, DLJ is entitled to obtain in respect of the liquidation share before the distribution of any sum to the remaining Shares and should the remainder so permit: (i) reimbursement of its investment, understood as the acquisition value of the Preference Shares and/or possible capital contributions and the start-up premium in favour of the Company, and (ii) any sums corresponding to unpaid Preferential Dividends together with the interest accrued thereon.
- The contract also regulates rights and limitations on the transfer of shares in the event any of them may wish to sell its shares.
- Should Prisa lose control over Santillana, Santillana shall, at the request of DLJ, acquire its shares.

This shareholders agreement will conclude on the date the Santillana Acquisition takes place.

(B) Shareholders agreement of Prisa Radio, S.A. between Prisa and Grupo Godó de Comunicación, S.L.

On 14 November 2013 Prisa and Grupo Godó entered into a shareholders agreement that regulates the relations between the two partners following the departure of 3i, which took place on 27 February 2019 and which determined that the share capital of Prisa Radio be distributed as follows: 80% Prisa, indirectly via Prisa Activos Radiofónicos, S.A., and 20% Grupo Godó.

The most significant aspects of this agreement are as follows:

- The Board of Directors of Prisa Radio shall comprise a minimum of ten (10) and a maximum of eleven (11) members, of which Grupo Godó shall be entitled to appoint at least two (2) directors, if it maintains an interest equal to or greater than 10% of the voting capital and to appoint one (1) director as long as it holds an interest equal to or greater than 5% of the capital.
- Certain matters outside the normal course of business both in the Board of Directors and the General Meeting together with the approval of certain related-party operations shall require the favourable vote of Grupo Godó or the directors appointed at the proposal of Grupo Godó for approval.

- Thus, the agreement regulates (i) a tag along right in favour of the partners in the event of a wish to sell; and (ii) a pre-emptive acquisition right in the event a partner wishes to sell in which the pricing is determined in a specific manner.

(C) Technology Service Provision Contracts entered into between Prisa Tecnología, Santillana, Media Capital and Indra Sistemas, S.A.

On the date of this Registration Document three Technology Service Provision Contracts are in effect (the “**Service Contracts**”) signed in 27 November 2017 and at the same time between Indra Sistemas, S.A. (“**Indra**”) and Prisa Tecnología, Santillana and Media Capital.

By virtue of the Service Contracts Indra provides to the Group companies based in Spain and Portugal together with certain maintenance services to the Medican and Brazilian affiliates within the perimeter of Santillana — in their capacity as beneficiaries— the communications and IT systems management services, workstation management and infrastructure management, chiefly.

The initial duration of the Service Contracts is five years and the global price agreed of these services is 44 million.

With regard to the three Service Contracts, Prisa acts as joint and several guarantor of the obligations of Prisa Tecnología, Santillana and Media Capital, as long as these companies continue to form part of Grupo Prisa.

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

23.1 Where a statement or report attributed to a person as an expert is included in the registration document, provide such person’s name, business address, qualifications and material interest, if any, in the issuer

Declarations or reports attributed to a person as an expert are not included in this Registration Document.

23.2 Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

There exists no information originating from third parties.

24. DOCUMENTS ON DISPLAY

Prisa declares that, if necessary, the following documents (or copies of same) may be examined during the validity period of the Registration Document at the Company’s registered offices (calle Gran Vía, number 32, Madrid) and, except for the deed of incorporation and the current Bylaws, at the CNMV:

Documents

Deed of Incorporation

Current Bylaws ⁽¹⁾

Documents

Regulations of the Board of Directors ⁽¹⁾⁽²⁾

Regulations of the Shareholders' General Meeting⁽¹⁾⁽²⁾

Internal Code of Conduct in the Securities Markets ⁽¹⁾⁽²⁾

Audited individual Annual Accounts of Prisa as at 31 December 2018, 2017 and 2016 ⁽¹⁾⁽²⁾

Audited individual Annual Accounts of Grupo Prisa as at 31 December 2018, 2017 and 2016 ⁽¹⁾⁽²⁾

Notes:

Notes:

(1) Also available on the Company's webpage (www.prisa.com).

(2) Also available on the Company's webpage (www.cnmv.es).

25. INFORMATION ON HOLDINGS

Section 7.2 of this Registration Document includes details of the companies forming Grupo Prisa, indicating their corporate name, address, activity and nominal percentage of ownership (data at 31 December 2018).

Apart from the shareholdings in the companies of Grupo Prisa listed in the aforementioned section, Prisa possesses no shareholdings in companies that may have a significant effect on the valuation of its own assets and liabilities, financial position or profit or loss.

26. ALTERNATIVE PERFORMANCE MEASURES

The information extracted from the consolidated annual accounts of Prisa contained in this Registration Document was prepared in accordance with the provisions of the International Financial Reporting Standards adopted by the European Union (NIIF-UE). In addition, the Group considers that certain alternative performance measures or APMs, as defined in the ESMA report (*European Securities and Markets Authority*), dated 5 October 2015, offer additional information that may prove useful for analysing the financial situation of the Group.

The Group considers that the APMs included in this section meet ESMA guidelines. The APMs presented in this Registration Document include: (i) those originating from the Group's consolidated annual accounts via the aggregation or subtraction of different items, (ii) those which, although not extracted directly from the Annual Accounts originate from itemisations of items included in the latter, and (iii) those obtained by combining the two preceding classes.

These APMs have not been audited nor reviewed and under no circumstance replace the financial information prepared in accordance with the IRFS. Additionally, the definition used by the Group for these APMs may differ from similar measures calculated by other companies and may therefore not be comparable.

1. Operating income by business area, geographic market and line of activity

The financial information by segments provided by the Group in accordance with the applicable financial information framework in accordance with the business areas— that is, Education, Radio, Press and Media Capital— and on the other, in accordance with the geographic markets in which it operates — that is, Europe (Spain and Rest of Europe) and America (which includes Colombia, Brazil, Mexico, Chile and Rest of America)—.

In addition, Prisa presents the operating income of the Group and the business areas broken down by lines of business, geographic markets, lines of activity, nature or market segments, in accordance with the characteristics of the market in question. Prisa considers that the presentation of the operating income in accordance with these breakdowns is more appropriate for assessing the behaviour of its businesses and provides a more appropriate profile of the products and services mix offered by the Group, taking into consideration the different characteristics of the markets and segments in which it operates. Moreover, Prisa considers that these breakdowns enable investors, analysts and other interested parties to compare the evolution of the Group's businesses with those of its competitors. These financial measures are considered APMs and therefore they are subject to the ESMA guidelines on APMs.

The breakdown of the operating income figure by lines of business, geographic markets and lines of activity is extracted from the Group's financial reporting. For this reason, this breakdown follows the accounting policies applied by the Group in the financial statements prepared in accordance with the applicable financial reporting framework. However, some of these measures relating to the breakdown of the Group's operating income are not directly reconcilable with any item in the annual accounts.

2. Operating income by business area

(A) Education

In Education, Prisa presents the operating income broken down by the geographic market it originates from and by line of activity.

With regard to these APMs a presentation is given of their definition, an explanation of their utility and utilisation and a reconciliation with the operating income in the area of Education.

(i) Operating income by geographic market

Prisa considers that the breakdown of the operating income in the Education area by the geographic market it originates from is an appropriate measure to evaluate the behaviour of the Education business due to the differences between the countries in which it carries on the activities of its Education business, in demographic, social, political and economic terms.

The table below presents a reconciliation of the operating income for Education broken down by countries and regions:

	Year ended at 31 December		
	2018	2017	2016
	(in thousands of euros)		
Spain	114,997	120,950	135,382
International.....	485,545	535,253	502,153
<i>America.....</i>	481,869	531,455	390,729
Brazil	171,179	202,593	171,373
Mexico	82,050	84,571	78,271
Colombia.....	32,636	32,834	23,153
Argentina.....	40,669	50,465	27,776
Chile.....	31,855	26,494	28,309
Peru	24,549	22,991	49,150
Rest of America	98,931	111,506	119,294
<i>Rest of World (Portugal).....</i>	3,676	3,798	4,827
Operating income.....	600,542	656,203	637,535

(ii) Operating income by line of activity

At the same time, Prisa presents the operating income of the Education business broken down by line of activity – that is, sale of traditional books, sale of Digital Teaching Systems and others (residual category of activities)—. Prisa considers that this breakdown is an appropriate additional measure for evaluating the behaviour of the Education business due to the different characteristics of both activities and the digital component of the latter.

The table below presents a reconciliation of the operating income for Education broken down by lines of activity:

	Year ended at 31 December		
	2018	2017	2016
	(in thousands of euros)		
Sale of traditional books.....	444,803	495,648	495,298
Institutional sales.....	121,057	123,762	128,553
Private sales.....	323,746	371,886	366,745
Sale of Digital Teaching Systems	133,915	150,780	131,066
Sales of books and training.....	578,718	646,428	626,364
Others	21,824	9,775	11,171
Operating income	600,542	656,203	637,535

(B) Press

As regards the Press, Prisa presents the operating income broken down by nature and by line of business.

With regard to these APMs, a presentation is given of their definition, an explanation of their utility and utilisation and a reconciliation with the operating income in the Press area.

(i) Operating income by nature

Prisa presents a breakdown of the operating income of the Press business by nature, that is, in accordance with whether it is income from advertising, press sales, promotions and others. Prisa considers that this breakdown is an appropriate measure for evaluating the behaviour of the Press business due to the different behaviour and trend in the evolution of the different sources of income in the Press business. This, this breakdown allows an evaluation of the behaviour of Prisa's Press business vis-à-vis its competitors with regard to the newspaper and magazine circulation market – characterised by a progressive reduction in circulation and advertising, characterised by a drop in advertising investment and the replacement of print copy advertising by online advertising, although at a moderate rate.

The table below presents a reconciliation of the operating income for Press broken down by lines of activity:

	Year ended at 31 December		
	2018	2017	2016
	(in thousands of euros)		
Advertising	107,239	105,500	114,488
Online advertising.....	56,716	48,782	46,830
Print advertising	50,523	56,718	67,658
Circulation.....	68,267	79,377	91,572
Promotions and others	27,653	35,700	33,836
Operating income	203,160	220,578	239,896

(ii) Operating income by line of business

Additionally, Prisa presents the breakdown of the operating income of the Press by line of business (depending on the newspaper in question) and nature. Prisa considers that this breakdown provides useful information for evaluating the behaviour of the Press businesses due to the different demographic and psychographic characteristics of the readership its newspapers address, the different value proposition they address to their readers and advertisers.

The table below presents a reconciliation of the operating income for Press broken down by lines of business (El País, AS and others) and nature:

	Year ended at 31 December		
	2018	2017	2016
	(in thousands of euros)		
El País	140,539	155,695	172,067
Advertising	74,387	75,407	81,946
Online advertising	33,766	30,435	27,191
Print advertising	40,621	44,972	54,755
Circulation	44,843	52,914	62,097
Promotions and others.....	21,309	27,374	28,024
As	49,153	48,927	51,565
Advertising	27,301	23,289	23,068
Online advertising	20,390	15,371	14,604
Print advertising	6,911	7,918	8,465
Circulation	20,547	23,336	26,093
Promotions and others.....	1,305	2,302	2,403
Others ⁽¹⁾	13,468	15,955	16,264
Operating income	203,160	220,578	239,896

(1) This encompasses the rest of Group newspapers and magazines

(C) Radio

In the Radio area, Prisa presents the operating income broken down by geographic area (Radio España and Radio Internacional) and separating the Music activity.

Prisa considers that these measures provide useful information for evaluating the performance of the different lines of business of the Group, due to the different characteristics of the markets in which it operates (both geographic and by product). In this respect, Prisa provides an additional breakdown of operating income from Radio Internacional by geographic markets due to the greater relative weight of countries such as Colombia or Chile in the total operating income of Radio Internacional.

The table below shows the operating income of the Radio area by line of business:

	Year ended at 31 December		
	2018	2017	2016
	(in thousands of euros)		
Radio España	185,596	175,701	178,528
Radio Internacional.....	91,787	94,599	98,916
Colombia	58,271	55,312	57,334
Chile	23,890	23,872	22,543
Others.....	9,626	15,415	19,039
Consolidation and other adjustments	10,197	10,367	23,607
Operating income	287,580	280,666	301,051

(D) Media Capital

In the Media Capital area, Prisa presents the operating income broken down by line of business and by line of activity.

(i) Operating income by line of business

Prisa presents the breakdown of the operating income of the Media Capital area by line of business differentiating between the business of Television (TVI), Audiovisual Production, Radio, Internet and Others and adjustments.

Prisa considers that this breakdown is an appropriate measure to evaluate the behaviour of the Media Capital business due to the different phase of the lifecycle in which each business stands and the different business model of each one.

The table below presents a reconciliation of the operating income for Media Capital broken down by line of business:

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
TVI.....	151,333	136,198	142,236
Audiovisual Production.....	32,841	31,941	40,505
Radio.....	19,464	18,542	17,764
Internet.....	4,484	3,952	4,502
Others and adjustments.....	(26,313)	(25,170)	(30,980)
Operating income.....	181,809	165,463	174,027

(ii) Operating income of Media Capital by line of activity

In addition, Prisa presents information on the operating income from advertising in the Media Capital business.

Prisa considers that this is an appropriate measure to evaluate the behaviour of the Media Capital business due to the characteristics of its business model and the relevance of the income from the sale of advertising space.

The table below presents the details of the advertising income of Media Capital, and within this, its TVI line of business:

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Income from advertising.....	124,787	118,946	121,403
TVI advertising.....	102,811	98,193	101,035
Other segments.....	21,976	20,753	20,368

2.1. Operating income by geographic market

With regard to the operating income by geographic market, Prisa presents an additional breakdown distinguishing between the operating income originating in Spain and that from the international area, which includes America and Portugal.

Prisa considers that this breakdown (operating income from the international area and operating income from Portugal) presents useful information both for the business units and for investors, analysts and other interested parties, due to the internationalisation of Group business and the Group's exposure to Portugal via Media Capital and, residually, the Education business.

The table below shows the reconciliation of the operating income from the international area and Portugal with the Group operating income:

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Spain	513,375	527.933	566,366
International	766,913	807.807	791,671
America.....	581,929	639.545	616,028
Portugal.....	184,984	168.262	175,643
Operating income.....	1,280,288	1,335,740	1,358,037

2.2. Operating income by line of activity

(A) Advertising Income

Prisa presents the breakdown of the Group's advertising income in accordance with the countries or geographic areas where it originates (that is, Spain and International). In turn, with regard to the advertising income originating in Spain, Prisa provides the breakdown of the income by business area (that is, Radio and Press).

Prisa considers that this breakdown provides useful information (both for the Group and for investors, analysts and other interested parties) to evaluate the performance of Prisa's activities in the advertising market, inasmuch as the characteristics and behaviour of the latter may vary significantly in accordance with the geographic area and business area.

The table below presents a reconciliation of the Group's advertising income in accordance with the geographic area where it originates and with regard to Spain, by business area:

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Spain	271,830	261.384	269,125
International	212,098	206.321	214,737
America.....	87,360	87.375	93,461
Portugal.....	124,738	118,946	121,276
Advertising Income.....	483,928	467,705	483,862

(B) Digital transformation income

Lastly, Prisa presents the breakdown of the operating income depending on whether it is income originating from digital transformation activities or non-digital income.

Due to Prisa's commitment to promoting the digital transformation of its businesses and therefore the growing contribution of income from this area in the Group's activities, Prisa

considers that this breakdown provides useful information (both for the Group and its business units and for investors, analysts and other interested parties) to evaluate the degree of implementation of its digital strategy.

The table below shows the reconciliation of the transformation income of the Group, together with its breakdown, with the total operating income of the Group:

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Teaching Systems (Uno y Compartir).....	133,915	150,780	131,066
Digital	76,956	70,877	70,301
Press	62,139	57,569	52,970
Radio	10,333	9,357	9,062
Media Capital.....	4,484	3,952	4,502
Others and adjustments	-	(1)	3,767
Transformation income	210,871	221,657	201,367
Non-digital income	1,069,417	1,114,082	1,156,670
Operating income.....	1,280,288	1,335,740	1,358,037

3. Adjusted operating income

Prisa defines adjusted operating income as operating income isolated from non-recurring effects such as modifications to the perimeter, tax deductions and other non-recurring effects.

Prisa considers that the adjusted operating income is an appropriate figure for evaluating the behaviour of its businesses insofar as that to calculate it, it isolates effects such as the change in the consolidation perimeter, deductions for R&D activities and other extraordinary effects which are, in theory, non-recurring.

Below we present the reconciliation between the operating income and adjusted operating income for the Group and for each business on the dates shown (in thousands miles of euros):

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Total Grupo Prisa			
Operating income	1,280,288	1,335,740	1,358,037
Hyperinflation Argentina	7,312	-	-
Perimeter Effect	-	(11,122)	(4,927)
Other Effects	(7,126)	(4,635)	(3,668)
Adjusted operating income.....	1,280,474	1,319,983	1,349,442

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Education			

Operating income	600,542	656,203	637,535
Hyperinflation Argentina	6,818	-	-
Perimeter Effect	-	(11,122)	(4,927)
Other Effects	(7,127)	-	-
Adjusted operating income	600,233	645,081	632,608

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Radio			
Operating income	287,580	280,666	301,051
Hyperinflation Argentina	495	-	-
Adjusted operating income	288,074	280,666	301,051

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Radio España			
Operating income	185,596	175,701	178,528
Other Effects	-	-	-
Adjusted operating income	185,596	175,701	178,528

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Radio Internacional			
Operating income	91,787	94,599	98,916
Hyperinflation Argentina	495	-	-
Adjusted operating income	92,281	94,599	98,916

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Radio: others and adjustments			
Operating income	10,197	10,367	23,607
Other Effects	-	-	-
Adjusted operating income	10,197	10,367	23,607

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Press			
Operating income	203,160	220,578	239,896

Other Effects	-	-	-
Adjusted operating income.....	203,160	220,578	239,896

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Media Capital			
Operating income.....	181,809	165,463	174,027
Adjusted operating income.....	181,809	165,463	174,027

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Prisa and Others			
Operating income.....	71,027	88,864	67,275
Other Effects	-	(4,634)	(3,668)
Adjusted operating income.....	71,027	84,230	63,607

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Adjustments and Eliminations			
Operating income.....	(63,829)	(76,034)	(61,747)
Other Effects	-	-	-
Adjusted operating income.....	(63,829)	(76,034)	(61,747)

5. EBITDA

Prisa defines EBITDA as the operating profit, as shown in its financial statements, plus transfers for depreciation of fixed assets, changes in trade provisions, value impairment of fixed assets and impairment of goodwill.

The Group uses EBITDA to monitor the evolution of its businesses and to establish the operational and strategic objectives of Group companies.

Prisa presents EBITDA because it considers it is often used by analysts, investors and other interested parties to evaluate similar issuers, a considerable number of which present the (or some similar measure) when publishing their profits.

Although Prisa may use EBITDA to evaluate the profitability of its businesses, its use has major limitations, such as the following:

- It does not reflect the funds available for the distribution of dividends, reinvestments or other uses;
- It does not reflect cash outflows for investments in capital or contractual commitments;

- It does not reflect changes in working capital;
- It does not reflect financial spending nor the treasury requirements to honour the payment of interest on or the principal of the debt;
- It does not reflect tax on profits nor the funds necessary to pay them;
- It excludes amortisation and value impairment and, although they are not cash outflows, any assets that are subject to amortisation and impairment will normally require replacement in future;
- It does not reflect the fund requirements for said replacements; and
- It can be calculated differently by other companies, even companies within Prisa's sector, thus limiting its use as a comparative measurement.

Given these limitations, EBITDA should not be considered a measure of the Prisa's cash on hand for investment in the growth of its businesses and the Company uses it solely to supplement other economic figures. See section 9.2 of this Registration Document and the consolidated financial statements contained herein.

EBITDA Margin

Additionally, the Group uses the EBITDA Margin as an indicator of operating performance as the result of the quotient between EBITDA and operating income over the same period. This APM is interpreted as operating profit of the Group per euro of operating income and is used to evaluate the behaviour of the different areas and lines of business in comparable terms, irrespective of its relative contribution to the operating income of the Group.

EBITDA Reconciliation – Operating Profit (EBIT)

Below we present the reconciliation between the operating profit (EBIT) and EBITDA, for the Group and each business unit on the dates shown (in thousands of euros):

	Year ended at 31 December		
	2018	2017 (restated)	2016
Total Grupo Prisa	(in thousands of euros)		
EBITDA	252,968	248,182	248,862
Depreciation and amortisation	(65,475)	(77,556)	(83,196)
Variation in trade provisions	(20,651)	(18,121)	(29,149)
Impairment of fixed assets	(2,535)	(13,109)	(2,611)
Loss of goodwill value	(78,981)	(86,754)	(431)
Operating profit (EBIT)	85,327	52,642	133,474

	Year ended at 31 December		
	2018	2017 (restated)	2016
Education	(in thousands of euros)		
EBITDA	167,255	179,328	170,913
Depreciation and amortisation	(45,639)	(52,998)	(55,424)
Variation in trade provisions	(15,809)	(14,102)	(14,682)
Impairment of fixed assets	(1,764)	(2,035)	(2,225)

Loss of goodwill value	-	-	-
Operating profit (EBIT)	104,043	110,193	98,582

	Year ended at 31 December		
	2018	2017 (restated)	2016
Radio	(in thousands of euros)		
EBITDA	52,907	41,352	41,266
Depreciation and amortisation	(8,152)	(8,232)	(7,779)
Variation in trade provisions	(1,430)	(2,393)	(4,581)
Impairment of fixed assets	(232)	(2,312)	(273)
Loss of goodwill value	-	-	(431)
Operating profit (EBIT)	43,093	28,415	28,202

	Year ended at 31 December		
	2018	2017 (restated)	2016
Radio España	(in thousands of euros)		
EBITDA	31,086	21,667	20,943
Depreciation and amortisation	(5,371)	(5,639)	(5,357)
Variation in trade provisions	(430)	(362)	(1,202)
Impairment of fixed assets	(3,484)	(8,908)	(16,844)
Loss of goodwill value	-	-	-
Operating profit (EBIT)	21,801	6,758	(2,460)

	Year ended at 31 December		
	2018	2017 (restated)	2016
Radio Internacional	(in thousands of euros)		
EBITDA	20,555	21,533	20,462
Depreciation and amortisation	(2,642)	(2,353)	(2,132)
Variation in trade provisions	(997)	(1,342)	(897)
Impairment of fixed assets	-	(2,176)	(497)
Loss of goodwill value	-	-	-
Operating profit (EBIT)	16,916	15,662	16,936

	Year ended at 31 December		
	2018	2017 (restated)	2016
Radio: others and adjustments	(in thousands of euros)		
EBITDA	1,266	(1,848)	(138)
Depreciation and amortisation	(139)	(240)	(291)
Variation in trade provisions	(4)	(689)	(2,482)
Impairment of fixed assets	3,252	8,773	17,068
Loss of goodwill value	-	-	(431)

Operating profit (EBIT)	4,375	5,995	13,726
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	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Press			
EBITDA	7,323	3,962	15,236
Depreciation and amortisation	(4,294)	(7,489)	(7,398)
Variation in trade provisions	(1,552)	(1,089)	(677)
Impairment of fixed assets	(436)	(8,704)	(101)
Loss of goodwill value	-	(784)	-
Operating profit (EBIT)	1,042	(14,104)	7,060

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Media Capital			
EBITDA	40,722	40.689	42.195
Depreciation and amortisation	(6,632)	(7,903)	(8.232)
Variation in trade provisions	(477)	(210)	(667)
Impairment of fixed assets	-	(58)	(11)
Loss of goodwill value	-	(343)	-
Operating profit (EBIT)	33,613	32,174	33.285

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Prisa and Others			
EBITDA	(15,220)	(16,843)	(20.834)
Depreciation and amortisation	(759)	(934)	(4,363)
Variation in trade provisions	(1,383)	(327)	(8,542)
Impairment of fixed assets	(102)	-	-
Loss of goodwill value	(78,981)	(90,882)	-
Operating profit (EBIT)	(96,445)	(108,986)	(33,740)

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Adjustments and Eliminations			
EBITDA	(19)	(306)	86
Depreciation and amortisation	(2)	-	-
Variation in trade provisions	-	-	-
Impairment of fixed assets	-	-	-
Loss of goodwill value	-	5,255	-

Operating profit (EBIT)	(17)	4,949	86
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6. Adjusted EBITDA

Prisa defines adjusted EBITDA as the Gross Operating Profit (EBITDA), plus extraordinary effects such as compensations, the perimeter effect, deductions for R&D activities and other extraordinary effects including, amongst others, the results of judgements that find on tax-related lawsuits or administrative or judicial proceedings.

The Group uses adjusted EBITDA to monitor the evolution of its businesses and to establish the operational and strategic objectives of Group companies. Prisa considers that adjusted EBITDA is a figure that may be used to measure the profitability and evolution of its businesses insofar as it furnishes information on the profitability of its assets net of expenditure for compensation, the perimeter effect, deductions for R&D activities and other extraordinary effects that are not, in theory, recurring.

Notwithstanding the above, the use of adjusted EBITDA presents the limitations indicated with regard to EBITDA.

Adjusted EBITDA Margin

Additionally, the Group uses the adjusted EBITDA Margin as an indicator of operating performance as the result of the quotient between adjusted EBITDA and operating income over the same period. This APM is interpreted as recurring operating profit of the Group per euro of operating income and is used to evaluate the behaviour of the different areas and lines of business in comparable terms, irrespective of its relative contribution to the operating income of the Group.

Reconciliation adjusted EBITDA - EBITDA

	Year ended at 31 December		
	2018	2017 (restated)	2016
Total Grupo Prisa	(in thousands of euros)		
EBITDA	252,968	248,182	248,862
Compensation and others	21,563	29,434	16,702
Hyperinflation Argentina	3,759	-	-
Perimeter Effect	-	(2,554)	3,240
Other Effects	(1,942)	(4,634)	4,563
Adjusted EBITDA.....	276,348	270,428	273,367

	Year ended at 31 December		
	2018	2017 (restated)	2016
Education	(in thousands of euros)		
EBITDA	167,255	179,328	170,913
Compensation and others	(2,456)	7,797	6,091
Hyperinflation Argentina	3,867	-	-
Perimeter Effect	-	(2,554)	3,240
Adjusted EBITDA.....	168,667	184,570	180,244

	Year ended at 31 December		
	2018	2017 (restated)	2016
Radio	(in thousands of euros)		
EBITDA	52,907	41,352	41,266
Compensation and others	9,003	5,204	5,408
Hyperinflation Argentina	(108)	-	-
Adjusted EBITDA	61,802	46,556	46,674

	Year ended at 31 December		
	2018	2017 (restated)	2016
Radio España	(in thousands of euros)		
EBITDA	31,086	21,667	20,943
Compensation and others	6,065	2,674	1,813
Adjusted EBITDA	37,151	24,341	22,756

	Year ended at 31 December		
	2018	2017 (restated)	2016
Radio Internacional	(in thousands of euros)		
EBITDA	20,555	21,533	20,462
Compensation and others	2,933	2,433	3,078
Hyperinflation Argentina	(108)	-	-
Adjusted EBITDA	23,380	23,966	23,540

	Year ended at 31 December		
	2018	2017 (restated)	2016
Radio: others and adjustments	(in thousands of euros)		
EBITDA	1,266	(1,848)	(138)
Compensation and others	5	97	515
Adjusted EBITDA	1,271	(1,751)	377

	Year ended at 31 December		
	2018	2017 (restated)	2016
Press	(in thousands of euros)		
EBITDA	7,323	3,962	15,236
Compensation and others	6,346	8,517	1,577
Adjusted EBITDA	13,669	12,479	16,813

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Media Capital			
EBITDA	40,722	40,689	42,195
Compensation and others	738	1,050	820
Adjusted EBITDA.....	41,460	41,739	43,015

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Prisa and Others			
EBITDA	(15,220)	(16,843)	(20,834)
Compensation and others	8,160	6,866	2,806
Other Effects	(1,943)	(4,634)	4,563
Adjusted EBITDA.....	(9,003)	(14,611)	(13,465)

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
Adjustments and Eliminations			
EBITDA	(19)	(306)	87
Compensation and others	(228)	-	-
Adjusted EBITDA.....	(247)	(306)	87

6. EBIT Margin

Prisa defines EBIT Margin as the quotient between the book operating profit and the operating income over the same period.

This APM is interpreted as operating profit of the Group per euro of operating income and is used to evaluate the behaviour of the operating profit of the different areas and lines of business in comparable terms, irrespective of their relative contribution to the operating income of the Group.

7. Exchange rate effect

Prisa defines the Exchange rate effect as the difference between the financial figure at the current rate and the same figure at the exchange rate of the previous year. The calculation is made monthly at the average monthly rate of the same month the previous year (January 2018 at the average exchange rate of January 2017, February 2018 at the average exchange rate of February 201, etc.). The annual Exchange rate effect is the monthly aggregate of the exchange rate effect calculated each month.

The tables below show a reconciliation of this APM with the figures at the current rate:

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		

Operating income at the current rate	1,280,288	1,335,740	1,358,037
Exchange rate effect with regard to previous year	(88,410)	6,466	(59,505)
Operating Income at the current rate (without exchange rate effect with regard to previous year)	1,368,698	1,329,274	1,417,542

Year ended at 31 December

	2018	2017 (restated)	2016
	(in thousands of euros)		
Advertising at the current rate.....	483,928	467,705	483,861
Exchange rate effect with regard to previous year	(6,710)	(1,187)	(11,356)
Advertising at the current rate (without exchange rate effect with regard to previous year)	490,638	468,892	495,217

Year ended at 31 December

	2018	2017 (restated)	2016
	(in thousands of euros)		
Sale of books and training at the current rate.....	578,718	646,428	626,364
Exchange rate effect with regard to previous year	(77,244)	8,250	(46,568)
Sale of books at the current rate (without exchange rate effect with regard to previous year)	655,962	638,178	672,932

Year ended at 31 December

	2018	2017 (restated)	2016
	(in thousands of euros)		
Operating Expense at the current rate	(1,194,961)	(1,283,099)	(1,224,562)
Exchange rate effect with regard to previous year	72,300	(949)	48,585
Operating Expense at the current rate (without exchange rate effect with regard to previous year)	(1,267,261)	(1,282,150)	(1,273,147)

Year ended at 31 December

	2018	2017 (restated)	2016
	(in thousands of euros)		
Personnel Expenses at the current rate.....	(383,413)	(402,514)	(388,709)
Exchange rate effect with regard to previous year ..	21,546	116	16,951
Personnel Expenses at the current rate (without exchange rate effect with regard to previous year)	(404,959)	(402,630)	(405,660)

Year ended at 31 December

	2018	2017 (restated)	2016
	(in thousands of euros)		
EBITDA at the current rate.....	252,968	248,182	248,862
Exchange rate effect with regard to previous year	(22,249)	5,199	(14,460)
EBITDA at the current rate (without exchange rate effect with regard to previous year)	275,217	242,983	263,322

	Year ended at 31 December		
	2018	2017 (restated)	2016
	(in thousands of euros)		
EBIT at the current rate.....	85,327	52,642	133,475
Exchange rate effect with regard to previous year	(16,108)	5,515	(10,920)
EBIT at the current rate (without exchange rate effect with regard to previous year)	101,437	47,124	144,395

8. Free Cash Flow

Prisa defines the Free Cash Flow as the cash flow from operating activities minus recurring investments during the same period.

The Group uses the Free Cash Flow as the measure of funds available to meet its financial obligations.

Prisa presents the Free Cash Flow because it considers it is often used by analysts, investors and other interested parties to evaluate similar issuers, a considerable number of which present the Free Cash Flow (or some similar measure) when publishing their profits.

Although Prisa uses the Free Cash Flow to evaluate the behaviour of its businesses, it presents certain limitations. In particular, the Free Cash Flow does not take into account, among others, the flows of funds used to service the debt (that is, the funds used to meet payment obligations, payment of interest and amortisation of the principal of the Group's bank debt), and is therefore not a measure of the cash flow available for the shareholders of Prisa or to invest in attractive projects to drive the growth of the Group.

Section 10.2 of the Registration Document presents the reconciliation of this APM for the years ended 31 December 2016, 2017 and 2018.

9. Bank debt

Gross Bank debt

The gross bank debt includes current and non-current debts with credit entities, increased in an amount equivalent to the formalisation expenses and the fair value of financial instruments (given that both items – formalisation expenses and fair value of financial instruments – decrease the debt with the credit entities of the balance).

The gross bank debt is an indicator the Company uses to measure its level of its financial leverage.

Net Bank debt

The Net Bank Debt is obtained by reducing the amount of the Gross Bank Debt in the amount of current financial investments and cash and other liquid equivalents.

The Net Bank Debt is an indicator the Company uses to measure its level of its financial leverage.

The table below shows the reconciliation of these figures for the years 2018, 2017 and 2016:

	At 31 December		
	2018	2017 (restated)	2016
	(In millions of euros)		
Non-current debts with credit entities	76,12	1,036.96	68.49
Current debts with credit entities	1.149,66	703.48	1,653.54
Fair value in financial instruments	22,83	-	-
Formalisation expenses	0,06	17.48	30.10
GROSS BANK DEBT	1,248.67	1,757.92	1,752.13
Current financial investments	(24,94)	(23.34)	(19.51)
Cash and equivalent liquid means	(295.09)	(217.50)	(246.42)
NET BANK DEBT	928,64	1,517.07	1,486.20

Ratio of net bank debt to adjusted EBITDA

The Group uses the ratio of net bank debt to adjusted EBITDA to measure its level of financial debt and capacity to repay its bank debt. Thus, the ratio of net bank debt to adjusted EBITDA is interpreted as the payback of the bank debt (only the principal) in relation to the adjusted EBITDA, without taking into account therefore the flows used for reinvestment or pay-out of dividends

Prisa considers that the adjusted EBITDA is a more appropriate indicator of the capacity to generate cash from its operating assets to the extent it excludes expenses for indemnities, the perimeter effect, deductions for R&D activities and other extraordinary effects which in theory are not recurring. Therefore, Prisa considers that the adjusted EBITDA is a more adequate figure to calculate the ratio of net bank debt and therefore to measure the capacity to repay its bank debt, covering only the principal.

Below is the calculation of this ratio for the years 2018, 2017 and 2016:

	At 31 December		
	2018	2017 (restated)	2016
	(In millions of euros)		
Net bank debt	928,6	1,517.1	1,486.2
Adjusted EBITDA.....	276,35	270.43	273.37
Net bank debt / adjusted EBITDA	3.36x	5.61x	5.44x

10. Average interest rate of the financial debt

Prisa calculates the average interest rate of its financial debt (referred to in section 10.110.1(B) of this Registration Document) at a certain time by weighting each of its financing products by the financial cost of the gross nominal.

Prisa uses the average interest rate of the financial debt as a measure of the average cost of its external financing.

Prisa considers that the average interest rate of the debt provides useful information for investors and analysts because it measures the return which, on average, is required by its unrelated fund providers.

11. Book value per share

Prisa defines the Book value per share as the net equity attributed to the Parent Company minus the treasury shares divided by the number of Company shares in circulation at a given time.

The Book value per share is a measure of the “book” value of the Company per each share of the Company in circulation, that is, the net value of the Company's assets per share.

Prisa presents the Book value per share because it considers it is used by both investors and analysts to value companies in different sectors together with other measures of the market value of the net assets of a company.

Below is a reconciliation of this APM 31 December of the years 2016, 2017 and 2018:

	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
	(in thousands euros)		
Net equity attributed to the Parent Company (I)	(310,458)	(563,914)	(425,125)
Treasury shares (II)	(2,856)	(694)	(1,735)
Number of shares (in thousands) (III)	558,407	88,827	78,336
Book value per share (euros) (I)-(II)/(III)	(0.55)	(6.34)	(5.40)

27. DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference, not as attachments and they are available on the Group's webpage (www.prisa.com) and the webpage of the CNMV (www.cnmv.es). Below are the links to said documents:

Information incorporated by reference	Direct link to the document
Individual Annual Accounts and audit report of Prisa for the year 2018	https://www.prisa.com/uploads/2019/03/ccaa-informe-individuales-2018.pdf
Individual Annual Accounts and audit report of Prisa for the year 2017	https://www.prisa.com/uploads/2018/03/ccaa-individuales-auditadas-2017-def.pdf
Individual Annual Accounts and audit report of Prisa for the year 2016	http://www.prisa.com/uploads/2017/02/cuentas-anuales-individuales-ejercicio-2016.pdf
Consolidated annual accounts and audit report of the Grupo Prisa for the year 2018	https://www.prisa.com/uploads/2019/03/ccaa-informe-consolidadas02018.pdf
Consolidated annual accounts and audit report of the Grupo Prisa for the year 2017	https://www.prisa.com/uploads/2018/03/ccaa-consolidadas-auditadas-2017pdf_1.pdf
Consolidated annual accounts and audit report of the Grupo Prisa for the year 2016	http://www.prisa.com/uploads/2017/02/cuentas-anuales-consolidadas-ejercicio-2016.pdf
Annual Corporate Governance Report of the Company for the year 2018	https://www.prisa.com/uploads/2019/03/iagc-120319-completo.pdf

It is expressly noted that the management reports for the years 2016, 2017 and 2018 which form part of the documents available via the links above are not incorporated by reference into this Registration Document as the relevant information is to be found in other parts hereof.

IV. INFORMATION ON THE SECURITIES TO BE ADMITTED TO TRADING - SHARE SECURITIES NOTE (ANNEX III OF REGULATION (EE) NO. 809/2004 OF THE COMMISSION DATED 29 APRIL 2004)

1. PERSONS RESPONSIBLE

1.1 All persons responsible for the information given in the Prospectus and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in the case of legal persons, indicate the name and registered office.

Mr Manuel Mirat Santiago, for and on behalf of Promotora de Informaciones, S.A. (hereinafter, the "**Company**" or "**Prisa**"), in his capacity as Chief Executive Officer, and under the power of attorney granted him by the Board of Directors on 12 March 2019, assumes responsibility for the entire contents of this Share Securities Note (hereinafter, the "**Share Securities Note**") whose format corresponds to Annex III of Regulation (EC) No. 809/2004, of the European Commission dated 29 April 2004 and which refers to the issuance and admission to trading of 150,243,297 ordinary shares of Prisa (the "**New Shares**") with a nominal value of 0.94 euros issued pursuant to the capital increase with the pre-emptive subscription right referred to in this Share Securities Note (the "**Capital Increase**").

Mr Manuel Mirat Santiago has sufficient powers to bind the Company by virtue of the resolutions adopted by the Board of Directors of the Company on 12 March 2019.

The Share Securities Note together with the Registration Document of Prisa registered in the official registry of the CNMV on this date (the "**Share Registration Document**") and the summary included in Section I above (the "**Summary**"), shall be jointly referred to as the "**Prospectus**".

1.2 A declaration by those responsible for the Prospectus that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the Prospectus that, having taken all reasonable care to ensure that such is the case the information contained in the part of the Prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Mr Manuel Mirat Santiago, for and on behalf of the Company, warrants that, after applying reasonable care to ensure that this is so, the information contained in this Share Securities Note is, to the best of his knowledge, consistent with the facts and contains no omissions that could affect its content.

2. RISK FACTORS

Information relating to the risks that may affect the New Shares appears in Section II ("**Risk Factors**").

3. KEY INFORMATION

3.1 Working capital Statement.

The total working capital of the Group as at 31 December 2018 stands at 272.2 million euros. Prisa considers that the working capital it currently has together with that it expects to generate over the next twelve months is sufficient to meet the estimated Company requirements and obligations during this period.

3.2 Capitalisation and indebtedness.

As of 31 December 2018 to the date this Share Securities Note is approved, there has been no significant variation with regard to the capitalisation and indebtedness information of the Company detailed in this section.

3.2.1 Capitalisation

The table below contains the own resources on the audited consolidated balance sheet of the Company as at 31 December 2018.

Figures in thousands	31.12.2018	Capital Increase	31.12.2018 taking into account a full subscription of the Capital Increase
Capital subscribed.....	524,902	141,229	666,131
Legal reserve.....	7,050	-	7,050
Other reserves	(514,256)	58,595	(455,661)
Share premium	201,512	58.595	260,107
Reserves	(643,109)	-	(643,109)
Reserves 1st application of IFRS	(72,659)	-	(72,659)
Accumulated earnings	(284,380)	-	(284,380)
- from previous years.....	(15,033)	-	(15,033)
- of the year Profit attributed to the Parent Company	(269,347)	-	(269,347)
Treasury shares.....	(2,856)	-	(2,856)
Exchange rate differences	(40,918)	-	(40,918)
Net equity attributed to the Parent Company	(310,458)	199,824	(110,634)
Minority interests	74,649	-	74,649
Net equity	(235,809)	199,824	(35,985)

3.2.2 Indebtedness

The following table shows the sources of financing of the consolidated audited balance sheet at 31 December 2018, distinguishing between secured debt (both by personal and real guarantees) and non-secured, which comprises all the financial debt with credit entities. For a description of these guarantees, see heading 10.1(B) of the Registration Document.

(in thousands of euros)	31.12.2018
Total non-current liabilities (in millions)	1,325.37
Secured	1,117.59
Financial debt (with credit entities)	1,117.59
<i>Prisa syndicated loan Tranche 2</i>	956.51
<i>Prisa syndicated loan Tranche 3</i>	161.08
Non-financial debt.....	0.00
Non-secured	207.78
Financial debt	157.77
<i>Non-current debts with credit entities</i>	54.90
<i>Debt formalisation expenses with credit entities</i>	(22.83)
<i>Non-current financial liabilities</i>	125.70
<i>Perpetual income of the dividend on preference shares of Santillana</i>	125.45
<i>Other non-current financial liabilities</i>	0.25
Non-financial debt.....	50.01
Deferred tax liabilities	18.61
Non-current provisions	28.57
Other non-current liabilities	2.83
Total current liabilities (in millions)	571.16
Secured	0.00
Non-secured	571.16
Financial debt	134.76
<i>Current debts with credit entities</i>	76.12
<i>Current financial liabilities</i>	58.64
<i>Payment obligation accrued from preference shares of Santillana</i>	22.58
<i>3i Debt</i>	35.99
<i>Other current financial liabilities</i>	0.07
Non-financial debt	436.39
<i>Trade Creditors</i>	270.98
<i>Associated companies</i>	2.15
<i>Other non-trade debts</i>	55.60
<i>Public Administrations</i>	61.81
<i>Provisions for returns</i>	10.80
<i>Other current liabilities</i>	32.13
<i>Liabilities related to non-current assets held for sale</i>	2.92

(in thousands of euros)

31.12.2018

TOTAL **1,896.53**

For its part, the existing indirect and contingent debt is not significant (see the description of the sureties and guarantees included in section 10.1(B) of the Registration Document for further details).

(in thousands)

31.12.2018

A. Cash	250.36
B. Other equivalent liquid means	44.73
C. Current financial investments	24.94
D. Total liquidity (A)+(B)+(C)	320.03
E. Current debt with credit entities	76.12
F. Net current financial debt (E)-(D).....	(243.85)
G. Non-current debts with credit entities	1,172.49
H. Non-current net financial debt	1,172.49
NET FINANCIAL DEBT (F)+(H).....	928.64

(*) The net financial debt calculated in accordance with the ESMA model coincides with the net bank debt as calculated by the Company.

The ratio of net financial debt of the Group to the adjusted EBITDA at 31 December 2018 (928.6 million euros) stands at 3.36 times.

Lastly, it should be noted that Prisa does not include in the calculation of net financial debt liabilities which, although considered financial liabilities in accordance with the applicable accounting standards, does not have an explicit financial cost and therefore are of a different nature to debt with credit entities used to calculate the net financial debt. These liabilities chiefly refer to liabilities arising from the payment obligation of an annual dividend by Santillana to its minority shareholders (these liabilities are calculated as the current value of the annual preference dividends minus the interest rate applicable to credit instruments having similar characteristics). Below, for illustrative purposes, is the reconciliation of the net financial debt including the liabilities arising from the payment obligation of the Santillana dividend with the net financial debt presented above and used by the Company:

(in thousands of euros)	31.12.2018
F. Net current financial debt	(243.85)
E.1. Current financial liabilities	58.64
F.1 Total current net financial debt (F)+(E.1).....	(185.21)
H. Non-current net financial debt	1,172.49
G.1. Non-current financial liabilities	125.70
H.1 Total non-current net financial debt (H)+(G.1).....	1,298.19
TOTAL NET FINANCIAL DEBT (F.1)+(H.1).....	1,112.98

3.3 Interest of natural and legal persons involved in the issue/offer.

Banco Santander, S.A. shall act as senior global coordinator and joint bookrunner (the “Senior Global Coordinator and Joint Bookrunner”) of the Capital Increase and Morgan Stanley & Co. International plcs shall act as global coordinator and joint bookrunner (the **Global Coordinator and Joint Bookrunner**”) and jointly as the Senior Global Coordinator and Joint Bookrunner, the “**Global Coordinators and Joint Bookrunners**”) of the Capital Increase, while Alantra Capital Markets, S.V., S.A. shall act as co-lead manager (the “**Co-Lead Manager**”) and jointly with the Global Coordinators and Joint Bookrunners, the “**Underwriting Entities**” of the Capital Increase).

In turn, Banco Santander, S.A. shall act as Agent in the Capital Increase.

The Underwriting Entities and other group entities carry out and may carry out in the future investment banking services, agency services or commercial banking in addition to other services for the Company and its Group, for which they have received and will continue to receive the habitual fees and expenses for these types of services. Additionally, during the normal course of business the Underwriting Entities and other group entities are and may in future be shareholders of Prisa together with other financial instruments issued by Prisa or its Group entities.

Including but not limited to other services or relations:

- (i) Banco Santander, S.A. is a significant shareholder of Prisa (see section 18.1 of the Registration Document).
- (ii) Banco Santander, S.A. is a creditor of Prisa.
- (iii) Morgan Stanley & Co. International plc has issued a fairness opinion directed to the Board of Directors of the Company regarding the fairness of the Consideration that the Company will pay for the acquisition of Santillana, from a financial point of view on the date of this opinion.

The Company has no knowledge of the existence of any significant relation or economic interest between Prisa and the entities taking part in the Capital Increase and which are listed in section 10.1 of this Share Securities Note except for the strictly professional relation arising from the consulting described in said section and mentioned in this section.

3.4 Reasons for the offer and use of the proceeds.

The objective of the Capital Increase is to partly finance the Santillana Acquisition (see section 5.1.5 – 2019 – *Acquisition of 25% of the share capital of Santillana to be partly financed with funds from the Capital Increase referred to in this Prospectus* of the Registration Document (for more information).

In this respect, the funds net of expenses from the Capital Increase – that is, approximately 192.24 million euros, in accordance with the estimated expenses of the issuance contained in chapter 8 of this Share Securities Note shall be applied in full to payment of the Consideration for the Santillana Acquisition, together with funds available in the Company balance sheet (for further information see the section on —*Acquisition of 25% of the share capital of Santillana to be part financed with funds from the Capital Increase referred to herein*—, included in section 5.1.5 of the Registration Document).

4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING

4.1 A description of the type and the class of the securities being offered and/or admitted to trading, including the ISIN Code (international security identification number) or other security identification code.

The New Shares are newly issued ordinary shares of Prisa with a nominal value of 0.94 euros each, of the same class and series as the shares of the Company currently in circulation and which will be represented in the form of book entries.

Except for the New Shares, all the shares of the Company are currently admitted to trading on the Securities Exchanges of Madrid, Barcelona, Bilbao and Valencia via the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market).

The ISIN Code of Prisa's shares currently in circulation is ES0171743901.

The National Numbering Agency (*Agencia Nacional de Codificación de Valores Mobiliarios*), an entity within the CNMV, has assigned the interim ISIN Code ES0171743976 to the New Shares until such time as they equate with the shares of the Company currently in circulation. Thus, once the New Shares are admitted to trading, all Prisa shares shall have the same ISIN Code assigned to them.

The ISIN Code of the pre-emptive subscription rights is ES0671743955.

4.2 Legislation under which the securities have been created.

The shares of the Company are governed by the provisions of Spain law and specifically those included in the consolidated text of the Spanish Companies Law approved by Royal Decree Law 1/2010, dated 2 July (the “**Spanish Companies Law**”) and the consolidated text of the Securities Market Law approved by Royal Decree Law 4/2015, dated 23 October (the “**Securities Market Law**”), together with the respective implementing regulations applicable.

The public offering for subscription arising from the Capital Increase including the exercising of pre-emptive subscription rights, the application for Additional Shares (as defined below) and the requests for subscription of Discretionary Allotment Shares (as defined below) shall be governed by and interpreted in accordance with common Spanish law. By exercising the pre-emptive subscription rights, the application for Additional Shares and for the subscription of Discretionary Allotment Shares shareholders and investors irrevocably and unconditionally accept that the Courts of the city of Madrid have exclusive jurisdiction to any dispute that may arise with regard to this public offering for subscription and Capital Increase. The Company and the Underwriting Entities have agreed to submit the Underwriting Agreement and non-contractual obligations arising from same to English law. Any disputes that may exist between them under the Underwriting Agreement shall be subject to the jurisdiction of the Courts of England.

4.3 An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity responsible for keeping the records.

The Company shares are represented by book entries and are registered in the accounting records of Securities Recording, Clearing and Settlement Systems Management Company

(Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.) (“**Iberclear**”), an entity with registered offices in Madrid, Plaza de la Lealtad, 1 (28014 - Madrid), and its authorised participating entities (the “**Participating Entities**”).

At the Extraordinary General Meeting of Shareholders on 27 November 2010, ordinary class A shares and convertible class B shares were issued which were formally subscribed by a depository (Citibank NA), acting on a fiduciary basis for the benefit of the real holders of the shares. Simultaneously with the subscription, this depository bank issued American Depositary Shares (“ADSs”), representing the Class A shares (ADS-A) and Class B shares (ADS-B).

The ADSs representing the Class A and Class B shares of Prisa have traded on the New York Stock Exchange (NYSE) until: i) in the case of the ADS-B, until their mandatory conversion, in July 2014 and ii) in the case of the ADS-A, until they were delisted (as requested by the Company), in September 2014.

Prisa has maintained its ADS Prisa (formerly the ADS-A) program in US through the over-the-counter market (OTC). The ADS Prisa can be traded on this market.

Each ADS of Prisa gave the right to four ordinary shares of Prisa. Following the grouping of shares and contrasplit performed by the Company on 22 May 2015, referred to in section 21.1.1 of this Registration Document, the ratio is one ADS Prisa to each Prisa share.

The holders of the Prisa ADS may request the depository of these ADS (Citibank NA) directly deliver the shares and their subsequent trading on the Spanish stock exchanges.

At the date of this Registration Document there are a total of 476,786 Prisa ADSs.

The share capital of the Company is currently represented by ordinary shares, all of the same class and series, the reference to Class A shares having disappeared.

4.4 Currency of the securities issue.

The shares of the Company are denominated in euros (€).

4.5 A description of the rights attached to the securities including any limitations of those rights, and procedure for the exercise of those rights.

Insofar as the New Shares are ordinary shares and no other type of shares representing the share capital of the Company at present exist, the New Shares shall enjoy the same voting and economic rights as the other shares of the Company as of the date on which the Capital Increase of the Company with regard to the New Shares is declared subscribed and paid up by the Board of Directors or in its place by the President of the Board, the Chief Executive Officer or the Secretary of the Board of Directors (the “**Execution Date**”).

In particular, the following rights should be noted in the terms provided in the Bylaws of the Company and the applicable law:

4.5.1 Dividend Rights:

A. Date or dates set on which the rights vest

The New Shares grant their holders the right to participate in the distribution of corporate earnings and equity resulting from the liquidation under the same conditions

as the Company's other outstanding ordinary shares and, as with the other shares forming the share capital, they are not entitled to receive a minimum dividend being all ordinary shares.

The New Shares grant the right to participate in the dividends, remuneration and any other distribution Prisa may resolve or pay to its ordinary shareholders as of the Execution Date.

On the date of issuance of this Share Securities Note there exist no dividends charged to years previous to that commencing 1 January 2019 pending payment to Prisa's shareholders.

The Company's ordinary shares have received no dividends since the year 2011 as a result of the high indebtedness of the Group and the restrictions imposed on the payout of dividends in the Group's financing (in this respect, see section 20.7.1 of the Registration Document).

- B. Period following which the dividend rights expires and an indication of the person benefitted by such expiry

The return on the Company's shares may be effected as announced for each case, the expiry period of the collection right being that stipulated in article 947 of the Commercial Code, that is five years. The beneficiary of any such expiry shall be the Company.

- C. Dividend restrictions and procedures for non-resident holders

The Company is not aware of the existence of any restriction on the collection of dividends by non-resident holders, without detriment to possible withholdings on account of Non-Resident Income Tax applicable (see section 4.11 below of this Share Securities Note).

- D. Dividend rate or method for calculating it, frequency and accumulate or non-accumulate nature of the payments

The New Shares, as with the other shares forming the share capital of the Company do not grant their holders the right to receive a minimum dividend as they are ordinary shares. As a result, the right to a dividend on said shares shall arise solely as from the time the General Meeting of Shareholders or, if applicable, the Board of Directors of the Company resolves to distribute corporate earnings.

4.5.2 Voting rights

The New Shares are ordinary shares with voting rights. Their holders enjoy the right to attend and vote at the General Meetings and to contest the corporate resolutions in accordance with the general regime established in the Spanish Companies Law subject to the provisions of the Bylaws of Prisa and, when necessary, in the applicable law which are shown below.

As regards the right to attend the General Meetings of Shareholders, the first paragraph of article 11.1 of the Company Bylaws provides:

“Shareholders possessing 60 or more shares whose ownership is registered in the accounting records of book entries five calendar days prior to the day of the General Meeting have the right to attend.”

The Company shareholders may be represented at the General meeting by proxy, even when not a shareholder.

The Bylaws of Prisa establish no restrictions on the maximum number of votes that may be cast by a single shareholder or companies belonging to the same group. The attendees at the General Meeting shall have one vote per share as provided in article 14.1 of the Company Bylaws:

“Each share present or represented at the General Meeting with voting rights will entitle the holder to a vote.”

Without detriment the foregoing, in certain circumstances certain legal restrictions may apply to the exercise of the voting right of the Company’s ordinary shares inasmuch as their holders may be subject to certain conflicts of interest as provided in article 190.1 of the Spanish Companies Law.

4.5.3 Pre-emptive subscription rights in offers to subscribe securities of the same class.

All the Company shares grant their holders, under the terms set forth in the Spanish Companies Law, a pre-emptive subscription right in capital increases with the issuances of new shares (ordinary or preferential) charged to monetary contributions and in the issuance of convertible debentures, unless fully or partially barred from this pre-emptive subscription right in accordance with articles 308, 504, 505 and 506 (in the case of capital increases) and 417 and 511 (in the case of issuances of convertible debentures) of the Spanish Companies Law.

Furthermore, all the Company shares grants their holders the right to free allocation as acknowledged in the Spanish Companies Law in the event of a capital increase charged to reserves.

The general meeting of the Company held on 25 April 2018 resolved, under point eight of the agenda, to authorise the Board of Directors to increase the share capital within a maximum period of five years, in one or more stages, via monetary contributions and up to half the share capital on the date the resolution is adopted. This authorisation includes the power to exclude the pre-emptive subscription right in whole or in part, with the powers of substitution of the delegated committee, the president of the Board of Directors or the Chief Executive Officer.

4.5.4 Right to share in the issuer’s profit.

All the Company shares grant their holders the right to share the distribution of corporate earnings in proportion to their nominal value under the terms indicated in section 4.5.1 above.

4.5.5 Right to share any surplus in the event of liquidation.

The New Shares are ordinary shares of the Company belonging to the same class and series as those currently in circulation. Therefore, the New Shares grants, as from the Execution Date, the right to share in the equity resulting from the liquidation under the same terms as the ordinary shares of the Company currently in circulation, in accordance with the current Spanish Companies Law and the Bylaws of the Company.

4.5.6 Right to Information.

The Company shares grant their holders the right to information as contained in articles 93.d), 197 and 520 of the Spanish Companies Law together with those rights which, as special representations of the right to information, are described in detail in the articles of said Law and Law 3/2009, dated 3 April, on structural modifications of companies, with regard to the modification of the bylaws, increase or reduction of the share capital, approval of the annual accounts, issuance of debentures, convertible into shares or otherwise, transformation, merger, split, dissolution and liquidation of the Company, global assignment of assets and liabilities, international transfer of the registered offices or other corporate acts or operations.

As of the day of publication of the announcement of the General Meeting and until the fifth day prior to the meeting at the first call inclusive, the shareholders of the Company may request in writing any information or clarification relating to the matters included in the agenda, and with regard to the information placed at the disposal of the public via the CNMV since the last General Meeting and with regard to the external auditor report of the Company. These rights are currently contained in articles 6 and 19 of the Regulations of the General Meeting of Shareholders of the Company.

The directors must provide the information requested in the form and within the timeframe provided in Law, unless such information is unnecessary for safeguarding the rights of the shareholder or there exist objective reasons to consider it may be used for extra-corporate purposes or its disclosure may harm the Company or related companies. No information may be denied for this cause when the request is supported by shareholders representing a minimum of twenty-five (25%) of the share capital. Additionally, when, prior to its preparation, the information requested is available in a clear, express and direct manner for all the shareholders on the webpage of the Company under the question-answer format, the directors may confine their response to sending the information provided in this format.

Pursuant to the provisions of the Spanish Companies Law and article 19 of the Regulations of the General Meeting of the Company, shareholders may orally request during the meeting information or clarification regarding the matters on the agenda, the information available to the public which the Company has furnished the CNMV since the last general meeting and regarding the report of the external auditor of the Company. Should the directors be unable to provide the information requested at the meeting, they must do so in writing within the seven days subsequent to the end of the meeting. The directors shall provide the information requested except in the cases described in the preceding paragraph.

4.5.7 Redemption provisions

Not applicable.

4.5.8 Conversion provisions

Not applicable.

4.6 In the case of new issuances, declaration of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.

4.6.1 Company resolutions.

The Capital Increase referred to in this Share Securities Note totals an effective sum of up to 199,823,585.01 euros by means of the issuance and entry into circulation of up to 150,243,297 shares at a subscription price of 1.33 euros each (nominal value of 0,94 euros and 0.39 euros of share premium).

This Capital Increase and the resulting issuance of New Shares is carried out under the resolutions and decision adopted by the General Meeting of Shareholders, by the Board of Directors and by the Chief Executive Officer on 25 April 2018, 12 March 2019 and 20 March 2019 respectively. By virtue of these resolutions, the Company has resolved to increase the capital in a nominal sum of 141,228,699.18 euros, charged to monetary contributions and via the issuance and entry into circulation of 150,243,297 new ordinary shares with a nominal value of 0.94 euros each, plus a share premium of 0.39 euros per share and for a total effective amount of 199,823,585.01 euros (nominal plus share premium), with acknowledgement of the pre-emptive subscription right and an estimate of incomplete subscription.

4.6.2 Authorisation.

The issuance and admission to trading of the New Shares are subject to the general system of approval and registration by the CNMV as provided in the Securities Market Law and its implementing regulations.

4.7 In the case of new issuances, planned date of issuance of the securities.

The issuance of the New Shares is planned to take place on 15 April 2019 (date on which the public deed of the capital increase is expected to be registered with the Commercial Registry), as described in section 5.1.8 below.

Once entry has been made in the Commercial Registry, two notarial copies of the public deed of the Capital Increase will be delivered to the CNMV, Iberclear and the Madrid Stock Exchange.

4.8 Description of any restriction on the free transferability of the securities.

Except as set forth in section 5.1.4(C) of the Registration Document -Legislation under which it operates, country of constitution- with regard to the limits on ownership of shares or share transfer and licences, there exist no restrictions on the free transferability of the Company shares, and therefore the New Shares shall be freely transferable as provided in the Spanish Companies Law, the Securities Market Law and its implementing regulations.

4.9 Indication of the existence of any mandatory takeover bid and/or regulations on withdrawal and mandatory squeeze out or sell-out rules with regard to the securities

There is no special regulation governing mandatory takeover bids or the withdrawal or mandatory squeeze-out of the Company shares, except those arising from the law on takeover bids contained in the Securities Market Law and its implementing regulations (currently Royal Decree Law 1066/2007 dated 27 July, on the regime of takeover bids).

4.10 Indication of takeover bids by third parties of the issuer's capital which occurred during the current or past year. The price or the conditions for the exchange of this bids and the result must be declared.

There has been no takeover bid for the Company shares during the current or last year.

4.11 With regard to the country of the registered offices of the issuer and to the country or countries in which the bid is made or the admission to trading is requested.

4.11.1 Information on the tax on the income of securities withheld at source.

Below is a general description in accordance with Spanish law (including its current regulatory implementation) on the date this Share Securities Note is approved, of the tax regime applicable to the subscription, ownership and, if applicable, subsequent transfer of the New Shares.

It should be noted that this analysis does not set out all the possible fiscal consequences of the aforementioned operations nor the regime applicable to all categories of investors, some of which (such as financial entities, collective investment undertakings, cooperatives or flow-through entities) may be subject to special regulations. In addition, this description does not take into consideration the chartered tax regimes of the current Economic Accord and Economic Agreement respectively of the Historical Territories of the Basque Country and the Chartered Region of Navarre, nor the law approved by the different Autonomous Regions which, with regard to certain taxes, may be applicable to investors.

The applicable legislation is set forth in Law 35/2006 dated 28 November on the Law on Personal Income Tax (hereinafter, IRPF) and its regulations, approved by Royal Decree Law 439/2007 dated 30 March, Royal Decree Law 5/2004 dated 5 March which approves the consolidated text, of the Income Tax Law for non-Residents and its Regulations, approved by Royal Decree 1776/2004 dated 30 July, Royal Decree 4/2004 dated 5 March which approves consolidated text of Company Tax Law and its Regulations, approved by Royal Decree 1777/2004 dated 30 July, Law 19/1991 dated 6 June on Wealth Tax, Law 29/1987 dated 18 December on Death duty and inheritance tax and its Regulations, approved by Royal Decree 1629/1991 dated 8 November without detriment to any changes which may be made in the applicable legislation during the life of the issues made under this Base Prospectus.

Investors are advised to consult with their attorneys to determine the tax consequences applicable to their specific case.

Likewise, investors will have to take into consideration the changes to current law that may occur in the future together with the interpretation that the Spanish tax authorities may have of its content, which may differ from that set forth below.

(1) Indirect taxation on the subscription and transfer of the New Shares

The subscription and subsequent transfer of the New Shares shall be exempt from Transfer Tax and Stamp Duty and Value Added Tax.

(2) Direct taxation on the ownership and subsequent transfer of the New Shares

(i) SHAREHOLDERS RESIDENT IN SPAIN

This section reviews the tax treatment applicable to investors who are considered tax residents in Spanish territory. In general, entities residing in Spanish territory as defined in article 8 of the LIS and individuals whose habitual place of residence is Spain as defined in article 9.1 of the LIRPF as well as foreign residents who are members of Spanish diplomatic missions, Spanish consular offices and other official positions within the meaning of article 10.1 of the

aforementioned law are considered investors resident in Spain, without detriment to the provisions of Treaties for the avoidance of Double Taxation (“DTT”) signed by our country. In the same way, Spanish individuals who have ceased their tax residence in Spain who prove their tax residence in a tax haven both during the tax period in which the change of residence occurs or the following four years will be deemed to be investors tax resident in Spain.

Individuals acquiring their tax residence in Spain as a result of their moving to Spanish territory may elect to pay Personal Income Tax (“IRPF”) or Non-Residents' Income Tax (“IRnR”) during the period in which the change of residence takes place and the five following periods provided the requirements of article 93 of the LIRPF are met.

(a) Individuals

(a.1) Personal Income tax

(a.1.1) Return on investment capital

Pursuant to article 25 of the LIRPF, capital gains shall include, amongst others, dividends, fees for attending general meetings, returns derived from the creation or assignment of rights or powers of use or enjoyment of the New Shares and in general the shares in the profits of the Company together with any other profit from such an entity in their capacity as shareholders.

Capital gains received by shareholders as the result of ownership of the New Shares will be included in the net return after deducting, if applicable, the administration and depository costs of the gross amount, but not those of discretionary, individual portfolio management in the taxable savings base for the year in which they are payable by the receiver, being taxed at the fixed rate of 19% (for the first 6,000 euros of the saving income obtained by the individual), 21% (for income between 6,000.01 euros and 50,000 euros) and 23% (for income in excess of 50,000 euros).

For its part, the amount obtained as a result of the distribution of the share premium of the shares admitted to trading on any of the regulated securities markets defined in 2004/39/EC of the European Parliament and Council of 21 April 2004 (as the New Shares) will reduce until its cancellation the acquisition value of the securities affected and only the excess that may result will be taxable as capital gains under the terms indicated in the preceding paragraph.

Shareholders shall in general be subject to a withholding on account of Personal Income Tax of 19% of the full amount of the distributed earnings. The withholding on account will be deductible from the total tax due minus tax credits and should the latter be insufficient, it shall give rise to the rebates provided in article 103 of the LIRPF. As an exception, withholdings on account of the distribution of the share premium do not apply.

(a.1.2) Capital gains and losses

Changes in the equity value of Personal Income Tax payers arising as a result of any alteration to said equity shall give rise to capital gains or losses which, in the event of a transfer of the New Shares for valuable consideration shall be quantified as the negative or positive difference respectively between the acquisition price of such securities and their transfer price, which will be determined (i) by their listed price on the date of such a transfer or (ii) by the price agreed when greater than the aforementioned listed price.

When there are homogenous securities, to determine the acquisition price and the change in the equity for Persona Income Tax purposes it will be considered that the transferred securities are those that were acquired in the first place.

Both the acquisition price and transfer price shall be increased or reduced respectively in the expenses and taxes inherent to such operations that would have been paid by the acquirer or the transferor respectively.

Capital gains or losses arising from transfers of the New Shares shall be included and offset in the savings tax base for the year in which the equity change takes place, being currently taxed at 19% for the first 6,000 euros of saving income obtained by the individual, 21% for income of between 6,000.01 euros and 50,000 euros, and 23% for income in excess of 50,000 euros.

Capital gains arising from the transfer of the New Shares shall not be subject to withholding. Lastly, certain losses arising from transfers of the New Shares shall not be computed as capital losses when homogenous securities have been acquired within the two months prior or subsequent to the date of the transfer causing said loss. In these cases capital losses will be included to the extent the securities still held by the taxpayer are transferred.

(a.1.3) Pre-emptive subscription rights

The assignment of pre-emptive subscription rights over the Company shares and their subscription in New Shares shall not signify the obtention of income for Personal Income Tax purposes.

The amount obtained from the sale of the pre-emptive subscription rights over the Company shares shall be considered a capital gain for the transferor during the tax period in which the transfer takes place, and will be subject to withholding on account of Income Tax at the current rate of 19% by the depositary institution and, in its absence, the financial intermediary or public notary intervening in the transfer.

When this capital gain materialises on occasion of the transfer of the pre-emptive subscription rights that correspond to New Shares shall be included and offset in the savings tax base for the year in which the equity change takes place, being currently taxed at 19% for the first 6,000 euros of saving income obtained by the individual, 21% for income of between 6,000.01 euros and 50,000 euros, and 23% for income in excess of 50,000 euros.

(a.2) Wealth Tax

Individual shareholders resident in Spanish territory are subject to Wealth Tax on their entire net worth as at 31 December irrespective of where the property is located or the rights may be exercised.

Taxation will be required as provided in Wealth Tax Law 19/1991, dated 6 June which, for this purpose, establishes a minimum sum exempt of 700,000 euros in line with a tax scale whose marginal rates range between 0.2% and 2.5%, without detriment to the specific law approved, if applicable, by each Autonomous Region.

Those individuals resident for tax purposes in Spain who acquire New Shares and are obliged to file a wealth tax return must declare the New Shares they hold as at 31 December each year, which shall be computed in accordance with the average trading value during the fourth

quarter of said year. The Ministry of Finance and Public Administrations publishes each year the average trading value for the purposes of such tax.

Pursuant to article 3 of Royal Decree 27/2018, dated 28 December by which certain measures are adopted with regard to tax and land registration (“**RDL 27/2018**”), in effect as of 1 January 2020, it is provided that the tax payable enjoys relief of 100%, there being no obligation to self-assess nor file any return unless a new extension of the tax is approved.

(a.3) Inheritance and Gift Tax

Transfers of shares for valuable consideration (due to death or as a gift) to individuals resident in Spain are subject to Inheritance and Gift Tax (“**ISD**”) in the terms provided in Law 29/1987, dated 18 December, the taxpayer being the acquirer of the securities and without detriment to the specific law approved if applicable, by each Autonomous Region. The tax rate applicable to the net taxable income ranges between 7.65% and 34%; once the gross tax payable is obtained, certain multiplying coefficients are applied in accordance with the pre-existing wealth of the taxpayer and their degree of kinship with the deceased or donor together with discounts and deductions, which may ultimately give rise to an effective tax rate that ranges between 0% and 81.6% of the tax base.

(b) Legal Entities

(b.1) Corporate income tax

(b.1.1) Dividends

Corporate Income Tax payers (“**IS**”) or payers subject to Non-Resident Income Tax acting for such purposes in Spain through a permanent establishment shall include in their tax base the full amount of the dividends or shares in profits received as a result of their ownership of the subscribed securities together with the expenses inherent to said shares as provided in article 10 et seq. of the LIS, being generally taxed at 25%.

In the case of distribution of the share premium, the amount received by the taxpayers of IS shall reduce until its cancellation the tax value of the securities affected and only the excess above that price will be included in their tax base

Notwithstanding the above, generally, dividends or shares in profits of entities may be entitled to an exemption from IS as provided in article 21 of the LIS, provided the direct or indirect percentage of the share in the capital or own funds of the entity is at least 5% or the acquisition value of the share is greater than 20 million euros. For this exemption to apply, such participation must be held continuously during the year prior to the date on which the distributed earnings are payable or, in its absence, it must be held subsequently during the necessary time to complete such period.

In the event the Company obtains dividends, shares in profits or income from the transfer of securities representing the share capital or own funds of entities in more than 70% of its income, the application of this exemption is contingent upon compliance with complex requisites which in essence require the holder of the shares to have an indirect holding in these entities of at least 5% of the share capital unless said affiliates comply with the requirements set forth in article 42 of the Commercial Code to form part of the same group of companies with the entity directly participated and draw up consolidated financial statements.

Investors are advised to consult with their lawyers to determine whether they comply with the requisites of this exemption in their particular case.

Furthermore, IS payers shall be subject to a withholding on account for said tax at the current rate of 19% of the full amount of the distributed earnings unless any of the exclusions from withholding provided in current law apply, in which case they will not be subject to any withholding. The distribution of the share premium is not subject to withholding on account of IS.

The withholding on account will be deductible from the IS and should the latter be insufficient, it shall give rise to the refunds provided in article 127 of the LIS.

(b.1.2) Pre-emptive subscription rights

The assignment of pre-emptive subscription rights over the Company shares and their subscription in New Shares does not generate income for IS purposes.

The amount obtained from the sale of pre-emptive subscription rights is not subject to withholding. The book profit obtained from the sale is included in the tax base in accordance with the general rules of IS.

(b.1.3) Income from the transfer of the New Shares

The profit or loss arising from the transfer for valuable consideration of the New Shares or any other alteration in net worth relating to same shall be included in the tax base of Corporate Income Taxpayers or payers of Non-Resident Income Tax acting for this purpose through a permanent establishments in Spain as provided in article 10 et seq. of the LIS paying tax at the general rate of 25%. However, the deductibility of the losses that may arise from the transfer of the New Shares may be subject to temporary or permanent restrictions. Investors are advised to consult with their lawyers regarding the application of these restrictions in their particular case.

Capital gains arising from the transfer of the New Shares shall not be subject to withholding.

Generally, positive income obtained from the transfer of the holding in an entity may give rise to an exemption from Corporate Income Tax in accordance with the conditions set forth in article 21 of the LIS provided the direct or indirect holding in the share capital or own funds of the entity is at least 5% or the acquisition price of the holding is greater than 20 million euros. For the exemption to be applicable, this holding must be held continuously during the year prior to the date on which the transfer takes place.

In the event the Company obtains dividends, shares in profits or income from the transfer of securities representing the share capital or own funds of entities in more than 70% of its income, the application of this exemption is contingent upon compliance with complex requisites which in essence require the holder of the shares to have an indirect holding in these entities of at least 5% of the share capital unless said affiliates comply with the requirements set forth in article 42 of the Commercial Code to form part of the same group of companies with the entity directly participated and draw up consolidated financial statements. Investors are advised to consult with their lawyers to determine whether they comply with the requisites of this exemption in their particular case.

(b.2) Wealth Tax

IS taxpayers are not IP taxpayers.

(b.3) Inheritance and Gift Tax

IS taxpayers are not ISD taxpayers and the income obtained for profit will be taxes in accordance with the IS provisions.

(ii) SHAREHOLDERS NOT RESIDENT IN SPANISH TERRITORY

This section reviews the tax treatment applicable to shareholders not resident in Spanish territory who are effective beneficiaries of the New Shares. It does not include, however, those acting in Spanish territory through a permanent establishments whose tax regime was described together with that of shareholders who pay IS. Non-resident shareholders are those individuals who do not pay Personal Income Tax and entities not resident in Spanish territory in accordance with the provisions of article 6 of the TRLIRnR.

The tax regime described below is general, and therefore the particularities of each taxpayer should be taken into account as with those of the DTC signed between third countries and Spain.

(a.1) Non-Residents' Income Tax

(a.1.1) Return on investment capital

Dividends and other income derived from participation in the own funds of an entity obtained by individuals or entities not resident in Spain acting for this purpose without a permanent establishments in said territory shall be subject to tax under IRnR at the current general tax rate of 19% of the gross amount received.

For its part, the amount obtained as a result of the distribution of the share premium of the shares admitted to trading on any of the regulated securities markets defined in 2004/39/EC of the European Parliament and Council of 21 April 2004 (as the New Shares) will reduce until its cancellation the acquisition value of the securities affected and only the excess that may result will be taxable under IRnR as capital gains.

However, the earnings of affiliates resident in Spanish territory distributed to their parent companies resident in other member states of the European Union or the permanent establishments of the latter located in other member states shall be exempt when the following requisites obtain:

1. That both companies are subject to and not exempt from any of the taxes on the profits of legal entities in the members states of the European Union as mentioned in article 2.c) of Directive 2011/96/EU of the Board, of 30 June 2011, relating to the regime applicable to parent companies and affiliates in different member states and the permanent establishments are subject and not exempt from taxation in the State in which they are located.
2. That the distribution of profits is not the result of the liquidation of the affiliate
3. That both companies take any of the forms foreseen in the Annex to Directive 2011/96/EU of the Board of 30 June 2011, relating to the regime applicable to parent companies and affiliates of different member states.

A parent company is that entity possessing in another company's share capital a direct or indirect interest of at least 5% or the acquisition value of the interest in said company is greater than 20 million euros. The latter shall be considered an affiliate. The aforementioned interest must be held continuously during the year prior to the day on which the profit to be distributed is payable or, in its absence, it be held for the time necessary to complete on year.

This exemption applies equally to the earnings distributed by affiliates resident in Spanish territory to their parent companies resident in the member states of the European Economic Area or the permanent establishments of these parent companies located in other member states provided they meet certain requisites set forth in the LIRnR.

This exemption shall not apply if the dividend is obtained through a territory classified as a tax haven. Neither shall it apply when the majority of the voting rights of the parent company are held, directly or indirectly, by natural or legal persons not resident in member states of the European Union or in member states of the European Economic Area with which there exists an effective exchange of information on tax matters in the terms provided in section 4 of additional provision one of Law 36/2006, dated 29 November, on measures for the prevent of tax fraud, except when the incorporation and operation of the former is for valid economic and substantive corporate reasons.

In general, the Company at the time of paying out the dividend will apply a withholding on account of IRnR of 19%. The distribution of the share premium is not subject to withholding on account of IRNR.

However, when by virtue of the residence for tax purposes of the receiver a DTC signed by Spain or internal exemption is applicable, the reduced rate provided in the DTC shall apply for this type of income or exemption, after proving the shareholder's tax residence as established in current law. To this end, a special procedure is currently in effect, approved by Order of the Ministry of Economy and Finance dated 13 April 2000, to apply withholdings on non-resident shareholders at the rate applicable in each case or to exclude the withholding when in the payment procedure there intervene financial institutions domiciled, resident or represented in Spain who are Depositories or manage the collection of the income from such securities.

According to this Order, when distributing the dividend the Company shall withhold from the gross amount of the dividends the current rate of 19% and transfer the net amount to the depositaries. Those depositaries which, in turn, prove as established in said Order the right to apply reduced rates or exclusion from withholding from their clients shall immediately receive for the payment of same the sum withheld in excess. For their part, shareholders must submit to the depositary institution before the 10th day of the month following that in which the dividend is distributed a tax residence certificate issued by the corresponding tax authority of its country of residence in which it must expressly state that the investor is resident in the sense defined in the applicable; or, in those cases in which a tax limit fixed in a DTC applies, throughout an Order which requires the use of a specific form, said form instead of the certificate. The aforementioned residence certificate is generally valid for such purposes for one year as of the date of issuance and must refer to the tax period in which the dividend is distributed.

When an exemption is applicable or by application of a DTC the withholding rate is lower than provided in law and the shareholder has been unable to prove residence for tax purposes within the term available, they may apply to the Ministry of Finance for a refund of the amount withheld in excess subject to the procedure and return form required in Order EHA/3316/2010, dated 17 December 2010.

The withholding on account of IRnR having been made or the applicability of the exemption recognised, non-resident shareholder shall not be obliged to file a return in Spain for IRnR.

Investors are advised to consult with their lawyers on the procedure to be followed in each case to apply for the aforementioned refund from the Spanish Ministry of Finance.

(a.1.2) Capital gains and losses

In accordance with the TRLIRnR, capital gains obtained by non-resident individuals or entities without a permanent establishments in Spain for the transfer of the New Shares or any other capital gain in relation with said securities shall be subject to taxation under the IRnR and shall be quantified generally in accordance with the regulations contained in the LIRPF. In particular, capital gains derived from the transfer of shares shall be taxed for IRnR, at the current rate of 19%; unless an internal exemption or DTC signed by Spain are applicable in which case said DTC will apply.

Under internal Spanish law, the following capital gains are exempt:

- (i) Those derived from the transfer of the New Shares on official secondary markets, obtained without the mediation of a permanent establishments in Spain by individuals or entities resident in a state that has signed a DTC with Spain with an information exchange clause, provided they were not obtained via countries or territories legally classified as tax havens.
- (ii) Those derived from the transfer of the New Shares obtained without the mediation of a permanent establishments in Spain by individuals or entities resident for tax purposes in other member states of the European Union or via permanent establishments of said residents located in another member state of the European Union provided they were not obtained via countries or territories legally classified as tax havens. This exemption does not extend to capital gains derived from the transfer of shares or rights of an entity when (i) the assets of said entity consist chiefly, directly or indirectly, in immovable property located in Spanish territory, or (ii) in the case of a non-resident individual transferor, at any time, without the twelve months preceding the transfer, the transferor has taken an interest, directly or indirectly in at least 25% of the share capital or equity of the company and (iii) in the case of transferors which are non-resident entities the transfer does not comply with the requisites for the application of the exemption provided in article 21 of the LIS.

The capital gain or loss will be calculated and subject to taxation separately for each transfer, and the gains and losses in the event of several transfers resulting in profits or loss may not be offset. They will be quantified by applying the rules of article 24 of the TRLIRnR.

Pursuant to the TRLIRnR, capital gains obtained by non-residents without a permanent establishments shall not be subject to withholding or payment on account of IRnR.

A non-resident shareholder must file a return, assessing and paying the corresponding tax liability. They may also make the filing and payment through their tax representative in Spain or the depositary or managers of the shares, subject to the filing procedure and form set forth in Order EHA/3316/2010, of 17 December 2010.

Should an exemption apply, either under Spanish law or a DTC, a non-resident investor must provide evidence of their right by submitting a tax residence certificate issued by the tax authority of their country of residence (which must expressly state that the investor is resident in said country as defined in the applicable DTC) or the form set forth in the Order that implements the applicable DTC. The aforementioned residence certificate is generally valid for such purposes for one year as of the date of issuance and must refer to the tax period in which the capital gain was obtained.

(a.1.3) Pre-emptive subscription rights

The assignment of pre-emptive subscription rights over the Company shares and their subscription in New Shares shall not signify the obtention of income for IRnR.

The amount obtained from the sale of the pre-emptive subscription rights of the New Shares shall be considered a capital gain for the transferor in the tax period in which the transfer takes place, being subject to tax in accordance with the criteria set forth in the preceding section.

(a.2) Wealth Tax

Individuals not having their habitual place of residence in Spanish territory as provided in article 9 of the LIRPF and who at 31 December are holders of assets located in Spanish territory or rights which may be exercised or complied with in Spain. These assets or rights will be subject to Wealth Tax although taxpayers may deduct the minimum exempt in the sum of 700,000 euros, in line with the general taxation scale, whose marginal rates range between 0.2% and 2.5%.

The Spanish authorities consider that the shares in a Spanish company must be considered property located in Spain for tax purposes.

Should they be taxable under the IP, the New Shares of non-resident individuals which are admitted to trading on the official secondary market shall be computed at their average quotation price during the fourth quarter of each year. The Ministry of Finance and Public Administrations publishes each year the average trading value for the purposes of this tax.

Pursuant to article 3 of RDL 27/2018, dated 27/2018, in effect as of 1 January 2020, it is provided that the tax payable enjoys relief of 100% (unless a new tax extension is approved), there being no obligation to self-assess nor file any return.

Individuals resident in a member state of the European Union or the European Economic Area are entitled to the application of the law approved by the Autonomous Region where the higher value of the goods and rights they own are located and by which the tax is due because they are located, may be exercised or must be complied with in Spanish territory. Investors are advised to consult with their lawyers or tax advisors.

Lastly, non-resident entities in Spain are not subject to payment of this tax.

(a.3) Inheritance and Gift Tax

Without detriment to provisions of the DTC signed by Spain, the acquisition for valuable consideration by individuals not resident in Spain and whichever the residence of the transferor, they will be subject to ISD when the acquisition is of goods located in Spanish territory or rights that may be exercised or fulfilled in that territory. The Spanish authorities consider that the shares in a Spanish company must be considered goods located in Spain for tax purposes.

Investors are advised to consult with their lawyers or tax advisors.

Similarly, in the acquisition of movable goods by donation or any other transaction not for value and “inter vivos”, non-resident taxpayers who are resident in a member state of the European Union or the European Economic Area are entitled to apply the law of the Autonomous Community where said movable property was located the greatest number of days of the immediately preceding five-year period counted date t date that ends the day prior to the tax becoming payable. Investors are advised to consult with their lawyers or tax advisors.

Non-resident companies in Spain do not pay this tax and the income obtained which is not for valuable consideration shall generally pay tax as capital gains in accordance with the aforementioned rules of the IRnR without detriment to the provisions of any applicable DTC.

Non-resident shareholders are advised to consult with their tax advisors the terms under which ISD is to be applied in each specific case.

4.11.2 Indication of whether the issuer assumes liability for tax withholding at source.

The Company, as the issuer and payer of the income that may arise from ownership of the New Shares assumes the liability for withholding on account of taxes in Spain pursuant to current law.

4.11.3 Possible withholding under the Foreign Account Tax Compliance Law

By application of the rules of the U.S. Internal Revenue Code of 1986, known as the Foreign Account Tax Compliance Act - FATCA, non-US financial institutions (i.e. among others, Spanish financial institutions) may be obliged in certain cases with withhold 30% of payments considered to be from a US source which are performed by non-US financial institutions that do not comply with the FATCA provisions (“Non-participating financial institution”). Non-US financial institutions intervening in payments for the New Shares may be obliged to withhold 30% of such payments under the New Shares considered to be from a US source, which are paid to any Non-participating financial institution (including any financial intermediary acting on behalf of any holder who may possess New Shares) together with those holders of financial accounts that do not furnish the information required by the financial institutions with which they operate to comply with their obligations under FATCA.

Irrespective of the above, in future, payments under the New Shares may be considered for the purpose of the FATCA law as foreign passthru payments - (payments from a non-US source to the extent or in the proportion they are attributable to a US source of payment subject to FATCA withholding). These payments will be subject to a withholding of 30% as provided in FATCA when paid to a Non-participating financial institution or the holder of a financial account does not provide the information required by FATCA. It should be noted

that the obligation to withhold from foreign passthru payments will not be required before two years have elapsed since the publication of the law that defines the concept of “foreign passthru payments”.

FATCA is a particularly complex regulation and therefore potential subscribers of the New Shares should consult with their lawyers as to how it may affect them in their particular situation.

The concepts and terms defined in this section shall have the meaning contained in the applicable FATCA regulation.

4.11.4 Information on tax on income from the securities withheld at source in countries other than Spain in which the offer is being made or admission to trading is requested

Not applicable.

5. CLAUSES AND CONDITIONS OF THE OFFER

5.1 Conditions, statistics of the offer, planned schedule and procedure for subscribing the offer.

5.1.1 Conditions to which the offer is subject.

The Capital Increase is not subject to any condition.

5.1.2 Total amount of the issuance/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, description of the agreements and the time when the definitive amount of the offer is announced to the public.

Without detriment to the estimated incomplete subscription, the Capital Increase will be carried out at a nominal amount of 141,228,699.18 euros, and a total effective amount of 199,823,585.01 euros and will be conducted through the issuance and entry in circulation of 150,243,297 newly-issued ordinary shares with a nominal value of 0.94 euros each and of the same class and series as those currently in circulation. The New Shares will be issued with a share premium of 0.39 euros per share, which signifies a total share premium of 58,594,885.83 euros, and a unit issue price (nominal plus premium) of 1.33 euros per New Share (the “**Subscription Price**”). The Subscription Price represents a discount of 24.35% of the quoted price of the Company shares at the close of market on 20 March 2019 (1.758 euros) and a discount of 20.22% of the value resulting from deducting from the quoted price the amount of the theoretical ex-right price” or TERP) (see section 5.1.3(B) of this Share Securities Note).

The capital increase resolutions approved by virtue of which the New Shares will be issued and referred to in section 4.6 of this Share Securities Note, have expressly foreseen the possibility of incomplete subscription and therefore in the event the Capital Increase is not fully subscribed within the periods established, the capital will be increased solely to the extent of the subscriptions effectively made. Notwithstanding the above, as described in section 5.4.3 of this Shares Securities Note, dated 20 March 2019 Prisa has subscribed an Underwriting Agreement with the Underwriting Entities.

Upon termination of the term provided for the subscription, the Board of Directors (or the Chairman of the board or Chief Executive Officer or the Secretary of the Board) shall

determine the effective amount of the Capital Increase which will be announced to the public as soon as possible by sending the relevant fact to the CNMV.

Should the New Shares be fully subscribed, they would represent approximately 26.91% of the share capital of the Company prior to the Capital Increase and approximately 21.20% after the Capital Increase.

5.1.3 Term, including any possible modification, during which the offer will be open and description of the application process.

A. Planned schedule of the Capital Increase

The Company expects the Capital Increase to take place in accordance with the following estimated schedule:

Activity	Estimated date
Resolution of the Board of Directors regarding the Capital Increase and the delegation of powers for its execution	12 March 2019
Resolution to establish the terms and conditions of the Capital Increase by the Chief Executive Officer or person authorised for this purpose.....	20 March 2019
Signing of the Underwriting Agreement.....	20 March 2019
Relevant fact announcing the Capital Increase.	20 March 2019
Approval and registration of the Prospectus with the CNMV.	21 March 2019
Relevant fact announcing the registration of the Prospectus with the CNMV and Pre-Emptive Subscription Period.....	21 March 2019
Publication of the announcement in the Spanish Commercial Registry Official Gazette (“ BORME ”) and <i>Last trading Date</i>	22 March 2019
Commencement of the Pre-Emptive Subscription Period (1st round) and application for Additional Shares.	23 March 2019
First trading date of the Company shares (“ <i>Ex-Date</i> ”) and commencement of quoting of the pre-emptive subscription rights.	25 March 2019
<i>Record Date</i> on which Iberclear will determine the positions for the assignment of pre-emptive subscription rights.	26 March 2019
<i>Payment Date</i> of the pre-emptive subscription rights by Iberclear.	27 March 2019
Finalization of the trading of the pre-emptive subscription rights.	5 April 2019
Finalization of the Pre-Emptive Subscription Period and application for Additional Shares.....	6 April 2019
If applicable, Additional Shares Allocation Period (2nd round).....	11 April 2019
Relevant fact announcing the New Shares subscribed during the Pre-Emptive Subscription Period and, if applicable, during the Additional Shares Allocation Period and, when applicable, the opening of the Discretionary Allocation Period.	11 April 2019
Commencement, if any, of the Discretionary Allocation Period (3rd round).	11 April 2019
When applicable, deadline for finalization of the Discretionary Allocation Period. In the event of a Discretionary Allocation Period, relevant fact announcing the number of Discretionary Allocation Shares subscribed during the Discretionary Allocation Period.	12 April 2019

Activity	Estimated date
Payment by the Participating Entities in Iberclear to Banco Santander, S.A. (in its capacity as Paying Entity) of the New Shares subscribed during the Pre-emptive Subscription Period and, if applicable, Additional Shares Allocation Period.....	12 April 2019
When applicable, payment by the Global Senior Coordinator and the Joint Bookrunner (on behalf of the Underwriting Entities) and the latter acting for and on behalf of the final allottees of the New Shares that were placed during the Discretionary Allocation Period or whose subscription is by the Underwriting Entities in their respective underwriting commitments.....	12 April 2019
Resolution to execute the Capital Increase (“Execution Date”).....	12 April 2019
Execution of the public deed of the Capital Increase.....	12 April 2019
Entry of the public deed of the Capital Increase in the Commercial Registry.	15 April 2019
Relevant fact announcing the execution of the increase agreement, execution and entry of the deed in the Commercial Registration and planned date for trading of the New Shares.	15 April 2019
Registration of the New Shares in Iberclear (share registration).	15 April 2019
Admission to trading of the New Shares by the CNMV and the Spanish Stock Exchanges.	15 April 2019
Execution of the special stock exchange transaction for the transfer of the Discretionary Allotment Shares by the Senior Global Coordinator and Joint Bookrunner to the final recipients and/or the rest of underwriting Entities (for subsequent transfer, where appropriate, to the final holders) (the “Special Stock Exchange Transaction”).....	15 April 2019
Relevant fact announcing the admission to trading of the New Shares.	15 April 2019
Estimated date of trading of the New Shares.	16 April 2019
Liquidation, if applicable of the Stock Exchange Transaction.	17 April 2019

The Company has drawn up the schedule above in light of the most probable dates on which each of the milestones described is estimated to take place. These dates are a mere estimation and there exists no certainty as to whether the activities described will take place on such dates.

Should there be any delay in the planned schedule, the Company will notify the market and the CNMV as soon as possible via a relevant fact announcement.

As soon as the Share Securities Note is approved and registered by the CNMV, Banco Santander, S.A., in its capacity as Agent, in the instructions sent via Iberclear to all the Participating Entities it will inform them of the stages and phases of the processing of the Capital Increase.

B. Pre-Emptive Subscription Period and application for Additional Shares (first round).

The Company shareholders are acknowledged the right to pre-emptive subscription rights of the New Shares under the following terms:

(i) Allocation of the pre-emptive subscription rights.

Pre-emptive subscription rights of the New Shares are available to shareholders of the Company who acquired their shares before 22 March 2019 (day the announcement was published in the BORME —“*Last trading Date*”—) and who appear as shareholders in Iberclear at 23:59 of 26 March 2019 (“*Record Date*”) (the “Shareholders of Record”).

(ii) Pre-emptive subscription rights

Pursuant to the provisions of article 304 of the Spanish Companies Act, the Shareholders of Record may exercise within the Pre-emptive Subscription Period (as defined below) the right to subscribe a number of in proportion to the nominal value of the shares they hold.

With regard to the direct and indirect treasury shares, it is noted that the Company has 1,622,892 own shares as treasury shares, which represent approximately 0.29% of the share capital on the date of this Prospectus. Pursuant to article 148 of the Spanish Companies Law the treasury shares will not enjoy pre-emptive subscription rights. The rights that would have corresponded to these treasury shares shall enhance the remaining shareholders. In order not to alter the calculation of the necessary pre-emptive subscription rights to subscribe New Shares, Prisa shall at 23:59 of the day the announcement of the Capital Increase is published in the BORME have the same number of treasury shares. The Company has no indirect treasury shares.

Below are the calculations for determining the number of subscription rights necessary to subscribe the New Shares:

- Total number of Company shares: 558,406,896
- Number of shares held by Prisa as treasury shares on the registration date of this Share Securities Note: 1,622,892
- Number of shares with a pre-emptive subscription right: 556,784,004
- Number of shares of shareholders who have renounced their right to pre-emptive subscription: 21
- Number of shares with pre-emptive subscription rights which have not been renounced: 556,783,983
- Number of New Shares: 150,243,297
- $\text{New Shares} / \text{Number of shares with pre-emptive subscription rights not renounced} = 150,243,297 / 556,783,983 = 3.70588$

To each Shareholder of Record there will correspond a pre-emptive subscription rights for every share they hold. For every 63 pre-emptive subscription rights 17 New Shares may be subscribed. Thus, to subscribe 17 New Shares when exercising the pre-emptive subscription right at the Subscription Price it will be necessary to hold at least 63 pre-emptive subscription rights.

Each New Share subscribed in the exercise of the pre-emptive subscription right must be subscribed and paid up at the Subscription Price, that is 1.33 euros.

(iii) Transferability of the rights

The pre-emptive subscription rights will be transferable in the same conditions as the shares from which they derive, in accordance with the provisions of article 306.2 of the Spanish Companies Law and be tradable on the Spanish Stock Exchanges.

(iv) Exercising of the rights

The Pre-emptive Subscription Period shall have a duration of fifteen calendar days and shall commence on the day following publication of the announcement of the Capital Increase in the BORME (the “**Pre-emptive Subscription Period**”). The Pre-emptive Subscription Period is planned to commence on 23 March 2019 and end on 6 April 2019, both inclusive. The pre-emptive subscription rights will be traded during the stock market sessions between said dates, the first being on 25 March 2019 and the last on 5 April 2019. The Shareholders of Record who hold at least 63 pre-emptive subscription rights upon termination of this period and third party investors who during the Pre-emptive Subscription Period acquire said rights on the market (the “**Investors**”), may exercise their rights in the necessary proportion to subscribe New Shares.

Any pre-emptive subscription rights not exercised shall be automatically terminated upon completion of the Pre-emptive Subscription Period.

In order to exercise the pre-emptive subscription rights, the Shareholders of Record and the Investors may contact the office of the Participating Entity in whose accounting record the pre-emptive subscription rights are registered (which in the case of the Shareholders of Record will be the Participating Entity in which they have deposited the shares that grant them said rights) indicating their wish to exercise the above-mentioned subscription right.

Orders sent referring to the exercising of the pre-emptive subscription right shall be deemed final, pre-emptive subscription rights and unconditional and may not be revoked or modified by the holders of the pre-emptive subscription rights except when a supplement to the Prospectus is published prior to closing the offer to the public.

(v) Application for Additional Shares.

During the Pre-emptive Subscription Period, the Shareholders of Record who have exercised all the pre-emptive subscription rights they have deposited at the time with the Participating Entity in question and the Investors who acquire pre-emptive subscription rights and exercise them in full, may apply when exercising these rights via the Participating Entity in which they are deposited the subscription of additional New Shares (the “**Additional Shares**”) in the event that upon conclusion of the Pre-emptive Subscription Period there should remain unsubscribed New Shares (the “**Remaining Shares**”) and therefore the maximum subscription amount of this Capital Increase has not been covered.

Orders relating to the application for Additional Shares must be issued for a number of shares or given amount and shall not have a quantitative limit. Orders for a certain amount shall be deemed issued for the number of Additional Shares resulting from dividing the amount requested in euros by the Subscription Price and rounded off to the nearest whole number of Additional Shares.

The Participating Entities shall be responsible for verifying that the Shareholders of Record and the Investors applying for Additional Shares have exercised all the pre-emptive subscription rights they have deposited with the Participating Entity in question.

Although they may not be met in their entirety, orders relating to the application for Additional Shares shall be deemed final, irrevocable and unconditional and may not be revoked nor modified except when a supplement to the Prospectus is published prior to closing the offer to the public.

(vi) Communications of the Participating Entities with the Agent.

During the Pre-emptive Subscription Period, the Participating Entities shall notify, on a daily basis, to Banco Santander, S.A., that it will act as agent for the Capital Increase (the “Agent”), and no later than 17:00, by email the total number of New Shares subscribed in exercise of the pre-emptive subscription right and the total number of Additional Shares applied for, in aggregate terms as from Pre-emptive Subscription Period.

The Participating Entities must inform the Agent on account of the ordering parties and, if applicable, in their own name, the total volume of subscriptions of New Shares made in exercise of the pre-emptive subscription right and separately the total volume of applications to subscribe the Additional Shares no later than 9:00 Madrid time on the fourth business day for the Stock Exchange upon finalisation of the Pre-emptive Subscription Period (that is, foreseeably, on 11 April 2019), in keeping with the operating instructions established by the Agent.

Lastly, the Participating Entities must send to the Agent the swift messages corresponding to the information on the New Shares subscribed during the Pre-emptive Subscription Period and the Additional Shares requested, which must meet the specifications of the Practical Guide on Communications of Depositaries to the Agent for the Treatment of Corporate Events drawn up by AEB-CECA, of 1 September 2017, no later than 9:00 Madrid time of the fourth business day following finalisation of the Pre-emptive Subscription Period (that is, foreseeably on 11 April 2019). The messages must be received by the Agent as set forth in the aforementioned Practical Guide without in any event the Agent being responsible for verifying the integrity and accuracy of the data furnished by the Participating Entities. Solely the Participating Entities shall be responsible for any errors or omissions in the information furnished by the Participating Entities, or defects in the message sent and in general any breach of the provisions of this section by the Participating Entities and the Agent assumes no responsibility whatsoever in this regard.

The Agent may not accept those communications from the Participating Entities which were transmitted on a date or at a time subsequent to that indicated or which do not comply with any of the requisites or instructions as required in this Share Securities Note or in law, without any liability on its part and without detriment to the possible liability of the infringing Participating Entity vis-à-vis the issuers of the orders presented to the Entity on time.

The Subscription Price of the New Shares subscribed during the Pre-emptive Subscription Period must be fully paid up in accordance with the provisions of section 5.1.8 (A) below.

C. Additional Shares Allocation Period (second round).

In the event that upon conclusion of the Pre-emptive Subscription Period there should be Remaining Shares a process will commence for the allocation of Additional Shares in which the Remaining Shares will be distributed among the Shareholders of Record and the Investors who had requested subscription of Additional Shares as indicated below.

The allocation of Additional Shares shall take place on the fourth business day for the Stock Market following the conclusion date of the Pre-emptive Subscription Period (the “**Additional Shares Allocation Period**”). The allocation of Additional Shares is expected to take place on 11 April 2019.

On that date the Agent shall determine the number of Remaining Shares and allocate them to those Shareholders of Record or Investors who requested allotment of the Additional Shares as described in section 5.1.3.(B)(v) above. Under no circumstance will more shares than those requested be allotted to the Shareholders of Record and/or the Investors. The allotment of the Additional Shares is subject to the existence of Remaining Shares following the Pre-emptive Subscription Period.

In the event the number of Additional Shares requested for subscription during the Additional Shares Allocation Period should be equal to or fewer than the number of Remaining Shares these will be allotted to the applicants until their applications are fully covered.

Should the number of Additional Shares requested be greater than the Remaining Shares the Agent shall pro rate them in accordance with the following rules:

- The Remaining Shares shall be allotted proportionally to the volume of Additional Shares applied for using the percentage that the Additional Shares requested by each subscriber represent with regard to the total Additional Shares applied for. This percentage to be used for the proportional allotment should be rounded down to three decimal figures (for example 0.78974 will be rounded down to 0.789).
- As a general rule, in the case of fractions in the allotment, they will be rounded down to the nearest whole number such that there is an exact number of Additional Shares to be allotted to each applicant.
- If after applying the preceding paragraphs there should be Remaining Shares not allotted after rounding off, they shall be distributed one by one, in order of greater to lesser application and should they be equal, by alphabetic order of the Shareholders of Record or Investors according to the first position (and, if equal, the following) of the field “Names and Surnames or Business Name”, whatever its content, which appears in the communications sent by the Participating Entities as from the letter “A”.

The Agent shall inform the Participating Entities through which the respective applications for Additional Shares were made of the number of Remaining Shares allotted to the applicants for Additional Shares during the fourth business day for the Stock Market upon the finalisation date of the Pre-emptive Subscription Period. This communication of the Agent to the Participating Entities is expected to take place on 11 April 2019.

The Remaining Shares allotted to the applicants for Additional Shares shall be deemed subscribed during the Additional Shares Allocation Period.

The Subscription Price of the Remaining Shares allotted during the Additional Shares Allocation Period must be fully paid up in accordance with the provisions of section 5.1.8 (A) below.

D. Discretionary Allocation Period (third round)

In the event that following conclusions of the Additional Shares Allocation Period the shares subscribed during the Pre-emptive Subscription Period together with the Additional Shares requested by subscribers should be insufficient to cover all the New Shares included in this Capital Increase (the shares resulting from the difference between the total New Shares and those subscribed during the Pre-emptive Subscription Period and the Additional Shares Allocation Period shall be named the “**Discretionary Allocation Shares**”), the Agent shall inform the Company and the Joint Global Coordinators and Joint Bookrunners as the entities entrusted with the book-entry record keeping no later than 17:00 Madrid time of the fourth business day for the Stock Exchange upon conclusion of the Pre-emptive Subscription Period (this is foreseeably 11 April 2019).

The Discretionary Allocation Period is estimated to commence at any time subsequent to conclusion of the Additional Shares Allocation Period and to end no later than 09:00 Madrid time on 12 April 2019 (the “**Discretionary Allocation Period**”). Should the Discretionary Allocation Period be opened, the Company will inform the CNMV by announcing a relevant fact.

In the case that during the Pre-emptive Subscription Period and the Additional Shares Allocation Period the entirety of the New Shares be subscribed, the Discretionary Allocation Period will not open and the Agent will inform the Participating Entities no later than 18:00 Madrid time on 11 April 2019.

During the Pre-emptive Subscription Period, the Additional Shares Allocation Period and the Discretionary Allocation Period, the Underwriting Entities shall carry out active promotional and informative activities so as to obtain from potential qualified investors, both national and foreign (in those countries in which local law allows) proposals for subscription for the Underwritten Shares (as defined below).

During the Discretionary Allocation Period’, those persons who qualify as qualified investors in Spain as the term is defined in article 39 of Royal Decree 1310/2005, dated 4 November, and those who are qualified investors outside Spain in accordance with the law applicable in each country such that under the application the subscription and payment of the New Shares does not require registration or approval or is not restricted by the Securities Market Law of the respective jurisdiction, may present proposals for subscription of the Discretionary Allocation Shares to any of the Underwriting Entities.

However, the pre-emptive subscription rights or the New Shares have not been, will not be registered in accordance with the US Securities Law and cannot be offered, sold or exercised directly or indirectly without prior registration or under an exemption from registration under said law. This Prospectus and its component parts shall not be distributed in United States. The offers and sales of New Shares are being made only outside United States in an *Offshore transaction*, as this term is defined in *Regulation S* of the US Securities Law). This document is not an offer or invitation to acquire securities in the United States. No copy of this Prospectus may be sent, communicated or distributed in United States or to persons resident

or physically present in United States in any manner. It will be considered that every investor who acquires pre-emptive subscription rights or New Shares in the Capital Increase hereunder has represented and warranted that it has acquired these pre-emptive subscription rights or New Shares in an *Offshore transaction* as this term is defined in *Regulation S* of the US Securities Law. Additionally, until expiry of the 40-day period from commencement of the Capital Increase an offer or sale of the New Shares in the United States by a *dealer* (regardless of whether they are participating in the Capital Increase) may represent an infringement of the registration requisites under the US Securities Law to the extent such an offer is carried out in another manner not compliant with the above restrictions.

Proposals of subscription shall be final and irrevocable and shall include the number of Discretionary Allocation Shares that each investor is prepared to subscribe at the Subscription Price without detriment to their loss of effect in the event the Underwriting Agreement is terminated.

The Co-Lead Manager must inform the Global Coordinators and Joint Bookrunners no later than 8:00 on the day the Discretionary Allocation Period concludes of any subscription proposals of the Discretionary Allocation Shares received on account of their ordering parties and the total volume of subscription proposals for the Discretionary Allocation Shares submitted. The Global Coordinators and Joint Bookrunners will inform the Company of the aforementioned proposals and the Company will inform of the proposals it has received.

In the event of excess demand for Discretionary Allocation Shares, the Joint Global Coordinators and Joint Bookrunners after consulting with the Company shall determine the final allocation of these shares among the applicants. No subscription proposal may be rejected if this signifies that the Underwriting Entities must meet their underwriting commitments.

Once the allocations of the Discretionary Allocation Shares have been communicated to investors, their proposals shall automatically convert to final subscription orders unless the Underwriting Agreement is terminated in which case they will be revoked.

As described in section 5.4.3 of this Share Securities Note, on 20 March 2019 Prisa, as the issuer, signed an underwriting agreement with the Underwriting Entities relating to the underwriting of the “**Underwritten Shares**”, (the “**Underwriting Agreement**”). The Underwritten Shares are a total of 86,442,059 New Shares, of a maximum of 150,243,297 shares to be issued as part of the Capital Increase.

The percentage of Shares Underwritten by the Underwriting Entities represent 57.535% of the Capital Increase while the shares subject to irrevocable subscription commitments and statements of interest of the significant shareholders represent 42.465% of the Capital Increase.

Moreover, by virtue of the Underwriting Agreement, the Senior Global Coordinator and the Joint Bookrunner have committed to pre-funding the number of Discretionary Allocation Shares which do not exceed the number of Underwritten Shares and which had been placed during the Discretionary Allocation Period.

Therefore:

- (i) The Senior Global Coordinator and the Joint Bookrunners undertake, on behalf of the Underwriting Entities, in proportion to their underwriting commitment and acting for and on behalf of their commitments and final allottees, to prefund the number of Discretionary Allocation Shares that does not exceed the number of Underwritten Shares and which were placed during the Discretionary Allocation Period under the terms provided in section 5.1.8 below.
- (ii) In the event that following the Discretionary Allocation Period the sum of New Shares subscribed by Shareholders of Record and by Investors during the Pre-emptive Subscription Period and in the Additional Shares Allocation Period and, if applicable, by qualified investors Spanish or foreign, in the Discretionary Allocation Period should be fewer than the total New Shares, the Senior Global Coordinator and Joint Bookrunner undertake to subscribe and pay on their own behalf and on behalf of the Underwritten Entities, the Underwritten Shares whose subscription is required by their respective underwriting commitments.

Full payment of the Subscription Price of each New Share subscribed during the Discretionary Allocation Period must be made in accordance with the provisions of section 5.1.8 (A) below.

Without detriment to the above provisions, if upon conclusion of the Additional Shares Allocation Period there should exist Discretionary Allocation Shares, the Joint Global Coordinators and Joint Bookrunners may elect no early opening or closing of the Discretionary Allocation Period in which case the Underwriting Entities shall directly subscribe the Underwritten Shares at the Subscription Price in proportion to their underwriting commitment.

5.1.4 Indication of when and under what circumstances the offer may be revoked or suspended and whether the revocation may occur once trading has commenced.

No cause for withdrawal or revocation of the Capital Increase referred to in this Share Securities Note is provided apart from those which may arise from the application of the law or the fulfilment of a court or administrative order or as provided below.

It is noted that the Underwriting Agreement may be terminated (thereby resolving the underwriting and prefunding obligations provided) in the event that at any time from 20 March 2019 and until registration of the public deed of the Capital Increase with the Commercial Registry (foreseeably on 15 April 2019, in accordance with the planned schedule) any termination should take place in accordance with the terms and conditions of the Underwriting Agreement and as described in section 5.4.3 below, with the consequences described therein. In the period between the execution of the public deed of the Capital Increase and its registration with the Commercial Registry, the Global Coordinators and Joint Bookrunners may only terminate the Underwriting Agreement if the termination occurs or is known during that period.

In addition, the underwriting and prefunding obligations of the Underwriting Entities under the Underwriting Agreement are subject to meeting several conditions precedent – see section 5.4.3 of this Securities Note - which must be met no later than 9:00 Madrid time of the Execution Date (the “**Prefunding Time**”) (scheduled for 12 April 2019), or, where appropriate, no later than registration of the public deed of the Capital Increase with the

Commercial Registry, (on 15 April 2019, in accordance with the planned schedule). Otherwise, and save waiver by the Global Coordinators and Joint Bookrunners of the compliance with the referred conditions, the underwriting and prefunding obligations of the Underwriters shall not enter into effect in case such conditions are not met, event that would lead to publication of a supplement under the leggally applicable terms.

Termination of the Underwriting Agreement or its failure to come into effect if a Condition precedent is not complied with between the registration date of the CNMV of the Share Securities Note and the definitive closing of the offer to the public (thus nullifying (i) subscription applications for Discretionary Allocation Shares made and the commitment to acquire the Discretionary Allocation Shares by the Underwriting Entities by virtue of fulfilling their underwriting commitment, together with (ii) in certain cases, the shareholders' subscription commitments as described in section 5.2.2 of the Securities Note, shall be considered a significant factor that requires publication of a supplement and the resulting opening of a period for the revocation of orders or applications for subscription made prior to publication of the supplement by virtue of which, for a period no shorter than two business days as from publication, the Shareholders of Record and Investors may revoke their subscription orders in accordance with article 16 of Directive 2003/71/EC of the European Parliament and Council of 4 November 2003, of the Prospectus that is to be published in the event of a public offer or admission to trading of securities and which modifies Directive 2001/34/EC and article 40 of Royal Decree 1310/2005, dated 4 November. The definitive closure of the offer to the public will be the time of registration of the public deed of the Capital Increase in the Commercial Registry.

The termination of the Underwriting Agreement will be notified by the Company by means of a relevant fact as soon as it occurs. In this regard, it should be taken into consideration the provisions of the risk factor of the issuer (A) (ii) for the possible consequences of terminating the Underwriting Agreement.

5.1.5 Description of the possibility of reducing subscriptions and form of returning the excess amount of the sum paid by the applicants.

No possibility of reducing the subscriptions during the Pre-emptive Subscription Period has been provided for. However, the maximum number of Additional Shares subscribed by the Shareholders of Record and the Investors will depend on the number of Remaining Shares and the rules for allocation of Remaining Shares as described in section 5.1.3 above.

As described in greater detail in section 5.1.8 below, the Participating Entities and the Underwriting Entities accordingly may request subscribers make a provision of funds in the amount corresponding to the Subscription Price of the Additional Shares and, if applicable, the Discretionary Allocation Shares respectively. Should the number of Additional Shares finally allocated to each applicant be fewer than the number of Additional Shares requested or should the subscription proposal of Discretionary Allocation Shares made by the applicant not be fulfilled in whole or in part, the Participating Entity or Underwriting Entity, accordingly, must return to the applicant, free from any expense or fee, the amount of the provision of funds or the amount corresponding to the excess of that not allocated in accordance with the procedures applicable to these entities. Should any delay in the return occur, the Participating Entity or the Underwriting Entity shall pay the late payment interest at the legal interest rate

in effect which shall accrue as from the date on which the return was to occur until it effectively occurs.

However, investors may revoke their subscription orders in the cases and under the terms indicated in section 5.1.4 above.

5.1.6 Details of the minimum and/or maximum amount of the application (either by number of securities or total amount of the investment).

The number of New Shares which during the Pre-emptive Subscription Period can be subscribed by the Shareholders of Record and/or the Investors shall be the result of applying the ratio of 17 New Shares for every 63 pre-emptive subscription rights, with one pre-emptive subscription right corresponding to each existing share of the Company.

In addition, the subscribers of New Shares who have applied for Additional Shares during the Pre-emptive Subscription Period may subscribe Additional Shares under the terms indicated in section 5.1.3 above. The maximum number of Additional Shares that can be subscribed by the shareholders and investors will depend on the number of Remaining Shares and the rules for allocation of Remaining Shares as described in section 5.1.3 above.

During the Discretionary Allocation Period there will be no minimum or maximum number for subscription proposals by investors nor for subscriptions by the Underwriting Entities during the course of their underwriting commitment, without detriment to the number of Underwritten Shares they are committed to subscribe. The effective number of Discretionary Allocation Shares which can be subscribed during the Discretionary Allocation Period shall depend on the number of New Shares pending subscription after the Additional Allocation Period.

5.1.7 Indication of the term during which applications may be withdrawn, provided said withdrawal is permitted to investors.

Subscription orders of shares made during the Pre-emptive Subscription Period and, if applicable, the subscription applications during the Additional Shares Allocation Period shall be considered final subscription orders and will therefore be irrevocable, without detriment to the aforementioned applications for Additional Shares not being fulfilled in their entirety by application of the allocation rules for Remaining Shares described in 5.1.3 above.

Moreover, subscription proposals for Discretionary Allocation Shares shall be equally final and irrevocable, except in the event the Underwriting Agreement is terminated or does not come into effect due to the non-fulfilment of any of the conditions precedent to which it is subject. In such cases, subscription proposals for Discretionary Allocation Shares shall be automatically revoked.

5.1.8 Method and terms for the payment of the securities and for delivery of same.

E. Payment of the shares

(i) New Shares subscribed during the Pre-emptive Subscription Period.

Payment in full of the Subscription Price of each New Share subscribed during the Pre-emptive Subscription Period must be made by subscribers at the time of subscribing the New Shares (that is, when issuing the subscription order) and via the Participating Entities of Iberclear via which their subscription orders were sent.

In accordance with the planned schedule, the Participating Entities to which subscription orders for New Shares were sent shall pay the amount corresponding to payment of the New Shares subscribed during the Pre-emptive Subscription Period to the Agent via the means made available by Pre-emptive Subscription Period such that they are received by the Company no later than 08:30 Madrid time on 12 April 2019, with value date on the same day.

(ii) New Shares subscribed during the Additional Shares Allocation Period

Payment in full of the Subscription Price of each New Share subscribed during the Additional Shares Allocation Period shall be no later than 08:30 Madrid time on 12 April 2019 via the Participating Entities to which the subscription orders for the Additional Shares were sent. Applications for Additional Shares which are not paid up as described shall be deemed not sent.

without detriment to above, the Participating Entities may request subscribers produce a provision of funds for the sum of the Subscription Price of the Additional Shares requested. Should the number of Additional Shares finally allocated to each applicant be fewer than the number of Additional Shares requested, the Participating Entity must return to the applicant, free from any expense or fee, the sum corresponding to the provision of funds or the excess of that not allotted, whose value date is the business day following finalisation of the Additional Shares Allocation period, in accordance with the procedures applicable to these Participating Entities. Should any delay in the return occur, the Participating Entity shall pay the late payment interest at the legal interest rate in effect which shall accrue as from the date on which the return was to occur until it effectively occurs.

The Participating Entities to which subscription orders for Additional Shares were sent shall pay the amount corresponding to payment of these via the means made available by Iberclear such that they are received by the Company no later than 08:30 Madrid time on 12 April 2019, with value date on the same day.

(iii) New Shares subscribed during the Discretionary Allocation Period

Payment in full of the Subscription Price of the Discretionary Allotment Shares must be made by the final allottee investors no later than the Settlement Date (as this term is defined later in this section) without detriment to the prefunding provided for in this section.

The Underwriting Entities which receive subscription applications for the Discretionary Allocation Period may require from applicants a provision of funds to ensure payment of the price of the Discretionary Allotment Shares which are allocated. Should the subscription proposal be rejected, they must return to the applicants the provision of funds free from any expense or fee with a value date on the business day following conclusion of the Discretionary Allocation Period. In the case of partial selection of a subscription proposal, the return of the provision of funds shall affect only that part of the subscription proposal not selected. Should any delay in the return occur, the Underwriting Entity shall pay the late payment interest at the legal interest rate in effect which shall accrue as from the date on which the return was to occur until it effectively occurs.

For merely operational reasons and with a view to the New Shares being admitted to trading on the Spanish Stock Exchanges within the shortest time possible, prior to executing and registering the public deed of the capital increase in the Commercial Register, the Senior

Global Coordinator and Joint Bookrunner, acting for and on behalf of the Underwriting Entities in proportion to their respective underwriting commitments and acting on behalf of the final allottees, have undertaken vis-à-vis the Company to advance payment of the amount corresponding to the number of Discretionary Allotment Shares subscribed during the Discretionary Allocation Period which does not exceed the number of Underwritten Shares (the “**Prefunded Shares**”), within the limits indicated in section 5.4.3 below and to subscribe and pay up said Prefunded Shares in the amount and proportion provided in the Underwriting Agreement also within the said limits. The sum prefunded must be received by the Company without any deduction of fees or expenses no later than the Prefunding Time (9:00 Madrid time) on 12 April 2019.

This payment will be made with the same value date and a single time via a movement of funds order. The total amount corresponding to payment of the Prefunded Shares shall be deposited in the bank account open in the name of the Company.

Assuming the execution of the public deed of the Capital Increase and its registration with the Commercial Registry no later than 15 April 2019, the admission to trading of the New Shares on the Spanish Stock Exchanges is planned to take place, in accordance with the estimated schedule, on 15 April 2019 via the Automated Quotation System (Continuous Market) that on the first day of trading of the New Shares be the 16 April 2019 and that, if necessary, the settlement of the New Shares allocated during the Discretionary Allocation Period (via the Stock Exchange Transaction) should take place, in accordance with the estimated schedule, on 17 April 2019 (the “**Settlement Date**”).

B. Delivery of the New Shares

After payment of the Capital Increase and the issuance of the certificate or certificates evidencing the deposit of the funds corresponding to the entirety of the New Shares subscribed, on the same Execution Date the Capital Increase will be declared closed and subscribed by the Board of Directors or by proxy, the delegated committee, the chief executive officer or the president of the board – or, if applicable, by the person(s) designated by the latter- and the Company shall then execute the deed of the Capital Increase for its subsequent presentation and registration with the Commercial Registry of Madrid.

Once registered, which is estimated to occur on 15 April 2019, the capital increase deed will be delivered to the CNMV, to Iberclear and to the Stock Exchanges. Moreover, Prisa undertakes to apply for admission to trading of the New Shares on the Spanish Stock Exchanges. The New Shares issued as a result of the exercise of the pre-emptive subscription or allocation rights during the Additional Shares Allocation Period or the Discretionary Allocation Period shall be registered in Iberclear as soon as possible following registration of the Capital Increase deed with the Commercial Registry of Madrid.

Iberclear shall inform the Shareholders of Record and the Investors of the references of the book-entries corresponding to their respective positions of New Shares subscribed during the Pre-emptive Subscription Period and the Additional Shares Allocation Period via the members of Iberclear. Iberclear shall inform the Senior Global Coordinator and Joint Bookrunner of the references of the book-entries relating to the Prefunded Shares paid up by each one, if any. It is expected that via Special Stock Exchange transactions as defined in Royal Decree 1416/1991, dated 27 September on special stock exchange transactions and off-

stock exchange transfers of listed securities and weighted average changes, the Senior Global Coordinator and the Joint Bookrunner will transfer the Prefunded Shares to the end investors, or the case maybe, to the Underwriting Entities in proportion to their underwriting commitments.

It is expected that the execution of the stock exchange transaction described will take place on 15 April 2019. In turn, the Underwriting Entities must send to the Agent HTITUEA files with the information on the final allottees of the shares corresponding to the Discretionary Allocation Period that must meet the specifications of the Practical Guide on Communications of Depositaries to the Agent for the Treatment of Corporate events prepared by the AEB-CECA, dated 1 September 2017, no later than 17:30 Madrid time on the date the stock exchange transaction described above is executed.

Following the transfer of the New Shares allocated during the Discretionary Allocation Period by the Underwriting Entities to the final investors, the Agent will submit to Iberclear via the Spanish Stock Exchanges the information on the entities which have been allocated New Shares such that registration is made in accordance with the information furnished by the Underwriting Entities.

Notwithstanding the above, it is noted that the terms indicated above in this section may not be met and therefore execution of the transactions described may be delayed.

Each subscriber of the New Shares shall have the right to obtain from the Participating Entity with which it processed the subscription, a signed copy of the subscription form with the content required by article 309 of the Spanish Companies Act.

The New Shares will be entered in the central registry of New Shares once the Capital Increase has been registered with the Commercial Registry. The same day of registration with the central registry of Iberclear the Participating Entities shall make the relevant entries in their accounting records in favour of those investors who subscribed New Shares.

The new shareholders will be entitled to obtain from the Participating Entities with which the New Shares are registered the ownership certificates for said shares, as provided in Royal Decree 878/2015, dated 2 October. The Participating Entities shall issue these certificates before the end of the business day for stock exchanges following that on which the subscribers requested them.

5.1.9 Full description of the manner and date on which the results of the offer must be made public.

The Company will announce the result of the Pre-Emptive Subscription process and allocation of Additional Shares by publishing the relevant fact on approximately 11 April 2019, indicating the opening or otherwise of the Discretionary Allocation Period. Should this occur, the result of the Capital Increase will be announced upon conclusion of the Discretionary Allocation Period (that is, on or before 12 April 2019).

5.1.10 Procedure for exercising any pre-emptive acquisition right, the negotiability of subscription rights and treatment of non-exercised subscription rights.

F. Holders

Shareholders of Record shall have a pre-emptive subscription right together with those investors who having acquired them during the Pre-emptive Subscription Period holder pre-emptive subscription rights over the New Shares.

The business day for the Stock Exchange following the *Record Date* (that is, the *Payment Date*), planned as 27 March 2019, Iberclear shall proceed to pay into the accounts of its Participating Entities the pre-emptive subscription rights of each one, notifying them as necessary such that they in turn make the payments into the accounts of the Shareholders of Record.

C. Negotiability

The pre-emptive subscription rights will be transferable in the same conditions as the New Shares from which they derive, in accordance with the provisions of article 306.2 of the Spanish Companies Law and be negotiable on the Spanish Stock Exchanges.

D. Non-Exercised Subscription Rights

Any non-exercised subscription rights shall be automatically terminated upon completion of the Pre-emptive Subscription Period.

E. Theoretical value of the pre-emptive subscription right

Taking the value of Prisa shares, prior to the Capital Increase, that of 1,758 euros per share (closing Prisa share price on the Madrid Exchange on 20 March 2019), the theoretical value of the pre-emptive subscription rights of the New Shares would be 0.091 euros, as derived from the formula below:

$$VTD = \frac{(COT - PRE) \times NAE}{NAP + NAE}$$

Where:

- TERP: Theoretical ex-right price
- Closing share price: Changes in closing price of Prisa shares on the Continuous Market at 20 March 2019 (that is, 1.758 euros per share).
- PRE: Subscription Price (1.33 euros).
- Number of shares before capital increase: Number of shares before the Capital Increase (558,406,896 ordinary shares).
- Maximum number of shares in CI: Maximum number of shares to be issued in the Capital Increase (150,243,297 ordinary shares).

The pre-emptive subscription rights shall be freely negotiable without the market value assigned to such rights being able to be indicated in advance.

5.2 Distribution and allotment plan.

5.2.1 The different categories of potential investors to whom the securities are offered. Whether the offer is made simultaneously on the markets of two or more countries and whether a tranche has been or will be reserved for certain countries, indicate the tranche.

The Capital Increase is aimed at Shareholders of Record together with Investors and, should New Shares remain without being subscribed upon conclusion of the Additional Shares Allocation Period (the Remaining Shares), to any qualified investors be they Spanish or foreign.

Warning to investors: The information included in this Prospectus (i) must not be published or distributed to persons resident in Australia, Canada, United States of America, Japan, South Africa or any other country in which the distribution of such information is restricted by law; and (ii) does not constitute any offer for sale, nor call for securities acquisition offers in Australia, Canada, United States of America, South Africa nor any other country in which such an offer or request of this nature is illegal. The pre-emptive subscription rights and the New Shares have not been nor will be registered in accordance with the United States Securities Act in its current wording (the "Securities Act") nor in accordance with the law of the securities market of any state or other jurisdiction of the United States of America. The pre-emptive subscription rights and New Shares may only be offered, sold, exercised or transfer in any other manner (i) in the United States of America to persons who may be reasonably be considered qualified institutional buyers, QIBs, as defined in Rule 144A of the Securities Act, as provided in Section 4(a)(2) of the Securities Act, and which refer to the corresponding letter to Prisa, or (ii) outside the United States of America in offshore transactions, as provided in Regulation S of the Securities Act.

The authorised financial intermediaries must not accept any exercise of the pre-emptive subscription rights or applications for subscription of New Shares for the Capital Increase by clients domiciled in the United States of America except in the aforementioned exceptions. Any envelope containing a subscription application which is sealed (either physically, by fax or electronically) in the United States of America shall not be accepted and the Subscription Price shall be returned without interest.

without detriment to the above, Prisa reserves the right to make exceptions to such limitations should it consider all the legal requisites have been met.

5.2.2 To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.

The following significant shareholders have irrevocably committed to subscribing during the Pre-emptive Subscription Period by exercising their pre-emptive subscription rights the number of New Shares indicated below in the Terms and Conditions described, without detriment to being subject to the Securities Market Law applicable and in particular the provisions of Royal Decree 1310/2005, dated 4 November:

- Amber Capital UK LLP, as discretionary investment manager of the investment funds through which it holds Prisa shares, has undertaken to subscribe approximately 27.096% of the New Shares.
- FCapital Lux S.a.r.l. has undertaken to subscribe approximately 4.037% of the New

Shares.

- Banco Santander, S.A. has undertaken to subscribe approximately 4.795% of the New Shares.

The above irrevocable commitments represent approximately 35.928% of the New Shares.

In addition, International Media Group S.a.r.l. states its intention to subscribe approximately 6.538% of the New Shares, subject to the Capital Increase being approved under satisfactory terms.

Consequently, the Company has received irrevocable commitments and statements of interest for approximately 42.465% of the New Shares.

The percentages reflect the number of New Shares that correspond to the subscription undertakings and the statements of intent, in attention to the exchange ratio between the number of New Shares that can be subscribed (17) with each pre-emptive right (63).

In any event, the aforementioned shareholder shall receive no privileged treatment with regard to the other shareholders of the Company in the Offer, the subscription of the New Shares or cases of revocation.

5.2.3 Pre-allotment disclosure:

Not applicable.

5.2.4 Process for notifying applicants of the allotted amount and indications of whether trading may commence before notice is given.

See section 5.1.3 above of this Share Securities Note.

5.2.5 Over-allotment and “green shoe”.

Not applicable.

5.3 Prices

5.3.1 Indication of the price at which the securities will be offered. If the price is not known or if there is no established and/or liquid market for the securities, indicate the method for determining the offer price, including a statement as to who has set the criteria or is formally responsible for the determination. Indication of the amount of all the expenses and tax charged specifically to the subscriber or purchaser.

Under the delegation approved by the The Board of Directors on 12 March 2018, in the exercise of the powers attributed by the Ordinary General in the exercise of the powers attributed by virtue of the delegation conferred by the Ordinary General Shareholders' Meeting held on 25 April 2018 Meeting held on 25 April 2018, the Chief Executive Officer determined the Subscription Price of the New Shares by determining the rate or issue price of the New Shares by fixing the share premium at 0.39 euros per share and a unit share premium of 1.33 euros per New Share.

The Company shall apply no expenses to subscribers of the New Shares. Investors in the Capital Increase shall bear no expenses for the first entry of the New Shares in the accounting records of Iberclear or its Participating Entities. However, the Participating Entities which keep accounts of the holders of the securities of Prisa shares may establish, under current law

and the chargeable published in its Prospectuses of fees and expenses reported to the Bank of Spain and the CNMV in respect of administration as they may freely set for maintaining the securities in the accounting records.

Moreover, Prisa and the remaining Participating Entities via which the subscription is made may establish in accordance with the law the chargeable fees and expenses for processing the securities subscription and purchase and sale orders of the pre-emptive subscription rights as freely determined.

The above shall apply without detriment to the specialities that may exist in other jurisdictions in accordance with the provisions of their legal systems.

5.3.2 Process for disclosure of the offer price.

See section 5.3.1 above.

5.3.3 If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.

No statement is necessary as no pre-emptive subscription rights in relation with the New Shares for the Capital Increase has been excluded.

5.3.4 Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.

The members of the Board of Directors of the Company and the management or supervisory bodies or senior management or persons closely affiliated who subscribe New Shares shall do so at the Subscription Price.

The Company shares acquired during the past year by the members of the Board of Directors of the Company or the management or supervisory bodies or senior management of the Company or persons closely affiliated to them have been acquired under market conditions or in accordance with the remuneration plans whose application was authorised by the general meeting of the Company.

5.4 Distribution and underwriting.

5.4.1 Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.

Banco Santander, S.A., with registered offices in Paseo de Pereda, 9-12, 39004 Santander (Cantabria), España, as Senior Global Coordinator and Joint Bookrunner, and Morgan Stanley & Co. International plc, with registered offices in 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom, as Global Coordinator and Joint Bookrunner, acting as Global Coordinators and Joint Bookrunners of the Capital Increase.

Likewise, Alantra Capital Markets, S.V., S.A., with registered offices in calle José Ortega y Gasset, 29, 28006 Madrid, España, acting as Co-Lead Manager.

The Co-Lead Manager and the Global Coordinators and Joint Bookrunners will act jointly as Underwriting Entities of the Capital Increase.

5.4.2 Name and address of any paying agents and depository agents in each country.

Banco Santander, S.A. acts as Agent of the Capital Increase.

The New Shares will be represented by book entries. The entities entrusted with the accounting record will be Iberclear and its Participating Entities.

5.4.3 Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.

The entities identified in section 5.4.1 above act as Underwriting Entities with regard to the Capital Increase.

On 26 February 2019, within the Santillana purchasing framework, Banco Santander, S.A. subscribed the Volume Put with the Company, an agreement in virtue of which the commitment to underwrite the Capital Increase is made up to a maximum amount of EUR 200 million for an issue price that will be determined in the appropriate underwriting agreement, and subject to the habitual terms for this type of document.

On 20 March 2019, an Underwriting Agreement was signed between the Company as issuer and the Underwriting Entities. The Volume Put was terminated after the Company entered into the Underwriting Agreement.

As mentioned above, the Underwriting Entities underwrite a total of 86,442,059 New Shares.

In the event the underwriting commitment towards the Company by the Underwriting Entities (whose terms are described below) did not or should cease to be in effect and all the New Shares were not fully subscribed during the Pre-emptive Subscription Period and during the Additional Shares Allocation Period, —and without detriment to the opening of the revocation period resulting from the publication of a supplement as a consequence of the termination of the Underwriting Agreement or of the failure to enter into effect the underwriting and prefunding obligations of the Underwriting Entities for failing to comply with the conditions precedent to which they are bound—, the share capital of the Company would be increased solely in the amount of the subscriptions made and therefore there would exist an incomplete subscription as considered in article 311 of the Spanish Companies Act.

The main terms of the Underwriting Agreement are as follows:

G. Underwriting Commitment

The entirety of the Underwritten Shares, that is, a total of 86,442,059 New Shares, are underwritten by the Underwriting Entities under the Underwriting Agreement which includes the commitment of the Underwriting Entities to subscribe in their name and on their account

and to pay up the Underwritten Shares as fund the indicated in sections 5.1.3.D and 5.1.8.(iii) above. The total number of Underwritten Shares corresponding to 57.535% of the New Shares shall be called the “Total Underwriting Commitment”. The number of Underwritten Shares by each Underwriting Entity and its share of the Total Underwriting Commitment are as follows:

Underwriting Entity	Underwritten New Shares	
	(in number)	(as %) ⁽¹⁾
Banco Santander, S.A.	60,126,270	69.557%
Morgan Stanley & Co. International plc	15,037,594	17.396%
Alantra Capital Markets, S.V., S.A.	11,278,195	13.047%
Total Underwriting Commitment	86,442,059	100.00%

Notes:
 (1) The percentages have been calculated on the total amount of Underwritten Shares.

The underwriting commitment of each Underwriting Entity in proportion to its share of the Total Underwriting Commitment shall be reduced by the number of Underwritten Shares subscribed and paid up during the Pre-emptive Subscription Period, the Additional Shares Allocation Period and the Discretionary Allocation Period. This shall apply without detriment to the prefunding obligations of the Prefunded Shares assumed by the Senior Global Coordinator and Joint Bookrunner.

Therefore, in the event that 100% of the Underwritten Shares were subscribed and paid up in the three periods mentioned, the Underwriting Entities shall be released from their underwriting commitments.

Moreover, by virtue of the Underwriting Agreement, the Senior Global Coordinator and Joint Bookrunner have undertaken to prefund 100% of the Prefunded Shares.

Therefore:

- a. The Senior Global Coordinator and Joint Bookrunner undertakes, acting for and on behalf of the Underwriting Entities in proportion to their underwriting commitment and acting for and on behalf of the final allottees, to prefund the number of Discretionary Allocation Shares that does not exceed the number of Underwritten Shares and which were placed during the Discretionary Allocation Period.
- b. In the event that following the Discretionary Allocation Period the sum of New Shares subscribed by Shareholders of Record and by Investors during the Pre-emptive Subscription Period and in the Additional Shares Allocation Period and, if applicable, by qualified investors Spanish or foreign, in the Discretionary Allocation Period should be fewer than the total New Shares, the Senior Global Coordinator and Joint Bookrunner undertakes to subscribe and pay on their own behalf and on behalf and for the Underwriting Entities, the Underwritten Shares whose subscription is required by their respective underwriting commitments.

In the event it is decided not to open the Discretionary Allocation Period, the Underwriting Entities shall directly subscribe the Underwritten Shares in their own name and in proportion

to their underwriting commitment at the Subscription Price. Payment of the Discretionary Allotment Shares shall be made in accordance with section 5.1.8 above.

The underwriting obligations assumed by the Underwriting Entities are several in nature. without detriment to the above, should an Underwriting Entity be in breach of its underwriting obligations, the other Underwriting Entities shall be under the obligation to underwrite the Underwritten Shares of the non-performing Underwriting Entity up to the limit of 10% of the total underwriting. The non-performing Underwriting Entity shall receive no underwriting fee with regard to the Underwritten Shares affected by the breach. In the event the breach of the Underwriting Entity in question represents a sum greater than the 10% mentioned, this shall not entail termination of the Underwriting Agreement although the other Underwriting Entities shall not be obliged to assume the excess of the said 10% of total underwriting.

By agreement with the Company (which shall not be denied or withheld unjustifiably such that it harms the capacity of the Underwriting Entities to carry out this assignment) the Underwriting Entities may assign to other entities in whole or in part their underwriting commitments without detriment to their continued liability to Prisa for the Underwritten Shares under the terms of the Underwriting Agreement.

F. Commission

In remuneration for the services rendered under the Underwriting Agreement, Prisa shall pay the following commission provided that the underwriting and prefinancing obligation have entered into force and that the Underwriting Agreement has not been terminated due to any of the causes provided in section C) below:

- (a) To the Underwriting Entities, an underwriting commission of 2% of the result of multiplying the Total Underwriting Commitment by the Subscription Price. This underwriting commission shall be distributed among the Underwriting Entities pro rated by their share of the Total Underwriting Commitment.
- (b) To the Underwriting Entities, a success fee of up to 1% of the result of multiplying the Total Underwriting Commitment by the Subscription Price. This underwriting commission will be shared among the Underwriting Entities, on a pro rata basis of their participation in the Total Underwriting Commitment.

G. Causes of termination and conditions precedent

The Underwriting Agreement may be terminated by a decision of the Global Coordinators and Joint Bookrunners in the event that at any time as from its signature and until registration of the public deed of the Capital Increase with the Commercial Registry (on 15 April 2019, in accordance with the planned schedule) one of the following occurs:

- (a) A breach of the representations and warranties given by the Company in the Underwriting Agreement, or if any of these representations and warranties are or no longer correct or true, or material breach by the Company of its obligations under the Underwriting Agreement; or
- (b) Suspension or revocation by the CNMV or other authority of any approval necessary for the Capital Increase or the offer; or

- (c) Occurrence of any material adverse change for the Company; or
- (d) Suspension of trading of the Company shares on the Spanish Stock Exchanges, (i) more than 24 consecutive hours during the first 13 calendar days of the Pre-emptive Subscription Period, or (ii) more than six consecutive hours from the penultimate calendar day of the Pre-emptive Subscription Period until the Execution Date; or
- (e) General suspension of commercial banking activities declared by the competent authorities in the European Union, Spain, United Kingdom, United States or the State of New York or a material alteration of the commercial banking activities or securities settlement and clearance of the European Union, Spain, United Kingdom, United States or the State of New York; or
- (f) Material suspension or restriction of general securities trading on any of the Spanish Stock Exchanges or the New York Stock Exchange, a change or event that may give rise to a potential change in the financial, political or economic conditions, national or international, any financial markets or exchange rates or controls or the occurrence or aggravation of hostilities or acts of terrorism, declarations of national emergency, war or martial law, or any conflict of a similar nature, whose effect individually or in conjunction with any other in the opinion of the Global Coordinators and Joint Bookrunners, that the Capital Increase cannot or should not be carried out under the terms provided in this Prospectus and in the Underwriting Agreement;

Should the Discretionary Allocation Period have been opened and the Underwriting Agreement were terminated, the expressions of interest or subscription orders of the Discretionary Allotment Shares shall be revoked automatically and the procedure shall be as follows:

- (i) If the Underwriting Agreement is terminated on or before 9:00 Madrid time on the day the announcement of the Capital Increase is published in the BORME (which is expected to occur on 22 March 2019), Prisa may decide not to carry out the Capital Increase or alternatively to continue without underwriting.
- (ii) If the Underwriting Agreement is terminated later than 9:00 Madrid time on the day the announcement of the Capital Increase is published in the BORME (which is expected to occur on 22 March 2019) and before the Senior Global Coordinator and Joint Bookrunners have paid the amount corresponding to the Prefunded Shares, the subscription proposals sent by qualified investors during the Discretionary Allocation Period regardless of whether they are allocated New Shares (either to them or to any of the Underwriting Entities in compliance with their respective underwriting commitments) shall be deemed revoked and terminated and Prisa may decide not to carry out the Capital Increase or alternatively to continue without underwriting. In the first case, the Company will return to the Shareholders of Record and Investors via the Agent the price of the Shareholders of Record they have paid. Should it continue with the Capital Increase in the absence of underwriting – and without detriment to the opening of a revocation period arising from the publication of the supplement that entails termination of the Underwriting Agreement - if the amount of the New Shares subscribed by the Shareholders of Record and the Investors during the Pre-emptive Subscription Period and the Additional Shares Allocation Period are not sufficient to

cover all the New Shares, Prisa shall declare the subscription incomplete and the share capital of the Company will be increased in the amount of the subscriptions made.

- (iii) If the Underwriting Agreement is terminated after the Senior Global Coordinator and Joint Bookrunners have paid up the amount of the Prefunded Shares on the date the termination takes place the Company shall instruct the Agent to return said amount to the Senior Global Coordinator and Joint Bookrunners immediately. In this case, Prisa may decide not to carry out the Capital Increase or alternatively continue with same without underwriting. In the first case, the Company will return to the Shareholders of Record and Investors via the Agent the price of the Shareholders of Record they have paid. Should it continue with the Capital Increase in the absence of underwriting – and without detriment to the opening of a revocation period arising from the publication of the supplement that entails termination of the Underwriting Agreement - if the amount of the New Shares subscribed by the Shareholders of Record and the Investors during the Pre-emptive Subscription Period and the Additional Shares Allocation Period are not sufficient to cover all the New Shares, Prisa shall declare the subscription incomplete and the share capital of the Company will be increased in the amount of the subscriptions made.

In addition, the underwriting and pre-funding obligations of the Underwriting Entities are subject to compliance, prior to the Prefunding Time (that is, 9:00 Madrid time) of the Execution Date (planned for 12 April 2019) or no later than the entry of the public deed of the Capital Increase in the Commercial Registry (on 15 April 2019, in accordance with the planned schedule), of several conditions precedent consisting of (i) that none of the subscription commitments signed by the Company shareholders referred to in section 5.2.2 of the Share Securities Note have not been unfulfilled; (ii) that all the permits, waivers and other authorisations and/or approvals have been obtained to carry out the acquisition of Santillana, in accordance with the Sale and Purchase Agreement, and for the income obtained from the Capital Increase be used as described in section 3.4 —*Reasons for the offer and use of the proceeds*—, that is, to part fund the Santillana Acquisition; (iii) that the Sale Purchase Agreement has not been terminated; (iv) and other habitual uses in this type of transaction such as, for example, delivery to the Underwriting Entities of legal opinions from the legal advisors, the delivery of comfort letters to the Underwriting Entities from the Company Auditors regarding certain financial data from the Prospectus; the delivery to the Underwriting Entities of certificates issued by the Company relating to compliance with the Underwriting Agreement and with regard to certain financial data of the Prospectus that the Prospectus has been approved, that all the necessary authorisation has been obtained to carry out the Capital Increase or that no supplement to the Prospectus has been published. Otherwise, and save waiver by the Global Coordinators and Joint Bookrunners of the compliance with the referred conditions, the underwriting and prefunding obligations of the Underwriters shall not enter into effect in case such conditions are not met, event that would lead to publication of a supplement under the legally applicable terms.

H. Restrictions applicable to the Underwriting Entities

The Underwriting Entities have undertaken to comply with the law applicable to distribution and abide by the legal restrictions referred to in the Underwriting Agreement.

5.4.4 *When the underwriting agreement has been or will be reached.*

See section 5.4.3 above.

6. ADMISSION TO LISTING AND TRADING AGREEMENTS

6.1 An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question. This circumstance shall be mentioned, without creating the impression that the admission to trading necessarily will be approved. If known, the earliest dates on which the securities will be admitted to trading shall be given.

The Board of Directors on 20 March 2019 — by the delegation granted by the Ordinary General Meeting of Shareholders on 25 April 2018 – resolved to request the admission to trading of all the Shares on the Spanish Stock Exchanges via the Automated Quotation System, and to carry out the necessary formalities and actions and present the documents necessary to the competent bodies of the Stock Exchanges or regulated or non-regulated foreign markets on which the Company shares are listed (including via ADSs (*American Depository Shares*) for admission to trading of the Shares issued as a result of the agreed Capital Increase, expressly stating the Company is subject to the standards that exist or may be declared with regard to Stock Exchanges and especially on trading, permanence and exclusion from official listing

After registration of the capital increase deed by virtue of which the New Shares will be issued with the Commercial Registry of Madrid, the Company shall request verification of compliance with the requisites for the admission to trading of the New Shares by the CNMV and their admission to trading on the Spanish Stock Exchanges, it being expected that the New Shares be admitted to trading on the Spanish Stock Exchanges on the same business day the New Shares are registered as book-entries in Iberclear, that is on 15 April 2019, and that effective trading should commence on 16 April 2019. Should there be any delay in the admission to trading, the Company undertakes to immediately announce the reasons for the delay in the Spanish Stock Exchange Bulletins and to inform the CNMV of this circumstance.

Prisa is aware of the requisites and conditions required for admission, permanence and exclusion of shares representing its share capital on the Spanish Stock Exchanges.

6.2 All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.

The New Shares are of the same class and series as the ordinary shares of Prisa currently in circulation which are admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia via the Automated Quotation System.

6.3 If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, details must be given of the nature of such operations and of the number and characteristics of the securities to which they refer.

Not applicable.

6.4 Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.

Not applicable.

6.5 Stabilisation: where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offer

The Issuer has granted no option of over-allotment nor are any price stabilising activities expected with regard to the Offer.

7. SELLING SECURITIES HOLDERS

7.1 Name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates.

Not applicable.

7.2 The number and class of securities being offered by each of the selling security holders.

Not applicable.

7.3 Lock-up agreements

In the Underwriting Agreement, Prisa has undertaken vis-à-vis the Underwriting Entities, except for prior written authorisation of the Global Coordinators and Joint Bookrunners during the period between the date the Underwriting Agreement is signed and the date on which 180 days have elapsed as from admission to trading of the New Shares, to (i), directly or indirectly not to issue, offer, pledge, sell, undertake to sell or grant purchase options, rights, warrants or commitment to purchase, exercise sale options, buy options or commitments to sell or loan, transfer or dispose of Prisa shares or convertible or exchangeable securities into Prisa shares, (ii) not to subscribe swaps or other contracts or transactions that transfer in whole or in part directly or indirectly the economic consequences of ownership of the shares of Prisa, and (iii) not to subscribe other operations with the same economic effects or resolve, announce or publish any intention to perform any of the above. The foregoing does not apply to (a) treasury share operations carried out in accordance with the law once 90 days have elapsed since the admission to trading of the New Shares; (b) the granting or exercising of options or other rights to acquire Prisa shares or related instruments under stock option plans

of directors or officers of the Company; and/or (c) to the transfer of ordinary shares that Prisa may make in to Group companies.

8. EXPENSE OF THE ISSUE/OFFER

8.1 The total net proceeds and an estimate of the total expenses of the issue/offer.

In the event the New Shares were fully subscribed at the Subscription Price, Prisa would obtain gross resources (that is, before the expenses referred to below) of 199,823,585.01 euros. This amount will vary in accordance with the number of New Shares ultimately subscribed in the Capital Increase. The expenses of the Capital Increase (not including VAT) are those shown below for information purposes, given the difficulty in specifying the definitive amount on the date of this Share Securities Note:

Item	Euros (estimated amount)⁽¹⁾
Fees of the Spanish Stock Exchanges and Iberclear fees.....	37,000
CNMV fees (admission + registration of Prospectus)	20,000
Underwriting Entities fees ⁽²⁾	6,500,00
Other expenses (notary, Commercial Registry, legal consulting expenses, financial advice, audit-related services, advertising, printing, etc.).....	1,025,000
TOTAL	7,582,000

⁽¹⁾ Estimate calculated for a maximum amount of EUR 200 million.

⁽²⁾ The Underwriting Agreement also estimates a success fee to be paid by Prisa to the Underwriting Entities of up to 1% applied to the result of multiplying the Total Underwriting Commitment by the Subscription Price.

⁽³⁾ Includes the commission of the Volume Put in favour of Banco Santander, S.A. in the amount of EUR 3 million (for more information see sections 5.1.5 -2019 – Increase in capital for an effective amount of up to EUR 200,000,000, which is the object of the public offer described in the Securities Note of this Prospectus- of the Registration Document and 5.4.3 of the Securities Note).

In accordance with the above estimates, the expenses of the Capital Increase would represent approximately 3.79% of the gross proceeds obtained by Prisa in the case of maximum subscription, Prisa obtaining estimated proceeds net of expenses of 192,241,585.01 euros.

9. DILUTION

9.1 Amount and percentage of immediate dilution resulting from the offer.

As stated in section 5.1.3 of this Share Securities Note, the shareholders of the Company have a pre-emptive subscription rights over the New Shares under the Capital Increase and therefore in the event they should exercise this right they will undergo no dilution in their holding in the share capital of the Company.

9.2 In the case of a subscription offer of the current holders, disclose the amount and percentage of immediate dilutions if they do not subscribe to the offer.

Should none of the current shareholders of the Company subscribe New Shares in the percentage that corresponds to them by their pre-emptive subscription rights and assuming the New Shares were fully subscribed by third parties (that is, issuing a total of 150,243,297 New Shares), the share of the current shareholders of the Company would represent 78.80% of the total number of shares of the Company which would occur should the Capital Increase be

fully subscribed, which would signify a dilution of 21.20% of the previous share capital prior to the Capital Increase.

10. ADDITIONAL INFORMATION

10.1 Should the share securities note mention the advisors related to an issuance, a declaration of the capacity in which they have acted.

Without detriment to the provisions of section 5.4 above, the following entities have rendered advisory services with regard to the Capital Increase referred to herein:

- Uría Menéndez Abogados, S.L.P. has acted as legal advisor on Spanish law for Prisa for the Capital Increase;
- Mayer Brown International LLP has acted as legal advisor on English, US federal law and the law of the State of New York for Prisa for the Capital Increase;
- Linklaters, S.L.P. has acted as legal advisor on Spanish, English, US federal law and New York state law of the Underwriting Entities of the Capital Increase.

10.2 Indication of other information on the securities note which has been audited or reviewed by the auditors and whether the auditors have submitted a report. Reproduction of the report or, with the permission of the competent authority, a summary of same.

Not applicable.

10.3 Where in the Securities note a declaration or report attributed to a person in their capacity as an expert is included, provide the name of such persons, business address, qualifications and material interest in the issuer, as applicable. Should the report be submitted at the request of the issuer, a declaration that such declaration or report is included, and the contents in which it is included and with the consent of the person who authorised the content of that part of the Securities note.

Not applicable.

10.4 In cases where the information originates from a third party, provide confirmation that the information has been reproduced accurately and that, inasmuch as the issuer is aware and may determine based on the information published by said third party, no fact has been omitted that would cause the information reproduced to be inaccurate or misleading. In addition, the issuer must identify the source or sources of the information.

Not applicable.

For and on behalf of the Company, it endorses all the pages and signs this Prospectus in Madrid on 21 March 2019.

Mr Manuel Mirat Santiago

Chief Executive Officer of de Promotora de Informaciones, S.A.