

Promotora de Informaciones, S.A. and Subsidiaries

Consolidated Financial Statements for
the year ended 31 December 2018,
Consolidated Directors' Report,
together with Independent Auditor's
Report

*Translation of a report originally issued in Spanish based on
our work performed in accordance with the audit regulations
in force in Spain. In the event of a discrepancy, the
Spanish-language version prevails*

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Promotora de Informaciones, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Promotora de Informaciones, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2018, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Restructuring of the Group's financial debt

Description

As indicated in Notes 1-b and 11-b to the accompanying consolidated financial statements, on 22 January 2018 the Parent entered into an agreement with all the financial creditors to refinance and modify the terms and conditions of the Override Agreement (agreement to refinance the Group's debt entered into in December 2013), which entered into force on 29 June 2018 following the fulfilment of certain conditions. Additionally, in February 2018, a capital increase in the parent company was subscribed in an amount of EUR 563,220 thousand.

On 29 June 2018, and as one of the prior conditions for the entry into force of the agreement, the Parent repaid a portion of its bank debt amounting to EUR 480,000 thousand.

The refinancing agreement also entailed a debt restructuring process, whereby a new borrower, the investee Prisa Activos Educativos, S.L. (Sole-Shareholder Company), was included; this investee assumed as borrower a portion of the debt recognised at the Parent prior to the entry into force of the refinancing agreement for a nominal amount of EUR 685,000 thousand, all in the framework of a corporate reorganisation of the Group.

We identified this matter as key in our audit, since the financial restructuring has had a significant impact on the Group's consolidated financial statements.

Procedures applied in the audit

Our audit procedures included, among others:

- Meetings with management to understand the financing structure.
- Obtainment of the various contractual agreements reached, as well as the addenda and communications maintained between the parties, and analysis of that documentation, involving our internal legal experts in gaining an understanding of and assessing certain contractual aspects related to the transaction described above.
- Analysis of the effects associated with the agreement to restructure the financial debt and the corporate reorganisation, as well as the accounting treatment thereof in the consolidated financial statements.
- Confirmation of bank balances at 2018 year-end through receipt of letters issued by the banks involved.
- With respect to the capital increase transaction carried out by the Parent, we compared the information relating to the transaction described in the minutes of the Board of Directors and General Meetings. In addition, we verified documentation supporting the execution of the capital increase by obtaining and analysing the public deed of increase registered at the Mercantile Registry and we obtained and checked the bank statement reflecting the cash inflow.

In addition, we assessed the adequacy of the disclosures provided in Notes 1-b and 11.b to the accompanying consolidated financial statements with respect to the requirements of the applicable regulatory financial reporting framework.

Recoverability of deferred tax assets

Description

The consolidated balance sheet as at 31 December 2018 includes a balance of EUR 135,363 thousand relating to deferred tax assets, of which a relevant amount corresponds to tax assets of the Spanish tax group of which the Parent is the head.

At 31 December 2018, the Group had an updated tax plan in order to assess the recoverability of the deferred tax assets recognised, taking into account new legislative developments and the most recently approved business plans for the various businesses.

The updating of the tax plan gave rise to the recognition in 2018 of impairment losses on tax assets amounting to EUR 200,999 thousand (see Note 17).

We identified this matter as key in our audit, since the preparation of the tax plan requires a significant level of judgement, largely in connection with the projections of the performance of the Group's businesses, which affect the estimate of the recoverability of the tax assets corresponding to the Spanish tax group.

Procedures applied in the audit

Our audit procedures included, among others, the review of the design and implementation of the controls considered relevant established by the directors for the assessment of the recoverability of the deferred tax assets recognised, as well as tests to verify that the aforementioned controls operate effectively.

Additionally, we assessed the reasonableness of the criteria followed by Group management, including the analysis of the key assumptions used, the review that they are consistent with reports from independent third parties and with market information, and the review of the consistency of the actual results obtained by the various business lines with those projected in the tax plans of previous years. We also obtained evidence of the approval by the Board of Directors of the budgeted results included in the tax plan. Furthermore, we conducted a sensitivity analysis of changes in the key assumptions, as well as an evaluation of the degree to which the recoverability of the tax assets included in the tax plan complies with the applicable tax legislation, for which we involved our tax experts.

Lastly, we assessed whether the disclosures provided in Notes 4-m and 17 to the accompanying consolidated financial statements are adequate with respect to the requirements in this connection contained in the applicable regulatory financial reporting framework.

Recognition of revenue from sales of books and training and from advertising and sponsorship

Description

As indicated in Note 13 to the accompanying consolidated financial statements, the Prisa Group obtains revenue from various lines of business. The fact that there are different types of business line means that the Group's revenue recognition is affected by various accounting policies depending on the various products and services provided by the Group and that different computer systems are used depending on the source of revenue.

Specifically, the revenue from sales of books and training in education, which accounted for approximately 46% of the Group's total revenue at 31 December 2018, is made up of a significant number of transactions in various countries, subject to different terms and conditions of sale due to the existence of different types of customers and, as a general rule, concentrated in a period of the year according to the school calendar in force in each of the countries in which the Group operates. Also, in certain countries, the period in which sales are concentrated coincides with the annual accounting closing.

In turn, the revenue from advertising and sponsorship sales in the radio, press and Media Capital, which accounted for approximately 39% of the Group's total revenue at 31 December 2018, relates mainly to insertions of the customers' advertisements in spaces owned by the Group. This revenue is obtained from a large number of transactions directly related to the actual insertion of advertisements, as well as the correct application of the contractual terms and conditions established in specific negotiations with each customer.

Because of the significance of the amount of this revenue, the high number of transactions, the existence of different contractual terms and conditions and the diversity of countries in which the Group operates, the occurrence, completeness, accuracy and cutoff of these revenue lines were considered to be key matters in our audit.

Procedures applied in the audit

The audit procedures performed in this regard included, among others, the review of the design and implementation of the controls considered relevant that mitigate the risks associated with the process involved in the recognition of revenue from Group's various lines of business, as well as tests to verify that the aforementioned controls operate effectively, including tests on the general computer controls, for which we involved our internal technology and systems experts.

We also performed the following substantive tests:

- For each segment defined, a specific review was carried out, on a selective basis, of the documentation supporting the agreements entered into during the year, in order to verify the recognition thereof in accordance with the contractual terms and conditions agreed upon with customers, including the consideration of any complex items or items that may represent a significant judgement included in the aforementioned contractual agreements.
- Substantive analytical procedures on the main accounting line items affected, taking into account their performance in recent years, market data and expectations as to their foreseeable evolution.
- A specific review for transactions carried out on dates close to year-end in order to verify whether they had been recognised in the correct period.
- Tests of details on the returns received after year-end and their consistency with the estimates made, using sampling techniques.

Lastly, we assessed whether the disclosures provided in Notes 4-k and 13 to the accompanying consolidated financial statements are adequate with respect to the requirements in this connection contained in the applicable regulatory financial reporting framework.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2018, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have checked that the information described in section a) above is provided in the consolidated directors' report and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and Audit, Risk and Compliance Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit, risk and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 7 and 8, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit, Risk and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit, risk and compliance committee dated 12 March 2019.

Engagement Period

The (Annual/Extraordinary) General Meeting held on 25 April 2018 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2017, i.e., for 2018.

Previously, we were designated pursuant to a resolution/resolutions of the General Meeting for the period of one year and have been auditing the consolidated financial statements uninterrupted since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities and, therefore, since the year ended 31 December 2000, the year in which the Parent became a Public Interest Entity.

DELOITTE, S.L.
Registered in ROAC under no. S0692



Jesús Mota Robledo
Registered in ROAC under no. 21342

12 March 2019

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit, risk and compliance committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit, risk and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit, risk and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Consolidated Financial Statements for 2018 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with Consolidated Directors' Report for 2018

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Consolidated Financial Statements for 2018 prepared in accordance with
International Financial Reporting Standards as adopted by the European Union

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2018
(Thousands of euros)



ASSETS	Notes	Year 2018	Year 2017 (*)	EQUITY AND LIABILITIES	Notes	Year 2018	Year 2017 (*)
A) NON-CURRENT ASSETS		813,269	1,112,159	A) EQUITY	10	(235,809)	(484,864)
I. PROPERTY, PLANT AND EQUIPMENT	5	87,689	97,819	I. SHARE CAPITAL		524,902	83,498
II. GOODWILL	6	408,848	498,115	II. OTHER RESERVES		(507,206)	(489,781)
III. INTANGIBLE ASSETS	7	111,244	115,465	III. ACCUMULATED PROFIT		(284,380)	(119,221)
IV. NON-CURRENT FINANCIAL ASSETS	11a	24,611	25,567	- From prior years		(15,033)	(16,657)
V. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8	43,077	37,247	- For the year: Profit attributable to the Parent		(269,347)	(102,564)
VI. DEFERRED TAX ASSETS	17	135,363	335,234	IV. TREASURY SHARES		(2,856)	(694)
VII. OTHER NON-CURRENT ASSETS		2,437	2,712	V. EXCHANGE DIFFERENCES		(40,918)	(37,716)
B) CURRENT ASSETS		847,453	810,374	VI. NON- CONTROLLING INTERESTS		74,649	79,050
I. INVENTORIES	9a	150,345	151,335	B) NON-CURRENT LIABILITIES		1,325,373	929,736
II. TRADE AND OTHER RECEIVABLES				I. NON-CURRENT BANK BORROWINGS	11b	1,149,661	703,481
1. Trade receivables for sales and services	9b	370,021	410,384	II. NON-CURRENT FINANCIAL LIABILITIES	11b	125,703	120,147
2. Receivable from associates		3,902	3,445	III. DEFERRED TAX LIABILITIES	17	18,612	23,470
3. Receivable from public authorities		37,903	34,893	IV. LONG-TERM PROVISIONS	12	28,567	44,805
4. Other receivables		25,289	25,010	V. OTHER NON-CURRENT LIABILITIES	23	2,830	37,833
5. Allowances	9b	(67,025)	(55,537)	C) CURRENT LIABILITIES		571,158	1,477,661
		370,090	418,195	I. TRADE PAYABLES	23	270,982	277,165
III. CURRENT FINANCIAL ASSETS	11a	24,936	23,340	II. PAYABLE TO ASSOCIATES		2,151	1,380
IV. CASH AND CASH EQUIVALENTS	9c	295,093	217,504	III. OTHER NON-TRADE PAYABLES	9d	55,601	52,505
V. ASSETS CLASSIFIED AS HELD FOR SALE		6,989	-	IV. CURRENT BANK BORROWINGS	11b	76,121	1,036,957
TOTAL ASSETS		1,660,722	1,922,533	V. CURRENT FINANCIAL LIABILITIES	11b	58,643	22,653
				VI. PAYABLE TO PUBLIC AUTHORITIES		61,811	51,040
				VII. PROVISIONS FOR RETURNS		10,797	10,507
				VIII. OTHER CURRENT LIABILITIES	9e	32,129	25,454
				IX. LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		2,923	-
				TOTAL EQUITY AND LIABILITIES		1,660,722	1,922,533

(*) The consolidated balance sheet for 2017 has been restated for comparative purposes and in accordance with IFRS 5 by not presenting the assets and liabilities of Grupo Media Capital as held for sale and has not been audited.

The accompanying Notes 1 to 26 and Appendix I and II are an integral part of the consolidated balance sheet at December 31, 2018.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR 2018
(Thousands of euros)



	Notas	Year 2018	Year 2017 (*)
Revenue		1,246,117	1,308,714
Other income		34,171	27,026
OPERATING INCOME	13-16	1,280,288	1,335,740
Cost of materials used		(181,642)	(197,804)
Staff costs	14	(383,413)	(402,514)
Depreciation and amortisation charge	5-7	(65,475)	(77,556)
Outside services	14	(462,204)	(486,832)
Change in allowances, write-downs and provisions	14	(20,651)	(18,121)
Impairment of goodwill	6	(78,981)	(86,754)
Other expenses		(2,595)	(13,517)
OPERATING EXPENSES		(1,194,961)	(1,283,098)
PROFIT FROM OPERATIONS		85,327	52,642
Finance income		6,306	5,623
Finance costs		(108,141)	(85,100)
Changes in value of financial instruments		22,814	-
Exchange differences (net)		(6,559)	10,326
FINANCIAL LOSS	15	(85,580)	(69,151)
Result of companies accounted for using the equity method	8	3,830	4,819
Loss from other investments		0	(1,163)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	16	3,577	(12,853)
Expense tax	17	(240,152)	(61,559)
LOSS FROM CONTINUING OPERATIONS		(236,575)	(74,412)
Profit/Loss after tax from discontinued operations		0	(984)
CONSOLIDATED LOSS FOR THE YEAR		(236,575)	(75,396)
Loss attributable to non-controlling interests	10i	(32,772)	(27,168)
LOSS ATTRIBUTABLE TO THE PARENT		(269,347)	(102,564)
BASIC EARNINGS PER SHARE (in euros)	19	(0.54)	(1.29)
BASIC EARNINGS PER SHARE (in euros)	19	(0.54)	(1.29)
- Basic earnings per share from continuing activities (in euros)	19	(0.54)	(1.28)
- Basic earnings per share from discontinuing activities (in euros)	19	0.00	(0.01)

(*) The consolidated income statement for 2017 has been restated for comparative purposes and in accordance with IFRS 5 to present the result of Media Capital as a continued operation and has not been audited.

The accompanying Notes 1 to 26 and Appendix I and II are an integral part of the consolidated income statement for 2018.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATE STATEMENT OF COMPREHENSIVE INCOME FOR 2018
(Thousands of euros)



	Year 2018	Year 2017 (*)
CONSOLIDATED PROFIT FOR THE YEAR	(236,575)	(75,396)
Items that are not reclassified to result of the period	(17,145)	-
Rest of income and expenses that are not reclassified to result of the period	(17,145)	-
Items that may be reclassified subsequently to profit or loss	(21,266)	(46,730)
Translation differences	(22,744)	(43,247)
Other non-current financial assets at fair value	(409)	(181)
Profit/(Loss) for valuation	(409)	(181)
Amounts transferred to the profit and loss account	-	-
Tax effect	102	45
Entities accounted for using the equity method	1,785	(3,347)
TOTAL RECOGNIZED INCOME AND EXPENSE	(274,986)	(122,126)
Attributable to the Parent	(303,186)	(137,520)
Attributable to non-controlling interests	28,200	15,394

not presenting the assets and liabilities of Grupo Media Capital as held for sale and present the result of Media Capital as a continued operation and has not been audited.

The accompanying Notes 1 to 26 and Appendix I and II are an integral part of the consolidated statement of comprehensive income for 2018.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2018
(Thousands of euros)



	Share capital	Share premium	Reserves	Reserves for first-time application of IFRSs	Prior years' accumulated profit	Treasury shares	Exchange differences	Accumulated profit for the Year	Equity attributable to the Parent	Non-controlling interests	Equity
Balance at December 31, 2016	235,008	1,371,299	(2,003,697)	(72,661)	115,329	(1,735)	(809)	(67,859)	(425,125)	89,080	(336,045)
Capital reductions (10a)	(161,372)		161,372								
Conversion of financial liabilities into equity (Note 10c)	9,862	95,052	(104,914)								
Treasury share transactions (Note 10g)											
- Delivery of treasury shares						366			366		366
- Purchase of treasury shares											
- Reserves for treasury shares			(675)			675					
Distribution of 2016 results											
- Reserves			(19,698)		(48,161)			67,859			
Transfers		(1,371,299)	1,455,731		(84,432)						
Income and expense recognised in equity											
- Translation differences (Note 10h)					2,087		(36,907)		(34,820)	(11,774)	(46,594)
- Result for 2017								(102,564)	(102,564)	27,168	(75,396)
- Measurement of financial instruments (Note 11a)			(136)						(136)		(136)
Other		(50)	(107)	2	(1,480)				(1,635)	1,587	(48)
Changes in non controlling interest (Note 10i)											
- Dividends paid during the year										(27,011)	(27,011)
Balance at December 31, 2017 (*)	83,498	95,002	(512,124)	(72,659)	(16,657)	(694)	(37,716)	(102,564)	(563,914)	79,050	(484,864)
Capital increase (Note 10a)	441,189	122,031							563,220		563,220
Conversion of equity instruments (Note 10a)	215	1,624	(1,770)						69		69
Treasury share transactions (Note 10f)											
- Delivery of treasury shares						95			95		95
- Purchase of treasury shares						(2,709)			(2,709)		(2,709)
- Reserves for treasury shares			(452)			452					
Distribution of 2017 results											
- Reserves			(131,598)		29,034			102,564			
Transfers											
Income and expense recognised in equity											
- Translation differences (Note 10g)					(13,185)		(3,202)		(16,387)	(4,572)	(20,959)
- Result for 2017								(269,347)	(269,347)	32,772	(236,575)
- Measurement of financial instruments (Note 11a)			(307)						(307)		(307)
- Rest of income and expense recognised in equity		(17,145)							(17,145)		(17,145)
Other			10,192		(14,225)				(4,033)	353	(3,680)
Changes in non controlling interest (Note 10i)											
- Dividends paid during the year										(30,702)	(30,702)
- Due to changes in scope of consolidation										(2,252)	(2,252)
Balance at December 31, 2018	524,902	201,512	(636,059)	(72,659)	(15,033)	(2,856)	(40,918)	(269,347)	(310,458)	74,649	(235,809)

(*) The consolidated statement of changes in equity for 2017 has been restated for comparative purposes and in accordance with IFRS 5 by not presenting the assets and liabilities of Grupo Media Capital as held for sale and present the result of Media Capital as a continued operation and has not been audited.

The accompanying Notes 1 to 26 and Appendix I and II are an integral part of the consolidated statement of changes in equity for 2018.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR 2018
(Thousands of euros)

	Notas	Year 2018	Year 2017 (*)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	16	3,577	(12,853)
Depreciation and amortisation charge and provisions		167,641	195,541
Changes in working capital		(13,934)	(73,362)
Inventories	9a	991	17,344
Accounts receivable	9b	20,949	(13,510)
Accounts payable		(35,874)	(77,196)
Income tax recovered (paid)	17	(29,077)	(37,197)
Other profit adjustments		64,530	60,167
Financial results	15	85,580	69,151
Gains and losses on disposal of assets		(17,311)	(1,721)
Other adjustments		(3,739)	(7,263)
CASH FLOWS FROM OPERATING ACTIVITIES	16	192,737	132,296
Recurrent investments		(68,584)	(67,429)
Investments in intangible assets	7	(47,552)	(44,845)
Investments in property, plant and equipment	5	(21,032)	(22,584)
Investments in non-current financial assets		(6,198)	(21,256)
Proceeds from disposals		28,481	8,579
Investments in non-current financial assets		320	2,117
CASH FLOWS FROM INVESTING ACTIVITIES	16	(45,981)	(77,989)
Proceeds and payments relating to equity instruments		545,216	(50)
Proceeds relating to financial liability instruments	11b	708,233	20,889
Payments relating to financial liability instruments	11b	(1,222,621)	(25,340)
Dividends and returns on other equity instruments paid		(25,715)	(27,125)
Interest paid		(44,238)	(37,881)
Other cash flow from financing activities		(27,853)	(6,640)
CASH FLOWS FROM FINANCING ACTIVITIES	16	(66,978)	(76,147)
Effect of foreign exchange rate changes		(2,189)	(7,079)
CHANGE IN CASH FLOWS FROM CONTINUING OPERATIONS	16	77,589	(28,919)
CHANGE IN CASH FLOWS IN THE YEAR		77,589	(28,919)
Cash and cash equivalents at beginning of year	9c	217,504	246,423
- Cash		191,394	236,230
- Cash equivalents		26,110	10,193
Cash and cash equivalents at end of period	9c	295,093	217,504
- Cash		250,360	191,394
- Cash equivalents		44,733	26,110

(*) The consolidated statement of cash flow for 2017 has been restated for comparative purposes and in accordance with IFRS 5 to present the cash flow of Media Capital as a continued operation and has not been audited.

The accompanying Notes 1 to 26 and Appendix I and II are an integral part of the consolidated statement of cash flow for 2018.

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Notes to the Consolidated Financial Statement for 2018 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENT FOR 2018

(1) GROUP ACTIVITIES AND PERFORMANCE

a) Group activities

Promotora de Informaciones, S.A. (“Prisa” or “the Company”) was incorporated on January 18, 1972, and has its registered office in Madrid, at Gran Vía, 32. Its business activities include, inter alia, the exploitation of printed and audiovisual media, the holding of investments in companies and businesses and the provision of all manner of services.

In addition to the business activities carried on directly by the Company, Prisa heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose the Group (“the Prisa Group” or “the Group”). Therefore, in addition to its own separate financial statements, Prisa is obliged to present consolidated financial statements for the Group including its interests in joint ventures and investments in associates.

The consolidated financial statements for 2017 were approved by the shareholders at the Annual General Meeting held on April 25, 2018 and are deposited in the Mercantile Register of Madrid.

The Group’s consolidated financial statements for 2018 were authorized for issue by the Company’s directors on March 12, 2019, for submission to the approval of the General Meeting of Shareholders, it being estimated that they will be approved without modification.

These consolidated financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are accounted for in accordance with the policies described in Note 2d.

Shares of Prisa are admitted to trading on continuous market of the Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia).

b) Evolution of the Group's equity and financial structure

During 2016, 2017 and 2018, the Administrators of Prisa (the Company) took a number of measures to strengthen the Group's financial and asset structure, such as asset sale operations, capital increases and refinancing of its debt.

In this respect, on April 1, 2016, the Prisa Annual General Meeting approved the issuance of bonds mandatorily convertible into newly-issued ordinary shares through swapping the company's financial debt. The issuance was subscribed in April 2016, with debt amounting to EUR 100,742 thousand being cancelled. In October 2017, these bonds were converted into shares early.

Likewise, the Company's General Shareholders' Meeting on November 15, 2017 agreed to an increase in share capital amounting to EUR 450,000 thousand. On January 22, 2018, this amount was subsequently extended by an additional EUR 113,220 thousand by the Prisa Board of Directors. In February 2018, the capital increase was subscribed by an amount of EUR 563,220 thousand (*see note 10a*).

On July 13, 2017, the Prisa Board of Directors accepted a binding offer put forward by Altice NV ("Altice") for the sale of Vertex SGPS, S. A. ("Vertex"), a company owned by Grupo Media Capital, SGPS, S.A. ("Media Capital"). The transaction was authorised in September 2017 by Prisa's financial creditors and in November of that year by the Annual General Meeting. The operation was subject to the mandatory authorisation of the Portuguese competition authorities. In the consolidated financial statements for 2017, Vertex y Media Capital were considered as assets classified as held for sale and Media Capital operations were classified as discontinued operations. On June 18, 2018, the contract for the sale of Media Capital signed between Prisa and Altice was terminated as a consequence of the failure to comply with the deadline agreed by both parties for the last of the conditions precedent pending compliance, concerning Altice obtaining the mandatory authorisation of the operation by the Portuguese Competition Authority. Following this decision, the Prisa Board of Directors agreed that it will be able to evaluate various alternatives for this asset in the future. The sale of the aforementioned asset is not considered to be highly probable at December 31, 2018. Therefore, from June 30, 2018, the assets and liabilities of Vertex and Media Capital Group are no longer reported as held for sale and Media Capital operations as discontinued operations. They have been consolidated as a continuing operation (*see note 2e*).

Finally, on January 22, 2018, the Company signed with all the financial creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) an agreement to refinance and modify the terms of Prisa's current financial debt (the Refinancing). On June 29, 2018, the Refinancing came into effect, once the agreements reached with all of its creditors were concluded. On this same date, and as one of the preconditions for the agreement to come into force, the Company cancelled a debt amounting EUR 480,000 thousand with the proceeds from the cash capital increase described above (EUR 450,000 thousand) and cash available from the Company (EUR 30,000 thousand). The basic terms of the Refinancing agreement include the extension of the debt maturity date to November and December 2022 and no redemption obligation until December 2020. With the entry into force of the Refinancing agreement, the Group's financial debt has become a long-term maturity

which has led to an improvement in the working capital and the Group's financial structure (see note 11b).

As of December 31, 2018, the equity of the parent Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act stood (including participating loans outstanding at year-end of EUR 62,491 thousand) at EUR 418,653 thousand, greater in EUR 68,718 thousand to the two thirds of the capital stock which is why it was in a situation of equity balance at that date. Likewise, on December 31, 2018, the Prisa Group's current assets exceeded current liabilities by EUR 276,295 thousand.

As a consequence of the factors set out above, the Directors have applied the going concern principle.

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRSs)

The Group's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

In accordance with said regulation, in the scope of application of IFRS, and in the preparation of these consolidated financial statements of the Group, the following aspects should be highlighted:

- The IFRSs are applied in the preparation of the consolidated financial information of the Group. The financial statements of individual companies that are part of the Group are prepared and presented in accordance with accounting standards in each country.
- In accordance with IFRSs, these consolidated financial statements include the following consolidated financial statements of the Group:
 - Balance sheet
 - Income statement
 - Statement of comprehensive income
 - Statement of changes in equity
 - Statement of cash flows
- As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for all transactions, events and items in 2018 and 2017.

In 2018, the following amendment to accounting standard came into force which, therefore, was taken into account when preparing the accompanying consolidated financial statements:

- IFRS 9. Financial instruments
- IFRS 15. Revenue from contracts with customers
- Clarifications to IFRS 15. Revenue from contracts with customers
- Amendments to IFRS 2: Classification and measurement of share based payment transactions.
- Amendments to IFRS 4. Allows the applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts or its temporary exemption.
- Amendments to IAS 40: Transfers of Investment Property.
- IFRIC Interpretation 22: Foreign Currency Transactions
- Improvements to IFRS Standards 2014-2016 Cycle: Minor amendments to a number of standards.

The Group has applied IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial instruments* since January 1, 2018 without restating the comparative information.

The impacts of the application of each of them are the following:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from contracts with customers* is the standard applicable when reporting revenue with customers, which has replaced the following standards and interpretations valid until December 31, 2017: IAS 18 *Revenue from Ordinary Activities*, IAS 11 *Construction Contracts*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC31 *Revenue-Barter Transactions Involving Advertising Services*.

IFRS 15 requires identifying the contract or contracts, as well as the different obligations included in contracts for the provision of goods and services, determining the price of the transaction and distributing it among the aforementioned contractual obligations on the basis of their respective independent selling prices or an estimate thereof and recognize income as the entity complies with each of its obligations.

The standard becoming effective mainly affects reporting the reporting of revenue from Santillana's digital teaching in the UNO Education and Compartir areas. The Group's management has mainly considered the following contractual obligations for these businesses, reporting revenue from goods produced or services provided when the control thereof is passed to the customer, in accordance with the following criteria:

- Printed teaching material and digital content: revenue is reported when ownership is transferred to the school or student.
- School's equipment and other services: revenue thereof is reported throughout the school year.

The price and value of revenue from these goods and services was determined by the Group through a margin and independent sale price analysis of thereof. This has entailed the allocation of higher sales prices of equipment and other services rendered, at the cost of printed teaching material and digital content, compared to reporting until 2017.

The Group has decided to apply IFRS 15 using the modified retrospective method, recognizing the cumulative effect of the initial application of this rule on January 1, 2018 for all contracts valid on this date, which implies that the comparative information of 2017 has not been restated and is reported under the current standards in this period (IAS 11, IAS 18 and their interpretations).

The impact of the IFRS 15 coming into force has entailed a decrease of EUR 4.4 million in the heading “*Equity- Accumulated profit from prior years*” as at January 1, 2018, due to reporting of minor revenue from Santillana's digital teaching systems in the UNO and Compartir areas, mentioned above.

The consolidated income statement for 2018 applying IFRS 15 and the consolidated income statement corresponding to the same period applying the standards in force until 31 December 2017 are presented below for comparative purposes:

(thousand of euros)	2018 applying IFRS 15	2018 without applying IFRS 15
Operating income-	1,280,288	1,267,057
Revenue	1,246,117	1,232,886
Other income	34,171	34,171
Operating expenses-	(1,194,961)	(1,181,410)
Cost of materials used	(181,642)	(181,642)
Staff costs	(383,413)	(383,413)
Depreciation and amortisation charge	(65,475)	(65,276)
Outside services	(462,204)	(448,852)
Change in allowances, write-downs and provisions	(20,651)	(20,651)
Impairment of goodwill	(78,981)	(78,981)
Other expenses	(2,595)	(2,595)
Profit from operations	85,327	85,647
Financial loss	(85,580)	(85,580)
Result of companies accounted for using the equity method	3,830	3,830
Expense tax	(240,152)	(240,242)
Loss from continuing operations	(236,575)	(236,345)
Loss attributable to non-controlling interests	(32,772)	(32,772)
Loss attributable to the parent	(269,347)	(269,117)

The impact on the loss from continuing operations is explained by the modification of the recognition of income and expenses of the digital education systems of Santillana in the area of UNO Education and Compartir.

Likewise, from January 1, 2018, the income and expenses related to certain services related to advertising and multimedia services of the Media Capital Group have also been presented

separately, to the extent that it has been concluded that it has control over the provision of such services, no longer assessing the credit risk that is applicable under IAS 18. The income and operating expenses recorded on the 2018 consolidated income statement is EUR 13,912 thousand, with no effect on the consolidated income of the year.

Adopting IFRS 15 had no impact on the cash flow statement.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: recognition and assessment valid until 31 December 2017.

IFRS 9 was initially applied on January 1, 2018 and the Group decided not to restate the comparative information of 2017, which is reported under the standards in force during this period (IAS 39).

The new focus of asset classification is based on the contractual characteristics of the asset cash flows and the entity's business model. According to these, all assets are classified into three categories: (i) amortised cost, (ii) fair value with changes in other comprehensive income (equity) and (iii) fair value with changes in profits and losses. The entry into force of IFRS 9 has not brought any significant changes to the classification and assessment of the financial assets, in accordance with the following:

- The financial assets classified as loans, receivables and investments maintained until their expiration on 31 December 2017 maintain their subsequent assessment criteria in 2018, therefore they are classified as "financial investments at amortized cost", insofar as their flows continue to represent the principal payment plus interest.
- The financial assets classified as available for sale on 31 December 2017, and which mainly correspond to capital financial investments, maintain their assessment criteria and are classified in 2018 as "Financial investments at amortized cost", with exception of capital financial investments of listed company that are classified as "Financial investments at fair value with changes in other comprehensive income (equity)".

The Group has not designated any financial liability at fair value with changes on the income statement; there were no changes in the classification and measurement of the Groups' financial liabilities.

Adopting IFRS 9 mainly changes the accounting of credit losses of financial assets, moving from focusing on loss incurred under IAS 39 to focusing on expected loss. In this regard, the entry into force of IFRS 9 mainly affects the calculation of the insolvency provision of trade receivables, finance leases and other receivables resulting from transactions within the scope of IFRS 15. In this respect, the Group has applied a simplified approach to recognise expected credit loss throughout the lifetime of such receivables. This entails setting up a provision for credit losses on revenue recognition, for which an NPL ratio has been determined per business and type of customer, applied to the amount of sale by customer type. The application of IFRS 9 caused a decrease in the item "*Net equity - Accumulated profit from previous*

financial years" on January 1, 2018 of EUR 5.8 million. Likewise, on the same date the heading "Trade receivables and other receivables - Provisions" has increase from EUR 55.5 million to EUR 62.2 million.

The application of the rest of the amendments and interpretations applicable from January 1, 2018 did not have a significant impact on the Group's consolidated financial statements for this year.

At December 31, 2018, the Prisa Group had not applied the following standards or interpretations issued, since the effective application thereof was required subsequent to that date or they have not been adopted by the European Union.

Standards, amendments, and interpretations		Mandatory application for financial years beginning on or after
Approved for use in the EU		
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over income tax treatments	January 1, 2019
Amendments to IFRS 9	Prepayment features with negative compensation	January 1, 2019
Amendments to IAS 28	Long-term interests in associates and joint ventures	January 1, 2019
Not yet approved for use in the EU		
Amendments to IAS 19	Employee benefits: plan amendment, curtailment or settlement	January 1, 2019
Improvements to IFRS Standards 2015-2017 Cycle	Minor amendments to a number of standards.	January 1, 2019
Amendments to the conceptual framework of the IFRS	Review of the conceptual framework of the IFRS	January 1, 2020
Amendment to IFRS 3	Business combinations	January 1, 2020
Amendment to IAS 1 and IAS 8	Definition of materiality	January 1, 2020
IFRS 17	Insurance contracts	January 1, 2021

With respect to the application of IFRS 16 "Leases" the Group has applied this standard from January 1, 2019 without restating comparative information and applying the modified retrospective method. In the 2018 financial year, the Group carried out an assessment on the impact of this standard coming into force, based on the information currently available, which may be subject to changes due to additional information available in 2019, once the aforementioned standard have become effective.

IFRS 16 will replace IAS 17 and the current associated interpretations. The main change is that all leases (with some limited exceptions) will be recorded on the balance sheet with a similar impact to current financial leases (the asset will be amortised due to the right of use and a financial expense due to the amortised cost of the liability).

Management has assessed the effect of applying IFRS 16 to the Group's consolidated financial statements. Based on a review of the rent contracts, on the date of first application January 1, 2019, a financial liability will be recorded on this first application date in the amount of

approximately EUR 232 million (with an offsetting entry for a material and intangible asset due to the right of use), generating an additional annual amortisation of approximately EUR 28 million, a financial expense of approximately EUR 13 million in 2019 and a decrease of the operational cost per rental recorded based on IAS 17, of approximately EUR 35 million.

There is no accounting principle or measurement bases having a significant effect on the consolidated financial statements that the Group has failed to apply.

b) Fair presentation and accounting principles

The consolidated financial statements were obtained from the separate financial statements of Prisa and its subsidiaries and, accordingly, they present fairly the Group's equity and financial position at December 31, 2018, and the results of its operations, the changes in equity and the cash flows in the year then ended. The Group prepared its financial statements on a going concern basis, as described in note 1b. Also, with the exception of the consolidated statement of cash flows, these consolidated financial statements were prepared in accordance with the accrual basis of accounting.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2018 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRSs as adopted by the European Union.

c) Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Company's directors.

In the consolidated financial statements for 2018 estimates were occasionally made by executives of the Group and of the entities in order to quantify certain of the assets, liabilities and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to determine the possible existence of impairment losses (*see notes 4d and 4f*).
- The useful life of property, plant, and equipment and intangible assets (*see notes 4b and 4e*).
- The hypotheses used to calculate the fair value of financial instruments (*see note 4g*).
- The assessment of the likelihood and amount of undetermined or contingent liabilities (*see note 4j*).
- Estimated sales returns received after the end of the reporting period (*see note 4k*).
- Provisions for unissued and outstanding invoices;
- The estimates made for the determination of future commitments (*see note 23*).
- The recoverability of deferred tax assets (*see note 17*).

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, it is possible

that events that may take place in the future force them to modify them, upwards or downwards. In this case, the effects in the corresponding consolidated income statements for future periods, as well as in assets and liabilities, would be recognized.

In 2018, there were no significant changes in the accounting estimates made at the end of 2017, except those referring to determining goodwill and the recoverability of deferred tax assets, as described in notes 6 and 17, respectively.

d) Basis of consolidation

The consolidation methods applied were as follows:

Full consolidation-

Subsidiaries are accounted for using the equity method, and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after the necessary adjustments and eliminations have been carried out. Subsidiaries are companies over which the parent company exercises control, i.e. it has the power to direct their financial and operating policies, it is exposed or is entitled to variable earnings or has the ability to influence their earnings. Subsidiaries accounted for using the equity method are listed in Appendix I.

The results of subsidiaries which are acquired or sold during the year are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal, as appropriate.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of the subsidiary's acquisition over the Parent Company's share of the net fair value of its assets and liabilities is recognized as goodwill. Any deficiency is credited to the consolidated income statement.

The share of third parties of the equity of Group companies is presented under "*Equity – Non-controlling interests*" in the consolidated balance sheet and their share of the profit for the year is presented under "*Profit attributable to non-controlling interests*" in the consolidated income statement.

The interest of non-controlling shareholders is stated at those shareholders' proportion of the fair values of the assets and liabilities recognized.

All balances and transactions between the fully consolidated companies were eliminated on consolidation.

Equity method-

Associates are accounted for using the equity method. Associates are companies in which Prisa holds direct or indirect ownership interests of between 20% and 50%, or even if the percentage of ownership does not reach those levels, it has significant influence over their management.

This method was also applied to joint ventures, considered as arrangements whereby the parties that exercise joint control over the company are entitled to its net assets on the basis of the arrangement. Joint control is the sharing of control that is contractually decided and set out in an agreement, which exists only when decisions concerning major operations require the unanimous consent of the parties that share control.

The companies accounted for using the equity method are listed in Appendix I and II, together with their main financial aggregates.

Under the equity method, investments are recognized in the consolidated balance sheet at the Group's share of net assets of the investee, adjusted, if appropriate, for the effect of transactions performed with the Group, plus any unrealized gains relating to the goodwill paid on the acquisition of the company.

Dividends received from these companies are recognized as a reduction in the value of the Group's investment. The Group's share of the profit or loss of these companies is included, net of the related tax effect, in the consolidated income statement under "*Result of companies accounted for using the equity method.*"

Other matters -

The items in the balance sheets of the foreign companies included in the scope of consolidation were translated to euros using the closing rate method, i.e. all assets, rights and obligations were translated at the exchange rates prevailing at the end of the reporting period. Income statement items were translated at the average exchange rates for the year. The difference between the value of the equity translated at historical exchange rates and the net equity position resulting from the translation of the other items as indicated above is recognized under "*Equity- Exchange differences*" in the accompanying consolidated balance sheet.

Venezuela

From 2009 onwards Venezuela is considered to have an hyperinflationary economy. The functional currency of the Venezuelan subsidiary is the bolivar. The Group regularly evaluates the local economic situation and the particular circumstances of its operations in Venezuela in order to determine the exchange rate that better reflects the economic aspects of its activities in the country, taking into account all information available on relevant factors and circumstances at each closing date.

Throughout 2017 and 2018 the economic and political crisis in Venezuela has become more acute, and this situation sparked a jump in the rate of inflation. However, the official exchange rates have not moved accordingly, which means that they are not representative of the value

of the Venezuelan currency and, therefore, do not reflect the real loss of purchasing power of such currency. In May 2017, a new exchange agreement was published. This agreement established a currency exchange auction system with limited fluctuation bands, although no new currency exchange auctions have been called since August. In January 2018, another exchange agreement was published. This agreement establishes a new auction mechanism, where currency offers will mainly come from the private sector, eliminating the protected exchange rate system ("DIPRO"). Structural deficiencies of this mechanism (inadequate depth and transparency) suggest that there will continue to be a significant deviation between the evolution of official exchange rates and inflation.

In this context, taking into account the country's economic reality and the absence of official rates representing the economic situation of Venezuela, in 2017 and 2018 the Group deemed necessary to estimate an exchange rate commensurate with the evolution of inflation in Venezuela, which appropriately reflects the economic-financial and equity situation of its Venezuelan subsidiary when drawing up the Group's consolidated financial statements (synthetic exchange rate). The methodology applied in this sense consisted in considering an exchange rate as a representative starting point, due to the closer approximation between the official auction exchange rate, the existing alternative rates and the exchange rates obtained by applying macroeconomic methodologies; and updating it with the inflation rates used by the Group for Venezuela (1,698,488% of January - December 2018 and 2,874.1% of January - December 2017).

In this way, the exchange rate used as at December 31, 2018 when translating the financial statements of the Venezuelan subsidiary, resulting from the methodology described above, amounts to 6,000 sovereigns bolivars per euro (1 bolivar soberano =100.000 bolivars) (20,653 bolivars per euro at December 31, 2017).

When the operations of a Venezuelan entity (entities that uses the Venezuelan bolivar as their functional currency) are translated into the currency of a non-hyperinflationary economy, in this case to euros, paragraph IAS 21.42 (b) states that "comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates)".

Argentina

From the third quarter of 2018, the economy of Argentina is considered hyperinflationary. The main reason for this, among others, is that from July 1, 2018, the accumulated inflation of the last three years in Argentina exceeds 100%. The functional currency is the Argentine peso. This means:

- Updating all the non-monetary assets and liabilities on 31 December 2018 with the effect of accumulated inflation and the income statement for 2018 with the effect of the inflation of the current financial year. The inflation rates from January to December 2018 and from January to December 2017 were 47.74% and 26.10%, respectively.
- Converting the balance sheet and the income statement of the Argentine subsidiaries to the exchange rate on December 31, 2018, which was 43.17 EUR/Argentine peso.

Prior to the consideration of Argentina as a hyperinflationary economy, the financial statements of this country's subsidiaries were developed using the historical cost method.

The impact on the consolidated income statement for 2018 was a decrease in the operating income and of the operating profit, of EUR 7.3 million and EUR 4.0 million, respectively. The item "*Financial expenses*" also includes EUR 5.4 million of adjustments for inflation due to Argentina being considered a hyperinflationary economy.

The consolidated balance sheet and the consolidated income statement for 2017 have not been modified to include Argentina as a hyperinflationary economy.

Non- monetary headings of the balance sheet are adjusted to reflect changes in prices in accordance with local laws, before they are translated to euros, as contained in the notes to these consolidated financial statements separately under the column "*Monetary adjustment*". The effect of inflation for the financial year as to monetary assets and liabilities is included under "*Finance costs*" in the attached consolidated income statement. The effect of the adjustment for inflation on the net equity of companies to which this accounting practice applies (Venezuela and Argentina) (positive impact of EUR 4.1 million, which EUR 3.5 million come from Argentina) and the translation differences associated with them (negative impact of EUR 15.1 million, of which EUR 13.7 million come from Argentina) have been registered under "*Equity- Accumulated profit for prior years*" on the accompanying consolidated balance sheet.

The operations and investments in Latin America may be affected by various risks typical of investments in countries with emerging economies, such as currency devaluation, inflation, restrictions on the movement of capital. Specifically, in Venezuela the movement of funds is affected by complex administrative procedures, expropriation or nationalization, tax changes , changes in policies and regulations or unstable situations.

The data relating to Sociedad Española de Radiodifusión, S.L., Santillana Educación Global, S.L., Prisa Brand Solutions, S.L. (sole trader), Gran Vía Musical de Ediciones, S.L., Grupo Latino de Radiodifusión Chile, Ltda., Sistema Radiópolis, S.A. de C.V. and Grupo Media Capital SGPS, S.A. contained in these notes were obtained from their respective consolidated financial statements.

e) Information comparison

In July, as a consequence of the acceptance of the binding offer presented by Altice NV for the sale of Vertex, which is the owner of Media Capital, the results of Media Capital were reclassified as a discontinued operation (under "*Net income for the year from discontinued operations net of tax*") and the assets and liabilities of the items "*Non-current assets held for sale*" and "*Liabilities associated with a non-current asset held for sale*", respectively.

On June 18, 2018, the contract for the sale of Media Capital signed between Prisa and Altice was terminated (*see note 1b*) and the Prisa Board of Directors agreed that it will be able to evaluate various alternatives for this asset in the future. The sale of the aforementioned asset is not considered to be highly probable at December 31, 2018. Therefore, since June 30, 2018, the assets and liabilities of Vertex and Media Capital Group are no longer reported as held for

sale and Media Capital operations as discontinued operations. They have been consolidated as a continuing operation.

In accordance with IFRS 5 and for the purpose of comparison, the consolidated income statement and the consolidated cash flow statement for the 2017 financial year have been modified to present Media Capital as a continued operation.

The Group did not restate the consolidated balance sheet of December 2017 in the consolidated summarised financial statements of June 2018. However, for improved comparability and understanding of the information, the Company decided to restate the consolidated balance sheet of 2017 in December 2018, no longer showing the assets and liabilities of Vertex and Media Capital as held for sale.

The consolidated balance sheet of December 2017, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow consolidated of year 2017, all of them modified according to the above, have not been audited.

On June 30, 2018, the non-current asset of Media Capital was assessed at its recoverable value, determined as the higher of either the value in use, or the net selling price, obtained from the assets associated with the cash-generating unit, without this having a significant impact on the restated consolidated income statement of 2017.

Likewise, information by segments has been modified to introduce the Media Capital segment both in fiscal year 2017 and in fiscal year 2018 (*see note 16*).

Consolidated balance sheet-

The reconciliation of the consolidated balance sheet published in the consolidated financial statements of 2017 with the consolidated balance sheet, modified for comparative purposes, in the current consolidated financial statements is shown below:

	Year 2017	Media Capital effect	Year 2017 restated
Non-current assets-	756,693	355,466	1,112,159
Property, plant and equipment	82,653	15,166	97,819
Goodwill	167,556	330,559	498,115
Intangible assets	110,802	4,663	115,465
Non-current financial assets	25,561	6	25,567
Investments accounted for using equity method	37,247	0	37,247
Deferred tax 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 and other receivables	381,520	36,675	418,195
Current financial assets	23,340	0	23,340
Cash and cash equivalents	217,209	295	217,504
Assets classified as held for sale	474,172	(474,172)	0
Total assets	1,923,079	(546)	1,922,533
Equity-	(485,911)	1,047	(484,864)
Share capital	83,498	0	83,498
Other reserves	(489,781)	0	(489,781)
Accumulated profit	(119,572)	351	(119,221)
- From prior years	(16,657)	0	(16,657)
- For the year: Profit attributable to the Parent	(102,915)	351	(102,564)
Treasury share	(694)	0	(694)
Exchange differences	(37,894)	178	(37,716)
Non-controlling interests	78,532	518	79,050
Non-current liabilities-	863,136	66,600	929,736
Non-current bank borrowings	642,248	61,233	703,481
Non-current financial liabilities	120,147	0	120,147
Deferred tax liabilities	23,901	(431)	23,470
Long-term 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 payables	247,232	31,313	278,545
Other non-trade payables	42,600	9,905	52,505
Current bank borrowings	1,002,633	34,324	1,036,957
Current financial liabilities	22,630	23	22,653
Payable to public authorities	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 assets classified as held for sale	159,076	(159,076)	0
Total liabilities	1,923,079	(546)	1,922,533

Consolidated income statement-

The reconciliation of the consolidated income statement published in the consolidated financial statements of 2017 with the consolidated income statement, modified for comparative purposes, in the current consolidated financial statements is shown below:

	Year 2017	Media Capital effect	Year 2017 restated
Revenue	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
Cost of materials used	(177,077)	(20,727)	(197,804)
Staff costs	(361,325)	(41,189)	(402,514)
Depreciation and amortisation charge	(69,653)	(7,903)	(77,556)
Outside services	(424,917)	(61,915)	(486,832)
Change in allowances, write-downs and provisions	(17,911)	(210)	(18,121)
Impairment of goodwill	(618)	(86,136)	(86,754)
Other expenses	(13,459)	(58)	(13,517)
OPERATING EXPENSES	(1,064,960)	(218,138)	(1,283,098)
PROFIT FROM OPERATIONS	105,745	(53,103)	52,642
Finance income	5,529	94	5,623
Finance costs	(81,016)	(4,084)	(85,100)
Exchange differences (net)	10,818	(492)	10,326
FINANCIAL LOSS	(64,669)	(4,482)	(69,151)
Result of companies accounted for using the equity method	4,819	0	4,819
Loss from other investments	(1,163)	0	(1,163)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	44,732	(57,585)	(12,853)
Expense tax	(51,977)	(9,582)	(61,559)
LOSS FROM CONTINUING OPERATIONS	(7,245)	(67,167)	(74,412)
Profit/Loss after tax from discontinued operations	(68,502)	67,518	(984)
CONSOLIDATED LOSS FOR THE YEAR	(75,747)	351	(75,396)
Loss attributable to non-controlling interests	(27,168)	0	(27,168)
LOSS ATTRIBUTABLE TO THE PARENT	(102,915)	351	(102,564)

Consolidated statement of cash flow-

The reconciliation of the consolidated cash flow statement published in the consolidated financial statements of 2017 with the consolidated cash flow statement, modified for comparative purposes, in the current consolidated financial statements is shown below:

	Year 2017	Media Capital effect	Year 2017 restated
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	44,732	(57,585)	(12,853)
Depreciation and amortisation charge and provisions	101,233	94,308	195,541
Changes in working capital	(68,235)	(5,127)	(73,362)
Inventories	15,444	1,900	17,344
Accounts receivable	(17,905)	4,395	(13,510)
Accounts payable	(65,774)	(11,422)	(77,196)
Income tax recovered (paid)	(27,483)	(9,714)	(37,197)
Other profit adjustments	55,098	5,069	60,167
Financial results	64,669	4,482	69,151
Gains and losses on disposal of assets	(1,721)	-	(1,721)
Other adjustments	(7,850)	587	(7,263)
CASH FLOWS FROM OPERATING ACTIVITIES	105,345	26,951	132,296
Recurrent investments	(63,390)	(4,039)	(67,429)
Investments in intangible assets	(44,550)	(295)	(44,845)
Investments in property, plant and equipment	(18,840)	(3,744)	(22,584)
Investments in non-current financial assets	(21,256)	-	(21,256)
Proceeds from disposals	8,563	16	8,579
Investments in non-current financial assets	2,117	-	2,117
CASH FLOWS FROM INVESTING ACTIVITIES	(73,966)	(4,023)	(77,989)
Proceeds and payments relating to equity instruments	(50)	-	(50)
Proceeds relating to financial liability instruments	20,889	-	20,889
Payments relating to financial liability instruments	(21,632)	(3,708)	(25,340)
Dividends and returns on other equity instruments paid	(26,184)	(941)	(27,125)
Interest paid	(34,305)	(3,576)	(37,881)
Other cash flow from financing activities	(6,640)	-	(6,640)
CASH FLOWS FROM FINANCING ACTIVITIES	(67,922)	(8,225)	(76,147)
Effect of foreign exchange rate changes	(7,079)	-	(7,079)
CHANGE IN CASH FLOWS FROM CONTINUING OPERATIONS	(43,622)	14,703	(28,919)
Cash flows from operating activities from discontinued operations	26,951	(26,951)	-
Cash flows from investing activities from discontinued operations	(4,318)	4,318	-
Cash flows from financing activities from discontinued operations	(8,225)	8,225	-
CHANGE IN CASH FLOWS FROM DISCONTINUED OPERATIONS	14,408	(14,408)	-
CHANGE IN CASH FLOWS IN THE YEAR	(29,214)	295	(28,919)

(3) CHANGES IN THE GROUP STRUCTURE

The most significant changes in the scope of consolidation in 2018 were as follows:

Subsidiaries

In February 2018, the liquidation of Infotecnia 11824, S.L., a company in which Prisa Tecnología, S.L. holds an interest of 60%, took place.

In March 2018, Prisa Activos Educativos, S.L.U. was created, which is fully owned by Promotora de Informaciones, S.A.

Also in March the liquidation of Prisa Radio Perú, S.A.C., a company that is 99.99% owned by Sociedad Española de Radiodifusión, S.L. took place.

Additionally in March, Eresmas Interactiva Inc and Latam Digital Ventures, LLC merge with Prisa Digital Inc., a company that is renamed to Prisa Brand Solutions USA, Inc.

In April, the liquidation of Collserola Audiovisual, S.L., a company 99.95% owned by Promotora de Emisoras de Televisión, S.A., took place and Prisa Eventos, S.L. merges with Prisa Noticias, S.L.

Without affecting the Group's consolidation scope, in May 2018 Prisa Participadas, S.L. was partially split, giving rise to Prisa Activos Radiofónicos, S.L. (a company that is fully owned by Promotora de Informaciones, S.A.), which now holds the representative shares of 74.49% of Prisa Radio, S.A. In addition, there was a split in the printing business, Prisaprint, S.L., the shares of which are subsequently contributed to Prisa Noticias, S.L. Also in May, Promotora de Informaciones, S.A. contributed to Prisa Participadas, S.L., through a non-monetary contribution, its 100% interest in Prisa Gestión de Servicios, S.L., Prisa Brand Solutions, S.L.U., Prisa Audiovisual, S.L.U. and Promotora de Emisoras, S.L.

These business operations are aimed at achieving an organisational structure in which the different business areas - i.e. Education, Radio, Press and Media Capital- are managed through legally separate business units, keeping the rest of the shares considered non-strategic separate, making it possible to optimise the organisational structure of the businesses and the Group's organisation chart.

On June 29, 2018, and in the context of the process of refinancing the Group's debt (*see notes 1b and 11b*), Prisa Activos Educativos, S.L.U. acquired 75% of the share capital of Grupo Santillana Educación Global, S.L. (Santillana), of which Prisa Participadas, S.L. was the holder. This acquisition has been financed through the assumption by Prisa Activos Educativos, S.L.U. of financial debt of Prisa with the new conditions agreed in the mentioned Refinancing, related to terms, costs and guarantees.

This purchase has been made in accordance with the general rules for transactions between companies of the same group contained in the General Accounting Plan in relation to the valuation of the operation, which has meant assessing it at fair value, based on the valuation report of the participation issued by an independent expert. Once the sale of Santillana was

recorded, Prisa Participadas distributed to Prisa a dividend on account of the result of the 2018 financial year amounting to EUR 570 million.

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

The sale of Santillana described above has had no impact on either Prisa consolidated net equity or the consolidated income statement.

In July 2018, Gestión de Marcas Audiovisuales, S.A. merges with Sociedad Española de Radiodifusión, S.L. and Prisa Música, S.A. with Gran Vía Musical de Ediciones, S.L.

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

In November 2018 the liquidation of Santillana Usa Publishing Company, Inc. took place.

In December 2018, the merger by absorption of Prisa Audiovisual, S.L.U. Prisa División Internacional, S.L., Prisa Inn, S.A., Promotora de Emisoras, S.L.U. and Promotora de Emisoras de Televisión, S.A. with Prisa Participadas, S.L. was produced.

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

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

Associates

In November 2018, Prisa Noticias, S.L. sells the 25% stake it owned in Betmedia Solutions, S.L.

Also, in November 2018, Sociedad Española de Radiodifusión, S.L. sold its stake of 50% in GLR Costa Rica, S.A.

In December 2018, Prisa Radio, S.A. sells 60% of its share in Planet Events, S.A. meaning it owns 40%, which means the company is consolidated by the equity method.

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

(4) ACCOUNTING POLICIES

The principal accounting policies used in preparing the accompanying consolidated financial statements for 2018 and comparative information were as follows:

a) Presentation of the consolidated financial statements

In accordance with IAS 1, the Group opted to present the assets in its consolidated balance sheet on the basis of a current/non-current assets distinction. Also, income and expenses are presented in the consolidated income statement according to the nature of the related item. The statement of cash flows was prepared using the indirect method.

b) Property, plant, and equipment

Property, plant and equipment are carried at cost, net of the related accumulated depreciation and of any impairment losses.

Property, plant and equipment acquired prior to December 31, 1983, are carried at cost, revalued pursuant to applicable legislation. Subsequent additions are stated at cost, revalued pursuant to Royal Decree-Law 7/1996 in the case of Pressprint, S.L. (sole trader) and Sociedad Española de Radiodifusión, S.L.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

Period upkeep and maintenance expenses are charged directly to the consolidated income statement.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the years of estimated useful life of the related assets, the detail being as follows:

	Years of estimated useful life
Buildings and structures	10 - 50
Plant and machinery	5 - 10
Other items of property, plant and equipment	3 - 15

The gain or loss arising on the disposal or derecognition of an asset is determined as the difference between the selling price and the carrying amount of the asset and is recognized in the consolidated income statement.

c) Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Items of property, plant and equipment held under finance lease are recognized in the balance sheet according to the nature of the leased asset. A liability is recognized simultaneously for the same amount, which is the lower of the fair value of the leased asset or the sum of the present values of the lease payables and, where appropriate, the price of any purchase option, provided that there are no reasonable doubts for its exercise.

The finance charge on these leases is allocated to the income statement so as to produce a constant periodic rate of interest over the lease term.

Assets held under finance leases are depreciated over the same estimated useful life as owned assets.

d) Goodwill

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts at the date of acquisition or at the date of first time consolidation, provided that the acquisition is not after control is obtained, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the assets whose market values were higher than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment was similar to that of the same assets of the Group.
- If it is attributable to non-contingent liabilities, by recognizing it in the consolidated balance sheet if it is probable that the outflow of resources to settle the obligation embody economic benefits and the fair value can be measured reliably.
- If it is attributable to specific intangible assets, by recognizing it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- The remaining amount is recognized as goodwill.

Changes in ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Once control is obtained, additional investments in subsidiaries and decreases in ownership interest without the loss of control do not affect the amount of goodwill. When a parent loses control of a subsidiary, it derecognizes the carrying amount of assets (including any goodwill) and liabilities and the share of non-controlling interests, recognizing the fair value of the consideration received and any residual ownership in the subsidiary. The remaining difference is taken to profit or loss in the income statement for the year.

The assets and liabilities acquired are measured provisionally at the acquisition date, and the provisional amounts are reviewed within a period of a year from the acquisition date. Therefore, until the definitive fair value of the assets and liabilities has been established, the difference between the acquisition cost and the carrying amount of the company acquired is provisionally recognized as goodwill.

Goodwill is considered to be an asset of the company acquired and, therefore, in the case of a subsidiary with a functional currency other than the euro, it is valued in that subsidiary's

functional currency and is translated to euros using the exchange rate prevailing at the balance sheet date.

Goodwill acquired on or after January 1, 2004 is measured at acquisition cost and that acquired earlier is recognized at the carrying amount at December 31, 2003, in accordance with Spanish GAAP. In both cases, since January 1, 2004, goodwill has not been amortized and at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment loss is recognized (*see note 4f*).

e) Intangible assets

The main items included under "*Intangible assets*" and the measurement bases used were as follows:

Computer software-

"*Computer software*" includes the amounts paid to develop specific computer programs or the amounts incurred in acquiring from third parties the licenses to use programs. Computer software is amortized by the straight-line method, depending on the type of program or development, during the period in which contribute to the generation of profits.

Prototypes-

This account includes basically prototypes for the publication of books, which are measured at the costs incurred in materials and work performed by third parties to obtain the physical medium required for industrial mass reproduction. The prototypes are amortized using the straight-line method over three years from the date on which they are launched on the market, in the case of textbooks and languages, atlases, dictionaries encyclopaedias and major works. The cost of the prototypes of books that are not expected to be published is charged to the income statement for the year in which the decision not to publish is taken.

Advances on copyrights-

This account includes the advances to authors, whether or not paid on account of future rights or royalties for the right to use the different forms of intellectual property. These advances are taken to expenses in the income statement from the date on which the book is launched on the market, at the rate established in each contract, which is applied to the book cover price. These items are presented in the balance sheet at cost, less the portion charged to income. This cost is reviewed each year and, where necessary, an allowance is recognized based on the projected sales of the related publication.

Audiovisual rights-

"*Audiovisual rights*" in the accompanying consolidated balance sheet includes the amount paid by Media Capital for the acquisition of allowance of films, series and children's animation and documentaries amount whose programming is expected to take place in a period exceeding

twelve months. These rights are depreciated according to the generation of revenues derived from them. They are reported to its expected recoverable.

Other intangible assets-

"Other intangible assets" includes basically the amounts paid to acquire administrative concessions for the operation of radio frequencies, which are subject to temporary administrative concessions. These concessions are granted for renewable multi-years periods, in accordance with regulations of each country, and are amortized using the straight-line method over the term of the arrangement, except in cases where the renewal costs are not significant, in which case they are deemed to be assets with an indefinite useful life.

f) Losses due to impairment of non-financial assets

Annually, at the end of each fiscal year and, when ever, there is evidence of impairment, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). In the case of identifiable assets that do not generate cash flows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash-generating units to which goodwill has been assigned and intangible assets with an indefinite useful life are systematically tested for impairment at the end of each reporting period or when the circumstances so warrant.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is taken to be the present value of the estimated future cash flows to derive from the asset based on most recent budgets approved by management. These budgets include the best estimates available of the income and costs of the cash-generating units based on industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business. These cash flows are discounted to their present value at a rate that reflects the weighted average cost of capital employed adjusted by the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2018 the rates used ranged from 6.9% to 17.7% depending on the business being analysed.

If the recoverable amount is lower than the asset's carrying amount, the related impairment loss is recognized in the consolidated income statement for the difference.

In case the goodwill of a company with minority interests was fully recognized in the consolidated financial statements of the parent company, the assignment of the corresponding impairment between the parent company and the minority interests is made in accordance with their participation in the profit and losses of the company, that means in accordance with the participation in the share capital of the company.

Impairment losses recognized on an asset in previous years are reversed when there is a change in the estimate of its recoverable amount by increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of the impairment loss is recognized immediately as income in the consolidated income statement. An impairment loss recognized for goodwill must not be reversed.

g) Financial instruments

Financial assets are classified in three categories: (i) amortized cost, (ii) fair value with changes in other comprehensive income (equity) and (iii) fair value with changes in profit and loss, belonging to almost all financial assets from the Group to the category of amortized cost.

Non-current financial assets at amortized cost-

This heading includes the following categories:

- *Loans and receivables:* this includes financial assets originating from the sale of goods or from the provision of services during the company's traffic operations or those that, not having have any commercial substance, are not equity instruments or derivatives and have fixed or determinable payments and are not traded in an active market, meaning that the Group intends to keep them to obtain the contractual cash flows. These assets are valued at amortized cost, i.e. cash delivered less principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables.
- *Other assets at amortized cost:* financial assets with fixed or determinable payments and established maturities for which the Group has the intention and ability to hold to maturity to obtain the contractual cash flows.

Financial assets at fair value with changes in other comprehensive income (equity) -

- This category mainly includes the equity investments. These assets are carried on the consolidated balance sheet at fair value when this can be measured reliably, recorded in equity resulting from changes in fair value, until the sale or impairment of the asset (as described below in impairment of financial assets), at which time the cumulative results previously recognized in equity is included in the income statement.

If the market value of investments in unlisted companies cannot be determined reliably, which is generally the case, these investments are measured at acquisition cost or at a lower amount if there is any indication of impairment.

Impairment of financial assets

On the date of initial recognition of financial assets, the expected loss is recognised that results from a "default" event during the next 12 months or while the contract remains in force, depending on the evolution of the credit risk of the financial asset from its initial recognition on the balance sheet or by applying the "simplified" models allowed by the standards for

some financial assets. The Group applied the simplified focus to recognise the expected credit loss during the period in which the receivables are in force that result from transactions under IFRS 15. In this way, the Group creates an allowance for a provision for credit losses on revenue recognition, for which an NPL ratio has been determined per business and type of customer, applied to the amount of sales by customer type.

Cash and cash equivalents-

“Cash and cash equivalents” in the consolidated balance sheet includes cash on hand and at banks, demand deposits and other short-term highly liquid investments that are readily convertible into cash and are not subject to a risk of changes in value.

Financial liabilities-

This category includes debits for commercial operations and debits for non-commercial operations. These external resources are classified as current liabilities, unless the Company has an unconditional right to defer their liquidation for at least 12 months after the balance sheet date. Debits for commercial operations that have an expiration of no more than one year and that do not have a contractual interest rate, both initially and subsequently, for their nominal value when the effect of not updating the cash flows is not significant.

The financial debt is initially recognised by its fair value, also recording the costs incurred obtaining it. The amortised cost is recorded in subsequent periods, i.e. for the amount at which it was measured in its initial recognition, deducting the repayments from the principal, plus any difference between the initial amount and the amount upon expiry, using the effective interest method.

Compound financial instruments

Compound financial instruments are non-derivative instruments that have both a liability and an equity component.

The Group recognizes, measures and presents separately the liability and equity components created by a single financial instrument.

The Group distributes the value of its instruments in accordance with the following criteria which, barring error, will not be subsequently reviewed.

- a. The liability component is recognized by measuring the fair value of a similar liability that does not have an associated equity component.
- b. The equity component is measured at the difference between the initial amount and the amount assigned to the liability component.
- c. The transaction costs are distributed in the same proportion.

Derivative financial instruments and hedge accounting-

The Group is exposed to fluctuations in the exchange rates of the various countries in which it operates. In order to mitigate this risk, foreign currency hedges are used, on the basis of its projections and budgets, when the market outlook so requires.

Similarly, the Group is exposed to foreign currency risk as a result of potential fluctuations in the various currencies in which its bank borrowings and debts to third parties are denominated. Accordingly, it uses hedging instruments for transactions of this nature when they are material and the market outlook so requires.

The Group is also exposed to interest rate risk since all of its bank borrowings bear interest at floating rates. In this regard, the Group arranges interest rate hedges, basically through contracts providing for interest rate caps, when the market outlook so requires.

Pursuant to IFRSs, changes in the value of these financial instruments are recognized as finance income or finance costs, since by their nature they do not qualify for hedge accounting under IFRSs.

For instruments settled at a variable amount of shares or in cash, the Company recognizes a derivative financial liability when measuring these financial instruments using the Black - Scholes model.

h) Investments accounted for using the equity method

As discussed in *note 2d*, investments in companies over which the Group has significant influence or joint control are accounted for using the equity method. The goodwill arising on the acquisition of these companies is also included under this heading.

Investments in companies accounted for using the equity method whose carrying amount is negative at the end of the reporting period are recognized under "*Long- term provisions*" (see *notes 8 and 12*) at their negative excluding the financial effect given the nature of the investments.

i) Inventories

Inventories of raw materials and supplies and inventories of commercial products or finished goods purchased from third parties are measured at the lower of their average acquisition cost and market value.

Work in progress and finished goods produced in-house are measured at the lower of average production cost and market value. Production cost includes the cost of materials used, labor and in-house and third-party direct and indirect manufacturing expenses.

In the heading of inventories include the "*Audiovisual Rights*", which relate mainly to allowances of movies, series and other television programs acquired from third parties, as well as, the cost incurred in the program production, which are valued at cost of acquisition or

production and are charged to results in accordance with expectations of income generation thereof.

The Group also recognises expenditure for the cost of inventories the broadcasting rights of which have expired or the recovery value of which is considerably lower than the acquisition cost.

Obsolete, defective or slow-moving inventories are reduced to their realizable value.

The Group assesses the net realizable value of the inventories at the period end and recognizes the appropriate write-down if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

j) Long-term provisions

Present obligations at the consolidated balance sheet date arising from past events which could give rise to a loss for the Group, which is uncertain as to its amount and timing, are recognized in the consolidated balance sheet as provisions at the present value of the most probable amount that it is considered the Group will have to pay to settle the obligation.

Provisions for taxes-

The provisions for taxes relate to the estimated amount of the tax debts whose exact amount or date of payment has not yet been determined, since they depend on the fulfilment of certain conditions.

Provisions for indemnities and third-party liability-

“Provisions for third-party liability” also includes the estimated amount required to cover probable claims arising from obligations assumed by the companies in the course of their commercial operations, and probable or certain liabilities arising from litigation in progress, compensation to workers who are estimated terminate their labor relations or other outstanding obligations of undetermined amount, as in the case of collateral and other similar guarantees provided by the Group.

k) Recognition of income and expenses

Revenue is recognised when control of the goods and services is transferred to the client for the amount at which the Group estimates that the goods and services will be traded. Revenue and expenses are recognized on an accrual basis, regardless of when the resulting monetary or financial flow arises.

To calculate revenue, in accordance with IFRS 15, the contract or contracts, as well as the different obligations included in goods and service provision contracts must be identified, the transaction price must be determined and distributed among the cited contractual obligations, based on their respective independent sales prices or an estimation thereof and the revenue is recognised inasmuch as the entity complies with each of its obligations.

The standard coming into force mainly affects recognition of revenue from Santillana's digital teaching systems in the areas of Educación UNO and Compartir.

The accounting policies applied to recognize the revenue of the Group's main businesses are as follows:

- *Advertising revenue* is recognized when the advertisement appears in the media, less the amount of volume rebates offered to the media agencies. The average payment period is around 90 days.
- *Revenue from book sales* is recognized on the effective delivery thereof. Where the sales of the copies are subject to sales returns, the actual sales returns are deducted from the revenue recognized. Also, the amounts corresponding to rebates or trade discounts are deducted from revenue. The collection period is variable and is established in the different sales contracts. The provision for sales returns is calculated using historical return percentages.
- *Revenue from digital teaching systems*: the revenue from the goods and services provided is recognised once control thereof is transferred to the client, in accordance with the criteria described below:
 - o Printed teaching material and digital content: revenue is reported when ownership is transferred to the school or student.
 - o Equipment made available to schools and other services: the respective revenue will be recognised during the school year.

The price and value of revenue from these goods and services is determined by analysing margins and independent sale prices of the goods that have separate marketing. This means that a higher sales price is assigned for equipment and other services provided, to the detriment of printed teaching material and digital content, compared to how it was treated until 2017. These revenues are collected in two different ways, either the total at the start of the school year or by means of payments throughout the year.

- *Revenue from the sale of newspapers and magazines* is recognized on the effective delivery thereof, net of the related estimated provision for sales returns. Also, the amounts relating to distributors' fees are deducted from revenue. The collection for the sale of newspapers and magazines occurs in the month in which the sales are made.
- The *revenue* and the costs associated with *audiovisual production* agreements are recognized in the income statement as control of the sold content (episodes ready to be shown by the buyer) is transferred at the moment of delivery, with there being no other significant performance obligations to be completed from this moment onwards. When the final outcome of the agreement cannot be estimated reliably, the revenue must only be recognized to the extent that it is probable that the costs incurred will be recovered, whereas the costs are recognized as an expense for the year in which they are incurred. In any case, the expected future losses would be recognized immediately in the income statement. The collection period is established in the agreed contracts.

- *Revenue related to intermediation services* is recognized at the amount of the fees received when the goods or services under the transaction are supplied.
- *Other services*: this item includes music sales, organization and management of events, e-commerce and internet services.

The Group does not adjust the considerations received due to the impact of significant financing components, as the period between the moment at which the goods and services are transferred to the client and the moment at which the client pays for the good or service is less than one year in nearly all of the contracts.

The commissions given to employees for obtaining contracts are recognised as expenses in the financial year instead of as a fixed amortisation asset because the amortisation period of this asset would be less than one year.

l) Offsetting

Assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, they arise from transactions in which the Group has a contractual or legally enforceable right to set off the recognized amounts and it intends to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

m) Tax matters

The expense or income due to tax on the year's earnings, is calculated by adding the current tax expense and the deferred tax expense. The current tax expense is determined by applying the applicable tax rate to the taxable income, and deducting from that result the amount of allowances and deductions generated and applied during the year, determining the payment obligation to the Public Administration.

The assets and liabilities due to deferred taxes, arise from temporary differences defined as the amounts expected to be payable or recoverable in the future which result from the difference between the book value of assets and liabilities and their tax base, as well as non-deductible expenses that acquire deductibility at a later time. These amounts are recorded applying the tax rate at which they are expected to be recovered or settled to the temporary difference.

Deferred tax assets also arise as a result of carry forward losses and credits due to tax deductions generated and not applied and non-deductible financial expenses.

The corresponding liability due to deferred taxes is recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that at the time of its completion, affects neither the accounting nor the tax profit/loss.

Meanwhile, deferred tax assets, identified using deductible temporary differences, are only recognised if it is deemed likely that the consolidated companies will have sufficient future

taxable profits against which to use them and they do not arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects the tax profit/loss or the accounting profit/loss. The remaining deferred tax assets (losses and carry forward deductions) are only recognised if it is deemed likely that the consolidated companies will have sufficient future taxable profits against which to use them.

At each accounting period end, recorded deferred taxes (assets and liabilities) are reviewed in order to check whether they are still applicable, making the appropriate adjustments, in accordance with the results of the analyses performed and the applicable tax rate at all times.

Royal Decree-Law 3/2016, of 2 December, modified the Transitional Provision Sixteenth (DT 16) of Law 27/2014, of November 27, on Corporate Income Tax, a Provision that establishes the transitional regime applicable to the fiscal reversion of losses for impairment generated in periods before January 1, 2013. Under the new regulations, with effect for tax periods beginning on or after January 1, 2016, the reversal of said losses shall comprise at least equal parts in the tax base corresponding to each of the first five tax periods commencing from that date.

To the extent in which the values of the Group affected by this rule have no impediment, in practice, in order to be able to be transmitted before the end of the period of five years, as there are no very severe restrictions on their transferability, whether legal, contractual or of other types, these fiscal adjustments have been considered as permanent differences in the Group and, consequently, one fifth of the corresponding Corporate Tax expense has been recognized as payable as a tax liability to the Treasury.

n) Loss after tax from discontinued operations

A discontinued operation is a line of business that the Group has decided to abandon and/or sell and whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

The income and expenses of the discontinued operations are presented separately in the consolidated income statement under "*Loss after tax from discontinued operations*".

o) Assets and liabilities classified as held for sale

Non-current assets classified as held for sale are considered to be groups of assets directly associated with them, to be disposed of together as a group in a single transaction, on which it is estimate that its realization is highly likely within twelve months from the date of their classification under this heading.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Liabilities classified as held for sale are registered at their expected redemption value.

p) Share-based payments

The Group recognizes, on the one hand, goods and services received as an asset or as an expenditure, taking into account its nature at the time it is obtained and, on the other hand, the corresponding increase in equity if the transaction is settled with equity instruments, or the corresponding liabilities if the transaction is settled with an amount based on the value of equity instruments.

In the case of transactions settled with equity instruments, both the services provided and increases in equity are valued at the fair value of the equity realized, as of the date of the agreement to realize it (date of measurement). Conversely, in case of settlement with cash, goods and services received and the corresponding liabilities are recognized at the fair value of the latter as of the date on which the requirements for their recognition are met.

q) Foreign currency transactions

Foreign currency transactions are translated to euros (the Group's functional currency) at the exchange rates ruling at the transaction date. During the year, differences arising between the result of applying the exchange rates initially used and that of using the exchange rates prevailing at the date of collection or payment are recognized as finance income or finance costs in the consolidated income statement.

r) Current/non-current classification

Debts are recognized at their effective amount and debts due to be settled within twelve months from the balance sheet date are classified as current items and those due to be settled within more than twelve months as non-current items.

s) Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Changes in cash flows in the year: inflows and outflows of cash and cash equivalents, which are short-term, highly -liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and in cash equivalents. For transactions between the parent and non-controlling interests, these only include those representing a change of control.
- Financing activities: activities that result in changes in the size and composition of equity and borrowings, as well as transactions between the parent and non-controlling interests which do not represent a change of control.

t) Environmental impact

In view of the printing activities carried on by certain consolidated Group companies and in accordance with current legislation, these companies control the degree of pollution caused by waste and emissions, and have an adequate waste disposal policy in place. The expenses incurred in this connection, which are not significant, are expensed currently.

The evaluation carried out indicates that the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

5) PROPERTY, PLANT, AND EQUIPMENT
2018-

The changes in 2018 in “*Property, plant and equipment*” in the consolidated balance sheet were as follows:

	Thousands of euros							Balance at 12/31/2018
	Balance at 12/31/2017	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	
Cost:								
Land and buildings	80,986	2,548	(2,736)	(8,146)	649	(9,443)	(1,647)	62,211
Plant and machinery	347,106	4,502	(2,902)	(18,071)	4,834	(94,719)	(2,949)	237,801
Other items of property, plant and equipment	118,709	5,336	(6,429)	(1,050)	1,453	(12,207)	(731)	116,081
Advances and equipment in the course	379	-	(63)	-	3,096	(10)	(1,377)	2,025
Total cost	547,180	12,386	(12,130)	(27,267)	21,032	(116,379)	(6,704)	418,118
Accumulated depreciation:								
Buildings	(26,814)	(1,178)	750	1,120	(1,477)	1,571	594	(25,434)
Plant and machinery	(296,545)	(4,207)	2,323	10,214	(8,770)	84,438	3,875	(208,672)
Other items of property, plant and equipment	(91,810)	(4,043)	4,566	1,658	(13,512)	11,325	736	(91,080)
Total accumulated depreciation	(415,169)	(9,428)	7,639	12,992	(23,759)	97,334	5,205	(325,186)
Impairment losses:								
Buildings	(15,074)	-	-	4,605	(360)	6,771	-	(4,058)
Plant and machinery	(18,574)	-	-	7,851	(450)	10,252	-	(921)
Other items of property, plant and equipment	(544)	-	26	68	116	70	-	(264)
Total impairment losses	(34,192)	-	26	12,524	(694)	17,093	-	(5,243)
Net property, plant and equipment	97,819	2,958	(4,465)	(1,751)	(3,421)	(1,952)	(1,499)	87,689

2017-

The changes in 2017 in “Property, plant and equipment” in the consolidated balance sheet were as follows:

	Thousands of euros							Balance at 12/31/2017
	Balance at 12/31/2016	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	
Cost:								
Land and buildings	86,799	1,117	(4,265)	-	779	(3,344)	(100)	80,986
Plant and machinery	359,296	590	(4,049)	(350)	4,280	(14,003)	1,342	347,106
Other items of property, plant and equipment	127,631	1,175	(10,483)	(154)	15,985	(15,572)	127	118,709
Advances and equipment in the course	433	-	18	-	1,540	(15)	(1,597)	379
Total cost	574,159	2,882	(18,779)	(504)	22,584	(32,934)	(228)	547,180
Accumulated depreciation:								
Buildings	(27,354)	(470)	1,243	-	(1,811)	1,440	138	(26,814)
Plant and machinery	(298,473)	(513)	3,020	339	(12,422)	11,896	(392)	(296,545)
Other items of property, plant and equipment	(98,527)	(826)	6,814	110	(15,257)	16,041	(165)	(91,810)
Total accumulated depreciation	(424,354)	(1,809)	11,077	449	(29,490)	29,377	(419)	(415,169)
Impairment losses:								
Buildings	(10,478)	-	-	-	(4,604)	8	-	(15,074)
Plant and machinery	(16,672)	-	-	-	(3,829)	1,927	-	(18,574)
Other items of property, plant and equipment	(265)	-	41	-	(348)	28	-	(544)
Total impairment losses	(27,415)	-	41	-	(8,781)	1,963	-	(34,192)
Net property, plant and equipment	122,390	1,073	(7,661)	(55)	(15,687)	(1,594)	(647)	97,819

Monetary adjustment and translation adjustment-

The column “Monetary adjustment” includes the effect of hyperinflation in Venezuela and Argentina in 2018 (Venezuela in 2017). Furthermore, the column “Translation adjustment” includes the impact of exchange rates variation in Latin America, highlighting the contribution in 2018 of Brazil, Colombia, Chile, Argentina and Venezuela (Brazil, Colombia and Venezuela in 2017).

Changes in scope of consolidation-

The column “Changes in scope of consolidation” mainly includes property, plant and equipment of Bidasoa Press, S.L., company sold in December 2018 (see note 3).

Additions-

The most significant additions in 2018 were as follows:

- “Plant and machinery,” in the amount of EUR 4,834 thousand (EUR 4,280 thousand in 2017), mainly due to investments made by Grupo Media Capital, SGPS, S.A. in postproduction system.

- *“Other items of property, plant and equipment,”* in the amount of EUR 12,453 thousand (EUR 15,985 thousand in 2017), mainly due to the acquisition of technological equipment in Santillana for use in the classroom by students and teachers integrated into teaching systems.

Disposals-

In 2018, fully depreciated *“plant and machinery”* had derecognized mainly in the companies of dedicated to printing, within the Press business unit. *“Other items of property, plant and equipment”* mainly included derecognition of fully depreciated assets linked to digital developments and Santillana's learning systems.

In 2017, fully depreciated *“plant and machinery”* had derecognized mainly in the companies of group Prisa Radio and in the companies dedicated to printing, within the Press business unit. *“Other items of property, plant and equipment”* mainly included derecognition of fully depreciated assets linked to digital developments and Santillana's learning systems.

Transfers-

The transfer column mainly includes the property, plant and equipment of the Radio companies located in Argentina and USA, which have been transferred to heading *“Non-current assets held for sale”* because these companies are in a sale process.

Impairment losses-

In 2017, impairment losses of EUR 8,735 thousand were recognized for the printing plant in Valencia and Madrid.

The property, plant and equipment amortization expense recorded in 2018 totaled EUR 23,759 thousand (EUR 29,490 thousand in 2017).

There are no restrictions on holding title to the property, plant, and equipment other than those indicated in note 11b.

There are no future property, plant, and equipment purchase commitments.

At December 31, 2018, the Prisa Group's assets included fully amortized property, plant, and equipment amounting to EUR 233,607 thousand (December 31, 2017: EUR 276,730 thousand).

Non-current assets held under leases-

At December 31, 2018, the consolidated balance sheet included assets held under finance leases amounting to EUR 10,643 thousand (December 31, 2017: EUR 10,208 thousand).

The breakdown of the carrying amounts of non-current assets held under finance leases by nature of the leased asset at December 31, 2018 and at December 31, 2017 is as follows (in thousands of euros) is as follows:

	12/31/2018			12/31/2017		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Plant and machinery	2,032	(377)	1,655	1,018	(149)	869
Educational digital equipment	26,377	(17,485)	8,892	28,902	(19,673)	9,229
Other items of property, plant and equipment	272	(176)	96	269	(159)	110
Total	28,681	(18,038)	10,643	30,189	(19,981)	10,208

The breakdown of the value of the purchase option, the amount of payments made in the year and the nominal value of outstanding payments in 2018 is as follows (in thousands of euros):

	Value of purchase option	Amount of payments made in the year	Nominal value of outstanding payments			
			Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Plant and machinery	41	247	1,511	496	1,015	-
Educational digital equipment	-	9,497	9,947	5,633	4,314	-
Other items of property, plant and equipment	-	19	95	19	76	-
Total	41	9,763	11,553	6,148	5,405	-

As of December 31, 2017, the detail is as follows, in thousands of euros:

	Value of purchase option	Amount of payments made in the year	Nominal value of outstanding payments			
			Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Plant and machinery	15	294	792	247	545	-
Educational digital equipment	-	7,721	14,666	8,862	5,804	-
Other items of property, plant and equipment	-	-	109	18	91	-
Total	15	8,015	15,567	9,127	6,440	-

The Group companies take out insurance policies to cover the potential risks to which the various items of property, plant, and equipment are exposed. At December 31, 2018 and at December 31, 2017, the insurance policies taken out sufficiently covered the related risks.

6) GOODWILL

2018-

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2018 is as follows:

	Thousands of euros			
	Balance at 12/31/2017	Translation adjustment	Impairment	Balance at 12/31/2018
Editora Moderna, Ltda.	55,693	(6,127)	-	49,566
Grupo Latino de Radiodifusión 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 Radiodifusión, S.L.	35,585	-	-	35,585
Other companies	12,076	58	(2,882)	9,252
Total	498,115	(10,286)	(78,981)	408,848

The detail, by business segment, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2018 is as follows:

	Thousands of euros			
	Balance at 12/31/2017	Translation adjustment	Impairment	Balance at 12/31/2018
Radio	106,625	(4,217)	-	102,408
Education	57,475	(6,153)	-	51,322
Media Capital	330,559	-	(76,099)	254,460
Other	3,456	84	(2,882)	658
Total	498,115	(10,286)	(78,981)	408,848

2017-

The detail of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2017 is as follows:

	Thousands of euros				
	Balance at 12/31/2016	Translation adjustment	Changes in scope of consolidation	Impairment	Balance at 12/31/2017
Editora Moderna, Ltda.	64,331	(8,638)	-	-	55,693
Grupo Latino de Radiodifusión Chile, Ltda.	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 Radiodifusión, 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

The detail, by business segment, of the goodwill relating to fully consolidated Group companies and of the changes therein in 2017 is as follows:

	Thousands of euros				
	Balance at 12/31/2016	Translation adjustment	Changes in scope of consolidation	Impairment	Balance at 12/31/2017
Radio	109,258	(2,633)	-	-	106,625
Education	65,894	(8,676)	257	-	57,475
Media Capital	416,695	-	-	(86,136)	330,559
Other	1,274	(82)	2,882	(618)	3,456
Total	593,121	(11,391)	3,139	(86,754)	498,115

In turn, the change in scope of segment “*Others*” was a consequence of the goodwill at EUR 2,882 thousand arising from the acquisition in August 2017 by Prisa Brand Solutions, S.L. (sole trader) of 100% of Latam Digital Ventures, LLC.

Impairment tests

At the end of each reporting period, or whenever there are indications of impairment, the Group tests goodwill for impairment to determine whether it has suffered any permanent loss in value that reduces its recoverable amount to below its carrying amount.

To perform the above mentioned impairment test, the goodwill is allocated to one or more cash-generating units. The recoverable amount of each cash-generating unit is the higher of value in use and the net selling price that would be obtained from the assets associated with the cash-generating unit. In the case of the main cash-generating units to which goodwill has been allocated (Media Capital, Editora Moderna, Ltda. and Grupo Latino de Radiodifusión Chile, Ltda.), their recoverable amount is their value in use.

Value in use was calculated on the basis of the estimated future cash flows based on the business plans most recently elaborated by management. These business plans include the best estimates available of income and costs of the cash-generating units using industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business, applying a constant expected growth rate ranging from 0% to 2.5%, as in 2017. The expected growth rate that has been used in the most relevant impairment tests (Media Capital, Editora Moderna, Ltda. and Grupo Latino de Radiodifusión Chile, Ltda.) is located between 0% and 1.5% in 2018 and in 2017.

In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk corresponding to each cash-generating unit. Therefore, in 2018 the rates used ranged from 6.9% to 17.7% (6.5% and 15.7% in 2017) depending on the business being analysed. The rate that has been used for the most relevant impairment tests (Media Capital, Editora Moderna, Ltda. and Grupo Latino de Radiodifusión Chile, Ltda.) is between 9% and 13% (9% and 12% in 2017).

Media Capital-

Advertising revenues represent the main source of revenues of Media Capital. Therefore, the main variables used by management to determine the value in use of Media Capital were as follows:

Evolution of the advertising share- management predicts a maintaining in the advertising share in the future projections of TVI, Media Capital's free-to-air TV channel.

Variations in the advertising market - management has adjusted its projections for the advertising market to the current and new macroeconomic environment in Portugal, according to internal estimates. In this respect, the long-term growth prospects of free-access television advertising investment are expected to decrease as a result of the uncertainty that has arisen with respect to the development of this sector in Europe, especially since the second quarter of 2018.

*Results of the impairment tests-**- Media Capital*

The Media Capital impairment is the result of increasing the applicable discount rate, and decreasing the long term growth rate, of the company, due to developments that have taken place in 2018, especially in the second half of the year. Among them we see increased Portugal country risk due to rising geopolitical uncertainty in Europe, and increased market volatility and lower long term growth prospects in the free-to-air television industry in Europe, all of which have negatively impacted the valuation of comparable companies. Taking these adjustments into account in our impairment test, an impairment of EUR 76,099 thousand was recorded in the attached consolidated income statement in 2018.

After the impairment recorded, the book value of Media Capital is similar to the value in use, so that an adverse variation in the individual hypotheses considered as used in the valuation could imply the recognition of impairment in the future.

In 2017 an impairment of EUR 86,136 thousand was recorded in the attached consolidated income statement, as a result of the decrease in the long term growth rate of Media Capital, mainly due to the negative evolution of the advertising market in that year.

- Latam Digital Ventures

The performance of Latam Digital Ventures, LLC in 2018, as well as the projections available to the Directors, reveal the non-recoverability of goodwill, therefore it was completely impaired for the amount of EUR 2,882 thousand.

In accordance with the estimates and projections available to the Company's Directors, the expected future cash flows allocable to the rest of the cash-generating units to which goodwill is allocated indicate that the net value of each goodwill allocated as of 31 December 2018 may be recovered.

Sensitivity to changes in key assumptions-

- Media Capital

To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, there would be an impairment of goodwill of approximately EUR 19.8 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, would suppose an impairment of goodwill of approximately EUR 14.1 million. Finally, a decrease of 1% in the growth of the advertising market in Portugal would suppose an impairment of goodwill of approximately EUR 34.4 million.

- Editora Moderna, Ltda.

To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, the recoverable value would exceed the book value by EUR 50.6 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, the recoverable amount would exceed the book value by EUR 52 million.

- Grupo Latino de Radiodifusión Chile, Ltda.

To determine the sensitivity of the calculation of value in use to changes in the basic assumptions, the discount rate has been increased by 0.5%. In this case, the recoverable value would be similar than the book value. In the event that the expected growth rate from the fifth year was reduced by 0.5%, the recoverable amount would exceed the book value by EUR 1.3 million.

7) INTANGIBLE ASSETS

2018-

The changes in 2018 in "Intangible assets" in the consolidated balance sheet were as follows:

	Thousands of euros							Balance at 12/31/2018
	Balance at 12/31/2017	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	
Cost:								
Computer software	136,689	10,320	(10,836)	(28)	11,585	(4,649)	33	143,114
Prototypes	210,138	35,787	(36,529)	-	34,171	(40,796)	-	202,771
Advances on copyrights	7,659	32	(224)	-	1,170	(730)	(303)	7,604
Audiovisual rights	5,527	-	(4)	-	-	-	533	6,056
Other intangible assets	93,725	2,943	(5,199)	(19,702)	626	(3,109)	(127)	69,157
Total cost	453,738	49,082	(52,792)	(19,730)	47,552	(49,284)	136	428,702
Accumulated amortization:								
Computer software	(107,337)	(10,173)	10,428	26	(10,886)	4,414	525	(113,003)
Prototypes	(155,442)	(35,132)	33,220	-	(28,150)	38,297	156	(147,051)
Advances on copyrights	(5,444)	-	119	-	(366)	177	349	(5,165)
Audiovisual rights	(5,527)	-	4	-	(533)	-	-	(6,056)
Other intangible assets	(40,709)	(2,938)	4,203	408	(1,781)	2,230	(23)	(38,610)
Total accumulated amortization	(314,459)	(48,243)	47,974	434	(41,716)	45,118	1,007	(309,885)
Impairment losses:								
Computer software	(4,454)	-	(1)	-	(101)	150	(246)	(4,652)
Prototypes	(1,446)	7	77	-	(597)	712	(129)	(1,376)
Advances on copyrights	(669)	(5)	41	-	(70)	50	(1)	(654)
Other intangible assets	(17,245)	-	1	15,824	(1,071)	1,574	26	(891)
Total impairment losses	(23,814)	2	118	15,824	(1,839)	2,486	(350)	(7,573)
Net intangible assets	115,465	841	(4,700)	(3,472)	3,997	(1,680)	793	111,244

2017-

The changes in 2017 in “Intangible assets” in the consolidated balance sheet were as follows:

	Thousands of euros							Balance at 12/31/2017
	Balance at 12/31/2016	Monetary adjustment	Translation adjustment	Changes in scope of consolidation	Additions	Disposals	Transfers	
Cost:								
Computer software	146,196	473	(2,858)	(60)	10,164	(20,059)	2,833	136,689
Prototypes	230,994	1,305	(21,156)	-	32,829	(33,783)	(51)	210,138
Advances on copyrights	8,479	-	(74)	-	1,084	(960)	(870)	7,659
Audiovisual rights	5,588	-	(61)	-	-	-	-	5,527
Other intangible assets	100,126	145	(5,341)	9	768	(44)	(1,938)	93,725
Total cost	491,383	1,923	(29,490)	(51)	44,845	(54,846)	(26)	453,738
Accumulated amortization:								
Computer software	(114,604)	(471)	2,214	51	(11,795)	18,903	(1,635)	(107,337)
Prototypes	(170,372)	(1,286)	15,924	-	(32,343)	32,726	(91)	(155,442)
Advances on copyrights	(5,849)	-	(15)	-	(503)	20	903	(5,444)
Audiovisual rights	(4,189)	-	61	-	(1,399)	-	-	(5,527)
Other intangible assets	(40,880)	(145)	1,297	(6)	(2,026)	29	1,022	(40,709)
Total accumulated amortization	(335,894)	(1,902)	19,481	45	(48,066)	51,678	199	(314,459)
Impairment losses:								
Computer software	(5,016)	-	-	-	(719)	710	571	(4,454)
Prototypes	(1,817)	-	75	-	(37)	333	-	(1,446)
Advances on copyrights	(999)	-	51	-	289	2	(12)	(669)
Other intangible assets	(16,861)	-	2,035	-	(4,121)	1,702	-	(17,245)
Total impairment losses	(24,693)	-	2,161	-	(4,588)	2,747	559	(23,814)
Net intangible assets	130,796	21	(7,848)	(6)	(7,809)	(421)	732	115,465

Monetary adjustment and translation adjustment-

The column “Monetary adjustment” includes the effect of hyperinflation in Argentina y Venezuela in 2018 (Venezuela in 2017). Furthermore, the column “Translation adjustment” includes the impact of exchange rates variation in Latin America, highlighting the contribution in 2018 of Brazil, Chile, Argentina and Venezuela (Brazil, USA and Venezuela in 2017).

Changes in scope of consolidation-

The column “Changes in scope of consolidation” mainly includes intangible assets of GLR Southern California, LLC. and W3 Comm Inmobiliaria, S.A. de C.V., companies sold in July 2018 (see note 3).

Additions-

The most significant additions in 2018 were as follows:

- *"Prototypes,"* amounting to EUR 34,171 thousand (EUR 32,829 thousand in 2017), relating to new prototypes for the publication of books at Grupo Santillana, mainly in Brazil and in Spain.
- *"Computer software,"* amounting to EUR 11,585 thousand (EUR 10,164 thousand in 2017), relating to the computer software acquired and/or developed by third parties for Group companies, mainly in Santillana, Prisa Noticias and Radio in Spain.

Disposals-

Grupo Santillana derecognized, in 2018, EUR 37,860 thousand of fully depreciated prototypes (December 31, 2017: EUR 32,726 thousand).

Additionally, in 2018, the different business segments derecognized fully depreciated computer software.

In 2017, Prisa Tecnología, S.L. derecognized fully depreciated computer software for the amount of EUR 16,820 thousand.

The intangible asset amortization expense recorded in 2018 totaled EUR 41,716 thousand (EUR 48,066 thousand in 2017).

"Other intangible assets" includes administrative concessions amounting to EUR 43,075 thousand (December 31, 2017: EUR 45,423 thousand), which are considered to be intangible assets with indefinite useful lives because it is highly probable that they will be renewed and the related costs are not material.

At the end of each reporting period, the residual useful life of these concessions is analyzed in order to ensure that it continues to be indefinite; if this is not the case, the concessions are amortized.

At December 31, 2018, the Prisa Group's assets included fully amortized intangible assets amounting to EUR 212,618 thousand (December 31, 2017: EUR 204,385 thousand).

There are no restrictions on holding title to the intangible assets other than those indicated in *note 11b*.

There are no future relevant intangible asset purchase commitments other than those indicated in *note 23*.

8) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
2018-

The changes in 2018 in *“Investments accounted for using the equity method”* in the consolidated balance sheet were as follows:

	Thousands of euros						
	Balance at 12/31/2017	Translation adjustment	Changes in scope of consolidation	Share of results / Impairment losses	Transfers	Disposals/ Dividends	Balance at 12/31/2018
Investments accounted for using the equity method:							
Sistema Radiópolis, 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

During 2018, changes in *“Investments accounted for using the equity method”* in the accompanying consolidated balance sheets, is mainly due to the equity in Sistema Radiópolis, S.A. de C.V. profits amounting to EUR 5,044 thousand and to the exchange rate effect.

2017-

The changes in 2017 in *“Investments accounted for using the equity method”* in the consolidated balance sheet were as follows:

	Thousands of euros						
	Balance at 12/31/2016	Translation adjustment	Changes in scope of consolidation	Share of results / Impairment losses	Transfers	Disposals/ Dividends	Balance at 12/31/2017
Investments accounted for using the equity method:							
Sistema Radiópolis, 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 2017, changes in *“Investments accounted for using the equity method”* in the accompanying consolidated balance sheets, was mainly due to the equity in Sistema Radiópolis, S.A. de C.V. profits amounting to EUR 5,659 thousand and to the exchange rate effect.

At December 31, 2018 and at December 31, 2017, the Group had ownership interests in companies accounted for using the equity method, the net negative value of which is recognized under *“Long-term provisions”* (see note 12).

9) CURRENT ASSETS AND LIABILITIES
a) Inventories

The detail of "Inventories," in thousands of euros, at December 31, 2018 and at December 31, 2017, is as follows:

	12/31/2018			12/31/2017		
	Cost	Write-downs	Carrying amount	Cost	Write-downs	Carrying amount
Finished goods	164,928	(27,531)	137,397	174,756	(33,316)	141,440
Work in progress	374	-	374	740	-	740
Raw materials and other supplies	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

At December 31, 2018, "Finished goods" includes publications amounting to a net EUR 57,702 thousand (2017: EUR 59,155 thousand) and audiovisual rights for a net amount of EUR 79,282 thousand (EUR 81,190 thousand). "Raw materials and other supplies" includes mainly paper.

b) Trade and other receivables

The detail of the changes in 2018 and 2017 in "Trade and other receivables- Allowances" is as follows:

Balance at 12/31/2017	Translation adjustment	Changes in scope of consolidation	Charge for the year/Excess	Amounts used	Transfers	Balance at 12/31/2018
55,537	(1,991)	(1,336)	18,982	(3,289)	(878)	67,025

Balance at 12/31/2016	Translation adjustment	Changes in scope of consolidation	Charge for the year/ Excess	Amounts used	Transfers	Balance at 12/31/2017
56,719	(2,776)	(48)	4,403	(2,909)	148	55,537

The impact of IFRS 9 in 2018 entails an allowance for a provision for credit losses on revenue recognition, for which an NPL ratio has been determined per business and type of customer, applied to the amount of sale by customer type. The impact of applying IFRS 9 has led to an increase in the item "Trade receivables and other receivables- Provisions" of EUR 6.7 million on January 1, 2018, included in the "Allowances/Excesses" column. The rest of the allowance amount corresponds to the recognition of the expected credit loss throughout the lifetime of trade receivables at December 31, 2018.

The most significant heading included in "Trade and other receivables" is "Trade receivables for sale and services" amounting to EUR 308,962 thousand, net of allowance at December 31, 2018 (EUR 359,745 at December 31, 2017). The details of the aging of this amount is as follows:

	Thousands of euros	
	Balance at 12/31/2018	Balance at 12/31/2017
0-3 months	277,188	328,020
3-6 months	13,439	15,729
6 months - 1 year	15,703	13,998
1 year- 3 years	2,144	1,237
More than 3 years	488	761
Total	308,962	359,745

c) Cash and cash equivalents

The balance of the heading "*Cash and cash equivalents*" in the accompanying consolidated balance sheet to December 31, 2018 amounts to EUR 295,093 thousand (EUR 217,504 thousand at December 31, 2017). This amount included EUR 97,808 thousand from the capital increase of February 2018 (*see note 10a*), EUR 35,658 thousand from the capital increase subscribed by International Media Group, S.á.r.l. in December 2015 and approximately EUR 74,000 thousand belong to companies of Radio and Education segments located in Latin America.

In 2017, this amount included EUR 35,658 thousand from the capital increase subscribed by International Media Group, S.á.r.l. in December 2015 and approximately EUR 50,000 thousand belong to companies of Radio and Education segments located in Latin America.

d) Other non-trade payables

The heading "*Other non-trade payables*" of the accompanying consolidated balance sheet at December 31, 2018 amounts to EUR 55,601 thousand (EUR 52,505 thousand at December 31, 2017) and mainly include remuneration payable.

e) Other current liabilities

The heading "*Other current liabilities*" of the accompanying consolidated balance sheet at December 31, 2018 amounts to EUR 32,129 thousand (EUR 25,454 thousand at December 31, 2017) and includes accrual adjustments generated by unfulfilled obligations, mainly generated in the Educational and Radio segments.

The detail of the changes in 2018 in accrual adjustments is as follows:

Thousands of euros						
Balance at 12/31/2017	Translation adjustment	Changes in scope of consolidation	Additions/ Disposals	Amounts used	Transfers	Balance at 12/31/2018
25,454	(39)	(27)	132,804	(125,995)	(68)	32,129

As of December 31, 2018, the execution obligations pending to be paid amounted to 32,129 thousand euros, which will mainly be paid and transferred to the consolidated income statement during the year 2019 and correspond, mainly, to recorded collections or invoices

issued in 2018 income will accrue throughout the following year, as the performance obligations associated with the contracts are executed.

10) EQUITY

a) Share capital

On January 1, 2018, the share capital of Prisa amounted to EUR 83,498 thousands and was represented by 88,827,363 ordinary shares with a nominal value of EUR 0.94 each.

During 2018 the following operations have been carried out and have modified the share capital of Prisa:

- i. In February 2018, a capital increase was carried out, with preferential subscription rights, amounting to EUR 441,189 thousands, through the issuance and subscription of 469,350,139 new ordinary shares of the Company, EUR 0.94 of nominal value each, of the same class and series as the rest of the outstanding shares. The issuance rate of the shares was EUR 1.20 (EUR 0.94 of nominal value and with an issue premium of EUR 0.26 each).

The total effective amount of the capital increase, considering the nominal value of the shares (EUR 441,189 thousands) and the issue premium (EUR 122,031 thousands) has amounted to EUR 563,220 thousands.

- ii. In relation to the *Warrants 2013* issued pursuant to the resolutions passed at the General Shareholders' Meeting of the Company held on December 10, 2013 (the "General Shareholders' Meeting"):
 - In September 2018, 2,683,063 *Warrants 2013* were exercised, which resulted in the subscription of 140,524 newly issued ordinary shares each with a nominal value of EUR 0.94 each. The amount of the corresponding capital increase was EUR 132 thousands.
 - In December 2018, 1,696,832 *Warrants 2013* were exercised, which resulted in the subscription of 88,870 newly issued ordinary shares with a face value of EUR 0.94 each. The amount of the corresponding capital increase was EUR 83 thousands.

As a result, as of December 31, 2018, share capital of Prisa amounts to EUR 524,902 thousands and is represented by 558,406,896 ordinary shares, all belonging to the same class and series, with a nominal value of EUR 0.94 each, fully subscribed and with identical rights.

Share capital is fully subscribed and paid up.

Extinction of the *Warrants 2013*:

In accordance with the resolutions of the "General Shareholders' Meeting", in December 2018 the term of 5 years for the exercise of the *Warrants 2013* has expired. As a result, all the 2013

Warrants pending of exercise as of such date have been extinguished, that supposes a reversal of the reserve constituted for that purpose to voluntary reserves.

On December 31, 2018, the significant shareholders of Prisa, according to information published in the Comisión Nacional del Mercado de Valores (“CNMV”) and in some cases, information that has been provided by the shareholders to the Company, are the following.

Shareholder's Name	Number of Direct Voting Rights	Number of Indirect Voting Rights	Total % of Voting Rights (1)
AMBER CAPITAL UK LLP (2)	-	150,868,964	27.02%
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 PARTNERSE LTD (3)	-	40,703,256	7.29%
INTERNATIONAL MEDIA GROUP, S.A.R.L (4)	36,997,487	-	6.63%
GHO NETWORKS, S.A. DE CV	-	28,011,547	5.02%
CARLOS FERNANDEZ GONZALEZ (5)	-	22,474,798	4.02%

The aforementioned indirect shareholding is held as follows:

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights	Total % of 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.A.R.L	63,645,181	11.40%
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 PARTNERSE LTD	ADAR MACRO FUND LTD	40,703,256	7.29%
GHO NETWORKS, S.A. DE CV	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE CV	28,011,547	5.02%
CARLOS FERNANDEZ GONZALEZ	FCAPITAL LUX S.A.R.L.	22,474,798	4.02%

(1) The percentages of voting rights have been calculated on the total voting rights in Prisa at December 31, 2018 (i.e. 558,406,896 rights).

(2) Mr. Joseph Oughourlian, external director representing significant shareholdings, has stated to the Company that: i) the structure of his indirect stake in the share capital of the Company, through Amber Capital UK LLP, is as declared in the previous tables and ii) he controls Amber Capital UK, LLP, which acts as investment manager to Oviedo Holdings Sarl, Amber Active Investors Limited and Amber Global Opportunities Limited.

(3) Adar Macro Fund Ltd. is a company controlled and managed by Adar Capital Partners Ltd., a management company that exercises the voting rights of the shares held by Adar Macro Fund Ltd. in a discretionary manner. Adar Capital Partners Ltd is a company wholly owned by Welwel Investments Ltd. which, in turn, is a company wholly owned by Zev Marynberg. Adar Macro Fund has also notified the CNMV that it is the holder of financial instruments (SWAP) that would allow it to acquire 390,000 voting rights of the Company (that represents a 0.07% of the share capital), if they were exercised or exchanged.

(4) The voting rights held by International Media Group, S.A.R.L have been declared to the CNMV by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani, external director representing significant shareholdings, as an indirect stake.

International Media Group, S.A.R.L. is 100% owned by International Media Group Limited which in turn is 100% owned by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani.

(5) Mr Carlos Fernández González controls the majority of the capital and voting rights of Grupo Far-Luca, S.A. de C.V., the owner of 99% of Grupo Finaccess, S.A.P.I. de C.V., which in turn owns 99.99% of the capital and voting rights of Finaccess Capital, S.A. of C.V. The latter holds the majority of the voting rights of FCapital Dutch, B.V., which is in turn the holder of 100% of the capital and voting rights of FCapital Lux S.à.r.l.

Finally it is noted that, in addition to the voting rights that are reflected in the above tables, it is noted that, according to the website of the CNMV, at February 2017 Banco Santander, S.A. was directly owner of 1,074,432 voting rights and indirectly of 2,172,434 voting rights of Prisa, through the following entities of Grupo Santander: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., and Suleyado 2003, S.L.

Also, some companies whose dominant entity is Santander, S.A. subscribed in 2017, 1,001,260 shares, within the framework of the capital increase for the conversion of Prisa bonds mandatorily convertible into new ordinary shares, which were issued in 2016, and which carried the same number of voting rights as those corresponding to the ordinary shares of the company.

However, that being said, Banco Santander has not updated with CNMV its shareholder position taking into account Prisa's new share capital.

b) Share premium

The Recast Text of the Capital Companies Act no specific restriction whatever regarding the availability of the balance of this reserve.

The main entries in 2018 are as follows:

- In February 2018 the share premium increased by EUR 122,031 thousand as a result of the aforementioned capital increase.

- The share premium also increased by EUR 1,624 thousand as a result of the aforementioned warrant conversions.

As a consequence of these entries and at their associated costs with a value of EUR 17,145 thousand, the value of the share premium on December 31, 2018 is EUR 201,512 thousand, and is entirely available (EUR 95,002 thousand as of December 31, 2017).

c) Reserves of parent company

Legal reserve-

Under the Consolidated Text of the Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase.

Except as indicated above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The balance of this account at December 31, 2018 amounts to EUR 7,050 thousand (EUR 7,050 thousand at December 31, 2017).

Reserve for treasury shares-

Under Article 142 of the Consolidated Text of the Corporate Enterprises Act states that when a company acquires treasury shares, it must record on the equity side of the balance sheet a restricted reserve equal to the carrying amount of the treasury shares. This reserve must be maintained until the shares are sold or cancelled.

The balance of this account at December 31, 2018 amounts to EUR 2,856 thousand (EUR 694 thousand at December 31, 2017).

Bylaw-stipulated reserves-

Under Article 32 of the Company's bylaws, effective until April 25, 2018, at least 10% of the profit after tax had to be transferred to a reserve each year until the balance of this reserve reaches at least 20% and does not exceed 50% of the paid-in share capital. The obligation to provide this reserve was deleted from the rewritten text of the Company's bylaws approved by the Ordinary General Shareholders' Meeting held on April 25, 2018 and effective as of that date.

At the Extraordinary Shareholders' Meeting held on November 15, 2017, the entire "bylaw-stipulated reserve" existing at that time (EUR 11,885 thousand) was applied to partially offset the negative results of previous to be able to then approve the capital reductions that were carried out in 2017, leaving this reserve at that time at EUR 0. The balance of this account is maintained if the distribution of results for the year 2018 has not been approved at the date of preparation of these financial statements.

d) Reserves for first-time application of IFRS

As a result of the first-time application of IFRSs to the Group's consolidated financial statements, certain assets and liabilities arose at January 1, 2004, the effect on equity of which is included in this account.

e) Accumulated profit - From prior years

These reserves include the results not distributed by the companies that form part of the consolidated group, minus the dividend charged to the year's income.

f) Treasury shares

The changes in "Treasury shares" in 2018 and 2017 were as follows:

	2018		2017	
	Number of shares	Amount (Thousands of euros)	Number of shares	Amount (Thousands of euros)
At beginning of year	270,725	694	330,407	1,735
Deliveries	(18,672)	(95)	(59,682)	(366)
Purchases	1,370,839	2,709	-	-
Reserve for treasury shares	-	(452)	-	(675)
At end of year	1,622,892	2,856	270,725	694

At December 31, 2018, Promotora de Informaciones, S.A. held a total of 1,622,892 treasury shares, representing 0.291% of its share capital.

Treasury shares are valued at market price at December 31, 2018 (1.76 euros per share).

The total amount of the treasury shares amounts to EUR 2,856 thousand.

Deliveries of shares are detailed in note 14 of this Consolidated Annual Report.

At December 31, 2018, the Company did not hold any shares on loan.

g) Exchange differences

Exchange loss at December 31, 2018, amounted to EUR 40,918 thousand (December 31, 2017: exchange loss of EUR 37,716 thousand). In 2018, the most significant exchange differences are generated in Colombia, Brazil, Mexico, Chile and USA by the evolution of exchange rates.

The detail, by business segment, of the exchange differences is as follows (in thousands of euros):

	12/31/2018	12/31/2017
Radio	(17,371)	(15,354)
Education	(23,491)	(23,091)
Press	19	712
Media Capital	(194)	(39)
Other	118	56
Total	(40,918)	(37,716)

h) Translation differences in accumulated profit from prior years

The detail, by company, of the translation differences in 2018 and 2017 is as follows:

	Thousands of euros	
	12/31/2018	12/31/2017
Grupo Santillana Educación Global, S.L. and subsidiaries	(9,673)	4,247
Sistema Radiópolis, S.A. de C.V.	1,542	(2,678)
Corporación Argentina de Radiodifusión, S.A.	(3,265)	1,028
LS4Radio Continental, S.A.	(1,272)	3,077
Other	(517)	518
Total	(13,185)	2,087

i) Minority interest

The minority interest is the stake in the equity and income of the Group companies that are fully consolidated. The changes in this line-item in 2018 and 2017 were as follows:

	Thousands of euros						Balance at 12/31/2018
	Balance at 12/31/2017	Translation adjustment	Participation in results	Changes in scope of consolidation	Dividends paid/received	Other	
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 Educación Global, S.L. and subsidiaries	7,899	(3,403)	22,668	-	(22,581)	(1,162)	3,421
Grupo Media Capital, SGPS, S.A. and subsidiaries	8,028	(9)	1,146	-	(935)	(91)	8,139
Prisa Radio, S.A. and subsidiaries (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

	Thousands of euros						Balance at 12/31/2017
	Balance at 12/31/2016	Translation adjustment	Participation in results	Changes in scope of consolidation	Dividends paid/ received	Other	
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 Educación Global, S.L. and subsidiaries	15,519	(8,717)	21,657	299	(21,563)	704	7,899
Grupo Media Capital, SGPS, S.A. and subsidiaries	7,895	24	1,051	-	(942)	-	8,028
Prisa Radio, S.A. and subsidiaries (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

j) Capital management policy

The principal objective of the Group's capital management policy is to achieve an appropriate capital structure that guarantees the sustainability of its business, aligning shareholder interests with those of its various financial creditors.

During recent financial years, considerable efforts have been made to maintain the level of the Group's equity, such as increasing capital by converting 75,000 thousand warrants into shares in January 2012 for EUR 150,000 thousand, issuing, during the same year, bonds mandatorily converted into shares in July 2014 in an amount of EUR 434,000 thousand, issuing 315,421 thousand of shares to deal with the 202.292 thousand warrants issued as part of Prisa's bank debt refinancing in 2013 and capital increases subscribed by Consorcio Transportista Occher, S.A. de C.V. in 2014, and International Media Group S.à.r.l. in 2015, for EUR 100,000 thousand and EUR 64,000 thousand respectively. In addition during 2016, a bond issuance mandatorily convertible into new issue ordinary shares was subscribed through the conversion of financial debt for amount of EUR 100,742 thousand.

Also, in 2015, Prisa consolidated and exchanged shares (1 for 30) with the aim of limiting the volatility of the share on the market without its value losing liquidity.

Since the signing of the refinancing agreement in 2013, the Group has advanced in the debt reduction process using proceeds from the sale of 17.3% of Mediaset España, 56% of DTS and the trade publishing business, as well as with proceeds from the share capital increase subscribed by Occher and with part of proceeds from the capital increase subscribed by International Media Group, S.à.r.l. and through the issuance of bonds mandatorily convertible into shares via the exchange of financial debt and issued in 2016 and finally converted into shares in 2017.

Also, the General Meeting of Prisa Shareholders' held on November 15, 2017 agreed a series of capital reductions and reserves aimed at adapting the Company's equity structure. These reductions were applied in November 2017. It also agreed a capital increase for EUR 450,000 thousand and, subsequently, expanded by the Board of Directors of Prisa on January 22, 2018, for EUR 113,220 thousand. In February 2018, the capital increase subscribed and paid out in an amount of EUR 563,220 thousand (*see notes 10a*).

Lastly, on June 29, 2018, the agreement reached with all the financial creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013), to refinance and modify the terms of Prisa's current financial debt, came into effect. This agreement enables the maturity schedule of bank debt to be adapted to the cash generation profile of the Group's businesses, allowing the maturity of the 2018 and 2019 debt to be extended to 2022, with there being no repayment obligations until December 2020. Moreover, and as one of the prerequisites for the agreement coming into force, the Company paid EUR 480 million of debt with funds from the aforementioned capital increase and with the cash available to the Company (*see note 11b*).

11) NON- CURRENT FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a) Financial investments

The breakdown by category of financial investments of the Group at December 31, 2018 and 2017 is as follows:

2018 -

	Thousands of euros			
	Financial assets at fair value with changes in other comprehensive income	Non-current financial assets at amortized cost		Total
		Loans and receivables	Other financial assets at amortized cost	
Equity instruments	577	-	-	577
Other financial assets	-	13,554	10,480	24,034
Non-current financial investments	577	13,554	10,480	24,611
Equity instruments	-	-	-	-
Other financial assets	-	4,284	20,652	24,936
Current financial investments	-	4,284	20,652	24,936
Total	577	17,838	31,132	49,547

The increase in the current financial investments is mainly due to the increase in loans to affiliated companies due to changes in the scope and method of consolidation (*see Note 3*), as well as receivables from the sale of Bidasoa Press, S.L. and from the assets of Santillana USA Publishing Co. Inc.

2017 -

	Thousands of euros			
	Financial assets at fair value with changes in other comprehensive income	Non-current financial assets at amortized cost		Total
		Loans and receivables	Other financial assets at amortized cost	
Equity instruments	986	-	-	986
Other financial assets	-	10,937	13,644	24,581
Non-current financial investments	986	10,937	13,022	25,567
Equity instruments	-	-	2,335	2,335
Other financial assets	-	2,690	18,315	21,005
Current financial investments	-	2,690	20,650	23,340
Total	986	13,627	34,294	48,907

The change in the section "Current financial investments- Loans and receivables" in 2017 is due to the impairment in receivables arising from the sale of Redprensa, S.L. (Sole Trader) in September 2013 amounting to EUR 4,665 thousand.

Non-current financial assets

The changes in "Non-current financial assets" in the consolidated balance sheet in 2018 by type of transaction were as follows:

	Thousands of euros					
	Balance at 12/31/2017	Translation / monetary adjustment	Changes in scope of consolidation	Additions / allowance	Disposals / Transfers	Balance at 12/31/2018
Non-current financial assets at amortized cost	24,581	(77)	(693)	4,193	(3,970)	24,034
<i>Loans and receivables</i>	10,937	16	(693)	3,509	(215)	13,554
-Loans to associates	35,479	352	(693)	953	(897)	35,194
-Long-term loans to third parties	5,272	160	-	3,284	(215)	8,501
-Allowance	(29,814)	(496)	-	(728)	897	(30,141)
<i>Other financial assets at amortized cost</i>	13,644	(93)	-	684	(3,755)	1,480
- Non-controlling equity interests	5,921	(1)	-	-	(4)	5,916
- Other financial assets at amortized cost	13,023	(92)	-	684	(3,755)	9,860
- Allowance	(5,300)	-	-	-	4	(5,296)
Financial assets at fair value with changes in other comprehensive income	986	-	-	-	(409)	577
<i>Other non-current financial assets at fair value</i>	986	-	-	-	(409)	577
Total	25,567	(77)	(693)	4,193	(4,379)	24,611

The variation in the item "Loans and receivables" is mainly due to the long-term receivables from the sale of the radio companies in the USA by GLR Services, Inc. (see Note 3).

The decrease in the item "Other financial assets at amortised cost" is a result of the decrease in finances associated with the institutional sale of Chile.

The changes in "Non-current financial assets" in the consolidated balance sheet in 2017 by type of transaction were as follows:

	Thousands of euros					Balance at 12/31/2017
	Balance at 12/31/2016	Translation / monetary adjustment	Changes in scope of consolidation	Additions / allowance	Disposals / Transfers	
Non-current financial assets at amortized cost	32,725	(2,630)	(7)	(4,178)	(1,329)	24,581
<i>Loans and receivables</i>	1,060	(1,557)	-	(4,842)	276	10,937
- Loans to associates	35,641	(1,088)	-	791	135	35,479
-Long-term loans to third parties	7,941	(586)	-	1	(2,084)	5,272
-Allowance	(26,522)	117	-	(5,634)	2,225	(29,814)
<i>Other financial assets at amortized cost</i>	15,665	(1,073)	(7)	664	(1,605)	13,644
-Non-controlling equity interests	9,026	(4)	(7)	310	(3,404)	5,921
-Other financial assets at amortized cost	12,849	(1,072)	-	1,517	(271)	13,023
-Allowance	(6,210)	3	-	(1,163)	2,070	(5,300)
Financial assets at fair value with changes in other comprehensive income	1,167	-	-	-	(181)	986
<i>Other non-current financial assets at fair value</i>	1,167	-	-	-	(181)	986
Total	33,892	(2,630)	(7)	(4,178)	(1,510)	25,567

The change in the section 'Loans and receivables' is due to the impairment in loans granted to Le Monde amounting to EUR 3,175 thousand. After this impairment the loan granted to Le Monde amounting to EUR 6,351 thousand. Additionally, is included the impairment in loans granted to certain radio companies in Argentina amounting to EUR 2,200 thousand.

The carrying amount of the financial assets does not vary significantly from their fair value.

b) Financial liabilities

The breakdown by category of financial liabilities at December 31, 2018 and 2017 is as follows:

	Thousands of euros	
	2018	2017
Bank borrowings	1,149,661	703,481
Other financial liabilities	125,703	120,147
Non-current financial liabilities	1,275,364	823,628
Bank borrowings	76,121	1,036,957
Other financial liabilities	58,643	22,653
Current financial liabilities	134,764	1,059,610
Total	1,410,128	1,883,238

Bank borrowings

The detail, in thousands of euros, of the bank borrowings at December 31, 2018, of the credit limits and of the scheduled maturities is as follows:

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa (Tranches 2)	November 2022	956,512	-	956,512
Syndicated loan Prisa (Tranches 3)	December 2022	161,080	-	161,080
Credit facilities	2019	156,094	17,515	-
Loans	2019-2024	105,035	45,364	49,671
Finance leases, interest and other	2019-2022	18,530	13,305	5,226
Loan arrangement costs	2019-2022	-	(63)	-
Fair value in financial instruments	2019-2022	-	-	(22,828)
Total		1,397,251	76,121	1,149,661

The detail, in thousands of euros, of the bank borrowings at December 31, 2017, of the credit limits and of the scheduled maturities is as follows:

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Prisa (Tranches 2)	December 2018	956,512	956,512	-
Syndicated loan Prisa (Tranches 3)	December 2019	181,471	-	181,471
Participative loan (PPL)	December 2019	450,922	-	450,922
Credit facilities	2018	70,618	26,644	-
Loans	2018 - 2023	124,014	50,374	73,640
Finance leases, interest and other	2018 - 2021	-	11,383	6,968
Loan arrangement costs	2018 - 2019	-	(7,956)	(9,520)
Total		1,783,537	1,036,957	703,481

The changes in bank borrowings in 2018 and 2017 were as follows:

	2018	2017
Bank borrowings at beginning of year	1,740,438	1,722,023
Amortization / debt disposition (*)	(514,388)	(4,414)
Accrual / Cancellation of loan arrangement costs	17,275	12,559
Fair value in financial instruments	(22,828)	-
Capitalizable fixed cost (PIK)	7,852	15,654
Effect of foreign exchange rate changes in debt	(2,432)	(4,305)
Others	(135)	(1,079)
Bank borrowings at end of year	1,225,782	1,740,438

(*) Movement that generates cash flow

Of the total bank borrowings at December 31, 2018, 98.45% were denominated in euros (97.54% at December 31, 2017) and the remainder in foreign currencies.

The average interest rates on the Group's bank borrowings were 3.68% in 2018 and 3.00% in 2017.

Of the total bank borrowings at December 31, 2018, 98.01% were linked to floating interest rates and the rest to fixed ones (62.13% to floating interest at December 31, 2017).

In accordance with IFRS 13, to determine the theoretical calculation of the fair value of the financial debt at December 31, 2018 we used the Euribor curve and the discount factor supplied by the bank and the actual credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market once the refinancing process is completed (level 2 variables, estimates based on other observable market methods). The fair value of the Group's financial debt, according to this calculation, would amount to EUR 1,047,026 thousand at December 31, 2018 considering a 6.36% average discount over the real principal payment obligation to the creditor entities.

Syndicated loan (Tranche 3) and PPL-

During the first half of 2018, the Company transferred EUR 183,928 thousand of Profit Participating Loans (PPL) to Tranche 3 of the Group's financial debt. Likewise, the capitalisable cost interest (PIK) of the Profit Participating Loans (PPL) and Tranche 3 at June 30, 2018 was EUR 4,526 and EUR 4,161 thousand, respectively.

Refinancing-

On January 22, 2018, the Company signed with all the financial creditors of the *Override Agreement* (agreement to refinance the Group's debt signed in December 2013) an agreement to refinance and modify the terms of Prisa's in forced financial debt. On June 29, 2018, the refinancing agreement (the Refinancing) came into effect, once the agreements reached with all of its creditors were concluded.

The Refinancing agreement was a first repayment of EUR 480,000 thousand made on June 29, 2018, which were intended to amortise debt.

Therefore, as part of the refinancing of its financial debt, Prisa agreed to the renewal of its syndicated loan amounting to EUR 1,117,592 thousand (once the previous repayment was made), which is structured in two sections with the following characteristics:

- The amount of the debt of Tranche 2 is set at EUR 956,512 thousand and the maturity of which is extended to November 2022.
- The amount of the debt of Tranche 3 is set at EUR 161,080 thousand and with a maturity that is extended to December 2022.
- The cost of the debt of Tranches 2 and 3 is referenced to the Euribor plus a negotiated margin, equal for both tranches.

- The payment schedule establishes two partial and obligatory debt repayments on December 31, 2020 and 2021 for EUR 15 and 25 million respectively, as well as additional partial amortisations in 2021 and 2022 conditioned on the cash generation of the Prisa Group.
- The financial creditors have agreed that Tranche 2 is preferred over Tranche 3.
- The partial modification of the package of debt guarantees.

The Company's Refinancing agreement contemplates the mechanism of automatic conversion of Tranche 3 debt to Tranche 2 as the aforementioned Tranche 2 is reduced by forced or voluntary amortization debt. On June 30, 2018 the Profit Participating Loans (PPL) conversed to Tranche 2 and 3.

Likewise, the Refinancing agreement has involved a restructuring of the debt, which has included a new borrower, Prisa Activos Educativos, S.L.U., which has assumed nominal debt of Prisa for an amount of EUR 685 million, within the framework of a reorganisation of the Prisa Group (*see note 3*), which, among other aspects, allows part of the debt to be allocated in the Education business unit, the main cash generating unit of the Group, in order to meet the payments associated with the debt. The rest of the amount of the debt remains recorded in Prisa.

Compliance with certain financial ratios is established in the financial agreements for the Prisa Group, which have been complied with since the Refinancing came into force. These contracts also include provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the contract in question, including the Override Agreement. Since the Refinancing came into force no such breaches have occurred.

The refinancing agreement also includes causes for early termination as is customary in this kind of agreement, including the acquisition of control of Prisa, acquisition being understood as by one or several persons together, with more than 30% of the capital with voting rights.

The Company carried out an analysis of the conditions agreed upon in the framework of the refinancing carried out, concluding that they constituted a substantial modification of the previous conditions, for which reason the original financial liability cancelled and a new liability derived from the refinancing recognised. The initial recognition of the financial liability made at fair value of the debt. A financial income amounting to EUR 25,546 thousand recognised in "*Fair value of financial instruments*" in the accompanying consolidated income statement, for the difference between the nominal value of the debt and its fair value at the date it was initially recorded. To determine the fair value a credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market used (level 2 variables, estimates based on other observable market methods). The fair value of the Refinancing debt, according to this calculation, amount to EUR 1,092,046 thousand at June 30, 2018. All of the expenses and commissions corresponding to the financial indebtedness have been recognised in "*Financial expenses*" of the accompanying consolidated income statement.

Other aspects of debt-

The guarantee structure for Tranches 2 and 3 is as follows:

Personal guarantees

Tranches 2 and 3 of Prisa's debt, which correspond to the debt refinanced in June 2018, are jointly and severally guaranteed by Prisa and the companies Diario El País, 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 Radiófonos, S.L.U., Prisa Noticias, S.L.U., Prisaprint, S.L.U and Prisa Gestión Financiera, S.L.U.

In addition, Vertex, SGPS, S.A.U. guarantees Tranches 2 and 3 limited to a maximum amount of EUR 600,000 thousand.

Guarantees

As a consequence of the Refinancing of June 2018, Prisa pledged on certain owned bank accounts and, furthermore, Norprensa, S.A.U. and Distribuciones Aliadas, S.A.U. pledged on credit rights derived from certain material contracts, all in guarantee of the aforementioned creditors.

Part of Prisa's investment in Grupo Santillana Educación Global, S.L. (75% share capital), in Prisa Radio, S.A. (73.49% share capital) and Grupo Media Capital SGPS, S.A. (84.69% share capital) and the 100% of the investments (100% share capital) in Prisa Activos Educativos, S.L.U., Prisa Activos Radiófonos, S.L.U., Prisa Noticias, S.L.U., Prisaprint, S.L.U. and Prisa Gestión Financiera, S.L.U. was also pledged, thereby insuring Tranches 2 and 3.

Other aspects

Grupo Santillana Educación Global, S.L. and Grupo Media Capital, SGPS, S.A. assume certain restrictions in relation to financing contracts, thus restricting the actions and operations that can be carried out.

Credit facilities and other debts with credit institutions-

On June 29, 2018, and within the framework of Refinancing the debt, the Company established a Super Senior credit policy for a maximum amount of up to EUR 86.5 million, of which 50 million have the objective of financing the Company's operating needs. As of December 31, 2018 no drawdowns have been made. The guarantee structure of this Super Senior credit policy is the same as the one mentioned above relating to Tranche 2 and 3 of the debt of Prisa, in such a way that the creditors of said credit policy and those of Tranche 2 and 3 have the same guarantees. However, the Super Senior credit policy has a preferential rank with respect to Tranches 2 and 3 in relation to said guarantees. Also, Grupo Santillana Educación Global, S.L. and Grupo Media Capital, SGPS, S.A. they also assume certain restrictions in relation to this credit policy.

In addition to this credit policy, under this heading are included mainly the amounts drawn down against credit lines used to finance the Prisa Group companies' operating requirements

outside Spain. Borrowing facilities maturing in 2019 total EUR 17,515 thousand and are recognized under “Current bank borrowings” on the accompanying consolidated balance sheet. The interest rate applicable to these credit facilities is Euribor or Libor plus a market spread.

Derivative financial instruments

The Prisa Group arranges derivative financial instruments with Spanish and international banks with high credit ratings.

Foreign currency derivatives-

In 2018, the Group arranged foreign currency hedges in order to mitigate exposure to exchange rate fluctuations.

In order to determine the fair value of the derivatives, the Prisa Group uses valuations provided by financial entities by applying the group's credit risk provided by an independent expert.

Company	Instrument	Expiry	Nominal value		Fair value (thousands of euros)
			Thousands of USD	Thousands of euros	
Editora Moderna LTDA	Forward	2019	7,373	6,482	824
Editora Moderna LTDA	Forward	2019	873	768	102
Editora Moderna LTDA	Forward	2019	419	368	50
Editora Moderna LTDA	Forward	2019	179	157	21
Editora Moderna LTDA	Forward	2019	125	109	13
Editora Moderna LTDA	Forward	2019	125	109	12
Editora Moderna LTDA	Forward	2019	2,176	1,914	248
Editora Moderna LTDA	Forward	2019	6,000	5,275	100
Santillana del Pacífico	Forward	2019	1,083	952	27
Santillana del Pacífico	Forward	2019	1,091	959	17
Santillana del Pacífico	Forward	2019	5,914	5,200	92
Santillana del Pacífico	Forward	2019	672	591	17
			26,030	22,884	1,523

Analysis of sensitivity to exchange rates

The changes in the fair value of the foreign currency hedges arranged by the Prisa Group depend on fluctuations in the EUR/USD, USD/BRL and USD/CLP exchange rates.

Following is a detail, in thousands of euros, of the sensitivity (changes in fair value) of the foreign currency hedges:

Sensitivity (before tax)	12/31/2018
+10% (increase in USD exchange rate)	(139)
-10% (decrease in USD exchange rate)	169

The sensitivity analysis shows that the exchange rate derivatives shows decreases in their fair value, in the event of increases in exchange rates, while in the event of decreases in exchange rates, the fair value of these derivatives would increase.

Liquidity and interest rate risk tables

The management of liquidity risk includes the detailed monitoring of the repayment schedule of the Group's borrowings and the maintenance of credit lines and other financing channels that enable it to cover foreseeable cash needs at short, medium and long term.

The table below details the liquidity analysis of the Prisa Group in 2018 in relation to its bank borrowings, which represent substantially all the non-derivative financial liabilities. The table was prepared using the cash outflows not discounted with respect to their scheduled maturity dates; when it is expected that the outflows will take place prior to the contractually stipulated dates. The flows include both the expected repayments and interest payments. When the settlement is not fixed, the amount was determined using the underlings calculated based on the interest rate curves at the end of 2018.

Maturity	Thousands of euros	Floating euro rates
Within 3 months	29,534	0.00%
From 3 to 6 months	23,184	0.00%
From 6 to 9 months	59,893	0.00%
From 9 to 12 months	14,460	0.00%
From 1 to 2 years	75,023	0.00%
From 2 to 3 years	95,231	0.00%
After 3 years	1,220,605	0.19%
Total	1,517,930	

Fair value of financial instruments: applicable valuation techniques and assumptions for measuring fair value

The financial instruments are grouped together on three levels based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: those determinable on the basis of valuation techniques, which include inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The Prisa Group's interest rate derivatives are classified as level-2 derivatives. Likewise, the medium-term incentive plan described in note 14 is classified as level 1 and 3.

Other financial liabilities

"*Other financial liabilities*" mainly include a financial liability for the obligation to pay preferential dividends in an annual minimum amount to DLJSAP for its stake in Grupo Santillana Educación Global, S.L.

The sale of 25% of Grupo Santillana Educación Global, S.L.'s share capital in 2010 included the obligation to pay a preferential dividend of at least USD 25.8 million per year.

Therefore, at December 31, 2018, the Group recognized a financial liability of EUR 125,450 thousand (December 31, 2017: EUR 119,795 thousand), calculated as the present value of the preferential annual dividends discounted at the interest rate applicable to credit instruments with similar characteristics. These liabilities are in USD, and therefore, differences arising from exchange rate fluctuations are recognized as finance income in the consolidated income statement.

In addition, the heading "*Current financial liabilities*" included, at December 31, 2018, the accrued amount of the obligation to pay the preferred dividend for said year amounting to EUR 22,581 thousand (2017: EUR 21,563 thousand).

Likewise, the "*Current financial liabilities*" includes current liabilities derived from the agreement signed by Prisa Radio, S.A. with 3i Group plc for the acquisition by Prisa Radio, S.A. of the shares of 3i Group plc in treasury stock amounted to EUR 35,987 thousand (on December 31, 2017 this commitment registered in the heading "*Other non-current liabilities*" and "*Other non-trade payables*" amounted to EUR 35,468 thousands and EUR 2,963 thousands, respectively).

12) LONG-TERM PROVISIONS

The changes in 2018 in "*Long-term provisions*" were as follows:

	Thousands of euros						Balance at 12/31/2018
	Balance at 12/31/2017	Translation adjustment	Changes in scope of consolidation	Charge for the year	Amounts used / Disposals	Transfers	
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 third-party liability and other	15,647	(1,020)	-	5,003	(4,246)	(940)	14,444
Total	44,805	(1,111)	(6)	8,981	(23,200)	(902)	28,567

The changes in 2017 in "Long-term provisions" were as follows:

	Thousands of euros					Balance at 12/31/2017
	Balance at 12/31/2016	Translation adjustment	Charge for the year	Amounts used /Disposals	Transfers	
For taxes	26,805	(51)	85	(4,706)	-	22,133
For indemnities	9,644	(14)	1,845	(4,385)	(65)	7,025
For third-party liability and other	20,067	(1,611)	2,283	(5,736)	644	15,647
Total	56,516	(1,676)	4,213	(14,827)	579	44,805

The "Provision for taxes" relates to the estimated amount of tax debts arising from the tax audit carried out at various Group companies.

In 2018, the "Provision for taxes" entry mainly corresponds to the reversion of the provision for taxes since the procedures covered by it were completed without the occurrence of the risks associated with it, and the allowance includes the projection of the concepts that were formalised by the audit in the verification procedure finalised in 2018 (see note 17).

In 2017 the "Provision for taxes" movement mainly corresponded to the withdrawals arising of the execution, by the Tax Authority of the decision of the National Appellate Court of May 5, 2016, concerning the Tax Audit for the 2003-2005 consolidated corporate tax (see note 17).

The "Provision for indemnities" includes the provision booked in the previous years to record the downsizing processes (see note 14). In 2018, the Group booked an additional provision for this item of EUR 1,126 thousand (December 31, 2017: EUR 1,845 thousand), has used EUR 1,055 thousand (December 31, 2017: EUR 3,113 thousand) as a result of indemnity payments and commercial paper issuances and has reversed EUR 1,636 thousands (December 31, 2017: 1,272 thousand). The Group expects to use this provision in the next two years.

The "Provision for third-party liability" relates to the estimated amount required to meet possible claims and litigation brought against Group companies. At December 31, 2018, the Group had ownership interests in companies accounted for using the equity method, the negative net value of which is recognized under "Long-term provisions" in the accompanying consolidated balance sheet, the detail being as follows (see note 8):

	Thousands of euros
WSUA Broadcasting Corporation	1,187
Green Emerald Business, Inc.	2,472
Other	3,923
Total	7,582

In view of the nature of the contingencies covered by these provisions, it is not possible to determine a reasonable payment schedule, if indeed there is one, or their financial effect. However, the Prisa Group's legal advisers and directors consider that the outcome of these

procedures and claims will not have a significant effect on the consolidated financial statements for the years in which they come to an end additional to the amount provisioned in the accounting records.

13) OPERATING INCOME

The breakdown of income from the Group's main business lines is as follows:

	Thousands of euros	
	2018	2017
Advertising sales and sponsorship	483,928	467,705
Sales of books and training	578,718	646,428
Newspaper and magazine sales	68,267	79,377
Sales of add-ons and collections	9,815	16,826
Sale of audiovisual rights and programs	28,413	28,646
Intermediation services	10,563	10,317
Other services	66,413	59,415
Revenue	1,246,117	1,308,714
Income from non-current assets	19,685	4,262
Other income	14,486	22,764
Other income	34,171	27,026
Total operating income	1,280,288	1,335,740

The most significant exchange transactions occurred under "*Advertising sales and sponsorship*" and the most significant segments were radio and Media Capital, whose exchanges with third parties amounted to EUR 4,310 thousand in 2018 (December 31, 2017: EUR 3,439 thousand).

The heading "*Income from non-current assets*" includes the result of the sale of certain assets of Santillana USA Publishing Co. Inc., which has generated a profit of EUR 7,127 thousand, as well as an income of the sale of building owned by Santillana in Argentina amounting to EUR 6,249 thousand.

The following table shows the breakdown of the Group's incomes in accordance with the geographical distribution of the entities that generated them (thousands of euros):

	Advertising sales and sponsorship		Sales of books and training		Newspaper and magazine sales		Sale of audiovisual rights and programs		Others		Total operating income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Europe	396,568	380,330	114,625	120,634	67,012	77,303	28,413	28,113	91,741	89,815	698,359	696,195
Spain	271,830	261,384	110,993	116,901	67,012	77,303	2,236	2,529	61,304	69,816	513,375	527,933
Rest of Europe	124,738	118,946	3,632	3,733	-	-	26,177	25,584	30,437	19,999	184,984	168,262
America	87,360	87,375	464,093	525,794	1,255	2,074	-	533	29,221	23,769	581,929	639,545
Colombia	55,486	52,917	32,241	32,465	-	-	-	-	6,815	12,915	94,542	98,297
Brazil	55	114	168,688	199,835	-	-	-	-	2,502	2,758	171,245	202,707
Mexico	1,040	1,044	81,449	83,612	926	1,083	-	-	1,523	1,244	84,938	86,983
Chile	23,699	23,820	31,751	26,464	87	225	-	-	785	555	56,322	51,064
Rest of America	7,080	9,480	149,964	183,418	242	766	-	533	17,596	6,297	174,882	200,494
TOTAL	483,928	467,705	578,718	646,428	68,267	79,377	28,413	28,646	120,962	113,584	1,280,288	1,335,740

The following table shows the breakdown of the Group's incomes by type of client (thousands of euros):

	2018	2017
Advertising sales and sponsorship	483,928	467,705
Digital	69,715	60,330
Non digital	414,213	407,375
Sales of books and training	578,718	646,428
Public sales	121,057	123,762
Learning system	133,915	150,780
Private sales	323,746	371,886
Newspaper and magazine sales	68,267	79,377
Sale in newsstand	58,110	63,219
Rest	10,157	16,158
Sale of audiovisual rights and programs	28,413	28,646
Others	120,962	113,584
TOTAL	1,280,288	1,335,740

The breakdown of the balances from Group contracts affected by IFRS 15 is as follows:

	Thousands of euros	
	2018	2017
Trade and other receivables (see note 9b)	370,021	410,384
Allowances	(61,060)	(50,639)
Other current liabilities- performance obligations pending to satisfied (see note 9e)	32,129	25,454

14) OPERATING EXPENSES
Staff costs

The detail of "Staff costs" is as follows:

	Thousands of euros	
	2018	2017
Wages and salaries	284,848	298,094
Employee benefit costs	57,279	59,887
Termination benefits	25,263	26,420
Other employee benefit costs	16,023	18,113
Total	383,413	402,514

The expense for indemnities in the years 2018 and 2017 is a consequence of the optimization of the workforce to adapt it to the new market environment and to the new business models, mainly in the radio and press businesses.

The average number of employees of the Group and the number of employees at December 2017 and 2016, by professional category, was as follows:

	2018		2017	
	Average	Final	Average	Final
Executives	370	365	388	374
Middle management	1,126	1,095	1,204	1,196
Other employees	7,042	7,020	7,106	7,215
Total	8,538	8,480	8,698	8,785

The breakdown of the average number of employees, by gender, was as follows:

	2018		2017	
	Women	Men	Women	Men
Executives	110	260	124	264
Middle management	485	641	517	687
Other employees	3,268	3,774	3,281	3,825
Total	3,863	4,675	3,922	4,776

The breakdown of the number of employees, by gender, was as follows:

	2018		2017	
	Women	Men	Women	Men
Executives	110	255	119	255
Middle management	474	621	513	683
Other employees	3,316	3,704	3,345	3,870
Total	3,900	4,580	3,977	4,808

During 2018 the average number of employees with a disability greater than or equal to 33% was 37 (37 during 2017).

Transactions with payments based on equity instruments

1. Regarding remuneration systems that are currently expired but that had an impact on the income statement for 2017:

The Ordinary Shareholder Meeting held on 28 April 2014 authorised, within the period of five years, the delivery of Company shares as payment of remuneration of the directors of the Company and of a defined group of directors of the Prisa Group. This authorisation can be used for, specifically, but not limited to, paying the following remuneration items by payment in shares:

- i) Fixed remuneration for being a member of the Board of Directors: Up to 31 December 2017, the Company remuneration policy provided for the possibility of paying each of the external directors, by their choice, the fixed remuneration for being a member of the Board of Directors in full cash, or 60% in cash and 40% in Prisa shares.

When the director selected the partial payment in Prisa shares, they were delivered quarterly.

49,745 shares were accrued for this item in 2017 and an expense of EUR 195 thousand was recorded on the consolidated income statement. 18,672 of these shares were delivered to the external directors in 2018. No accounting expense was recorded for this item in 2018.

- ii) Effective January 1, 2018, Mr. Juan Luis Cebrián stepped down as director and Executive Chairman of the Company. No provision was recorded in 2017 for the variable multi-annual incentive for the period 2016-2018 that was included in his contract with the Company, because the remuneration item was not recognised upon the termination of his contract. In 2017, approximately EUR 200 thousand was carried forward for this item.

2. The Extraordinary Shareholders' Meeting held on November 15, 2017 approved an extraordinary incentive of 1,600,000 Prisa shares in favour of Mr. Cebrián, associated with the success of the financial restructuring and capitalisation as well as the sale of Media Capital. It is clarified that nothing was accrued for this item in 2018 and that said plan has been terminated in accordance with the terms and conditions set forth in the resolution of the Meeting.

3. Medium-Term Incentive Plan for the period between 2018 and 2020:

At the Ordinary Shareholders' Meeting held on 25 April 2018, a Medium-Term Incentive Plan was approved for the period between 2018 and 2020, consisting of the delivery of Company shares associated on one hand, with the performance of the stock exchange value and, on the other hand, the achievement of certain objectives (non-discriminatory conditions) (the "Plan"), aimed at the CEO of Prisa, the members of Senior Management and certain directors of its subsidiaries, who may receive a certain number of ordinary shares of

the Company after a reference period of 3 years and provided that certain pre-defined requirements are met. At the beginning of the Plan, the Company assigned a certain number of "theoretical shares" ("Restricted Stock Units") to each beneficiary, which will serve as a reference to determine the final number of shares to be delivered.

The fair value of the "theoretical shares" assigned was determined according to the following:

- The fair value of the "theoretical shares" linked to the performance of the stock exchange value of Prisa shares was determined using a known statistical model in accounting practices on the date of measurement, which supposed a unit value of EUR 1.03246 per theoretical share. In this case, the total number of "theoretical shares" assigned, which will serve as a reference to determine the final number of shares to be delivered, is 5,600,000.
- The fair value of the "theoretical shares" linked to the achievement of certain quantitative targets was determined by the market price of the share on the date of measurement (considering the dividends expected during the Plan period), which supposed a unit value of EUR 1.616 per theoretical share. In this case, the total number of "theoretical shares" assigned, which will serve as a reference to determine the final number of shares to be delivered, is 5,600,000.

The expense corresponding to 2018 is EUR 2,531 thousand and is recorded in the personnel expenses item of the consolidated income statement, with no effect on the net equity of the Group, as it is a transaction settled with equity instruments, which implies an increase in consolidated net equity for the same amount.

Outside services

The detail of "Outside services" in 2018 and 2017 is as follows:

	Thousands of euros	
	2018	2017
Independent professional services	115,270	126,400
Leases and fees	53,918	55,997
Advertising	39,322	48,697
Intellectual property	31,700	36,599
Transport	33,190	35,898
Other outside services	188,804	183,241
Total	462,204	486,832

In 2018, "Other outside services" include an expense of EUR 232 thousand corresponding to the liability insurance of executives and directors (EUR 272 thousand in 2017).

Fees paid to auditors

The fees for financial audit services relating to the 2018 financial statements of the various companies composing the Prisa Group and subsidiaries provided by Deloitte, S.L. and by other entities related to the auditor amounted to EUR 1,600 thousand (2017: EUR 1,671

thousand), of which EUR 294 thousand relate to Prisa (2017: EUR: 296 thousand). Also, the fees relating to other auditors involved in the 2018 audit of the various Group companies amounted to EUR 257 thousand (2017: EUR 326 thousand).

In addition, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor, and fees paid in this connection to other auditors participating in the audit of the various Group companies are as follows (in thousands of euros):

	2018		2017	
	Principal auditor	Other audit firms	Principal auditor	Other audit firms
Other verification services	622	60	395	72
Tax advisory services	71	569	50	429
Other services	63	1,073	257	2,083
Other professional services	756	1,702	702	2,584

Fees for professional services provided to Group companies by the auditing firms are registered under "Outside services".

Operating leases

Various assets and services used by the Group are held under operating leases, the most significant of which are the buildings in Gran Vía 32 (Madrid), Miguel Yuste (Madrid), Tres Cantos (Madrid), Caspe (Barcelona) and Queluz de Baixo (Portugal), TV studios in Portugal and management vehicles.

The schedule for the minimum lease payments arising from these leases is as follows:

Year	Thousands of euros
2019	29,212
2020	20,458
2021	19,192
2022	17,320
2023	16,249
2024 and following	107,565
	209,996

The lease contracts for the Gran Vía 32 and Miguel Yuste properties have an initial term of twenty-five years ending in July 2033, at the end of which no further extensions will be made unless an agreement is reached in this regard by the parties. The lease contract for Tres Cantos has an obligatory period of 5 years, ending in April 30, 2020. Likewise, the Queluz lease contract expires in December 2022. The lease expense for properties in 2018 amounted to EUR 27,673 thousand (EUR 22,181 thousand in 2017) and was recognized under "Outside services - Leases and fees".

Change in allowances, write-downs and provisions

The detail of the "Change in allowances, write-downs and provisions" is as follows:

	Thousands of euros	
	2018	2017
Change in operating allowances	13,961	7,829
Change in inventory write-downs	5,647	9,669
Change in provision for sales returns	1,043	623
Total	20,651	18,121

15) FINANCIAL LOSS

The detail of "Financial loss" in the consolidated income statements is as follows:

	Thousands of euros	
	2018	2017
Income from current financial assets	690	1,466
Income from equity investments	125	87
Other finance income	5,491	4,070
Finance income	6,306	5,623
Interest on debt	(52,986)	(52,794)
Adjustments for inflation	(5,827)	(1,945)
Loan arrangement costs	(41,891)	(12,354)
Other finance costs	(7,437)	(18,007)
Finance costs	(108,141)	(85,100)
Exchange gains	50,330	29,590
Exchange losses	(56,889)	(19,264)
Exchange differences (net)	(6,559)	10,326
Change in fair value of financial instruments	22,814	-
Financial loss	(85,580)	(69,151)

The increase in "Adjustments for inflation" in 2018 is due to the consideration of the economy of Argentina as a hyperinflationary economy.

In 2018 the item "Debt arrangement expenses" includes, in addition to the expenses and fees corresponding to the previous financial indebtedness pending allocation, those corresponding to the expenses associated with the 2018 Refinancing (see note 11b).

In 2017 the item "Debt arrangement expenses" includes the expenses accrued in the fiscal year.

The variation in the "Exchange differences" are essentially due to the expense generated by updating the dividend to be paid to DLJ (see note 11b) as a result of the appreciation of the dollar.

In 2018, the income recorded in the item "Variation of fair value in financial instruments" corresponds to the difference between the nominal value of the debt associated with the Refinancing and its fair value on the initial recording date compensated with the financial

expense accrued in 2018 associated with the difference between the initial amount of the debt and the amount at expiration, using the effective interest method (*see note 11b*).

16) BUSINESS SEGMENTS

Segment reporting is structured on a primary basis by business segment and on a secondary basis by geographical segment.

The business segments were determined based on the Prisa Group's organizational structure at year-end 2018 considering the nature of the products and services offered, and the customer segments which they target.

Since June 30, 2018, the Media Capital segment has been incorporated again as a business segment, as Media Capital began to be recorded as an ongoing activity. The comparative information from 2017 has been modified according to this structure for comparative purposes. Therefore, at December 31, 2018, Prisa's operations are divided into three main segments:

- Education, which includes primarily the sale of educational books and the services and materials related to the education systems;
- Radio, the main source of revenue from which is the broadcasting of advertising and, in addition, the organization and management of events and the provision of other supplementary services;
- Press, which groups together mainly the activities relating to the sale of newspapers and magazines, advertising, promotions and printing; and
- Media Capital, which obtains its revenue mainly from the broadcast of advertising as well as from audio-visual production.

The column "*Others*" includes Prisa Brand Solutions, S.L. (Sole Trader) and subsidiaries, Prisa Tecnología, S.L., Promotora de Informaciones, S.A., Promotora de Actividades América 2010, S.L., Promotora de Actividades América 2010 México, S.A. de C.V., Prisa Participadas, S.L., Prisa Inc., GLP Colombia, Ltda., Vertix, SGPS, S.A., Prisa Gestión de Servicios, S.L., Audiovisual Sport, S.L., Promotora Audiovisual de Colombia Pacsa, S.A., Promotora de Actividades de Colombia, Ltda., Prisa Producciones de Video, S.L., Plural Entertainment Canarias, S.L., Prisa Activos Educativos, S.L.U., Prisa Activos Radiofónicos, S.L., Prisa Gestión Financiera, S.L., Promotora Audiovisual de Colombia PACSA, S.A., Productora Audiovisual de Badajoz, S.A., Productora Extremeña de Televisión, S.A. y Málaga Altavisión, S.A.

Segment information about these businesses for 2018 and 2017 is presented below. The column "*Eliminations and adjustments*" mainly includes transactions between group companies:

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	EDUCATION		RADIO		PRESS		MEDIA CAPITAL		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Operating income	600,542	656,203	287,580	280,666	203,160	220,578	181,809	165,463	71,027	88,864	(63,830)	(76,034)	1,280,288	1,335,740
- External sales	599,319	655,655	287,216	278,936	146,069	171,174	181,652	165,035	63,360	63,194	2,672	1,746	1,280,288	1,335,740
- Advertising	0	0	257,150	248,883	49,629	56,274	124,738	118,724	52,411	43,823	0	0	483,928	467,705
- Books and training	578,718	646,428	0	0	0	0	0	0	0	0	0	0	578,718	646,428
- Newspapers and magazines	0	0	0	0	68,267	79,377	0	0	0	0	0	0	68,267	79,377
- Sale of audiovisual rights and programs	0	0	0	32	0	0	26,222	26,689	2,192	1,927	(1)	(2)	28,413	28,646
- Other	20,601	9,227	30,066	30,021	28,173	35,523	30,692	19,622	8,757	17,444	2,673	1,747	120,962	113,584
- Intersegment sales	1,223	548	364	1,730	57,091	49,404	157	428	7,667	25,670	(66,502)	(77,780)	0	0
- Advertising	0	0	467	1,310	57,610	49,226	49	222	(51,387)	(43,832)	(6,739)	(6,926)	0	0
- Books and training	0	7	0	0	0	0	0	0	0	0	0	(7)	0	0
- Newspapers and magazines	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Sale of audiovisual rights and programs	0	0	0	0	0	0	2	38	2	33	(4)	(71)	0	0
- Other	1,223	541	(103)	420	(519)	178	106	168	59,052	69,469	(59,759)	(70,776)	0	0
Operating expenses	(496,499)	(546,010)	(244,487)	(252,251)	(202,118)	(234,682)	(148,196)	(133,289)	(243,143)	(197,850)	139,482	80,984	(1,194,961)	(1,283,098)
- Cost of materials used	(119,679)	(135,070)	(176)	(528)	(41,817)	(45,845)	(22,652)	(20,727)	(115)	88	2,797	4,278	(181,642)	(197,804)
- Staff costs	(147,894)	(156,903)	(95,863)	(93,949)	(54,564)	(61,024)	(40,995)	(41,189)	(44,097)	(49,449)	0	0	(383,413)	(402,514)
- Depreciations and amortisation charge	(45,639)	(52,998)	(8,152)	(8,232)	(4,294)	(7,489)	(6,632)	(7,903)	(752)	(934)	(6)	0	(65,475)	(77,556)
- Outside services	(165,714)	(184,550)	(138,628)	(144,797)	(99,454)	(109,740)	(77,440)	(62,858)	(41,999)	(56,374)	61,031	71,487	(462,204)	(486,832)
- Change in operating provisions	(15,809)	(14,102)	(1,430)	(2,393)	(1,552)	(1,089)	(477)	(210)	(1,383)	(327)	0	0	(20,651)	(18,121)
- Changes in valuation allowances to Group companies	0	0	0	0	0	0	0	0	(75,659)	(5,020)	75,659	5,020	0	0
- Other expenses	(1,764)	(2,387)	(238)	(2,352)	(437)	(9,495)	0	(402)	(79,138)	(85,834)	1	199	(81,576)	(100,271)
Profit from operations	104,043	110,193	43,093	28,415	1,042	(14,104)	33,613	32,174	(172,116)	(108,986)	75,652	4,950	85,327	52,642
Finance income	2,351	2,817	2,765	1,969	2,487	860	34	94	54,193	31,145	(29,978)	(31,262)	31,852	5,623
- Interest income	1,549	854	2,159	1,812	2,403	570	34	94	8,371	6,920	(12,323)	(8,613)	2,193	1,637
- Other financial income	802	1,963	606	157	84	290	0	0	45,822	24,225	(17,655)	(22,649)	29,659	3,986
Finance costs	(35,799)	(36,198)	(5,432)	(5,833)	(3,198)	(11,149)	(3,166)	(4,083)	(98,230)	(58,282)	34,952	30,445	(110,873)	(85,100)
- Interest expenses	(5,922)	(7,978)	(1,603)	(1,995)	(2,402)	(3,111)	(2,688)	(3,587)	(52,678)	(44,756)	12,307	8,633	(52,986)	(52,794)
- Other financial expenses	(29,877)	(28,220)	(3,829)	(3,838)	(796)	(8,038)	(478)	(496)	(45,552)	(13,526)	22,645	21,812	(57,887)	(32,306)
Exchange differences (net)	(5,916)	15,607	(238)	(3,825)	(160)	(437)	175	(493)	(420)	(528)	0	2	(6,559)	10,326
Financial profit (loss)	(39,364)	(17,774)	(2,905)	(7,689)	(871)	(10,726)	(2,957)	(4,482)	(44,457)	(27,665)	4,974	(815)	(85,580)	(69,151)
Result of companies accounted for using the equity method	0	0	4,040	4,672	(316)	(97)	0	0	(0)	(6)	106	250	3,830	4,819
Loss from other investments	0	0	0	0	0	(1,163)	0	0	0	0	0	0	0	(1,163)
Profit before tax from continuing operations	64,679	92,419	44,228	25,398	(145)	(26,090)	30,656	27,692	(216,573)	(136,657)	80,732	4,385	3,577	(12,853)
Income tax	(26,621)	(37,793)	(14,128)	(11,466)	(52,984)	(2,830)	(9,082)	(7,905)	(137,337)	(559)	0	(1,006)	(240,152)	(61,559)
Profit from continuing operations	38,058	54,626	30,100	13,932	(53,129)	(28,920)	21,574	19,787	(353,910)	(137,216)	80,732	3,379	(236,575)	(74,412)
Profit after tax from discontinued operations	0	0	0	0	0	0	0	0	0	(984)	0	0	0	(984)
Consolidated profit for the year	38,058	54,626	30,100	13,932	(53,129)	(28,920)	21,574	19,787	(353,910)	(138,200)	80,732	3,379	(236,575)	(75,396)
Non-controlling interests	(87)	(94)	(2,617)	(2,123)	(1,050)	(516)	0	0	124	(125)	(29,142)	(24,310)	(32,772)	(27,168)
Profit attributable to the Parent	37,971	54,532	27,483	11,809	(54,179)	(29,436)	21,574	19,787	(353,786)	(138,325)	51,590	(20,931)	(269,347)	(102,564)



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	EDUCATION		RADIO		PRESS		MEDIA CAPITAL		OTHERS		ELIMINATIONS AND ADJUSTMENTS		PRISA GROUP	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017
BALANCE SHEET														
Assets	523,012	544,053	402,399	390,803	171,069	199,476	398,977	406,330	2,970,406	2,809,645	(2,805,141)	(2,427,774)	1,660,722	1,922,533
- Non-current (except accounted for using the equity method)	194,336	202,350	198,363	216,968	32,009	57,352	284,889	286,619	2,327,654	2,164,253	(2,267,059)	(1,852,630)	770,192	1,074,912
- Investments accounted for using the equity method	0	0	46,708	40,126	(602)	(158)	0	0	0	0	(3,029)	(2,721)	43,077	37,247
- Current	328,676	341,703	150,264	133,709	139,662	142,282	114,088	119,711	642,752	645,392	(534,978)	(572,423)	840,464	810,374
- Assets classified as held for sale	0	0	7,064	0	0	0	0	0	0	0	(75)	0	6,989	0
Equity and liabilities	523,012	544,053	402,399	390,803	171,069	199,476	398,977	406,330	2,970,406	2,809,645	(2,805,141)	(2,427,774)	1,660,722	1,922,533
- Equity	90,385	105,347	250,708	238,937	(24,627)	34,085	248,605	246,528	1,267,608	624,421	(2,068,488)	(1,734,182)	(235,809)	(484,864)
- Non-current	157,163	166,855	16,615	51,898	3,273	4,618	52,968	68,190	1,296,099	758,462	(200,745)	(120,287)	1,325,373	929,736
- Current	275,464	271,851	132,092	99,968	192,423	160,773	97,404	91,612	406,699	1,426,762	(535,847)	(573,305)	568,235	1,477,661
- Liabilities classified as held for sale	0	0	2,984	0	0	0	0	0	0	0	(61)	0	2,923	0

The next table breaks down the cash flow statement for the continuing operations by segment in 2018 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
Education	128,541	(30,600)	(52,706)	(1,414)	43,821
Radio	44,598	(3,719)	(3,717)	(908)	36,254
Press	(12,856)	(3,542)	(663)	-	(17,061)
Media Capital	35,622	(6,123)	(13,057)	-	16,442
Others	(3,168)	(1,997)	3,165	133	(1,867)
Total	192,737	(45,981)	(66,978)	(2,189)	77,589

The next table breaks down the cash flow statement for the continuing operations by segment in 2017 (in thousands of euros):

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Effect of foreign exchange rate changes	Change in cash flows in the year
Education	99,415	(47,837)	(28,489)	(5,201)	17,888
Radio	25,339	(5,697)	(6,742)	(1,630)	11,270
Press	(10,065)	(3,272)	(1,037)	69	(14,305)
Media Capital	26,914	(4,318)	(8,188)	-	14,408
Others	(9,307)	(16,865)	(31,691)	(317)	(58,180)
Total	132,296	(77,989)	(76,147)	(7,079)	(28,919)

The detail of capex for the continuing operations in 2018 and 2017 by business segment is as follows (in thousands of euros):

	2018			2017		
	Property, plant and equipment	Intangible assets	Total	Property, plant and equipment	Intangible assets	Total
Education	10,537	39,901	50,438	14,554	38,440	52,994
Radio	3,649	1,920	5,569	3,416	1,931	5,347
Press	1,066	2,935	4,001	706	2,647	3,353
Media Capital	5,567	559	6,126	3,744	295	4,039
Other	213	2,237	2,450	164	1,532	1,696
Total	21,032	47,552	68,584	22,584	44,845	67,429

The Group's activities are located in Europe and America. Operations in Europe are carried out mainly in Spain. The activity in America develops in more than 20 countries mainly in Brazil, Mexico, Colombia and Chile.

The following table shows the breakdown of income and the result before minority interests and taxes of the Group according to the geographical distribution of the entities that originate them:

	Thousands of euros					
	Revenue		Other income		Profit/(loss) before non-controlling interests and tax	
	2018	2017	2018	2017	2018	2017
Europe	683,574	678,260	14,785	17,935	(92,614)	(121,837)
Spain	499,189	511,215	14,186	16,718	(122,676)	(149,977)
Rest of Europe	184,385	167,045	599	1,217	30,062	28,140
America	562,543	630,454	19,386	9,091	95,191	108,984
Colombia	92,089	95,504	2,453	2,793	13,834	11,676
Brazil	170,448	201,339	797	1,368	24,892	36,089
Mexico	84,137	86,286	801	697	9,325	7,068
Chile	55,659	50,566	663	498	12,662	10,013
Rest of America	160,210	196,759	14,672	3,735	35,388	44,138
TOTAL	1,246,117	1,308,714	34,171	27,026	3,577	(12,853)

	Thousands of euros			
	Non-current assets (*)		Total assets	
	2018	2017	2018	2017
Europe	403,833	485,799	1,037,437	1,285,036
Spain	126,990	132,201	645,701	717,529
Rest of Europe	276,843	353,598	391,736	567,507
America	249,462	265,559	623,285	637,497
Colombia	25,109	26,523	82,210	76,703
Brazil	85,563	90,018	210,160	222,267
Mexico	57,808	49,261	104,560	91,077
Chile	65,133	70,152	108,458	116,441
Rest of America	15,849	29,605	117,897	131,009
TOTAL	653,295	751,358	1,660,722	1,922,533

(*) Include property, plant and equipment, goodwill, intangible assets, investments accounted for using the equity method and other non-current assets.

17) TAX MATTERS

In Spain, Promotora de Informaciones, SA, is subject to the special tax consolidation regime, in accordance with the Corporate Tax Law, which is the dominant entity of the Group identified as number 2/91 and composed of all those subsidiaries (*see Annexe I*) which meet the requirements for this status by the regulations governing the taxation of consolidated profits of the Groups of Companies.

GLR Services, Inc. also files consolidated tax returns in the United States together with its subsidiaries that meet the requirements for application of this special consolidated tax regime.

Vertex, SGPS, S.A. and those subsidiaries that also meet the conditions required under Portuguese law constitute a consolidated tax group in Portugal.

The other Group subsidiaries file individual tax returns, in accordance with the tax legislation prevailing in each country.

In financial year 2018, as in prior years, certain Group companies performed or participated in corporate restructuring operations under the special tax neutrality regime. The disclosures required by the tax legislation that arises from the application of the aforementioned transactions are included in the notes to the financial statements of the related Group companies for the year in which these transactions were carried out.

Also, in prior years, several tax group companies availed themselves of tax credits for the reinvestment of extraordinary income under Article 21 of the repealed Spanish Corporation Tax Law 43/1995. The disclosures required by this Law are made in the notes to the financial statements of the corresponding companies.

In the Corporate Income Tax for financial years 2013 and 2014, several tax group companies availed themselves of certain tax credits for the reinvestment of extraordinary income. The disclosures required by current legislation in each of these financial years were included in the notes to the financial statements of the companies involved. In all cases, the requirement to reinvest the sales price was met through the acquisition of property, plant and equipment, intangible assets and financial assets, under the terms established in the regulations.

In previous years, some of the companies in this tax group deducted from taxable income, for tax purposes and without accounting allocation, the losses arising from the impairment of securities representing the participation in the capital of entities, as provided for in Article 12.3 of the repealed Consolidated Text of the Corporate Tax Law. The disclosures required by this Law are made in the notes to the financial statements of the corresponding companies.

a) Reconciliation of the accounting profit to the taxable profit

The following table shows a reconciliation, in thousands of euros, of the result of applying the current standard tax rate in Spain to the consolidated net accounting profit of continuing operations, calculated under International Financial Reporting Standards, to the consolidated Group's income tax expense for 2018 and 2017.

	Income statement	
	2018	2017
CONSOLIDATED NET PROFIT UNDER IFRS BEFORE TAX FROM DISCONTINUED OPERATIONS	3,577	(12,853)
Tax charge at 25%*	894	(3,213)
Consolidation adjustments	11,858	8,220
Temporary differences	1,847	13,358
Permanent differences (1)	17,374	19,478
Tax loss carry forwards	(684)	(470)
Tax credits and tax relief (2)	(505)	(1,123)
Effect of applying different tax rates (3)	1,849	7,290
Current income tax expense	32,633	43,540
Deferred tax expense for temporary differences	(1,847)	(13,358)
Previous income tax for 2017	30,786	30,182
Adjustment of prior years' tax (4)	203,907	21,830
Foreign tax expense (5)	3,186	3,753
Employee profit sharing and other expense concepts (6)	2,273	1,900
Adjustments to consolidated tax	-	3,894
TOTAL INCOME TAX	240,152	61,559

* Parentheses indicate income

(1) The permanent differences mainly arise from (i) the different accounting and tax recording criteria of the expenses derived from certain provisions, (ii) non-deductible expenses, (iii) the effect of those companies that, having obtained losses in the year, have not recorded the corresponding deferred tax asset, (iv) the negative adjustment that can be accounted for by the merger tax difference, attributable to 2018, arising from the merger of the companies Promotora de Informaciones, S.A. and Prisa Televisión, S.A.U. (absorption merger described in Note 17 of the Report of Promotora de Informaciones, S.A. for the year 2013), and applying the requirements of the then current article 89.3 of the Tax Law to grant it a tax effect, (v) the minimum integration into five years of the reversal of the impairment losses on the equity securities of entities that would have been fiscally deductible, established by Royal Decree-Law 3/2016 of December 2 (which generated an additional tax expense of EUR 6,815 thousand), (vi) a negative adjustment resulting from the recovery for tax purposes of one tenth of the amount adjusted in previous years as a result of the limitation of the deductibility of amortization expense, (vii) from tax loss derived from Santillana USA dissolution, and (viii) from limitation of the deductibility of financial expenses outlined in article 16 of the Income Tax Law.

(2) The Spanish Prisa reporting Group companies have generated international double taxation deductions.

(3) This relates to the effect of taxation of profits from American and European subsidiaries at different rates.

(4) It refers to the effect on the income statement arising from the regularization of Corporate Income Tax for previous years and the accounting record of the write-off of the tax credits of the tax consolidation group.

(5) This relates to the expense for taxes paid abroad, which arose from withholdings at source on the income from exports of services provided by the Group's Spanish companies abroad and dividends.

(6) The P.T.U. is one more component of the Income Tax expense in some countries such as Mexico, Peru and Ecuador.

b) Deferred tax assets and liabilities
2018-

The following table shows the origin and amount of the deferred tax assets and liabilities recognized at year-end 2018 (in thousands of euros):

DEFERRED TAX ASSETS ARISING FROM:	12.31.2017	Transfers	Additions	Disposals	12.31.2018
Non-deductible financial expenses	144,538	(49,458)	-	(38,491)	56,589
Non-deductible provisions and amortization	22,792	-	5,444	(2,478)	25,758
Unused tax credit recognized	76,733	-	1,339	(57,855)	20,217
Tax loss carry forwards	77,856	49,458	2,935	(112,824)	17,425
Other	13,315	-	3,271	(1,212)	15,374
Total	335,234	-	12,989	(212,860)	135,363

DEFERRED TAX LIABILITIES ARISING FROM:	12.31.2017	Transfers	Additions	Disposals	12.31.2018
Impairment losses on equity investments and goodwill	1,055	-	-	(396)	659
Deferral for reinvestment of extraordinary income	2,181	-	-	(379)	1,802
Accelerated amortization	514	714	351	(375)	1,204
Different accounting and tax recognition criteria for income and expenses	9,564	-	-	(5,413)	4,151
Other	10,156	(714)	1,436	(82)	10,796
Total	23,470	-	1,787	(6,645)	18,612

2017-

The following table shows the origin and amount of the deferred tax assets and liabilities recognized at year-end 2017 (in thousands of euros):

DEFERRED TAX ASSETS ARISING FROM:	12.31.2016	Transfers	Additions	Disposals	12.31.2017
Advance tax notices	3,488	-	-	(3,488)	-
Non-deductible financial expenses	140,592	-	5,007	(1,061)	144,538
Non-deductible provisions and amortization	19,772	1,431	3,249	(1,660)	22,792
Unused tax credit recognized	75,676	-	2,981	(1,924)	76,733
Tax loss carry forwards	101,126	225	2,541	(26,036)	77,856
Other	12,999	(1,568)	2,219	(335)	13,315
Total	353,653	88	15,997	(34,504)	335,234

DEFERRED TAX LIABILITIES ARISING FROM:	12.31.2016	Transfers	Additions	Disposals	12.31.2017
Impairment losses on equity investments and goodwill	2,280	-	-	(1,225)	1,055
Deferral for reinvestment of extraordinary income	2,560	-	-	(379)	2,181
Accelerated amortization	1,563	-	-	(1,049)	514
Different accounting and tax recognition criteria for income and expenses	2,391	2,277	6,575	(1,679)	9,564
Other	12,261	(2,277)	517	(345)	10,156
Total	21,055	-	7,092	(4,677)	23,470

The tax assets and liabilities on the consolidated balance sheet at year-end 2018 are recognized at their estimated recoverable or cancellable amount.

There are no significant temporary differences arising from investments in subsidiaries, branches, associates or joint ventures that generate deferred tax liabilities.

There are no significant amounts arising from temporary differences associated with retained earnings of subsidiaries in jurisdictions where different tax rates are applied and, therefore, no deferred tax liabilities were recognized in this connection.

The majority of the balance of deferred tax assets corresponds to (i) tax credits arising from tax loss carryforwards, (ii) deductions to the Spanish Corporate Income Tax amount due to double taxation and investments, and (iii) tax credits derived from the limitation in deductibility of financial expenses mainly from Prisa's 2/91 tax consolidation group.

The main net additions in deferred tax assets in 2018 are due to the tax loss carryforwards of the Prisa consolidation group as a result of the reallocation of deferred tax assets from category of non-deductible financial expenses, derived from the audit completed in 2018 corresponding to the Corporate Tax for the period from 2012 to 2015, and the net disposals correspond to, on the one hand, of that audit, and on the other hand, from the tax credits write-offs corresponding to tax loss carryforwards, non-deductibility of the net financial expense and deductions pending application.

Included below is the breakdown, in thousands of euros, of the prior years' tax losses of Spanish companies available for offset against future profits, showing the year in which they were incurred.

Year incurred	2018			2017		
	Amount	Recognized	Not recognized	Amount	Recognized	Not recognized
1998	13,357	-	13,357	13,357	-	13,357
1999	73,978	-	73,978	73,978	-	73,978
2000	64,017	-	64,017	64,017	-	64,017
2001	57,007	-	57,007	57,007	-	57,007
2002	84,008	-	84,008	84,047	39	84,008
2003	45,380	-	45,380	45,554	110	45,444
2004	60,116	243	59,873	61,661	255	61,406
2005	1,357	178	1,179	4,473	267	4,206
2006	673	-	673	3,138	244	2,894
2007	2,790	-	2,790	4,858	-	4,858
2008	2,273	145	2,128	8,386	145	8,241
2009	236	-	236	2,399	-	2,399
2010	23	-	23	23	-	23
2011	140,254	6,398	133,856	112,388	109,210	3,178
2012	245,156	22,865	222,291	245,619	143,007	102,612
2013	53,528	4,166	49,362	58,070	24,935	33,135
2014	68,072	5,337	62,735	317	46	271
2015	634,586	1,714	632,872	554,487	-	554,487
2016	88	68	20	87	-	87
2017	160,337	486	159,851	152,153	3,156	148,997
2018	37,641	-	37,641	-	-	-
TOTAL	1,744,877	41,600	1,703,277	1,546,019	281,414	1,264,605

The breakdown by country of the tax loss carryforwards of the Group's foreign companies is shown below, in thousands of euros:

2018-

Year incurred	ARGENTINA	BRASIL	COLOMBIA	CHILE	MEXICO	PERU	PORTUGAL	PUERTO RICO	USA	TOTAL
2002									22	22
2003									72	72
2004									566	566
2005				316					1,588	1,904
2006				1					6,150	6,151
2007		159		20					4,868	5,047
2008		156		26					3,555	3,737
2009		74		19	470				3,478	4,041
2010	40	59		620	37				2,006	2,762
2011		100		811	483				559	1,953
2012		2,063		1,183	859				2,267	6,372
2013	6	7,235		1,323	439				2,840	11,843
2014	771	4,048	214	1,077	397				2,534	9,041
2015	1,171	1,005	516	396	964					4,052
2016	197	1,533	246	827	4,071	629	528	901	1,893	10,825
2017	472	1,466	2,411	1,266	2,529		683	27	1,891	10,745
2018	454	307		2,014	3,215		185			6,175
TOTAL	3,111	18,205	3,387	9,899	13,464	629	1,396	928	34,289	85,308
RECOGNIZED		7,694	3,243	8,025	3,433			928		23,323
NOT RECOGNIZED	3,111	10,511	144	1,874	10,031	629	1,396	0	34,289	61,985
Period for offset	5 years	No limit	No limit	No limit	10 years	4 years/no limit	12 años/5 años	No limit	20 years/15 years	

2017-

Year Incurred	USA	MEXICO	BRASIL	CHILE	ARGENTINA	COLOMBIA	PERU	PUERTO RICO	PORTUGAL	TOTAL
1999	927									927
2000	4,248									4,248
2001	3,571									3,571
2002	2,069									2,069
2003	3,191									3,191
2004	3,434									3,434
2005	3,364			337						3,701
2006	7,952			1						7,953
2007	5,879		179	21						6,079
2008	4,586	600	175	28						5,389
2009	5,809	429	83	210						6,531
2010	5,552	34	66	890	77					6,619
2011	7,545	440	112	863						8,960
2012	4,759	783	2,318	1,259	419	1,091				10,629
2013	5,799	400	9,304	1,414	923				624	18,464
2014	6,372	361	4,542	1,145	1,640	550		1,112		15,722
2015	3,307	879	1,061	666	2,265		649	403		9,230
2016	2,063	3,743	1,625	985	1,454	409	722	867	528	12,396
2017	1,100	1,091	1,548	1,537	410			27	683	6,396
TOTAL	81,527	8,760	21,013	9,356	7,188	2,050	1,371	2,409	1,835	135,509
RECOGNIZED		4,092	9,651	7,872	1,346	1,624				24,585
NOT RECOGNIZED	81,527	4,668	11,362	1,484	5,842	426	1,371	2,409	1,835	110,924
Period for offset	20 years	10 years	No limit	No limit	5 years	No limit	4 / No limit	No limit	4, 5 y 6 years	

Once the analysis of the recovery of tax credits has been carried out, in accordance with the criteria established by accounting standards, tax credits corresponding to the following were written off in the consolidated balance sheet as of December 31, 2018: (i) deductions for investments for a total amount of EUR 30,079 thousand; (ii) deductions for double taxation for the amount of EUR 27,315 thousand; (iii) tax credits derived from the non-deductibility of the net financial expense for the amount of EUR 37,061 thousand; and (iv) credits for negative tax bases for the amount of EUR 106,544 thousand, generating a higher tax expense.

These write-offs are derived, essentially, from (i) a perspective of cash optimization in line with long-term projections of Prisa Group, (ii) the Refinancing impact described in the note 11b, that supposes a greater deductible annual financial expense in the future, that reduces the use of the tax credits and (iii) the result of the Tax Audit completed in 2018 corresponding to the Corporate Tax of the Prisa consolidation group for the period from 2012 to 2015, which generated a reallocation of credits, as a result of the increase of the deductible financial expenses in 2014 and 2015, increasing the tax loss carry forwards. To the extent that the tax loss carry forwards have limitations on their recoverability (25% of the positive result of the year), this reallocation from a category to another one has negatively impacted by their recovery.

The business plans, on which the recovery of the deferred tax assets of the Group is based, are updated taking into account the operational performance of the companies, the development of the long-term strategy of the Group, and a series of macroeconomic and sectoral hypotheses for all the businesses. Maintaining the leadership position of the Group in the sectors in which it operates were also considered. Forecasts and studies conducted by third parties were taken also into account during its development.

Santillana in Spain predicts an increase in revenue as a result of content renewals pursuant to education cycles, digital developments and growth initiatives in the area of extra-curricular activities.

Projections take into account growth in the advertising sector in line with the latest studies available and the leadership position in the different businesses in which the Group operates. Insofar as businesses which rely heavily on advertising have a high percentage of fixed costs, any increase in advertising revenues will have a positive impact on operating margins.

In News, projections include progress of businesses towards a fundamentally digital model with a higher contribution margin. Furthermore, decreases in costs are expected as a result of the adjustment plans carried out in the business structure, mainly in printing and distribution.

Finally, efficiency processes on corporate services will continue, which will be decreased in coming years.

Once the adjustment mentioned in the previous paragraphs is made, the companies' business plans, together with specific tax planning actions, allow for recovery of the deferred tax assets and liabilities recorded in the consolidated balance sheet on December 31, 2018 within legal term established in accounting regulations.

Based on the measures approved by Royal Decree-Law 3/2016, of December 2, a higher tax expense was recorded in the amount of EUR 6,815 thousand, as a result of the minimum integration in five years of carrying forward the losses due to impairment of the securities representing the equity interest of entities that would have been tax deductible.

c) Years open for review by the tax authorities

The fiscal years open for review by the tax authorities for the main taxes vary from one consolidated company to another, although they generally include the last four fiscal years, with the exceptions discussed below.

The verification actions for the consolidated Corporate Tax for 2003 to 2005 ended in 2010 with a Notice of disagreement for the amount of EUR 20,907 thousand. In response to this Notice, the Company filed the pertinent claims and judicial appeals, which were completed in 2016 with a partially upheld sentence that was finalised. In 2017, the aforementioned ruling of the National Court was enforced by the Tax Administration, which entailed a return of EUR 6,874 thousand, which generated an income from Corporate Tax of EUR 2,814 thousand and the rest of the amount was recorded on the income statement according to the nature of the item.

The tax consolidation audits of the Group for the Corporate Tax corresponding to 2006 to 2008 ended with the opening of a signed Notice of disagreement for the amount of EUR 9 thousand, which was paid by the Company. However, the Company was not in agreement with the criteria maintained by the audit in the regularisation proposed by it, and the relevant claims and appeals have been filed, and on the date of formulation of these statements, they are pending resolution before the National Court. No additional equity impact will be derived from these actions.

The verification of the individual Corporate Tax for 2008 of Sociedad Española de Radiodifusión ended with the opening of a Notice for the amount of EUR 219 thousand, which was paid by the Company. However, the corresponding economic-administrative appeal was filed with the TEAC and, later, a contentious-administrative appeal before the National Court, which is currently pending resolution. No additional equity impact will be derived from these actions.

With regard to the Value Added Tax for the period from June 2007 to December 2008, the audits were finalised with the opening of two Notices, one for EUR 539 thousand, and the other for EUR 4,430 thousand, both of which have been the subject of economic-administrative appeals before the TEAC. A resolution partially upheld by the TEAC was received against the one filed in the corresponding administrative resource that is pending resolution. The tax debt arising from these Notices was paid. No additional equity impact will be derived from these actions.

The partial tax audits relating to corporate income tax for 2008 of the 225/04 consolidated tax group, of which the company Dédalo Grupo Gráfico, S.L. was the parent company, concluded with the initiation of a tax assessment signed in disagreement, without any amount to be paid, in which the tax loss carry forwards to be offset in future years were regularised and with the imposing of a penalty amounting to EUR 1,525 thousand. In 2018 the tax authorities formally annulled both the Settlement contained in the Notice of disagreement and the Penalty agreement.

The audit procedure regarding the Value Added Tax for the period of May 2010 to December 2011 of VAT Group 105/08 of which Promotora de Informaciones, S.A. is the parent company, ended with the signing of a Notice of agreement for the amount of EUR 512 thousand, which was paid and recorded in 2016; and another Notice of disagreement for the amount of EUR 7,785 thousand, which, although it has been appealed, was also paid and recorded with a charge to the profit and loss account. No additional equity impact will be derived from these actions.

The audits related to the Corporate Tax corresponding to 2009 to 2011 in Fiscal Consolidation Group 2/91, of which Promotora de Informaciones is the parent company, and in Fiscal Consolidation Group 194/09, of which Prisa Radio, SA was the parent company, were completed in 2016. For Promotora de Informaciones, S.A., these resulted in the signing of a Notice of disagreement with no amounts payable and whose impact was recorded in that fiscal year. The Company filed the corresponding economic-administrative appeal with the TEAC, and then, a contentious-administrative appeal with the National Court, which is currently pending resolution. No additional equity impact will be derived from these actions.

In 2017, audits related to Corporate Tax for 2012 and 2013 were initiated for fiscal consolidation group 194/09, of which Prisa Radio, S.A. was the parent company. These actions also covered the Corporate Tax for 2012 to 2015 of Consolidation Group 2/91, of which Promotora de Informaciones, S.A. is the parent company, and the Value Added Tax for the period from February 2013 to December 2015 of VAT Group 105/08, of which Promotora de Informaciones, S.A. is the parent company, as well as withholdings for Personal Income Tax and withholdings for Non-Resident Income Tax for the period from 2013 to December 2015.

The audits related to withholdings of Personal Income Tax for the period from 2013 to December 2015 were completed in 2018 with the signing of a Notice of agreement for the amount of EUR 192 thousand, which has been recorded.

Furthermore, the audits related to withholdings of Non-Resident Income Tax corresponding to the same tax periods have been completed, without any regularisation being derived from them.

The audits related to Value Added Tax have also been completed with the signing of a Notice of agreement for the amount of EUR 3,182 thousand, which was paid as of the date of formulation of these annual statements, but which did not have any impact on equity since it was provided for in previous fiscal years.

On the date of formulation of these annual statements, the audits related to Corporate Tax for 2012 to 2015 have been finalised, from which no amounts payable were derived, and whose main effect entailed a redistribution of tax credits from one category to another, which negatively impacted their recovery within the time limit set by accounting standards.

Aside from the explanations given in previous sections, the last four fiscal years of the Company are open to audit for the entirety of the main taxes.

The provision for taxes (*see note 12*) includes an amount of EUR 8,698 thousand to cover, mainly, the impact of potential unfavourable rulings upheld during the various tax proceedings described above.

It is not expected that there will be accrued liabilities of consideration, in addition to those already registered, as a result of these procedures or of a future and possible inspection.

18) ALLOCATION OF RESULTS

The proposal for the allocation of the loss of Promotora de Informaciones, S.A. for 2018 is as follows (in thousands of euros):

	Amount
Basis of appropriation	
Result for the year	110,201
Distribution-	
Legal reserve	11,020
Prior year losses	99,181

19) EARNINGS PER SHARE

Basic earnings/(loss) per share was calculated by dividing the profit/(loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares in circulation during the period.

The basic earnings (loss) per share attributed to equity holders of the Parent corresponding to continuing and discontinued operations in 2018 and 2017 were the following:

	Thousands of euros	
	12/31/2018	12/31/2017
Profit/(loss) for the year from continuing operations attributable to the Parent	(269,347)	(101,580)
Profit/(loss) after tax from discontinued operations attributable to the Parent	-	(984)
Profit/(loss) for the year attributable to the Parent	(269,347)	(102,564)
Weighted average number of ordinary shares outstanding (thousands of shares)	496,683	79,305
Basic earnings/(loss) per share of continuing operations (euros)	(0.54)	(1.28)
Basic earnings/(loss) per share of discontinued operations (euros)	-	(0.01)
Basic earnings/(loss) per share (euros)	(0.54)	(1.29)

In 2017, considering the same weighted average number of ordinary shares outstanding than in 2018, basic loss per share of continuing operations was EUR 0.20 and of the discontinuing operations was 0.00.

The effect on the number of ordinary shares of the share subscription rights (warrants) and the medium-term incentive for the calculation of the benefit per diluted share were not considered, since it would have an anti-dilution effect when reducing the losses per share.

Weighted average number of ordinary shares outstanding in 2018 and 2017:

	Thousands of shares	
	2018	2017
Ordinary shares at December 31	88,827	78,336
Share capital increases	408,949	1,265
Weighted average of treasury shares	(1,093)	(296)
Weighted average number of ordinary shares outstanding for basic earnings per share	496,683	79,305

20) RELATED PARTY TRANSACTIONS

The detail of the balances receivable from and payable to associates and related parties in 2018 and 2017 is as follows:

	12/31/2018		12/31/2017	
	Group employees, companies or entities	Significant shareholders	Group employees, companies or entities	Significant shareholders
Trade receivables	3,902	842	3,498	2,220
Receivables- loans	11,012	-	10,401	-
Total receivables	14,914	842	13,899	2,220
Trade payables	2,151	3,131	1,380	4,306
Payables- loans	2	405,040	5	636,675
Total payables	2,153	408,171	1,385	640,981

Balance with Group employees, companies or entities-

Receivables loans mainly include the credit granted by Prisa Noticias, S.L. to Le Monde Libre Société en Commandite Simple, in the net amount of EUR 6,351 thousand and the loans granted by Sociedad Española de Radiodifusión S.L. to Green Emerald Business Inc in the amount of EUR 2,472 thousand.

Balance with significant shareholders-

The aggregate amount of EUR 842 thousand mainly included the amounts pending of collection for advertising services of Prisa Group companies to Banco Santander, S.A. y Telefónica, S.A.

The aggregate amount of EUR 408,171 thousand is mainly accounted the loans granted to Prisa Group companies by:

- Banco Santander, S.A. amounting to EUR 37,425 thousand (EUR 47,896 thousand at December 31, 2017).
- HSBC Holding, PLC amounting to EUR 367,615 thousand (EUR 458,599 thousand at December 31, 2017).

The transactions performed with related parties in 2018 and 2017 were as follows (in thousands of euros):

	12/31/2018			12/31/2017		
	Directors and executives	Group employees, companies or entities	Significant shareholders	Directors and executives	Group employees, companies or entities	Significant shareholders
Services received	-	309	8,381	190	458	8,667
Finance expenses	-	981	18,985	-	4,487	17,498
Leases	-	480	2,239	-	628	2,189
Other expenses	9,943	387	88	14,569	220	1,575
Total expenses	9,840	2,157	29,693	14,759	5,793	29,929
Finance income	-	1,015	-	-	646	1
Dividends received	-	20	-	-	2,024	-
Provision of services	-	2,155	4,202	-	2,739	5,861
Leases	-	34	20	-	86	30
Other income	-	30	293	-	40	193
Total revenues	-	3,254	4,515	-	5,535	6,085

All related party transactions have taken place under market conditions.

Transactions between with Directors and executives -

The aggregate amount of EUR 9,943 thousand relates to the accrued salaries of directors for an amount of EUR 3,153 thousand (*see note 21*) and executives for an amount of EUR 6,790 thousand.

Senior management compensation

The total aggregate compensation of members of senior management and the Internal Audit Manager (the "Managers") in 2018, of Promotora de Informaciones, S.A. and other companies in the Group amounts to EUR 6,790 thousand (EUR 5,065 thousand in 2017).

- i. This compensation is the accounting reflection of the overall compensation of managers and therefore do not match with the remuneration accrued in 2018 that will be included in the Annual Report of Corporate Governance 2018 in which is followed the criteria required by the CNMV in the "Circular 2/2018 of the CNMV", which is not the accounting provision basis.
- ii. The aggregate compensation of the managers is the compensation of members of senior management, that being understood to be the members of the Business Management Committee that are not executive directors and have an employment relationship with Prisa and other companies in the Group, managers who regularly attend meetings of the Committee, and the Internal Audit Manager of Prisa. Specifically, it is that of the following executives: Mr. Xavier Pujol, Mr. Guillermo de Juanes, Mr. Augusto Delkader, Mr. Jorge Rivera, Ms. Marta Bretos, Mr. Miguel Angel

Cayuela, Mr. Pedro García Guillén, Mr. Alejandro Martínez Peón, Ms Rosa Culler and Ms. Virginia Fernández.

It has been included the remuneration of Mr. Augusto Delkader, Mr. Jorge Rivera, Ms Marta Bretos, Mr Pedro García Guillén and Mr Alejandro Martínez Peón from their appointment, in 2018, as Chief Editor, Chief of Communication and Institutional Relations, Head of Talent Management, CEO of Prisa Radio, and Ceo of Prisa Noticias, respectively.

The remunerations of Ms Bárbara Manrique de Lara, Mr. Ignacio Soto and Mr Andrés Cardó, until they ceased in 2018 as Chief of Communication and Institutional Relations, Chief Revenue Officer, and CEO of Prisa Radio, respectively, are also included within the total compensation of senior management.

iii. The aggregated remuneration of the Managers includes, inter alia:

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of the executives if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2018, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.
- Regularization of 2017 bonus paid in April 2018 of those who were members of senior management at December 31, 2017, which includes the adjustments in the bonus corresponding to Mr. Manuel Mirat, CEO of Prisa, for his responsibilities as CEO of Prisa Noticias in 2017.
- EUR 1,017 thousands in respect of the post-contractual non-competition agreement and compensation for termination of contracts of senior management in 2018.
- It is noted that at the Ordinary Shareholders' Meeting held on April 25, 2018, it was approved a Medium Term Incentive Plan for the period falling between 2018 and 2020, consisting of the award of Company shares linked to stock market value and to the performance of certain objectives, targeted at the CEO of Prisa and certain managers, who may receive a certain number of ordinary shares of the Company following a reference period of 3 years, provided that certain predefined requirements are met. The Company has assigned a certain number of restricted stock units ("Restricted Stock Units" or "RSUs") to each beneficiary, and specified the objectives (other than the quotation) that must be met in order to benefit from the incentive, which will serve as a reference to determine the final number of shares to be delivered, if is the case.

In 2018, an accounting expense of EUE 1,140 thousand was recorded for this item in relation to the senior management. This expense is included within the the remuneration of the Managers (EUR 6,790 thousand). However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued,

which will occur, if at all, once the year 2020 is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

- iv. Finally, it is noted that Mr. Fernando Martinez Albacete, the representative of the director Amber Capital, was a member of Prisa's senior management until June 2017 and, due to the termination of his contract with the Company, he has received amounts in the form of non-competition agreement, until May 2018. These amounts are not included within the remuneration of the Managers (EUR 6,790 thousand), since they do not refer to payments received for having the status of member of senior management in 2018.

Transactions between Group employees, companies or entities-

The aggregate amount of EUR 2,157 thousand mainly consists of expenditure on leasing radio frequencies with investee companies, the financial cost impairment of the loans granted to certain companies of radio in USA and the financial cost for negative exchange rate differences generated by loans granted to associates.

The aggregate amount of EUR 2,155 thousand mainly consists of income received by Radio España for technical assistance and advice services, income from advertising services to associates and income received from the sale of copies to Kioskoymás, Sociedad Gestora de Plataforma Tecnológica, S.L.

Transactions between with significant shareholders -

The aggregate amount of EUR 29,693 thousand mainly consists of expenditure on telephony and Internet by Prisa Group companies with Telefónica, the expense by the leasing of offices in Tres Cantos with Telefónica, as well as finance costs derived from credits granted by major shareholders to Prisa Group companies, mainly the Refinancing expenses corresponding to HSBC Holding, PLC and Banco Santander, S.A. amounting to EUR 18,985 thousand (*see note 11b*).

The aggregate amount of EUR 4,515 thousand mainly consists of income of Prisa Group companies for advertising services with Banco Santander, S.A. and Telefónica.

The detail of other transactions performed with related parties in 2018 and 2017 is as follows (in thousands of euros):

	12.31.2018	12.31.2017	
	Significant shareholders	Significant shareholders	Group employees, companies or entities
Financing agreements: loans granted	-	-	130
Financing agreements: loans received	378,897	-	-
Commitments/Guarantees cancelled	-	250	-
Other transactions	8,810	2,222	-

Transactions between with significant shareholders -

The aggregate amount of EUR 378,897 thousand includes the loans granted by Banco Santander, S.A. and HSBC Holding, PLC within the framework of the Refinancing (see note 11b).

The aggregate amount of EUR 8,810 thousand in "Other transactions" includes the expenses of the capital increase corresponding to Banco Santander, S.A. registered in the heading "Other reserves" in the accompanying condensed consolidated balance sheet (see note 10a).

In addition to the foregoing, the capital increase described in note 10a was subscribed, among others, by some significant shareholders of the Company as of February 2018, as shown in its statements to the CNMV.

Likewise and according to information published on the website of the Comisión Nacional del Mercado de Valores ("CNMV"), the capital increase was subscribed by the following Prisa directors:

Directors' Name	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 Monzón de Cáceres	60,049	0
Joseph Oughourlian	-	131,022,714 (through Amber Capital UK LLP)
Francisco Javier Gómez Navarro- Navarrete	7,102	0
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	-	33,920,000 (through International Media Group, S.A.R.L.)

"Other transactions" with significant shareholders at December 31, 2017 included the interests accrued in 2017 by the issue of the mandatory convertible bond into shares.

21) REMUNERATION AND OTHER BENEFITS OF DIRECTORS

In 2018 and 2017, the companies of the Group registered the following amounts in respect of remuneration to Group's Board members:

	Thousands of euros	
	12/31/2018	12/31/2017
Compensation for belonging to the Board and/ or Board Committees	1,427	2,143
Salaries	653	2,247
Variable compensation in cash	326	1,993
Compensation systems based on shares	508	-
Indemnification	230	2,967
Other	9	154
Total	3,153	9,504

Regarding the 2018 financial year:

i) The aggregated remuneration of Pisa directors reflected in the table above corresponds to the accounting provisions made in the income statement of Prisa and other companies of its Group and consequently it corresponds to the accounting provisions registered in the profit and loss account.

Therefore the compensation included in the table above, do not match, in some respects, with the remuneration that will be included in the Annual Remuneration Report of the Directors 2018 (IR) and in the Annual Report on Corporate Governance 2018 (IAGC), in which it is followed the criteria required by the "Circular 2/2018 of the CNMV, whereby the model of annual report remuneration of directors is established", which is not the accounting provision basis.

ii) The overall compensation of the Board of Directors includes the remuneration of Mr. John Paton, who ceased as directors in April 2018.

iii) Remuneration of Mr. Manuel Polanco Moreno (non-executive Chairman until December 31, 2018):

- Effective January 1, 2018, Mr. Manuel Polanco Moreno ceased as deputy executive chairman, becoming non-executive chairman of Prisa. The Board approved this appointment (December 2017), acknowledging Mr. Polanco's entitlement to compensation due to the termination of the service-level agreement with the Company, equivalent to fifteen months of his last fixed and variable remuneration and totalling EUR 905 thousand, which have been paid in 2018 but that are not included in the previous table since the accounting expense was recorded in the 2017 profit and loss account.
- In accordance with the Directors 'Remuneration Policy for the period 2018-2020, which was approved at the Ordinary Shareholders' Meeting held on April 25, 2018 and which is applicable with retroactive effect as of January 1, 2018 (the "Remuneration Policy"), Mr Manuel Polanco Moreno shall be entitled to receive a gross fixed annual

remuneration of EUR 500 thousand in his capacity as a director and as the non-executive Board Chairman, which shall be paid in cash on prorated monthly basis. The remuneration corresponding to 2018, that is, EUR 500 thousand, has been recorded as follows: i) until the approval of the Remuneration Policy, Mr. Manuel Polanco has continued to receive the remuneration that corresponded to him for the mercantile service lease contract that he had with the Company, for a total amount of EUR 153 thousand which are registered within "salaries"; ii) the difference of up to EUR 500 thousand, that is, EUR 347 thousand, are registered under " Compensation for belonging to the Board and/ or Board Committees ".

- By resolution of the Board of Directors held in December 2018, Mr. Manuel Polanco Moreno has ceased as non-executive Chairman of Prisa as of January 1, 2019. In the table above there are EUR 230 thousand included within "Indemnification", for the non- compete agreement to which Mr. Polanco was entitled if his cease as President occurred before December 31, 2019, and in accordance with the terms provided.

iv) Within the variable remuneration in cash of the directors are included the following items (which amounts in some cases differ from those that are included in the IR and in the IAGC):

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of CEO Mr Manuel Mirat, sole executive director of the Company, if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2018, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.
- Regularization of 2017 bonus paid in April 2018 to the CEO.

v) At the Ordinary Shareholders' Meeting held on April 25, 2018, it was approved a Medium Term Incentive Plan for the period falling between 2018 and 2020, consisting of the award of Company shares linked to stock market value and to the performance of certain objectives, targeted at the CEO of Prisa and certain managers, who may receive a certain number of ordinary shares of the Company following a reference period of 3 years, provided that certain predefined requirements are met. The Company has assigned a certain number of restricted stock units ("Restricted Stock Units" or "RSUs") to each beneficiary, and specified the objectives (other than the quotation) that must be met in order to benefit from the incentive, which will serve as a reference to determine the final number of shares to be delivered, if is the case.

In 2018, an accounting expense of EUR 508 thousand was recorded for this item in relation to the CEO of Prisa. This expense is included within Compensation systems based on shares in the previous table. However, since this compensation is subject to achievement of the certain objectives, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year 2020 is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

vi) Attendance fees: In the Remuneration Policy, the attendance fees for the Board and the Committees have been eliminated, effective as of January 1, 2018.

vii) No other credits, advances or loans occurred, nor were pension obligations incurred, in respect of the Board of Directors during 2018.

Information regarding conflict of interest situations of directors-

For purposes of article 229 of the Capital Companies Act it is noted that, as at the end of 2018, the Board of Directors had not been advised of direct or indirect conflict situations that directors or people related thereto (in accordance with article 231 of the aforesaid Act) might have had with the interests of the Company.

Notwithstanding the foregoing, the Board of Directors has been informed by the Directors of the following activities carried out by them or by certain persons related thereto, in companies engaged in activities of the same or an analogous or complementary kind as the one constituting the purpose of the Company or the companies in its Group:

Director	Activity	Person related to the Director	Activity
Manuel Mirat Santiago	Joint and Several Director of Canal Club de Distribución de Ocio y Cultura, S.A.		
Joseph Oughourlian	<i>See note below (*)</i>		
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	Vice Chairman de Dar Al Sharq Printing Publishing & Distribution Co. Vice Chairman de Dar Al Arab Publishing & Distribution Co.		
Dominique D'Hinnin	0.1% interest in the share capital of Lagardère SCA.		
Javier Monzón de Cáceres		Spouse	His spouse is manager and held a shareholding of 75% of the share capital of the company Derecho y Revés, S.L., with publishing activity.

(*) Mr. Joseph Oughourlian controls Amber Capital, its affiliates and subsidiaries (together "Amber Capital"), which act as investment manager, general partners, managing members and managers to funds, accounts, and other investment vehicles (together, the "Amber Funds") that invest in public and private companies in Europe, North America and Latin America, which includes trading in entities with activities the same, similar or complementary

to Prisa. Mr. Oughourlian also act as a managing partner to Amber Capital and as a portfolio manager to various Amber Funds.

The companies in the Prisa Group are not included in this list. As already indicated in the Annual Corporate Governance Report of the Company, as of December 31, 2018, the directors Manuel Mirat Santiago and Manuel Polanco Moreno were members of management bodies of certain companies in the Prisa Group or indirectly participated by Prisa.

22) GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2018, the companies of Prisa Group had furnished bank guarantees amounting to EUR 62,084 thousand. For this amount, EUR 50,000 thousand correspond to the litigation for football rights of Audiovisual Sport, S.L. (*see note 24*).

The Company's directors do not consider that significant impacts in the income statement of the Group will arise from the guarantees provided.

23) FUTURE COMMITMENTS

The Media Capital Group have entered into purchase and sale agreements with various suppliers for future program broadcasting rights. These commitments partially cover the Media Capital Group companies' programming needs in the years indicated.

On November 27, 2017, they were signed with Indra Sistemas, S.A. various service contracts with a duration of 5 years assuming commitments amounting to EUR 47,132 thousand. These contracts replace the agreement signed with Indra in December 2009 and that ended on December 31, 2017.

Future commitments also included the amounts derivate for the agreement reached in November 2013 with 3i Group, plc. for purchase by Prisa Radio, S.A. of 3i Group plc treasury shares. The liability derived from this operation is registered in "*Current financial liabilities*" for an amount of EUR 35,987 thousands in the accompanying consolidated balance sheet at December 31, 2018 (on December 31, 2017 this commitment registered in the heading "*Other non-current liabilities*" and "*Other non-trade payables*" amounted to EUR 35,468 thousands and EUR 2,963 thousands, respectably).

Likewise also includes the agreement signed with Axion for using the radio frequencies which expires in June 2031. The expense for 2018 in this connection amounted to EUR 7,241 thousand (2017: EUR 7,389 thousand), recognized under "*Outside services*"

At December 31, 2017, the Group had euro and foreign currency payment obligations and collection rights for a net amount payable of approximately EUR 190,446 thousand. This amount not includes the future commitments derived by the operating leases, which are detailed in note 14. The net amounts payable in relation to these obligations fall due as follows:

Year	Thousands of euros
2019	63,113
2020	18,817
2021	19,395
2022	19,299
2023	8,531
2024 and subsequent years	61,291
	190,446

The obligation to pay the amounts agreed upon in the purchase agreements arises only if the suppliers fulfil all the contractually established terms and conditions.

These future payment obligations were estimated taking into account the agreements in force at the present date. As a result of the renegotiation of certain agreements, these obligations might differ from those initially estimated.

Past-due payments to creditors-

The information required by the third additional provision of Law 15/2010, of July 5 (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January 29, 2016, in relation to the average period of payment to suppliers in commercial operations, is as follows:

	12/31/2018	12/31/2017
	Days	
Average period of payment to suppliers	71	81
Ratio of settled transactions	73	80
Ratio of transactions pending payment	60	85
	Amount (thousands of euros)	
Total payments made	374,138	348,271
Total pending payments	68,348	49,383

To calculate the average period of payment to suppliers, the payments made in each period for commercial operations corresponding to the delivery of goods or service provisions are taken into account, as well as the amounts for these operations pending settlement at the end of each year that are included under "Trade payables" of the attached consolidated balance sheet, referring only to the Spanish entities included in the consolidated group.

“Average period of payment to suppliers” is understood to mean the period from the delivery of the goods or provision of the services by the supplier to the eventual payment of the transaction.

The maximum legal period of payment applicable in 2018 and 2017 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers. The average period of payment to the Group's suppliers exceeds the statutory maximum period partially on account of agreements arrived at with suppliers to defer payments or, where relevant, to initiate expenditure.

During the coming financial year, the Directors will take the appropriate measures to continue reducing the average period of payment to suppliers to legally permitted levels, except in cases where specific agreements with suppliers exist which set further deferrals.

24) ONGOING LITIGATIONS AND CLAIMS

A) Audiovisual Sport

(i) Mediapro vs. AVS (Damages from the injunctive relief)

On July 24, 2006 Audiovisual Sport, S.L. ("AVS"), Sogecable, S.A.U. (now Prisa), TVC Multimedia, S.L. and Mediaproducción, S.L. ("Mediapro") reached an agreement for the exploitation of the Football League rights for the 2006/07 season and subsequent seasons. The main object of this agreement was to maintain the televised football exploitation model that had allowed, under AVS' coordination, the broadcasting of all League matches in a peaceful, stable and orderly manner since 1997.

Following Mediapro's repeated breaches of the agreement from the moment immediately following its signature, and its failure to pay the amounts owed to AVS, the latter filed a lawsuit against Mediapro on July 3, 2007, which was extended on July 31, 2007.

On September 28, 2007 Mediapro replied to the claim and issued a counter-claim against the other signatories of the agreement of July 24, 2006, claiming that it was void.

On October 8, 2007 Madrid Court of First Instance no. 36 granted the interim measures (injunctive relief) requested by AVS against Mediapro, holding that the First Division Clubs' rights relating to the 2007/2008 season to which the application for interim measures related belonged to AVS, and also resolving that "Mediapro be forbidden, during the 2007/08 football season, to make any disposal of exploitation of the audiovisual rights assigned to AVS, except for any legitimate use of said rights further to the legal relationship arising from the Agreement of July 24, 2006".

In compliance with the said order, AVS submitted to the Court a guarantee for the sum of EUR 50 million to secure compliance with its contractual obligations. The order of October 8, 2007 was revoked by the Provincial Court of Madrid in July 2008, and the above mentioned

guarantee remains at the disposal of the Court of First Instance until the end of the proceedings for the settlement of damages.

On March 15, 2010, the Court of First Instance No. 36 of Madrid gave a judgment estimating the demand of AVS, condemning Mediapro to deliver the audiovisual rights of the clubs - belonging to AVS-, and also to pay the sum of EUR 104.6 million. After different judgments, which were appealed by both parties in the framework of this proceeding, on January 9, 2015, the Supreme Court of Spain (*Tribunal Supremo*) issued a judgment declaring the agreement of July 24, 2006 null and void.

As a consequence of such Supreme Court judgement, on September 14, 2015 Mediapro requested that the suspension be lifted and that the proceeding in relation to the interim measures of October 8, 2007 continue. With a judicial order of September 28, 2015, the Court agreed to proceed with the proceedings and, considering the Supreme Court ruling, requested a court-appointed appraiser to determine the amount of possible damages arising from the adoption of the interim measures, granting a term until February 2017 in which to do so. Appraiser quantified the damages in an amount of EUR 65,096 thousand.

On December 5, 2017, Madrid Court of First Instance no. 36 gave a ruling rejecting Mediapro's claim and fully accepting AVS's objections. On February 2018, Mediapro filed an appeal against such ruling, which has been duly objected by AVS.

As a guarantee in that proceeding, the AVS's EUR 50,000 thousand security remains in deposit at the Court.

(ii) AVS vs. Mediapro (Unjust enrichment)

Afterwards, on June 20, 2016 AVS filed a complaint against Mediapro seeking compensation for damages sustained by AVS as a result of Mediapro's unlawful use of its audiovisual rights during the 2007-08 and 2008-09 seasons. Given the fact that the agreement of July 24, 2006 was declared null and void by the Supreme Court and given that during the 2007-08 and 2008-09 seasons Mediapro and AVS commercialized and exploited the audiovisual rights of certain First and Second Division soccer clubs that the clubs had assigned individually and exclusively to either AVS or Mediapro, AVS has filed a complaint in the Barcelona courts seeking to recover from Mediapro the net profits unduly obtained by Mediapro for the exploitation of the audiovisual rights of those clubs whose rights were held by AVS, minus the net profit unduly obtained by AVS from exploitation of the rights of the clubs held by Mediapro. The complaint was accompanied by an expert opinion concluding that the difference between the net profits unduly obtained by AVS and Mediapro shows a balance in AVS's favor in the amount of EUR 85,117 thousands, that is the amount that AVS is seeking for in the complaint filed on June 20, 2016. Mediapro duly answered the complaint, raising a *res judicata* defense as its principal procedural position and presenting an expert opinion to counter the conclusions of the expert opinion presented by AVS, and Barcelona Court of First Instance No. 37 scheduled the previous hearing for January 29, 2017, and the trial took place on June 7, 2017. On July 3, the judgment of the Court of First Instance No. 37 of Barcelona notified its judgment to the parties, which rejected AVS's claim, making application of the *res judicata* effect to the rest of the 2007/08 season and the entire 2008/09 season, and not entering

to assess the economic impact of the use of third-party audiovisual rights. AVS has filed an appeal before the Provincial Court of Barcelona (*Audiencia Provincial*) requesting the revocation of this judgement and the full acceptance of its claim. Deliberation, voting and ruling of this appeal was scheduled for February 8, 2019; nevertheless as of the date of formulation of these consolidated annual accounts no final resolution has been notified to the Company..

(iii) Mediapro vs. AVS (Damages from Mediapro's insolvency)

On the other hand, a complaint was filed on May 12, 2016 at the Civil Trial Court in Colmenar Viejo in which Mediapro and Imagina Media Audiovisual (the "Plaintiffs") have petitioned the court to find AVS and DTS Distribuidora de Televisión Digital, S.A. ("DTS") –an company out of Prisa Group- jointly and severally liable for payment of the compensation sought (EUR 89,739 thousands). Plaintiffs allege that Mediapro was forced into proceedings in which it was declared insolvent, having been deliberately placed in a situation of imminent insolvency given that on June 16, 2010 (i) Mediapro was informed that AVS had petitioned the court for the provisional enforcement of the judgment of March 15, 2010 ordering Mediapro to pay AVS EUR 104,993 thousand and (ii) DTS sent Mediapro a letter announcing that it would not continue to comply with the June 4, 2009 contract for the exploitation of audiovisual rights for the League and Cup soccer matches during the 2009-2010, 2010-2011 and 2011-2012 seasons if Mediapro did not provide a bond guaranteeing that if Mediapro failed to fulfill its obligations, Mediapro would proceed to reimburse DTS for the amounts already delivered. According to the Plaintiffs, the petition for execution of judgment, together with DTS's requirement undermined the basis on which the financial institutions had been willing to provide Mediapro with the amounts required to satisfy the compensation demanded by AVS.

Given its imminent insolvency due to the impossibility of paying the compensation and being unable to negotiation an agreement with its financial institutions, on June 16, 2010 Mediapro commenced proceedings to be declared insolvent. In view of the above, the Plaintiffs consider that AVS and DTS intentionally provoked Mediapro's insolvency and (based on an expert opinion provided) deems the damages incurred by Mediapro and the Imagina Group amount to EUR 89,739 thousands, as a consequence of the declared insolvency.

Both DTS and AVS duly answered Mediapro's complaint, and their pleadings were declared admissible at the First Instance Court No. 82 of Madrid. The trial took place by two sessions on January 23 and February 5, 2018. On February 27, 2018 the Court notified its judgement – dated on February 22, 2018-, which fully rejecting the Plaintiffs' claims and ordering the Plaintiffs' to pay the costs of the proceeding.

The Plaintiffs filed an appeal against this ruling, which has been objected by both AVS and DTS, before the Provincial Court of Madrid (*Audiencia Provincial*). On November 12, 2018, the Provincial Court notified its judgement (dated on October 19, 2018) which still partially upholding the appeal, maintains the complete dismissal of the claim filed by Mediapro against the AVS and DTS.

AVS has filed, against the Provincial Court's judgement, an extraordinary appeal for procedural infringement and cassation appeal before the Supreme Court. Besides, both DTS

and the Plaintiffs have filed a cassation appeal before the Supreme Court. None of these leaves to appeal have yet been granted.

The Group's Directors and internal and external legal advisors do not believe that resolution of these litigations will entail any relevant liabilities not registered by the Group.

B) Santillana

On October 5, 2017 the National Markets and Competition Commission ("CNMC") issued a resolution, initiating an administrative proceedings against some companies within Santillana Group. This proceeding is based in the CNMC's understanding that there were indications of two possible infractions to Article 1 of the Spanish Competition Act (*Ley de Defensa de la Competencia*) and to Article 101 Treaty on the Functioning of the European Union (TFEU).

On November 21, 2018 CNMC issued an agreement denying the proposal for the conventional termination of the process. On December 7, 2018 Santillana Group filed an appeal against the aforementioned agreement, which is still pending resolution by CNMC.

On December 17, 2018, CNMC notified Santillana Group its draft resolution. Santillana Group has filed several objections against such draft resolution.

The companies within Santillana Group affected by the draft resolution issued by CNMC are: Grupo Santillana Educación Global, S.L. Santillana Educación, S.L., Ediciones Grazaema, S.L., Edicions Obradoiro, S.L., Edicions Voramar, S.A., Zubia Editoriala S.L. y Grup Promotor d'Ensenyament i Difusió en Catalá, S.L.

The procedure is pending resolution by the Council of the CNMC. According to the draft resolution, in the event that an unfavorable resolution is issued, the sanction could reach up to 6% of the turnover of Santillana in Spain.

Notwithstanding the above, Group's Directors and both internal and external legal advisors consider that the final resolution of this issue will have no negative event on the consolidated Financial Statements.

C) Other litigations

In addition, the Group is involved in other litigations for smaller amounts. The Directors and internal and external advisors do not consider that any relevant liabilities will arise from such litigations.

25) EVENTS AFTER THE BALANCE SHEET DATE

On February 26, 2019, the Board of Directors approved the acquisition by Prisa Group of the remaining 25% of the share capital of Santillana currently controlled and held by DLJSAP Publishing Limited (“DLJ”), a company owned by funds managed or advised by Victoria Capital Partners.

In the same date, Prisa Activos Educativos, S.L. – a subsidiary wholly-owned by Prisa – and DLJ entered into a sale and purchase agreement in relation to the quotas representing 25% of the share capital of Santillana.

The price of the acquisition was a fixed amount of EUR 312.5 million (the “Total Consideration”) which will be fully paid in cash.

The Total Consideration will be funded by Prisa through a combination of: (i) the proceeds of a capital increase by means of cash contributions, with preferential subscription rights, to be carried out in the amount and on the terms determined by the Board of Directors and (ii) cash available on the Company’s balance sheet funded mainly from the net proceeds of the capital increase with preferential subscription rights carried out in February 2018.

The closing of the acquisition is subject to obtaining the required authorization from the Spanish competition authorities – which is expected to be notified immediately and obtained during March 2019 – and to the execution of the capital increase above mentioned. Banco Santander, S.A. and Prisa have entered on the same date into an agreement, subject to customary terms of this kind of documents, whereby Banco Santander, S.A. has committed to underwrite the capital increase in an amount of up to EUR 200 million at a subscription price to be determined in the corresponding underwriting agreement.

On March 7, 2019, the authorization of the Spanish competition authorities was obtained.

26) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRSs may not conform to other generally accepted accounting principles.

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
EDUCATION					
<i>Full Consolidation</i>					
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14. Guatemala - Guatemala	Publishing	Santillana Educación Pacífico, S.L.	98,85%	
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Santillana Educación, S.L.	1,15%	
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª N°98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Educación, S.L.	100,00%	
			Itaca, S.L.	1 acción	
			Santillana Educación, S.L.	94,90%	
			Itaca, S.L.	4,80%	
			Edicions Voramar, S.A.	0,10%	
			Edicions Obradoiro, S.L.	0,10%	
			Ediciones Grazalema, S.L.	0,10%	
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Sevilla	Publishing	Santillana Educación, S.L.	99,98%	2/91
			Itaca, S.L.	0,02%	
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	Santillana Educación, S.L.	100,00%	
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	Santillana Educación, S.L.	95,00%	
			Itaca, S.L.	5,00%	
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	Santillana Educación, S.L.	100,00%	
Edicions Obradoiro, S.L.	Ruela de Entrecercos. 2º B. 15705. Santiago de Compostela	Publishing	Santillana Educación, S.L.	99,99%	2/91
			Itaca, S.L.	0,01%	
Edicions Voramar, S.A.	Valencia, 44. 46210. Pincaya. Valencia	Publishing	Santillana Educación, S.L.	99,99%	2/91
			Itaca, S.L.	0,01%	
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Santillana Educación, S.L.	100%	
			Itaca, S.L.	1 acción	
Editora Pintangua, LTDA	Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda.	100%	
			Itaca, S.L.	1 acción	
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V.	100%	
			Editorial Santillana, S.A. de C.V. (México)	1 acción	
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14. Guatemala - Guatemala	Publishing	Santillana Educación, S.L.	99,99%	
			Itaca, S.L.	0,01%	
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevard Suyapa, Metropolis Torre 20501. Tegucigalpa Honduras	Publishing	Santillana Educación, S.L.	99,00%	
			Itaca, S.L.	1,00%	
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. República Dominicana	Publishing	Santillana Educación, S.L.	99,95%	
			Itaca, S.L.	0,01%	
			Edicions Voramar, S.A.	0,01%	
			Edicions Obradoiro, S.L.	0,01%	
			Ediciones Grazalema, S.L.	0,01%	
			Grup Promotor D'Ensenyament i Difussió en Catalá, S.L.	0,01%	
			Ediciones Santillana Inc. (Pto. Rico)	0,01%	
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	Santillana Educación, S.L.	100,00%	
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V.	100,00%	
			Editorial Nuevo México, S.A. de C.V.	1 acción	
Editorial Santillana, S.A. de C.V. (El Salvador)	3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing	Santillana Educación, S.L.	99,95%	
			Itaca, S.L.	0,05%	
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª N°98-50 Oficina 501. Bogotá. Colombia	Publishing	Santillana Educación, S.L.	94,90%	
			Itaca, S.L.	5,10%	
			Edicions Voramar, S.A.	0,00%	
			Edicions Obradoiro, S.L.	0,00%	
			Ediciones Grazalema, S.L.	0,00%	
Educa Inventia, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Santillana Educación Pacífico, S.L.	99,99%	
			Santillana Educación, S.L.	1 acción	
Educativa Ediciones, S.A.S. (Colombia)	Avenida El Dorado No. 90 - 10 Bogotá, Colombia	Publishing	Santillana Educación, S.L.	100,00%	
Educativa, S.A. (Chile)	Avenida Andrés Bello 2299 Oficina 1001 Providencia. Santiago Chile	Publishing	Santillana Educación Pacífico, S.L.	93,52%	
			Santillana Educación, S.L.	6,48%	
Educativa, S.A.C. (Perú)	Av. Manuel Olguin Nro. 215 Int. 501/ Los Granados/ Santiago de Surco/ Lima, Perú	Publishing	Santillana Educación Pacífico, S.L.	99,99%	
			Santillana Educación, S.L.	1 acción	
Educativa, S.A.S. (Colombia)	Avenida El Dorado No. 90 - 10 Bogotá, Colombia	Publishing	Santillana Educación Pacífico, S.L.	87,12%	
			Santillana Educación, S.L.	12,88%	
Grup Promotor D'Ensenyament i Difussió en Catalá, S.L.	Frederic Mompou, 11. V. Olímpica. Barcelona	Publishing	Santillana Educación, S.L.	99,99%	2/91
			Itaca, S.L.	0,01%	
Grupo Santillana Educación Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Prisa Activos Educativos, S.L.	75,00%	2/91

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2018

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
Ítaca, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Book distribution.	Grupo Santillana Educación Global, S.L. Santillana Educación, S.L.	99,99% 0,02%	2/91
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	Santillana Educación Pacifico, S.L. Santillana Educación, S.L.	99,82% 0,18%	
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Creation, development and management of companies.	Santillana Educación, S.L. Editorial Santillana, S.A. de C.V. (México)	100,00% 0,00%	
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Oficina 1001 Providencia - Santiago	Advice and consulting, development and sale of software	Santillana Del Pacifico, S.A.	70,00%	
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Ítaca, S.L.	100% 1 acción	
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Lanza, S.A. de C.V. Editorial Santillana, S.A. de C.V. (México)	99,98% 0,02%	
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Ítaca, S.L.	100,00% 1 acción	
Santillana Administração de Bens, LTDA	Rua Padre Adelino, 758. Belezinho. Sao Paulo (Brasil)	Assets management.	Santillana Educación, S.L. Ítaca, S.L.	100,00% 1 acción	
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, N° 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	Santillana Educación, S.L. Ed. Grazalema, S.L. Ítaca, S.L.	99,70% 0,15% 0,15%	
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100,00% 1 acción	
Santillana Editores, S.A.	R. Mario Castelhana, 40 - Queluz de Baixo - 2734-502 Barcarena - Portugal	Publishing	Santillana Educación, S.L.	100,00%	
Santillana Educación Pacifico, S.L. (Before Grupo Pacifico, S.A. (Panamá))	Av. De los Artesanos 6. 28760, Tres Cantos, Madrid.	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100,00% 0,00%	2/91
Santillana Educación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	100,00% 1 acción	2/91
Santillana Formación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online Training.	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	99,99% 0,00%	2/91
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	100,00% 1 acción	2/91
Santillana Infantil y Juvenil, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	Santillana Educación, S.L. Edicions Obradoiro, S.L.	100,00% 1 acción	2/91
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª N°98-50 Oficina 501. Bogotá. Colombia	Produce, market and distribute all kinds of training, training, advice and consultancy	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	Grupo Santillana Educación Global, S.L. Ítaca, S.L.	99,99% 0,01%	2/91
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99,99% 0,01%	
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing	Santillana Educación, S.L. Ítaca, S.L.	100,00% 1 acción	
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	Santillana Educación, S.L. Ediciones Santillana, S.A. (Argentina)	99,89% 0,11%	
Santillana, S.A. (Perú)	Avenida Primavera 2160. Santiago de Surco. Lima. Perú	Publishing	Santillana Educación, S.L.	95,00%	
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Santillana Sistemas Educativos, S.L. Lanza, S.A. de C.V. Nuevo México, S.A. de C.V.	99,98% 0,02% 1 acción	
Soluções Inovadoras em Educação LTDA. (SIEDUC) (Before Uno Educação Ltda.)	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	Editora Moderna, Ltda. Ítaca, S.L.	100,00% 1 acción	
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	Editorial Santillana, S.A. de C.V. Lanza, S.A. de C.V.	70,00% 30,00%	
Zubia Editorial, S.L.	Polígono Lezama Leguizamón. Calle 31. Etxebarri. Vizcaya	Publishing	Santillana Educación, S.L. Ítaca, S.L.	99,90% 0,10%	2/91

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
RADIO					
RADIO SPAIN					
<i>Full Consolidation</i>					
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	99.56%	
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	97.03%	
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	50.00%	
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of music services	Prisa Radio, S.A.	100.00%	2/91
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations.	Ediciones LM, S.L.	40,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	50,00%	
Iniciativas Radiofónicas, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	94.74%	
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	46.25%	
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of business radio services	Prisa Activos Radiofónicos, S.L.	73,49%	2/91
			Prisa Radio, S.A.	2,03%	
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	99,89%	
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	95.00%	
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	99.32%	
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	66.50%	
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	83.33%	
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations.	Compañía Aragonesa de Radiodifusión, S.A.	66,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	24,00%	
Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	Gran Vía, 32. Madrid	Operation of radio broadcasting stations.	Prisa Radio, S.A.	100.00%	2/91
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	74.60%	
Societat de Comunicació i Publicitat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalder. Engordany. Andorra	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	99,00%	
			Unión Radio del Pirineu, S.A.	1,00%	
Sogecable Música, S.L.	Gran Vía, 32. Madrid	Creation, broadcasting, distribution and operation of thematic television channels.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	100.00%	2/91
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	50.00%	
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	75.10%	
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	72,59%	
			Compañía Aragonesa de Radiodifusión, S.A.	4,14%	
			Radio España de Barcelona, S.A.	1,58%	
			Propulsora Montañesa, S. A.	0,95%	
<i>Equity method</i>					
Laudio Irratia, S.L.	Pol.Industrial Ed.Cermámica 1.Alava	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	26.43%	
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organization of shows and events	Prisa Radio, S.A.	40.00%	
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	35.99%	
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations.	Prisa Radio, S.A.	33.00%	

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COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2018

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
INTERNATIONAL RADIO					
<u>Full Consolidation</u>					
Abril, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations.	Iberoamericana Radio Chile, S.A.	100,00%	
Aurora, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations.	Comercializadora Iberoamericana Radio Chile, S.A.	0,00%	
Blaya y Vega, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations.	Iberoamerican Radio Holding Chile, S.A.	99,98%	
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations.	Comercializadora Iberoamericana Radio Chile, S.A.	0,02%	
Caracol Estéreo, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Radiodifusión Iberoamerican Chile S.A.	100,00%	
Caracol, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	Comercializadora Iberoamericana Radio Chile, S.A.	0,00%	
Comercializadora de Eventos y Deportes, S.A.S. (Before Prisa Música América, S.A.S.)	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Production and organization of shows and events	GLR Services Inc.	100,00%	
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Production and sale of CD's, advertising, promotions and events	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	77,04%	
Compañía de Comunicaciones de Colombia C.C.C. Ltda.	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services.	Prisa Radio, S.A.	2 acciones	
Compañía de Radios, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	77,05%	
Comunicaciones del Pacífico, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations.	Prisa Radio, S.A.	2 acciones	
Comunicaciones Santiago, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	100,00%	
Consortio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panamá	Consulting services and marketing of products and services	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	99,84%	
Corporación Argentina de Radiodifusión, S.A.	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	0,16%	
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services.	Caracol, S.A.	43,45%	
Emisora Mil Veinte, S.A.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services.	Promotora de Publicidad Radial, S.A.	19,27%	
Fast Net Comunicaciones, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	16,72%	
GLR Chile, Ltda. (*)	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations.	Caracol Estéreo, S.A.	11,13%	
GLR Colombia, Ltda.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Provision of services to radio broadcasting companies.	Ecos de la Montaña Cadena Radial Andina, S.A.	4,42%	
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations.	Iberoamerican Radio Holding Chile, S.A.	99,92%	
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations.	Comercializadora Iberoamericana Radio Chile, S.A.	0,08%	
Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations.	Comercializadora Iberoamericana Radio Chile, S.A.	66,67%	
La Voz de Colombia, S.A.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services.	Iberoamericana Radio Chile, S.A.	33,33%	
LS4 Radio Continental, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services.	Sociedad Radiodifusora del Norte, Ltda.	75,00%	
Promotora de Publicidad Radial, S.A.	Calle 67. N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services.	Iberoamericana Radio Chile, S.A.	25,00%	
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Radio, television, systems, operation of radio concessions and technical services	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	100,00%	
Radio Estéreo, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services.	GLR Services Inc.	99,17%	
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Holding	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	0,83%	
			Prisa Radio, S.A.	76,8%	
			Prisa Radio, S.A.	1 acción	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	75,72%	
			Prisa Radio, S.A.	1 acción	
			Comunicaciones Santiago, S.A.	99,00%	
			Iberoamericana Radio Chile, S.A.	1,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	100,00%	
			Caracol, S.A.	0,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	99,00%	
			Prisa Participadas, S.L.	1,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	100,00%	
			Iberoamericana Radio Chile, S.A.	100,00%	
			Comercializadora Iberoamericana Radio Chile, S.A.	0,00%	
			Grupo Latino de Radiodifusión Chile Ltda.	100,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	0,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	75,64%	
			Caracol, S.A.	0,01%	
			GLR Services Inc.	70,00%	
			Corporación Argentina de Radiodifusión, S.A.	30,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	77,04%	
			Prisa Radio, S.A.	2 acciones	
			Comercializadora Iberoamericana Radio Chile, S.A.	99,00%	
			Iberoamericana Radio Chile, S.A.	1,00%	
			GLR Services Inc.	70,00%	
			Corporación Argentina de Radiodifusión, S.A.	30,00%	
			Iberoamericana Radio Chile S.A.	100,00%	
			Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	0,00%	

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2018

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
Radio Mercadeo, Ltda.	Calle 67, N° 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal) Caracol, S.A. Caracol Estéreo, S.A. Emisora Mil Veinte, S.A. Promotora de Publicidad Radial, S.A. Ecos de la Montaña Cadena Radial Andina, S.A.	48,40% 29,85% 0,35% 0,35% 0,35% 0,01%	
Sociedad de Radiodifusión El Litoral, S.L.	Eliodoro Yañex. N° 1783. Comuna Providencia Santiago. Chile	Exploitation of media and communications services, exploitation of radio concessions	Iberoamericana Radio Chile, S.A. Comercializadora Iberoamericana Radio Chile, S.A.	99,9% 0,10%	
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañex. 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%	
<u>Equity method</u>					
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations.	Sistema Radiópolis, S.A. de C.V.	100,00%	
Cadena Radiópolis, S.A. de C.V.	Calzada de Tlalpan número 3000, Colonia Espartaco, Delegación Coyoacán, Código Postal 04870, Ciudad de México.	Providing all kinds of public telecommunications and broadcasting services.	Sistema Radiópolis, 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. EE.UU.	Development of the market of Latin radio in the U.S.	GLR Services INC.	25,00%	
Green Emerald Business Inc.	Vía España 177, Ed. PH Plaza Regency, planta 15. Ciudad de Panamá. Panamá	Development of the market of Latin radio in Panama	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	34,95%	
Multimedios GLP Chile SPA	Av. Andrés Bello 2325 Piso 9, Providencia	Exploitation of media and communication services	Iberoamericana Radio Chile, S.A.	50,00%	
Promotora Radial del Llano, LTDA	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Commercial broadcasting services	Caracol, S.A. Promotora de Publicidad Radial, S.A.	25,00% 25,00%	
Q'Hubo Radio, S.A.S	Cl. 57 No 17 - 48 Bogotá, Colombia	Operation of the business of broadcasting and advertising in all aspects.	Caracol, S.A.	50,00%	
Radio Comerciales, S.A. de C.V.	Rubén Darío n° 158. Guadalajara. México	Exploitation of broadcasting stations	Sistema Radiópolis, S.A. de C.V.	99,97%	
Radio Melodía, S.A. de C.V.	Rubén Darío n° 158. Guadalajara. México	Operation of radio broadcasting stations.	Cadena Radiodifusora Mexicana, S.A. de C.V.	99,00%	
Radio Tapatía, S.A. de C.V.	Rubén Darío n° 158. Guadalajara. México	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. México	Operation of radio broadcasting stations.	Sistema Radiópolis, S.A. de C.V.	100,00%	
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations.	Sistema Radiópolis, S.A. de C.V. Radio Comerciales, S.A. de C.V.	100,00% 0,00%	
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations.	Xezz, S.A. de C.V. Radio Comerciales, S.A. de C.V.	100,00% 0,00%	
Sistema Radiópolis, S.A. de C.V. (**)	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations.	Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	50,00%	
WSUA Broadcasting Corporation	2100 Coral Way, Miami. Florida. EE.UU.	Radio broadcasting.	El Dorado Broadcasting Corporation	100,00%	
Xezz, S.A. de C.V.	Rubén Darío n° 158. Guadalajara. México	Operation of radio broadcasting stations.	Cadena Radiodifusora Mexicana, S.A. de C.V.	99,00%	

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

(**) Consolidated data

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2018

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
PRESS					
<i>Full Consolidation</i>					
As Chile SPA	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication and operation of As newspaper in Chile.	Diario As, S.L.	100.00%	
Diario AS Colombia, SAS	Cl 98, n° 1871 OF401. Bogotá D.C.	Publication and operation of As newspaper in Colombia.	Diario As, S.L.	100.00%	
Diario As USA, Inc.	2100 Coral Way Suite 603. 33145 Miami, Florida	Publication and operation of As newspaper in USA.	Diario As, S.L.	100.00%	
Diario As, S.L.	Valentin Beato, 44. Madrid	Publication and operation of As newspaper.	Grupo de Medios Impresos y Digitales, S.L.	75.00%	2/91
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina.	Diario El País, S.L.	94,89%	
			Diario El País México, S.A. de C.V.	5,11%	
Diario El País Do Brasil Distribuidora de Publicações, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brasil	Operation of El País newspaper in Brazil.	Diario El País, S.L.	99,99%	
			Ediciones El País, S.L.	0,01%	
Diario El País México, S.A. de C.V.	Avenida Universidad 767. Colonia del Valle. México D.F. México	Operation of El País newspaper in Mexico.	Diario El País, S.L.	97,42%	
			Promotora de Informaciones, S.A.	2,58%	
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Publication and operation of El País newspaper.	Prisa Noticias, S.L.	100.00%	2/91
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of publishing products.	Prisaprint, S.L.	100.00%	2/91
Ediciones El País (Chile) Limitada.	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication, operation and sale of El País newspaper in Chile.	Ediciones El País, S.L.	100,00%	
			Grupo de Medios Impresos y Digitales, S.L.	0,00%	
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper.	Diario El País, S.L.	99,99%	2/91
			Prisa Noticias, S.L.	0,01%	
Espacio Digital Editorial, S.L.	Gran Vía, 32. Madrid	Edition and exploitation of Huffintun Post digital for Spain.	Prisa Noticias, S.L.	100.00%	2/91
Estructura, Grupo de Estudios Económicos, S.A.	Miguel Yuste, 42. Madrid	Publication and operation of Cinco Días newspaper.	Grupo de Medios Impresos y Digitales, S.L.	100.00%	2/91
Factoría Prisa Noticias, S.L. (Before Agrupación de Servicios de Internet y Prensa, S.L.)	Valentin Beato, 44. Madrid	Administrative, technological and legal services and the distribution of written and digital media.	Diario El País, S.L.	100.00%	2/91
Grupo de Medios Impresos y Digitales, S.L.	Gran Vía, 32. Madrid	Ownership of shares of publishing companies.	Prisa Noticias, S.L.	100.00%	2/91
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Documentation provision services.	Promotora General de Revistas, S.A.	100.00%	2/91
Norpremsa, S.A.	Parque Empresarial IN-F. Calle Costureiras. s/n 27003. Lugo	Printing of publishing products.	Prisaprint, S.L.	100.00%	2/91
Noticias AS México S.A. de C.V.	México DF	Publication and operation of As newspaper in Mexico.	Diario As, S.L.	99,00%	
			Prisa Noticias, S.L.	1,00%	
Pressprint, S.L. (Sociedad Unipersonal)	Valentin Beato, 44. Madrid	Production, printing, publication and distribution of products.	Diario El País, S.L.	100.00%	2/91
Prisa Noticias de Colombia, SAS.	Calle 98 No 18- 71 oficinas 401 -402 del edificio Varese Bogotá	Operation of El País newspaper in Colombia.	Diario El País, S.L.	100.00%	
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Operation of press media.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of printing companies.	Prisa Noticias, S.L.	100.00%	2/91
Promotora General de Revistas, S.A.	Valentin Beato, 48. Madrid	Publication production and operation of magazines.	Grupo de Medios Impresos y Digitales, S.L.	99,96%	2/91
			Promotora de Informaciones, S.A.	0,04%	
<i>Equity method</i>					
As Arabia For Marketing, W.L.L.	D Ring Road, 3488, Doha, Qatar	Marketing of the newspaper As on line in Arabic in the countries of the Middle East and North Africa.	Diario As, S.L.	49.00%	
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. (1)	Juan Ignacio Luca de Tena, 7. Madrid	Publication and operation of newspapers, magazines in digital format.	Prisa Noticias, S.L.	50.00%	
Le Monde Libre Societé Comandité Simple (2)	17, Place de la Madeleine. París	Holding of shares in publishing companies.	Prisa Noticias, S.L.	20.00%	

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

(1) Information to October 2018

(2) Datos a December de 2017

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
MEDIA CAPITAL					
<u>Full Consolidation</u>					
Argumentos para Audiovisual, Lda. (CASA DA CRIAÇÃO)	Rua Mário Castelhana, nº 40, Queluz de Baixo 2734 506 Barcarena. Portugal	Creation, development, translation and adaptation of texts and ideas for television, movies, entertainment, advertising, and theatre programs.	Plural Entertainment Portugal, S.A.	100.00%	
BEIRAS FM - Radiodifusão e Publicidade, Unipessoal, Lda. ("BEIRAS FM") (Before <i>Penalva do Castelo FM Radiodifusão e Publicidade, Lda.</i>)	Rua Sampaio e Pina, nº 24-26 1070 249 Lisboa. Portugal	Broadcasting in production areas and programs transmission.	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
CLMC-Multimedia, Unipessoal, Lda.	Rua Mário Castelhana, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Provision of production and exploitation commercial activities motion picture, video, radio, television, audiovisual and multimedia.	Media Global, SGPS, S.A.(MEGLO)	100.00%	
COCO-Companhia de Comunicação, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Broadcasting, creation, development, production, recording and marketing of radio productions and related activities. Promotion of cultural and musical events and extension of musical culture.	Radio Comercial, S.A. (COMERCIAL)	100.00%	
DRUMS - Comunicações Sonoras, Unipessoal LDA	Rua Sampaio e Pina, n.ºs 24-26 1070 249 Lisboa. Portugal	Activity of broadcasting in the domains of the production and broadcasting of programmes.	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina, 24/26, 1099-044. Lisboa. Portugal	Radio broadcasting.	Media Capital Rádios, S.A (MCR II)	100.00%	
Empresa de Meios Audiovisuais, Lda. (EMAV)	Rua Mário Castelhana, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Purchase, sale and rental of audiovisual equipment (cameras, videos, special equipment for filming and lighting, cranes, Rails, etc.).	Plural Entertainment Portugal, S.A.	100.00%	
Empresa Portuguesa de Cenários, Lda. (EPC)	Rua Mário Castelhana, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Design, construction and installation of furnishings.	Plural Entertainment Portugal, S.A.	100.00%	
Grupo Media Capital, SGPS, S. A.	Rua Mário Castelhana nº 40. Queluz de Baixo. Portugal	Holding of shares in companies.	Vertex, SGPS, S.A	94.69%	
Leirimedia, Produções e Publicidade, LDA	Rua Sampaio e Pina, nº 24-26 1070 249 Lisboa. Portugal	Production and realization of programs of radio shows, advertising, promotions and representations.	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Media Capital Digital, S.A	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Publication, multimedia production, distribution, consulting, marketing (mail, telephone or other) of goods and services; as well as the acquisition, supply, production and dissemination of journalism by any means.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Música e Entretenimento, S.A (MCME)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Publication, printing and reproduction of recorded media: magazines, audio editing, video playback; and provision of services related to music, radio, television, cinema, theatre and literary magazines.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Produções, S.A. (MCP)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Concept, design, development, production, promotion, marketing, acquisition, exploration rights, registration, distribution and broadcasting of audiovisual media.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Capital Rádios, S.A (MCR II)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Provision of services in consulting and economic areas and the monitoring and management of other units of the group or the activity of broadcasting in the fields of the production and broadcasting of radio programmes in the companies of the Group; prospecting of markets; services of promotion, marketing and advertising for broadcasting activity collection; activity of broadcasting in the fields of production and broadcast.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Holding of shares in companies.	Grupo Media Capital, SGPS, S. A.	100.00%	
Moliceiro, Comunicacao Social, Lda.	Rua Sampaio e Pina, 24/26, 1070 249. Lisboa. Portugal	Broadcasting activity.	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
NOTIMAILA-Publicações e Comunicações, S.A.	Rua Sampaio e Pina, nºs 24/26 1099 044 Lisboa. Portugal	The activity of broadcasting, as well as the publication of newspapers and magazines.	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Plural Entertainment España, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual.	Media Capital Produções, S.A. (MCP)	100.00%	2/91
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. EE.UU.	Production and distribution of audiovisual.	Plural Entertainment España, S.L.	100.00%	
Plural Entertainment Portugal, S.A.	Rua Mário Castelhana, nº 40, Queluz de Baixo 2730 120 Barcarena. Portugal	Production of video and cinema, organization of performances, sound and lighting, advertising, marketing and representation of recorded 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 fields of production and transmission of programs.	Emissões de Radiodifusão, 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 film, video and television programs.	Emissões de Radiodifusão, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Produção de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhana. Nº 40. 2734-502. Barcarena. Portugal	Publication, printing and reproduction of recorded media: magazines, audio editing, video playback; and provision of services related to music, radio, television, cinema, theatre and literary magazines.	Media Capital Música e Entretenimento, S.A (MCME)	100.00%	

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: DECEMBER 2018

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
Flor Do Éter Radiodifusão, Lda.	Rua Sampaio e Pina, n.ºs 24-26 1099 044 Lisboa. Portugal	Production, preparation and marketing of cultural and recreational, sports and news programs by radio and audiovisual, media promotion of exhibitions and cultural and artistic conferences, mounting and equipment of sound e image.	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
Producciones Audiovisuales, S.A. (NBP IBÉRICA)	Almagro 13. 1.º Izquierda. 28010. Madrid	Inactive.	Plural Entertainment Portugal, S.A.	100.00%	
Produções Audiovisuais, S.A. (RADIO CIDADE)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting, production of advertising spots in audio or video advertising, production and recording. Development and production of radio programmes.	Media Capital Rádios, S.A (MCR II)	100.00%	
R2000 - Comunicação Social, Lda.	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Broadcasting in the fields of production and transmission of programs.	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
R.C. - Empresa de Radiodifusão, Unipessoal, Lda.	Rua Sampaio e Pina, n.ºs 24-26 1099 044 Lisboa. Portugal	Broadcasting, creation, development, production, recording and marketing 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 fields of production and transmission of programs.	Media Capital Rádios, S.A (MCR II)	100.00%	
Rádio do Concelho de Cantanhede, Lda.	Rua Sampaio e Pina, n.ºs 24-26 1099 044 Lisboa. Portugal	Broadcasting in the fields of production and transmission of programs.	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Rádio Litoral Centro, Empresa de Radiodifusao, Lda.	Rua Sampaio e Pina, 24-2 1099 044 Lisboa. Portugal	Exploitation of stations broadcasting, collection, selection and dissemination of information and cultural, recreational and advertising programs by audiovisual, radio and telematic means.	Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	100.00%	
Rádio Nacional - Emissoes de Radiodifusao, Unipessoal Lda.	Rua Sampaio e Pina, n.ºs 24-26 1099 044 Lisboa. Portugal	Broadcasting activity, as well as the provision of other services in the area of social communication.	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Rádio Voz de Alcanena, Lda. (RVA)	Rua Sampaio e Pina, n.ºs 24-26 1099 044 Lisboa. Portugal	Production and broadcasting of radio training, informational, recreational and cultural programs.	Produções Audiovisuais, S.A. (RADIO CIDADE)	100.00%	
Rádio XXI, Lda. (XXI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting in the fields of production and transmission of programs.	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mário Castelhana. N.º 40. 2734-502. Barcarena. Portugal	Advisory, guidance and operational assistance to companies or organizations in public relations.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Mário Castelhana, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Services, publication and marketing of goods and electronic services. Publication, production and distribution in media activities.	Media Capital Digital, S.A	100.00%	
SIRPA. Sociedad de Impresa Radio Paralelo, Lda.	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting in the fields of production and transmission of programs.	Radio Comercial, S.A. (COMERCIAL)	100.00%	
Sociedade de Produção e Edição Audiovisual, Lda (FAROL MÚSICA)	Rua Mário Castelhana. N.º 40. 2734-502. Barcarena. Portugal	Production of storage, phonograms, audiovisual media and multimedia.	Media Capital Música e Entretenimento, S.A (MCME)	100.00%	
Televisao Independente, S.A. (TVI)	Rua Mário Castelhana. N.º 40. 2734-502. Barcarena. Portugal	Exercise of any activity in television, such as install, manage, and operate any infrastructure or television station.	Media Global, SGPS, S.A. (MEGLO)	100.00%	
Tesela Producciones Cinematográficas, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual.	Plural Entertainment España, S.L.	100.00%	2/91

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY HOLDING THE OWNERSHIP INTEREST	December 2018	
				PERCENTAGE OF OWNERSHIP	TAX GROUP (*)
OTHERS					
<i>Full Consolidation</i>					
Audiovisual Sport, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Management and distribution of audiovisual rights.	Prisa Participadas, S.L.	80.00%	2/91
Fullscreen Solutions, S.A. de C.V.	Montecito 38 Piso 6 Oficina 24 Col. Nápoles Del. Benito Juarez Ciudad de México 03100	Marketing advertising video.	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	84.00% 1.00%	
Grupo Latino de Publicidad Colombia, SAS	Carrera 9, 9907 Oficina 1200. Bogotá. Colombia	Exploitation and marketing advertising of any kind	Prisa Participadas, S.L.	100.00%	
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcast of videos and television programs	Prisa Participadas, S.L.	87.24%	2/91
Mobvious Corp.	2600 Douglas Road Suite 502 Coral Gables Miami Florida USA 33134	Marketer's advertising in digital media.	Prisa Brand Solutions USA, Inc.	60.00%	
Plural Entertainment Canarias, S.L.	Dársena Pesquera. Edificio Plató del Atlántico. San Andrés 38180. Santa Cruz de Tenerife	Production and distribution of audiovisual	Prisa Participadas, S.L.	100.00%	2/91
Prisa Activos Educativos, S.L.	Gran Vía, 32. Madrid	The realization of the activities inherent to the publishing business in its broadest sense and, in particular, editing marketing and distribution of all kinds of publications and the provision of editorial, education, leisure services and entertainment.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Activos Radiofónicos, S.L.	Gran Vía, 32. Madrid	The allowance, or self-employed, of any kind of services, directly or indirectly, related broadcasting. Advice and provision of services to media companies in the field of advertising, programming, administration, marketing and technical issues, computer and commercial and any other related activity. Production, operation and management-account or self-employed, by whatever means, of all kinds of programs and radio and audiovisual products.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Brand Solutions USA, Inc. (Before Prisa Digital Inc.)	2100 Coral Way. Suite 200. Miami. Florida. 33145. EE.UU.	Marketer of advertising in media.	Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	100.00%	
Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	C/ Valentín Beato, 48. Madrid	Marketer of advertising in media.	Prisa Participadas, S.L.	100.00%	2/91
Prisa Gestión de Servicios, S.L.	Gran Vía, 32. Madrid	Management and development of all types of administrative, accounting, financial, personnel, legal and human resources selection tasks.	Prisa Participadas, S.L.	100.00%	2/91
Prisa Gestión Financiera, S.L. (Before Santillana Canarias, S.L.)	Gran Vía, 32. Madrid	Management and exploitation of information and social communication media whatever their technical support. The action in the capital and monetary market.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Inc. (En liquidación)	2100 Coral Way Suite 200 Miami 33145 U.S.A.	Management of companies in the USA and North America	Prisa Participadas, S.L.	100.00%	
Prisa Participadas, S.L.	Gran Vía, 32. Madrid	Management and exploitation of audiovisual and printed mass media, participation in companies and businesses, and providing all kinds of services.	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Producciones de Video, S.L.	Gran Vía, 32. Madrid	Production, distribution and audiovisual marketing.	Prisa Participadas, S.L.	100.00%	2/91
Prisa Tecnología, S.L.	Gran Vía, 32. Madrid	Provision of internet services.	Prisa Participadas, S.L.	100.00%	2/91
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Local television services	Prisa Participadas, S.L.	61.45%	
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Local television services	Prisa Participadas, S.L.	70.00%	
Promotora de Actividades América 2010 - México, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. México. D.F. México	Development, coordination and management of projects of all kinds, national and international, related to the commemoration of the bicentenary of the independence of the American Nations	Promotora de Actividades América 2010, S.L. Prisa Participadas, S.L.	100.00% 1 acción	
Promotora de Actividades América 2010, S.L. (In liquidation)	Gran Vía, 32. Madrid	Production and organization of activities and projects related to the commemoration of the bicentenary of the independence of the American Nations.	Promotora de Informaciones, S.A.	100.00%	2/91
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Production and distribution of audiovisual	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. Nápoles Del. Benito Juarez Ciudad de México 03100	Marketer's advertising in digital media.	Prisa Brand Solutions USA, Inc. Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	99.99% 0.01%	
Vertex, SGPS, S.A.	Rua Mario Castelhana, nº 40, Queluz de Baixo. Portugal	Holding of shares in companies.	Promotora de Informaciones, S.A.	100.00%	
<i>Equity method</i>					
Canal Club de Distribución 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	Factoría Plural, S.L.	50.00%	
Factoría Plural, S.L. (†)	Calle Biarritz, 2. 50017 Zaragoza	Production, preparation 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 a TV channel for promotion of Canary Islands	Prisa Participadas, S.L.	40.00%	
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for TV programming	Prisa Participadas, S.L.	40.00%	

(*) Consolidated tax Group Promotora de Informaciones, S.A.: 2/91

(†) Information to November 2018

KEY FINANCIAL AGGREGATES OF THE COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

APPENDIX II

INVESTEE	December 2018							
	TOTAL ASSETS	CURRENTS ASSETS	NON CURRENT ASSETS	CURRENT LIABILITIES	NON CURRENT LIABILITIES	EQUITY	OPERATING INCOME	NET PROFIT
<i>(Thousands of euros)</i>								
PRESS								
As Arabia For Marketing, W.L.L.	275	234	41	868	0	(676)	22	(634)
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L. (¹)	1,001	902	99	890	0	(529)	527	83
Le Monde Libre (²)	128,627	268	128,359	146,263	0	(17,636)	0	(1,697)
RADIO								
RADIO IN SPAIN								
Laudio Irratia, S.L.	312	228	84	24	26	262	193	22
Planet Events, S.A.	3,034	2,991	43	2,718	1	315	14,583	2,465
Radio Jaén, S.L.	1,416	862	554	282	0	1,133	1,298	117
Unión Radio del Pirineu, S.A.	490	463	26	209	0	281	351	(44)
INTERNATIONAL RADIO								
Cadena Radiodifusora Mexicana, S.A. de C.V.	32,282	25,162	7,120	20,298	3,488	8,497	39,740	7,003
Cadena Radiópolis, S.A. de C.V.	6,071	1,702	4,369	404	0	5,667	62	216
El Dorado Broadcasting Corporation	524	0	524	2,029	0	(1,504)	0	0
Green Emerald Business Inc.	1,523	991	531	1,936	6,661	(7,074)	1,811	(834)
Multimedios GLP Chile SPA	(0)	530	135	2,395	0	(1,730)	2,847	(423)
Promotora Radial del Llano, LTDA	70	46	23	22	0	47	77	4
Q'Hubo Radio, S.A.S	79	79	0	331	0	(251)	425	49
Radio Comerciales, S.A. de C.V.	2,468	375	2,093	486	1,008	974	2,626	1
Radio Melodía, S.A. de C.V.	1,354	672	682	682	0	672	320	108
Radio Tapatía, S.A. de C.V.	1,676	996	680	798	0	878	457	185
Radiotelevisora de Mexicali, S.A. de C.V.	1,361	1,059	301	761	24	576	854	157
Servicios Radiópolis, S.A. de C.V.	2,346	2,346	0	1,735	593	18	9,075	28
Servicios Xezz, S.A. de C.V.	246	246	0	172	0	74	1,510	71
Sistema Radiópolis, S.A. de C.V.	69,773	45,281	24,492	23,977	0	45,797	40,374	10,087
WSUA Broadcasting Corporation	4,388	1,631	2,757	3,192	5,944	(4,748)	467	(90)
Xezz, S.A. de C.V.	314	106	208	99	54	160	313	70
OTHERS								
Canal Club de Distribución de Ocio y Cultura, S.A.	155	155	0	6	0	149	85	85
Chip Audiovisual, S.A. (²)	3,069	2,963	107	1,234	0	1,835	6,099	159
Factoría Plural, S.L. (²)	6,237	5,770	466	4,304	0	1,933	9,221	188
Productora Canaria de Programas, S.A.	582	577	4	(325)	0	907	8	2
Sociedad Canaria de Televisión Regional, S.A.	1,862	1,862	0	321	0	1,541	1,885	408

(¹) Information to October 2018

(²) Information to december 2017

(³) Information to november 2018

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Consolidated Directors' Report for 2018

Translation of Director's Report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
AND SUBSIDIARIES
CONSOLIDATED DIRECTOR'S REPORT FOR 2018

1. BUSINESS PERFORMANCE

1.1. Analysis of the evolution and result of business

The Group uses EBITDA to monitor the performance of its businesses and establish operational and strategic objectives for Group companies.

EBITDA is defined as profit from operations plus changes in operating allowances, assets depreciation expenses, impairment of goodwill and impairment of assets.

The following tables detail the reconciliation between EBITDA and the Group's profit from operations for each of the segments of 2018 and 2017 (in millions of euros):

	12.31.2018					
	Education	Radio	Press	Media Capital	Other	Prisa Group
PROFIT FROM OPERATIONS	104.0	43.1	1.0	33.6	(96.5)	85.3
Depreciation and amortization	45.6	8.2	4.3	6.6	0.8	65.5
Change in operating allowances	15.8	1.4	1.6	0.5	1.4	20.7
Impairment of goodwill	0.0	0.0	0.0	0.0	79.0	79.0
Impairment of assets	1.8	0.2	0.4	0.0	0.1	2.5
EBITDA	167.3	52.9	7.3	40.7	(15.2)	253.0

	12.31.2017					
	Education	Radio	Press	Media Capital	Other	Prisa Group
PROFIT FROM OPERATIONS	110.2	28.4	(14.1)	32.2	(104.1)	52.6
Depreciation and amortization	53.0	8.2	7.5	7.9	1.0	77.6
Change in operating allowances	14.1	2.4	1.1	0.2	0.3	18.1
Impairment of goodwill	0.0	0.0	0.8	0.3	85.7	86.8
Impairment of assets	2.0	2.4	8.7	0.1	(0.2)	13.0
EBITDA	179.3	41.4	4.0	40.7	(17.2)	248.2

Consolidated Group performance for 2018 was as follows:

- Groups operating income amounted to EUR 1,280.3 million (-4.2%) and EBITDA to EUR 253.0 million (+1.9%). Both figures were negatively affected by the foreign exchange rate performance, IFRS 15 effect (positive effect in revenues and negative in EBITDA) and Argentina's denomination as a hyperinflationary economy effect. On the other hand, it has been positively affected due to the sale of Santillana assets in USA.

The Group's Adjusted Operating Revenues and EBITDA in local currency and excluding the IFRS 15 and the sale of Santillana assets in USA, they grow by 1% and 9% respectively.

- Key highlights in 2018 include:
 - In Education, excluding the negative exchange rate effect and IFRS 15, and the positive effect of the sale of Santillana assets in USA, it manages to grow with respect to 2017 year due to good performance of the activity in Mexico, Peru, Chile, Argentina and Norma, compensating that year 2018 was a year without educational innovations in Spain and that it was a year of low cycle in Brazil.
 - Radio saw an operating recovery in EBITDA by 27.9% due to good behavior in Spain (growth in EBITDA by 43.5%).
 - Growth in digital advertising in Press. Costs have been reduced during the year.
 - Media Capital manages to increase its advertising revenues by +5%. The operating result remains at 2017 levels.
 - The exchange rate performance had a negative impact in 2018: EUR -88.4 million in income (of which EUR -7.3 million correspond to Argentina's hyperinflation) and EUR -22.2 million in EBITDA (of which EUR -3.8 million correspond to Argentina's hyperinflation).
 - The implementation of the announced Group's Efficiency Plan generates savings in expenses of EUR 48.5 million in 2018. The impact on EBITDA is EUR 39.6 million.

Business performance for 2018 was as follows:

- Operating earnings for **Education** amounted to EUR 600.5 million (-8.5% compared to 2017). Excluding the negative exchange rate impact (EUR -79.9 million, including hyperinflation effect in Argentina), IFRS 15 effect (EUR -2.7 million) and sale of Santillana assets in USA (EUR +7.1 million), income increased compared to 2017 (+3.0%). EBITDA reached EUR 167.3 million (-6.7%). Excluding the exchange rate effect (EUR -23.4 million, including hyperinflation effect in Argentina), IFRS 15 effect (EUR -2.3 million) and sale of Santillana assets in USA (EUR +7.1 million), EBITDA increased +4% over 2017.
 - Campaigns in the south area closed with a solid performance in the most important countries. Brazil stands out which despite to be a low cycle year, it maintain revenues in line compared to 2017 (at constant currency and excluding IFRS 15 effect). They also highlight Argentina, Chile, Colombia and Peru.
 - Campaigns in the north area (mainly Spain and Mexico) saw earnings fall (-6.2% in local currency and excluding IFRS 15 effect and the sale of Santillana assets in USA), mainly due to Spain (-7% because 2018 is a year

- without innovations, and also due to “double use” effect) and USA (sale of business). Instead, the good performance in Mexico offset this fall (+6% in local currency and excluding IFRS 15 effect).
- The digital education systems (UNO, Compartir, Farias Brito, Educa y ESL) continue their expansion in Latin America, increasing the number of students by +6% until reaching 1.2 million students.
- Operating income in **Radio** reached EUR 287.6 million, growing +2.5% with respect to 2017 and EBITDA came in at EUR 52.9 million (+27.9%) due to the best evolution in Spain. At constant exchange, revenues grow by +5.2% while EBITDA grow by +26.6%.
 - Advertising for Prisa Radio in Spain has grown by +5.4%. The Local advertising shows a growth by +2.5% while national advertising accounts a +7.9% growth, by in part due to World Cup effect.
 - In Latin America, the advertising grew by +5.8% in local currency (-1.6% in euros due to the currencies depreciation and the hyperinflation effect in Argentina). Highlights the good performance in constant currency in Colombia whose advertising grows by +8.7%.
 - The exchange rate effect has negatively impacted in revenues (EUR -7.7 million) while at EBITDA level the effect has been positive (EUR +0.5 million). In both cases, highlights the hyperinflation effect in Argentina. Excluding the exchange rate effect, revenues grew by +5.2% and EBITDA by +26.6%.
 - According to the last EGM, Prisa Radio in Spain maintained its leadership for both generalist and music radio.
 - In the **Press** division, operating income came in at EUR 203 million (-7.9%). Traditional advertising, circulation and promotions decreased. The rise in digital advertising and cost savings partially offset these impacts. EBITDA reaches EUR 7.3 million, growing by +85% compared to 2017.
 - Circulation revenue continued to see a -14% decrease.
 - The promotions revenue decreased by -41%, although the result is positive and it's in line with 2017.
 - Advertising revenue grew by +1.6% for the period. Digital advertising rise 16% (representing 53% of all advertising revenue in the division), offsetting the drop in Traditional advertising (-11%).
 - An average of 126 million unique visitors was recorded in 2018 (+16%).
 - El País strengthened its position as the top Spanish-language newspaper in world media rankings and AS maintained its digital leadership in America.
 - In **Media Capital**, revenues reached EUR 181.8 million (+9.9%) and EBITDA EUR 40.7 million, in line with 2017. The IFRS 15 effect has supposed a growth in revenues and

expenses in the same amount (EUR 14 million). Excluding this impact, revenues grew by 1.5%.

- Advertising revenues grew by 4.9% in 2018 (+2.6% excluding the IFRS15 effect).
- TVI maintained its 24-hour and prime time leadership, hitting average daily audiences of 21% and 24% respectively for total Television audiences.
- Media Capital radio maintained its number one position in listeners (Radio Comercial has a 25% share).

Prisa defines the **exchange rate effect** as the difference between the financial magnitude converted using the exchange rate of the current fiscal year and the same financial magnitude converted using the exchange rate on the previous fiscal year. The following table shows the exchange rate effect on operating income and EBITDA for the Education and Radio business and for the Prisa Group (in millions of euros):

	2018	Exchange rate effect	2018 excluding exchange rate effect	2017	Change excluding exchange rate effect	Change (%) excluding exchange rate effect
Education (*)						
Operating income	600.5	(79.9)	680.5	656.2	24.3	3.7
EBITDA	167.3	(23.4)	190.7	179.3	11.4	6.3
Radio						
Operating income	287.6	(7.7)	295.2	280.7	14.6	5.2
EBITDA	52.9	0.5	52.4	41.4	11.5	27.9
Prisa Group						
Operating income	1,280.3	(88.4)	1,368.7	1,335.7	33.0	2.5
EBITDA	253.0	(22.2)	275.2	248.2	26.5	10.7

(*) Excluding the exchange rate effect of Venezuela.

The Group's **net bank debt** decreased by EUR 588.6 million for the year and came in at EUR 928.6 million to December 2018.

This debt indicator includes non-current and current bank borrowings, excluding loan arrangement costs, diminished by current financial assets, cash and cash equivalents.

The following table shows the composition of this indicator as of December 31, 2018 and December 31, 2017:

	Million of euros	
	12.31.18	12.31.17
Non-current bank borrowings	1,149.7	703.5
Current bank borrowings	76.1	1,037.0
Loan arrangement costs/Fair value	22.8	17.5
Current financial assets	(24.9)	(23.3)
Cash and cash equivalents	(295.1)	(217.5)
NET BANK DEBT	928.6	1,517.2

1.2. Market environment

1.2.1. Economic environment in Spain and Portugal

2018 has continued the heyday of growth, with positive growth rates in Spain and Portugal, although with symptoms of deceleration.

So, in 2017 GDP growth in Spain was +3.0% while in Portugal it was +2.7%. According to the October 2018 IMF report indicates that:

- Spanish GDP has grown +2.7%, according to the IMF, for the fifth year running, since the end of the crisis in 2013.
- With regard to Portugal, in 2018 GDP is expected to grow by 2.1% according to the latest forecasts from the Bank of Portugal as at December 2018. It also links five years of growth.

The improvement in the economic environment has had a positive impact on private consumption. Private consumption in Spain grew by +2.4% in 2014, by +3.6% in 2015 y 2016 and by +0.8% in 2017 (slow-down due to the events in Catalonia). According to FUNCAS, consumption of retail sales is +0.6% in 2018.

In quarterly terms, according to the information of FUNCAS, retail sales have had an erratic behavior during 2018: growing in 2018 Q1 by 1.9%, by +0.1% in Q2, falling by -0.6% in Q3, and growing by +1.3% in Q4.

In Portugal, according to the OECD data, private consumption grew by +2.2% in 2018.

1.2.2. Advertising market evolution

Group business is directly exposed to the Spanish advertising market through its Radio, Press and Digital divisions, and through its Portuguese free-to-air TV (TVI), Radio and Digital businesses.

In 2014 advertising investment in Spain grew for the first time since 2010. This trend continued during 2015 (+6.6%), according to public sources (i2P). This improvement continued in 2016, although growth started to decline (+4.1%), confirming the downward trend in 2017, with a growth of +2.0%. According to the February 2019 report of i2P, the market grows by +1.3% with respect to 2017.

The evolution by sector shows that the market has had an uneven performance in 2018: growth has continued in Internet, Radio, Press, Outdoor, Cinema and Social Network. Highlights the Press and Outdoor advertising, where digital growth offset the fall of the traditional advertising. On the contrary, it highlights the decline in Television (-0.6%) and continue the decline in magazines and Sunday supplements.

In the case of Portugal, according to in-house estimates, the overall market of free-to-air TV advertising is estimated to have grown by +1% in 2018. In Radio, the estimate is market has declined -1.7% with regard to 2017 (data from September), while growth in the Internet market reach +23.3%.

1.2.3. Economic environment in Latin America

In general, according to the IMF projections (October 2018), the countries where the Group is exposed, have shown growth in 2018 (except for Venezuela, Puerto Rico and Nicaragua). Argentina has also suffered the impact of peso depreciation and high inflation, which has meant that the country has become defined as a hyperinflationary economy. Thus, the IMF forecast is that Argentina's GDP falls -2.6% in 2018. Instead, Brazil (+1.4%) has continued the growth path initiated in 2017. Other countries continue to show solid growth. Thus, Colombia will grow by +2.8% (1.8% in 2017), Chile by +4.0% (1.5% in 2017), Mexico by +2.2% (+2.0% in 2017) or Peru by 4.1% (+2.5% in 2017). Growth will be ongoing in general in 2019, at a higher rate than in 2018, according to the IMF projections (October 2018), except for Argentina (it continues to suffer the effects of the cuts for the aid received by the IMF, although the fall is less than 2018: -1.6%), Venezuela and Puerto Rico. Brazil will see a higher growth rate (it is expected to grow by 2.4%) while the upswing in Colombia (+3.6%), Chile (+3.4%), Mexico (+2.5%) and Peru (+4.1%) stands out.

The Group's results in Latin America have been negatively impacted by the weakness of the exchange rate, especially in Argentina, Brazil, Mexico and Colombia. The negative impact in the Group reaches EUR 88.4 million revenues and EUR 22.2 million EBITDA in 2018. As a result, the Group's recurrent revenues in Latin America have fallen by -9.0%, in comparison with the rise of +4.8% that would have been obtained with a fixed exchange rate. The EBITDA for Latin America has fallen by -6.0%, compared with the rise of +6.8% that would have been obtained with a fixed exchange rate.

The effect of the volatility in exchange rates for the main Latin American currencies, was more significant during the first half of the year (negative effect of currency depreciation of -55.1 million euros in revenue), while throughout the second half of the year, the effect was also negative (currency depreciation with an effect of -33.3 million euros in revenue). At the EBITDA level, the effect was even more significant in the first half (-18.1 million euros) compared to the second (-4.2 million euros).

During 2018, the currencies of Argentina, Brazil, Mexico and Colombia, have meant the 80% of the impact in EBITDA.

2. OUTLOOK

The media industry is sensitive to trends in the main macroeconomic variables (GDP), consumption and, especially, the advertising cycle. Furthermore, businesses such as Education and Radio with an international presence are affected by changes on the exchange rates of the countries in which they operate. The economic management of these businesses will also be affected by predictable changes in these variables.

According to the IMF (data from October 2018), the growth forecasts for the economies on the Iberian Peninsula remain valid for 2019.

In turn, Prisa's activities and investments in Latin America are exposed to the performance of the different macroeconomic inputs in every country, including changes in consumer demand due to a higher or lower growth rate in some countries or the performance of their economies.

According to the IMF (October 2018), growth will be ongoing in all countries where Prisa operates in 2019, at a higher rate than in 2018, except in Argentina (it continues to suffer the effects of the cuts, although the fall is less than that suffered in 2018), Venezuela, Puerto Rico

and Nicaragua. Brazil will see a higher growth rate (2.4%) while the upswing in Colombia, Chile, Mexico and Peru stands out.

Group business performance will be affected by economic growth. Group earnings will also be affected by the performance of exchange rates. During 2018, the Group's results in Latin America were negatively affected by the weakness of the exchange rate in Argentina, Brazil, Mexico and Colombia. It's expected by 2019 that the depreciation will continue in most Latin America currencies in the comparison with 2018.

Another factor which affects future developments is the advertising cycle. Nevertheless, Prisa Group's exposure to the performance of the advertising market is limited due to its diversified revenue mix (advertising revenues accounted for 38% of the total during 2018). Businesses that rely heavily on advertising have a high percentage of fixed costs, and consequently any increase in advertising revenues has major implications for earnings, improving the Group's margins and its cash position.

Digital advertising is growing. Effectively, it has increased by 15.6% in 2018 and in the Press Business it already represents 53% of advertising revenues (46% in 2017). According to data from i2P (February 2019) growth continues in 2019.

The advertising market in Spain throughout 2018 has growing by +1.3% according to the i2P report. The estimation of this same source for the year 2019 shows a growth in the Spanish market of +0.7%.

In Spain, the Group's advertising revenues grew by +4.0% in 2018, affected by the evolution of Radio advertising (with growth in both national and local), by digital advertising in Press and by World Cup effect. For the year 2019 advertising revenues are expected to grow in line with digital growth and the continuation of good performance in Radio (both in National and Local).

In Latin America, according to the "PwC Global Entertainment and Media Outlook Report 2018-2022" report, the radio sector expected the advertising market to grow by 3.8% in 2018. Prisa Radio in Latin America has grown 5.6% at constant exchange rates, mainly due to growth in Colombia. For the year 2019, Prisa Radio is expected to continue growing (at constant exchange rate), especially in Colombia (supported by the elections effect and in the Copa America). The market context, according to PwC, continues to expect growth for the region (+3.9%). In the case of Colombia, according to Asomédios+Andiarios, is expected a growth by +0.8%.

In Portugal, the advertising market evolution in 2018 has grown in free-to-air TV sector (+1% according to internal estimates) and digital (+23.3%), while in the Radio sector it has suffered a slight fall (-1.7%). In this context, Media Capital's advertising revenues have grown by +4.9% with respect to 2017 (+2.6% without the effect of IFRS 15), due to the increase in Television. For the year 2019, it's expected the market will continue to grow in Television and Digital, while for Radio the market is expected to remain online. Thus, Media Capital estimates to grow above market forecasts.

Prisa has other less cyclical businesses that do not depend on advertising but still show scope for growth, especially in Latin America. One example is Education, which in 2018 contributed 46.9% of the Group's total revenue and 66.1% of its EBITDA. Revenue in Latin America declined -9.3% during this same period due to a negative exchange rate effect. At a constant exchange rate, Education in Latin America grow by 5.6% thanks to evolution in Chile, Peru, Mexico, Argentina (institutional sale), PNLD in Brazil (despite being a low cycle year, an extraordinary result has been achieved) and the sale of assets (Santillana USA and sale of a building in

Argentina). These growths offset the fall in Spain (year without new features and the dual use effect) and the perimeter effect of selling the business in the USA. In turn, the digital education systems (UNO, Compartir, Farias Brito, Educa y ESL) continued to expand in Latin America, growing both in students and in billing (in local currencies). The evolution in 2019, in terms of Systems, mainly depend on students signing up, the evolution of the exchange rate (the depreciation of the currencies is expected to continue) and the growth in most of the countries, highlighting Spain (educational developments are expected) and Brazil (year of mid cycle of institutional sales).

Part of Group growth for 2019 will rely on digital expansion. Digital audiences have experienced significant growth (151.9 million unique browsers at December 2018, which represents a growth of 7% compared to the same period of the previous year). In 2019, the Company will continue efforts to boost digital growth in all its business lines. Specifically, in Press the focus will remain on fully leveraging the leadership positions of the El País and As newspapers, not only in Spain, but also in the American market.

For the 2019 year, the Group will continue to be active in strengthening its balance sheet structure, reducing debt and focusing on cash generation.

3. MAIN RISKS ASSOCIATED TO THE BUSINESS

The businesses of Group subsidiaries and, therefore, their operation and earnings are subject to risks that may be grouped into the following categories:

- Risks relating to the financial and equity situation.
- Strategic and operational risks

In the Corporate Governance Report (*see Section E*) are detailed specific actions and bodies used to identify, value and manage these risks.

3.1. Risks relating to the financial and equity situation

Financing risk-

The Group's financial obligations are set out in note 10b "*Financial liabilities*" in the attached consolidated financial statements.

As of December 31, 2018, the Group's net bank debt level stood at EUR 928.6 million and represents a series of risks:

- It is more exposed to the economic cycle and market performance, especially in those businesses with a higher exposure to economic cycles.
- It requires part of the cash flow from operations to be put aside to cover payment obligations, interest payments and amortisation of the debt principal, hindering the capacity to dedicate these cash flows to cover working capital, investments and finance for future transactions.
- It limits the ability to adapt to changes in the markets.
- It places the Group at a disadvantage with regard to less indebted competitors.

As described in the Prisa consolidated financial statement for the year 2018, the Company reached an agreement with all the financial creditors of the *Override Agreement* (agreement to

refinance the Group's debt signed in December 2013) to refinance and modify the terms of Prisa's current financial debt. This agreement came into force on June 29, 2018. The Refinancing agreement contemplates the extension of the debt maturity from 2018 and 2019 to the year 2022 with no amortisation obligation until December 2020. In addition, the level of net indebtedness has been reduced from EUR 1,517.2 million at December 31, 2017 to EUR 928.6 million at December 31, 2018.

In addition, the contracts governing Prisa's Group debt terms stipulate requirements and commitments for compliance with specific leverage and financial ratios (*covenants*). These contracts also include provisions on cross-default, which could cause, if the breach exceeds certain amounts, the early maturity and resolution of the contract in question, including the *Override Agreement*.

Equity situation of the Group's Parent Company-

As of December 31, 2018, the equity of the parent Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act stood (including participating loans outstanding at year-end of EUR 62,491 thousand) at EUR 418,653 thousand, greater in EUR 68,718 thousand to the two thirds of the capital stock (EUR 524,902 thousand).

The evolution of Prisa's net equity will depend, among other factors, on the performance of the Prisa Group's businesses, the recoverability of financial assets and investments, the cost of debt financing, possible contingencies and other operating costs of the Company. In this respect, an unfavourable evolution of the Company's net equity could lead to a situation of equity imbalance as concerns commercial legislation. This situation could entail the need to propose, to the competent corporate bodies, the implementation of new capital decreases or increases; or, in the event of a cause for dissolution that is not resolved as provided by law, the dissolution of the Company.

Credit and liquidity risk-

The adverse macroeconomic situation with major declines in advertising and circulation has had a negative impact on the Group's ability to generate cash flow over recent years, mainly in Spain. Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. As of December 31, 2018, advertising revenue represented 37.8% of Group operating income.

Likewise, the nature of the Education business means that there are concentrated periods of collections around certain dates, mainly during the final months of each year. The aforementioned creates seasonality in Santillana's cash flow. While the seasonality of the Group's cash flow is not significant, so far as the flows coming from the various business units largely compensate each other and thereby mitigating the seasonality effect, the aforementioned could lead to certain cash tensions during the periods in which the collections are structurally lower.

In this respect, on June 29, 2018, within the framework of debt refinancing, the Company established a Super Senior credit policy until June 2023, in the amount of EUR 50 million, to finance the Company's operating needs. As of 31 December 2018, no drawdowns of the aforementioned policy have been made.

In terms of the commercial credit risk, the Group assesses the age of the trade receivables and constantly monitors the management of the receivables and payables associated with all its activities, as well the maturities of financial and commercial debt and repeatedly analyses other financing methods in the aim of covering planned cash requirements in the short, medium and long-term.

Non-controlling interests in cash generating units-

The Group has significant non-controlling interests in cash generating units including education and radio businesses. Likewise, Santillana is obliged to pay on an annual basis its non-controlling shareholders (25% of share capital) a preferential set fixed dividend to the Prisa dividend.

Exposure to interest rate hedges-

The Group is exposed to changes in interest rates as around 98.01% of its bank borrowings bear interest at floating rates. The Group currently has no derivative contracts for interest rates.

Exposure to exchange rate hedges-

The Group is exposed to fluctuations in exchange rates mainly due to financial investments made in stakes in American companies, as well as revenue and profits from said investments.

In this context, and in the aim of mitigating this risk, if there are credit lines available the Group adheres to the practice of formalizing hedge contracts for exchange rate variations (mainly forex insurance, 'forwards' and options on currencies) based on its monthly analyzed forecasts and budgets, in order to reduce volatility in operations, results and cash flows of subsidiaries operating overseas.

Moreover, a possible unfavourable performance in the economies of the Latin American countries where the Group operates could translate into hyperinflationary situations, with the consequent negative impact on exchange rates.

Tax risks-

The Group's tax risks are related to possibly different interpretations of the rules that the relevant tax authorities may make, as well as to the changes in tax rules in the different countries in which the Group operates.

As of December 31, 2018, the consolidated Group had active tax credits amounting to EUR 135.4 million; of these, EUR 87 million corresponded to the tax consolidation group whose parent company is Prisa.

In accordance with current Group business plans, the Board of Directors deem recovery of active tax credits according to the criteria established in the accounting regulation likely, although there is the risk that changes in tax rules or the ability to generate positive tax bases may not suffice to recover the active tax credits arising from the negative tax bases from previous financial years, from limiting the deductible nature of financial expenses and amortizations, as well as from tax deductions.

Intangible assets and goodwill-

As of December 31, 2018, the company had intangible assets recorded on its consolidated balance sheet amounting to EUR 111.2 million and goodwill of EUR 408.8 million. The analysis of the value of these assets and goodwill used estimates made to date, based on the best available information. It is possible that events which could occur in the future make it necessary to modify these estimates down. In this event, the impact of these new estimates in valuing intangible assets and goodwill will be registered on the future consolidated income statement.

3.2. Strategic and operational risks

Macroeconomic risks-

The evolution in macroeconomic variables affect to the Group business performance in Spain and America.

During the year 2018, 59.9% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 40.1% of Group operating income).

The main consumer figures in Spain saw major declines in the past that have affected, and may continue to do so if growth comes in below forecasts, spending by Group customers on its products and services, including advertisers and other clients of Prisa content offers.

With regard to Prisa's business and investments in Latin America, we should state that it is the highest risk region among developing nations due to its links with the United States and China, especially when it comes to Brazil and Chile, where the economy is dependent on commodity exports to China and the United States, among others.

Macroeconomic declines could negatively affect the Group's position in terms of earnings and cash generation, as well as the value of Group assets.

Decline in the advertising market-

An important part of Prisa's operating income comes from the advertising market, mainly in its television, press and radio businesses. As of December 31, 2018, advertising revenue represented 37.8% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

If macroeconomic figures worsen in the countries where the Group operates (especially GDP), the spending outlook for advertisers could be negatively impacted. Given the large fixed expenses component linked to businesses which rely heavily on advertising, any decline in

advertising revenues directly affects operating profits and, therefore, the Group's ability to generate cash.

Changes occurring to the tradition media business-

Press revenues from the sale of copies and subscriptions continue to be negatively impacted by the growth of alternative distribution media, including free news websites and other content.

If the Group's businesses do not manage to successfully adapt to the new demands of consumers and to new business models, there could be a material adverse effect on the Group's income and results.

Competition risk-

Prisa's businesses operate in highly competitive sectors.

Competition between companies offering online content is intense in the Television, Press and Radio businesses, and the Group is fighting for advertising against traditional players, multinational online audiovisual and musical content platforms, new online content providers and news aggregators.

In the Education business, the Group also competes against traditional players and smaller businesses, online portals and digital operators offering alternative content and methodology. In addition, there is a growing trend towards access to open educational content through online sites, and the market for second-hand materials is growing. However, the number of schools that do not use books and that develop new content within the scope of their own curricular autonomy is increasing.

The ability to anticipate and adapt to the requirements and new demands from customers may impact the competitive position of Group businesses with regard to other competitors.

Country risk-

Prisa operations and investments may be affected by different risks that are typical to investments in countries with emerging economies or with unstable backdrops, such as currency devaluation, capital controls, inflation, expropriations or nationalizations, tax changes or changes in policies and regulations.

Regulatory risk-

Prisa operates in regulated sectors and, therefore, is exposed to regulatory and governmental risks that could negatively impact the business.

Specifically, the radio business is subject to having franchises and licenses for its activity, while the education business is subject to public policies applied by the governments of the countries where the Group operates. Therefore, the Education business could be affected by legislative changes, changes in the contracting procedures of public administrations, or the need to obtain prior administrative authorization with respect to the content of publications. Curriculum changes force the Group to modify its education contents, which requires making additional investments and so there is the additional risk that the return on these investments will be less than expected.

Furthermore, Prisa businesses are subject to many regulations in terms of fair competition, control of economic mergers or anti-monopolistic legislation at a global or local level.

Risk of concentration of sales in the public sector-

The main customers in the Group's Education business are the governments and public bodies in the various jurisdictions where it operates. During 2018, 20.2% of the operating income of the Education business came from institutional sales, with a particularly high concentration existing in Brazil.

This dependence on public administrations could represent a risk for the results and business of the Group if the economic situation of these countries deteriorated, if there were changes in regulations or in public policies.

Digital transformation process-

The businesses where the Group operates are in a permanent process of technological change. Recent technological progress has introduced new methods and channels for content distribution and use. This progress then drives changes in preferences and audience consumption habits.

Along the same lines, the proliferation of alternative digital communication, including social networks or news aggregators, has had a notable impact on the options available to consumers, thus resulting in a fragmentation of the audience. Moreover, the proliferation of these new players means an increase in the inventory of digital advertising space available to advertisers, and which affects, and is expected to continue affecting, the Group's Television, Press and Radio businesses.

Moreover, the digital advertising business itself is subject to constant change. The emergence of digital advertising networks and markets, especially, disruptive methods of advertising auctions, is allowing advertisers to develop more personalized advertising and is putting downward pressure on prices. Likewise, there is a proliferation of technologies and applications that allow users to avoid digital advertising on web pages and mobile applications, and for smartphones that visit.

Digital transformation imply several risks such as developing new products and services to respond to market trends, losing of value of contents within a digital environment, importance of technology to develop digital business or resistance to technological change in businesses of the Group.

Technology risk-

The businesses in which the Group operates depend, to a greater or lesser extent, on information technology ("IT") systems. The Group offers software or technology solutions through web-based platforms.

IT systems are vulnerable to a set of problems, such as malfunctioning hardware and software, computer viruses, hacking and the physical damage sustained by IT centers. IT systems require regular updates, and it is possible that the Group cannot implement the necessary updates at the right time or that updates might not work as planned. Moreover, cyber-attacks on Prisa's

systems and platforms could result in the loss of data or compromise customer data or other sensitive information. Major faults in the systems or attacks on their security could have an adverse effect on Group operating profits and financial conditions.

In this regard, the Group has externalized with several technology providers its information technology management service and the development of innovative projects at some Group companies. If this service provision ceases or the service was transferred to new suppliers, Group operations could be impacted.

Litigation and third-party claims risk-

Prisa is involved in important litigation and is also exposed to liability for the content in its publications and programs. Moreover, when running its activities and businesses, the Group is exposed to potential liabilities and claims in the area of employment relations.

To manage this risk, the Group manages and monitors legal proceedings and is advised by independent experts.

Data protection-

The Group has a large amount of personal data at its disposal through development of its businesses, included those related to employees, readers and students. Therefore, the Group is subject to data protection regulations in different countries where it operates. Any violation of these regulations could have an adverse impact on the Group's business.

Intellectual property-

The Group's businesses depend, to a large extent, on intellectual and industrial property rights, including the brands, literary content or technology developed internally by the Group, among others. Brands and other intellectual and industrial property rights constitute one of the Group's pillars of success and ways to maintain a competitive advantage. However, there is the risk that third parties might, without the Company's authorization, attempt to unduly copy or obtain and use the content, services and technology developed by the Group.

In addition, in order to use third-party intellectual property rights, the Group has non-exclusive paid-for permission from management companies servicing the owners of these rights.

Likewise, recent technological advances have greatly facilitated the unauthorized reproduction and distribution of content through diverse channels, thereby hindering the execution of protection mechanisms associated with intellectual and industrial property rights.

4. CORPORATE GOVERNANCE

In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this management report, and was authorized for issue by the Board of Directors. The ACGR details all corporate governance aspects at Prisa and is available at www.prisa.com.

Without prejudice to the above, some of the key aspects of Prisa's corporate governance are set forth below.

Governance bodies

The ACGR details how the Company's management bodies and the decision-making process work. The Annual General Meeting and Board of Directors are the Company's most senior governance bodies.

The main changes in Prisa's Board of Directors and the management team in 2018 were as follows:

i. Succession of the Chairman of the Board of Directors:

In the last quarter of 2017, the former Executive Chairman stood down and Manuel Polanco Moreno (Deputy Executive Chairman until then) was appointed as Non-executive Chairman of Prisa's Board of Directors with effect from January 1, 2018.

In the Board of Directors held on December 18, 2018, the succession of Mr. Manuel Polanco Moreno in his position as non-executive Chairman of Prisa was launched, and the Board appointed Mr. Javier Monzón de Cáceres (at that time Non-executive Deputy Chairman and Coordinating Director) as non-executive Chairman of the Board of Directors, and the aforementioned termination and appointment took effect as of January 1, 2019.

ii. Prisa's top executive director and CEO:

Following the former Executive Chairman's succession and appointment of a Non-executive Chairman, CEO, Manuel Mirat Santiago has occupied the post of Prisa's top executive director.

iii. Reorganisation of the Board of Directors:

At the end of 2017, Prisa's Board of Directors started to be reorganised, including the succession of the Chairman and CEO, which culminated in 2018 with the following changes:

Independent director, Javier Monzón de Cáceres, was appointed as Deputy Non-executive Chairman and Lead Director of Prisa's Board of Directors. Subsequently and as mentioned beforehand, in December 2018 Mr. Monzón was appointed as Prisa's Non-executive Chairman with effect from January 1, 2019.

The company, Amber Capital UK LLP (represented by Fernando Martínez Albacete), was appointed as a proprietary director, while John Paton stood down as a member of the Company's Board.

Furthermore, at the April 2018 Annual General Meeting, shareholders voted to limit the number of board members to 13.

The board committees were also reorganised, these being: the Delegated Committee, the Audit, Risk and Compliance Committee (formerly the Audit Committee, assigned compliance-related functions) and the Nominations, Compensation and Corporate Governance Committee (which integrated the former Nominations and Compensation Committee and Corporate Governance Committee).

- iv. In January and July 2018, the Management Committee chaired by the CEO was also reorganised, altering the Senior Management's scope.

In order to bring the Company's corporate governance system into line with the current best standards and given the significant changes to the Company's capital and governance structure, the Company's key internal regulations (Bylaws, General Shareholders' Meeting Regulation and Board of Directors Regulation) were revised in 2018. Alterations included alterations to the organisational structure and company bodies.

As per the Company's Board of Directors Regulations and pursuant to the Corporate Enterprises Act, the Board have non-delegable powers to determine certain general strategies and policies of the Company and make certain decisions (including the strategic or business plan; management objectives and annual budgets; investment and financial policy; budget strategy; risk management and control; oversight of the internal control and information systems; approval of financial reporting; dividends policy; treasury share policy; corporate governance and social responsibility policies; the appointment and dismissal of board members and certain directors; investments and operations of all types due to their significance or special tax risk for the Company; approval of the incorporation of or acquisition of equity stakes in special purpose vehicles or institutions domiciled in tax havens; agreements concerning mergers, spin-offs and any material decisions that could affect the Company's status as a listed company; approval of related-party transactions; annual evaluation of the Board of Directors' performance, etc.).

Without prejudice to the powers conferred on the CEO, the Board of Directors has a Delegated Committee which has been granted all the powers and competencies of the Board that can be delegated, in accordance with the Law and with the limitations established in the Regulations of the Board of Directors.

When managing the Company, the CEO draws on the support of the Management Committee, the members of which are part of the Company's Senior Management.

Senior managers are appointed by the Board on the CEO's recommendation and based on a report from the Nominations, Compensation and Corporate Governance Committee, and they report directly to the CEO.

Each of the commissions of the Board (Delegated Committee, Audit, Risk and Compliance Committee and Nominations, Compensation and Corporate Governance Committee) have functions in their respective areas. The composition and functions of these committees are described in the ACGR.

Composition of the Board of Directors

At 31 December 2018, Prisa's Board of Directors had 13 members: an Executive Director, six proprietary directors, five independent directors and another external director, with different academic profiles and respectable track records (profiles and bios available at: www.prisa.com).

The Board of Directors has a Non- Executive Chairman and a CEO, who is the chief executive of the Group.

5. NON- FINANCIAL INFORMATION

The current non-financial information statement was drawn up in line with the requirements set out in Spanish Law 11/2018, of 28 December, which amends the Code of Commerce, the revised text of Spanish Capital Companies Law, passed by Spanish Royal Legislative Decree 1/2010, of 2 July, and Spanish Law 22/2015, of 20 July, on Account Auditing, on the subject of non-financial information and diversity. The provisions of the Global Reporting Initiative (GRI Standards) guide on the drawing up sustainability reports was also taken into account.

In this context, the purpose of the Prisa non-financial information statement is to report on environmental, social and personnel matters and in relation to human rights as relevant to the company in the performance of its business activities.

5.1. Business model

The object of the Prisa Group is to create and distribute cultural, educational, informational and entertainment content for markets where Spanish and Portuguese are spoken.

With a presence in 24 countries, it reaches its users through the main media brands, including El País, Santillana, Moderna, Compartir, UNO, Ser, Los40, WRadio, Radio Caracol and As. 40% of total Group revenue is generated in Spain and 45% is generated in America.

The Group strategies, organisation and business model are described below in this non-financial information statement. Business performance, market context and the main factors and trends that might affect its performance are described in Sections 1 and 2 of the *Management Report on the Consolidated Statement*.

5.1.1. Businesses: organisation and markets

The Group is divided into four business areas (equivalent to the operational segments as stated in Section 6 of the *Consolidated Statement*): **Education (Santillana), Radio, Press (Noticias) and Media Capital.**

Education (Santillana)

Education includes Prisa's activities in the training and education markets through its publishing company Santillana, which involves publishing schoolbooks, publishing language books and providing digital learning systems. Santillana focusses on the creation of educational content for all levels of education from ages 3 to 18 (especially primary and secondary school) published in Spanish, Portuguese and English, in multiple formats and adapted to the educational standards and approaches of each country.

The business is organisationally structured by country, with the main markets being Spain, Mexico and Brazil, which together represent 61% of total revenue, according to data in December 2018.

The business model is focussed on education through traditional books and digital education systems, providing all-round educational content not just for students, but also for teachers.

Radio

Radio covers national and international spoken and musical radio. It has a presence in 13 countries, both directly and through brand and content franchises. The business is organisationally structured by country, with the main markets being Spain and Colombia, which together represent 91% of total consolidated revenue.

Prisa Radio reaches 22 million Spanish-speaking listeners, according to aggregated audience data in the countries where it operates.

Radio also has 40.5 million unique internet browsers (Source: Adobe Omniture, Jan.-Dec. 2018).

The management model for Radio (as regards both spoken radio and musical radio) is aimed at renewing radio formats for analogue and also digital use, achieving a greater presence for its content on all digital platforms for all listeners.

Press (Noticias)

Noticias covers the activities of newspaper and magazine sales, advertising, promotions and printing. The business is organisationally structured by business, with the main publications being El País and Diario As, which together represent 90% of total revenue for Prisa Noticias. The revenue is essentially generated in Spain (97% of the total).

It encompasses several news brands, including El País, AS, Cinco Días, El Huffington Post, Smoda, Buena Vida, Retina and Meristation. The lead publications have an online readership of 125.9 million unique browsers from all over the world (Source: Adobe Omniture, Jan.-Dec. 2018).

El País is the newspaper with the highest hard-copy circulation in Spain, according to OJD December 2018, at 137,552 issues. Digital readership amounts to 83.2 million users in December 2018 (Source: Adobe Omniture, Jan.-Dec. 2018), of which 43.3% are unique browsers from the American continent and 52.1% are from Spain.

Diario As is the sports newspaper with the second-highest hard-copy circulation, at 99,346 issues (OJD December 2018). In terms of digital readership, it has 45.8 million unique browsers all around the world (Source: Adobe Omniture, Jan.-Dec. 2018). Currently, 51.9% of the web users are international.

The Noticias business model is focussed on advancing the digital model, providing users with news and entertainment content on different digital devices.

Media Capital

Media Capital mainly comprises the activities of television, audio-visual production, radio and internet in Portugal. The business is organisationally structured by business, with television being the main one of these, operated through its subsidiary TVI.

TVI is the open television channel with the largest audience in Portugal, according to data from GFK in December 2018. Its programming is based around news, national fiction and entertainment and also includes films, foreign series, football and children's programmes. In addition to the general TVI channel, Media Capital runs audio-visual operations through its themed channels: TVI Internacional, TVI Ficção, TVI Reality, TVI 24 and TVI África.

The current business model centres on advertising and the distribution of themed channels.

5.1.2. Goals and strategies

The main strategic cornerstones for the Group are:

- Growth of the Education business thanks to market expansion and the development of the technological education platform.
- Digital development at Media.
- Resources aimed at the businesses with most added value and efficiency plans that maintain a structure of sustainable debt.

5.2. Risk management

Prisa permanently monitors the most significant risks that could affect the main companies in its Group.

The risk management system works comprehensively by business unit, consolidating that management at corporate level. The Group continuously monitors the most significant risks, including tax risk, that could affect the business units. To do this, it has a risk map as a tool for graphic representation of the Group's inherent risks, which is used to identify and assess the risks that affect the performance of the different business units' activities.

The risks and the processes that manage each of the risks considered are identified by the General Management Departments in the business units and at the corporate centre, and aggregated and standardised by the Group's Internal Audit Department, which periodically reports results to the Audit Committee. The respective business departments identify the parties responsible for managing each risk and the associated action plans and controls.

Section 3 of the *Management Report* gives details of the Group's main risks.

We should also note that the Group has an internal control model for financial reporting (ICFR), initially developed from the COSO 1992 Framework and adapted to the COSO 2013 Framework in FY 2014.

In the context of the Group’s crime prevention model in Spain, the environmental, occupational and corruption and bribery risks associated with the Group’s different activities and operations are analysed for the different businesses. For each of these risks, depending on its impact on the different businesses, the Group has defined control activities to mitigate the businesses’ exposure to risk.

For more information on risk management, see Sections E and F of the *Annual Report on Corporate Governance*.

5.2.1. *Materiality analysis*

To draw up this non-financial information statement, we have adhered to the provisions set out in the Global Reporting Initiative (GRI) SRS - Sustainability Report Standard, which also serves as a reference for drawing up Prisa’s Sustainability and Social Responsibility Report, published every year. Prisa’s materiality analysis has also been taken into account in this case. It has identified the environmental, social and economic factors that are relevant for its stakeholders and for the Group according to their impact on the value chain. The Ten Principles of the UN Global Compact on matters of human rights, labour regulations, environment and anti-corruption have also been considered. Pursuant to the materiality analysis, material matters for Prisa in these areas would be:

Financial performance
User satisfaction and quality
Ethics and Good Governance
Company strategy
Digital transformation and innovation
Communication with stakeholders
Brand management
Employee acknowledgement and motivation
Responsible environmental management
Freedom of expression and pluralism
Communities
Responsible supply chain
Professional development and training
Equal opportunities and diversity
Attracting and retaining talent

Prisa’s Corporate Social Responsibility Policy, approved by its Board of Directors in December 2018, establishes the benchmark framework for guaranteeing responsible behaviour in these areas in relation to its main stakeholders. The document containing this is available on Prisa’s corporate website: www.prisa.com.

5.3. Responsible environmental management

Prisa is committed to respecting the environment and the environmental impact of its operations in the performance of its business activities.

Whether through direct management by Prisa or indirect management (acting on its supply chain) and following the practices recommended in the Group's Corporate Social Responsibility Policy, the basic principles applied in order to provide products and services that respect the environment during their life cycle, contributing to the continuous improvement of its activities, are:

- To perform its activities in such a way as to minimise negative environmental impact, complying with the standards set out in applicable environmental regulations, in addition to actively helping to raise awareness regarding the effects of climate change.
- To pay special attention to responsible management of the production cycle for the Group's printed products, use of paper, ink and other printing materials, use of energy, water consumption, emission control and waste, as the main resources with an environmental impact used in its activities.

Monitoring of these measures is structured into the following action levels:

- Consumption control.
- Emission control.
- Waste control.

The data collected shows that the Group does not, in any case, have any responsibilities, expenditure, assets, provisions or contingencies of an environmental nature that could be significant with respect to its equity, financial position or results.

5.3.1. Consumption control

Consumption of materials-

Most of the consumption is associated with printing activities, specifically paper, cardboard and plates, as reflected in the following table.

Type of material	Total consumption of material (t)	% Recycled/recovered material consumed
Paper ¹	89,786	41%
Ink ²	10	0%
Cardboard ³	316	100%
Adhesive	0	0%
Solvent	0	0%
Plastics ⁴	301	6%
Toner ⁵	1	34%

¹ Consumed at Santillana (Spain, Argentina, Brazil, Chile, Colombia, Mexico, Guatemala, El Salvador, Honduras, Ecuador, Peru, Puerto Rico, Dominican Republic), Prisa Radio, Prisa Noticias, Media Capital Group (Portugal), PGS, PBS, Prisa Tecnología, Prisa Corporativo and Prisa Video.

² Consumed at Bidasoa and Distasa (Prisa Noticias), Santillana (Ecuador, Puerto Rico), Media Capital Group (Portugal).

³ Consumed at Prisa Noticias Santillana (Spain, Argentina, Colombia, Guatemala, El Salvador, Ecuador, Peru).

⁴ Consumed at Santillana (Spain, Colombia, Guatemala, El Salvador, Honduras) and Media Capital Group (Portugal).

⁵ Purchased as expendable supplies at Prisa Noticias, Santillana (Colombia, Guatemala, El Salvador, Peru).

Type of material	Total consumption of material (t)	% Recycled/recovered material consumed
Plates ⁶	243	55%
Other	0	0%

Group suppliers are required to comply with environmental and legal criteria regarding the manufacturing of paper. Practically all suppliers can manufacture PEFC or FSC certified paper, which guarantees control over the paper chain.

Santillana requires Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI) certification from all of their suppliers in the USA. In addition, its main logistics provider (Pilot) is certified by the Environment Protection Agency (EPA) as part of the SmartWay Transport Partnership.

Prisa is committed to responsibly managing the paper consumption cycle from start to finish. In the case of Spain and Portugal, this consumption is managed centrally. In these countries, 77.9% of paper consumption comes from recycled raw materials obtained from recovery operations run by authorised managers, with a 9% rate of return on purchased paper.

Power consumption^{7,8}

The data is obtained from the bills issued by suppliers:

Electricity consumption		Natural gas consumption (GJ)	Diesel consumption (GJ)	Total energy consumption (GJ)	Energy intensity (GJ/€MM invoicing)
Renewable source (GJ)	Non-renewable source (GJ)				
28,465	185,456	14,405	56,975	285,302	213.98

We should note:

- In 2018, the Group's total energy consumption was 285,302 GJ, mainly associated with fuel and electricity, of which almost 10% comes from renewable sources.
- According to the information provided by the different paper suppliers, the carbon intensity – expressed in kg of CO₂ equivalent per tonne of paper consumed – was 481.54 in Spain.
- Within the sector-wide process of digitalising content and media, Prisa is taking action to gradually reduce paper consumption. 2018 saw notable optimisation programmes at Santillana Argentina, Colombia, Peru, Guatemala, Honduras, El Salvador and Media Capital in Portugal.

Water consumption

In 2018, Prisa's water consumption has amounted to 146,683 m³, mostly from municipal mains.

⁶ Consumed at Distasa and Bisadoa (Prisa Noticias), Media Capital Group (Portugal).

⁷ Not including Santillana Venezuela

⁸ The source used for obtaining the conversion factor was DEFRA (Department for Environment, Food & Rural Affairs - GOV.UK).

5.3.2. Emission control

The main source of emissions linked to Prisa activity is in relation to employee travel, which is measured by mode of transport and monitored by the Corporate Purchasing Department.

The information on 2018 emissions is reported in accordance with the scope of emissions as defined by the GHG Protocol standard.

To note:

- Initiatives have been put in place in several countries for replacing lamps with more efficient technology.
- The energy saving achieved in comparison with last year was 6,275 GJ, meaning a reduction in emissions of CO₂eq of 881.95 t.
- For every million euros invoiced in 2018, the CO₂ emissions intensity is 81.28 t.

Below is a breakdown of the information in relation to Scope 3 emissions, obtained using data on employee travel and on paper consumption.

			Total emissions for 2018 (t CO ₂ eq)
Business travel ⁹	Air	Short-haul flights	3,791.79
		Medium-haul flights	1,056.43
		Long-haul flights	2,615.60
	Rail		207.64
	Road	Diesel	4,932.82
		Petrol	5,120.62
Product ¹⁰	Paper		43,233.97
TOTAL Scope 3 Emissions (*)			60,958.87

(*) Does not include Santillana Venezuela

Emissions derived from fuel consumption and electricity consumption (*Scope 1 and 2*) would amount to 5,468 and 14,852 tonnes of CO₂ equivalent (without including Santillana Venezuela).

5.3.3. Waste control

Within the activities performed by Prisa, printing is the activity that generates the most waste, with plates, ink, varnish, paper and cardboard the most significant types.

There has been a decrease in waste generation, derived mainly from a reduction in the consumption of paper and cardboard within the Group in comparison with last year. Content digitalisation is one of the factors that favour the decrease in paper-waste generation.

⁹ Not including Santillana (Puerto Rico)

¹⁰ Consumed at Santillana (Spain, Argentina, Brazil, Chile, Colombia, Mexico, Guatemala, El Salvador, Honduras, Ecuador, Peru, Puerto Rico, Dominican Republic), Prisa Radio (Spain), Prisa Noticias, Media Capital Group (Portugal), PGS, PBS, Prisa Tecnología, Prisa Corporativo and Prisa Video.

Danger	Type of waste	Tonnes produced last year	Destination
Hazardous waste	Ink and varnish	19.21	Authorised manager
	Hazardous WEEE	0	-
	Plate developer	5.76	Authorised manager
	Construction and demolition waste containing hazardous substances	9.76	Authorised manager
	Wood containing hazardous substances	0	-
	Plastics and containers containing remains of hazardous waste	14,000.9	Authorised manager
	Metallic containers containing remains of hazardous waste	28.58	Authorised manager
	Used oil	0.12	Authorised manager
	Contaminated cloths and tissues	8.48	Authorised manager
	Batteries	0.22	Authorised manager
	Other	220.23	Authorised manager/recycling
Non-hazardous waste	Paper and cardboard	2,983.94	Authorised manager/recycling
	WEEE	0.88	Recycling
	Construction and demolition waste	18.44	Authorised manager
	Plastics and containers	8.77	Recycling
	Metallic containers	21.5	Recycling
	MSW	315.96	Authorised manager/recycling
	Glass	4.16	Recycling
	Wood	220.36	Recycling
	Plates	190.64	Recycling
	Water for use in cleaning	76.97	-
	IBCs	0	-
Other	46,247	Authorised manager/recycling	

Beyond the waste generated and processed in connection with its printed products (paper, ink...), Prisa plans to design a pilot action plan for Spain to analyse the end destination of all of its waste in detail and study measures that allow that waste to be reintegrated more efficiently from a circular economy perspective.

5.4. Information on social matters in relation to personnel

5.4.1. Employment

The number of people employed by the Group at year end 2018—by country, gender and contract type—is:

	Permanent Contract + PTR (**)			Variable, Temporary Contract and TTR (**)			Total		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Argentina	194	264	458	21	15	36	215	279	494
Bolivia	22	19	41	-	-	-	22	19	41
Brazil	367	455	822	-	-	-	367	455	822
NTCA (*)	74	69	143	-	-	-	74	69	143
Chile	207	130	337	9	1	10	216	131	347
Colombia	731	519	1,250	31	10	41	762	529	1,291
CR	28	26	54	10	1	11	38	27	65
Ecuador	71	54	125	-	-	-	71	54	125
Spain	1,542	1,275	2,817	61	83	144	1,603	1,358	2,961
Mexico	273	265	538	-	-	-	273	265	538
P. Rico	13	22	35	1	1	2	14	23	37
Panama	11	9	20	-	-	-	11	9	20
Paraguay	17	14	31	-	-	-	17	14	31
Peru	74	85	159	82	66	148	156	151	307
Portugal	508	356	864	129	90	219	637	446	1,083
Dom. Rep.	74	45	119	-	-	-	74	45	119
Uruguay	10	12	22	-	-	-	10	12	22
USA	20	14	34	-	-	-	20	14	34
Total (***)	4,236	3,633	7,869	344	267	611	4,580	3,900	8,480

(*) Northern Triangle of Central America: includes the following countries: Guatemala, Honduras and El Salvador

(**) TTR = Temporary trade representative, PTR = Permanent trade representative

From the above breakdown, we can see that 93% of Prisa's total staff have a permanent contract and 7% have a temporary contract. 54% of the total staff are men, in comparison with 46% of women.

97% of the staff are working full-time at year end (this ratio is 95% in Spain).

Distribution by gender and professional category is as follows:

	31.12.2018		
	Women	Men	TOTAL
Executives	30%	70%	100%
Middle management	43%	57%	100%
Other employees	47%	53%	100%
Total	46%	54%	100%

The average age for men is 2.8% older than the average for women, and the Group average is 42.5 years of age.

	Men	Women	Total
Average Group age	43.1	41.9	42.5

The main business areas in terms of staff are Santillana (45%) and Radio (28%), taking into account the following gender distribution:

	Men	Women	Total
Santillana	1,847	1,994	3,841
Radio	1,441	930	2,371
Noticias	460	294	754
Media Capital	634	441	1,075
ROW	198	241	439
Total	4,580	3,900	8,480

The variation in the Group's final staff between 2018 and 2017 is -3% (distributed in similar terms between Spain and the other countries: -3% and -4% respectively). The rate of voluntary turnover (measured as voluntary resignations out of the total staff) was 6%, mainly centred in Latin America, whereas the dismissal rate is 5.5% (measured as dismissals with severance pay out of the total staff), mainly associated with dismissals due to staff renewal in most countries and Group restructuring processes.

Dismissals measured as Group dismissals with severance pay were 49% men and 51% women, and 69% of them were employees between 30 and 50 years of age.

The staff reduction is centralised at Santillana Internacional (sale of Santillana USA and restructuring at Santillana Portugal). In Spain, the staff has been reduced due to the closure of the Video business and part of the Group's printing process.

Given the distribution of genders between professional categories, the average salary for the Group is EUR 32 thousand (company perks not included), the average salary for men is 10% higher than average and for women it is -12%:

	Men	Women
Prisa Group	10%	-12%

The information relating to remuneration for directors and management is specified in notes 20 - *Transactions with related parties* and 21- *Remuneration and other benefits for the board of directors* included in the statement for 2018.

As regards integrating people with disabilities into employment with the Prisa Group, with regard to Spain, there are agreements in place with special job centres for the provision of certain services (cleaning), and other collaboration mechanisms set out in our legal precepts (donations to job centre). In addition, there are 37 Group employees with disabilities of 33% or more, 24 of whom are men and 13 are women, distributed geographically as follows:

	Spain	ROW
Prisa Group	25	12

5.4.2. Work organisation

The Group companies provide company perks that allow them to attract and retain the best professionals.

In Spain, the staff generally get company perks, life and accident insurance, cover for disability or invalidity and maternity or paternity bonuses. In general terms, companies in Spain do not distinguish between full-time and part-time, or permanent and temporary contracts, for accessing these company benefits.

The flexible payment plan designed in 2012 is still in place for 2018 for companies in Spain, with the entire catalogue of products allowed by regulations.

In Spain, practically all collective bargaining agreements applicable by the different companies contain working hours that are below the legal maximum (40 working hours a week) and, in addition, overtime is only worked as an exception.

Working hours include flexible work practices as regards the start and end of the working day and may be adapted to intensive working hours and times at certain times of year (summer, Christmas and Easter). These irregular working hours are established by agreement between the different departments and/or the workers' legal representatives.

For some companies in Spain, the plan to promote a better work-life balance has been kept in place:

- Special voluntary leave with a guaranteed job to return to, financial allowance and social security contributions.
- Extension of paid annual holidays with social security contributions.
- Extension of weekly rest days (4-day week) with maintenance of social security contributions.
- Permission to attend training, help with expenses and social security contributions.
- Reduction of working day without having to be a legal guardian.

Thanks to these policies and actions that have been taken within the Group, 88% of staff have returned after maternity or paternity leave: 100% of the men and 78% of the women.

The hours and rate of absenteeism within the Group are as follows:

Rate of absenteeism ⁽¹⁾	0.55%
Total hours of absenteeism	86,324

(1) Index of absenteeism: (Total no. of absenteeism hours/ Total no. of hours worked) x 100

5.4.3. Health and safety

Driving a preventive culture among all the companies that make up the Group is still a priority goal. There is an outstanding commitment to integrating occupational health and risk prevention into the general management system for the companies.

The Joint Prevention Service works continuously within Group companies to identify

psychosocial risk factors that may entail a risk to people's health.

- Regulatory audits on prevention have been satisfactorily run at relevant companies.
- Quarterly meetings with all health and safety committees have continued.
- Emergency evacuation measures have been implemented as required by regulations.

In this way, we have continued to strive towards continuous improvement in working conditions at all times.

- 97% of the staff in Spain are represented on formal joint health and safety committees.
- 100% of them are covered by the joint prevent service.
- 60% of the total Group staff is represented at this type of health and safety committee.

In 2018, there were 72 occupational accidents (20 men and 52 women). Given the Group's activity, there have been no cases of professional illness during 2018.

The main measurement indexes for the Group's health and safety are:

	Seriousness Index ⁽²⁾	Incidence Index ⁽³⁾	Frequency Index ⁽⁴⁾
Men	0.06	6.11	3.29
Women	0.10	10.77	5.73
Total	0.08	8.25	4.42

(2) Seriousness Index: (No. days missed/No. hours worked) x 1,000;

(3) Incidence Index: (No. accidents with time off work/ Average no. of workers) x 100;

(4) Frequency Index: (Total no. of accidents with time off/Total no. of hours worked) x 1,000,000;

5.4.4. Social relations

The collective bargaining agreements currently in effect involve improvements in employment and working conditions in relation to the minimum rights required by legislation. In general, information, representation and consultation procedures for employees are contained and regulated in the different collective bargaining agreements and are structured through the labour representation bodies regulated in the same.

Except for certain management positions and taking local legislation into account, 56% of staff is adhered to each company's agreements (Spain: 97%).

There is trade union freedom in all the companies and the group encourages the social dialogue necessary for the development of its business. Prisa sets minimum notice periods for putting structural or organisational changes in place, in accordance with the time limits set out in applicable legislation or collective bargaining agreements.

5.4.5. Training

The staff has access to a range of training, both online via Prisa Campus (own online platform) and in-person.

The training actions taught at the different companies are available on the training platform.

In 2018, more than 33,000 in-person tuition hours have been taught with an average of 16 hours per person trained. 39% of the training hours were invested in management personnel and middle management and 61% in the remaining staff.

5.4.6. Equality

The collective bargaining agreements applicable to the different companies in Spain contain specific sections on equal treatment and opportunities for men and women, protocols for action in the event of harassment and other measures to drive equality in all areas.

Specifically in the Prisa Radio collective bargaining agreement, there is a section called "Prisa Radio Group Equality Plan", which includes measures aimed at promoting equal treatment and opportunities between men and women in terms of recruitment, promotion and professional development, training, work and family life balance. The Ediciones el País collective bargaining agreement also contains a section called "Equality and Reconciliation Plan", which includes, among other things, the objectives of achieving a balanced representation of women in the workplace and women's access to positions of responsibility. In turn, Santillana is preparing an equality plan applicable to workers in this business in Spain, which will come into force in 2019.

In terms of harassment, the Group has a procedure for communicating and acting on psychosocial damages applicable to workers; likewise, the Santillana agreement also includes a harassment protocol.

The Prisa is diverse as regards geography, culture, gender and age.

- Employee presence in 21 countries.
- Local hires, with 88% of senior management in each country being local people.
- There are 39 different nationalities in the Prisa Group.
- At year end, the staff is 54% male and 46% female.
- The average age for the Group is 42.5 years of age: 43 for men and 42 for women.

5.4.7. Diversity in the composition of the Board of Directors

Note 4 of this *Management Report* and the *Annual Report on Corporate Governance*, which forms part of this Management Report, provides details of the composition of the Board of Directors, which was made up of 13 directors on 31 December 2018: one executive director, six proprietary directors, five independent directors and one external director, all with different academic backgrounds and outstanding professional careers (see profile and bio at www.prisa.com).

The company has a Directors' Selection Policy, the principles and objectives of which can be summarised as follows: i) diversity in the composition of the Board, ii) right balance in the Board as a whole, looking for the appointment of persons that help pursue diversity of knowledge, experience, origin and gender and iii) in 2020 the number of women directors represents, at least, 30% of total Board members.

The Board of Directors is composed of highly qualified professionals and good professional and personal reputes, with capacities and competences in various fields and sectors that are of interest to the Company and coming from different countries. At its meeting on 26 February 2019, the Appointments, Remuneration and Corporate Governance Committee performed its annual verification of the compliance of the Director Selection Policy and it considers that the composition of the Board is reasonably diverse as regards the profile, training, professional qualifications and experience, skills, age and geographical origin of the directors, with a positive balance as a whole. Nonetheless, the Appointments, Remuneration and Corporate Governance Committee considers that there is an insufficient degree of gender diversity and has, therefore, put forward a proposal and targets in that regard in order to achieve an appropriate level by 2020.

The *Annual Report on Corporate Governance* provides details of the results of this analysis and future actions for improving the situation in specific areas and, in particular, in relation to gender diversity.

In the review of the *Director Selection Policy* that the Appointments, Remuneration and Corporate Governance Committee plans to run in FY 2019, it will study in depth and make progress as necessary on diversity policies in order to have them meet demanding standards and the targets set in this area for coming years.

5.5. Respect for Human Rights and the Fight against Corruption and Bribery

5.5.1. Compliance: Code of Ethics, Compliance Unit, Whistleblower's Channel

Prisa's Code of Ethics, referred to in section F.1.2. of the *Annual Report on Corporate Governance* contains the catalogue of principles and rules of behaviour that govern the actions of the companies that make up the Prisa Group and of all of its employees in order to ensure ethical, responsible behaviour in the performance of their activity.

The Code includes some general ethical principles regarding human rights and public freedoms, professional development, equal opportunities, non-discrimination and respect for people, health and safety at work and environmental protection.

The company also has a compliance unit, as described in section F.1.2 of the *Annual Report on Corporate Governance*.

The Compliance Unit also assumes the functions of the Criminal Prevention Body, as provided for in the Criminal Code.

The Group's main business units also have their respective compliance units, which report to and act in coordination with the Prisa Compliance Unit. In turn, due to their relevance or because of legislative requirements in the countries in which they operate, some Group companies have created specific compliance units or have a designated compliance officer. In this regard, there are compliance units or officers in companies in Brazil, Portugal, Mexico, Ecuador, Colombia and El Salvador.

In addition, as described in section F.1.2 of the *Annual Report on Corporate Governance*, Prisa has a Whistleblower's Channel.

For making queries related to the Code of Ethics and other topics in the area of internal regulations and compliance, company employees also have a compliance mailbox (cumplimiento@prisa.com) managed by the Compliance Unit.

There are also compliance mailboxes associated with each business's compliance units, which are redirected to the company's compliance mailbox, through which doubts can be raised regarding the Code of Ethics and other topics and inappropriate behaviour can be reported. Reports are handled following a procedure similar to the one defined for those received through the Whistleblower's Channel.

30 reports were received in 2018, which were addressed and resolved completely during the financial year. Of the reports analysed, it was concluded that 16 of them were unfounded.

5.5.2. Respect for Human Rights

Prisa's Code of Ethics, also included in section F.1.2 of the *Annual Report on Corporate Governance*, contains general ethical principles on human rights, amongst other items. Prisa undertakes to respect and protect human rights and public freedom. As part of this commitment, it highlights respect for human dignity as its main goal.

5.5.3. Fight against corruption and bribery

The Code of Ethics contains the basic principles regarding internal control and prevention of corruption, regulating aspects such as reliability of information and record control, bribes, measures against corruption, prevention of money laundering, and payment irregularities.

During FY 2018, all Group employees in Spain have received the Compliance Guide, which reminds us of some principles and rules of behaviour set out in the Code of Ethics, including those relating to fair labour practices and other aspects relating to action in the fight against corruption, such as fraudulent payments, money laundering and relationships with the Administration and suppliers.

Principles in the area of internal control and prevention of corruption are strengthened by policies that the company has developed, such as its Anti-Corruption Policy, which states its commitment to the fight against corruption in all forms, in all areas of action and in all the countries in which it has operations, and it understands that corrupt practices pose a serious legal and reputational risk for the companies in its business group. This Policy establishes some guidelines, precautions and procedures that must be observed by all professionals and businesses of the Group in the exercise of their business activity.

The company has also issued some specific guidelines that aim to reinforce the measures to prevent and avoid, on behalf of the businesses of Prisa Group, any money laundering from criminal or unlawful activities.

As one more measure to prevent bribes and fight against corruption, the Company also has a Gifts Policy that aims to guide professionals and responsible bodies of the Prisa Group to make correct decisions as regards offering or accepting gifts, services or other favours within the framework of the Prisa Group's business relationships.

In addition, the company also has an Investment and Financing Policy that aims to establish an appropriate framework in relation to the analysis, approval and control of investment or

divestment projects applicable to the businesses of the Prisa Group and that covers the financial, control and financial risk management needs of the businesses of the Prisa Group.

5.6. Social information

5.6.1. The company's commitment to sustainable development

Prisa is committed to the cultural development of the people and the advancement of society in the countries in which it operates, providing top-quality content in education, information and entertainment. Permanent dialogue with the community allows the Group to discover the expectations and interests of societies where it has operations and to be able to get involved in their development.

Measuring performance

Santillana	32 million students	94 million books
Prisa Noticias	126 million unique browsers	
Prisa Radio	40 million unique browsers	22 million listeners
Media Capital	24h audience 23.8%	Prime-time audience 26.7%

Since its beginnings, the Group has championed integrity, independence, quality and innovation as the main premises for the continuous improvement of the content it offers to society.

Management approach and risks

A lack of integrity, independence, quality and innovation could cause a loss of credibility within the community and the company's reputation and image could be damaged.

To avoid these risks, Prisa adopts a series of mechanisms or professional ethical standards, contained in the Group's Social Responsibility Policy, such as the *Copy Statute* for **El País**, which describes its commitment to independence, integrity and journalistic quality, *The Style Book* for **El País**, which details the principles of coherency, ethics and professional humility that have not only marked the passage of **El País**, but which are still in effect and are periodically reviewed to ensure maximum integrity in the Group's informational work. In 2018, *The Style Book* for **El País** was used by its 372 writers. In addition, it has the independent figure of the Reader's Ombudsman, created to defend the interests of readers and ensure compliance with the codes set out in *The Style Book* for **El País**.

All of these rules have also been followed over the years by the other Prisa media. In 2018, **Diario AS**, the Group's sports publication, drew up the *Style Guide* for **AS**, which defines its statutory principles and an internal copy code for unifying forms of expression that provide the publication with a personality and make reading easier.

In the same way, the *Style Guide for Spoken Journalism* for **Cadena SER** was drawn up in 2017, detailing the habits required for expressing yourself and dealing with information as the best radio journalist and, ultimately, for providing efficient, ethical journalism with integrity. 100% of the professionals at Cadena SER are bound to comply strictly with these principles. The general management of Cadena SER are responsible for supervision and coordination and the news department and the broadcast department report directly to them.

In addition to these standards, the Group has an editorial committee, which reports to the Prisa Board of Directors, and their mission is to support and advise the editorial and feature teams and management of the Prisa media to ensure that they perform their work after the appropriate comparison and discussion when selecting the subject matters to be tackled. This committee is governed by "Principles of Working and Organisation" approved by the Board of Directors.

With regard to **Media Capital**, editorial independence is protected by law in Portugal regarding matters that affect the work of journalists and the information they produce (not content of any other nature). This is established and guaranteed by the Constitution, in legislation for the sector (TV, press, radio) and in the Editorial Statutes, controlled by a sector watchdog for social media (ERC). Television law prohibits managers or members of the Board of Directors from interfering with editorial work or with journalistic content, as these matters are reserved for the news director, responsible for guiding and supervising the journalistic content created by the writers. Fines are heavy and are set by law. Therefore, in the area of Media Capital, in relation to informational content, there is no committee that can deal with journalistic content or content from the news area, outside the News or Copy Department of TVI/Radio/Prensa.

With regard to **Santillana**, the content of the books published all around the world is conditioned by the curriculums determined by the government of each country or administration for each of the school subjects. The content taught and the manner of teaching and learning at school are key to the educational process.

Anywhere that educational materials and books are published, there are corporate, global and national committees that meet regularly and continuously to make decisions with reference to building the editorial process.

In the area of education, the 32 million users that learn with Santillana's educational services and content in Latin America and Spain and the 2.2 million that use its digital ecosystems recurrently are a live observatory of trends and experiences for the company and monitoring them through data visualisation and analysis systems allows Santillana to become more familiar with the real needs of students and create more effective content.

These mechanisms and standards can be seen in more detail in Prisa's Sustainability and Social Responsibility Report.

Simply exercising Prisa's business activity involves a significant contribution to the development of a democratic, sustainable society. The Group assumes responsibility not only in the way it manages and runs its businesses, but also through its content and activities, in order to raise awareness and drive and disseminate knowledge.

It continued to work hand-in-hand and in coordination with UN, UNESCO, FAO and UNICEF agencies in 2018. These partnerships support the Group's commitment to defending human rights and spreading information on sustainable development, education, quality journalism and childhood.

Prisa collaborates with the Food and Agriculture Organisation of the United Nations (FAO) on covering, addressing and disseminating information on sustainable development, hunger, food and poverty. It does so from its headquarters in Rome with a journalist for *Planeta Futuro*, the space that El País dedicates to sustainable development. In this way, the newspaper has direct access to the organisation's publications so it can write news pieces with more integrity.

It also works with the United Nations Educational, Scientific and Cultural Organisation (UNESCO) to support common values, such as freedom of expression, freedom of the press and safety for journalists, and education, in particular teacher training. In the field of education, the agreement especially centres around driving expansion and improving education in Latin America through teacher training, and also around the appropriate use of learning resources, the use of technologies and improved educational management and assessment.

Prisa also collaborates with UNICEF to strengthen how matters of childhood are addressed and raise visibility of the work it does, which strengthens the Group's position through its total rejection of child labour and forced labour.

Social, cultural and environmental action

Prisa runs intense social, cultural and environmental actions through different initiatives and own projects, and it participates on relevant social platforms and in organisations that promote these same values in the communities where it has operations.

As an example of this, it is an active member of the United Nations Global Compact through its Spanish network and it forms part of its executive committee, committed to the ten principles through which this global organisation drives human rights, anti-corruption, labour rights and environmental care.

Prisa is, likewise, one of the group of companies that form the SERES Foundation. In 2018, it was actively involved in raising awareness of the work that the foundation does and in disseminating its SERES Awards, an acknowledgement of the best strategic and innovative actions that generate value for society and the company.

In the field of education and culture, Prisa maintains a network of agreements with cultural, scientific and educational institutions and entities, both in Spain and in Latin America, including the Organisation of Ibero-American States, the Inter-American Development Bank, the Pro Real Academia Española Foundation, the Instituto Cervantes, the Barcelona Museum of Contemporary Art, the Carolina Foundation, the Spanish-Brazilian Cultural Foundation, the Institute of Design (IED) and the Teatro Real Foundation, amongst others.

In 2018, it extended its sponsorship of the Teatro Real bicentenary event—which is gaining exceptional public interest—involving an increase in its usual collaboration and it has also continued to support the Botín Centre in Santander, as part of its commitment to culture and education, helping to raise awareness of its activities.

In the area of university education, the Group collaborates with the Autonomous University of Madrid, the Complutense University of Madrid and Tec Monterrey (TEC), amongst other institutions of higher education. The offices of the Santillana Foundation in America (Colombia, Brazil, Argentina and Peru) run similar activity programmes in the fields of education and culture in collaboration with numerous institutions and with the ministries of education and culture in the respective countries. Prisa also has a presence as a sponsor of the Fundación Conocimiento y Desarrollo (CYD), which drives excellence at university through reports and *rankings*.

It collaborates with the Fundación de Ayuda contra la Drogadicción (FAD)—of which it is a sponsor and member of its media committee—on increasing its messages of awareness and prevention regarding drug use and other risk behaviours that prevent the personal and social development of adolescents.

It has also been a supporter of the World Wildlife Fund (WWF) since 2008, through Planet Hour, the largest worldwide initiative for citizen mobilisation against climate change.

Prisa forms part of the Emergency Committee, which brings together different NGOs (Acción contra el Hambre, ACNUR Spanish Committee, Médicos del Mundo, Oxfam Intermón, Plan International and World Vision) to jointly address the citizen response to the situation of humanitarian crisis. In 2018, the Emergency Committee was activated to channel solidarity in the face of the earthquake and the tsunami in Indonesia, and the Group media collaborated in raising funds to help deal with those human needs.

In the field of innovation, research and development, Prisa is a founding patron of Fundación Pro CNIC (National Centre for Cardiovascular Research) and disseminates its campaigns. Once again this year, Prisa supported *VIVE 2018*, organised by the VIVE initiative, a common project run jointly by the SHE Foundation and the Pro CNIC Foundation to encourage habits for a healthy lifestyle amongst small children. In that way, the children of Prisa employees also learn to lead a healthy life as they play.

In 2018, Prisa was *media partner* for *EnlightED, reinventing education in a digital world*, organised by Fundación Telefónica, IE University and South Summit, the world summit that brings together experts in education, technology and innovation to drive the big discussion on education in the digital era.

The media advertising contribution made by Prisa to raise awareness about the initiatives run by some of the entities with which the Group collaborated in 2018, such as the aforementioned Pro CNIC Foundation, SERES Foundation, Botín Centre or the World Wildlife Fund (WWF) amounted to a value of approximately EUR 1,150 thousand.

Prisa also does great work driving journalism, culture, innovation and sport by awarding some prestigious prizes. In Journalism, the Premios Ondas and the Premios Ortega y Gasset acknowledge the work of the best professionals and work done on radio and television and in music and advertising. In innovation, the Premios Cinco Días and the Premios #StartMeApp acknowledge initiatives in the area of business, universities, social responsibility and entrepreneurship. Lastly, the Premios As acknowledge the sporting achievements of the main figures in Spanish sport.

Prisa Noticias has a clearly global vocation and aims to give visibility to the defence of human rights, education, equality, immigration and the environment. It drives or participates in different debates, events and actions in line with this.

In education, Prisa Noticias has run two successful projects again this year: *El País con tu futuro*, which provides guidance and stimulation for young people when it comes to their professional future, and *El País de los estudiantes*, which aims to incentivise students to look more closely at journalism, awarding the most notable work.

The UAM-El País School of Journalism, created in 1986, belongs to a non-profit foundation integrated by the Autonomous University of Madrid and El País. The school's main activity is its *Master's in Journalism*, through which it has already trained more than 1,200 journalists who now work at more than one hundred publications around the world.

The Master's is a degree belonging to the Autonomous University of Madrid, specialising in training quality journalism in the Spanish language. In 2018, El País contributed EUR 220 thousand to this project.

Prisa Radio ran or participated in a group of actions in 2018 to drive social awareness campaigns in different areas or to benefit different NGOs.

Through its fundraising events—LOS40 Music Awards, Premios Dial 2018, Vive Dial-La igualdad necesita ritmo, LOS40 Primavera Pop and Premios Radiolé—it managed to disseminate messages from the different social causes and donate more than EUR 50 thousand to: UNICEF, the St Vincent de Paul Soup Kitchen and the Nuestra Señora de la Candelaria Home for the Elderly, the Fundación Mujeres Soledad Cazorla Grants Fund, the Aspadir Foundation and Diabetes Cero.

Santillana provides educational content and quality services and focusses on a continuous discussion about education with a special interest in reading as a tool for social improvement, key to reinforcing children's imagination and creativity in response to the challenge of creating a freer and more equal society.

The Santillana Foundation continued its educational forums in different countries in and the *Vivalectura* Contest in 2018, both initiatives that are acknowledged and valued within the sector.

Cultural activity is also represented by milestones such as *Conversaciones Literarias de Formentor*, a festival that is in its 11th year and brings together writers, editors, critics and teachers, in collaboration with the Guadalajara International Book Fair (Mexico). It is also worth noting the *Foro de Industrias Culturales*, a meeting point for professionals and experts, who tackle the challenges in the cultural sector; the *Congress on Cultural Journalism*, which brings together professionals from the press, radio, television and digital media responsible for writing up on Spanish cultural news; and the *II Festival de Filosofía*, arranged jointly by the Madrid City Council and the Complutense University with talks by philosophers and essayists.

We should also highlight the *Master's in Governance and Human Rights*, from the Jesús de Polanco Academic Chair for Ibero-American Studies, created by the Autonomous University of Madrid and the Santillana Foundation, which contributed EUR 60 thousand to this project in 2018, and the *Creative Industries Network*, which runs training courses through which young businesspeople in the cultural industry learn to develop their capacity for innovation and acquire new competitive skills.

Media Capital runs different actions in the areas of social inclusion or training and gets involved in any social aspect through the participation of the main figures in its business units in order to increase the scope of the messages and initiatives, paying special attention to minority communities or anything relating to natural, social or economic disasters.

5.6.2. Responsible supplier management

5.6.2.1. Goals and policies

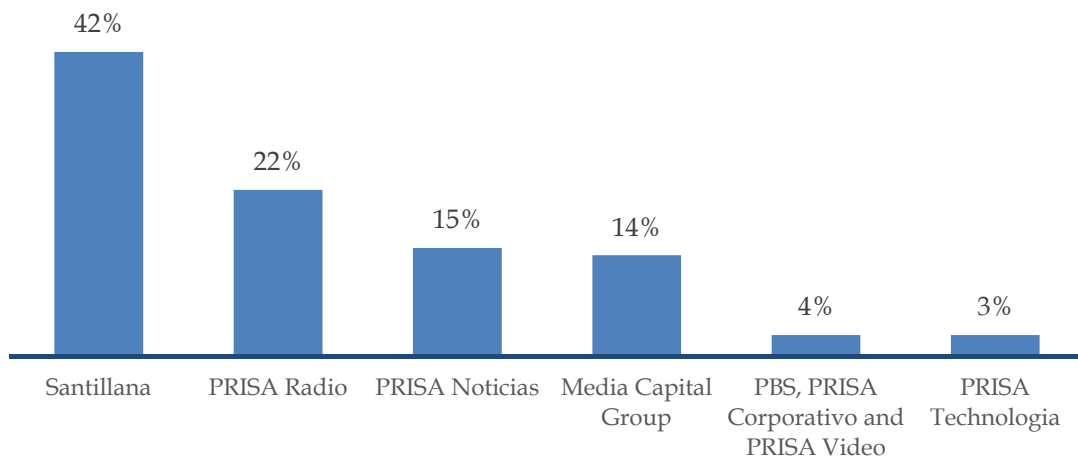
The goal of Prisa's purchasing policy is to build a solid base of suppliers and collaborators to make it easier for all the companies to purchase goods and services using criteria of efficiency, cover and technical and productive capacity, in addition to guaranteeing integrity and respect for human rights and environmental protection. The Purchasing Department channels relationships with all of the Group companies through a procedure that is consistent with the principles contained in the Code of Ethics and is based on objectivity, transparency and non-discrimination.

It always acts under the following premises:

- The information provided in any purchasing process will be identical for all suppliers in order to drive legitimate competition.
- No supplier will be invited to participate in a process to cover formal aspects.
- The supplier will be informed of both the decision-making criteria and the result. Continuous improvement plans will be put in place to increase quality and benefit for both parties.

5.6.2.2. *Impact of purchases*

Supplier transactions generated expenditure of more than EUR 765 million in 2018. This figure highlights the importance of managing our value chain and the indirect impact associated with it.



5.6.2.3. *Local development*

Prisa is committed to the local development of suppliers in the countries where it has operations. 86.45% of the purchase budget goes to local suppliers (with a registered address for tax purposes in the country where the purchase and payment for the product or service is made).

5.6.2.4. *Impact on social and environmental matters*

No significant impact on social and human rights matters has been identified in the value chain through the communications channels established for suppliers.

As regards the environment, there is an impact associated with paper consumption (Santillana and Prisa Noticias combine 57% of our volume of payments to suppliers). To mitigate this, the Group follows the initiatives described in the section on consumption control, in addition to the sector being immersed in a process for conversion to digital content production.

5.6.2.5. *Supplier assessment and monitoring*

For the Group suppliers that are most representative due to their invoicing volume and for each business unit, periodic assessment and monitoring is run in seven areas (QA surveys¹¹), including ethics and good governance, environmental and quality management, and occupational risk prevention.

The suppliers assessed on environmental aspects, work practices, human rights and other social factors in 2018 are listed below:

No. of suppliers assessed regarding the environment	No. of suppliers assessed regarding work practices	No. of suppliers assessed regarding human rights	No. of suppliers assessed regarding social factors
308	459	459	459

5.6.3. *Consumers, users, readers and listeners*

Prisa's businesses, activities and investments in the area of television, education, radio and press are subject to a regulatory framework that is specific to the sector where these businesses are run. Except for press business or some activities in the area of education, where there is a direct relationship with the consumer and/or user, the General Spanish Law in Defence of Users and Consumers (Spanish Royal Legislative Decree 1/2007 of 16 November, as revised by Spanish Law 3/2014 of 27 March) is not applicable.

In relation to consumer complaint systems, apart from the Whistleblower's Channel for third parties, accessible on the corporate website, the business units have specific channels for dealing with all kinds of complaints and queries from third parties including readers or listeners, even when they are not legally considered consumers and/or users.

Some of the channels used in Spain for dealing with users, readers and listeners are listed below. For press, both the hard-copy and digital versions of El País, Diario As and Cinco Días provide readers with a customer service number, and a contact form is also provided in the digital version.

El País, Diario As and Cinco Días have a Customer Service Centre, which dealt with a total of 5,671 calls and managed 2,946 emails in April 2018, for example, as a typical month (not affected by seasonality). Of the calls, 86% were in relation to subscriptions, 9% to promotions and 5% to other miscellaneous. Of the emails managed, 65% referred to subscriptions, 11% to promotions, 5% to sales information, 3% to content and the remaining 16% to other. In addition, El País has a Reader's Ombudsman.

For Radio in Spain, there are two listener mailboxes, which are promoser@cadenaser.com and privacidad@prisa.com. As regards education, specifically for the santillanatiendaonline.es shop,

¹¹ QA (Quality Assurance) Survey: quality assurance forms that suppliers complete on the Supplier Portal.

there is a contact form, an email and a free contact telephone number, and Santillana's BeJob has email contact details on its website.

5.6.4. Tax information

Below are details of EBIT country by country, calculated as the sum of individual results for the subsidiaries – except in relation to Editora Moderna, Ltda., GLR Chile, Ltda. and Grupo Media Capital, SGPS, S.A., which are consolidated – located in each country, without any deletions.

Country	Thousands of euros
Spain	917,269
Portugal	47,822
Brazil	25,094
Colombia	14,995
Chile	12,240
Guatemala	9,159
Argentina	6,258
Ecuador	5,808
Mexico	4,228
Other countries	16,712
Total	1,059,585

The sum of income tax paid in 2018 amounts to EUR 29,077 thousand.

There were no significant subsidies received by the Group.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group is constantly adapting applications and management processes to changes occurring in its businesses, as well as technological changes. It participates in and is a member of various international and domestic associations and forums which enable it to identify possible improvements or opportunities to innovate and develop its services, processes and management systems.

In 2018, the **Press** business unit continued driving developments in the areas of content distribution, data and distribution. The creation of **Content API** has been particularly important, which allows consolidation of all the content in a database that enables big data analysis and greater agility in content distribution, among other functions. El País already has all its content accessible in this Content API, and the As is preparing to be included soon.

In the area of distribution, the content of As and El País have been available since February 2018 in the Google Play Kiosk news application, and interactive applications have been developed for Google Assistant and Alexa. In March, the Movistar eSports portal will be integrated on As.com, a website with content on the thematic channel of the Movistar Television platform;

and in April the **As Arabia portal** will be launched, a Joint Venture with the group Qatari Dar Al Sharq, to bring the best sports information to 25 countries in the Arabic world. Web notifications are also activated in As, with 2 million users, a test is being conducted with WhatsApp to test its value as an interactive channel where the user can find the most relevant sports information of the day, and an agreement has been reached with Twitter for the creation of a new live football service adapted to new consumption tendencies and aimed at improving monetisation.

El País and As are also pioneers within the ecosystem of smart speakers: with their newsletters and applications, they are strategic partners of the launches in April for Google devices, and in October for Amazon and Apple devices; El País is also the first medium in Spanish that has a sponsorship of a newsletter for these platforms. Part of this effort towards the new audio ecosystem is the creation of a podcast platform that allows the publication of this type of content on the websites of both El País and As, and on the main platforms of Apple and Google.

2018 has also been testament to significant efforts to improve the technical performance of the sites for optimal reader experience. **Akamai CDN** has been implemented in El País, which allows improved performance of elpaís.com from any access point anywhere in the world. Web page optimisation improvements were also implemented in As in October, which improve the speed when loading the page. The improvements spurred results of up to a 30-point increase in the tests performed with Google tools.

The advances in data modelling and machine learning that have occurred this year are significant. Predictive models of propensity for registration and segmented web campaigns have been created at El País, allowing new advertising models based on data, which are receiving an increasing demand among premium advertisers. **DKPI** monitoring tables have been developed that were not previously systematically accessible, such as editorial production, article engagement, their exposure and traffic, and segmentation of the different browsing metrics by audience tiers.

Finally, since As and El País collaborated with Google for the Spanish training of **Perspective API**, an artificial intelligence has been created that makes it possible to automatically detect the toxicity of user comments, facilitating moderation and raising the level of conversation in the media. The impact of this is reflected in the demonstrated interest in other relevant mediums that want to replicate the experience in their respective languages.

In 2018, **Prisa Radio** concentrated its innovative efforts on the distribution and monetisation of digital audio, both live and on demand.

The main lines of progress were:

- The development of applications for **smart speakers** for the brands SER, LOS40 and Podium. These applications allow accessing content with simple voice commands, such as "Listen to Cadena SER", "Give me the latest news" or "Put on El Larguero" and are compatible with the platforms Alexa, Amazon and Google Assistant.
- The creation of a new generation of our production platform for **mobile radio applications** for both spoken and musical formats. This "factory" makes it possible to generate and maintain low-cost applications for listening to live and on demand content, adapting to the needs of stations of any size.

- The creation of new **web players** for spoken radio stations in Colombia, Mexico, Chile and Argentina, that offer easy and organised access to all the richness of content offered by the brands. These players have been optimised for use on mobile devices.
- The development of a system that allows the **automatic extraction of news bulletins** in local and national broadcasts. The automation of the process allows news summaries to be available within minutes of their broadcast on all distribution channels.
- The integration of our audio advertising ecosystem with **data platforms**. Thanks to this, we can offer online audio campaigns -direct and programmes- segmented with our own data and third-party data.

In the field of **Education**, Santillana has focused especially on issues related to research on innovation and transformation in schools, in-depth analysis of different trends related to education, and the continuation of the **SantillanaLAB** space in order to deepen the knowledge of the current educational reality and its demands for products and services.

The #SantillanaLAB observatory has allowed the exploration of in-depth questions related to the methodological innovation that is taking place in schools in Spain and Latin America; learning about the new actors in the current educational process; going in-depth into everything related to the new products and services that schools, teachers, students and families have within their reach; and delving into everything related to education and technology. As a result, a total of nine dossiers have been produced, with approaches as attractive as GAFAM and education; Conquerors of the 21st and 22nd centuries; Deep learning; Is each brain a world?; Learning in a world of screens; The future is made of mathematics; Is the new editorial the teacher?; The user is the new curriculum; Learning, land of phenomena; and Contrived Artificial Intelligence?

Furthermore, understanding how educational transformation and innovation are being approached in schools, how it affects the way schools are organised, how teachers and students work, how they relate to each other and how they learn, were the object of the **study carried out jointly with the research team from the University of Granada**. The aims of this study were not only to identify and characterise the specific topics on which educational innovation is developed in Spain, but also to identify and characterise the working tools used by teachers, the methodologies that are bursting into classrooms, the conditions that facilitate or hinder new educational practices, and the processes that are carried out in the schools that develop transformation projects. The lessons learned have been published in a document that also contains a proposal for an action plan for Santillana.

Through the #SantillanaLAB space, we have continued to explore topics such as educational video (or the educational use of video), with the aim of conceptualising a commercial product or service based on the consumption of audiovisual content curated and added from Santillana; podcasts in education, to understand the role of the podcast in our classrooms and in the learning process, including the development of prototypes that have been part of several pilot experiences; #artthinking as a transversal methodology that can be shaped into a differential proposal for Santillana; and the possibility of extrapolating the lessons of the Fontán pedagogies to other countries and regions.

K-12 **Math** and the products on the market were another essential focus throughout 2018, and in this case the objective was the development of a map of mathematics offers for primary and secondary schools, which served to collect, unite and standardise all the information available from our area. All this knowledge has become a tool called the "Brújula de las Matemáticas", which allows us to have a detailed picture of products and services in Spain, Latin America,

USA, United Kingdom, Japan, India, China, Korea and Singapore, but also to understand trends in the teaching of mathematics, methodological currents and the arrival of new players that understand the need to improve the teaching and learning of mathematics.

Finally, the leading role of communication spaces and forums should be highlighted: **IneveryCREA** (nominated as the Most Influential Educational Portal in the II National Awards of Educational Marketing), and the **SantillanaLAB blog**, which we worked with throughout 2018 to merge it with the "Líderes Compartir" initiative.

At the same time, in 2018 R&D&I has taken on commercial tasks related to **SET VEINTIUNO**, with the idea of complementing and extending the arrival of the commercial network in Spain, taking advantage of the advanced knowledge of a product required for a consultative sale, or approaching the sale from a perspective of innovation while also understanding the new educational reality.

For its part, **Grupo Media Capital** focused mainly on the following lines of progress in 2018:

- Investing in the creation of new digital content for distribution on the different platforms and media of the Grupo Media Capital, with special importance given to the application "*TVI Player*". It also invested in radio applications for the launch of 14 new radio stations in their digital version, along with the traditional versions in FM.
- Development of the "*Onlive*" project, which allowed for live broadcast (*streaming*) of the Grupo Media Capital television channels and videos in the different websites of the Group.
- Association with *Weather Channel* to develop new innovative ways to disseminate meteorological information to municipalities.
- Creating an integrated solution ("*All in one*") for payment via mobile devices.
- The "*Proyecto Nónio*" developed the creation of a digital advertising market with professional content, which promotes increased effectiveness of advertising.

7. LIQUIDITY AND CAPITAL RESOURCES

7.1. Financing

Note 11b "*Financial Liabilities*" of the accompanying notes to the consolidated financial statements of Prisa for 2018 provides a description of the use of financial instruments by the Group.

7.2. Contractual commitments

Note 14 "*Operating Expenses- Operating leases*" and note 23 "*Future Commitments*" to the consolidated financial statements provide information on firm commitments giving rise to future cash outflows and associated with purchases and services received and any operating leases for buildings and the radio frequencies.

7.3. Dividends policy

Prisa does not have a set dividend policy, and so the Group's distribution of dividends is reviewed annually. In this respect, the distribution of dividends depends mainly on (i) the existence of profit that can be distributed and the Company's financial situation, (ii) its obligations regarding debt servicing and those arising from commitments acquired with its

financial creditors in the Group's financing contracts, (iii) the generation of cash arising from its normal course of business, (iv) the existence or non-existence of attractive investment opportunities that could generate value for the Group's shareholders, (v) the Group's reinvestment needs, (vi) the implementation of Prisa's business plan, and (vii) other factors Prisa should consider relevant at any given time.

8. TREASURY SHARES

Prisa has performed, and may consider performing, transactions with treasury shares. These transactions will always be for legitimate purposes, including:

- Undertaking treasury share acquisitions approved by the Board of Directors or pursuant to General Shareholders' Meeting resolutions.
- Covering requirements for shares to allocate to employees and management.

The operations of treasury shares, don't realize on the basis of privilege information, nor respond to an intervention purpose in the free process of price formation.

At December 31, 2018, Promotora de Informaciones, S.A. held a total of 1,622,892 treasury shares, representing 0.291% of its share capital.

Treasury shares are valued at market price at December 31, 2018 (1.76 euros per share). The total amount of the treasury shares amounts to EUR 2,856 thousand.

At December 31, 2018, the Company did not hold any shares on loan.

9. SHARE PERFORMANCE

Description of Prisa's shareholder structure.

Prisa's share capital at December 31, 2018 consisted of 558,406,896 ordinary shares. These shares are listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia).

During 2018, several operations have taken place, which have modified total share capital:

- As of February 2018, a capital increase with preferential subscription rights took place amounting EUR 441 million through the issuance of 469,350,139 new shares. Total effective amount of capital increase, considering nominal value and share premium amounted EUR 563 million.
- At the same time and in relation to the warrants issued pursuant to the resolutions of the General Shareholders' Meeting of the Company held on December 10, 2013, throughout 2018, warrants have been exercised by certain institutional investors in two occasions, which has led to carry out the corresponding capital increases amounting 140,524 shares and 88,870 shares respectively.

Main shareholders in the Company's share capital in 2018 were Amber Capital, HSBC, Telefónica, Rucandio, Adar Capital, International Media Group, Consorcio Transportista Occher S.A, Bank Santander and Carlos Fernandez. Free float stood at around 17%.

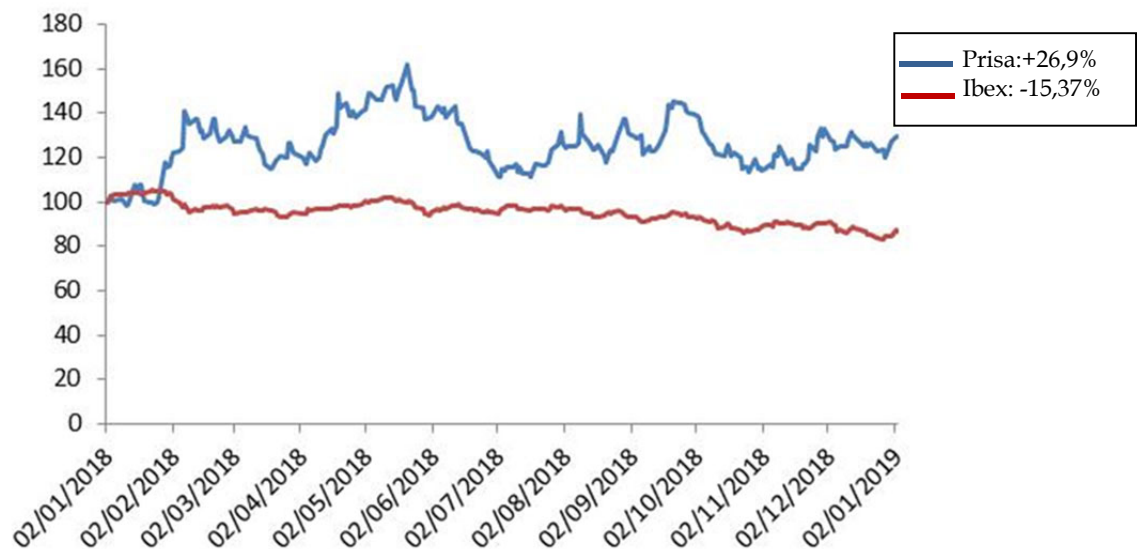
Share price performance

Prisa ordinary shares started 2018 trading at a price of EUR 1.39 per share (January 2, 2018) and ended the year at EUR 1.76 per share (December 31, 2018), implying a revalorization of 26.9%.

Prisa's share price performance in 2018 has been conditioned to the Company capital structure and financial structure and to the Company operating evolution.

During 2018, the Company's Directors have taken a series of measures to strengthen the Group's financial and equity structure, which include among others, a refinancing agreement to refinance and extend maturities until 2022 (announced in January 2018) and the execution of a cash capital increase amounting EUR 563 million which has been fully subscribed and reimbursed in February 2018. At the same time, during 2018, several measures have taken place including management changes, the launching of an efficiency plan and public credit ratings among others.

The following chart shows the performance of the Prisa Group's shares relative to the IBEX35 index in 2018, indexed in both cases to 100:



Source: Bloomberg (January 2, 2018- December 31, 2018)

10. AVERAGE SUPPLIER PAYMENT TIME

According to the information required by the third additional provision of Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of January 29, 2016, the average period of payment to suppliers in commercial operations for companies of Grupo Prisa located in Spain rises, in 2018, to 71 days.

The maximum legal period of payment applicable in 2018 and 2017 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is by default 30 days, and 60 days maximum if particular conditions are met with suppliers.

During the coming financial year, the Directors will take the appropriate measures to continue reducing the average period of payment to suppliers to legally permitted levels, except in cases where specific agreements with suppliers exist which set further deferments.

11. EVENTS AFTER THE BALANCE SHEET DATE

On February 26, 2019, the Board of Directors approved the acquisition by Prisa Group of the remaining 25% of the share capital of Santillana currently controlled and held by DLJSAP Publishing Limited ("DLJ"), a company owned by funds managed or advised by Victoria Capital Partners.

In the same date, Prisa Activos Educativos, S.L. – a subsidiary wholly-owned by Prisa – and DLJ entered into a sale and purchase agreement in relation to the quotas representing 25% of the share capital of Santillana.

The price of the acquisition was a fixed amount of EUR 312.5 million (the "Total Consideration") which will be fully paid in cash.

The Total Consideration will be funded by Prisa through a combination of: (i) the proceeds of a capital increase by means of cash contributions, with preferential subscription rights, to be carried out in the amount and on the terms determined by the Board of Directors and (ii) cash available on the Company's balance sheet funded mainly from the net proceeds of the capital increase with preferential subscription rights carried out in February 2018.

The closing of the acquisition is subject to obtaining the required authorization from the Spanish competition authorities – which is expected to be notified immediately and obtained during March 2019 – and to the execution of the capital increase above mentioned. Banco Santander, S.A. and Prisa have entered on the same date into an agreement, subject to customary terms of this kind of documents, whereby Banco Santander, S.A. has committed to underwrite the capital increase in an amount of up to EUR 200 million at a subscription price to be determined in the corresponding underwriting agreement.

On March 7, 2019, the authorization of the Spanish competition authorities was obtained.

12. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report for the year 2018, which is part of the Director's Report, has been approved by the Board of Directors of Promotora de Informaciones, S.A. on its meeting held on March 12, 2019 and is available on the web sites of the Company (www.prisa.com) and the CNMV (www.cnmv.es)



REPORT ON THE VERIFICATION OF THE NON-FINANCIAL INFORMATION STATEMENT INCLUDED ON THE MANAGEMENT REPORT ISSUED BY AN INDEPENDENT VERIFIER

To GRUPO PRISA shareholders:

Pursuant to paragraph 6 of Article 49 of the Code of Commerce, approved by Real Decreto dated 22 August 1885, amended by Law 11/2018, dated 28 December, amending the Code of Commerce, in relation to non-financial information and diversity, we have verified the information non-financial included in the management report of the consolidated annual accounts for the year 2018 of the GRUPO PRISA.

We believe that the non-financial information included in point 5 of the management report of the consolidated annual accounts for 2018 of GRUPO PRISA is adequate in accordance with the requirements of paragraph 6 of Article 49 of the Code of Commerce, amended by Law 11/2018 to understand the progress, results, and the situation of GRUPO PRISA and the impact of its activity at least in relation to environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as to staff, including measures that favour the principle of equal treatment and equal opportunities between men and women, non-discrimination and inclusion of people with disabilities and universal accessibility. As a result of the tests carried out, described in the following section, on the non-financial information included in the management report of the consolidated annual accounts for the year 2018 of GRUPO PRISA, no significant errors have been detected in said information.

Methodology and Verifier team

SGS' methodology for the verification of non-financial information consists of audit procedures and mechanisms to verify information and indicators, commonly accepted within the scope of the Conformity Assessment Bodies (as defined by Regulation (EC) no. 765/2008), such as the audit guidelines contained in standard ISO 19011, and particularly:

- Interviews with staff responsible for obtaining and preparing data
- Review of the non-financial information of the consolidated management report and its inclusion or not in accordance with the requirements set forth in section 6 of article 49 of the Commercial Code, as amended by Law 11/2018
- Review of the materiality analysis
- Review consisting of sampling of documents and records (both internal and public)
- Check consisting of checking the reliability and traceability of data
- Assessment of systems for the collection, management and handling of the information and indicators
- Contrast of the non-financial information with the information included in the annual accounts audited by a third party

The verifier team was composed of staff trained by SGS International Certification Services Ibérica, S.A.U (hereinafter referred to as "SGS ICS").



REPORT ON THE VERIFICATION OF THE NON-FINANCIAL INFORMATION STATEMENT INCLUDED ON THE MANAGEMENT REPORT ISSUED BY AN INDEPENDENT VERIFIER

Independence

We are an independent entity to GRUPO PRISA in accordance with the ethics requirements, including those related to independence that are applicable to our activities.

The administrators' responsibility in relation to non-financial information

The administrators of the parent company are responsible for the formulation of the consolidated management report and the non-financial information detailed in it accordance with paragraph 6 of Article 49 of the Code of Commerce, approved by Real Decreto dated 22 August 1885, amended by Law 11/2018, dated 28 December, amending the Code of Commerce.

The independent verifier's responsibility

The purpose of the mission that we have been entrusted is limited to obtaining reasonable assurance whether the non-financial information is free of any material inaccuracies due to fraud or mistake and to issuing a verification report on the non-financial information included in the Management Report of 2018 annual consolidated accounts of GRUPO PRISA containing our opinion.

While reasonable assurance means a high degree of assurance, it does not always guarantee the detection of material misstatement whenever it may exist, due to the fact that it may result from fraud or error.


SGS INTERNATIONAL CERTIFICATION
SERVICES IBÉRICA, S.A.U. March 5th, 2019

Signed: Esther Martínez Pardo
SGS International Certification Services Ibérica, S.A.U

NOTE: "This document has been originally drafted in Spanish, which will therefore prevail over the English language version in the event of any discrepancy."