Promotora de Informaciones, S.A.

Financial Statements for the year ended 31 December 2018 and 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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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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2018, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2-a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

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 Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Restructuring of the Company's financial debt

Description

As indicated in Note 1-b to the accompanying financial statements, on 22 January 2018 the Company 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 Company'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 Company 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 Company 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 Company's 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 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 Company, 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 7-2 to the accompanying financial statements with respect to the requirements of the applicable regulatory financial reporting framework.

Recoverability of deferred tax assets

Description

The balance sheet as at 31 December 2018 includes a balance of EUR 70,269 thousand relating to deferred tax assets, which correspond to tax assets of the Spanish tax group of which the Company is the head.

At 31 December 2018, the Company 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 153,631 thousand (see Note 9).

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 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 Company 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-g and 9 to the accompanying financial statements are adequate with respect to the requirements in this connection contained in the applicable regulatory financial reporting framework.

Other Information: Directors' Report

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

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the information contained in the 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 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 directors' report and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those 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 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 directors' report and that the other information in the directors' report is consistent with that contained in the financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

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

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

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on pages 6 and 7, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit, Risk and Compliance Committee

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

Engagement Period

The Annual General Meeting held on 25 April 2018 appointed us as auditors 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 of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly 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 Company 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 financial statements.

Auditor's Responsibilities for the Audit of the 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 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the 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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity'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 entity'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 entity's audit, risk and compliance committee, we determine those matters that were of most significance in the audit of the 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)

Financial Statements and Directors' Report for 2018, together with Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements and Directors' Report for 2018

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Financial Statements for 2018

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
BALANCE SHEET AT DECEMBER 31, 2018
(in thousands of euros)

ASSETS	Year 2018	Year 2017 (*)
A) NON-CURRENT ASSETS	**923,762**	**1,227,553**
I. INTANGIBLE ASSETS (Note 5)	230	254
1. Computer software	230	254
II. PROPERTY, PLANT AND EQUIPMENT (Note 6)	847	848
1. Other fixtures and furniture	166	161
2. Other items of property, plant and equipment	681	687
III. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Note 7.1)	851,835	962,016
1. Equity instruments	851,835	962,016
IV. NON-CURRENT FINANCIAL ASSETS (Note 7.1)	581	994
1. Equity instruments	572	981
2. Other financial assets	9	13
V. DEFERRED TAX ASSETS (Note 9)	70,269	582,225
B) CURRENT ASSETS	**71,305**	**51,512**
I. TRADE AND OTHER RECEIVABLES	4,234	5,580
1. Receivable from Group companies and associates (Notes 7.1 and 15)	1,339	3,516
2. Employee receivables (Note 7.1)	1	3
3. Tax receivables (Note 9)	2,889	2,061
4. Other receivables (Note 7.1)	5	-
II. CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Notes 7.1 and 15)	59,303	36,217
1. Loans to companies	59,303	36,217
III. CURRENT FINANCIAL INVESTMENTS (Note 7.1)	6,500	6,500
1. Other financial assets	6,500	6,500
IV. CURRENT PREPAYMENTS AND ACCRUED INCOME	77	1,683
V. CASH AND CASH EQUIVALENTS	1,191	1,532
1. Cash	1,191	1,532
TOTAL ASSETS	**995,067**	**1,279,065**

EQUITY AND LIABILITIES	Year 2018	Year 2017 (*)
A) EQUITY (Note 8)	**356,162**	**(459,128)**
A-1) Shareholders' equity	**356,386**	**(459,211)**
I. SHARE CAPITAL	524,902	83,498
II. SHARE PREMIUM	201,512	95,002
III. OTHER EQUITY INSTRUMENTS	-	46,408
IV. RESERVES	117,345	(96,714)
1. Legal and bylaw reserves	53,923	7,050
2. Other reserves	63,422	(103,764)
V. LOSS FROM PREVIOUS YEARS	(594,718)	(463,120)
VI. TREASURY SHARES	(2,856)	(694)
VII. PROFIT (LOSS) FOR THE YEAR	110,201	(131,598)
A-2) Value adjustments	**(224)**	**83**
I. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 7.1)	(224)	83
B) NON-CURRENT LIABILITIES	**613,643**	**738,170**
I. LONG-TERM PROVISIONS (Note 12)	2,258	19,760
II. NON-CURRENT PAYABLES (Note 7.2)	423,905	623,756
1. Bank borrowings	423,905	623,756
III. NON-CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Notes 7.2 and 15)	187,480	94,626
IV. DEFERRED TAX LIABILITIES (Note 9)	-	28
C) CURRENT LIABILITIES	**25,262**	**1,000,023**
I. SHORT-TERM PROVISIONS (Note 12)	230	-
II. CURRENT PAYABLES (Note 7.2)	532	948,850
1. Bank borrowings	532	948,850
III. CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Notes 7.2 and 15)	14,589	34,285
IV. TRADE AND OTHER PAYABLES	9,911	16,888
1. Payable to suppliers (Note 7.2)	42	42
2. Payable to suppliers, Group companies and associates (Notes 7.2 and 15)	230	347
3. Sundry accounts payable (Note 7.2)	4,928	14,252
4. Remuneration payable (Note 7.2)	1,059	1,717
5. Tax payables (Note 9)	3,652	530
TOTAL EQUITY AND LIABILITIES	**995,067**	**1,279,065**

(*) The balance sheet at December 31, 2017 has been restated for comparative purposes in accordance with the applicable regulations by not presenting the assets and liabilities of Vertix SPGS, S.A. as "*Non-current assets held for sale*" and has not been audited

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the balance sheet at December 31, 2018

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
INCOME STATEMENT FOR YEAR 2018
(in thousands of euros)

	Year 2018	Year 2017 (*)
A) CONTINUING OPERATIONS		
1. Revenue		
a) Services *(Note 15)*	6,464	7,499
b) Income from equity investments *(Note 15)*	587,593	12,279
2. Other operating income	123	-
3. Staff costs		
a) Wages, salaries and similar expenses	(6,425)	(9,418)
b) Employee benefit costs *(Note 10)*	(531)	(606)
4. Other operating expenses		
a) Outside services *(Note 10)*	(9,473)	(17,124)
b) Taxes other than income tax	(42)	(64)
c) Impairment and other losses	1	(25)
5. Depreciation and amortization charge *(Notes 5 and 6)*	(82)	(284)
6. Ohter results (Note 10)	2,313	4,634
PROFIT/LOSS FROM OPERATIONS	**579,941**	**(3,109)**
7. Finance income		
a) From loans to Group companies and associates (*Note 15*)	164	5
b) Other finance income	2,152	1,497
c) Fair value of financial instruments	9,733	-
8. Finance costs and similar expenses:		
a) On debts to Group companies *(Note 15)*	(2,070)	(714)
b) On debts to third parties and similar expenses	(73,506)	(53,969)
9. Exchange differences	34	(246)
10. Impairment of financial instruments		
a) Impairment and other losses (*Notes 7.1 and 12*)	(273,554)	(81,492)
NET FINANCIAL RESULT *(Note 11)*	**(337,047)**	**(134,919)**
PROFIT / LOSS BEFORE TAX	**242,894**	**(138,028)**
11. Income tax *(Note 9)*	(132,693)	15,423
PROFIT/ LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**110,201**	**(122,605)**
B) DISCONTINUED OPERATIONS	-	(986)
PROFIT/ LOSS FOR THE YEAR	**110,201**	**(123,591)**

(*) The income statement for the year 2017 has been restated for comparative purposes in accordance with the applicable regulations, not presenting the results of Vertix SPGS, S.A. as "*Discontinued operations*" and has not been audited

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the income statement for year 2018

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CASH FLOW FOR YEAR 2018
(in thousands of euros)

	Year 2018	Year 2017 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit / Loss before tax	**242,894**	**(138,028)**
2. Adjustments for	**(251,874)**	**122,924**
a) Depreciation and amortization charge (+)	82	284
b) Impairment of non-current financial assets (+/-)	273,554	81,761
Impairment losses recognised for financial assets	270,893	79,356
Period provisions for contingencies and charges	2,661	2,000
Provision of credit provisions	-	405
c) Finance income (-)	(12,155)	(1,504)
d) Finance costs (+)	75,647	54,931
e) Dividends received	(587,593)	(12,279)
f) Results due to disposals and disposals of financial instruments	-	(269)
g) Other income and expenses	(1,409)	-
3. Changes in working capital	**(9,696)**	**(119)**
a) Trade and other receivables (+/-)	2,193	(1,172)
b) Current prepayments and acrrued income	(45)	490
c) Trade and other payables (+/-)	(11,844)	563
4. Other cash flows from operating activities	**590,180**	**8,126**
a) Interest paid (-)	(24,266)	(26,596)
b) Dividends received (+)	587,580	12,269
c) Interest received (+)	154	17
d) Income tax recovered (paid) (+/-)	26,338	21,974
e) Other amounts received (paid) relating to operating activities (+/-)	374	462
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	**571,504**	**(7,097)**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
6. Payments due to investment (-)	(3,677)	(8,464)
7. Proceeds from disposal (+)	4	2,893
8. Cash flows from investing activities (7-6)	**(3,673)**	**(5,571)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Proceeds and payments relating to equity instruments	545,099	(50)
10. Proceeds and payments relating to bank borrowings	(1,165,000)	-
11. Proceeds and payments relating to borrowings from Group companies	74,832	12,085
12. Proceeds and payments relating to other financing activities	(23,103)	456
13. Cash flows from financing activities (+/-9+/-10-11-12)	**(568,173)**	**12,491**
D) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C)	**(341)**	**(177)**
Cash and cash equivalents at beginning of year	1,532	1,709
Cash and cash equivalents at end of year	1,191	1,532

(*) The statement of cash flow for the year 2017 has been restated for comparative purposes in accordance with the applicable regulations, not presenting the flows of Vertix SPGS, S.A. as "*Discontinued operations* " and has not been audited

The accompanying Notes 1 to 20 and Appendix I and II are an integral part of the statement of cash flows for year 2018

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CHANGES IN EQUITY FOR YEAR 2018

A) STATEMENT OF COMPREHENSIVE INCOMES AND EXPENSES FOR YEAR 2018

(in thousands of euros)

	Year 2018	Year 2017 (*)
A) Profit/(Loss) per income statement	**110,201**	**(123,591)**
Income and expense recognized directly in equity		
Arising from revaluation of financial instruments (*Note 7.1*)	(409)	(181)
Other income and expenses charged directly to equity (*Note 8*)	(17,145)	-
Tax effect	102	45
B) Total income and expense recognized directly in equity	**(17,452)**	**(136)**
C) Total transfers to profit or loss	**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSE	**92,749**	**(123,727)**

(*) The statement of comprehensive incomes and expenses for the year 2017 has been restated for comparative purposes in accordance with the applicable regulations, not presenting the results of Vertix SPGS, S.A. as "*Discontinued operations*" and has not been audited

The accompanying Notes 1 to 20 and Appendix I and II are an integral part of the statement of comprehensive incomes and expenses for year 2018

PROMOTORA DE INFORMACIONES, S.A.
STATEMENT OF CHANGES IN EQUITY FOR YEAR 2018

B) TOTAL STATEMENT OF CHANGES IN EQUITY FOR YEAR 2018
(in thousands of euros)

(in thousands of euros)	Share capital	Share premium	Other Equity Instruments	Legal reserve	Statutory reserves	Revaluation reserves	Reserves for treasury shares	Reserves for retired capital	Reserves for merger	Voluntary reserves	Loss from previous years	Reserves for variation in financial assets	Reserves for first-time application of the new Spanish national chart of accounts	Reserves	Treasury shares	Profit (Loss) for the year	Equity
Balance at December,31 2016	**235,008**	**1,371,299**	**130,700**	**5,335**	**11,885**	**13,939**	**1,735**	**1,495**	**(85,639)**	**167,319**	**(2,200,226)**	**219**	**6,873**	**(2,077,065)**	**(1,735)**	**(1,298)**	**(343,091)**
I. Total recognized income and expense																	
1. Profit (Loss) for the year																(123,591)	(123,591)
2. Valuation of finacial instruments												(136)		(136)			(136)
II. Transactions with shareholders or owners																	
1. Capital Increases / Decreases																	
- Share Capital	(161,372)			7,050							154,322			161,372			
- Share Premium																	
2. Conversion of financial liabilities into equity	9,862	95,052	(84,292)							(20,622)				(20,622)			-
3. Issuance of equity instruments																	
4. Conversion of equity instruments into shareholder´s equity																	
5. Distribution of 2016 profit																	
- Loss from previous years											(1,298)			(1,298)		1,298	-
6. Treasury share transactions																	
- Delivery of treasury shares							(366)			366				-	366		366
- Purchase of treasury shares														-	-		
- Sales of treasury shares																	
- Provision for treasury shares							(675)							(675)	675		-
III. Other changes in equity																	
- Other		(1,371,349)		(5,335)	(11,885)	(13,939)		(1,495)		(165,882)	1,584,082		(6,873)	1,378,673			7,324
Balance at December,31 2017 (*) *(Note 8)*	**83,498**	**95,002**	**46,408**	**7,050**	**-**	**-**	**694**	**-**	**(85,639)**	**(18,819)**	**(463,120)**	**83**	**-**	**(559,751)**	**(694)**	**(123,591)**	**(459,128)**
I. Total recognized income and expense																	
1. Profit (Loss) for the year		(17,145)												0		110,201	93,056
2. Valuation of finacial instruments												(307)		(307)			(307)
II. Transactions with shareholders or owners																	
1. Capital Increases / Decreases																	
- Share Capital	441,189	122,031															563,220
- Share Premium																	
2. Conversion of financial liabilities into equity	215	1,624	(1,770)														69
3. Issuance of equity instruments																	
4. Conversion of equity instruments into shareholder´s equity																	
5. Distribution of 2017 profit																	
- Loss from previous years										8,007	(131,598)			(123,591)		123,591	-
6. Treasury share transactions																	
- Delivery of treasury shares							(95)			95				-	95		95
- Purchase of treasury shares							2,709			(2,709)				-	(2,709)		(2,709)
- Sales of treasury shares																	
- Provision for treasury shares							(452)							(452)	452		-
III. Other changes in equity																	
- Other			(44,638)							206,504				206,504			161,866
Balance at December,31 2018 *(Note 8)*	**524,902**	**201,512**	**-**	**7,050**	**-**	**-**	**2,856**	**-**	**(85,639)**	**193,078**	**(594,718)**	**(224)**	**-**	**(477,597)**	**(2,856)**	**110,201**	**356,162**

(*) The statement of changes in equity for the year 2017 has been restated for comparative purposes in accordance with the applicable regulations, not presenting the balances and transactions of Vertix SPGS, S.A. as "Non-current Assets Held for Sale" and "Interrupted Operations" and has not been audited

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the total statement of changes in equity for year 2018

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR 2018

1.- COMPANY ACTIVITIES AND PERFORMANCE

a) Company 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 view of the business activity carried on by the Company, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

In addition to the business activities carried on directly by it, the Company heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose Promotora de Informaciones, S.A. and subsidiary companies ("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 prepared in accordance with International Financial Reporting Standards (IFRSs) as approved by European Commission Regulations. The main aggregates of the PRISA Group's consolidated financial statements in terms of total asset, equity and net revenues amount to EUR 1,660,772 thousand, EUR 235,809 negative thousand and EUR 1,246,117 thousand respectively in 2018

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

The consolidated financial statements for 2018 were authorized for issue by the Company's Directors on March 12, 2019 .

These financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Company operates.

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

b) Evolution of the equity and financial structure of the Company

During 2016, 2017 and 2018, the Company's Directors have taken a series of measures to deal with strengthen the Company's financial and equity structure, such as as asset sale operations, capital increases and refinancing of its debt.

In this regards, on April 1, 2016, the Prisa Annual General Shareholders' 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 thousands being cancelled. These bonds were early converted into shares in October 2017.

Likewise, the General Shareholders' Meeting of the Company held on November 15, 2017 approved a capital increase amounting to EUR 450,000 thousand; this amount was subsequently extended by the Board of Directors of the Prisa on January 22, 2018, in EUR 113,220 thousand. In February 2018, the capital increase was subscribed and paid out in the amount of EUR 563,220 thousand *(see notes 8).*

On July 13, 2017, the Prisa's Board of Directors accepted a binding offer put forward by Altice NV ("Altice") for the sale of Vertix SGPS, S. A. ("Vertix"), 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 financial statements for 2017 the Company's stake in it was reclassified to '*Non-current assets held for sale*' and the income associated with this operation to '*Profit/loss for the year from 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 authorization of the operation by the Portuguese Competition Authority. Following this decision, the Prisa's 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 stake in Vertix is no longer reported as held for sale.

Finally, on January 22, 2018, the Company signed with all the financial creditors of the *Override Agreement* (agreement to refinance the Company'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 Company'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 7.2*).

Likewise, the agreement has involved a restructuring of the debt, which has included a new borrower, Prisa Activos Educativos, S.L. (Sole proprietorship), which has assumed nominal debt of Prisa an amount of EUR 685.000 thousand. In the context of the process of refinancing the Group's debt at June 29, 2018, Prisa Activos Educativos, S.L. (Sole proprietorship) acquired 75% of the share capital of Grupo Santillana Educación Global, S.L. (Santillana), of which Prisa Participadas, S.L. ((Sole proprietorship) was the holder. This acquisition has been financed through the assumption by Prisa Activos Educativos, S.L. (Sole proprietorship) of financial debt of Prisa with the new conditions agreed in the mentioned Refinancing, related to terms, costs and guarantees. The rest of the amount of the debt remains recorded in Prisa (*see note 7.2*).

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 570,000 thousand.

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.

At December 31, 2018, the equity of the Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain’s Corporate Enterprises Act (including participating loans outstanding at year-end for amount EUR 62,492 thousand)stood at EUR 418,653 thousand, up to two thirds of total share capital for amount EUR 68,718 thousand. In this sense, the Company has a balanced equity situation. Likewise, the Company's current assets at December 31, 2018 are higher than current liabilities for the amount of EUR 46,043 thousand.

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

2.- BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

a) Fair presentation

The accompanying financial statements for 2018, which were obtained from the Company’s accounting records, are presented in accordance with the regulatory framework for financial reporting applicable and, in particular, the accounting principles and criteria contained herein, presenting fairly the Company’s equity, financial position, and of the results of its operations, the changes in its equity and the cash flows generated by the Company in the year then ended. The regulatory framework for financial reporting applicable considered is:

1. The Commercial Code and other corporate legislation.
2. Royal Decree 1514/2007, approving the Spanish National Chart of Accounts, which has been modified through Royal Decree 602/2016 of December 2 and its sectoral adaptions.
3. The obligatory legislation approved by the Institute of Accounting and Auditors of Accounts in development of the Spanish General Chart of Accounts and its complementary legislation.
4. Other applicable Spanish legislation.

These financial statements, which were formally prepared by the Company's directors on March 12, 2019, will be submitted for approval by the shareholders at the Annual General Shareholders' Meeting and it is considered that they will be approved without any changes. The 2017 financial statements were approved by the shareholders at the Annual General Shareholders' Meeting held on April 25, 2018.

b) Comparison of information

In accordance with company legislation, each item of the balance sheet, income statement, statement of changes in net equity and cash flow statement for 2018 is shown with the figure for 2017 for comparison purposes. The notes to the financial statements also include quantitative information of the previous year, unless an accounting standard specifically establishes otherwise.

In July 2017, as a consequence of the acceptance of the binding offer presented by Altice NV for the sale of Vertix, which is the owner of Media Capital, the stake in it was reclassified to '*Non-current assets held for sale*' and the income associated with this operation to '*Profit/loss for the year from discontinued operations*'.

On June 18, 2018, the contract for the sale of Vertix SPGS, S.A., 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 the date of preparing these financial statements. Therefore, since June 30, 2018 the operations in Vertix was no longer shown as "*Discontinued operations*" and the data relating to the investment in the same was no longer classified as "*Non-current assets held for sale*", becoming integrated into according to its nature in financial statements. This meant an improvement in the restated profit and loss account for 2017 due to estimated expenses associated with the sale contract not incurred of EUR 8,007 thousand.

In accordance with applicable regulations, and for comparative purposes, the balance sheet, the income statement, the statement of cash flows and the statement of changes of equity for 2017 have been restated to reflect this change.

Balance Sheet

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

	Year 2017 prepared	Media Capital effect	Year 2017 restated
Non-current assets			
Intangible assets	254	-	254
Property, plant and equipment	848	-	848
Non-current investments in group companies and associates	643,232	318,784	962,016
Non-current financial assets	994	-	994
Deferred tax assets	263,441	-	263,441
Current assets			
Non current assets held for sale	310,309	(310,309)	-
Trade and other receivables	5,770	(190)	5,580
Current investments in group companies and associates	36,217	-	36,217
Current financial investments	6,500	-	6,500
Current prepayments and accrued income	1,683	-	1,683
Cash and cash equivalents	1,532	-	1,532
Total assets	**1,270,780**	**8,285**	**1,279,065**
Equity			
Share capital	83,498	-	83,498
Share premium	95,002	-	95,002
Other equity instruments	46,408	-	46,408
Reserves	(96,714)	-	(96,714)
Loss from previous years	(463,120)	-	(463,120)
Treasury shares	(694)	-	(694)
Profit (loss) for the year	(131,598)	8,007	(123,591)
Available-for-sale financial assets	83	-	83
Non current liabilities			
Long-term provisions	19,760	-	19,760
Non-current payables	623,756	-	623,756
Non-current payables to group companies and associates	94,626	-	94,626
Deferred tax liabilities	28	-	28
Current liabilities			
Current payables	948,850	-	948,850
Current payables to group companies and associates	34,285	-	34,285
Trade and other payables	16,610	278	16,888
Total equity and liabilities	**1,270,780**	**8,285**	**1,279,065**

Income Statement

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

	Year 2017 prepared	Media Capital effect	Year 2017 restated
Revenue	19,778	-	19,778
Staff costs	(10,024)	-	(10,024)
Other operating expenses	(16,745)	(468)	(17,213)
Depreciation and amortization charge	(284)	-	(284)
Other results	4,634	-	4,634
PROFIT/LOSS FROM OPERATIONS	**(2,641)**	**(468)**	**(3,109)**
Finance income	1,502	-	1,502
Finance costs and similar expenses	(54,683)	-	(54,683)
Exchange differences	(246)	-	(246)
Impairment of financial instruments	(2,376)	(79,116)	(81,492)
NET FINANCIAL RESULT	**(55,803)**	**(79,116)**	**(134,919)**
PROFIT / LOSS BEFORE TAX	**(58,444)**	**(79,584)**	**(138,028)**
Income tax	17,101	(1,678)	15,423
PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**(41,343)**	**(81,262)**	**(122,605)**
Discontinued operations	(90,255)	89,269	(986)
PROFIT/(LOSS) FOR THE YEAR	**(131,598)**	**8,007**	**(123,591)**

Cash Flow Statement

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

	Year 2017 prepared	Media Capital effect	Year 2017 restated
Loss for the year before tax	(58,444)	(79,584)	(138,028)
Adjustments	43,808	79,116	122,924
Changes in working capital	(587)	468	(119)
Other cast flows from operating activities	8,126	-	8,126
CASH FLOWS FROM OPERATING ACTIVITIES	**(7,097)**	**-**	**(7,097)**
Payments fue to investment	(8,464)	-	(8,464)
Proceeds from disposal	2,893	-	2,893
CASH FLOWS FROM INVESTING ACTIVITIES	**(5,571)**	**-**	**(5,571)**
Proceeds and payments relating to equity instruments	(50)	-	(50)
Proceeds and payments relating to bank borrowings	-	-	-
Proceeds and payments relating to borrowings from Group companies	12,085	-	12,085
Proceeds and payments relating to other financing activities	456	-	456
CASH FLOWS FROM FINANCING ACTIVITIES	**12,491**	**-**	**12,491**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**(177)**	**-**	**(177)**
Cash and cash equivalents at beginning of year	1,709	-	1,709
Cash and cash equivalents at end of year	1,532	-	1,532

Changes in equity statement

The reconciliation of the changes in equity statement included in the financial statements of 2017 with the changes in equity statement, modified for comparative purposes, in the current financial statements is shown below:

	Year 2017 prepared	Media Capital effect	Year 2017 restated
Profit/(Loss) per income statement	**(131,598)**	**8,007**	**(123,591)**
Income and expense recognized directly in equity			
Arising from revaluation of financial instruments	(181)	-	(181)
Tax effect	45	-	45
Total income and expense recognized directly in equity	**(136)**	**-**	**(136)**
Total transfers to profit or loss	**-**	**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSE	**(131,734)**	**8,007**	**(123,727)**

(in thousands of euros)	Year 2017 prepared							Media Capital effect		Year 2017 restated						
	Share capital	Share premium	Other Equity Instruments	Reserves	Treasury shares	Profit (Loss) for the year	Equity	Profit (Loss) for the year	Equity	Share capital	Share premium	Other Equity Instruments	Reserves	Treasury shares	Profit (Loss) for the year	Equity
Balance at December,31 2016	**235,008**	**1,371,299**	**130,700**	**(2,077,065)**	**(1,735)**	**(1,298)**	**(343,091)**	**-**	**-**	**235,008**	**1,371,299**	**130,700**	**(2,077,065)**	**(1,735)**	**(1,298)**	**(343,091)**
I. Total recognized income and expense																
1. Profit (Loss) for the year						(131,598)	(131,598)	8,007	8,007						(123,591)	(123,591)
2. Valuation of finacial instruments				(136)			(136)						(136)			(136)
II. Transactions with shareholders or owners																
1. Capital Increases / Decreases																
- *Share Capital*	(161,372)			161,372			-			(161,372)			161,372			-
- *Share Premium*																
2. Conversion of financial liabilities into equity	9,862	95,052	(84,292)	(20,622)			-			9,862	95,052	(84,292)	(20,622)			-
3. Issuance of equity instruments																
4. Conversion of equity instruments into shareholder´s equity																
5. Distribution of 2016 profit																
- *Loss from previous years*				(1,298)		1,298	-						(1,298)		1,298	-
6. Treasury share transactions																
- *Delivery of treasury shares*				-	366		366						-	366		366
- *Purchase of treasury shares*																
- *Sales of treasury shares*																
- *Provision for treasury shares*				(675)	675		-						(675)	675		-
III. Other changes in equity																
- *Other*		(1,371,349)		1,378,673			7,324				(1,371,349)		1,378,673			7,324
Balance at December,31 2017 *(Note 8)*	**83,498**	**95,002**	**46,408**	**(559,751)**	**(694)**	**(131,598)**	**(467,135)**	**8,007**	**8,007**	**83,498**	**95,002**	**46,408**	**(559,751)**	**(694)**	**(123,591)**	**(459,128)**

c) Non-obligatory accounting principles

No non-obligatory accounting principles were applied. Also, all obligatory accounting principles were applied.

d) Key issues in the measurement and estimation of uncertainty

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

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

- The measurement of assets to determine the possible existence of impairment losses *(see Notes 4c, 4d and 7.1).*
- The useful life of property, plant, and equipment, and intangible assets *(see Notes 4a and 4b).*
- The hypotheses used to calculate the fair value of financial instruments *(see Note 7).*
- The assessment of the likelihood and amount of undetermined or contingent liabilities (*see Notes 4i and 12)*.
- The recoverability of deferred tax assets *(see Note 9)*.
- Provisions for unissued and outstanding invoices.

Although these estimates were made on the basis of the best information available at the date of preparation of these 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. Changes in accounting estimates would be applied prospectively, recognizing the effects of the change in estimates in the future related income statements, as well as in assets and liabilities.

In 2018, there were no significant changes in the accounting estimates made at the end of 2017 and no items have been added to the main financial statements except for the determination of the recovery of equity investments in group and associated companies (*see note 7.1*) and the recoverability of deferred tax assets (*see note 9*) .

3.- ALLOCATION OF RESULT

The proposal for the distribution of the Company's profit for 2018 approved by the Company's Directors and that will be submitted for approval at the General Shareholders' Meeting is the following, in thousands of euros:

	Amount
Basis of appropriation-	
Profits for the year	110,201
Distribution-	
At legal reserve	11,020
At compensate for loss from previous years	99,181

4.- ACCOUNTING POLICIES

As indicated in Note 2, the Company applied accounting policies in accordance with the accounting principles and rules contained in the Code of Commerce, developed in the valid General Chart of Accounts (PGC 2007), and other corporate legislation in force as at the closing date of these financial statements. In this sense, the policies that specifically apply to the Company's activity and those considered meaningful according to the nature of its activities are detailed below.

a) Intangible assets

Intangible assets are recognized initially at acquisition price or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. Only assets whose cost can be estimated objectively and from which the Company considers it probable that future economic benefits will be generated are recognized. These assets are amortized over their years of useful life. When the useful lives of these assets can not be estimated reliably they are amortized over a period of ten years according to Royal Decree 602/2016 of December 2.

The "*Industrial property*" account includes the amounts paid for acquiring the right to use or register certain brands. These rights are amortized at a rate of 20% per year using the straight-line method.

"*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 using the straight-line method over a period ranging from four to six years, depending on the type of program or development, from the date on which it is brought into service.

b) Property, plant and equipment

Property, plant and equipment are recognized at acquisition price or production cost , net of the related accumulated depreciation and of any impairment losses.

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 income statement for the year in which they are incurred.

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
Other fixtures and furniture	10
Other items of property, plant and equipment	4-10

c) Impairment losses

At each reporting date the Company reviews there is any indication that those assets might have suffered an impairment loss and, if any such indication exists, checks through the determined “impairment test” the possible existence of value losses that reduce the recoverable value of said assets to an amount lower than their book value.

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 the most recent budgets approved by Management.

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

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 income statement.

d) Financial instruments

Financial assets-

The financial assets held by the Company are classified in the following categories:

- ***Equity investments in Group companies, jointly controlled entities and associates:*** Group companies are those related to the Company by a control relationship, and associated companies those on which the Company exercises a significant influence. Additionally, within the category of multi-group companies are included those over which, under an agreement, joint control is exercised with one or more partners.

- ***Loans and receivables***: These are 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.

- ***Held-to-maturity investments***: securities representing debt, with fixed maturity date and collections of a determinable amount, which are traded in an active market and on which the Company expresses its intention and capacity to keep them in its possession until the expiration date.

- ***Available-for-sale financial assets:*** The Company classifies in this category the debt securities and equity instruments of other companies that have not been classified in any of the above categories.

Initial measurement

Financial assets are recorded, in general terms, initially at the fair value of the consideration given plus the transaction costs that are directly attributable.

In the case of investments in the equity of Group companies that grant control over the subsidiary, the fees paid to legal advisors or other professionals related to the acquisition of the investment are charged directly to the profit and loss account.

Subsequent measurement

Equity investments in Group companies, jointly controlled entities and associates

Equity investments in Group companies, jointly controlled entities and associates are measured at cost, net, where appropriate, of any accumulated impairment losses. The amount of the adjustment for impairment is the difference between the carrying amount and recoverable amount, taken to be the higher of fair value less costs to sell and the present value of the estimated future cash flows from the investment. Unless there is a better evidence of the recoverable amount is taken in consideration the equity of the investee, adjusted by the amount of the unrealized gains existing at the measurement date (including any goodwill).

Loans and receivables

These assets are recognized 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.

The Company recognizes the related impairment allowance for the difference between the recoverable amount of the receivables and their carrying amount.

Held-to-maturity investments

They are carried at amortized cost.

Available-for-sale financial assets

Available-for-sale financial assets are recognized at fair value without deducting any transaction costs that might be incurred on disposal. Changes in the fair value are recognized directly in equity until the financial asset is derecognised or becomes impaired, at which time the amount thus recognised is allocated to the income statement. In this sense, there is a presumption that impairment exists if there has been a fall of more than 40 % of the value of the asset or if there has been a decrease of the same extended over a period of a year and a half without recover its value.

Cash and cash equivalents-

"Cash and cash equivalents" in the 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-

Loans and payables

Loans, bonds and other similar liabilities are carried at the amount received, net of transaction costs. Interest expenses, including premiums payable on settlement or redemption and transaction costs, are recognized in the income statement on an accrual basis using the effective interest method. The amount accrued and not paid is added to the carrying amount of the instrument if settlement is not made in the accrual period.

Accounts payable are recognized initially at market value and are subsequently measured at amortized cost using the effective interest method.

The Company derecognizes financial liabilities when the obligations that generated them have been extinguished.

Compound financial instruments

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

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

The Company 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.

Treasury shares-

Treasury shares are measured at acquisition cost with a debit balance under *"Equity."* Gains and losses on the acquisition, sale, issue, retirement or impairment of treasury shares are recognized directly in equity in the accompanying balance sheet.

e) Profit (loss) from discontinued operations

A discontinued operation is a component of the Company that has been disposed of by other means, or is classified as 'held for sale' and, among other conditions, represents a separate major line of business which can be considered separate from the rest.

The Company presents this type of operations in the income statement under a single heading entitled "*Profit (or loss) from discontinued operations, net of tax*", including the profit (or loss) from discontinued operations net of tax recognized at fair value less costs to sell or disposal or of the assets that constitute the discontinued operation.

Additionally, when operations are classified as discontinued, the Company will re-present the disclosures described above for prior periods presented in the annual statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

f) Foreign currency transactions

Foreign currency transactions are translated to the Company's functional currency (euros) 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 income statement.

At the end of the reporting period, foreign currency on hand and the receivables and payables denominated in foreign currencies are translated to euros at the exchange rates then prevailing. Any gains or losses on such translation are recognized in the income statement.

g) Income tax

Income tax expense (tax income) represents the sum of the current tax expense (current tax income) and the deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and prepayments and tax loss carryforwards from prior years effectively offset in the current year, reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities.

Deferred tax assets and liabilities arise from temporary differences defined as the amounts expected to be payable or recoverable in the future which result from differences between the carrying amounts of assets and liabilities and their tax bases. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.

Deferred tax assets may also arise from the carryforward of unused tax loss and generated and unused tax credits and non-deductibles financial expenses.

Deferred tax assets are recognized to the extent that it is considered probable that the Company will have sufficient taxable profits in the future against which those assets can be utilized and the deferred tax assets do not arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit (loss) nor taxable profit (loss).

The deferred tax assets recognized are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that they will be recovered through future taxable profits.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).
Current and deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognized in equity.

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 Company 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 severe restrictions on their transferability, whether legal, contractual or of other types, these fiscal adjustments have been considered as permanent differences in the Company and, consequently, one fifth of the corresponding Corporate Tax expense has been recognized as payable as a tax liability to the Treasury.

The Company files consolidated tax returns as Parent of tax group number 2/91 as permitted by the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of March 5.

As Parent of the group, the Company recognizes the adjustments relating to the consolidated tax group.

h) Income and expenses

Revenue and expenses are recognized on an accrual basis, regardless of when the resulting monetary or financial flow arises.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Income from services rendered is recognized considering the degree of realization of the benefit on the date of balance, provided that the result of the transaction can be estimated reliably.

Interest incomes from financial assets are recognized using the effective interest method and dividend incomes are recognized when the shareholder's right to receive payment has been established.

In application of the criterion stated by the Spanish Accounting and Auditing Institute in relation to the determination of the turnover in holding companies (answer to consultation published in its Official Gazette of September 2009), they are included as an integral part of the amount of the turnover dividends as well as the income from rendering services, from its subsidiaries.

i) Provisions and contingencies

The present obligations at the balance sheet date arising from past events which could give rise to a loss for the Company, which is uncertain as to its amount and timing are recognized as provisions in the balance sheet at the present value of the most probable amount that it is considered that the Company will have to pay to settle the obligation (*see Note 12*).

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Unless considered as remote, contingent liabilities are not recognized in annual accounts, but are informed in the Annual Report Notes.

The "*Provision for taxes*" relates 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 fulfillment of certain conditions.

The "*Provision for third-party liability*" relates to the estimated amount required to meet the Company's liability, as the majority shareholder, for the portion of the losses incurred at investees whose equity has become negative and which must be restored by their shareholders.

j) Current/non-current classification

Assets and liabilities maturing within twelve months from the balance sheet date are classified as current items and those maturing within more than twelve months are classified as non-current items.

k) Related party transactions

Related party transactions are a part of the Company's normal business activities (in terms of their purpose and terms and conditions). Sales to related parties are carried out on an arm's length basis.

In addition, transfer prices are properly supported and, therefore, the Company's directors consider that there are no significant risks in this item that may give rise to sizeable liabilities in the future. The most significant transactions performed with related companies are of a financial nature.

l) Share-based payments

The Company 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 in case the transaction is settled with an amount based on equity instruments value.

Those transactions settled with equity instruments that have counterpart goods or services other than those provided by employees shall be valued, where they may be reliably estimated, at the fair value of the goods or services on the date they are received. If the fair value of the goods or services received cannot be reliably estimated, the goods or services received and the increase in net worth will be valued at the fair value of the transferred equity instruments, referring to the date the company obtains the goods or the other party provides the services.

m) Provisions for severance payment

In accordance with the legislation in force, the Company is obliged to pay severance payments to those employees with whom, under certain conditions, it terminates their employment relationships. Therefore, severance payments that may be reasonably quantified are recorded as expenditure within the year in which the decision to dismiss is adopted. In 2018 the Company has not recorded any expense in this respect. In 2017 the Company had recorded an expense in this respect for EUR 905 thousand, applied during the current year.

n) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The bonds issue, mandatorily convertible into shares, approved by the Shareholders´ General Meeting of Prisa on April 1, 2016 was registered as an equity instrument as it was mandatory convertible into a fixed number of shares and didn´t included any contractual obligation to deliver cash or another financial asset. The fair value of equity instruments to be issued was registered as an increase in equity in the line *"Other equity instruments"*. On November 17, 2017 it had been convertible into shares (*see note 8*).

o) Intercompany transactions

According to current legislation concerning non-monetary contributions to a group company, the contributor will evaluate the investment according to the book value of the equity items delivered in the consolidated annual accounts on the date the transaction is carried out, according to the Rules for the Formulation of the consolidated annual accounts, which develop the Commercial Code. The acquiring company will recognize them for the same amount.

p) Non-current Assets held for sale

The Company recognizes a non-current asset or disposal group as held for sale when it intends to sell it and it expects to realize the asset within twelve months.

These assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets held for sale are not amortized, but at each balance sheet date the company re-measures the non-current asset so that the carrying amount does not exceed fair value less costs to sell.

Any gain or loss on the remeasurement of a non-current asset or disposal group classified as held for sale that does not meet the definition of a discontinued operation shall be included in profit or loss from continuing operations as appropriate.

q) Leases

Leases are classified as finance leases whenever it is inferred from the conditions thereof that the risks and benefits inherent to the ownership of the asset object of the contract are substantially transferred to the lessee. The other leases are classified as operating leases.

Operating leases

Expenses derived from operating lease agreements are charged to the profit and loss account in the year in which they are accrued.

Any collection or payment that could be made when contracting an operating lease, will be treated as a prepayment or payment that will be charged to income over the period of the lease, as the benefits of the leased asset are ceded or received.

5.- INTANGIBLE ASSETS

The transactions performed in 2018 in the various intangible asset accounts and the related accumulated amortization are summarized as follows (in thousands of euros):

2018

	Balance at 12/31/2017	**Additions**	**Disposals**	**Balance at 12/31/2018**
Cost				
Industrial property	60	-	-	60
Computer software	21,175	-	(191)	20,984
Total cost	**21,235**	**-**	**(191)**	**21,044**
Accumulated amortization				
Industrial property	(60)	-	-	(60)
Computer software	(20,921)	(24)	191	(20,754)
Total accumulated amortization	**(20,981)**	**(24)**	**191**	**(20,814)**
Total intangible assets, net	**254**	**(24)**	**-**	**230**

At December 31, 2018, the Company's fully amortized intangible assets in use amounted to EUR 20,754 thousand (December 31, 2017: EUR 20,919 thousand).

There are no restrictions on title to or future purchase obligations for intangible assets.

2017

The transactions performed in 2017 in the various intangible asset accounts and the related accumulated amortization was summarized as follows (in thousands of euros):

	Balance at 12/31/2016	Additions	Balance at 12/31/2017
Cost			
Industrial property	60	-	60
Computer software	21,003	172	21,175
Total cost	**21,063**	**172**	**21,235**
Accumulated amortization			
Industrial property	(60)	-	(60)
Audiovisual rights	(20,676)	(245)	(20,921)
Total accumulated amortization	**(20,736)**	**(245)**	**(20,981)**
Total intangible assets, net	**327**	**(73)**	**254**

6.- PROPERTY, PLANT AND EQUIPMENT

The transactions performed in 2018 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

2018

	Balance at 12/31/2017	Additions	Disposals	Balance at 12/31/2018
Cost				
Other fixtures and furniture	481	42	(4)	519
Other items of property, plant and equipment	1,043	19	-	1,062
Total cost	**1,524**	**61**		**1,581**
Accumulated depreciation				
Other fixtures and furniture	(320)	(33)	-	(353)
Other items of property, plant and equipment	(356)	(25)	-	(381)
Total accumulated depreciation	**(676)**	**(58)**	**-**	**(734)**
Total property, plant and equipment, net	**848**	**3**	**(4)**	**847**

At December 31, 2018, the Company's fully depreciated property, plant and equipment in use amounted to EUR 534 thousand (December 31, 2017: EUR 519 thousand).

There are no restrictions on title to or future purchase obligations for property, plant and equipment.

The Company takes out insurance policies to adequately cover the value of its assets.

2017

The transactions performed in 2017 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

	Balance at 12/31/2016	Additions	Transfers	Balance at 12/31/2017
Cost				
Other fixtures and furniture	493	-	(12)	481
Other items of property, plant and equipment	1,018	25	-	1,043
Total cost	**1,511**	**25**	**(12)**	**1,524**
Accumulated depreciation				
Other fixtures and furniture	(300)	(32)	12	(320)
Other items of property, plant and equipment	(349)	(7)	-	(356)
Total accumulated depreciation	**(649)**	**(39)**	**12**	**(676)**
Total property, plant and equipment, net	**862**	**(14)**	**-**	**848**

7. FINANCIAL INSTRUMENTS

7.1- FINANCIAL ASSETS

The detail of "*Financial assets*" in the balance sheets at December 31, 2018 and 2017, based on the nature of the transactions, is as follows:

Classes	Thousands of euros							
	Non-current				Current		Total	
	Equity instruments		Loans, derivatives and other		Loans, derivatives and other			
Categories	**12/31/18**	**12/31/17**	**12/31/18**	**12/31/17**	**12/31/18**	**12/31/17**	**12/31/18**	**12/31/17**
Group companies and associates	851,835	962,016	-	-	60,642	39,733	912,477	1,001,749
Held-to-maturity investments	-	-	9	13	6,500	6,500	6,509	6,513
Loans and receivables	-	-	-	-	6	3	6	3
Financial assets available for sale	572	981	-	-	-	-	572	981
Total	**852,407**	**962,997**	**9**	**13**	**67,148**	**46,236**	**919,564**	**1,009,246**

Equity investments in Group companies and associates

The transactions performed in 2018, in this category of financial assets, are summarized as follows (in thousands of euros):

2018

	Balance at 12/31/2017	Additions	Reversals	Transfers	Disposals	Balance at 12/31/2018
Cost						
Investments in Group companies	**1,461,120**	**202,861**	**(10)**	**-**	**(215,915)**	**1,448,056**
Prisa Brand Solutions S.L.U.	48,080	-	-	-	(48,080)	-
Promotora de Emisoras, S.L.	52,242	3,748	(10)	-	(55,980)	-
Promotora de Emisoras de Televisión, S.A.	106,516	-	-	-	(106,516)	-
Diario El País México, S.A. de C.V.	898	-	-	-	-	898
Prisa Noticias, S.L.	96,126	4,341	-	-	-	100,467
Promotora General de Revistas, S.A.	3	-	-	-	-	3
Prisa Audiovisual, S.L.U.	1,789	1,578	-	-	(3,367)	-
Prisa Gestión de Servicios, S.L.	3	1,969	-	-	(1,972)	-
Prisa Participadas, S.L.U.	516,388	35,383	-	-	-	551,771
Promotora de Actividades América 2010, S.L.	10	-	-	-	-	10
Promotora de Actividades Audiovisuales de Colombia, Ltda.	4	-	-	-	-	4
Vertix, SGPS, S.A.	639,061	-	-	-	-	639,061
Prisa Activos Educativos, S.L.	-	589	-	-	-	589
Prisa Activos Radiofónicos, S.L.	-	155,190	-	-	-	155,190
Prisa Gestión Financiera, S.L.	-	63	-	-	-	63
Investments in associates	**1,176**	**-**	**-**	**-**	**-**	**1,176**
Total cost	**1,462,296**	**202,861**	**(10)**	**-**	**(215,915)**	**1,449,232**
Impairment losses						
In Group companies	**(499,141)**	**(270,786)**	**-**	**(3,540)**	**177,209**	**(596,258)**
Prisa Brand Solutions S.L.U.	(38,835)	(1,529)	-	-	40,364	-
Promotora de Emisoras, S.L.	(28,661)	(82)	-	-	28,743	-
Promotora de Emisoras de Televisión, S.A.	(102,766)	(4)	-	-	102,770	-
Diario El País México, S.A. de C.V.	(863)	(40)	-	-	-	(903)
Prisa Noticias, S.L.	-	-	-	-	-	-
Promotora General de Revistas, S.A.	(2)	-	-	-	-	(2)
Prisa Audiovisual, S.L.U.	(1,789)	-	-	(1,575)	3,364	-
Prisa Gestión de Servicios, S.L.	(3)	-	-	(1,965)	1,968	-
Prisa Participadas, S.L.U.	(5,931)	(193,279)	-	-	-	(199,210)
Promotora de Actividades América 2010, S.L.	(10)	-	-	-	-	(10)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	(4)	-	-	-	-	(4)
Vertix, SGPS, S.A.	(320,277)	(75,789)	-	-	-	(396,066)
Prisa Activos Educativos, S.L.	-	-	-	-	-	-
Prisa Activos Radiofónicos, S.L.	-	-	-	-	-	-
Prisa Gestión Financiera, S.L.	-	(63)	-	-	-	(63)
In associates	**(1,139)**	**-**	**-**	**-**	**-**	**(1,139)**
Total impairment losses	**(500,280)**	**(270,786)**	**-**	**(3,540)**	**177,209**	**(597,397)**
Net Value	**962,016**	**(67,925)**	**(10)**	**(3,540)**	**(38,706)**	**851,835**

The main direct and indirect investments of Promotora de Informaciones, S.A. are listed in *Appendix I* and *Appendix II*, respectively.

The most significant operations that took place in 2018 which gave rise to the aforementioned changes are as follows:

Additions and transfers

In March 2018, Prisa Activos Educativos, S.L. (Sole proprietorship) was established through the contribution of EUR 3 thousand.

In March 2018, Prisa Gestión Financiera, S.L. (formerly Santillana Canarias, S.L.) is purchased to other Group company for the amount of EUR 63 thousand.

In April 2018, a partner contribution was made for the amount of EUR 1,578 thousand to Prisa Audiovisual, S.L. (Sole proprietorship) with the aim of re-establishing this company's equity balance transferring the provision for third-party liability to the stake's impairment for de same amount.

In March and April 2018, partner contributions were made for the amount of EUR 355 and EUR 1,614 thousand to Prisa Gestión de Servicios, S.L. with the aim of re-establishing this company's equity balance.

In May 2018 the partial spinoff from Prisa Participadas, S.L. (Sole propietorship) took place, of its stake in Prisa Radio, S.A. to the new company Prisa Activos Radiofónicos, S.L. (Sole proprietorship), constituted at that time by the Company as sole partner, and of its stake in Prisaprint, S.L. to the company Prisa Noticias, S.L. (Sole proprietorship). This transaction was considered to be a non-monetary contribution by the Company to these companies and was valued at the carrying amount of the specific assets and liabilities provided in the consolidated annual accounts at the date the transaction is carried out, according to the Rules for the Formulation of the consolidated annual accounts, which develop the Commercial Code, which amounted to EUR 154,860 thousand and EUR 4,005 thousand, respectively.

In December 2018, the stake was increased in Prisa Activos Radiofónicos, S.L. (Sole proprietorship) (EUR 330 thousand), Prisa Activos Educativos, S.L. (Sole proprietorship) (EUR 586 thousand), Prisa Participadas, S.L. (Sole propietorship) (EUR 78 thousand) and Prisa Noticias, S.L. (Sole proprietorship) (EUR 336 thousand), associated with the Long-Term Incentive Plan approved in April 2018 aimed at members of senior management and certain executives of Group subsidiaries (*see Note 13*). For the Company, this operation is classified as a contribution to its subsidiaries recorded as a gain in the value of the investment.

Disposals

In May 2018, a non monetary contribution was made to Promotora de Emisoras, S.L. involving 100% of the shares owned by Prisa in the company Promotora de Emisoras de Televisión, S.A., with a carrying amount of EUR 3,746 thousand. The contributions have been posted at consolidated values.

In May 2018, a non monetary contribution was made to Prisa Participadas, S.L. (Sole proprietorship) involving 100% of the shares owned by Prisa in the company Prisa Brand Solutions, S.L. (Sole proprietorship), with a carrying amount of EUR 7,716 thousand; in the company Promotora de Emisoras, S.L. with a carrying amount of EUR 27,237 thousand; in the company Prisa Gestión de Servicios, S.L with a carrying amount of EUR 0 thousand and in the company Prisa Audiovisual, S.L (Sole proprietorship), with a carrying amount of EUR 0 thousand.

The contributions have been posted at consolidated values, as set out in applicable accounting regulations, which has generated a positive impact of EUR 816 thousand to reserves (see *Note 8*).

2017

The transactions performed in 2017, in this category of financial assets, were summarized as follows (in thousands of euros):

	Balance at 12/31/2016	Additions	Reversals	Transfers	Disposals	Balance at 12/31/2017
Cost						
Investments in Group companies	**1,700,010**	**9,266**	**-**	**-**	**(248,156)**	**1,461,120**
Prisa Brand Solutions, S.L.U.	48,080	-	-	-	-	48,080
Promotora de Emisoras, S.L.	52,242	-	-	-	-	52,242
Promotora de Emisoras de Televisión, S.A.	106,516	-	-	-	-	106,516
Diario El País México, S.A. de C.V.	898	-	-	-	-	898
Prisa Noticias, S.L.	96,126	-	-	-	-	96,126
Promotora General de Revistas, S.A.	3	-	-	-	-	3
Audiovisual Sport, S.L	248,062	-	-	-	(248,062)	-
Prisa Audiovisual, S.L.U.	3	1,786	-	-	-	1,789
Prisa Gestión de Servicios, S.L.	3	-	-	-	-	3
Prisa Participadas, S.L.U.	508,908	7,480	-	-	-	516,388
Promotora Audiovisual de Colombia PACSA, S.A.	94	-	-	-	(94)	-
Promotora de Actividades América 2010, S.L.	10	-	-	-	-	10
Promotora de Actividades Audiovisuales de Colombia, Ltda.	4	-	-	-	-	4
Vertix SGPS, S.A.	639,061	-	-	-	-	639,061
Investments in associates	**1,176**	**-**	**-**	**-**	**-**	**1,176**
Total cost	**1,701,186**	**9,266**	**-**	**-**	**(248,156)**	**1,462,296**
Impairment losses						
In Group companies	**(666,161)**	**(79,756)**	**406**	**(1,786)**	**248,156**	**(499,141)**
Prisa Brand Solutions, S.L.U.	(38,293)	(542)	-	-	-	(38,835)
Promotora de Emisoras, S.L.	(28,907)	-	246	-	-	(28,661)
Promotora de Emisoras de Televisión, S.A.	(102,891)	-	125	-	-	(102,766)
Diario El País México, S.A. de C.V.	(898)	-	35	-	-	(863)
Promotora General de Revistas, S.A.	(2)	-	-	-	-	(2)
Audiovisual Sport, S.L	(248,062)	-	-	-	248,062	-
Prisa Audiovisual, S.L.U.	(3)	-	-	(1,786)	-	(1,789)
Prisa Gestión de Servicios, S.L.	-	(3)	-	-	-	(3)
Prisa Participadas, S.L.U.	(5,931)	-	-	-	-	(5,931)
Promotora Audiovisual de Colombia PACSA, S.A.	-	(94)	-	-	94	-
Promotora de Actividades América 2010, S.L.	(10)	-	-	-	-	(10)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	(4)	-	-	-	-	(4)
Vertix SGPS, S.A.	(241,160)	(79,117)	-	-	-	(320,277)
In associates	**(1,134)**	**(5)**	**-**	**-**	**-**	**(1,139)**
Total impairment losses	**(667,295)**	**(79,761)**	**406**	**(1,786)**	**248,156**	**(500,280)**
Net Value	**1,033,891**	**(70,495)**	**406**	**(1,786)**	**-**	**962,016**

The most significant operations that took place in 2017 which gave rise to the aforementioned changes are as follows:

Additions and transfers

In June 2017, a partner contribution was made for the amount of EUR 1,786 thousand to Prisa Audiovisual, S.L. (Sole proprietorship) with the aim of re-establishing this company's equity balance transferring the provision for third-party liability to the stake's impairment for de same amount.

Disposals

In July 2017, a non monetary contribution was made to Prisa Participadas, S.L.(Sole proprietorship) involving 100% of the shares owned by Prisa in the company Audiovisual Sport, S.L., with a carrying amount of EUR 0 thousand. The contributions have been posted at consolidated values, as set out in applicable accounting regulations, which has generated a positive impact of EUR 7,480 thousand to reserves.

Impairment tests

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

The recoverable amount of each stake is the higher of fair value net selling price and value in use. Unless there is better evidence of the recoverable amount, the net equity of the investee is taken into consideration, corrected for the unrealized gains existing on the valuation date (including goodwill, if any).

Value in use was calculated on the basis of the estimated future cash flows based on the business plans most recently approved 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.

According to the estimates and projections available to the Directors, the cash flow forecasts attributable to the different cash generating units allow the net book value recorded as of December 31, 2018 to be recovered.

These projections cover the following five years and include a residual value that is appropriate for each business. 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. The rate for the most relevant impairment test is from 8.5% to 11% (from 8.5% to 10.5% in 2017).

An analysis of the sensitivity of the main hypotheses of the impairment test has been conducted, analyzing the difference between the carrying amount and its recoverable amount in the scenarios envisaged by the Company's Management in its estimates.

Prisa Noticias, S.L. (Sole proprietorship)-

The main variables used by management to determine the value in use of Prisa Noticias’s business were as follows:

Evolution of offline advertising: the Management has considered falls in offline advertising in accordance with the existing market projections.

Evolution of online advertising: the Management has taken into account the forecasts for the digital advertising market that predict growth for the next years in Spain and Latin America.

Events: the Management has considered the growth of the events business in line with the business development that the unit has achieved in recent years.

Expenses: the Management has considered that it will continue with the adjustments made to business expenses reviewing the operations model and simplifying the structures.

The discount rate used is from 8.5% to 10.5% and the growth rate used is from 0% to 1% (from 8.5% to 10.5% and from 0% al 1% respectively in 2017).

In accordance with these assumptions the recoverable value of Prisa Noticias, S.L. (Sole proprietorship) is higher than its book price.

Prisa Activos Radiofónicos, S.L. (Sole proprietorship)

In order to determine the value in use of the business of Prisa Activos Radiofónicos, S.L. (Sole proprietorship), the Management has based itself on the estimated value of its main asset: Prisa Radio, S.A. ("Prisa Radio").

For cash flow projections, the Management considered there will be an increase in advertising revenue, based on the market forecast and on the macroeconomic environment, but also and takes into account growth opportunities in each of the countries where Prisa Radio operates.

The discount rate used for Prisa Radio is from 8.5% to 10.5% (from 8.5% to 10.5% in 2017). The growth rate used is from 2% to 4% (from 0% to 2.5% in 2017).

In accordance with these assumptions the recoverable value of Prisa Activos Radiofónicos, S.L. (Sole proprietorship) is higher than its book price.

Prisa Activos Educativos, S.L. (Sole proprietorship)

In order to determine the value in use of the business of Prisa Activos Educativos, S.L. (Sole proprietorship), the Management has based itself on the estimated value of its main asset: Grupo Santillana Educación Global, S.L. ("Santillana").

In Santillana, for cash flow projections, the Management has taken into account the growth in revenues according to the regular and institutional sale cycle of books in each of the countries in which it operates, for all periods except for the years of low public sale cycle of Brazil and the periods without news in Spain, where a slight decrease is projected. The Management estimates that expenses will be in line with revenue growth.

The discount rate used for Santillana is from 8.5% to 11% (from 8.5% to 10.5% in 2017). The growth rate used is from 3.5% to 5.5% (from 0% to 2.5% in 2017).

In accordance with these assumptions the recoverable value of Prisa Activos Educativos, S.L. (Sole proprietorship) is higher than its book price.

Vertix SPGS, S.A.

In order to determine the value in use of the business of Vertix, SGPS, the Management has based itself on the estimated value of its main asset: 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.

The discount rate used is from 8.5% to 10%. The growth rate used is from 0% to 1.5%.

The Vertix SPGS, S.A. impairment is the result of increasing the applicable discount rate, and decreasing the long term growth rate, of Media Capital, due to developments that have taken place in 2018, especially during the second half. 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 75,789 thousand was recorded in the attached income statement in 2018.

After the impairment recorded, the book value of Vertix SPGS, S.A. is equivalent 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.

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 approximately EUR 18.7 million. In the event that the expected growth rate from the fifth year was reduced by 0.5%, would suppose an impairment of investment of approximately EUR 13.4 million. Finally, a decrease of 1% in the growth of the advertising market in Portugal would suppose an impairment of goodwill of approximately EUR 32.6 million.

In 2017 an impairment of EUR 79,116 thousand was recorded in the attached income statement, as a result of the decrease in the long term growth rate of Vertix SPGS, S.A., mainly due to the negative evolution of the advertising market in that year.

In addition, the valuation of the investment in Prisa Participadas, S.L. (Sole Proprietorship) is carried out taking into consideration its equity, considered as the best evidence of the recoverable amount.

Available-for-sale financial assets

This heading includes Prisa's stake in Mediaset España Comunicación, S.A., which at December 31, 2018 represents 0.032% of this company's equity for a value of EUR 572 thousands.

The Company recognises its stake in Mediaset España Comunicación, S.A. at fair value. As the shares in Mediaset España Comunicación, S.A. are listed on the Madrid Stock Exchange, the Company used the listed price at year end (EUR 5.49) to calculate the fair value of this investment at December 31, 2018 (EUR 9.36 at December 31, 2017). The decrease in fair value of EUR 409 thousand was recognised directly in the Company's equity net of tax.

Current investments in Group companies and associates

This epigraph includes the portion of the loans to companies of the Group and Associates with maturity within one year and interest accrued pending payment, being the sum of EUR 2,329 thousand at December 31, 2018 (EUR 2,324 thousand at December 31, 2017). This heading also included at December 31, 2018 EUR 13,588 thousand of balances and interest payable for Prisa Gestión Financiera, S.L., new centralizing company of the Group's cash pool balances since April 2018 (formerly managed by Prisa Participadas, S.L (Sole proprietorship)) arising from cash pooling. (EUR 26,661 thousand at December 31, 2017 payable to Prisa Participadas, S.L. (Sole proprietorship).

In addition, this caption includes the tax account receivable with the Spanish Tax Group companies as a result of the liquidation of the consolidated Corporate tax for the sum of EUR 43,386 thousand at December 31, 2018 (EUR 33,893 thounsand at December 31, 2017).

It also includes the balances with Group companies derived from the services provided by the Company to them for the amount of EUR 1,339 thousand at December 31, 2018 (EUR 3,516 thousand at December 31, 2017).

Held-to-maturity investments

At December 31, 2018 and 2017, Promotora de Informaciones, S.A. recognised an amount of EUR 6,500 thousand under this heading corresponding to banks deposits constituted.

7.2. FINANCIAL LIABILITIES

Loans and payables

Classes	Thousands of euros									
	Non-current				Current				Total	
	Bank borrowings		Debts, derivatives and other		Bank borrowings		Loans, derivatives and other			
Categories	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17	12/31/18	12/31/17
Loans and payables	423,905	623,756	-	-	532	948,850	42	15,733	424,479	1,588,339
Group companies and associates	-	-	187,480	94,626	-	-	14,819	34,632	202,299	129,258
Total	**423,905**	**623,756**	**187,480**	**94,626**	**532**	**948,850**	**14,861**	**50,365**	**626,778**	**1,717,597**

Bank borrowings

The Company's bank borrowings as well as the limits and expected maturities are as follows (in thousands of euros):

2018

	Maturity Date	Limit	Draw down amount maturing at short term	Draw down amount maturing at long term
Sindicated Loan Tranche 2	nov-2022	370,242	-	370,242
Sindicated Loan Tranche 3	dec-2022	62,350	-	62,350
Interest and others	2019	-	532	-
Fair Value of financial instruments	dec-2022	-	-	(8,687)
Total		**432,592**	**532**	**423,905**

2017

	Maturity Date	Limit	Draw down amount maturing at short term	Draw down amount maturing at long term
Sindicated Loan Tranche 2	dec-2018	956,512	956,512	-
Sindicated Loan Tranche 3	dec-2019	181,471	-	181,471
Participative Loan (PPL)	dec-2019	450,922	-	450,922
Interest and others	2018-2019	-	142	834
Loan arrangement costs	dec-2019	-	(7,804)	(9,471)
Total		**1,588,905**	**948,850**	**623,756**

Bank borrowings are presented sheet at amortized cost in the balance sheet, adjusted for the loan origination and arrangement costs.

To determine the theoretical calculation of the fair value of the financial debt, and in accordance with accounting standards 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 (level 2 variables, estimates based on other observable market methods). Therefore, the fair value of Prisa's financial debt amounts to EUR 405,604 thousand at December 31, 2018, according to this calculation.

The methodology followed to calculate the debt has used the secondary market value of Prisa’s refinanced debt (composed of the tranches). This way, the Company’s debt is valued at a 6.36% average discount over the real principal payment obligation to the creditor entities.

Syndicated loan (Tranche 3) and PPL

During the first semester of 2018, the Company transferred the amount of EUR 183,928 thousand of Participative Loans (PPL) to Tranche 3 of debt. Likewise, during the same period, a capitalizable cost (PIK) of the Participative Loans (PPL) and Tranche 3 was accrued for amounts of 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, the Company 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 370,242 thousand and the maturity of which is extended to November 2022.
- The amount of the debt of Tranche 3 is set at EUR 62,350 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 15,000 and 25,000 thousand respectively that correspond to Prisa and Prisa Activos Educativos, S.L. (Sole proprietorship) in solidarity, 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. (Sole proprietorship), which has assumed nominal debt of Prisa for an amount of EUR 685,000 thousand, within the framework of a reorganisation of the Prisa Group, 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 9,733 thousand recognised in "*Fair value of financial instruments*" in the accompanying 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 422,859 thousand at June 30, 2018. All of the expenses and commissions corresponding to the financial indebtedness have been recognised in "*Financial costs on debt with third parties*" of the accompanying 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. (Sole proprietorship), Prisa Activos Radiófonicos, S.L.U., Prisa Noticias, S.L. (Sole proprietorship), Prisaprint, S.L.U and Prisa Gestión Financiera, S.L.U.

In addition, Vertix, 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. (Sole proprietorship)U., Prisa Activos Radiofónicos, S.L. (Sole proprietorship)U., Prisa Noticias, S.LU., 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 86,500 thousand, of which EUR 50,000 thousand 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., indirectly participated by the Company, they also assume certain restrictions in relation to this credit policy.

Payable to Group companies and associates

The detail of "*Payable to Group companies and associates*, is as follows (in thousands of euros):

2018

	Non-current	Current
Investment tax credits	9,988	-
Other payables	177,492	14,819
Total	**187,480**	**14,819**

2017

	Non-current	Current
Investment tax credits	32,134	-
Other payables	62,492	7,624
Cash pooling	-	26,661
Total	**94,626**	**34,285**

Other non-current payables-

Corresponds to the participating loan granted by its subsidiary Prisa Participadas, S.L. (Sole proprietorship) for EUR 62,492 thousand at December 31, 2018 and 2017 with maturity date January 1, 2023. In addition, at December 31, 2018 includes the loan granted by this same company for the amount of EUR 115,000 thousand with maturity date January 1, 2023.

Other current payables-

At December 31, 2018 this heading includes, on the one hand, the tax account payable to the Spanish Tax Group companies for the liquidation of the consolidated Corporate tax for EUR 14,336 thousand (EUR 7,624 thousand at December 31, 2017). On the other hand, interest pending payment related to the loans mentioned in the previous section for an amount of EUR 253 thousand.

Investment tax credits-

This headings includes Promotora de Informaciones, S.A.'s obligation to its subsidiaries arising from investment tax credits earned by Group companies in prior years that were not used in the consolidated group's income tax settlement.

Past-due payments to creditors-

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, in relation to the average period of payment to suppliers in commercial operations, is as follows.

	2018	2017
	Days	***Days***
Average payment period to suppliers	61	64
Ratio paid operations	61	67
Ratio of outstanding payment transactions	33	37
	Amount (thousands of euros)	
Total payments	58,839	24,910
Total outstanding payments	741	2,971

According to the ICAC Resolution, the calculation of the average period of payment to suppliers has taken into account the commercial operations corresponding to the delivery of goods or services rendered from the date of entry into force of Law 31/2014, of 3 December.

For the sole purposes of providing the information set forth in this Resolution, providers shall mean business creditors for debts with providers of goods or services included in headings "*Payable to suppliers*", "*Payable to suppliers, Group companies and associated*" and "*Sundry accounts payable*" of the current liabilities of the balance sheet.

"*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 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 reduce the average period of payment to suppliers to legally permitted levels, except in cases where specific agreements with suppliers exist which set further deferments.

7.3- NATURE AND RISK OF THE FINANCIAL INSTRUMENTS

Liquidity and Credit Risk-

The adverse macroeconomic situation, with significant drops in advertising and circulation has had a negative impact on the ability of the Company's cash generation through its subsidiaries in the last years, mainly in Spain. The advertising-dependent businesses have a high percentage of fixed costs and drop in advertising revenue significantly impact on margins and cash position, hindering the implementation of additional measures to improve the operational efficiency of the Company.

The Company thoroughly analyzes receivables and payments of its activities and maturity of financial and commercial debt. In relation with the commercial credit risk, the Company evaluates the aging of the debt and constantly manages receivables.

Additionally, the Company analyzes on a recurrent basis other financing sources to cover short and medium term liquidity needs. However, at December 31, 2018, the Company still maintains a net bank debt level of EUR 425,433 thousand. This debt indicator includes non-current and current bank borrowings, excluding loan arrangement costs, diminished by current financial assets, cash and cash equivalents.

On June 29, 2018, within the framework of debt Refinancing (*see note 7.2*), the Company established a Super Senior credit policy until June 2023, in the amount of EUR 50,000 thousand, to finance the Company's operating needs. As at 31 December 2018, no drawdowns of the aforementioned policy have been made.

Interest rates risk exposure-

The 100% of its bank borrowings terms are at variable interest rates, and therefore the Company is exposed to fluctuations in interest rates. Currently the Company has no interest rate hedges arrangements.

Fluctuations in foreign exchange rates-

The Company is exposed to fluctuations in the exchange rates mainly in the financial investments in Latin American subsidiaries, and for the revenues and results from those investments.

8- EQUITY

The detail of the transactions recognized under "*Equity*" at December 31, 2018 and in 2017 is summarized in the attached statement of changes in equity.

Share capital

On January 1, 2018, the share capital of Prisa amounted to EUR 83,498 thousand 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 thousand, 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).

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

iii. 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 thousand.

    • 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 thousand.

As a result, as of December 31, 2018, share capital of Prisa amounts to EUR 524,902 thousand 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 of December 10, 2013, 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, as well as the non-compensated credits as a result of not having exercised them.

At 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, in addition to the voting rights that are reflected in the previous tables, as stated on the CNMV website, at February 2017, Banco Santander, S.A. it was the direct holder of 1,074,432 voting rights and indirectly of 2,172,434 voting rights of Prisa, through the following companies: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A. and Suleyado 2003, S.L.

It is also noted that certain group companies whose dominant entity is Banco Santander, subscribed in 2017 1,001,260 shares as part of the capital increase for the conversion of the necessarily convertible bonds of Prisa issued in 2016, which included the same number of voting rights as those corresponding to the ordinary shares of the Company.

However, Banco Santander has not updated its position in the CNMV, taking into account the current amount of the share capital of Prisa.

Share premium

The Recast Text of the Capital Companies Act expressly allows use of issue premium to increase capital against reserves. It establishes no specific restriction whatever regarding the availability of the balance of this reserve.

The main changes during 2018 are the following:

- In February 2018, as a consequence of the capital increase described above, the share premium was increased at EUR 122,031 thousand.

- Additionally, as a result of the warrant conversions described above (*see section "Share Capital"*), the share premium was increased at EUR 1,624 thousand.

Pursuant to these changes and their associated costs of EUR 17,145 thousand the amount of the share premium at December, 31, 2018 is EUR 201,512 thousand and is available in full (EUR 95,002 thousand at December, 31, 2017).

Reserves

Revaluation reserve 1983-

Pursuant to the legislation on the revaluation of property, plant and equipment and intangible assets published in 1983, the cost and accumulated depreciation and amortization of these assets were increased by a net amount of EUR 3,289 thousand, recognized under *"Revaluation Reserve 1983"* at December 31, 2016, being unrestricted.

During 2017, in execution of the resolutions passed at the Extraordinary Shareholders' Meeting held on November 15, 2017, it had proceeded to compensate loss for previous years with the whole of this reserve for the amount of EUR 3,289 thousand.

Revaluation reserve Royal Decree-Law 7/1996-

Under Royal Decree 2607/1996, of December 20, approving the regulations for asset revaluations pursuant to Royal Decree-Law 7/1996, of June 7, the surpluses arising from the revaluations must be charged to *"Revaluation reserve Royal Decree-Law 7/1996."* The balance of this account at December 31, 2016 amounted to EUR 10,650 thousand and has been unrestricted since January 1, 2007.

During 2017, in execution of the resolutions passed at the Extraordinary Shareholders' Meeting held on November 15, 2017, it had proceeded to compensate loss for previous years with the whole of this reserve for the amount of EUR 10,650 thousand.

Legal reserve-

Under the Consolidated Text of the Corporate Enterprises Law, 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.

During 2017, in execution of the resolutions passed at the Extraordinary Shareholders' Meeting held on November 15, 2017, it has proceeded to compensate loss for previous years with the whole of this reserve for the amount of EUR 5,335 thousand. Likewise, the legal reserve had also been increased through a share capital reduction for the amount of EUR 7,050 thousand.

This way the balance of this account at December 31, 2018 and 2017 amounts to EUR 7,050 thousand.

Reserve for treasury shares-

Article 142 of the Consolidated Text of the Corporate Enterprises Act states that when a company acquires treasury shares, it must record in equity 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 canceled.

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

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.

Voluntary reserves-

In the financial year 2018 the changes in this account were mainly as follows:

- Increase of EUR 158,865 thousand due to a partial spinoff from Prisa Participadas, S.L. (Sole proprietorship) of its stake in Prisa Radio, S.A. (EUR 154,860 thousand) and Prisaprint, S.L. (EUR 4,005 thousand), which was considered to be a dividend in kind to the Company (s*ee note 7.1*).

- Increase of EUR 816 thousand due to a non-monetary contribution to Prisa Participadas, S.L. (Sole proprietorship) from Prisa Brand Solutions, S.L. (Sole proprietorship), Promotora de Emisoras, S.L., Prisa Gestión de Servicios, S.L. y Prisa Audiovisual, S.L. (Sole proprietorship) (*see note 7.1*).

- Decrease of EUR 2,614 thousand due to operations carried out in the year with treasury shares (*see section "Treasury shares").*

- In addition, in 2018 the Company recognised other reserves related to the Long-Term Incentive Plan (*see note 13*) expense provision for the year amounting to EUR 2,235 thousand and for the amount of other equity instruments associated with the Warrants 2013, which in the end were not converted into share capital and share premium that amounted to a EUR 44,638 thousand.

The balance at December 31, 2018 of this item amounts to a positive amount of EUR 193,078 thousand (EUR 18,819 thousand positive at December 31, 2017).

Other reserves-

During 2017, in execution of the resolutions passed at the Extraordinary Shareholders' Meeting held on November 15, 2017, it has proceeded to compensate loss for previous years with the whole of the "*Reserves for redeemed capital*" for the amount of EUR 1,495 thousand and "*PGC first application reserves*" for the amount of EUR 6,873 thousand.

In addition, the Company has a "Merger Reserve" for a negative amount of EUR 85,639 thousand at Decembrer 31, 2018 and 2017 arising as a result of the merger by absorption in 2013 between the Company and Prisa TV, S.A.U..

The "*Loss from previous years*" amounts to EUR 594,718 thousand (EUR 463,120 thousand at December 31, 2017).

Treasury shares

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

	Year 2018		Year 2017	
	Number of shares	Amount (thousand of euros)	Number of shares	Amount (thousand of euros)
At beginning of year	**270,725**	**694**	**330,407**	**1,735**
Purchases	1,370,839	2,709	-	-
Deliveries	(18,672)	(95)	(59,682)	(366)
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 (EUR 1.760 per share). Their total cost is EUR 2,856 thousand.

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

Capital management policy

The principal objective of the Company'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 Company 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.á.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 15 November 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 was subscribed and paid out in an amount of EUR 563,220 thousand *(see section "Share Capital").*

Lastly, on June 29, 2018, the agreement reached with all the financial creditors of the *Override Agreement (*agreement to refinance the Company'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 480,000 thousand of debt with funds from the aforementioned capital increase and with the cash available to the Company (*see note 7.2*).

9. TAX MATTERS

As indicated under "Accounting Policies," the Company files consolidated income tax returns in Spain, in accordance with the Spanish Corporation Tax Law, and is the Parent of consolidated tax group 2/91. The companies included in the consolidated tax group are detailed in Appendixes I and II.

As the parent of the aforementioned consolidated tax group, Promotora de Informaciones, S.A. recognises the Group's overall position vis-à-vis the tax authorities resulting from application of the consolidated tax regime, in accordance with the following table:

	Thousands of Euros	
	2018	**2017**
Sum of individual tax bases	**(20,616)**	**(152,067)**
Offset of tax losses arising prior to inclusion in the Group	-	-
Offset of Group tax losses	-	-
Consolidated taxable profit	**(20,616)**	**(152,067)**
Consolidated gross tax payable	**-**	
Double taxation tax credits generated	(536)	(1,123)
Investment tax credits	-	-
Donations tax credits	-	-
Net tax payable		
Withholdings from tax group	**(162)**	(32)
Advance payments	-	
Income tax refundable	**(162)**	**(32)**

Reconciliation of the accounting profit (loss) to the taxable profit (tax loss)

The reconciliation of the income and expenses for the year to the taxable profit (tax profit/loss) used to calculate the income tax expense for 2018 and 2017 is as follows (in thousands of Euros):

	2018			2017		
	Income statement	Items recognised in Equity with tax impact	Total	Income statement	Items recognised in Equity with tax impact	Total
Balance of income and expenses for the year from continue activities	**110,201**	**-**	**110,201**	**(123,591)**	**(38)**	**(123,629)**
Income tax *	(11,075)	-	**(11,075)**	(22,553)	(12)	**(22,565)**
Adjustment of prior years' income tax *	(9,863)	-	**(9,863)**	(4,272)	-	**(4,272)**
Derecognition of tax credits *	153,631	-	**153,631**	11,401	-	**11,401**
Individual permanent differences *	(307,811)	-	**(307,811)**	48,803	-	**48,803**
Individual temporary differences *	1,002	**-**	**1,002**	39,361	**-**	**39,361**
Taxable profit	**(63,915)**	**-**	**(63,915)**	**(50,851)**	**(50)**	**(50,901)**

*This amount is a component of the recognised income tax

The permanent differences correspond mainly to: (i) the different accounting and tax treatment of investment valuation provisions and risks and expenses, which are not tax deductible and generate an increase of EUR 273,328 thousand, (ii) a negative adjustment of the exemption of dividends, for EUR 587,520 thousand, to which article 21 of the Spanish Corporation Tax Law applies, (iii) a negative adjustment of the tax merger difference corresponding to 2018 for EUR 19,294 thousand, arising from the merger operation of the companies Promotora de Informaciones, S.A. and Prisa Televisión, S.A.U. (merger by takeover described in Note 17 of the Financial Statement corresponding to 2013), applying the requirements of Article 89.3 of the Tax Law in force at that time to give it tax effect, (iv) a positive adjustment for the contributions made to non-profit organizations for EUR 162 thousand, which generated an expense not deductible from the taxable profit, (v) the different accounting and tax criteria of certain redundancy payments, which represent an increase of EUR 196 thousand, (vi) a positive adjustment for the limitation of the deductibility of financial expenses outlined in article 16 of the aforementioned Income Tax Law, which amounts to EUR 25,599 thousand and (vii) a positive adjustment for the minimum integration into five years of the reversion of impairment losses on the representative values of the holding in the capital of entities that would have been fiscally deductible, established by Royal Decree-Law 3/2016, of December 2, amounting to EUR 150 thousand.

The temporary differences originate mainly from the differing accounting and tax recognition criteria of several expenses, which entails a positive net integration into the taxable profit of EUR 1,188 thousand.

The regularization of the Corporate Income Tax for previous years mainly reflects the effect of the presentation of the final IS settlement corresponding to the year 2017 for the amount of EUR 172 thousand, the reversal of the provision for taxes described in Note 12 which resulted in an income of EUR 8,308 thousand, the impact of the Inspection of the period 2012 to 2015 that resulted in an income of EUR 906 thousand and the derecognition of the tax credits referred to below, for an amount of EUR 153,637 thousand.

Reconciliation of the accounting profit (loss) to the income tax expense

The reconciliation of the accounting profit (loss) to the income tax expense is as follows (in thousands of Euros):

	2018			2017		
	Income statement	Items recognised in Equity with tax impact	Total	Income statement	Items recognised in Equity with tax impact	Total
Accounting profit (loss) before tax	**242,894**	**-**	**242,894**	**(139,015)**	**(51)**	**(139,066)**
Rate os 25%/ 28%	60,724	-	**60,724**	(34,754)	(13)	**(34,767)**
Individual permanent differences on consolidation	(76,952)	-	**(76,952)**	12,201	-	**12,201**
Impact of temporay differences	251	-	251	9,840	-	9,840
Current Income tax	**(15,978)**	**-**	**(15,978)**	**(12,713)**	**(13)**	**(12,726)**
Deferred income tax	**(251)**	**-**	**(251)**	**(12,713)**	**-**	**(12,713)**
Adjustment of prior yearsíncome tax	**(9,863)**	**-**	**(9,863)**	**(9,840)**	**-**	**(9,840)**
Adjustment no generation of DTA by NOLs	**5,154**		**5,154**			
Loss of tax credits	**153,631**	**-**	**153,631**	**11,401**	**-**	**11,401**
Withholdings	**-**	-	**-**	**-**	-	**-**
Total income tax	**132,693**	**-**	**132,693**	**(23,864)**	**(13)**	**(23,877)**

* Including "*Profit (or loss) from discontinued operations, net of tax*"

Tax receivables and tax payables

The detail of the balances with Tax Receivables at December 31, 2018 is as follows (in thousands of Euros):

	Receivable		Payable	
	Current	Non-current	Current	Non-current
Income tax refundable/payable	2,519	-	-	-
Deferred tax assets arising from unused tax credits	-	18,731	-	-
Deferred tax assets arising from negative tax losses upon tax consolidation	-	5,878	-	-
Deferred tax assets arising from temporary differences	-	45,660	-	-
VAT, personal income tax withholdings, social security taxes and other	370	-	3,652	-
Total	**2,889**	**70,269**	**3,652**	**-**

The detail of the balances with Tax Authorities at December 31, 2017 was as follows (in thousands of Euros):

	Receivable		Payable	
	Current	Non-current	Current	Non-current
Income tax refundable/payable	1,862	-	-	-
Deferred tax assets arising from unused tax credits	-	70,290	-	-
Deferred tax assets arising from negative tax losses upon tax consolidation	-	67,486	-	-
Deferred tax assets arising from temporary differences	-	125,665	-	-
Deferred tax liabilities	-	-	-	28
VAT, personal income tax withholdings, social security taxes and other	199	-	530	-
Total	**2,061**	**263,441**	**530**	**28**

Deferred tax assets and liabilities

Deferred tax assets-

The pending long-term credit vis-à-vis the Tax Authorities for an amount of EUR 70,269 thousand at December 31, 2018, recorded under "*Deferred tax assets*" corresponds mainly,

- (i) The amount of the deductions for double taxation and investments (other than deductions for export activities) generated by the tax Group which, even though they have not been applied, are registered in the accounting records. Net variation in this respect for the year has entailed a net withdrawal of EUR 51,559 thousand.

- (ii) The taxable losses of the Consolidated Tax Group for the financial years 2011, 2012, 2013, 2014, 2015 and 2017, which are partially capitalized and pending application. Net variation in this respect for the year has entailed a net withdrawal of EUR 61,608 thousand.

- (iii) The tax credit arising from the limitation of the deductibility of financial expenses, in accordance with the provisions of article 16 of the Corporation Tax Law, in the part corresponding to the Company. Net variation in this respect for the year has entailed a withdrawal of EUR 80,005 thousand.

The detail of the Tax Group's taxable losses is as follows:

Year of generation	ACTIVATED	NON-ACTIVATED
	Amount (thousand of euros)	Amount (thousand of euros)
2011	5,702	132,424
2012	9,503	216,058
2013	894	49,346
2014	5,291	62,717
2015	1,714	632,855
2017	415	159,806
2018	-	20,616
TOTAL	**23,519**	**1,273,822**

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 balance sheet at December 31, 2018: (i) deductions for investments for a total amount of EUR 25,122 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 35,805 thousand; and (iv) credits for negative tax bases for the amount of EUR 106.544 thousand, generating a higher tax expense for the amount of EUR 153,631 thousand.

These write-offs are derived, essentially, from (i) a perspective of cash optimization in line with long-term projections of Prisa, (ii) the Refinancing impact described in the note 7.2 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.

Once carried out the aforementioned adjustment, the companies' business plans, together with determined tax planning actions, allow for the recovery of deferred tax assets and liabilities recorded in the balance sheet as of December 31, 2018 according to the criteria laid down in the accounting regulation.

The detail of the maturity of the Tax Group's tax deductions, differentiating between activated and non-activated (except the balance of the export tax credit) is as follows:

Year of statute of limitation	ACTIVATED	NON-ACTIVATED
	Amount (thousand of euros)	Amount (thousand of euros)
2022	-	2,213
2023	-	6,378
2024	-	7,803
2025	-	31,564
2026	-	10,956
2027	-	4,174
2028	3,107	4,950
2029	82	9,644
2030	43	5,218
2031	468	1,742
2032	24	860
2033	-	85
2034	-	53
2035	-	989
No limits	15,040	37,922
TOTAL	**18,764**	**124,551**

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.

Years open to examination by the tax authorities

The verification actions for the consolidated Corporate Tax for 2003 to 2005 ended 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.

In 2013 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.

With regard to the Value Added Tax for the period from June 2007 to December 2008, the audits were finalised in 2013 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.

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 any of these actions. No additional equity impact will be derived from these actions.

Similarly, the inspections referred to the consolidated tax Group fiscal 2/91, of which Promotora de Informaciones, S.A. is the parent company, for income tax for the years 2009 to 2011, of which Promotora de Informaciones, S.A. is the parent company were completed in 2016, resulting, in the signing of an Act of Non-Compliance with no result to be entered, and its effect recorded in the accounts. 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 any of these actions.

The audits related to withholdings of Personal Income Tax for the period from 2013 to December 2015 and withholdings of Non-Resident Income Tax corresponding to the same tax periods were completed in 2018, 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.

The Company, subject to the provisions of these paragraphs, has all state taxes open to examination for the last four years. Additionally, the Company has the last four years open to examination for all non-state taxes. It is not expected that there will be accrued liabilities of consideration to the Company in addition to those already registered, as a result of these procedures or of a future and possible inspection.

Transactions under the special regime

The disclosures required by Article 86 of the Spanish Corporation Tax Law relating to corporate restructuring transactions under the special regime of Chapter VII of Title VII of the aforementioned legislation, made in previous years, are included in the notes to the financial statements of the years in which these transactions took place.

In addition, such information regarding the operation of a non-monetary contribution made by Promotora de Informaciones, S.A. to the company Prisa Participadas, S.L. (Sole proprietorship) involving 100% of the shares owned by Prisa in the companies Promotora de Emisoras de Televisión, S.A., Promotora de Emisoras, S.L., Prisa Audiovisual, S.L., Prisa Gestión de Servicios, S.L., Prisa Brand Solutions, S.L. (*see note 7.1*) is shown in the table below:

	Thousands of Euros	
	Accounting	**Tax**
Book and tax value of delivered securities:		
- Promotora de Emisoras de Televisión, S.A.	3,747	11,626
- Promotora de Emisoras, S.L.	27,238	46,081
- Prisa Audiovisual, S.L.	-	3,367
- Prisa Gestión de Servicios, S.L.	-	1,972
- Prisa Brand Solutions, S.L.	7,716	47,462
Value by which values received have been recorded:		
- Prisa Participadas, S.L. (Sole propietorship)	39,053	110,509

10.- INCOME AND EXPENSE

Employees

The detail of "*Employee benefits costs*" in the income statements for 2018 and 2017 is as follows (thousands of euros):

	2018	2017
Employer social security costs	462	496
Other employee benefit costs	69	110
Total	**531**	**606**

The average number of employees in 2018 and 2017 was 37 and 39, all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	2018		2017	
	Men	Women	Men	Women
Executives	5	4	7	5
Middle management	3	6	2	6
Qualified line personnel	4	10	3	6
Other	-	5	1	9
Total	**12**	**25**	**13**	**26**

The number of employees at December 31, 2018 was 38 and at December 31, 2017 was 36 all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	12/31/18		12/31/17	
	Men	Women	Men	Women
Executives	4	5	6	4
Middle management	3	6	3	6
Qualified line personnel	5	10	2	5
Other	-	5	1	9
Total	**12**	**26**	**12**	**24**

In 2018 and 2017, there were no people employed with disabilities equal or greater than 33%.

External services

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

	Thousands of Euros	
	2018	**2017**
Leases and fees	1,027	998
Repairs and maintenance	125	314
Independent professional services	6,470	12,048
Other outside services	1,851	3,764
Total	**9,473**	**17,124**

The "*Other external services*" includes an expense of EUR 232 thousand corresponding to the liability insurance of Managers and Directors (2017: EUR 271 thousand).

Leases

Different assets used by the Company are under operating lease arrangements, the most significant corresponding to the building of Avenida de los Artesanos, 6 (Tres Cantos), with maturity April 30, 2020. The minimum future payments derived from the lease of this property are as follows:

Exercise	Thousand euros
2019	547
2020	184
	731

The expense recognized by the Company in the income statement for the years 2018 and corresponding to this operating lease amounts to EUR 543 thousand. (EUR 539 thousand at December 31, 2017).

During 2018 and 2017, the Company has not recorded significant financial leases.

Other results

In 2018 this item refers to income amounting to EUR 2,313 thousand as a result of the inspections referred to VAT for the period from 2012 to 2015, which were completed (*see note 9*).

In 2017 this item referred to income amounting to EUR 4,634 thousand as a result 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.

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 Promotora de Informaciones, S.A. (2017: EUR 296 thousand). Also, the fees relating to other auditors involved in the 2017 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 other professional services provided to the Company by the principal auditor and by other entities related to the auditor are as follows:

	Amount (thousands of euros)	
	2018	**2017**
Other verification services	383	197
Other services	8	83
Other professional services	**391**	**280**

11.- FINANCIAL LOSS

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

	Thousands of Euros	
	2018	**2017**
Income from temporary financial investments	11	17
Income from loans	164	5
Other financial income	2,141	1,480
Fair value of financial instruments	9,733	-
Financial income	**12,049**	**1,502**
Interest on debts with Group companies	(2,070)	(714)
Interest on debts with third parties	(30,600)	(41,495)
Loan arrangement costs	(41,861)	(12,354)
Fair value expenses	(1,045)	-
Other financial expenses	-	(120)
Financial expenses	**(75,576)**	**(54,683)**
Positive exchange differences	106	2
Negative exchange differences	(71)	(248)
Net exchange differences	**34**	**(246)**
Impairment and losses of financial instruments	**(273,554)**	**(81,492)**
Financial outcome	**(337,047)**	**(134,919)**

In 2018, the income recorded in the item "F*air value of 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 and the loss recorded under "*Fair value expenses*" corresponds to 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 7.2*).

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 7.2*).

In 2018, the "*Other finance income*" mainly included an income of EUR 2,094 thousand as a result of the inspections referred to VAT for the period from 2012 to 2015, which were completed (*see note 9*).

In 2017, the "*Other finance income*" mainly included late payment interests received as a result of the favourable court ruling for the 2003-2005 corporate tax inspection (*see note 9*).

12.- PROVISIONS AND CONTINGENCIES

The changes in "*Provisions and contingencies*" in 2018 are as follows (in thousands of euros):

	Balance at 12/31/2017	Additions	Reversals	Transfers	Disposals	Balance at 12/31/2018
Provision for taxes	16,235	-	(13,053)	-	(3,182)	-
Provision for litigation in progress	25	-	-	-	(25)	-
Provisions for third-party liability	3,500	2,768	-	(3,540)	(470)	2,258
Total cost	**19,760**	**2,768**	**(13,053)**	**(3,540)**	**(3,677)**	**2,258**

In 2018 the "*Provision for taxes*" movement mainly corresponds to the reversal of the provision for taxes due to the completion of the procedures covered by it without the risks it covers materialising (*see Note 9*).

The main changes under the heading "*Provisions for third-party liability*" correspond basically to the increases in the provisions established to cover the negative equity that prior to their contribution to Prisa Participadas, S.L. (Sole proprietorship) presented the companies Prisa Audiovisual, S.L (Sole proprietorship) (EUR 493 thousand) and Prisa Gestión de Servicios, S.L. (Sole proprietorship) (EUR 1,794 thousand) which have been recognized with a charge to the heading "*Impairment of financial assets*" in the accompanying income statement. The transfers under the heading "*Provisions for third-party liability*" correspond basically to amounts that have been transferred at a lower value for the stake due to the contribution made to re-establish their balance in April 2018 *(see note 7.1)*, under the heading transfers.

Additionally is included the provision to cover the negative equity to Prisa Gestión Financiera, S.L. in December 2018 for an amount of EUR 476 thousand.

13.- SHARE-BASED PAYMENTS

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 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 in addition.

The expense corresponding to 2018 is EUR 904 thousand and is recorded in the personnel expenses item (EUR 832 thousand) and outside services item (EUR 72 thousand) of the income statement, with no effect on the net equity of the Company, as it is a transaction settled with equity instruments, which implies an increase in net equity for the same amount.

14.- GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2018, Prisa had furnished bank guarantees amounting to EUR 1,299 thousand.

Additionally, and within the context of the legal proceedings currently under way between Audiovisual Sport S.L. ("AVS") and Mediapro concerning the agreement to exploit the rights relating to the "La Liga" football league for the 2006/07 and successive seasons, the Company is the counter-guarantor under the bank guarantee of EUR 50,000 thousand posted by AVS in compliance with the court ruling issued by Court of First Instance number 36 of Madrid, upholding the interim relief requested by the Company. This guarantee remains as security in relation to the process of determining the damage and loss resulting from the interim relief of October 8, 2007; currently pending a decision at second instance, in the terms stated in Note 18.

In the opinion of the Company's Directors, the possible effect on the accompanying income statements of the guarantees provided would not be significant.

15.- RELATED PARTY TRANSACTIONS

The transactions performed with Group companies, associates and related parties in 2018 and 2017 are as follows in thousands of euros:

	12/31/2018		12/31/2017	
	Group companies or entities	Significant shareholders	Group companies or entities	Significant shareholders
Receivables	1,339	7	3,516	-
Financial credits	59,303	-	36,217	-
Total receivable accounts	**60,642**	**7**	**39,733**	**-**
Trade payables	230	116	347	708
Financial loans	202,069	146,662	128,911	533,164
Total payable accounts	**202,299**	**146,778**	**129,258**	**533,872**

The aggregate amount of EUR 146,778 thousand mainly includes the loans granted to the companies of the Company for:

- Banco Santander, S.A. for the amount of EUR 4,367 thousand (EUR 16,879 thousand at December 31, 2017).

- HSBC Holding, PLC for the amount of EUR 142,295 thousand (EUR 458,599 thousand at December 31, 2017).

The transactions performed with Group companies, associates and related parties in 2018 and 2017 are as follows in thousands of euros:

	2018			2017		
	Directors and executives	Group companies or entities	Significant shareholders	Directors and executives	Group employees, companies or entities	Significant shareholders
Services received	-	2,070	13,661	-	714	13,826
Finance expenses	-	1,796	1,254	190	1,046	2,472
Other expenses	5,728	-	-	11,167	-	-
Total expenses	**5,728**	**3,866**	**14,915**	**11,357**	**1,760**	**16,298**
Finance income	-	164	-	-	5	-
Dividends received	-	587,530	-	-	12,225	-
Other income	-	6,455	-	-	7,480	-
Total revenues	**-**	**594,149**	**-**	**-**	**19,710**	**-**

All related party transactions have taken place under market conditions.

The amount of EUR 5,728 thousand relates to the accrued salaries of directors for the amount of EUR 3,139 thousand *(see Note 16)* and executives for the amount of EUR 2,589 thousand.

Remuneration of Senior Management:

The total aggregate compensation of members of senior management and the Internal Audit Manager (the "Managers") in 2018, of Promotora de Informaciones, S.A. amounts to EUR 2,589 thousand (EUR 1,780 thousand in 2017).

<u>Regarding fiscal year 2018:</u>

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, 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 and Ms. Virginia Fernández.

It has been included the remuneration of Mr. Augusto Delkader, Mr. Jorge Rivera and Ms Marta Bretos, from their appointment, in 2018, as Chief Editor, Chief of Communication and Institutional Relations and Head of Talent Management, respectively.

The remunerations of Ms Bárbara Manrique de Lara, until she ceased in 2018 as Chief of Communication and Institutional Relations, is also included.

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.

- 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 EUR 904 thousand was recorded for this item in relation to the senior management. This expense is included within the the remuneration of the Managers (EUR 2,589 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 2,589 thousand), since they do not refer to payments received for having the status of member of Senior Management in 2018.

Transactions between Group companies, associates and related parties-

Income from services rendered corresponds basically to central corporate services.

The detail, by company, of the dividend income paid by Group companies in 2018 and 2017 is as follows in thousands of euros:

	2018	2017
Mediaset España Comunicación, S.A.	63	54
Total Related	**587,530**	**12,225**
Prisa Participadas, S.L. (Sociedad Unipersonal)	570,000	-
	10	-
Vertix, S.G.P.S.	17,500	12,200
Canal Club, S.A.	20	25
Total	**587,593**	**12,279**

Operations between Group companies, associates and related parties-

During 2018 the company Prisa Participadas, S.L. (Sole proprietorship) has granted a EUR 115,000 thousand loan to the Company with maturity January 2023 (*see note 7.2*).

Transactions between with significant shareholders -

The aggregate amount of EUR 14,815 thousand mainly consists of interest accruing on credits granted by major shareholders to Prisa, expenditure on telephony and Internet by Prisa with Telefónica, S.A. and expenditure on lease with Telefónica Audiovisual Digital, S.L..

Transactions with significant shareholders –

The detail of other transactions performed with related parties is as follows in thousands of euros:

2018

	12/31/2018
	Significant shareholders
Finance agreement: loans received (see note 7,2)	146,662
Other transactions (see note 8)	8,810

The aggregate amount of EUR 146,662 thousand includes the loans granted by Banco Santander, S.A. and HSBC Holding, PLC within the framework of the Refinancing *(see note 7.2).*

The amount of EUR 8,810 thousand corresponds to the fees received by Banco Santander as agent bank and for the underwriting contract regarding the capital increase carried out by the Company in February 2018 which have been recorded under the "*Share premium*" item *(see note 8).*

In addition to the foregoing, the capital increase described in note 8 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 suscribed	Number of Indirect Voting Rights suscribed
Manuel Mirat Santiago	65,879	-
Manuel Polanco Moreno	45,580	126,405 (through Olnacasco, S.L.)
Francisco Javier Monzón de Cáceres	60,049	-
Joseph Oughourlian	-	131,022,714 (through Amber Capital UK LLP)
Francisco Javier Gómez Navarro- Navarrete	7,102	-
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	-	33,920,000 (through International Media Group, S.A.R.L.)

2017

	12/31/2017
	Significant shareholders
Other transactions (see note 8)	2,222

The negative amount of EUR 2,222 thousand corresponds to the accrued remuneration of the bonds convertible into shares until the date of conversion, October 31, 2017.

16.- REMUNERATION AND OTHER BENEFITS OF DIRECTORS

In 2018 and 2017, Promotora de Informaciones, S.A. registered the following amounts in respect of remuneration to Board members:

	Thousand of euros	
	2018	2017
Compensation for belonging to the Board and/ or Board Committee	1,413	2,110
Salaries	653	2,185
Variable compensation in cash	326	1,972
Compensation systems based on shares	508	-
Indemnification	230	2,967
Long-term savings systems	-	-
Other	9	153
Total	**3,139**	**9,387**

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 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 153 thousand euros 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 Committee".

- 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 resignation as President occurred before December 31, 2019 and in accordance with the provided terms.

iv) Within the variable remuneration 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 the "*Compensated 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.

17.- INFORMATION REGARDING CONFLICT OF INTEREST SITUATIONS OF DIRECTORS

For purposes of article 229 of the Corporate Enterprise Act it is noted that, as at the end of 2017, the Board of Directors had not been advised of direct or indirect conflict situations that directors or persons 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	See note (*)		
Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani	Vice Chairman of Dar Al Sharq Printing Publishing & Distribution Co. Vice chairman of Dar Al Arab Publishing & Distribution Co.		
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 following Directors of Promotora de Informaciones, S.A. were members of management bodies of certain companies in the Prisa Group: Manuel Mirat Santiago and Manuel Polanco Moreno.

18.- LITIGATION AND ONGOING CLAIMS

As shown in Note 14, the Company is counter-guarantor of a guarantee for an amount of EUR 50,000 thousand that its subsidiary AVS submitted before the Court of First Instance no. 36 of Madrid, as a guarantee for an incident of damage assessment caused by the precautionary measures urged against Mediaproducción, S.L.("Mediapro"). As at December 5, 2017, the Court handed down a ruling dismissing the right to damages and fully upheld the opposition of AVS, which was notified to the parties on January 9, 2018. In February 2018, Mediapro appealed such ruling, against which AVS presented the opportune opposition and at the date of formulation of this report, is pending resolution.

The Company's Directors, internal and external legal advisors do not believe that resolution of this litigation will entail any relevant liabilities not registered by the Company.

In addition, the Company has other litigation for smaller amounts. The Directors, internal and external advisors do not consider that any relevant liabilities will arise from this litigation.

19.- SUBSEQUENT EVENTS

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. (Sole proprietorship) —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 312,500 thousand (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 and (iii) funds available through cash pooling that the Company maintains with Prisa Gestión Financiera, S.L.(Sole proprietorship).

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 200,000 thousand 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.

20.- EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

DIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)						
			CARRYING AMOUNT	% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
Prisa Activos Educativos, S.L.	Gran Vía, 32. Madrid	The realization of all activities inherent to the publishing business in its broadest sense and, especially, the edition marketing and distribution of all kinds of publications and the provision of editorial, cultural, educational, leisure and entertainment services	589	100.00%	2/91	3	122	125	(1)
Prisa Activos Radiofónicos, S.L.	Gran Vía, 32. Madrid	The provision, on its own behalf or by third parties, of any kind of services related, directly or indirectly, to broadcasting. The advice and provision of services to communication companies in the field of advertising, programming, administration, marketing and technical, computer and commercial issues and any other related to their activity. The production, exploitation and management on their own or by others, by any means, of all kinds of programs and radio and audiovisual products.	155,190	100.00%	2/91	15,486	-	154,860	(1)
Prisa Gestión Financiera, S.L. *(Antes Santillana Canarias, S.L.)*	Gran Vía, 32. Madrid	Management and exploitation of information media and social communication whatever their technical support. The action in the capital and monetary market.	-	100.00%	2/91	60	(539)	(476)	(15)
Prisa Participadas, S.L.	Gran Vía, 32. Madrid	Rent of commercial and industrial premises and constitution and management of companies	352,560	100.00%	2/91	72,534	599,226	352,538	601,406
Promotora de Actividades América 2010, S.L. *(En liquidación)*	Gran Vía, 32. Madrid	Production and organization of activities marking the bicentenary of American independence	-	100.00%	2/91	10	(5)	(1,782)	(1)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 . Bogotá. Colombia	Audiovisual and communication activities	-	99,00% 1,00%		420	-	69	-
Vertix, SGPS, S.A.	Rua Mario Castelhano, nº 40, Queluz de Baixo. Portugal	Holding company	242,995	100.00%		268,041	17,482	402,257	(154)
Canal Club de Distribución de Ocio y Cultura, S.A. (1)	Calle Hermosilla, 112. Madrid	Catalogue sales	37	25.00%		60	85	149	85
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	(5)	97,42% 2,58%		11,843	(2,178)	(184)	(2,159)
Prisa Noticias, S.L.	Gran Vía, 32. Madrid	Management and operation of the media	100,466	100.00%	2/91	38,596	(17,285)	73,141	(14,514)
Promotora General de Revistas, S.A.	Valentín Beato, 48. Madrid	Publication production and operation of magazines	1	99,96% 0,04%	2/91	1,500	(2,303)	207	(634)

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91
(1) Datos a noviembre de 2018

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
EDUCACIÓN							
Activa Educa, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala – Guatemala	Publishing	75.00%		612	230	112
Avalia Qualidade Educacional Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	75.00%		1,958	831	(170)
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	75.00%		113	1,269	610
Ediciones Grazalema, S.L.	Rafael Beca Mateos, 3. Sevilla	Publishing	75.00%	2/91	60	135	(4)
Ediciones Santillana Inc.	1506 Roosevelt Avenue. Guaynabo. Puerto Rico	Publishing	75.00%		1,065	11,818	2,287
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	75.00%		1,861	8,310	13,066
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	75.00%		165	1,041	499
Edicions Obradoiro, S.L.	Ruela de Entrecercos. 2 2º B. 15705. Santiago de Compostela	Publishing	75.00%	2/91	60	80	-
Edicions Voramar, S.A.	Valencia, 44. 46210. Pincaya. Valencia	Publishing	75.00%	2/91	60	96	(1)
Editora Moderna Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	75.00%		20,587	58,947	25,709
Editora Pintangua, LTDA	Rua Urbano Santos. 755. Sala 4. Bairro Cumbica. Cidade de Guarulhos. Sao Paulo. Brasil	Publishing	75.00%		100	90	2
Editorial Nuevo México, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	75.00%		1,278	582	(92)
Editorial Santillana, S.A. (Guatemala)	26 Avenida 2-20 zona 14 . Guatemala - Guatemala	Publishing	75.00%		72	6,699	5,350
Editorial Santillana, S.A. (Honduras)	Colonia los Profesionales Boulevar Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing	75.00%		20	3,489	2,120
Editorial Santillana, S.A. (Rep. Dominicana)	Juan Sánchez Ramírez, 9. Gazcue. Santo Domingo. República Dominicana	Publishing	75.00%		118	9,201	2,867
Editorial Santillana, S.A. (Venezuela)	Avenida Rómulo Gallegos. Edificio Zulia 1º. Caracas. Venezuela	Publishing	75.00%		1,955	506	265
Editorial Santillana, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	75.00%		24,019	15,554	(0)
Editorial Santillana, S.A. de C.V. (El Salvador)	3a. Calle Poniente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing	75.00%		18	3,257	1,691
Editorial Santillana, S.A.S (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Publishing	75.00%		1,676	4,617	680
Educa Inventia, S.A. de C.V. (México)	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	75.00%		4,905	(674)	(463)
Educactiva Ediciones, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	75.00%		56	83	(24)
Educactiva, S.A. (Chile)	Avenida Andrés Bello 2299 Oficina 1001 Providencia. Santiago Chile	Publishing	75.00%		16,527	(58)	(15)
Educactiva, S.A.C. (Perú)	Av. Manuel Olguin Nro. 215 Int. 501/ Los Granados/ Santiago de Surco/ Lima, Perú	Publishing	75.00%		904	1,543	357
Educactiva, S.A.S. (Colombia)	Avenida El Dorado No. 90 – 10 Bogotá, Colombia	Publishing	75.00%		4,543	3,641	1,599
Grup Promotor D'Ensenyement i Difussió en Catalá, S.L.	Frederic Mompou, 11. V. Olímpica. Barcelona	Publishing	75.00%	2/91	60	100	(5)
Grupo Santillana Educación Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	75.00%	2/91	12,018	(29,116)	31,287

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

INDIRECT HOLDINGS

APPENDIX II

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Ítaca, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Book distribution	75.00%	2/91	408	1,292	(588)
Kapelusz Editora, S.A. (Argentina)	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Publishing	75.00%		169	1,466	1,840
Lanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Creation, development and management of companies	75.00%		13,038	12,025	(5)
Pleno Internacional, SPA	Avenida Andres Bello N° 2299 Oficina 1001 Providencia - Santiago	Computer consulting and consultancy, software development and sale	75.00%		1	(238)	32
Richmond Educação, Ltda.	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	75.00%		100	6,944	1,946
Richmond Publishing, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	75.00%		4	11,120	4,184
Salamandra Editorial, Ltda.	Rua Urbano Santos 755, Sao Paulo. Brasil	Publishing	75.00%		100	24	(0)
Santillana Administraçao de Biens, LTDA	Rua Padre Adelino, 758. Belezinho. Sao Paulo (Brasil)	Property management	75.00%		1,402	2,741	631
Santillana de Ediciones, S.A. (Bolivia)	Calle 13, Nº 8078. Zona de Calacoto. La Paz. Bolivia	Publishing	75.00%		343	3,099	2,409
Santillana del Pacífico, S.A. de Ediciones.	Avenida Andres Bello 2299 Oficina 1001-1002 Providencia. Santiago Chile	Publishing	75.00%		427	9,120	6,817
Santillana Editores, S.A.	R. Mario Castelhano, 40 - Queluz de Baixo - 2734-502 Baracarena - Portugal	Publishing	75.00%		50	(340)	(172)
Santillana Educación Pacífico, S.L. *(Antes Grupo Pacifico, S.A. (Panamá))*	Av. De los Artesanos 6. 28760, Tres Cantos, Madrid.	Publishing	75.00%	2/91	269	6,083	(1)
Santillana Educación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	75.00%	2/91	7,747	77,908	42,701
Santillana Formación, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Online training	75.00%	2/91	300	(1,612)	(833)
Santillana Global, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	75.00%	2/91	2,276	2,974	1,169
Santillana Infantil y Juvenil, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	75.00%	2/91	65	2,678	979
Santillana Sistemas Educativos, Ltda. (Colombia)	Edificio Punto 99, Carrera 11ª Nº98-50 Oficina 501. Bogotá. Colombia	Consultancy services for the obtainment of quality certification by schools	75.00%		63	2,969	1,068
Santillana Sistemas Educativos, S.L.	Av. de los Artesanos, 6 Tres Cantos. Madrid	Publishing	75.00%	2/91	220	24,826	(12)
Santillana, S.A. (Costa Rica)	La Uruca. 200 m Oeste de Aviación Civil. San José. Costa Rica	Publishing	75.00%		465	(4)	(51)
Santillana, S.A. (Ecuador)	Calle De las Higueras 118 y Julio Arellano. Quito. Ecuador	Publishing	75.00%		978	5,345	5,747
Santillana, S.A. (Paraguay)	Avenida Venezuela. 276. Asunción. Paraguay	Publishing	75.00%		162	898	113
Santillana, S.A. (Perú)	Avenida Primavera 2160. Santiago de Surco. Lima. Perú	Publishing	75.00%		3,275	4,726	2,826
Sistemas Educativos de Enseñanza, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	75.00%		11,746	3,625	3,604
Soluçoes Inovadoras em Educaçao LTDA. (SIEDUC) *(Antes Uno Educação Ltda.)*	Rua Padre Adelino, 758. Belezinho. Sao Paulo. Brasil	Publishing	75.00%		34,593	12,981	2,827
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Rio Mixcoac 274 Col Acacias. México DF. México	Publishing	75.00%		3	(177)	590
Zubia Editoriala, S.L.	Polígono Lezama Leguizamon. Calle 31. Etxebarri. Vizcaya	Publishing	75.00%	2/91	60	97	2

(*) Grupo de consolidación fiscal Promotora de Informaciones, S.A.: 2/91

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
RADIO							
RADIO ESPAÑA							
Antena 3 de Radio de León, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	75.19%		135	307	44
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	73.28%		66	3,933	61
Ediciones LM, S.L.	Plaza de Cervantes, 6. Ciudad Real	Operation of radio broadcasting stations	37.76%		216	3,980	748
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32. Madrid	Provision of musical services	75.52%	2/91	100	2,703	(260)
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1. Toledo	Operation of radio broadcasting stations	52.86%		61	149	19
Iniciativas Radiofónicas, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	70.55%		228	477	16
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3. Santiago de Compostela	Operation of radio broadcasting stations	34.93%		70	283	3
Prisa Radio, S.A.	Gran Vía, 32. Madrid	Provision of services to radio companies	75.52%	2/91	2,036	136,854	(12,074)
Propulsora Montañesa, S. A.	Pasaje de Peña. Nº 2. Interior. 39008. Santander	Operation of radio broadcasting stations	75.44%		373	3,084	601
Radio Club Canarias, S.A.	Avenida Anaga, 35. Santa Cruz de Tenerife	Operation of radio broadcasting stations	71.74%		480	1,820	1,658
Radio España de Barcelona, S.A.	Caspe, 6. Barcelona	Operation of radio broadcasting stations	75.01%		364	822	174
Radio Lleida, S.L.	Calle Vila Antonia. Nº 5. Lleida	Operation of radio broadcasting stations	50.22%		50	151	22
Radio Murcia, S.A.	Radio Murcia, 4. Murcia	Operation of radio broadcasting stations	62.93%		120	1,542	484
Radio Zaragoza, S.A.	Paseo de la Constitución, 21. Zaragoza	Operation of radio broadcasting stations	67.97%		183	3,859	1,473
Sociedad Española de Radiodifusión, S.L.(Sociedad Unipersonal)	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	75.52%	2/91	6,959	164,381	23,308
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo. Albacete	Operation of radio broadcasting stations	56.34%		379	724	340
Societat de Comunicacio i Publicidat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalde. Engordany. Andorra	Operation of radio broadcasting stations	74.76%		30	(1,224)	(33)
Sogecable Música, S.L.	Gran Vía, 32. Madrid	Creation, broadcasting, distribution and exploitation of thematic TV channels	75.52%	2/91	1,202	1,418	176
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5. Arrecife. Lanzarote	Operation of radio broadcasting stations	37.76%		230	1,233	428
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo. Albacete	Media management	56.72%		150	408	(2)
Teleser, S.A.	Gran Vía, 32. Madrid	Operation of radio broadcasting stations	59.86%		75	109	6
Laudio Irratia, S.L.	Pol.Industrial Ed.Cermámica 1.Alava	Operation of radio broadcasting stations	19.96%		93	262	30
Planet Events, S.A.	Gran Vía, 32. Madrid	Production and organization of shows and events	30.21%		120	315	282
Radio Jaén, S.L.	Obispo Aguilar, 1. Jaén	Operation of radio broadcasting stations	27.18%		563	1,133	83
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32. Andorra	Operation of radio broadcasting stations	24.92%		249	281	(8)

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)			
			% OF OWNERSHIP	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
RADIO INTERNACIONAL						
Abril, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	75.52%	792	3,783	1,122
Aurora, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	75.52%	382	3,580	349
Blaya y Vega, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	75.52%	1,820	19,348	(118)
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations	75.52%	215	719	(113)
Caracol Estéreo, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	75.52%	3	1,776	217
Caracol, S.A.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	75.52%	11	25,831	10,614
Comercializadora de Eventos y Deportes, S.A.S. *(Antes Prisa Música América, S.A.S*	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Production and organization of shows and events	75.52%	903	1,257	(401)
Comercializadora Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Prodution and sale of CD's, advertising, promotions and events	75.52%	19,669	33,038	130
Compañía de Comunicaciones de Colombia C.C.C. Ltda.	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	75.52%	25	864	159
Compañía de Radios, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services	75.52%	275	1,550	(370)
Comunicaciones del Pacífico, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations	75.52%	423	5,099	1,800
Comunicaciones Santiago, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation and management of TV channels and radio stations	75.52%	421	5,566	2,041
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol. Panamá	Advisory services and commercialisation of services and products	75.52%	8	309	(3)
Corporación Argentina de Radiodifusión, S.A.	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Operation of radio broadcasting stations	75.52%	5,622	575	(516)
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	75.52%	-	610	282
Emisora Mil Veinte, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	75.52%	-	128	28
Fast Net Comunicaciones, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	75.52%	2	(2,463)	455
GLR Chile, Ltda. (*)	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	75.52%	39,261	76,008	7,470
GLR Colombia, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	75.52%	263	86	(23)
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Provision of services to radio broadcasting companies	75.52%	4	2,776	(2,618)
Iberoamerican Radio Holding Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	75.52%	3,356	(6,210)	(823)
Iberoamericana Radio Chile, S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Commercial radio broadcasting services and operation of radio stations	75.52%	25,261	37,716	3,287
La Voz de Colombia, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	75.52%	1	319	27
LS4 Radio Continental, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	75.52%	6,247	663	(1,413)
Promotora de Publicidad Radial, S.A.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	75.52%	1	663	98
Publicitaria y Difusora del Norte Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	75.52%	850	4,422	(100)
Radio Estéreo, S.A	Rivadavia 835. Ciudad Autónoma de Buenos Aires. Argentina	Radio broadcasting and advertising services	75.52%	381	39	(241)
Radiodifusion Iberoamerican Chile S.A.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Holding	75.52%	11,087	28,076	(3)

INDIRECT HOLDINGS

APPENDIX II

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)			
			% OF OWNERSHIP	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Radio Mercadeo, Ltda.	Calle 67. Nº 7-37. Piso 7. Bogotá. Colombia	Commercial radio broadcasting services	46.149%	298	298	-
Sociedad de Radiodifusión El Litoral, S.L.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Rental of equipment and advertising sales	75.520%	6	3,726	(29)
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañex. Nº 1783. Comuna Providencia Santiago. Chile	Operation of radio broadcasting stations	75.520%	243	2,613	(33)
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	37.76%	1,106	8,497	10,399
Cadena Radiópolis, S.A. de C.V.	Calzada de Tlalpan número 3000, Colonia Espartaco, Delegación Coyoacán, Código Postal 04870, Ciudad de México.	Provision of all types of public telecommunications and broadcasting services	37.76%	5,340	5,667	21
El Dorado Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Development of the Latin radio market in the US	18.88%	196	(1,504)	-
Green Emerald Business Inc.	Vía España 177, Ed. PH Plaza Regency, planta 15. Ciudad de Panamá. Panamá	Development of the Latin radio market in Panama	26.39%	3,986	(7,074)	(575)
Multimedios GLP Chile SPA	Av. Andrés Bello 2325 Piso 9, Providencia	Commercial radio broadcasting services	37.76%	1,044	(1,730)	(422)
Promotora Radial del Llano, LTDA	Calle 67 Nº 7-37 Piso 7 Bogotá. Colombia	Commercial radio broadcasting services	38.525%	1	47	8
Q'Hubo Radio, S.A.S	CL 57 No 17 – 48 Bogotá, Colombia	Operation of radio broadcasting stations	29.09%	120	(251)	50
Radio Comerciales, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	37.76%	982	974	151
Radio Melodía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	37.76%	555	672	214
Radio Tapatía, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	37.76%	676	878	313
Radiotelevisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270. Mexicali Baja California. México	Operation of radio broadcasting stations	37.76%	367	576	208
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	37.76%	13	18	362
Servicios Xezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	37.760%	2	74	92
Sistema Radiópolis, S.A. de C.V. (**)	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870. México	Operation of radio broadcasting stations	37.76%	9,393	45,797	14,235
WSUA Broadcasting Corporation	2100 Coral Way. Miami. Florida. EE.UU.	Radio broadcasting	18.88%	587	(4,748)	173
Xezz, S.A. de C.V.	Rubén Darío nº 158. Guadalajara. México	Operation of radio broadcasting stations	37.76%	82	160	104

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
PRENSA							
As Chile SPA	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication and operation of As newspaper in Chile	75.00%		1,215	269	(174)
Diario AS Colombia, SAS	Cl 98, nº 1871 OF401. Bogotá D.C.	Publication and operation of As newspaper in Colombia	75.00%		1,032	211	(147)
Diario As USA, Inc.	2100 Coral Way Suite 603. 33145 Miami, Florida	Publication and operation of As newspaper in USA	75.00%		-	1,290	1,077
Diario As, S.L.	Valentín Beato, 44. Madrid	Publication and operation of As newspaper	75.00%	2/91	1,400	48,809	4,636
Diario El País Argentina, S.A.	Leandro N. Alem. 720. Buenos Aires. 1001. Argentina	Operation of El País newspaper in Argentina	100.00%		432	50	(333)
Diario El País Do Brasil Distribuidora de Publicaçoes, LTDA.	Rua Padre Adelino. 758 Belezinho. CEP 03303-904. Sao Paulo. Brasil	Operation of El País newspaper in Brazil	100.00%		8,799	98	(1,200)
Diario El País, S.L.	Miguel Yuste, 40. Madrid	Holding	100.00%	2/91	4,200	(11,416)	(13,667)
Distribuciones Aliadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of editorial products	100.00%	2/91	2,100	9,256	62
Ediciones El País (Chile) Limitada.	Eliodoro Yáñez 1783, Providencia. Santiago. Chile	Publication, operation and sale of El País newspaper in Chile	100.00%		3,351	(75)	(169)
Ediciones El País, S.L.	Miguel Yuste, 40. Madrid	Publication, operation and sale of El País newspaper	99.99%	2/91	3,306	(880)	2,591
Espacio Digital Editorial, S.L.	Gran Vía, 32. Madrid	Edition and explotation of Huffinton Post digital for Spain	100.00%	2/91	8,501	10,946	620
Estructura, Grupo de Estudios Económicos, S.A.	Miguel Yuste, 42. Madrid	Publication and operation of Cinco Días newspaper	100.00%	2/91	60	(2,146)	(611)
Factoría Prisa Noticias, S.L. *(Antes Agrupación de Servicios de Internet y Prensa, S.L.)*	Valentín Beato, 44. Madrid	Provision of administrative, technological and legal services, as well as the distribution of written and digital media	100.00%	2/91	1,726	261	1,103
Grupo de Medios Impresos y Digitales, S.L.	Gran Vía, 32. Madrid	Holding	100.00%	2/91	990	6,773	(10,741)
Meristation Magazine, S.L.	Almogavers 12. Llagostera. Girona	Documentation services	100.00%	2/91	6	(153)	(89)
Norprensa, S.A.	Parque Empresarial IN-F. Calle Costureiras. s/n 27003. Lugo	Printing of editorial products	100.00%	2/91	270	203	(21)
Noticias AS México S.A. de C.V.	Rio Lerma 196 BIS TORRE B 503, Ciudad de México DF	Publication and operation of As newspaper in Mexico	75.00%		987	310	(10)
Pressprint, S.L. (Sociedad Unipersonal)	Valentín Beato, 44. Madrid	Production, printing, publication and distribution of products format	100.00%	2/91	21,500	6,494	(2,660)
Prisa Noticias de Colombia, SAS.	Calle 98 No 18- 71 oficinas 401 -402 del edificio Varese Bogotá	Operation of El País newspaper in Colombia	100.00%		1	1	-
Prisaprint, S.L.	Gran Vía, 32. Madrid	Management of companies dedicated to printing	100.00%	2/91	3,000	(10,171)	(790)
As Arabia For Marketing, W.L.L.	D Ring Road, 3488, Doha, Qatar	As on line newspaper marketing in Arabic in the countries of the Middle East and North Africa	49.00%		2	(676)	(634)
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	50.00%		53	(528)	83
Le Monde Libre Societé Comandité Simple (2)	17, Place de la Madeleine. París	Holding	20.00%		38	(17,636)	(299)

(*) Consolidated tax group Promotora de Informaciones, S.A.: 2/91
(1) Data as of October 2018
(2) Data as of December 2017

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)			
			% OF OWNERSHIP	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
MEDIA CAPITAL						
Argumentos para Audiovisual, Lda. (CASA DA CRIAÇAO)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 506 Barcarena. Portugal	Creation, development, translation and adaptation of texts and ideas for television programmes, films, entertainment, advertising and theatre	94.69%	5	4	(50)
BEIRAS FM - Radiodifusão e Publicidade, Unipessoal, Lda. ("BEIRAS FM") (*Antes Penalva do Castelo FM Radiodifusao e Publicidade ,Lda.*)	Rua Sampaio e Pina, nº 24-26 1070 249 Lisboa. Portugal	Broadcasting in production areas and programs transmission	94.69%	5	(64)	52
CLMC-Multimedia, Unipessoal, Ltda.	Rua Mário Castelhano, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Distribution of film activities, video, radio, television, audiovisual and multimedia	94.69%	5	177	(2)
COCO-Companhia de Comunicação, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting	94.69%	50	77	19
DRUMS - Comunicações Sonoras, Unipessoal LDA	Rua Sampaio e Pina, n.ºs 24-26 1070 249 Lisboa. Portugal	Activity of radio broadcasting in the fields of production and broadcasting of programs	94.69%	5	13	6
Emissoes de Radiodifusao, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting	94.69%	110	162	588
Empresa de Meios Audiovisuais, Lda. (EMAV)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Purchase, sale and rental of audiovisual media (cameras, videos, special filming and lighting equipment, cranes, rails, etc.)	94.69%	50	857	1,054
Empresa Portuguesa de Cenários, Lda. (EPC)	Rua Mário Castelhano, nº 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Design, construction and installation of decorating accessories	94.69%	50	(1,174)	(651)
Grupo Media Capital, SGPS, S. A.	Rua Mário Castlhano nº 40. Queluz de Baixo. Portugal	Holdings	94.69%	89,584	88,090	35
Leirimedia, Produçoes e Publicidade, LDA	Rua Sampaio e Pina, nº 24-26 1070 249 Lisboa. Portugal	Production and realization of radio programs and shows, advertising, promotions and representations	94.69%	5	18	6
Media Capital Digital, S.A	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, multimedia production, distribution, consultancy, sales (mail order, telephone and other) of goods and services as well as the acquisition, supply, preparation and dissemination of journalism by any means	94.69%	55	(3,064)	(445)
Media Capital Música e Entretenimento, S.A (MCME)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, graphic arts and the reproduction of recorded media: magazines, audio publication, video reproduction and the provision of services related to music, the radio, television, film, theatre and literary magazines	94.69%	3,050	(923)	(4)
Media Capital Produçoes, S.A. (MCP)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Design, development, production, promotion, sale, acquisition, exploitation rights, recording, distribution and dissemination of audiovisual media	94.69%	45,050	(8,056)	(6)
Media Capital Rádios, S.A (MCR II)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Provision of services in the areas of accounting and financial consultancy; performance of radio broadcasting activities in the areas of the production and transmission of radio programmes	94.69%	192	(4,185)	-
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Holdings	94.69%	37,098	75,630	(28)
Moliceiro, Comunicacao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070 249. Lisboa. Portugal	Broadcasting activity	94.69%	5	24	18
NOTIMAIA-Publicações e Comunicações, S.A.	Rua Sampaio e Pina, nºs 24/26 1099 044 Lisboa. Portugal	Radio broadcasting	94.69%	5	45	34
Plural Entertainment España, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	94.69%	6,000	16,308	(617)
Plural Entertainment Inc.	1680 Michigan Avenue. Suite 730. Miami Beach. EE.UU.	Production and distribution of audiovisual content	94.69%	109	(3,655)	(28)
Plural Entertainment Portugal, S.A.	Rua Mário Castelhano, nº 40, Queluz de Baixo 2730 120 Barcarena. Portugal	Production of video and film, organisation of shows, rental of sound and lighting, advertising, sales and representation of registered videos	94.69%	36,650	34,286	(1,954)
Polimedia - Publicidade e Publicaçoes, Lda.	Rua Sampaio e Pina, nº 24-26 1070 249 Lisboa. Portugal	Broadcasting in production areas and programs transmission	94.69%	5	(57)	13
PRC Produçoes Radiofonicas de Coimbra,Lda.	Rua Sampaio e Pina, nºs 24-26 1070 249 Lisboa. Portugal	Cinema production, video and television programs	94.69%	7	-	25
Produçao de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Publication, graphic art and reproduction of recorded media: magazines, audio publication, video reproduction; and provision of services related to music, radio, television, film, theatre and literary magazines	94.69%	5	(460)	174

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Flor Do Éter Radiodifusão, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		5	14	6
Producciones Audiovisuales, S.A. (NBP IBÉRICA)	Almagro 13. 1º Izquierda. 28010. Madrid	Inactive	94.69%		-	13	-
Produçoes Audiovisuais, S.A. (RADIO CIDADE)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Radio broadcasting, production of audio or video advertising spots. Advertising, production and recording of discs. Development and production of radio programmes	94.69%		156	264	232
R 2000 - Comunicaçao Social, Lda.	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		12	20	14
R.C. - Empresa de Radiodifusão, Unipessoal, Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		11	21	14
Radio Comercial, S.A. (COMERCIAL)	Rua Sampaio e Pina. 24/26. 1070-249. Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		3,789	6,058	5,119
Rádio do Concelho de Cantanhede.Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		5	14	6
Rádio Litoral Centro, Empresa de Radiodifusao, Lda.	Rua Sampaio e Pina, 24-2 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		6	16	8
Rádio Nacional - Emissoes de Radiodifusao, Unipessoal Lda.	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		11	20	14
Rádio Voz de Alcanena, Lda. (RVA)	Rua Sampaio e Pina, nºs 24-26 1099 044 Lisboa. Portugal	Radio broadcasting in the areas of programme production and transmission	94.69%		13	22	16
Rádio XXI, Lda. (XXI)	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Advisory services, guidance services and operational assistance to public relations companies and organisations	94.69%		42	14	79
Serviços de Consultoria e Gestao, S.A. (MEDIA CAPITAL SERVIÇOS)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Services, publication and sale of electronic goods and services	94.69%		(222)	(93)	(193)
Serviços de Internet, S.A. (IOL NEGÓCIOS)	Rua Mário Castelhano, 40, Queluz de Baixo 2734 502 Barcarena. Portugal	Production of multimedia, audiovisual and phonogram storage media	94.69%		532	664	671
SIRPA. Sociedad de Impresa Radio Paralelo, Lda.	Rua Sampaio e Pina. 24/26. 1099-044. Lisboa. Portugal	Broadcasting in production areas and programs transmission	94.69%		2	13	25
Sociedade de Produçao e Edição Audiovisual, Lda (FAROL MÚSICA)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Production of multimedia, audiovisual and phonogram storage media	94.69%		(63)	(2,073)	(17)
Televisao Independente, S.A. (TVI)	Rua Mário Castelhano. Nº 40. 2734-502. Barcarena. Portugal	Performance of any TV-related activity such as the installation, management and operation of any TV channel or infrastructure	94.69%		19,494	52,867	27,749
Tesela Producciones Cinematográficas, S.L.	Gran Vía, 32. Madrid	Production and distribution of audiovisual content	94.69%	2/91	102	5,851	(18)

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

INDIRECT HOLDINGS

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2018 (In thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
OTROS							
Audiovisual Sport, S.L	Av. de los Artesanos, 6 Tres Cantos. Madrid	Management and distribution of audiovisual rights	80.00%	2/91	6,220	6,269	(528)
Fullscreen Solutions, S.A. de C.V.	Montecito 38 Piso 6 Oficina 24 Col. Nápoles Del. Benito Juarez Ciudad de México 03100	Video advertising marketing	84.00%		-	(866)	(301)
Grupo Latino de Publicidad Colombia, SAS	Carrera 9, 9907 Oficina 1200. Bogotá. Colombia	Operation and advertising marketing	100.00%		183	631	(310)
Málaga Altavisión, S.A.	Paseo de Reding, 7. Málaga	Production and broadcast of videos and television programs	87.24%	2/91	3,525	(2,070)	-
Mobvious Corp.	2600 Douglas Road Suite 502 Coral Gables Miami Florida USA 33134	Marketing of advertising in digital media	60.00%		55	318	16
Plural Entertainment Canarias, S.L.	Dársena Pesquera. Edificio Plató del Atlántico. San Andrés 38180. Santa Cruz de Tenerife	Audiovisual production and distribution	100.00%	2/91	75	22	(1)
Prisa Brand Solutions USA, Inc. *(Antes Prisa Digital Inc.)*	2100 Coral Way. Suite 200. Miami. Florida. 33145. EE.UU.	Contracting of advertising exclusives	100.00%		6,833	(1,392)	(1,765)
Prisa Brand Solutions, S.L. (Sociedad Unipersonal)	C/ Valentín Beato, 48. Madrid	Contracting of advertising exclusives	100.00%	2/91	150	916	(8,958)
Prisa Gestión de Servicios, S.L.	Gran Vía, 32. Madrid	Management and development of all types of administrative, accounting, financial, personnel selection, human resources and legal	100.00%	2/91	3	(623)	(2,970)
Prisa Inc. (En liquidación)	2100 Coral Way Suite 200 Miami 33145 U.S.A.	Business Management in USA And North America	100.00%		1,287	(410)	(7)
Prisa Producciones de Vídeo, S.L.	Gran Vía, 32. Madrid	Audiovisual production, distribution and commercialization	100.00%	2/91	3	(892)	(1,116)
Prisa Tecnología, S.L.	Gran Vía, 32. Madrid	Provision of internet services	100.00%	2/91	1,260	664	(714)
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2. Badajoz	Provision of local television services	61.45%		498	(1,717)	-
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín". Edificio Zeus. Polígono La Corchera. Mérida. Badajoz	Provision of local television services	70.00%		1,202	800	-
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 related to the commemoration of the Bicentennial of the Independence of the American nations	100.00%		3	(665)	-
Starm Interactiva, S.A. de C.V.	Montecito 38 Piso 6 Oficina 24 Col. Nápoles Del. Benito Juarez Ciudad de México 03100	Advertising marketing in digital media.	100.00%		77	(1,375)	(542)
Chip Audiovisual, S.A. (¹)	Coso, 100 . Planta 3ª puerta 4-50001. Zaragoza	Audiovisual productions for TV	7.50%		600	1,835	172
Factoría Plural, S.L. (¹)	Calle Biarritz, 2. 50017 Zaragoza	Production and distribution of audiovisual content	15.00%		175	1,933	227
Productora Canaria de Programas, S.A. (¹)	Enrique Wolfson, 17. Santa Cruz de Tenerife	Development of a promotional TV channel for the Canary Islands	40.00%		601	907	2
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n. Santa Cruz de Tenerife	Audiovisual productions for TV	40.00%		910	1,541	387

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

(¹) Data as of November 2018

PROMOTORA DE INFORMACIONES, S.A. (PRISA)

Individual Directors' Report for 2018

1. BUSINESS PERFORMANCE

1.1. Analysis of the evolution and result of business

Prisa's results are directly related to the performance of the Group's various business units. Its revenue arises mainly from the dividends it receives from its subsidiaries and its expenses relate to staff costs and services received. The variations in the equity of its subsidiaries also give rise to increases and decreases in the value of its investment portfolio.

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 expensives 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 (+5% 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 **Noticias** 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**	**20178 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%. The latest forecasts for 2018 indicate 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 EUR -55.1 million in revenue), while throughout the second half of the year, the effect was also negative (currency depreciation with an effect of EUR -33.3 million in revenue). At the EBITDA level, the effect was even more significant in the first half (EUR -18.1 million) compared to the second (EUR -4.2 million).

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 2018.

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 2018.

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 Asomedios+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

As head of the Group, the risks to which Prisa is exposed are directly related to those if its subsidiaries.

The activities of the subsidiaries of the Group and therefore its operations and results are subject to risks that can be grouped into the following categories:

- Strategic and operational risks.
- Financial risks.

In the Corporate Governance Report are detailed specific actions and bodies used to identify, valuate and manage these risks.

3.1. Risks relating to the financial and equity situation

Financing risk-

The Company's financial obligations are set out in note 7.2 "*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 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, as well as the *Override Agreement*.

Equity situation of the Group's Parent Company-

As of December 31, 2018, the equity of the Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act stood 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.

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. NON- FINANCIAL INFORMATION

The Company's non-financial information is included, in an aggregated form, in the non-financial information statement presented in the consolidated financial statements report of Promotora de Informaciones, S.A., the parent company of the group to which it belongs. Promotora de Informaciones, S.A. deposits its accounts together with the consolidated financial statements report in the Mercantile Registry of Madrid.

5. RESEARCH AND DEVELOPMENT ACTIVITIES

As a result of the Company's business activities, it does not carry out research and development activities, but it is the parent company of a Group which 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 **News** 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 Qatarí 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.

6. LIQUIDITY AND CAPITAL RESOURCES

6.1. Financing

Note 7.2 *"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 Company.

6.2. Contractual commitments

Note 10 "Operating Expenses- Operating leases" to the 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.

6.3. 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.

7. 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.

8. SHARE PERFORMANCE

Description of Prisa's shareholder structure.

At December 31, 2018, share capital of Prisa amounts to EUR 524,902 thousand 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.

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 441 million euros through the issuance of 469,350,139 new shares. Total effective amount of capital increase, considering nominal value (0.94) and share premium (0.26) amounted 563 million euros.

- 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 exercise 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%.

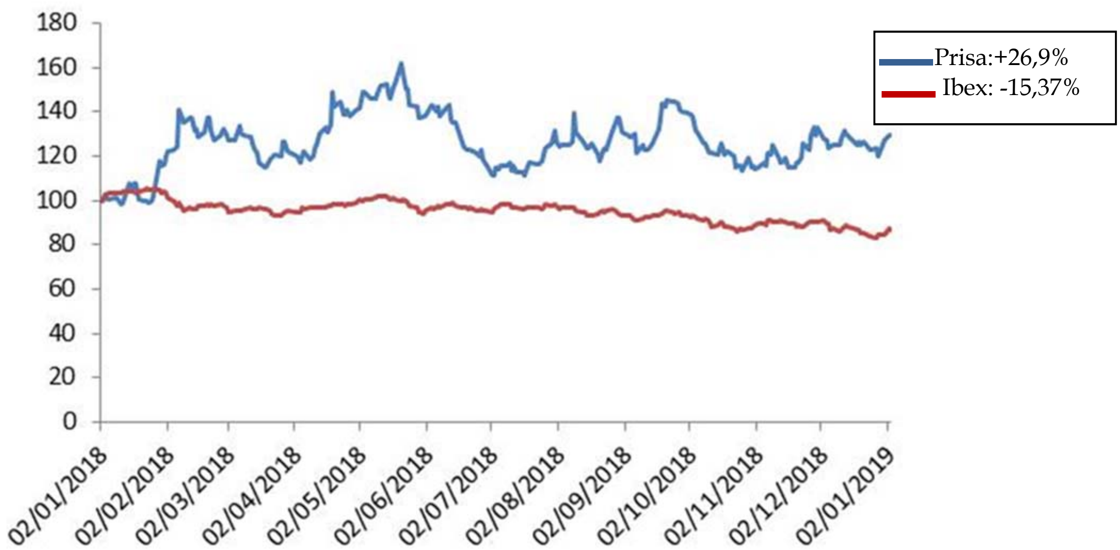
Share price performance

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)

9. 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 61 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.

10. 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 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 312.5 million euros (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, and (iii) funds available through cash pooling that the Company maintains with Prisa Gestión Financiera, S.L. (Sole proprietorship).

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.