



Ordinary General Shareholders' Meeting 2020

Javier Monzón, Chairman

Madrid, 29th June 2020

Dear shareholders,

Welcome, once again, to our company's Ordinary Shareholders' Meeting. This is the first time that we have ever held this event in an entirely virtual format, due to circumstances that we are all too well aware of. We have made every effort to ensure that it runs smoothly for all of you. And we are very pleased that the quorum is as high as on previous occasions, indeed even higher.

Allow me, first of all, to remember all those affected by this pandemic, a pandemic which has yet to run its course. We are still grappling with the situation that we have been through. It will take some time to come to terms with it and overcome it.

Here in our group, with our professionals taking the lead, we have made every effort to continue being useful and relevant to all those who avail of our quality educational, news and entertainment services. It is under circumstances such as these that we must stress, more energetically than ever, our mission as a company and our commitment to the communities we serve.

Our CEO will shortly go over the performance and management of our businesses over the course of the past year, for which we are accountable to you today.

My task is to briefly explain to you the activity of the Board of Directors, in its dual role of supervising and promoting our business project.

As a result of the Board's ongoing supervision of our businesses' performance – and how these businesses are managed – we have strengthened the role of risk control and management, and we have carried out an in-depth review of our strategic options, which we have worked on intensively over the second half of last year.

We subsequently drew up a roadmap, formulated explicitly at the beginning of the current year, which will prescribe differentiated management of our education businesses, on the one hand, and of our media businesses, on the other.

We are convinced that both businesses have high value potential if appropriately and properly managed, with teams focused specifically on each, who will be attentive to their specific characteristics and circumstances – which all too often require very different skills and very different paths. These businesses will thus be in a position to attract the necessary resources and capital and also, potentially, different investors and shareholders. Many quality investors increasingly specialize in specific industries and activities, in which, in addition to their financial resources, they contribute with specialized knowledge and support, thereby further strengthening the development of the companies in which they invest.

This roadmap has shown its resilience and strength, even when faced with the sudden outbreak of COVID-19, which has seriously affected us, like so many other companies.

After analyzing the immediate, short-term and long-term impact of the pandemic, we are convinced that this roadmap is the one that will best allow us to navigate these troubled waters and provide us with the best response to the demands of our financial situation and to the expectations of you, our shareholders.

So we set out on our journey, with assurance and determination, supporting our executive teams, encouraging and motivating them to successfully take us to the final destination we seek: that PRISA be the group to lay the foundations of one of the best 21st-century education-sector companies in the Ibero-American world; and, at the same time, the world's top high-quality Spanish-language, multi-platform media company.

Last year, I told you that the Board's two priorities should be strategy and management teams. As you can see, we have focused all our efforts here and we shall continue doing so.

If we are to do our jobs well, we must also – as, in fact, we do – periodically evaluate ourselves, thereby detecting areas for improvement and implementing measures to ensure success.

For the first time ever, the evaluation of the Board has been carried out by an independent external advisor, in this case from the international professional services firm KPMG, of recognized prestige and specialization in corporate governance.

Over the course of the assessment, a total of 114 variables have been specifically evaluated by each of the directors in liaison with the external advisor. A total of 46 of these related to the Board and between 21 and 23 to each of its committees – the Delegate Committee, the Audit Committee, Risks and Compliance Committee, and the Appointments, Remuneration and Corporate Governance Committee.

The matters evaluated with regard to the Board include its composition and operation, the information provided to the directors, their performance and contributions, as well as the exercise of their responsibilities. Those relating to the individual committees have also taken into account both the composition and the operation of each.

Out of a maximum potential score of 5, the resulting evaluations for the Board as a whole and for each of its committees have ranged between 4 and 4.4.

Of the total of 114 variables evaluated, 76% scored between 4 and 5, 22% between 3.5 and 4, and the remaining 2% between 3 and 3.5, with none of the aspects assessed scoring lower.

The Chairman and the CEO have also been specifically and separately evaluated, with each of us obtaining a rating of 4.1.

While these results are largely satisfactory, we followed up by identifying areas for improvement and areas where we might better implement best practice. We have now defined and implemented action plans to this effect.

Our Board is a place of lively and vigorous debate. The complexity of our businesses and their financial situation, as well as the nature of the challenges that each of them faces, means that there are diverse visions and sometimes even divergent starting positions. But until now we have been able to ensure, in recent years, that all decisions on strategic options and actions that are seen as key to the development of our businesses have been adopted, without exception, unanimously. This is the best way to ensure that they are executed with resolve and diligence. We hope that this will remain the case in the future.

In addition to the aforementioned evaluation, both the Board and the Appointments, Remuneration and Corporate Governance Committee have worked on the complete review and evaluation of the personal and professional profiles and skills required for the Board, taking into account both the nature of our businesses and any other circumstances that may arise, such as the conclusion of the mandates of no less than eight directors on the occasion of this Shareholders' Meeting.

The result of all this work are the proposals that we now submit to you regarding the composition of the Board and the re-election of its directors.

We believe that the proposal to set the number of directors at 12 is appropriate to the nature and characteristics of our shareholder structure. It also meets the Board's requirements to have, as a whole, the necessary diversity of profiles, talent and skills. Of this total of 12 members, 6 will be independent directors, 1 executive and 5 proprietary directors appointed on behalf of four shareholders who, together, account for close to 50% of the capital of the company.

When preparing the proposals for the re-election of directors, we have taken into consideration the preference expressed by Mr. Javier Gómez-Navarro to not have his mandate renewed, given his other professional obligations. Mr. Gómez-Navarro has been an active Board member, always expressing his opinions with his trademark frankness, strongly critical but constructive and motivating at the same time. We will miss you, Javier, although we hope to find a way for you to continue your association with the Group. As a founding shareholder, you've been with us from the outset – as you yourself never ceased to remind us whenever the opportunity arose.

We are well aware that, although we made considerable headway last year, we still have to improve our level of gender diversity, in order to reach at least the 30% level to which we aspire and to which we are committed in the short term. This year, both the Board and the Appointments Committee have worked to identify talented candidates, ones who will help strengthen the Board's capabilities in the areas of corporate governance, corporate responsibility and sustainability. We have also done so in dialogue with our shareholders represented on the Board. Our current level of 25% of women out of the total number of members of the Board is due to the fact that, while 50% of independent directors are women, all of our proprietary directors are men, as is our only executive director.

We have also worked, during the past year, to strengthen our corporate governance. As you may have observed in the Annual Corporate Governance Report that has been made available to you, of the 64 recommendations of the Spanish Code of Good Governance, apart

from the five which are not applicable to us, we fully comply with all of them, except for one in which we register partial compliance.

We will continue to make progress in improving our governance, with a special and growing emphasis on our actions in the area of sustainability. Not only by strictly complying with the Principles of the Global Compact and the Sustainable Development Goals, but also by encouraging each of our businesses to define and work towards the fulfillment of these goals, to make these their ultimate rationale. To ensure that these are not merely a conceptual framework but, rather, a tangible reality and something that shines through in everything we do and in how we do everything.

We believe, therefore, ladies and gentlemen shareholders, that we appear before you today having fulfilled our duties, although we are well aware that we have much more to do to meet your expectations.

We hope that our performance warrants your approval and we trust that we will continue to have your majority support. We seek at all times that your support be as broad as possible and we will continue working towards that goal.

Thank you very much for your attention and, once again, for your attendance. It may be virtual this year, but, for this Board, it is as encouraging and motivating as ever.



Ordinary General Shareholders' Meeting 2020

Manuel Mirat, CEO

Madrid, 29th June 2020

Thank you Mr. Chairman,

Ladies and gentlemen shareholders, it is my great pleasure to address you all, yet another year, at this Ordinary Shareholders' Meeting, which, for the first time in the history of PRISA, we are obliged to hold virtually – due these far from ordinary circumstances.

The COVID-19 pandemic is now the greatest health crisis that we have faced in many generations. There are already ten million people affected by the virus, of whom around half a million have unfortunately lost their lives. It is a tragedy that has also hit Group employees and collaborators. Allow me, ladies and gentlemen, to convey my deepest condolences to all those in our large PRISA family who have suffered a loss during the pandemic.

From the very outset, as might be expected due to the very nature of our operations and as befits our position as a leading group in education and news, we implemented plans to deal with this crisis, which, on the one hand, were aimed at guaranteeing the health of our employees, collaborators and suppliers and, on the other, at ensuring business continuity.

The work of all our professionals, both in the field of education and in the field of news and information, in the midst of a situation as challenging as the current one, has been and is truly exemplary.

Santillana has focused all its efforts on ensuring that families and schools in both Spain and in Latin America continue to enjoy a right as basic as education.

Our media have worked single-mindedly and with the utmost responsibility to offer citizens a guide, to help them understand what is happening, and to ensure that priority is given to verifiable and useful information at a time when the lines between news and opinion might seem to have been blurred, and when unfounded news is wreaking greater havoc than ever.

Meeting these objectives has involved an enormous effort for the entire organization and the personal commitment of each and every one of us who work here at PRISA. I am proud of the results achieved, because we have managed to reach out to the public, stand by them and serve as a point of reference during these recent confusing months. This joint effort has allowed our operations to continue apace, proof of our strength and leadership. Our response shows that we have the necessary infrastructure, that the organization is suitably flexible and that all those who work in our Group possess a high degree of commitment and adaptability.

Before getting into the economic effects of the pandemic or its impact on our operations, and what measures we are taking to lessen that impact, allow me, ladies and gentlemen, to review the last year, the accounts of which we present today for your approval.

PRISA closed 2019 with positive results. Not only did we meet each and every one of the financial, operational objectives to which we had committed ourselves, but, thanks to improvements in efficiency across the Group as a whole, we saw robust performance in all our chief markets and businesses, despite the macroeconomic difficulties that some of them are going through.

These, then, are the main figures:

- PRISA's revenues in 2019 totaled 1,095.5 million, with an increase of 2% in constant currency.
- EBITDA was 242 million euros, which represents an increase of 12% (in constant currency) over the figure for 2018.
- There was positive cash generation of 18 million euros.
- The negative impact of exchange rates was of 24 million on revenues and of 9.8 million on EBITDA
- The Group's net bank debt as of December 31, 2019, stood at 1,061 million euros.
- By business units, Santillana's EBITDA is up by 12%, Radio remains stable and Press has seen EBITDA grow by 88.6%.

Ladies and gentlemen shareholders, that, then, is a very brief snapshot of 2019 for PRISA. But as all of you know all too well – indeed, as all of you have suffered – the outlook took a dramatic turn in March of this year. The coronavirus sent the world into lockdown and has triggered, apart from the immense pain I referred to at the beginning of my address, an unprecedented economic crisis. A crisis that is going to require a vigorous and globally coordinated response from the affected countries if we are to overcome the uncertainty of the post-COVID era.

The most evident and damaging negative effect for PRISA has been the unprecedented collapse of advertising, which has had a serious impact on our Media businesses. The Education sector is weathering the storm somewhat better, despite the lockdown measures adopted by the governments of the countries in which we operate. This situation is set to persist over the coming months and will undoubtedly affect the results for 2020.

It is not yet possible to precisely quantify the impact for the year as a whole, due to the prevailing great uncertainty – although we can begin to discern a partial picture. The pandemic has had an estimated negative effect of 25.5 million on Group revenue and of 20.8 million on EBITDA in the period between January and March 2020.

To mitigate as far as possible those negative impacts, we have already started to apply corrective measures. With immediate effect, a contingency plan has been approved and implemented, including a cost-adjustment program that covers all activities and all items of expenditure. This plan, designed in such a way so as not to weaken our competitive edge in the markets in which we operate, will generate savings of 40 million between March and December of this year. Furthermore, PRISA has taken all necessary measures to maintain liquidity. At the end of March, the Group's net cash flow stood at 265 million, after having drawn 99 million on liquidity facilities.

This tremendous crisis is going to mean that many previous priorities, many old habits and certainties are set to be changed beyond all recognition.

And it is evident that the chief transformation will be technological in nature. The unstoppable process of digitization sweeping society has accelerated exponentially. And that, for us, is an opportunity. Faced with a calamity of this magnitude, there's little point in bewailing one's lot. Rather, one should adapt and, if possible, anticipate.

And that's precisely what we are doing. Grupo PRISA's strategy is aimed at strengthening and expanding our digital businesses, both in Education and Media. In both cases, we are developing subscription models with notable success – with Education in Latin America at the forefront. The decision to strengthen our digital businesses means that, for example, by the end of the first quarter of 2020, digital revenues already accounted for 31% of the Group's global revenues. Over that period, the contribution of digital revenues to the Group's total increased by 20% compared to the previous year.

Our commitment is unshakeable and solid. Over the first three months of the year, and despite the devastating effects of COVID-19, Santillana's subscription systems have seen the addition of 25% more students, for a current total of 1,716,000. Revenues from subscription models are thus up by 23% (33% in local currency), reaching 64 million euros. That's why Santillana's chief goal is to accelerate the expansion of subscription models, paying special attention to the Latin American private market.

In the Press business, PRISA boasts the largest global news platform in Spanish, with 200 million unique browsers. Its main brands, EL PAÍS and AS, enjoy an outstanding presence in Spain and Latin America. In recent years, the company has made considerable headway towards a growing and scalable digital business model, the first step of which was to expand audiences and enable us to become market leaders at a time of rapid growth for digital advertising – which now has considerably more weight than traditional advertising.

Recently, there has been significant progress towards changing the business model with the launch, in early May, of the EL PAÍS paywall model, which has shown promising early results. Income from this subscription model will consolidate the digital business developed in recent years, making it more robust and more sustainable.

Completing this process of digital transformation of the leading Spanish-speaking newspaper and developing the subscription model are the two chief challenges facing the new editor-in-chief of EL PAÍS, Javier Moreno, who has just taken over from Soledad Gallego-Díaz, whom I'd like to thank here for all her work at the helm of the newspaper.

Javier, who was already in charge of the newspaper between 2006 and 2014, has a considerable track record in digital transformation processes and has an in-depth knowledge of Latin America, where he held the top post at the helm of EL PAÍS América.

Sol, who will continue her association with the Group by writing for EL PAÍS, has amply met all those goals she set herself when she took on the top job at the newspaper. Her stewardship gave new life to the founding principles of EL PAÍS and led to a revitalization of best practice in journalism as envisaged in the newspaper's Style Book.

PRISA Radio is the world's largest Spanish-language radio group, with a presence in 10 countries and more than 21 million listeners daily, practically half of whom are in Spain. It's the clear top-ranking broadcaster in the Spanish radio market, with Cadena SER and Los40 both enjoying an indisputable lead. In Latin America, PRISA Radio ranks first in both Colombia and Chile, and holds an exceptionally solid position in Mexico.

PRISA Radio has reinforced its strategy of creating new digital audio content, of developing multi-channel distribution and of product innovation, which has translated to growth in the hours of streaming consumed and podcast downloads – which reached 61.5 million and 25.5 million, respectively, in March.

Meanwhile, we continue apace with our divestment policy affecting those assets that we consider to be non-strategic. We have just completed the sale of 30% of Media Capital.

These plans, together with strategic measures, such as future asset enhancement for assets such as Santillana, will allow us to manage current levels of leverage and achieve a sustainable balance structure that will further accelerate business transformation.

As you can see, ladies and gentlemen shareholders, the task we are facing is an exacting one. I am well aware of this, as I am of the extraordinary effort that all of you are making to guarantee the continuity of the PRISA project. But with the very same conviction and resolve, I wish to assure you that I am convinced that the future roadmap that I shared with you a few minutes ago is the right one. I am convinced that we have the unanimous support and maximum commitment of all of us who work at PRISA, right across the board.

Because, ladies and gentlemen, it is in situations like this current one that business projects like ours emerge stronger than ever.

With regard to our Media businesses, which in light of the pandemic and its impact are now more socially relevant than ever before, our mission is to place at the service of society a credible, independent, reliable and rigorous media platform – one that contributes to the creation of public and democratic opinion, one that protects plurality within a complex society and one that promotes policies of inclusive growth, that makes us stronger and leaves no one behind. In order to achieve this, broad political agreement is necessary that, in contrast to fruitless rancour, will make it possible to draw up a framework for action that protects the most vulnerable citizens and workers, ensures the survival of the greatest possible number of companies and that fosters those major reforms that remain pending, whether these be digital or environmental.

We are, as I never tire of repeating to you every time I come before you, a group eager to embrace the challenge of contributing to the development and progress of individuals and society in each and every one of the countries in which we are present.

We do not represent any power nor any interest group. We practice journalism in its noblest, its most classic and socially committed sense, even if we are at times misunderstood or even attacked. This has been the case on numerous occasions in the history of this company but the strength and resilience of our founding principals have always prevailed. And this will continue to be the case.

Today more than ever, I want to express my gratitude for the guidance and support of the Board of Directors and its Chairman, as well as my thanks for the work and effort of the management team and of all the people who make up PRISA, be they employees, collaborators or anyone else linked to our Group. And most of all, I want to thank you, ladies and gentlemen, for your trust. I am firmly convinced that with everyone's efforts, PRISA will continue to forge ahead and faithfully fulfill its mission.

Thank you very much.