



## Quarterly Results

3Q 2014 – September 2014

## 9M 2014 HIGHLIGHTS

### Group Results

#### MAIN HEADLINES

- **Adjusted EBITDA at constant currency (215 million euros) increases by 7.4% (although it slows down in to +2.1% in 3Q).**
  - Advertising in Spain shows weak signs of recovery during the year but it has changed since September to a positive trend. In Portugal, the advertising recovery is being consolidated.
  - Solid growth in Latam in local currency (in Santillana and Radio), despite a slowdown in the economic growth of some countries (mainly Brazil and Chile)
  - Cost reduction and control of capex continues across all business areas
- **Focus on the execution of the refinancing plan:**
  - 780 million Euro of debt cancelled to date and agreement for sale of Canal+ reached with Telefónica.
  - High visibility of reaching the 1.5bn debt amortization commitment.

#### Advertising in Spain shows an irregular trend during the year

- In Spain, adjusted advertising revenues of the Group have been irregular, decreasing by -2.4 %. After three irregular quarters, September shows growth.
- In Radio local advertising revenue consolidates its growth trend (+4.4% cumulative growth), with positive growth in each of the preceding 9 months. National advertising revenue does not show a clear trend yet. Press slows its decline in the last three months.
- In Portugal, advertising revenues, in Media Capital grow by +14.1% (+14.8% in TVI and +9.7% in MC Radio).

#### Latam activities show solid growth in local currency but negative FX impact

- Solid growth in local currency in Education (+9.9%) and Radio (+4.6%) excluding the impact of the change in consolidation perimeter. Third quarter (+24.3% and -8.6% respectively) was impacted by the economic slowdown in the area and by the Soccer World Cup.
- Negative impact from FX evolution that reaches 73.4 million Euros in 9M 2014 revenues, 22.6 million at EBITDA level (55.5 in revenues and 15.4 in EBITDA in 1H).
- 62.5% EBITDA of the Group from Latam at constant currency.

#### The Group continues its transformation

- Adjusted digital advertising grows by 14.8%
- In the press division, digital advertising represents 30% of advertising revenues(+32.1% in 3Q)
- Average unique browsers to the Group's web sites grows by 15% reaching more than 88 million
- Digital education systems continue their development in Latin America, improving margins significantly (increase of 15 million contribution at EBITDA level)

#### Opex and capex control continues

- Fall in all operating expenses of 57.7 million euros (-6.1%)
- Adjusted personnel expenses fall by 28.1 million Euros (-8.9%): Spain (-13.5%); Portugal (-3.3%) and Latam -3.9%.
- The entire collective agreements have been renewed and voluntary severance and de-indexation agreements have been reached in several areas
- Capex review to channel resources to growth areas, mainly Santillana

#### The Group continues with its focus on the execution of the refinancing plan

- The Group continues with its focus on the execution of the refinancing plan: €780 million debt cancellation by the repurchase of debt by back at 25% discount with funds coming from:
  - €100 million capital increase at 0.53 euros per share.
  - sale of 13.68% stake in Mediaset Spain
- Agreement for the sale of 56% stake of Canal + to Telefónica for an initial price of 750 million
- The total net debt of the Group as of September 30<sup>th</sup> amounts to 2,599.72 million (2.500 million euros of gross debt at corporate level) comparing to 3,300.76 million Euros on December 2013.

## Results by business division

### Education

- **In 9M 2014 all the campaigns from south Area** have been closed showing mainly a good performance in local currency
- Remains to be closed the Campaigns of Spain, Mexico and the institutional of Brazil, fundamentally.
- **Spain:** the educational Campaign, which carried out a delay as of June, is **showing as of September a good behavior**, despite the difficulties on the implantation of the new education law and thanks to the commercial effort and cost control. Revenues grow by 3.2% and EBITDA by 5.4%. Despite still to be closed, it is expected to end with growth compared to 2013.
- **Brazil: the institutional sale** still to be registered. Considering that the volume of government purchases has been lower than expected and that prices have not fully been impacted by inflation, it is considered unlikely to maintain the same volume of revenues as previous year in spite of holding the same market share.
- **Mexico:** The campaign has developed its performance as expected and should not show significant changes for the year end.
- **Digital education systems (UNO) continue their development in Latin America**, significantly improving their profitability: ebitda of 13.8 in 9M 2014 versus -1.3 ebitda in 9M 2013.
- **The adjusted revenue in local currency increased by +8.2%** (Spain 3.1%, Brazil 6.5%, Mexico 4.3%, Argentina 41.8 %, Chile 16.5%). Exchange rate has a negative impact on revenues of 61.7 million in Santillana 9M 2014, 58.8 million in 1H 2014.
- **Adjusted EBITDA grows by 14.1% in local currency (-0.6% in Euros)**, within FX impact of 20.3 million euros.

### Radio

- **Advertising in Spain** falls by -2.0%, showing a worse performance in July and August, due to seasonal effects, such as Football World Cup that had a negative impact, mainly in the Radio business. A positive change in the trend is reflected in September, which is expected to be maintained towards the end of year.
- **Advertising in Latam grows in local currency in all countries.** Reported results are impacted by:
  - **FX** has a negative impact in radio revenues of 10.9 million Euros (2.2 million in EBITDA).
  - **Change in consolidation of Mexico & Costa Rica**, which is integrated through equity on the back of an international accounting law change, adopted by the EU and which impacts since January 2014. Excluding this impact, advertising revenues in Radio Latam would have grown by 5.3%, with a worse 3Q in Chile (impacted by the government change) and Colombia (we expect a recovery over de year).
- Effort in **cost control** continues (-4,8% in adjusted terms), mainly in staff costs (-8.4% over the period)
- **Adjusted EBITDA** in Radio reached 37 million Euros in 9M 2014 (+13.5 in respect 9M 2013 and 20.3% FX adjusted). In 9M 2014 adjusted EBITDA in Spain improve in 6.4 million Euros.

### Press

- **Advertising revenues** fall by -3.8% (El País -8.1% y AS +14.8%)
- **In adjusted terms, traditional advertising revenues fall by -15.2% which are partially compensated by the excellent performance of the Digital advertising revenues which** grow by 19.3% and already represent 30% of the division's advertising revenues and by revenues from new business (event management) which grow by 30%.
- We highlight the **strength of AS** where digital advertising revenues grow by 27.4% and already represent over 50% of the total.
- **Circulation revenues** fall by -16.7%.
- **Strong growth in Other Revenues (16.2%)**, mainly promotions. In 9M 2014 revenues no deductions have been recorded. During 9M of 2013, 4.7 million euros worth of deductions were registered as revenues.
- **Strong cost control in every item** (-2.8% in adjusted terms and -9.5% in staff costs).
- **Adjusted EBITDA in press** reaches 5.3 million Euros (-58.3% compared to 9M 2013 or -33.4% adjusting for deductions recorded in 2013 and not registered in 2014).

### Media Capital

- **Advertising Revenues** increase by +14.1% in 9M 2014 (1Q, +5.3%; 2Q, +26.4%; 3Q, 8.7%). Very good performance both on TV (+14.8% in 3Q 2014) as well as on radio (+9.7%). It is worth noticing that advertising recovery in Portugal started in second half of 2013).
- **Decline in other income** in 9M 2014 (-19.3%), mainly due to drop in value added call services.
- **Adjusted EBITDA** reaches 25.4 million Euros and grows by 5.6 % on the back of the stability of Revenues and a strong effort to control the costs.

## Sale of Canal +

On June 2014 the contract to sell 56% stake of Canal+ with Telefónica was formalized at initial amount of 750 million euros:

- **The price is subject to customary adjustments** in such operations until the closing of the transaction plus a specific adjustment depending on the resolution of the arbitrage with MediaPro concerning the costs of the 2012-2015 football seasons.
- The operation is already approved by the representative panel of the financing banks and is only subjected to the authorization of the competition authorities.
- The administrative inquiry of the operation has been transferred by the EU authorities to Spanish supervisor body, the CNMC (National Commission for Market and Competition). This case is currently being processed by the commission.
- The signing of the agreement generates an **accounting loss** in the consolidated accounts of Prisa of **2,064 million euros** and 750 million in the individual accounts, This loss in the individual accounts generates an **asset imbalance**, that was offset by an automatic conversion of a portion of tranche 3 of the corporate level debt, into equity loans for a sufficient amount to compensate for this **asset imbalance**.
- This conversion was provided for in the refinancing agreement signed by the company in December 2013.
  - The amount of debt from Tranche 3 that was converted into equity loans (PPL's according to the contractual definitions), was 507 million euros and took place on September 15<sup>th</sup> 2014.
- **The results of this transaction** are presented in the consolidated income statement under "**Result from discontinued operations**" and the assets and liabilities as "**Non-current assets held for sale**" and "**Liabilities associated with non-current assets held for sale**".

## Consolidated P&L

The comparison of the results of the first half of 2014 and 2013 is affected by extraordinary items recorded under both revenues, expenses, amortizations & provisions. To conduct a homogeneous comparison, we are presenting a profit and loss account adjusting these extraordinary items:

Eur Million	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Operating Revenues</b>	<b>1.068,75</b>	<b>1.150,21</b>	<b>(7,1)</b>	<b>380,75</b>	<b>409,34</b>	<b>(7,0)</b>
<b>EBITDA</b>	<b>179,38</b>	<b>203,12</b>	<b>(11,7)</b>	<b>91,01</b>	<b>98,15</b>	<b>(7,3)</b>
EBITDA Margin	16,8%	17,7%		23,9%	24,0%	
<b>EBIT</b>	<b>53,43</b>	<b>82,95</b>	<b>(35,6)</b>	<b>38,87</b>	<b>46,11</b>	<b>(15,7)</b>
EBIT Margin	5,0%	7,2%		10,2%	11,3%	
<b>Net financial result</b>	<b>31,48</b>	<b>(114,74)</b>	<b>127,4</b>	<b>82,40</b>	<b>(41,27)</b>	<b>-</b>
Interest on debt	(84,99)	(92,34)	8,0	(20,22)	(35,60)	43,2
Other financial results	116,47	(22,40)	-	102,62	(5,67)	-
<b>Result from associates</b>	<b>37,14</b>	<b>4,34</b>	<b>-</b>	<b>41,14</b>	<b>(2,98)</b>	<b>-</b>
<b>Profit before tax</b>	<b>122,06</b>	<b>(27,46)</b>	<b>-</b>	<b>162,41</b>	<b>1,86</b>	<b>-</b>
Income tax expense	(101,52)	(2,11)		(78,12)	(3,20)	
<b>Results from discontinued activities</b>	<b>(2.116,13)</b>	<b>(261,03)</b>	<b>100,0</b>	<b>(11,33)</b>	<b>(27,95)</b>	<b>-</b>
<b>Minority interest</b>	<b>11,24</b>	<b>95,77</b>	<b>(88,3)</b>	<b>5,81</b>	<b>6,27</b>	<b>(7,3)</b>
<b>Net profit</b>	<b>(2.084,36)</b>	<b>(194,82)</b>	<b>-</b>	<b>78,77</b>	<b>(23,03)</b>	<b>-</b>
<b>Adjusted Operating Revenues</b>	<b>1.016,96</b>	<b>1.081,91</b>	<b>(6,0)</b>	<b>381,20</b>	<b>385,88</b>	<b>(1,2)</b>
<b>Adjusted EBITDA</b>	<b>192,31</b>	<b>200,11</b>	<b>(3,9)</b>	<b>95,53</b>	<b>100,63</b>	<b>(5,1)</b>
Adjusted EBITDA Margin	18,9%	18,5%		25,1%	26,1%	
<b>Adjusted EBIT</b>	<b>80,01</b>	<b>91,50</b>	<b>(12,6)</b>	<b>43,69</b>	<b>50,36</b>	<b>(13,2)</b>
Adjusted EBIT Margin	7,9%	8,5%		11,5%	13,1%	
<b>Adjusted Net Profit</b>	<b>n.a.</b>	<b>n.a.</b>				
<b>Results at constant currency</b>	<b>2014</b>	<b>2013</b>	<b>% Chg.</b>	<b>2014</b>	<b>2013</b>	<b>% Chg.</b>
<b>Operating revenues at constant currency</b>	<b>1.090,37</b>	<b>1.081,91</b>	<b>0,8</b>	<b>399,15</b>	<b>385,88</b>	<b>3,4</b>
<b>EBITDA at constant currency</b>	<b>214,93</b>	<b>200,11</b>	<b>7,4</b>	<b>102,77</b>	<b>100,63</b>	<b>2,1</b>
Adjusted EBITDA Margin	19,7%	18,5%		25,7%	26,1%	
<b>EBIT at constant currency</b>	<b>98,04</b>	<b>91,50</b>	<b>7,2</b>	<b>51,01</b>	<b>50,36</b>	<b>1,3</b>
Adjusted EBIT Margin	9,0%	8,5%		12,8%	13,1%	

During the first 9M months of the year, excluding extraordinary items and exchange rate:

- Operating revenue grow by 0.8%
- Adjusted EBITDA grow by 7.4%.
- The improvement in margins continues.

## Index

- 1. Market environment**
  - a\_ Economic environment in Spain and Portugal
  - b\_ Evolution of the advertising market
  - c\_ Economic environment in Latin America
  
- 2. Main operating indicators**
  - a\_ Group operating results
  - b\_ Extraordinary impacts and changes in the consolidation perimeter
  - c\_ Operating results excluding the impact of Canal+
  - d\_ Foreign Exchange impact
  - e\_ Capex
  
- 3. Education business**
  
- 4. Radio business**
  
- 5. Press business**
  
- 6. Media Capital**
  
- 7. From EBIT to net profit**
  - a\_ Financial result
  - b\_ Equity consolidated results
  - c\_ Minority results
  
- 8. Group financial position**
  - a\_ Group financial position
  - b\_ Cash flow statement
  
- 9. Asset sale operations**

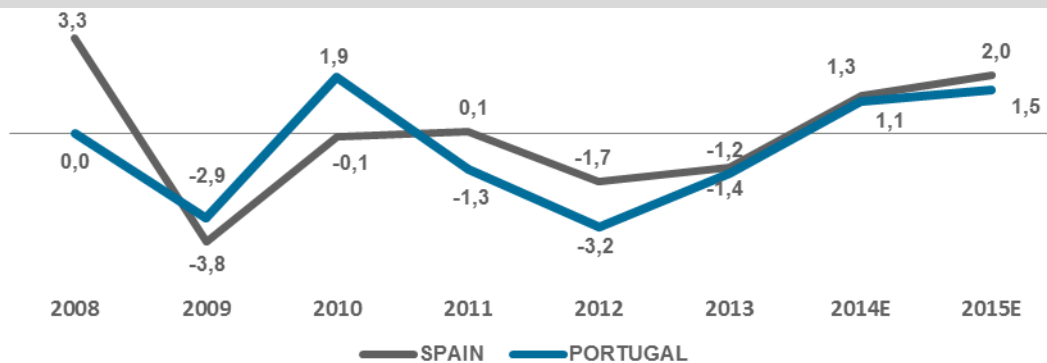
## 1\_ Market environment

### a\_ Economic environment in Spain and Portugal

Despite the difficult economic environment that Spain and Portugal are going through since the beginning of the crisis in 2007, since 2013 a quarterly change in trend is taking place, which is expected to continue throughout the rest of 2014 and 2015.

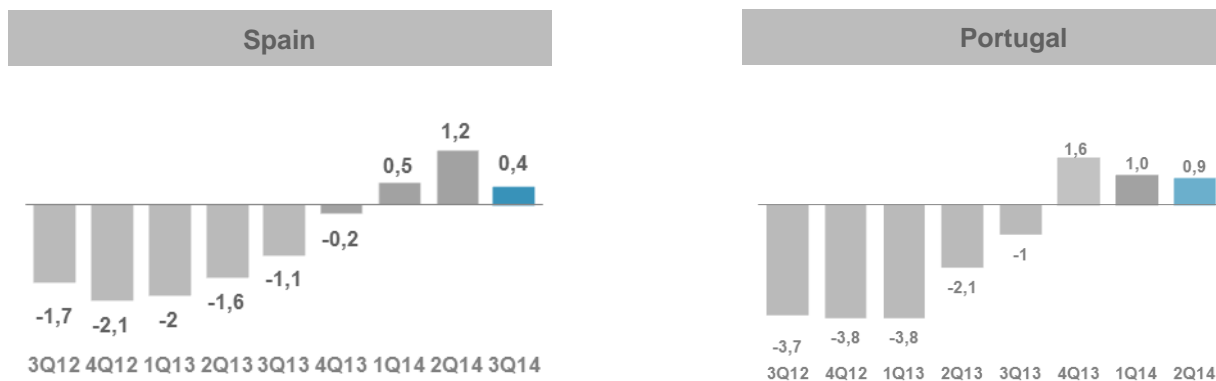
- **Spanish GDP** fell by -1.2% in 2013, although quarterly GDP went from a -2% decrease in the 1Q to a fall of just -0.2% in the 4Q (according to INE, Spanish Statistic Institute). In 2014, according to Bank of Spain, GDP grew by +0.5% in 1Q; by +1.2% in 2Q and +0.4% in 3Q 2014.
- As for **Portugal**, in 2013 GDP fell by -1.4% and the same change in trend took place although with much higher volatility. GDP went from declining by -3.8% to grow by +1.6% on 4Q 2013. In 2014 growth in 1Q was +1.0% and +0.9% in 2Q.

GDP growth in Spain & Portugal (%)



Source: INE (Spanish statistic institute), IMF, Bank of Portugal

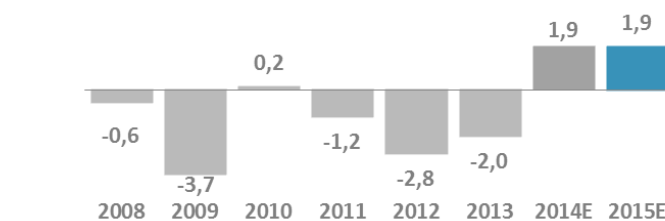
Quarterly GDP growth in Spain & Portugal (%)



Source: INE (Spanish statistic institute), Bank of Portugal

**The improvement observed in the economic environment has had its reflection in private consumption.** Private consumption in Spain went from a fall of -2.8% in 2012 to a fall of just -2.0% in 2013 (according to INE), in the sixth consecutive year of declines. According to the information compiled by consensus by FUNCAS, we can estimate a growth of this variable between 1.9% for 2014 and 1.9% for 2015.

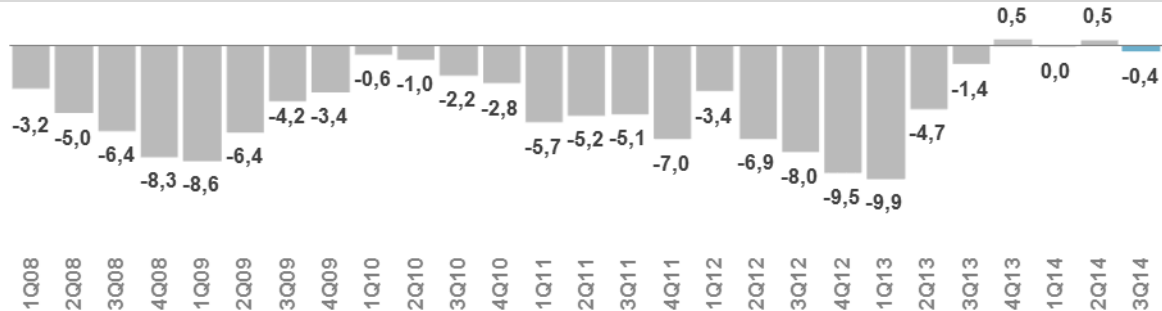
Annual growth of private consumption in Spain (%)



Source: INE, FUNCAS

In terms of quarterly evolution, private consumption has also showed a significant turnaround from 2013 when it happened to fall -9.9% in Q1 to grow by +0.5% in Q4. During the first quarter of 2014, private consumption has remained flat according to INE, growing again by 0.5% in the second quarter, but falling during 3Q, showing an irregular growth trend. Therefore, during 3Q 2014 this variable shows a slight growth of 0.02% in average quarterly rates.

**Quarterly growth of private consumption in Spain (%)**



Source: INE (Spanish statistic institute)

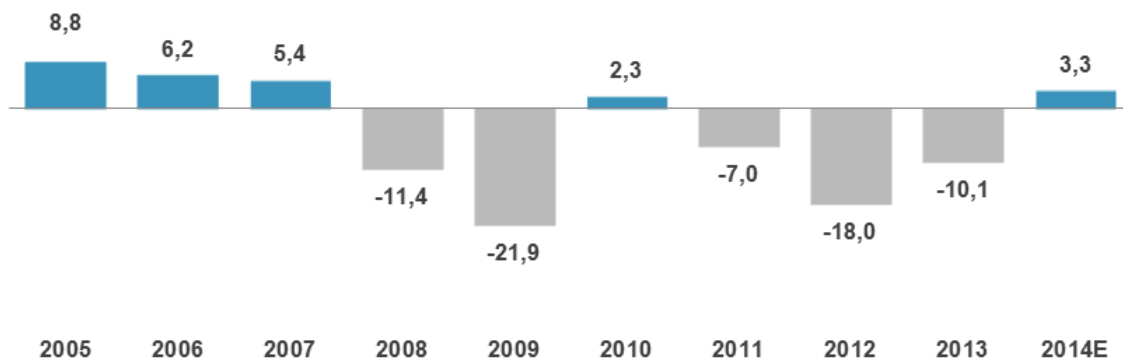
For 2014 an improvement in the economic environment is expected for both Spain and Portugal. We expect GDP growth of +0.9% and +1.2% according to IMF. For 2015 expected growth is +1.0% and +1.5% respectively

**b\_ Advertising market evolution**

The Group’s divisions are directly exposed to the Spanish advertising market through Radio, Press and Digital, as well as Pay TV, though less so. In addition the Group is also exposed to the Portuguese advertising market through its FTA TV (TVI) and Radio businesses.

During 2013, advertising investment showed a change in trend, in line with that of the economic environment. According to public sources (i2p) **advertising investment in Spain fell by -10.1% in 2013** compared to a fall of -18.0% in 2012. In 2014 total advertising market is expected to grow by +3.3%, if the consecutive trends shown in second and third quarters are confirmed.

**Annual growth of advertising investment in Spain (%)**

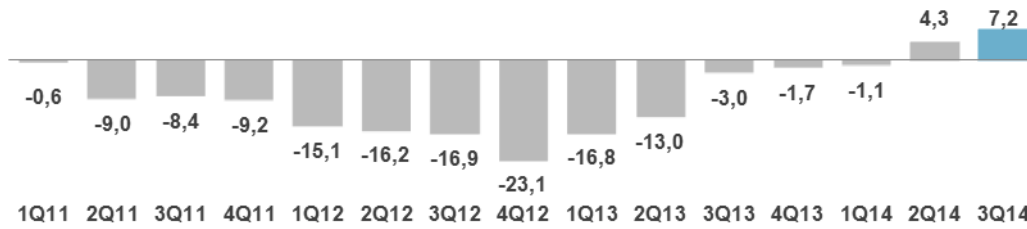


Source: i2p (September 2014)

The behaviour of the market in the **third and fourth quarter 2013 showed an important improvement**. Advertising investment in Spain went from a fall of -16.8% in the first quarter to a fall of just -1.7% in the fourth. It still fell in 1Q 2014 by -1.1%, changing its trend in 2Q, increasing +4.3%. This trend is confirmed in 3Q with a quarterly growth rate of +7.2%.

**Quarterly growth of advertising investment in Spain (%)**

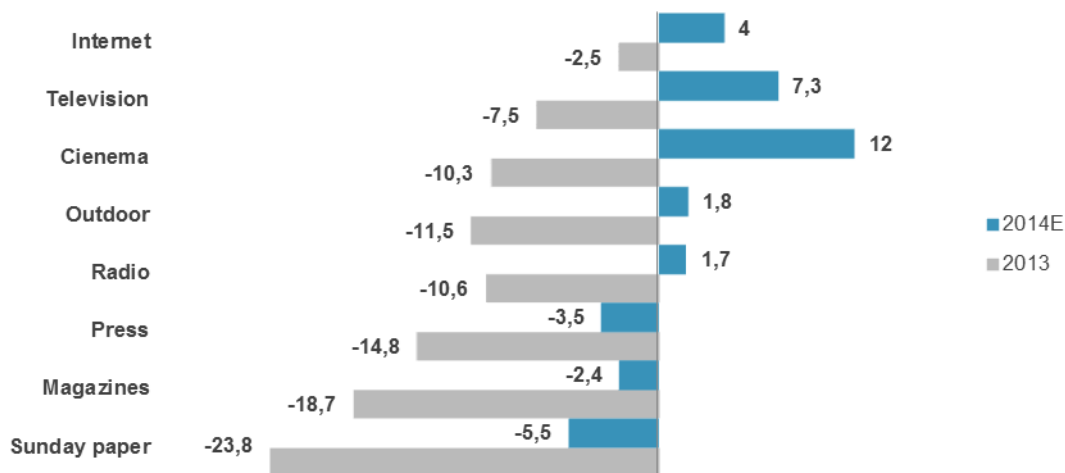




Source: i2p (September 2014)

**Expectations for the rest of 2014 are of a further improvement** with an expected growth (according to i2p) of +3.3%, with a positive performance of all sectors except press, where the falls are expected to slow down compared to 2013, as observed in 2Q and 3Q 2014.

### Advertising investment in Spain (%)

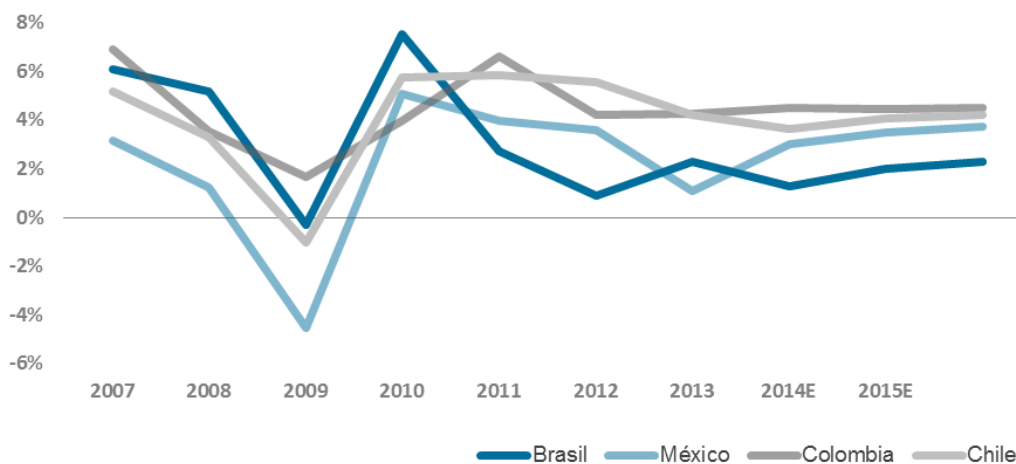


Source: i2p (September 2014)

### c\_ Economic environment in Latin America

The economic growth of Latam countries where PRISA has exposure have continued to show strength during 2013. This growth is expected to continue during the rest of 2014, 2015 and 2016 according to IMF estimates (from April 2014).

### Latam GDP growth (%)

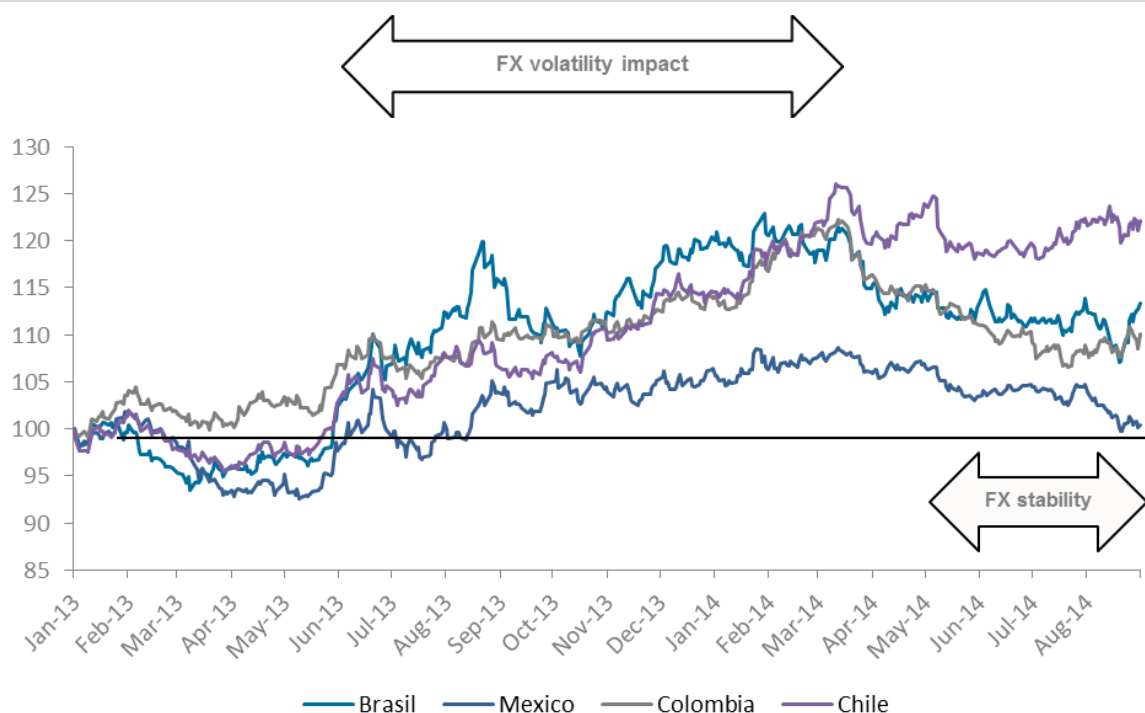


Source: IMF (April 2014, Brazil series corrected in October 2014)

Despite the strength of the economic environment, the Group's results from Latin America have been negatively impacted by the **weakness of the Exchange rate** in the region. This negative impact reached 74.5 million Euros at revenue level and 22.5 million Euros at EBITDA in 3Q. As a result, reported adjusted revenues from Latin America fell by -7.6% compared to +7.8% at constant currency, and adjusted EBITDA falls by -5.5% compared to +13.5% at constant currency (excluding the impact from the change in consolidation perimeter of the Group). The impact of exchange rate volatility has stabilized for major Latin American currencies, as shown in the attached chart and table.

During the third quarter of 2014, the Venezuelan Bolivar had an impact on revenues of 13.7 million euros (78% of the impact in the quarter and 27% of the cumulative impact) and 7.6 million in EBITDA (108% of all quarter, which offset the positive developments in Brazil, and 31% of total accumulated impact in 2014).

### Exchange rate vs. the Euro 2013 - 2014



	Brasil	México	Colombia	Chile
<b>1Q 2013</b>	2,64	16,69	2.365,27	623,76
<b>2Q 2013</b>	2,70	16,30	2.433,00	633,41
<b>3Q 2013</b>	3,03	17,11	2.526,75	671,48
<b>4Q 2013</b>	3,10	17,73	2.604,92	703,54
<b>1Q 2014</b>	3,24	18,13	2.747,88	756,11
<b>2Q 2014</b>	3,06	17,83	2.624,31	760,69
<b>3Q 2014</b>	3,01	17,38	2.531,21	764,94
<b>1Q14 / 1Q13</b>	<b>22,8%</b>	<b>8,6%</b>	<b>16,2%</b>	<b>21,2%</b>
<b>2Q14 / 2Q13</b>	<b>13,2%</b>	<b>9,4%</b>	<b>7,9%</b>	<b>20,1%</b>
<b>3Q14 / 3Q13</b>	<b>-0,5%</b>	<b>1,6%</b>	<b>0,2%</b>	<b>13,9%</b>
<b>1H14 / 1H13</b>	<b>17,9%</b>	<b>9,0%</b>	<b>11,9%</b>	<b>20,6%</b>

Source: Bloomberg

## 2\_ Main operating indicators

### a\_ Group operating results

Group Operating Results	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Eur Million</b>						
<b>Operating Revenues</b>	<b>1.068,75</b>	<b>1.150,21</b>	<b>(7,1)</b>	<b>380,75</b>	<b>409,34</b>	<b>(7,0)</b>
Spain	476,57	493,63	(3,5)	192,79	199,50	(3,4)
Portugal	132,08	131,06	0,8	43,92	45,74	(4,0)
Latam	460,09	525,53	(12,5)	144,03	164,10	(12,2)
<b>Operating expenses</b>	<b>889,37</b>	<b>947,10</b>	<b>(6,1)</b>	<b>289,73</b>	<b>311,19</b>	<b>(6,9)</b>
Spain	434,68	447,45	(2,9)	142,57	151,82	(6,1)
Portugal	105,04	106,46	(1,3)	34,27	36,08	(5,0)
Latam	349,65	393,19	(11,1)	112,89	123,29	(8,4)
<b>EBITDA</b>	<b>179,38</b>	<b>203,12</b>	<b>(11,7)</b>	<b>91,01</b>	<b>98,15</b>	<b>(7,3)</b>
<i>EBITDA Margin</i>	0,17	0,18	0,0	0,04	0,04	14,3
Spain	41,89	46,18	(9,3)	50,22	47,67	5,4
Portugal	27,05	24,60	10,0	9,65	9,66	(,0)
Latam	110,45	132,34	(16,5)	31,14	40,82	(23,7)
<b>EBIT</b>	<b>53,43</b>	<b>82,95</b>	<b>(35,6)</b>	<b>38,87</b>	<b>46,11</b>	<b>(15,7)</b>
<i>EBIT Margin</i>	5,0%	7,2%		0,03	0,02	
Spain	(31,28)	(16,45)	(90,1)	11,82	13,40	(11,8)
Portugal	20,60	17,08	20,6	7,35	6,97	5,4
Latam	64,11	82,32	(22,1)	19,71	25,74	(23,4)
<b>Adjusted Operating Revenues</b>	<b>1.016,96</b>	<b>1.081,91</b>	<b>(6,0)</b>	<b>381,20</b>	<b>385,88</b>	<b>(1,2)</b>
<b>Adjusted EBITDA</b>	<b>192,31</b>	<b>200,11</b>	<b>(3,9)</b>	<b>95,53</b>	<b>100,63</b>	<b>(5,1)</b>
<i>Adjusted EBITDA Margin</i>	18,9%	18,5%		25,1%	26,1%	
<b>Adjusted EBIT</b>	<b>80,01</b>	<b>91,50</b>	<b>(12,6)</b>	<b>43,69</b>	<b>50,36</b>	<b>(13,2)</b>
<i>Adjusted EBIT Margin</i>	7,9%	8,5%		11,5%	13,1%	

### b\_ Extraordinary impact and changes in consolidation perimeter

We show below the main extraordinary impacts:

Extraordinary Items	JANUARY - SEPTEMBER		JULY - SEPTEMBER	
	2014	2013	2014	2013
<b>Eur Million</b>				
<b>One-offs in operating revenues</b>	<b>51,78</b>	<b>68,31</b>	<b>-0,45</b>	<b>23,46</b>
Advertising sponsorship adjustment	3,39	5,08	1,93	5,08
Consolidation perimeter adjustment	(15,06)	0,00	(5,42)	0,00
Trade Publishing	63,45	63,23	3,04	18,38
<b>One-offs in operating expenses</b>	<b>64,72</b>	<b>65,30</b>	<b>4,07</b>	<b>25,94</b>
Redundancies	32,85	12,90	3,18	5,65
Advertising sponsorship adjustment	3,39	5,08	1,93	5,08
Consolidation perimeter adjustment	(9,40)	0,00	(3,30)	0,00
Non recurrent retirement complement	6,00	0,00	0,00	0,00
Trade Publishing	31,87	47,33	2,26	15,20
<b>One-offs in amortization &amp; provisions</b>	<b>13,64</b>	<b>11,55</b>	<b>0,30</b>	<b>1,77</b>
Fondo de comercio	6,79	0,00	0,00	0,00
Trade Publishing	7,70	11,55	0,58	1,77
Consolidation perimeter adjustment	(,85)	0,00	(,28)	0,00

**a) Redundancies:** The extraordinary expenses from redundancies reaches 32.85 million Euros in the third quarter of 2014, compared to the 12.9 of the same period in 2013.

**b) Advertising sponsorships:** Revenues and expenses from the sponsorship of certain events which are considered extraordinary, though they have no impact at EBITDA level.

**c) In 2014 certain changes in the consolidation perimeter have taken place:** Mexico and Costa Rica are integrated through equity consolidation instead of proportional consolidation.

d) In June 2014, the Trade Publishing business was sold, and no longer consolidates within Grupo PRISA (previously was part of Santillana)

### c\_ Foreign exchange impact

As previously explained, the exchange rate has had a negative impact in the Group's operating results. The exchange rate impact has been of 73.4 million Euros at revenue level, 22.6 million at EBITDA level and 18.0 million at EBIT level.

We show in the following table **the evolution of Revenues, EBITDA and EBIT at constant currency**,

- Revenues would have grown by +0.8% instead of falling by -6%,
- Adjusted EBITDA have grown by 7.4% instead of falling by -3.9% in Euros.

Adjusted operating results	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Eur Million</b>						
<b>Adjusted Operating Revenues</b>	<b>1.017,0</b>	<b>1.081,9</b>	<b>(6,0)</b>	<b>381,20</b>	<b>385,88</b>	<b>(1,2)</b>
Spain	438,4	467,6	(6,2)	191,14	192,58	(0,7)
International	578,5	614,3	(5,8)	190,06	193,31	(1,7)
Portugal	132,1	131,1	0,8	43,92	45,74	(4,0)
Latam	446,4	483,2	(7,6)	146,14	147,57	(1,0)
<b>Adjusted EBITDA</b>	<b>192,3</b>	<b>200,1</b>	<b>(3,9)</b>	<b>95,53</b>	<b>100,63</b>	<b>(5,1)</b>
Spain	52,1	55,6	(6,2)	52,48	52,83	(0,6)
International	140,2	144,5	(3,0)	43,05	47,80	(9,9)
Portugal	28,3	26,1	8,4	9,99	10,16	(1,6)
Latam	111,8	118,4	(5,5)	33,06	37,64	(12,2)
<i>Adjusted EBITDA Margin</i>	<i>19%</i>	<i>18%</i>		<i>25,1%</i>	<i>26,1%</i>	
<b>Adjusted EBIT</b>	<b>80,0</b>	<b>91,5</b>	<b>(12,6)</b>	<b>43,69</b>	<b>50,36</b>	<b>(13,2)</b>
Spain	(10,6)	(1,0)	-	14,10	19,20	(26,6)
International	90,6	92,5	(2,0)	29,59	31,16	(5,0)
Portugal	21,9	18,6	17,6	7,69	7,47	2,9
Latam	68,7	73,9	(7,0)	21,91	23,69	(7,5)
<i>Adjusted EBIT Margin</i>	<i>7,9%</i>	<i>8,5%</i>		<i>11,5%</i>	<i>13,1%</i>	

Results at constant currency	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Eur Million</b>						
<b>Adjusted Operating Revenues</b>	<b>1.090,4</b>	<b>1.081,9</b>	<b>0,8</b>	<b>399,15</b>	<b>385,88</b>	<b>3,4</b>
Spain	438,4	467,6	(6,2)	191,14	192,58	(0,7)
International	651,9	614,3	6,1	208,01	193,31	7,6
Portugal	132,1	131,1	0,8	43,92	45,74	(4,0)
Latam	519,9	483,2	7,6	164,08	147,57	11,2
<b>Adjusted EBITDA</b>	<b>214,9</b>	<b>200,1</b>	<b>7,4</b>	<b>102,77</b>	<b>100,63</b>	<b>2,1</b>
Spain	52,1	55,6	(6,2)	52,48	52,83	(0,6)
International	162,8	144,5	12,6	50,28	47,80	5,2
Portugal	28,3	26,1	8,4	9,99	10,16	(1,6)
Latam	134,5	118,4	13,6	40,29	37,64	7,0
<i>Adjusted EBITDA Margin</i>	<i>20%</i>	<i>18%</i>		<i>25,7%</i>	<i>26,1%</i>	
<b>Adjusted EBIT</b>	<b>98,0</b>	<b>91,5</b>	<b>7,2</b>	<b>51,01</b>	<b>50,36</b>	<b>1,3</b>
Spain	(10,6)	(1,0)	-	14,10	19,20	(26,6)
International	108,6	92,5	17,5	36,91	31,16	18,5
Portugal	21,9	18,6	17,6	7,69	7,47	2,9
Latam	86,8	73,9	17,5	29,23	23,69	23,4
<i>Adjusted EBIT Margin</i>	<i>9,0%</i>	<i>8,5%</i>		<i>12,8%</i>	<i>13,1%</i>	

### 3\_ Education business

EDUCATION	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Revenues</b>	<b>542,03</b>	<b>562,86</b>	<b>(3,7%)</b>	<b>217,60</b>	<b>212,50</b>	<b>2,4%</b>
Spain	168,87	145,85	15,8%	100,18	85,37	17,4%
International	373,15	417,01	(10,5%)	117,42	127,13	(7,6%)
<b>Operating expenses</b>	<b>386,28</b>	<b>411,30</b>	<b>(6,1%)</b>	<b>131,27</b>	<b>133,12</b>	<b>(1,4%)</b>
<b>EBITDA</b>	<b>155,75</b>	<b>151,56</b>	<b>2,8%</b>	<b>86,33</b>	<b>79,39</b>	<b>8,7%</b>
<i>% margin</i>	28,7%	26,9%		39,7%	37,4%	
<b>EBIT</b>	<b>75,04</b>	<b>73,37</b>	<b>2,3%</b>	<b>48,01</b>	<b>39,84</b>	<b>20,5%</b>
<i>% margin</i>	13,8%	13,0%		22,1%	18,7%	
<b>One-offs in operating revenues</b>	<b>63,45</b>	<b>63,23</b>		<b>3,04</b>	<b>18,37</b>	
Trade Publishing	39,37	63,23		2,54	18,37	
Trade Publishing capital gain	24,08	0,00		0,50	0,00	
<b>One-offs in operating expenses</b>	<b>44,19</b>	<b>49,03</b>		<b>2,74</b>	<b>16,01</b>	
Redundancies	12,32	1,70		0,48	0,81	
Trade Publishing	31,28	47,33		1,88	15,20	
Trade Publishing	0,59	0,00		0,38	0,00	
<b>One-offs in Amort. &amp; Provisions</b>	<b>14,49</b>	<b>11,55</b>		<b>0,58</b>	<b>1,77</b>	
Goodwil	6,79	0,00		0,00	0,00	
Trade Publishing	7,70	11,55		0,58	1,77	
<b>Adjusted Revenue</b>	<b>478,58</b>	<b>499,63</b>	<b>(4,2%)</b>	<b>214,57</b>	<b>194,13</b>	<b>10,5%</b>
Spain	134,12	129,50	3,6%	100,46	88,08	14,0%
International	344,46	370,13	(6,9%)	114,11	106,04	7,6%
Portugal	6,41	6,21	3,3%	5,65	5,60	0,9%
Latam	338,04	363,92	(7,1%)	108,46	100,44	8,0%
<b>Adjusted EBITDA</b>	<b>136,49</b>	<b>137,37</b>	<b>(0,6%)</b>	<b>86,03</b>	<b>77,02</b>	<b>11,7%</b>
Spain	52,08	50,86	2,4%	57,57	49,84	15,5%
International	84,40	86,50	(2,4%)	28,47	27,19	4,7%
Portugal	1,55	1,41	10,6%	3,62	3,22	12,3%
Latam	82,85	85,10	(2,6%)	24,85	23,97	3,7%
<i>% adjusted margin</i>	28,5%	27,5%		40,1%	39,7%	
<b>Adjusted EBIT</b>	<b>70,27</b>	<b>70,72</b>	<b>(0,6%)</b>	<b>48,29</b>	<b>39,24</b>	<b>23,0%</b>
<i>% adjusted margin</i>	14,7%	14,2%		22,5%	20,2%	
<b>Adjusted Revenue at constant fx rate</b>	<b>540,37</b>	<b>499,63</b>	<b>8,2%</b>	<b>230,97</b>	<b>194,13</b>	<b>19,0%</b>
Spain	134,12	129,50	3,6%	100,46	88,08	14,0%
International	406,24	370,13	9,8%	130,51	106,04	23,1%
Portugal	6,41	6,21	3,3%	5,65	5,60	0,9%
Latam	399,83	363,92	9,9%	124,86	100,44	24,3%
<b>Adjusted EBITDA</b>	<b>156,78</b>	<b>137,37</b>	<b>14,1%</b>	<b>93,17</b>	<b>77,02</b>	<b>21,0%</b>
Spain	52,08	50,86	2,4%	57,57	49,84	15,5%
International	104,70	86,50	21,0%	35,61	27,19	31,0%
Portugal	1,55	1,41	10,6%	3,62	3,22	12,3%
Latam	103,15	85,10	21,2%	31,99	23,97	33,5%
<i>% adjusted margin</i>	29,0%	27,5%		40,3%	39,7%	
<b>Adjusted EBIT</b>	<b>86,79</b>	<b>70,72</b>	<b>22,7%</b>	<b>55,62</b>	<b>39,24</b>	<b>41,7%</b>
<i>% adjusted margin</i>	16,1%	14,2%		24,1%	20,2%	

#### a\_ Market position

Santillana, PRISA's education business, maintains a leading position in practically all countries where it operates. In Spain, Santillana has a market share of 19.3%.

We detail below the market share and position of Santillana in its main markets, according to the latest data available:

**Market share and position of PRISA's education business**

Country	Market share	Market position
Spain	19.3%	1
Brazil	19.9%	1
Mexico	17.4%	1
Argentina	27.6%	1
Chile	38.8%	1
Colombia	17.2%	1
Portugal	7.1%	3

Source: PRISA internal estimates as of December 2013, Mexico: 23.4 % including UNO

**b\_ Operating revenues**

**Operating Revenues of the Education business are seasonal and depend on the education campaigns of each of the 22 countries where Santillana is present.** During the first 9 months of the year took place, all of the campaigns in the southern area including the following countries: Brazil (regular sale), Colombia, Costa Rica, Panama, Nicaragua, Guatemala, Honduras, El Salvador, Uruguay, Chile, Bolivia, Argentina, Paraguay, Peru and Ecuador.

In the first nine months most of the sales of the campaigns in the North area, mainly Spain and Mexico, have been recorded. Mexico and Spain are pending campaign closure as the institutional campaign in Brazil.

**Adjusted education revenues in the 9M 2014 of the year have been negatively affected by the evolution of Exchange rates, which impact Revenues in 62.9 million Euros and EBITDA in 20.2 million.** Excluding this impact, Revenues would have grown by 8.4% and EBITDA would have grown +14.1%.

In the evolution of first 9M revenues there is to highlight:

- a) **The evolution of the southern area campaigns**, which together show a good performance in local currency except for Peru (largely due to there was a non-recurring significant institutional selling in 2013)
- b) **In Spain**, the campaign that started with a delay at the beginning compared to 2013, shows good performance despite implementation difficulties in the new law. In the 9M of 2014 revenues grow by +3.2% and EBITDA by +5.4% and it is expected the campaign to finish with growth in respect 2013.
- c) **Mexico** has had a normal performance as expected.
- d) **In Brazil**, it's pending to record the institutional campaign. Due to less than expected government purchases and minor assignment of book to Santillana (Physics and Chemistry and English) and prices have not collected total impact of inflation it is expected to be hard to keep the same volume of revenues from last year despite maintaining market share. In the first 9M 2014, regular campaign is impacted by advances recorded in 2013 (+11 million Brazilian Reales in revenue, +6 million Brazilian Reales in EBITDA)
- e) **Learning Systems UNO and Compartir** show a remarkable improvement in margins. EBITDA goes from - 1.32m Euros in 9M 2013 to 13.8m Euros in the first 9M 2014.

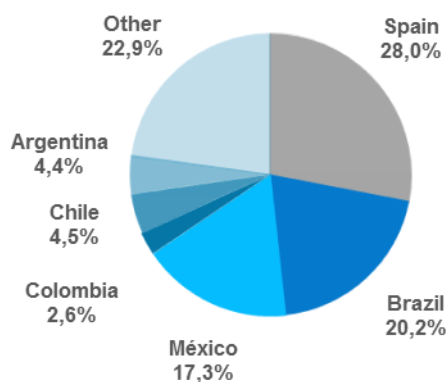
**The contribution to the division's Revenues of the different countries** where Santillana is present, separating the contribution of traditional Education (including education system Compartir) and education Sistema UNO is as follows:

	9M 2014	9M 2013	Var %	9M 2014	9M 2013	Var %
<b>Total Santillana</b>	<b>478,58</b>	<b>499,63</b>	<b>(4,2%)</b>			<b>8.2%</b>
<b>Trad. Education and Compartir</b>	<b>426,82</b>	<b>452,53</b>	<b>(5,7%)</b>			
Spain	133,52	129,44	3,1%	133,52	129,44	3,1%
Portugal	6,41	6,21	3,3%	6,41	6,21	3,3%
Brasil	71,86	83,07	(13,5%)	229,96	224,64	2,4%
Mexico	63,74	66,71	(4,5%)	1.122,11	1.111,32	1,0%
Argentina	20,98	24,21	(13,3%)	229,23	161,64	41,8%
Chile	21,73	22,60	(3,9%)	16.477,61	14.144,37	16,5%
Colombia	5,44	6,14	(11,4%)	14,74	14,96	(1,4%)
Other countries	103,13	114,14	(9,6%)			—
<b>Sistema UNO</b>	<b>51,20</b>	<b>47,03</b>	<b>8,8%</b>			
Spain	0,10	0,00	—	0,10	0,00	—
Brasil	24,95	22,91	8,9%	76,99	63,45	21,3%
Mexico	19,03	17,29	10,0%	339,73	290,77	16,8%
Colombia	7,11	6,83	4,1%	18,88	16,54	14,1%
<b>Other</b>	<b>0,6</b>	<b>0,1</b>		<b>0,5</b>	<b>0,1</b>	

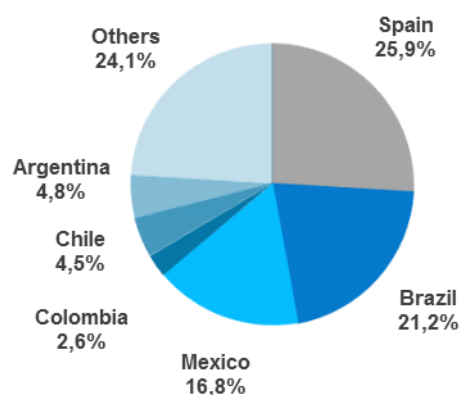
As a result of the above, the geographical split of Revenues is as follows:

#### Geographical split of education revenues (%)

##### January – September 2014



##### January – September 2013



#### c\_ Operating expenses and capex

Adjusted operating expenses are reduced in 9M 2014 by 12.8%. This reduction responds to:

- **Lower expenses by business line:** -5.6% Total Expenses -20.2 million euros; Traditional Education and Compartir -4.0% -11.9 million euros; UNO -22.7% -11.0 million euros
- **Lower expenses by concept:** Staff costs, -1.5% -1.7 million; External services -2.5% -3.0 million; Copyright -12.1% -1.8 million; Loss on disposal of fixed assets of 0.2 million; Cost of Sales -11.7% -13.9 million euros.

As for Capex, Santillana undertakes investments for a total of 46.43 million Euros in 9M 2014 (-7.96%).

#### d\_ EBITDA

Education EBITDA in the 9M 2014 reaches 136.5 million Euros (-0.6%). This fall is greatly due to the negative impact of the exchange rate. At constant currency, **EBITDA grows by 14.1% and reaches 156.8 million Euros.**

The adjusted EBITDA contribution of the different countries where Santillana is present, separating the contribution of the different business lines (traditional education and Compartir, UNO system and other) is as follows:

	9M 2014	9M 2013	Var %		9M 2014	9M 2013	Var %
<b>Total Santillana</b>	<b>136,50</b>	<b>137,36</b>	<b>(0,6%)</b>				<b>14,1%</b>
<b>Trad. Education and Compartir</b>	<b>136,71</b>	<b>150,47</b>	<b>(9,1%)</b>				
Spain	68,09	63,14	7,8%	68,09	63,14	7,8%	
Portugal	1,63	1,62	0,6%	1,63	1,62	0,6%	
Brazil	3,42	12,24	(72,1%)	16,30	29,40	(44,6%)	
Mexico	22,75	24,40	(6,8%)	398,25	406,69	(2,1%)	
Argentina	6,82	8,17	(16,5%)	75,28	51,66	45,7%	
Chile	7,99	7,98	0,2%	6.062,27	4.882,25	24,2%	
Colombia	(1,95)	(2,73)	28,7%	(4,85)	(6,72)	27,7%	
Other countries	27,96	35,65	(21,6%)			---	
<b>Sistema UNO</b>	<b>13,80</b>	<b>(1,32)</b>	<b>1142,6%</b>				
Spain	(,09)	(,14)	39,8%	(,09)	(,14)	39,8%	
Brasil	7,24	(1,93)	474,7%	21,75	(4,58)	575,1%	
Mexico	5,04	0,98	416,1%	90,94	17,55	418,3%	
Colombia	1,60	(,23)	804,7%	4,30	(,65)	765,7%	
<b>Other</b>	<b>(14,02)</b>	<b>(11,80)</b>	<b>(19,0%)</b>	<b>(14,02)</b>	<b>(10,96)</b>	<b>(27,9%)</b>	

### e\_Digital development – Digital education systems (UNO & Compartir)

**Sistema UNO:** It is a complete pedagogic service, constructed through the collaboration with the school management, offering forming and evaluation, a bilingual education and the digitalization of the education system (including the class). It is a system that includes the school owners, directors, teachers, pupils and parents.

The proposal includes:

- **Content:** printed material (pupil, teacher, class) and digital material (pupil and teacher)
- **Digital platform:** hardware (ipads, servers, projectors etc.) and software (apps, support...)
- **Evaluation:** school and national exams (MAPCO, PISA, Cambridge)
- **Training:** for directors, teachers, pupils and parents, through conferences, seminars, events, tutorials and digital services etc.

#### Business model:

- The business is B2B, with direct agreements with the schools (4 year agreements) and direct payment by the parents.
- The Price is higher than the traditional package of books offered to schools.
- The digitalization of classes is offered, as well as the chance of having a Tablet (ipad) per pupil.
- It implies the transformation of printed material with digital elements to a system which is fully digital.
- The education process development is planned and managed completely through Sistema UNO.

**The geographical presence:** Sistema UNO has been launched in Brazil, Mexico and Colombia with considerable success in each of the three.

**The results:** In the first 9M of 2014, the results of Sistema UNO continue showing a good behaviour in local currency and improving profitability, once adjusted the effects of anticipation of sales which took place in Brazil and Colombia

#### KPIs:

- **Brazil:** Sistema UNO is present in 327 schools and reaches 111,505 pupils.
- **Colombia:** Sistema UNO is present in 81 schools and reaches 27,793 pupils.
- **Mexico:** The education campaign in Mexico takes place in 418 schools and reaches 120,869 pupils.
- **Total:** Sistema UNO is present in 836 schools and reaches 262,128 pupils.

**Sistema COMPARTIR:** An initiative directed towards facilitating the incorporation of technology to schools in a less radical way than Sistema UNO. It implies the introduction to the digital world instead of an alternative education proposal for the schools. It provides the schools with a solution to face the need of introduce technological changes, when they are more reluctant of abandoning the traditional education system of printed books.



**The proposal:** offers text books which are enriched with digital content and access to hardware and software at preferential prices to slowly increase the digital exposure of the school.

- **Content:** same content as traditional education but with additional services.
- **Evaluation.**
- **Digitalization of classrooms:** including hardware to improve the education experience of pupils.
- **Online content:** Santillana plus (web page for pupils and teachers) and Twig (educational videos in biology, physics, chemistry and natural science).
- **Learning Management System (LMS):** integration of the learning community (pupil, teacher, parents) in a customizable platform which simplifies the education management.

**Business model:**

- The business is B2B, with agreements with the schools (for 3 years) with a payment per subscription
- The system is given directly to the schools
- There are several options so that the individual needs of the schools are met
- Santillana has an agreement with hardware providers for the schools that adopt Compartir

**Geographical presence:** Sistema Compartir is much more extended than UNO, with presence in Argentina, Brazil, Northern and Southern Central America, Chile, Colombia, Ecuador, Mexico and Dominican Republic. In February 2015 is launched in Peru.

Of these countries, in the first 9M of 2014 only the Southern Hemisphere campaigns have finished and the Northern Hemisphere campaign has been initiated. The contribution to revenues and EBITDA of these campaigns are included together with those of traditional education shown in the tables above.

As for its KPIs, **Sistema Compartir reaches 1,102 schools and 369,834 pupils.**

## 4\_ Radio business

RADIO	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Revenues</b>	<b>213,37</b>	<b>235,29</b>	<b>(9,3%)</b>	<b>69,48</b>	<b>79,95</b>	<b>(13,1%)</b>
Advertising	192,75	214,74	(10,2%)	60,59	73,04	(17,0%)
Spain	109,51	111,74	(2,0%)	32,02	34,94	(8,3%)
International	83,04	102,91	(19,3%)	28,49	38,04	(25,1%)
Other*	0,20	0,09	120,8%	0,07	0,05	41,6%
Others	20,62	20,55	0,3%	8,89	6,92	28,5%
<b>Operating expenses</b>	<b>187,30</b>	<b>207,80</b>	<b>(9,9%)</b>	<b>64,08</b>	<b>71,44</b>	<b>(10,3%)</b>
<b>EBITDA</b>	<b>26,07</b>	<b>27,49</b>	<b>(5,2%)</b>	<b>5,39</b>	<b>8,51</b>	<b>(36,6%)</b>
% margin	12,2%	11,7%		7,8%	10,6%	
<b>EBIT</b>	<b>15,08</b>	<b>13,97</b>	<b>8,0%</b>	<b>1,75</b>	<b>4,31</b>	<b>(59,4%)</b>
% margin	7,1%	5,9%		2,5%	5,4%	
<b>One-offs in operating revenues</b>	<b>(14,72)</b>	<b>1,90</b>		<b>(5,31)</b>	<b>1,90</b>	
Advertising Sponsorship Adjustment	0,00	1,90		(0,23)	1,90	
Consolidation Perimetre Adjustment	(14,72)	0,00		(5,08)	0,00	
<b>One-offs in operating expenses</b>	<b>(3,79)</b>	<b>7,01</b>		<b>(1,73)</b>	<b>5,19</b>	
Redundancies	4,15	3,17		0,742	1,350	
Contractors Redundancies	1,26	1,95		0,77	1,95	
Advertising Sponsorship Adjustment	0,00	1,90		(0,23)	1,90	
Consolidation Perimetre Adjustment	(9,20)	0,00		(3,00)	0,00	
<b>One-offs in Amort. &amp; Provisions</b>	<b>(0,85)</b>	<b>0,00</b>		<b>(0,28)</b>	<b>0,00</b>	
Consolidation Perimetre Adjustment	(0,85)	0,00		(0,28)	0,00	
<b>Adjusted Revenues</b>	<b>228,092</b>	<b>233,39</b>	<b>(2,3%)</b>	<b>74,79</b>	<b>78,05</b>	<b>(4,2%)</b>
Spain	135,28	130,82	3,4%	42,52	39,51	7,6%
Latam	101,33	107,31	(5,6%)	35,00	39,99	(12,5%)
Adjustments & others	(8,5)	(4,7)		(2,7)	(1,4)	
<b>Adjusted EBITDA</b>	<b>37,00</b>	<b>32,60</b>	<b>13,5%</b>	<b>8,99</b>	<b>11,81</b>	<b>(23,9%)</b>
Spain	6,39	0,97	---	(1,5)	(1,3)	(15,5%)
Latam	30,62	32,70	(6,3%)	10,46	13,43	(22,1%)
Adjustments & others	(0,0)	(1,1)		0,01	(0,3)	
% adjusted margin	16,2%	14,0%		12,0%	15,1%	
<b>Adjusted EBIT</b>	<b>25,16</b>	<b>19,08</b>	<b>31,9%</b>	<b>5,07</b>	<b>7,61</b>	<b>(33,4%)</b>
% adjusted margin	11,0%	8,2%		6,8%	9,7%	
* Includes Music & Consolidation adjustments						
<b>Adjusted Revenues at constant fx rate</b>	<b>238,97</b>	<b>233,39</b>	<b>2,4%</b>	<b>76,33</b>	<b>78,05</b>	<b>(2,2%)</b>
Spain	135,28	130,82	3,4%	42,52	39,51	7,6%
Latam	112,20	107,31	4,6%	36,54	39,99	(8,6%)
Adjustments & others	(8,5)	(4,7)		(2,7)	(1,4)	
<b>Adjusted EBITDA</b>	<b>39,22</b>	<b>32,60</b>	<b>20,3%</b>	<b>9,05</b>	<b>11,81</b>	<b>(23,3%)</b>
Spain	6,39	0,97	---	(1,5)	(1,3)	(15,5%)
Latam	32,85	32,70	0,4%	10,52	13,43	(21,6%)
Adjustments & others	(0,0)	(1,1)		0,01	(0,3)	
% adjusted margin	16,4%	14,0%		11,9%	15,1%	
<b>Adjusted EBIT</b>	<b>26,58</b>	<b>19,08</b>	<b>39,3%</b>	<b>5,02</b>	<b>7,61</b>	<b>(34,0%)</b>
% adjusted margin	11,1%	8,2%		6,6%	9,7%	

### a\_ Market position

In Spain, we highlight the competitive strength of PRISA's radio business through its stations (Cadena Ser, 40 Principales, Cadena Dial, M-80, Radiolé and Máxima FM). According to the latest EGM survey, **Cadena Ser maintains absolute leadership in the market with 4,566,000 listeners** (market share of 38.3% of Spain's generalist radio). **Cadena 40 and Cadena Dial hold first and second place in the music radio market in Spain with audience shares of 22% and 15% respectively.**

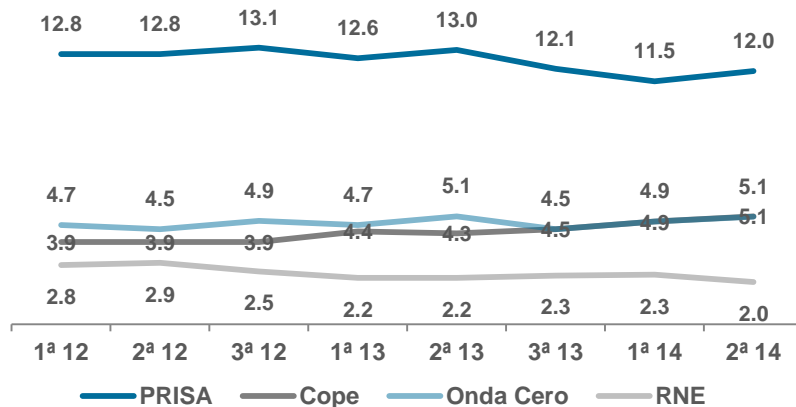
We detail below the number of listeners of PRISA in Spain:

Thsd. Listeners	Listeners		
	2Q 2014	Rank	Share
<b>Generailst Radio</b>	<b>4,566</b>	<b>1</b>	<b>38.3%</b>
Cadena SER	4,566		38.3%
<b>Music Radio</b>	<b>7,469</b>	<b>1</b>	<b>50.7%</b>
40 Principales	3,203		21.7%
Dial	2,254		15.3%
Máxima FM	834		5.7%
M80	580		3.9%
Radiolé	598		4.1%
<b>Total</b>	<b>12,035</b>		

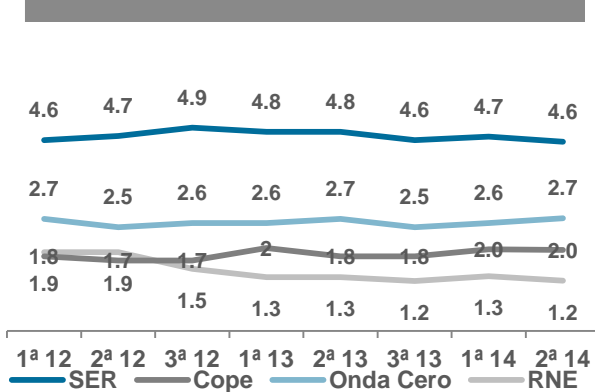
Source: EGM second report 2014 (latest available)

The strong leading position held by PRISA radio in Spain has been recurrent over time. We show below the evolution of the audience share of radio stations in Spain according to EGM.

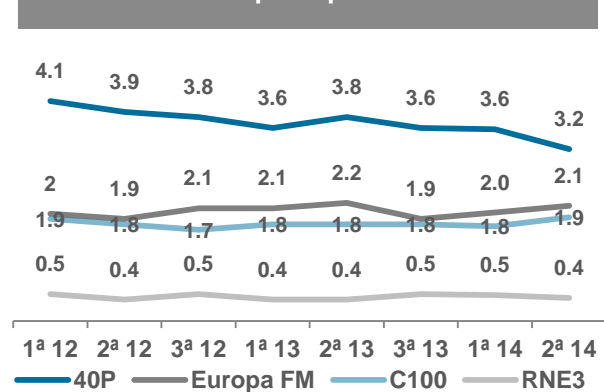
### Audience share evolution in Spain (thousand listeners)



### Cadena Ser



### 40 principales

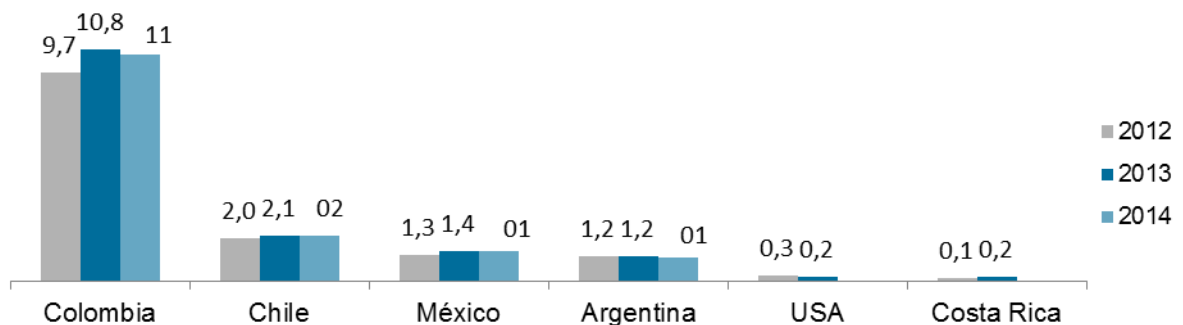


Source: EGM second report 2014 (latest available)

As for international radio, PRISA maintains a leading position in Chile and Colombia (with market shares of 47.4% and 37.8% respectively) and third position in Mexico (14%). We detail below the market position of PRISA's international radio stations as of the latest information available (June-August 2014):

Thsd. Listeners	Listeners		
	2014	Rank	Share
Colombia	10,576	1	37.8%
Chile	2,137	1	47.4%
México	1,411	3	13.9%
Argentina	1,088	4	8.8%
Costa Rica	221	n/a	n/a
USA	185	n/a	n/a
Ecuador	70	n/a	n/a

### International radio audience (thousand listeners)



Source: ECAR (Colombia), IPSOS (Chile), INRA (Mexico), IBOPE (Argentina), latest available information as of June-August 2014

### b\_ Operating revenues

In first 9M of 2014, radio Revenues reached 213.37 million Euros, which implies a fall of -9.3%. This fall is mainly due to:

- **The change in the consolidation perimeter of radio Mexico and Costa Rica** which cease to be integrated proportionally and start to be integrated through equity consolidation.
- **The negative FX impact** which at revenue level had a negative impact of 10.88 million Euros.

At constant currency and adjusted by the impact of Mexico and Costa Rica, Radio revenues would have grown by +2.4% (compared with 2013) reaching 238.96 million Euros in the third quarter of 2014.

### Radio Revenues by geographical origin:

a) **Spain:** radio Spain Revenues reach 135.2 million Euros in the first 9M of 2014 (+1.9% versus 2013).

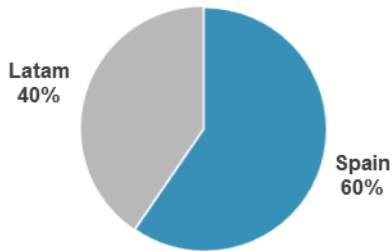
b) **International:** International radio Revenues reach 86.28 million Euros in 9M 2014 (-19.6% versus 2013). This fall is due to:

- **The change in the consolidation perimeter.**
- **The FX impact.**

At constant currency and excluding the negative FX impact, international Radio Revenues would have reached 112.20million Euros in 9M 2014 (+4.6% versus 2013).

Revenues by geography (%)

January – September 2014\*



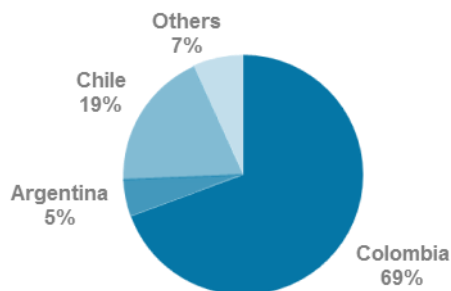
January – September 2013



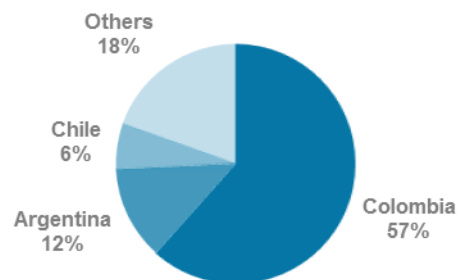
\* Data impacted by deconsolidation of Mexico & Costa Rica. Without this impact Latam Revenues would have reached 44.4% of the division's revenues.

International contribution of the different countries (%)

January – September 2014\*



January – September 2013



\* Data impacted by deconsolidation of Mexico & Costa Rica. Without this impact Colombia would represent 59.07%, Mexico 14.07%, Argentina 4.26%, Chile 16.01% and the rest 6.59%.

Radio revenues by concept:

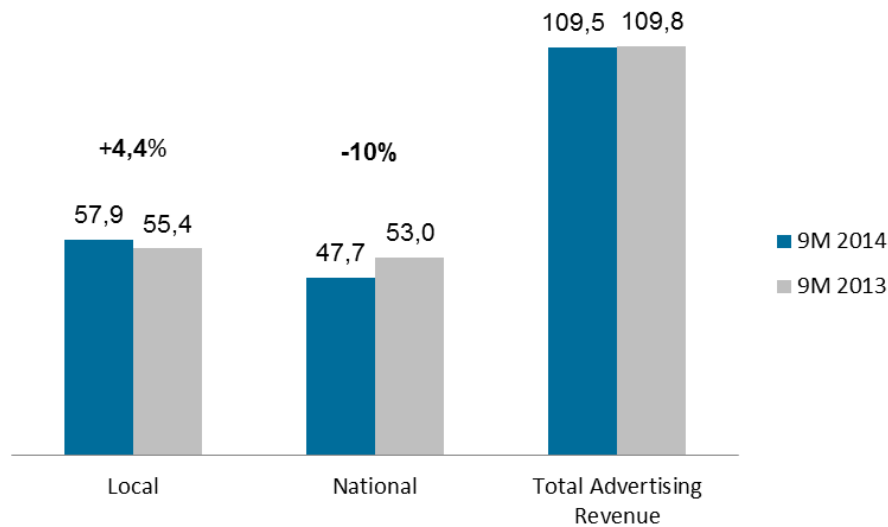
a) **Advertising revenues:** radio advertising Revenues fall by -10.2% in the first 9M of 2014 reaching 192.75 million Euros and representing 90.3% of the division's revenues. There is to highlight the different performance in Spain and International radio.

**Spanish advertising revenues reach 109.5 million euros and** represent 56.8% (fall by -2.0%) having an irregular performance in among quarters.

Adjusted for advertising sponsorship recorded in 2013 and not in 2014, the fall would have been of -0.27% (109.5 million euros of advertising revenue in 2014 vs.109.8 million euros in 2013).

These revenues have been affected in the months of July and August by the negative impact of the Football World Cup (due to the elimination of the Spanish team) and other seasonal factors. In September the positive trend already observed before is being recovered, improving prospects until year end.

Local advertising revenue consolidates its growth trend (+4.4% cumulative growth), with positive growth in each of the preceding 9 months. National advertising revenue does not show a clear trend yet.



**International advertising revenues** fall by -19.3%, and are impacted by the negative FX impact, and the deconsolidation of Mexico and Costa Rica. Excluding these impacts, international advertising Revenues would have reached 108.3 million Euros (+5.3% versus 2013). The third quarter has been negatively impacted by a worse than expected performance in Chile (impacted by government changes) and Colombia which is expected to recover by years end.

**b) Other Revenues:** reach 20.6 million Euros (+0.3% versus 2013). These revenues include services, product sales and other.

During first 9M 2013, a **reclassification of Advertising Revenues** was recorded for 3 million Euros which correspond to advertising in events, which was previously included in "Other revenues". This adjustment has no impact on the division's revenues or on those of the Group.

### c\_ Operating expenses and Capex

**The Group maintains its strong effort in cost control.** Opex in the first 9M of 2014 has fallen by -9.9% versus 2013. Adjusted by extraordinary elements, (mainly redundancies) and perimeter, opex would have fallen by -4.8% and -0.5% considering the exchange rate impact.

The fall in expenses continues with a process which has been taking place for the past few years, and improves the division's positioning to enjoy operating leverage for the expected market improvement for 2014. As for **capex**, PRISA Radio's capex reaches 3.24 million Euros in 9M2014.

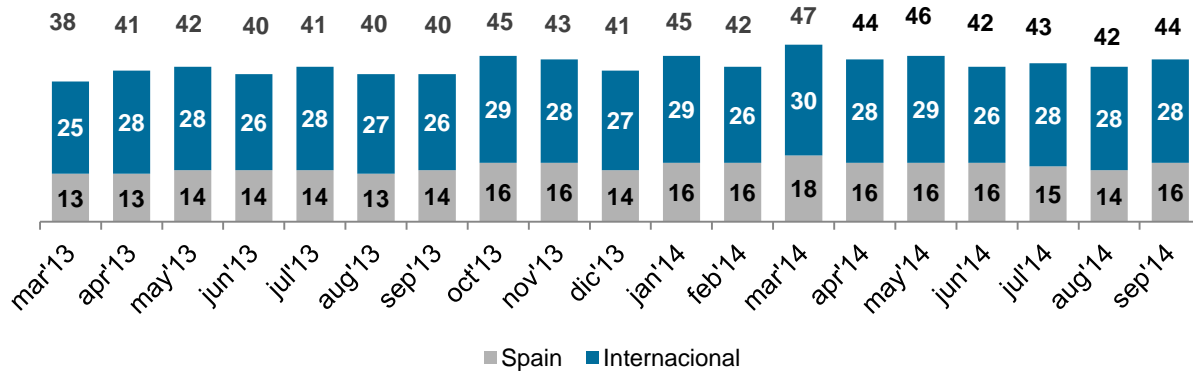
### d\_ EBITDA

**Radio EBITDA** was positive in 26.1 million Euros in 9M 2014, which compares to 27.49 million Euros in 2013. Adjusted by extraordinary costs and FX, EBITDA would have reached 39.2 million Euros compared to the 20.8 million in the same period of 2013 (+20.3%). We highlight the improvement in Spain that grows from 1 million Euros in 9M 2013 to 6.3 million in the same period of 2014.

### e\_ Digital development

**We highlight the strength and growth of listening hours of radio through digital means.** In the past year, monthly listening hours have grown from 38 million in March 2013 to 44 million in September 2014, with a positive evolution in both Spain and international Radio.

Listening hours of digital radio (million hours)



The support of the digital activity to radio results in:

- **Strong growth of unique browsers** to the radio web sites: unique browsers to Radio Spain web sites grew by +32% and reach 18.1million on average. As for international radio, unique browsers according to Omniture grow by 22% and reach 10.1 million on average.

**During 2013, the launch of Yes.fm took place:** Yes.fm is a streaming music listening platform which wants to become the first online music circulation platform in Spain and Latam, to make artists and listeners closer through all available supports, recorded and live and offer the most complete music listening experience, with access to related services. Launched initially in Spain (2013) the intention is to extend the platform to other countries throughout 2014.

The main advantages of **PRISA Radio** to offer this service are: Brand strength on its musical products, commercial capillarity, music experts present in 10 countries, musical industry knowledge and PRISA web sites to Access clients and promote the service (El País, As, Rolling Stone, Meristation, Yomvi).

The business model is based on:

- **Advertising:** The model is associated to channels and stations (lower rights costs), with lower guaranteed minimums, experience and regional presence of PRISA radio for advertising sale, local knowledge of music, and a majority of passive users in the market.
- **Subscription:** «à la carte» needed for heavy-users or users which don't want to receive advertising, which allows for revenue diversification.
- **E-commerce.**

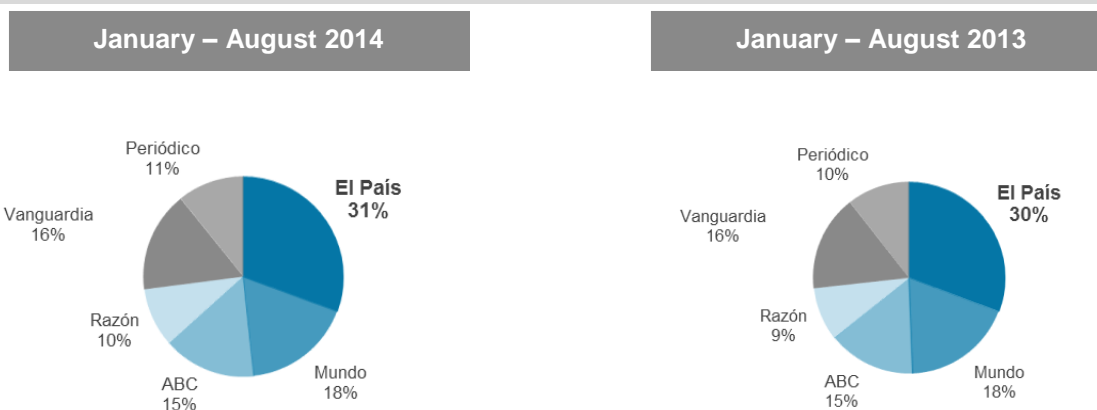
## 5\_ Press business

PRESS	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Revenues</b>	<b>187,92</b>	<b>200,15</b>	<b>(6,1%)</b>	<b>55,52</b>	<b>63,65</b>	<b>(12,8%)</b>
Advertising	72,90	75,79	(3,8%)	21,14	21,83	(3,2%)
Circulation	82,73	96,57	(14,3%)	27,14	31,41	(13,6%)
Add-ons and others	32,29	27,79	16,2%	7,24	10,40	(30,4%)
<b>Operating expenses</b>	<b>194,92</b>	<b>191,25</b>	<b>1,9%</b>	<b>58,35</b>	<b>63,51</b>	<b>(8,1%)</b>
<b>EBITDA</b>	<b>(7,00)</b>	<b>8,90</b>	<b>(178,6%)</b>	<b>(2,83)</b>	<b>0,14</b>	<b>---</b>
% margin	(3,7%)	4,4%		(5,1%)	0,2%	
<b>EBIT</b>	<b>(21,45)</b>	<b>(1,45)</b>	<b>---</b>	<b>(7,00)</b>	<b>(2,61)</b>	<b>(168,6%)</b>
% margin	(11,4%)	(0,7%)		(12,6%)	(4,1%)	
<b>One-offs in operating revenues</b>	<b>3,39</b>	<b>3,18</b>		<b>1,93</b>	<b>3,18</b>	
Advertising sponsorship adjustment	3,39	3,18		1,93	3,18	
<b>One-offs in operating expenses</b>	<b>15,65</b>	<b>6,88</b>		<b>2,70</b>	<b>4,29</b>	
Redundancies	12,25	3,70		0,77	1,11	
Advertising sponsorship adjustment	3,39	3,18		1,93	3,18	
<b>Adjusted Revenues</b>	<b>184,53</b>	<b>196,97</b>	<b>(6,3%)</b>	<b>53,59</b>	<b>60,47</b>	<b>(11,4%)</b>
<b>Adjusted EBITDA</b>	<b>5,26</b>	<b>12,60</b>	<b>(58,3%)</b>	<b>(2,1)</b>	<b>1,25</b>	<b>---</b>
% adjusted margin	2,8%	6,4%		(3,8%)	2,1%	
<b>Adjusted EBIT</b>	<b>(9,2)</b>	<b>2,26</b>	<b>---</b>	<b>(6,2)</b>	<b>(1,5)</b>	<b>---</b>
% adjusted margin	(5,0%)	1,1%		(11,6%)	(2,5%)	

### a\_ Market position

El País maintains its absolute leading position in Spain, with a market share of 31% according to the latest OJD available data (August 2014).

#### Market position of Press business in Spain



Source: OJD August 2014

### b\_ Operating revenues

Revenues fall by -6.1% in the first nine months of 2014 reaching 187.9 million Euros. This is due to the weakness in the press advertising market and the fall in circulation, which were partially offset by the growth of digital advertising and promotions & other revenues.

**Advertising Revenues** fall by -3.8% (País -8.1%, AS +14.8%).

- Printed advertising Revenues fall by -11.8% (including new businesses) compared to a -3.5% fall of the market in the same period.
- Digital advertising Revenues grow by +19.8% in the period and represent 30% of total adjusted advertising revenues (24% in September 2013).
- We highlight AS, where 51% of advertising Revenues come from their digital area.
- The evolution towards new business models involve the transfer of income from the "non-digital" advertising, to digital formats and new forms of sponsorship:



ADVERTISING	JANUARY - SEPTEMBER		
	2014	2013	% Chg.
<b>Advertising</b>	<b>69,60</b>	<b>72,60</b>	<b>(4,3%)</b>
Off-line	42,80	50,50	(15,2%)
On-line	21,60	18,10	19,3%
Event management	5,20	4,00	30,0%

Figures adjusted for Advertising Sponsorship deals

**Circulation revenues** fell by -14.3%. The circulation of printed papers according to the latest available data (OJD August 2014) is as follows:

	Jan - Aug 2014	Jan - Aug 2013	Var. %
El País	264.423	297.995	(11,3)
AS	152.234	160.271	(5,0)
Cinco Días	26.945	29.384	(8,3)

Source: OJD (August 2014, unaudited)

Circulation at **El País** falls by -11.3%, **AS** by -5% and **Cinco Días** by -8.3%

**The rest of Press revenues reach 32.3 million Euros in the first nine months of 2014, which implies a growth of 4.5 million (+16.2%).** These revenues correspond to promotions mainly and the growth is due to the success of certain promotions such as the Beatles collection, the smartphone or "Inglés Total" during the first semester. In this period, tax deductions generated have not been recognised as revenues versus 4.7 million posted as revenues in 9M 2013. Considering the impact of tax deductions, other revenues have grown by +39.9% instead of +16.2%.

#### c\_ Operating expenses and Capex

**Opex increases by +1.9%** up to September 2014 although the increase is mainly due to compensation for personnel restructuring (12.3 million Euros compared to 3.7 million in the same period of 2013). Excluding non-recurrent impacts, **opex would have fallen by -2.8%**.

Press capex remains under control, reaching 1.48 million Euros in the first nine months of 2014.

#### d\_ EBITDA

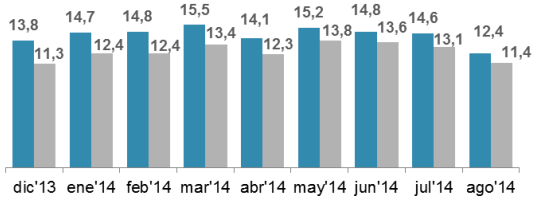
**EBITDA in the first nine months of 2014** has been negative in 7 million Euros explained mainly personnel restructuring. Excluding the impact of extraordinary, EBITDA would have reached a positive 5.26 million Euros, considering tax deductions impact.

#### e\_ Digital development

- **Digital advertising Revenues grow by +19.8%** and represent 30% of the division's ad Revenues.
- **Unique browsers to El País sites** grow by 20% reaching 71 million on average (including Elpaís.com, Meristation, SModa and Clasificados). In AS web sites, the growth of unique browsers reaches 28% to 34.7 million browsers on average.
- **In terms of unique users**, according to comScore, in generalist press, El País maintains a leading position reaching 12.4 million users as of August 2014. In addition, in sport press, AS holds a close second position vs. Marca reaching 10.9 million unique users as of May 2014 (latest data available).

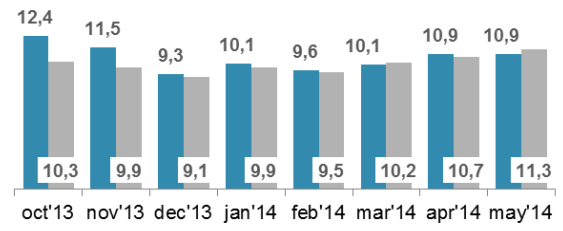
Digital audience (millions of unique users)

El País



■ El País ■ El Mundo

As



■ As ■ Marca

- During 2013, El País Brazil was launched.

## 6\_ MEDIA CAPITAL

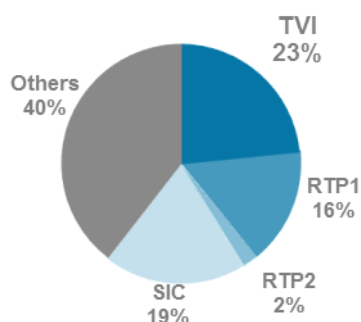
MEDIA CAPITAL	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Revenues</b>	<b>128,34</b>	<b>129,52</b>	<b>(0,9%)</b>	<b>39,38</b>	<b>42,16</b>	<b>(6,6%)</b>
Advertising	81,38	71,30	14,1%	24,75	22,76	8,7%
Other	46,96	58,22	(19,3%)	14,64	19,40	(24,6%)
<b>Operating expenses</b>	<b>104,33</b>	<b>106,80</b>	<b>(2,3%)</b>	<b>33,69</b>	<b>36,17</b>	<b>(6,9%)</b>
<b>EBITDA</b>	<b>24,01</b>	<b>22,72</b>	<b>5,7%</b>	<b>5,70</b>	<b>5,99</b>	<b>(4,9%)</b>
% margin	18,7%	17,5%		14,5%	14,2%	
<b>EBIT</b>	<b>17,35</b>	<b>15,39</b>	<b>12,7%</b>	<b>3,54</b>	<b>3,71</b>	<b>(4,6%)</b>
% margin	13,5%	11,9%		9,0%	8,8%	
<b>One- offs in operating expenses</b>	<b>1,40</b>	<b>1,35</b>		<b>0,34</b>	<b>0,41</b>	
Redundancies	1,40	1,35		0,34	0,41	
<b>Adjusted EBITDA</b>	<b>25,41</b>	<b>24,06</b>	<b>5,6%</b>	<b>6,04</b>	<b>6,40</b>	<b>(5,6%)</b>
% adjusted margin	19,8%	18,6%		15,3%	15,2%	
<b>Adjusted EBIT</b>	<b>18,75</b>	<b>16,74</b>	<b>12,0%</b>	<b>3,88</b>	<b>4,11</b>	<b>(5,7%)</b>
% adjusted margin	14,6%	12,9%		9,8%	9,8%	

### a\_ Market position

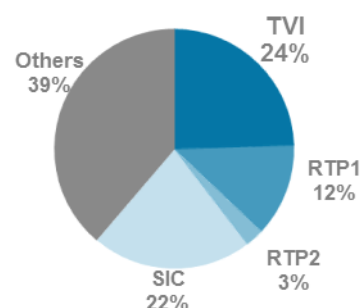
TVI maintains market leadership in 24 hours and prime time, reaching a daily audience share of 24% and 26% respectively.

#### Media Capital

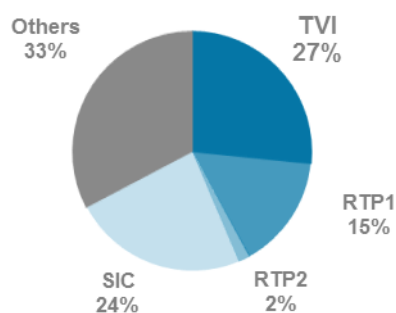
January – September 2014 (24hrs)



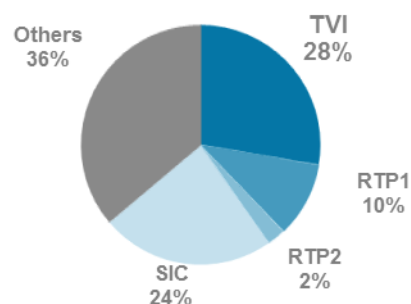
January - September 2013 (24hrs)



January – September 2014 (prime time)



January - September 2013 (prime time)



Source: Gfk September 2014

**Media Capital's consolidated radio audience share** (after the change of methodology in audience measurement that takes into account the new Census population) reaches 35.4%. Per station:

- **Radio Comercial** maintains its market leadership with an audience share of 24.1%
- **M80**, music radio, improves its audience share to 5,5%
- **Cidade FM** maintains its leadership amongst radio stations for youngsters, with a 4.6% audience share

#### **b\_ Operating revenues**

Media Capital registered in the first nine months of 2014 revenues of 128.34 million Euros (-0.9% versus 2013). This growth is mainly due to the growth in advertising Revenues (+14.1%) which compensates the fall in services and other revenues.

**TVI**, leading FTA TV in Portugal reached in this period of 2014 revenues of 104.98 million Euros, which implies a growth of +1.8% versus same dates 2013. This growth comes on the back of:

- Better advertising revenues: +14.8% vs. +10.9% of Portuguese FTA ad market (internal estimates).
- Better sale of products (+22.3%) in the period, and
- Lower services revenues. Such reduction was due to the impact of the sector's self-regulation in what regards TV shows whose main revenue stream comes from flat rate call competitions, which was introduced in July 2014.

**Media Capital's Radio business** shows its strength, with revenues that grow by 10.8%. Advertising revenues grow by 9.7%, while investment recovers in the main sectors of the market, increasing by 11.5% in the period.

#### **c\_ Operating expenses and Capex**

Opex adjusted expenses falls by -2.4% in the first nine months of 2014. Media Capital maintains a capex of 1.66 million Euros in this period of 2014

#### **d\_ EBITDA**

All of the above leads to strong growth at EBITDA: from 24.1 million Euros in the 9M 2013 to 25.4 million Euros in the same period of 2014 (+5.6%).

#### **e\_ Digital development**

- Digital advertising revenues grow by 12.5% in the first 9M of 2014, although the relative weight for Media Capital is still limited.
- Unique browsers to its web sites fall by -14%, reaching 5.2 million on average as of September 2014 (according to Netscope).
- During 2014, the following projects have been launched;
  - Desafío final: online emission of reality show "Casa dos Segredos", available by subscription
  - Development of the blog cabaredogoucha.pt
  - New website of Lux
  - New web site for MasterChef Portugal, with exclusive online content

## 7\_ From EBIT to Net Profit

Eur Million	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
EBIT	53,43	82,95	(35,6)	38,87	46,11	(15,7)
EBIT Margin	5,0%	7,2%		10,2%	11,3%	
<b>Net financial result</b>	<b>31,48</b>	<b>(114,74)</b>	<b>127,4</b>	<b>82,40</b>	<b>(41,27)</b>	-
Interest on debt	(84,99)	(92,34)	8,0	(20,22)	(35,60)	43,2
Other financial results	116,47	(22,40)	-	102,62	(5,67)	-
<b>Result from associates</b>	<b>37,14</b>	<b>4,34</b>	-	<b>41,14</b>	<b>(2,98)</b>	-
<b>Profit before tax</b>	<b>122,06</b>	<b>(27,46)</b>	-	<b>162,41</b>	<b>1,86</b>	-
Income tax expense	(101,52)	(2,11)		(78,12)	(3,20)	
<b>Results from discontinued activities</b>	<b>(2.116,13)</b>	<b>(261,03)</b>	<b>100,0</b>	<b>(11,33)</b>	<b>(27,95)</b>	-
<b>Minority interest</b>	<b>11,24</b>	<b>95,77</b>	<b>(88,3)</b>	<b>5,81</b>	<b>6,27</b>	<b>(7,3)</b>
<b>Net profit</b>	<b>(2.084,36)</b>	<b>(194,82)</b>	-	<b>78,77</b>	<b>(23,03)</b>	-

### a\_ Net financial result:

Improves in 146.2 million Euros (+127.4%), including an increase in “**Interest expenses**” (+8.0% or 7.35 million Euros), and an improvement in “**Other financial results**” of 138.87 million Euros mainly due to the profit from debt buybacks, that nets out the higher debt formalisation costs with creditor Banks and Exchange rate differences.

### b\_ Equity consolidated results

Mainly includes the estimate of the 3.66% net result of Mediaset España and the capital gain generated in the selling of the 13.68% stake and the fair value of the resulting investment. In the first nine months 2014, equity consolidated results also include the results of Mexico and Costa Rica which in 2013 were included by proportional consolidation.

### c\_ Corporate tax

In the first nine months of the year has not been carried out the activation of any tax credit.

### c\_ Result from discontinued operations

This line includes the result from the execution of the contract to sell the 56% stake of DTS. The transaction implies an accounting loss in the consolidated accounts of 2,064 million euros (see note asset sale transactions).

### d\_ Minority results

Minority interests are explained by DLJ's 25% share in Santillana, and the minority interests in the Radio business.

## 8\_ Financial Position

### a\_ Cash flow statement

#### January- September

€ Million

		2014	2013	Chg.
<b>Financial investments &amp; cash equivalents at beginning of the period</b>		<b>282,34</b>	<b>133,32</b>	<b>149,03</b>
EBITDA (excluding redundancies) - provisions		156,87	176,90	(20,03)
Change in working capital		(80,00)	(93,66)	13,66
<b>Operating cash flow</b>	<b>(I)</b>	<b>76,87</b>	<b>83,23</b>	<b>(6,37)</b>
Operating investments/disinvestments (Capex)		(51,34)	(61,75)	10,41
Financial assets investments/disinvestments		526,87	(21,84)	548,71
<b>Cash flow from investing activities</b>	<b>(II)</b>	<b>475,53</b>	<b>(83,59)</b>	<b>559,12</b>
Capital increase and Warrants exercised		103,02	(0,00)	103,02
Interests paid		(21,28)	(40,72)	19,43
Dividends paid		(4,43)	(3,80)	(0,63)
Other financial expenses		(8,16)	(16,42)	8,26
<b>Cash Flow from financing activities excluding increase/amortization of debt</b>		<b>69,14</b>	<b>(60,94)</b>	<b>130,09</b>
Increase/amortization of bank debt		(522,73)	139,05	(661,78)
<b>Cash flow from financing activities</b>	<b>(III)</b>	<b>(453,59)</b>	<b>78,11</b>	<b>(531,69)</b>
Taxes paid		(30,76)	(47,42)	16,66
Fx impact		(8,84)	(10,20)	1,36
Redundancies		(23,27)	(23,15)	(0,13)
Perimeter effect		(8,08)	0,00	(8,08)
Others		(15,19)	(12,62)	(2,57)
<b>Other cash flow impacts</b>	<b>(IV)</b>	<b>(86,15)</b>	<b>(93,39)</b>	<b>7,25</b>
<b>Variation of cash flows in the period (I)+(II)+(III)+(IV)</b>		<b>12,66</b>	<b>(15,64)</b>	<b>28,30</b>
<b>Variation of cash flows in the period from discontinued operations</b>		<b>(7,91)</b>	<b>(17,51)</b>	<b>9,60</b>
<b>Financial investments &amp; cash equivalents at the end of the period</b>		<b>287,10</b>	<b>100,17</b>	<b>186,93</b>

### Cash flow from investing activities

- We show below the detail of Capex per business unit:

	September 2014	September 2013	Var.
Audiovisual (Media Capital)	(1,66)	(1,01)	(0,65)
Education	(46,43)	(54,38)	7,96
Radio	(3,24)	(3,33)	0,09
Prensa	(1,48)	(2,10)	0,62
Other	0,29	(1,20)	1,49
<b>Capex (investment)</b>	<b>(52,51)</b>	<b>(62,02)</b>	<b>9,51</b>
Capex (divestement)	1,17	0,27	0,90
<b>Total</b>	<b>(51,34)</b>	<b>(61,75)</b>	<b>10,41</b>

- As of September 2014 we include in the investment cash flow the selling of the 13.68% of Mediaset (481.9m Euros).
- Regarding Trade publishing business, we include the collection of the business unit sale (except Brazil)
- In 2013 we included the payment from the Media Capital put exercise, fully financed with debt.

### Cash flow from financing activities

- The cash flow reflects **the lower payment of interest in cash** as agreed in the recent refinancing agreement.
- The detail per business unit of the debt withdrawals with creditor entities is as follows:

	September 2014	September 2013	Var.
Audiovisual (Media Capital)	19,29	7,67	11,62
Education	38,14	101,46	(63,33)
Radio	(1,91)	2,22	(4,14)
Prensa	(0,39)	(0,17)	(0,21)
Other	(577,86)	27,87	(605,72)
<b>Total</b>	<b>(522,73)</b>	<b>139,05</b>	<b>(661,78)</b>

- “Other”: in 2014 includes the subordinated debt amortisation performed with funds originated in the sale of the 13.68% stake in Mediaset (478.13 million Euros payment to cancel 643.54 million Euros of debt) and with the funds coming from capital increase (133.13 million debt cancelation; cash outflow of 99.8 million Euros. In 2013 it includes the increase in debt used to fund the exercise put option over Media Capital.
- Education: in 2014 25 million Euros are included in Education area, from the loan guaranteed by World Bank for the financing of education systems.

### Other Cash Flow movements

- Consolidation perimeter:** is due to
  - Cash outflow from the integration of Radio Mexico through equity consolidation -5.2 million Euros, (in 2013 under proportionate consolidation method).
  - The impact of the sale of the business of Trade Publishing ( -2.9 million Euros)

### Change in cash flows for the period from discontinued operations

- Following the agreement for the sale of 56% of DTS Telefónica Content, SAU, the business cash generation is presented in the consolidated cash flow in the line "Changes in cash flow during the year from discontinued operations". 2013 data are presented in the same manner for comparison purposes.

### Net financial position

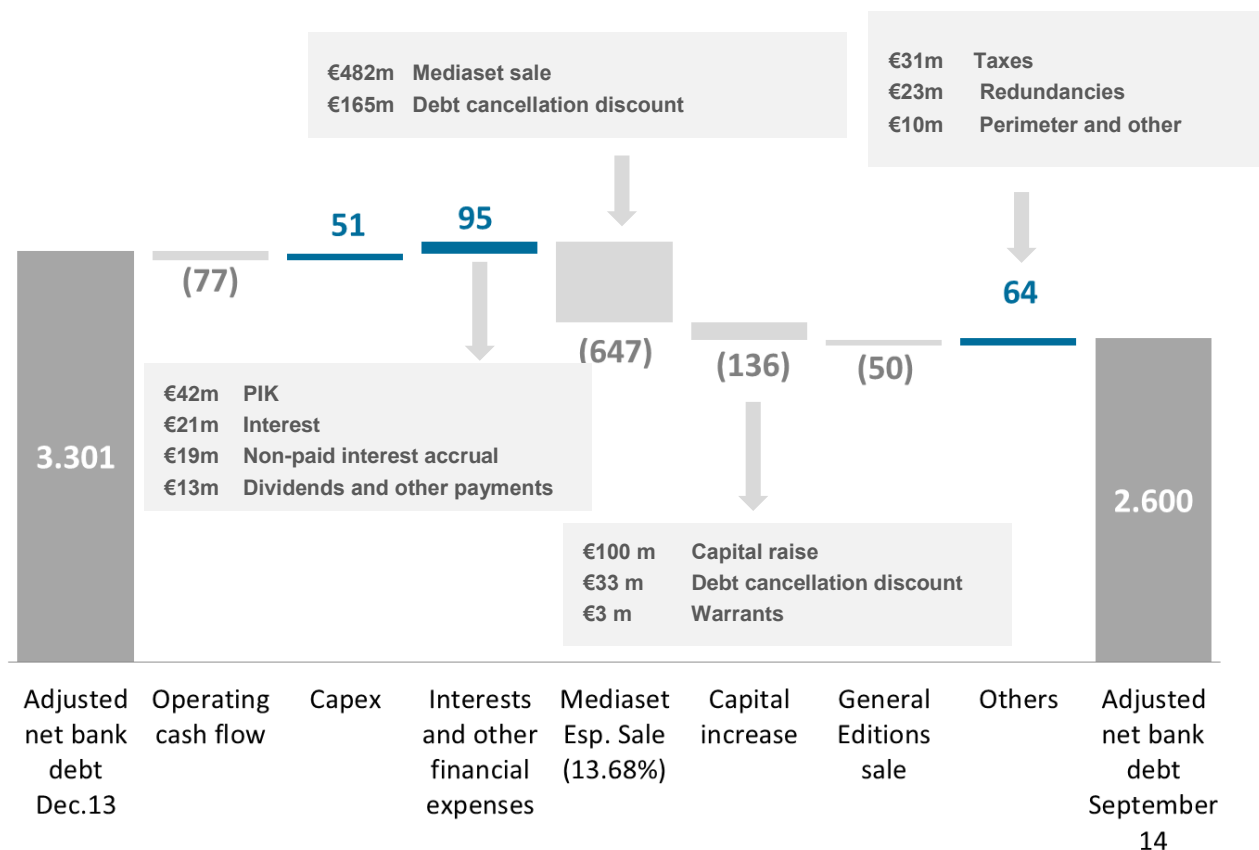
	09/30/2014	12/31/2013
Financial debt	2.767,42	3.401,08
Cash & cash equivalents+Short term financial investments	(287,10)	(282,34)
<b>Net financial debt</b>	<b>2.480,33</b>	<b>3.118,74</b>
Debt arrangement expenses	119,63	182,02
<b>Total financial debt</b>	<b>2.599,96</b>	<b>3.300,76</b>
Other financial debt	128,89	108,67
DLJ Preferred dividend	128,65	104,06
Convertible bond coupon	0,00	4,36
Other	0,25	0,25
<b>Total net debt Adjusted</b>	<b>2.728,85</b>	<b>3.409,43</b>

The "Debt arrangement expenses" (which include the issue of warrants 2013 as payment of commission to the creditors which provided the new liquidity line to the Group) is presented in the Balance Sheet reducing the debt with creditor entities. These expenses will impact our P&L according to the maturity of their associated loans.



The evolution of total adjusted net debt for **the Group** (excluding the impact of “debt formalization liabilities” is as follows:

The evolution of Grupo Prisa total adjusted net debt (excluding debt arrangement costs) is as follows:



- The line de “interest and other financial expenses” includes, besides interest payment:
  - Interest payment (21.28 million Euros), dividend payment (4.43 million Euros), and other payments (8,16 million Euros)
  - Fixed capitalized cost (PIK) associated with part of refinanced debt for an amount of 41.58 million euros.
  - Non- paid accrued interest for the period amounting to 19.14 million euros, as refinancing contract dictates a semiannual or annual interest payment period as per refinancing tranche.
- **13.68% Mediaset Spain sale:** Debt amortization with fund coming from sale of 13.68% Mediaset (-643.54 million Euros, cash outflow -478.13 million euros, which generates financial revenue for the difference)
- **Capital increase (-136 million Euros):** Debt amortization with funds from capital raise (-133.13 million Euros, cash outflow -99.8 million euros, which generates financial revenue for the difference). Additionally funds from warrant exercise from 2013 refinancing are also included.
- **Trade publishing sale:** funds from the division sale of -55 million euros, except Brazil due from in October). Also includes payment of purchase of 24% of Objetiva.  
**The line “other”:** includes fundamentally “other cash flow movements” (86.15 million euros) adjusted by the withdrawal of DTS financial position as of 2013 as a consequence of its reclassification to assets held for sale (-25 million euros).

## 9\_Asset sale operations

### a\_ Mediaset Spain

In April 2014, Prisa proceeded to place a pack of 15 million shares of Mediaset España, representing 3.69% of the share capital of said company, through a financing entity, at a rate of 8.08 euros per share, which generated a cash inflow of EUR 121,215 thousands, resulting in a negative difference with the "book value" of EUR 4,755 thousand, which is registered under the heading "*Result of companies accounted for using the equity method*" in the condensed consolidated income statements.

The net proceeds from that sale have been used to buy back a portion of its financial debt at a discount. This has been done by way of a Dutch auction process, having agreed to buy back a total of EUR 164,959 thousand of debt, at an average discount of 0.2762 euros per euro (i.e., at a price of 72.38%).

After this placement, Prisa continues holding a participation of 55,534,898 shares of Mediaset España, representing 13.65% of the share capital of this company and it maintains significant influence because of its representation on the Board of Directors.

During the third quarter the following sales of the remaining participation of Mediaset have been carried out: on July 24<sup>th</sup> 8.5%, and in subsequent operations, an additional 4.84%. The amount of these sales has been used to purchase debt at discount amounting to 479 million euros, representing an average discount circa 25%. As a result of these operations, involving Prisa Mediaset is 3.66% and no longer holds a significant influence in Mediaset.

As a result of this situation, the remaining stake held in Mediaset by Grupo Prisa will be classified as a financial asset.

### b\_ DTS

In June 2014, the Board of Directors of Prisa has formalized with Telefónica de Contenidos, S.A.U. the agreement to sell of all the shares DTS held by Prisa, representing 56% of the share capital of DTS, for an amount of EUR 750 million, which is subject to the usual adjustments in this type of transaction until the transaction closes.

Mediaset España, shareholder of DTS, had an initial period of 15 calendar days since this moment, and then extended until July 4<sup>th</sup>, 2014, in order to exercise the pre-emptive right or the tag-along right in accordance with the provisions included in the bylaws and the shareholder's agreement. After expiration of this period, Mediaset España had not exercised any of the rights above mentioned.

The closing of the transaction is subject to the non-opposition of a representative panel of Prisa's financing banks and the authorization of the anti-trust authorities. On June 20<sup>th</sup>, 2014, this representative panel of Prisa's financing banks communicated they did not oppose to the operation.

This transaction, deducted the costs in order to conduct the sale, will mean an accounting loss in the consolidated Prisa Group accounts of EUR 2,064,921 million and in the individual accounts of Prisa of EUR 750,383 thousand that will place the company in an equity imbalance situation. Prisa's restructuring agreement foresees an automatic mechanism of automatic conversion of a portion of Tranche 3 of the Company's debt into equity loans in an amount sufficient to compensate for this imbalance.

On September 15<sup>th</sup>, 2014, this mechanism contemplated in the refinancing agreement, was approved by the lenders, after an opinion of an independent expert. The amount of debt from Tranche 3 that was converted into equity loans (PPL's according to the contractual term), was 507 million euros.

The result of this transaction is presented in the consolidated income statements as "Result after tax from discontinued operations" and the assets and liabilities of this business as "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" in the accompanying condensed consolidated balance sheet.

The administrative inquiry of the operation has been transferred by the EU authorities to Spanish supervisor body, the CNMC (National Commission for Market and Competition). This case is currently being processed by the commission.

### **c\_Trade Publishing (Ediciones Generales)**

On July 1<sup>st</sup>, 2014, Prisa, through its subsidiary Santillana Ediciones Generales, S.L. has executed the sale of its trade publishing business for a price of EUR 55.429 million to Penguin Random House Grupo Editorial, S.A. This transaction has been booked as of June 30th 2014, given that the Group has transferred to the buyer the risks and rewards of ownership. The operation has generated a capital gain before taxes of EUR 23,585 million and it has registered in the accompanying condensed consolidated income statement in *“Other income”*.

The transaction consists of the sale of Alfaguara and other Santillana’s literary brands in the 22 countries where it operates. It is excluded from the sale the division of publications catering to the education sector. The sale of the trade publishing business in Brazil, that is the company Editora Objetiva, Ltda is also deferred until the particular conditions established in the contract are fulfilled, but the company has been valued according to the price of the agreement and has registered an impairment of goodwill allocated to this company amounting to EUR 6,791 thousand in *“Impairment of goodwill”* in the accompanying condensed consolidated income statement. The assets and liabilities of this company are presented as ***“Non-current assets held for sale”*** and ***“Liabilities associated with non-current assets held for sale”***

**APPENDIX**

- 1\_ **Balance sheet**
  
- 2\_ **Accumulated financial data by business line**
  - a\_ Operating revenues.
  - b\_ Advertising revenues.
  - c\_ Operating expenses.
  - d\_ EBITDA.
  - e\_ EBIT
  
- 3\_ **Accumulated financial data by concept**
  - a\_ Operating revenues.
  - b\_ Operating expenses
  
- 4\_ **Other relevant events**
  
- 5\_ **Group structure**
  
- 6\_ **Canal +**

## 1\_ Balance Sheet

	ASSETS	
€ Million	09/30/2014	12/31/2013
<b>FIXED ASSETS</b>	<b>1.622,83</b>	<b>4.929,07</b>
Property, plant and equipment	153,10	262,09
Goodwill	601,81	2.482,22
Intangible assets	151,53	285,48
Long term financial investments	191,75	52,79
Investment in associates	42,55	597,26
Deferred tax assets	478,14	1.244,01
Other non current assets	3,94	5,22
<b>CURRENT ASSETS</b>	<b>1.370,70</b>	<b>1.774,79</b>
Inventories	163,29	240,25
Accounts receivable	920,31	1.252,20
Short term financial investments	173,62	142,91
Cash & cash equivalents	113,47	139,43
<b>ASSETS HELD FOR SALE</b>	<b>1.215,82</b>	<b>0,06</b>
<b>TOTAL ASSETS</b>	<b>4.209,35</b>	<b>6.703,93</b>
	<b>LIABILITIES</b>	
€ Million	09/30/2014	12/31/2013
<b>SHAREHOLDERS EQUITY</b>	<b>-404,26</b>	<b>1.569,33</b>
Issued capital	213,40	105,27
Reserves	1.535,83	2.149,98
Income attributable to the parent company	-2.084,36	-648,70
Minority interest	-69,13	-37,22
<b>NON CURRENT LIABILITIES</b>	<b>2.907,74</b>	<b>3.524,74</b>
Long term financial debt	2.596,42	3.238,86
Other long term financial liabilities	115,55	106,81
Deferred tax liabilities	52,21	29,65
Provisions	101,75	95,22
Other non current liabilities	41,81	54,20
<b>CURRENT LIABILITIES</b>	<b>1.080,76</b>	<b>1.609,86</b>
Short term financial debt	171,00	162,23
Other current financial liabilities	14,84	46,18
Trade accounts payable	642,91	1.092,92
Other short term liabilities	212,48	233,28
Accrual accounts	39,52	75,26
<b>LIABILITIES HELD FOR SALE</b>	<b>625,11</b>	<b>0,00</b>
<b>TOTAL LIABILITIES</b>	<b>4.209,35</b>	<b>6.703,93</b>

**Assets and Liabilities held for sale** includes the reclassification of the assets and liabilities of trade Publishing (Ediciones Generales) and Canal +.

Shareholders equity shows a negative sign. This fact is originated by the signing of Canal + sale agreement with Telefonica. This situation has been corrected by the automatic conversion of tranche 3 debt into profit participating loans (PPL's), which will restore the shareholders equity balance.

## 2\_ Accumulated Financial Data by Business Line

### a\_ Operating revenues

OPERATING REVENUES	JANUARY - SEPTEMBER			% OF TOTAL		JULY - SEPTEMBER			% OF TOTAL	
	2014	2013	% Chg.	2014	2013	2014	2013	% Chg.	2014	2013
Millones de euros										
<b>Media Capital</b>	<b>128,34</b>	<b>129,52</b>	<b>(0,9)</b>	<b>12,0%</b>	<b>11,3%</b>	<b>39,38</b>	<b>42,16</b>	<b>(6,6)</b>	<b>10,3%</b>	<b>10,3%</b>
<b>Education - Publishing</b>	<b>542,03</b>	<b>562,86</b>	<b>(3,7)</b>	<b>50,7%</b>	<b>48,9%</b>	<b>217,60</b>	<b>212,50</b>	<b>2,4</b>	<b>57,2%</b>	<b>51,9%</b>
Spain & Portugal	168,87	145,85	15,8			100,18	84,76	18,2		
Latam & USA	373,15	417,01	(10,5)			117,42	127,74	(8,1)		
<b>Radio</b>	<b>213,37</b>	<b>235,29</b>	<b>(9,3)</b>	<b>20,0%</b>	<b>20,5%</b>	<b>69,48</b>	<b>79,95</b>	<b>(13,1)</b>	<b>18,2%</b>	<b>19,5%</b>
Radio in Spain	121,95	121,42	0,4			36,25	38,08	(4,8)		
International Radio	86,28	107,31	(19,6)			29,58	39,99	(26,0)		
Music	13,33	11,30	17,9			6,27	3,32	88,8		
Consolidation Adjustments	(8,19)	(4,74)	(73,0)			(2,63)	(1,44)	(82,2)		
<b>Press</b>	<b>187,92</b>	<b>200,15</b>	<b>(6,1)</b>	<b>17,6%</b>	<b>17,4%</b>	<b>55,52</b>	<b>63,65</b>	<b>(12,8)</b>	<b>14,6%</b>	<b>15,5%</b>
El Pais	129,35	136,46	(5,2)			36,37	43,46	(16,3)		
AS	42,59	43,28	(1,6)			14,21	15,16	(6,3)		
Cinco Días	8,57	9,15	(6,4)			2,51	2,71	(7,3)		
Magazines	8,24	12,41	(33,6)			2,56	2,71	(5,6)		
Printing*	7,77	8,05	(3,5)			2,68	2,62	2,0		
Distribution**	n.a.	n.a.	n.a.					-		
Other & Consolidation Adjustments	(8,60)	(9,20)	6,5			(2,80)	(3,01)	7,0		
<b>Other and Consolidation Adjustments</b>	<b>(2,91)</b>	<b>22,40</b>	<b>(113,0)</b>	<b>(0,3%)</b>	<b>1,9%</b>	<b>(1,24)</b>	<b>11,07</b>	<b>(111,2)</b>	<b>(0,3%)</b>	<b>2,7%</b>
Prisa Brand Solutions	14,29	16,31	(12,4)			4,67	5,55	(15,8)		
Others***	(17,20)	6,09	-			(5,91)	5,52	-		
<b>TOTAL</b>	<b>1.068,75</b>	<b>1.150,21</b>	<b>(7,08)</b>	<b>100%</b>	<b>100%</b>	<b>380,74</b>	<b>409,34</b>	<b>(6,99)</b>	<b>100%</b>	<b>100%</b>

\* The printing business is being fully integrated since April, 2012. Since January 2013, it is consolidated in the Press division

\*\* Distribution is categorized as Discontinued Operations in the Press division since January 2013. In September 2013 the division was sold

\*\*\* Others include mainly the activities from Head Quarters.

### b\_ Advertising revenues

ADVERTISING	JANUARY - SEPTEMBER			% OF TOTAL		JULY - SEPTEMBER			% OF TOTAL	
	2014	2013	% Chg.	2014	2013	2014	2013	% Chg.	2014	2013
Eur Million										
<b>Media Capital</b>	<b>81,38</b>	<b>71,30</b>	<b>14,1</b>	<b>23,7%</b>	<b>19,8%</b>	<b>24,75</b>	<b>22,76</b>	<b>8,7</b>	<b>24%</b>	<b>19,5%</b>
<b>Radio*</b>	<b>192,75</b>	<b>214,74</b>	<b>(10,2)</b>	<b>56,2%</b>	<b>59,8%</b>	<b>60,59</b>	<b>73,04</b>	<b>(17,0)</b>	<b>57,6%</b>	<b>62,6%</b>
Radio in Spain	109,51	111,74	(2,0)			32,02	34,94	(8,3)		
International Radio	83,04	102,91	(19,3)			28,49	38,04	(25,1)		
Music	0,22	0,15	45,4			0,08	0,06	38,8		
Consolidation Adjustments	(0,03)	(0,06)	59,8			(0,01)	(0,00)	(8,6)		
<b>Press</b>	<b>72,90</b>	<b>75,79</b>	<b>(3,8)</b>	<b>21,2%</b>	<b>21,1%</b>	<b>21,14</b>	<b>21,83</b>	<b>(3,2)</b>	<b>20,1%</b>	<b>18,7%</b>
El Pais	49,16	53,51	(8,1)			13,38	15,24	(12,2)		
AS	14,45	12,58	14,8			5,14	4,25	20,9		
Cinco Días	4,72	5,04	(6,2)			1,31	1,34	(2,1)		
Magazines	3,90	4,33	(9,9)			1,05	0,83	25,8		
Other & Consolidation Adjustments	0,66	0,33	100,0			0,26	0,17	50,7		
<b>Other &amp; Consolidation Adjustments</b>	<b>(3,97)</b>	<b>(2,51)</b>	<b>(57,9)</b>	<b>(1,2%)</b>	<b>(0,7%)</b>	<b>(1,34)</b>	<b>(0,97)</b>	<b>(39,0)</b>	<b>(1,3%)</b>	<b>(0,8%)</b>
<b>TOTAL</b>	<b>343,07</b>	<b>359,32</b>	<b>(4,5)</b>	<b>100%</b>	<b>100%</b>	<b>105,13</b>	<b>116,66</b>	<b>(9,9)</b>	<b>100%</b>	<b>100%</b>

\* In Radio Advertising Revenues, has taken place a reclassification of Event Advertising Revenues, previously included as Other Revenues.

## c\_ Operating expenses

Operating expenses includes only OPEX, excluding amortizations and provisions.

OPERATING EXPENSES	JANUARY - SEPTEMBER			% OF TOTAL		JULY - SEPTEMBER			% OF TOTAL	
	2014	2013	% Chg.	2014	2013	2014	2013	% Chg.	2014	2013
<b>Eur Million</b>										
<b>Media Capital</b>	<b>104,33</b>	<b>106,80</b>	<b>(2,3)</b>	<b>11,7%</b>	<b>11,3%</b>	<b>33,69</b>	<b>36,17</b>	<b>(6,9)</b>	<b>11,6%</b>	<b>11,6%</b>
<b>Education - Publishing</b>	<b>386,28</b>	<b>411,30</b>	<b>(6,1)</b>	<b>43,4%</b>	<b>43,4%</b>	<b>131,27</b>	<b>133,12</b>	<b>(1,4)</b>	<b>45,3%</b>	<b>42,8%</b>
Spain & Portugal	101,26	94,96	6,6			38,98	35,63	9,4		
Latam & USA	285,02	316,34	(9,9)			92,29	97,49	(5,3)		
<b>Radio</b>	<b>187,30</b>	<b>207,80</b>	<b>(9,9)</b>	<b>21,1%</b>	<b>21,9%</b>	<b>64,08</b>	<b>71,44</b>	<b>(10,3)</b>	<b>22,1%</b>	<b>23,0%</b>
Radio in Spain	119,69	125,99	(5,0)			38,97	42,67	(8,7)		
International Radio	62,27	76,05	(18,1)			21,28	26,99	(21,1)		
Music	13,53	10,50	28,9			6,47	3,23	100,1		
Consolidation Adjustments	(8,19)	(4,74)	(73,0)			(2,63)	(1,44)	(82,2)		
<b>Press</b>	<b>194,92</b>	<b>191,25</b>	<b>1,9</b>	<b>21,9%</b>	<b>20,2%</b>	<b>58,35</b>	<b>63,51</b>	<b>(8,1)</b>	<b>20,1%</b>	<b>20,4%</b>
El Pais	142,49	133,64	6,6			40,65	45,28	(10,2)		
AS	37,72	37,32	1,1			12,68	12,44	1,9		
Cinco Días	9,19	9,31	(1,2)			3,09	3,30	(6,4)		
Magazines	8,55	14,10	(39,3)			2,83	3,42	(17,2)		
Printing*	4,97	5,67	(12,4)			1,72	1,86	(7,4)		
Distribution**	n.a.	n.a.	n.a.			0,0%	0,0%	-		
Other & Consolidation Adjustments	(8,00)	(8,78)	8,9			(2,62)	(2,79)	6,1		
<b>Other and Consolidation Adjustments</b>	<b>16,54</b>	<b>29,95</b>	<b>(44,8)</b>	<b>1,9%</b>	<b>3,2%</b>	<b>2,35</b>	<b>6,96</b>	<b>(66,3)</b>	<b>0,8%</b>	<b>2,2%</b>
Prisa Brand Solutions	13,52	14,37	(5,9)			4,45	4,56	(2,2)		
Others***	3,02	15,58	(80,6)			(2,11)	2,40	(187,8)		
<b>TOTAL</b>	<b>889,36</b>	<b>947,10</b>	<b>(6,1)</b>	<b>100%</b>	<b>100%</b>	<b>289,73</b>	<b>311,19</b>	<b>(6,9)</b>	<b>100%</b>	<b>100%</b>

\* The printing business is being fully integrated since April, 2012. Since January 2013, it is consolidated in the Press division

\*\* Distribution is categorized as Discontinued Operations in the Press division since January 2013. In September 2013 the division was sold

\*\*\* Others include mainly the activities from Head Quarters.

## d\_ EBITDA

EBITDA	JANUARY - SEPTEMBER			MARGIN		% OF TOTAL		JULY - SEPTEMBER			% OF TOTAL	
	2014	2013	% Chg.	2014	2013	2014	2013	2014	2013	% Chg.	2014	2013
<b>Millones de euros</b>												
<b>Media Capital</b>	<b>24,01</b>	<b>22,72</b>	<b>5,7</b>	<b>18,7%</b>	<b>17,5%</b>	<b>13,4%</b>	<b>11,2%</b>	<b>5,70</b>	<b>5,99</b>	<b>(4,9)</b>	<b>6,3%</b>	<b>6,1%</b>
<b>Education - Publishing</b>	<b>155,75</b>	<b>151,56</b>	<b>2,8</b>	<b>28,7%</b>	<b>26,9%</b>	<b>86,8%</b>	<b>74,6%</b>	<b>86,33</b>	<b>79,39</b>	<b>8,7</b>	<b>94,9%</b>	<b>80,9%</b>
Spain & Portugal	67,61	50,90	32,8					61,20	49,14	24,6		
Latam & USA	88,13	100,67	(12,4)					25,13	30,25	(16,9)		
<b>Radio</b>	<b>26,07</b>	<b>27,49</b>	<b>(5,2)</b>	<b>12,2%</b>	<b>11,7%</b>	<b>14,5%</b>	<b>13,5%</b>	<b>5,39</b>	<b>8,51</b>	<b>(36,6)</b>	<b>5,9%</b>	<b>8,7%</b>
Radio in Spain	2,26	(4,57)	149,5					(2,72)	(4,59)	40,7		
International Radio	24,01	31,26	(23,2)					8,30	13,01	(36,2)		
Music	(0,21)	0,80	(126,1)					(0,19)	0,09	-		
<b>Press</b>	<b>(7,00)</b>	<b>8,90</b>	<b>(178,6)</b>	<b>(3,7%)</b>	<b>4,4%</b>	<b>(3,9%)</b>	<b>4,4%</b>	<b>(2,83)</b>	<b>0,14</b>	<b>-</b>	<b>(3,1%)</b>	<b>0,1%</b>
El Pais	(13,14)	2,82	-					(4,29)	(1,83)	(134,7)		
AS	4,88	5,95	(18,1)					1,53	2,72	(43,7)		
Cinco Días	(0,62)	(0,15)	-					(0,58)	(0,59)	2,0		
Magazines	(0,31)	(1,68)	81,6					(0,27)	(0,71)	61,6		
Printing*	2,80	2,38	17,9					0,96	0,77	24,9		
Distribution**	n.a.	n.a.	n.a.									
Other & Consolidation Adjustments	(0,60)	(0,42)	(43,4)					(0,18)	(0,22)	17,9		
<b>Other and Consolidation Adjustments</b>	<b>(19,45)</b>	<b>(7,55)</b>	<b>(157,6)</b>	<b>668,8%</b>	<b>(33,7%)</b>	<b>(10,8%)</b>	<b>(3,7%)</b>	<b>(3,58)</b>	<b>4,12</b>	<b>(187,1)</b>	<b>(3,9%)</b>	<b>4,2%</b>
Prisa Brand Solutions	0,77	1,94	(60,4)					0,22	0,99	(77,9)		
Others***	(20,22)	(9,49)	(113,1)					(3,80)	3,12	-		
<b>TOTAL</b>	<b>179,38</b>	<b>203,12</b>	<b>(11,69)</b>	<b>16,8%</b>	<b>17,7%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>91,01</b>	<b>98,14</b>	<b>(7,27)</b>	<b>100,0%</b>	<b>100,0%</b>

\* The printing business is being fully integrated since April, 2012. Since January 2013, it is consolidated in the Press division

\*\* Distribution is categorized as Discontinued Operations in the Press division since January 2013. In September 2013 the division was sold

\*\*\* Others include mainly the activities from Head Quarters.

**e\_ EBIT**

EBIT	JANUARY - SEPTEMBER			MARGIN		% OF TOTAL		JULY - SEPTEMBER			% OF TOTAL	
	2014	2013	% Chg.	2014	2013	2014	2013	2014	2013	% Chg.	2014	2013
Millones de euros												
<b>Media Capital</b>	17,35	15,39	12,7	13,5%	11,9%	32,5%	18,6%	3,54	3,71	(4,6)	9,1%	8,0%
<b>Education - Publishing</b>	75,04	73,37	2,3	13,8%	13,0%	140,4%	88,4%	48,01	39,84	20,5	123,5%	86,4%
Spain & Portugal	30,76	18,89	62,8					36,23	26,24	38,1		
Latam & USA	44,28	54,48	(18,7)					11,78	13,60	(13,4)		
<b>Radio</b>	15,08	13,97	8,0	7,1%	5,9%	28,2%	16,8%	1,75	4,31	(59,4)	4,5%	9,4%
Radio in Spain	(4,53)	(12,78)	64,6					(5,11)	(7,09)	28,0		
International Radio	20,23	26,16	(22,7)					7,26	11,39	(36,3)		
Music	(0,62)	0,59	-					(0,40)	0,02	-		
<b>Press</b>	(21,45)	(1,45)	-	(11,4%)	(0,7%)	(40,2%)	(1,7%)	(7,00)	(2,61)	(168,6)	(18,0%)	(5,7%)
El Pais	(23,61)	(3,50)	-					(7,69)	(3,44)	(123,5)		
AS	4,07	5,10	(20,3)					1,41	2,50	(43,9)		
Cinco Días	(0,71)	(0,50)	(41,0)					(0,62)	(0,62)	1,1		
Magazines	(1,01)	(1,82)	44,2					(0,29)	(0,72)	59,7		
Printing*	0,56	(0,19)	-					0,41	(0,07)	-		
Distribution**	n.a.	n.a.	n.a.					-	-	-		
Other & Consolidation Adjustments	(0,75)	(0,54)	(40,0)					(0,22)	(0,26)	14,3		
<b>Other and Consolidation Adjustments</b>	(32,58)	(18,33)	(77,7)	1120,3%	(81,8%)	(61,0%)	(22,1%)	(7,42)	0,86	-	(19,1%)	1,9%
Prisa Brand Solutions	0,62	1,37	(54,8)					0,17	0,94	(81,8)		
Others***	(33,20)	(19,70)	(68,6)					(7,59)	(0,08)	-		
<b>TOTAL</b>	<b>53,43</b>	<b>82,95</b>	<b>(35,59)</b>	<b>5,0%</b>	<b>7,2%</b>	<b>100%</b>	<b>100%</b>	<b>38,87</b>	<b>46,11</b>	<b>(15,69)</b>	<b>100%</b>	<b>100%</b>

\* The printing business is being fully integrated since April, 2012. Since January 2013, it is consolidated in the Press division

\*\* Distribution is categorized as Discontinued Operations in the Press division since January 2013. In September 2013 the division was sold

\*\*\* Others include mainly the activities from Head Quarters.



### 3\_ Accumulated Financial Data by Concept

#### a\_ Operating revenues

Eur Million	JANUARY - SEPTEMBER			JULY - SEPTEMBER			% OF TOTAL	
	2014	2013	% Chg.	2014	2013	% Chg.	2014	2013
<b>Total operating revenues</b>	<b>1.068,75</b>	<b>1.150,21</b>	<b>(7,1)</b>	<b>380,74</b>	<b>409,34</b>	<b>(7,0)</b>	<b>100,0%</b>	<b>100,0%</b>
Advertising	343,07	359,32	(4,5)	105,13	116,67	(9,9)	27,6%	28,5%
Books and training	502,39	551,06	(8,8)	208,31	208,12	0,1	54,7%	50,8%
Newspapers and magazine sales	80,99	93,82	(13,7)	26,65	30,51	(12,7)	7,0%	7,5%
Subscriber revenues	0,00	0,00	-	0,00	0,00	34,3	0,0%	0,0%
Subscriber revenues from other platforms	0,31	0,26	16,9	0,11	0,08	31,9	0,0%	0,0%
Audiovisual production revenues	17,39	17,63	(1,4)	6,48	6,18	4,9	1,7%	1,5%
Other revenues	124,60	128,11	(2,7)	34,05	47,77	(28,7)	8,9%	11,7%
<b>One-offs in operating revenues</b>	<b>51,78</b>	<b>68,31</b>		<b>(0,45)</b>	<b>23,45</b>			
Advertising sponsorship adjustment	3,39	5,08		1,93	5,08			
Radio Mexico & Costa Rica adjustment	(15,06)	0,00		(5,42)	0,00			
Trade Publishing	63,45	63,23		3,04	18,37			
<b>Total adjusted operating revenues</b>	<b>1.016,96</b>	<b>1.081,91</b>	<b>(6,0)</b>	<b>381,20</b>	<b>385,88</b>	<b>(1,2)</b>		

#### b\_ Operating expenses

Eur Million	JANUARY - SEPTEMBER			JULY - SEPTEMBER			% OF TOTAL	
	2014	2013	% Chg.	2014	2013	% Chg.	2014	2013
<b>Total operating expenses</b>	<b>889,36</b>	<b>947,10</b>	<b>(6,10)</b>	<b>289,73</b>	<b>311,19</b>	<b>(6,90)</b>	<b>100,0%</b>	<b>100,0%</b>
Purchases	181,03	203,87	(11,2)	66,78	68,75	(2,9)	23,0%	22,1%
Outside services	387,29	410,17	(5,6)	123,09	135,94	-9,44973086	42,5%	43,7%
Staff costs	320,62	332,27	(3,5)	99,53	105,82	-5,94139178	34,4%	34,0%
Other operating expenses	0,43	0,79	(45,8)	0,33	0,69	-51,7092915	0,1%	0,2%
<b>One-offs in operating expenses</b>	<b>64,72</b>	<b>65,30</b>		<b>4,07</b>	<b>25,94</b>			
Indemnizaciones	31,60	10,95		2,41	3,71			
Redundancias contractors	1,26	1,95		0,77	1,95			
Advertising sponsorship adjustment	3,39	5,08		1,93	5,08			
Radio Mexico & Costa Rica adjustment	(9,40)	0,00		(3,30)	0,00			
Non recurrent retirement complement	6,00	0,00		0,00	0,00			
Ediciones Generales	31,87	47,33		2,26	15,20			
<b>Total adjusted operating expenses</b>	<b>824,65</b>	<b>881,79</b>	<b>(6,5)</b>	<b>285,67</b>	<b>285,26</b>	<b>0,1</b>	<b>100,0%</b>	<b>100,0%</b>
Purchases	171,30	187,96	(8,9)	66,14	63,17	4,7	23,2%	22,1%
Outside services	367,09	379,15	(3,2)	121,59	121,49	0,1	42,6%	42,6%
Staff costs	285,83	313,90	(8,9)	97,39	99,91	(2,5)	34,1%	35,0%
Other operating expenses	0,43	0,79	(45,8)	0,33	0,69	(51,7)	0,1%	0,2%

**c\_Opex by geographical origin (adjusted by extraordinaire):**

Eur Million	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	Chg.%	2014	2013	Chg.%
<b>Purchases</b>	<b>171,30</b>	<b>187,96</b>	<b>(8,86)</b>	<b>66,14</b>	<b>63,17</b>	<b>4,71</b>
Spain	66,03	68,61	(3,8)	34,05	36,75	(7,3)
International	105,27	119,35	(11,8)	32,09	26,42	21,5
<b>Outside services</b>	<b>367,09</b>	<b>379,15</b>	<b>(3,18)</b>	<b>121,80</b>	<b>121,49</b>	<b>0,26</b>
Spain	169,48	168,94	0,3	49,15	43,74	12,4
International	197,61	210,21	(6,0)	72,65	77,75	(6,6)
<b>Staff costs</b>	<b>285,83</b>	<b>313,90</b>	<b>(8,94)</b>	<b>97,39</b>	<b>99,91</b>	<b>(2,53)</b>
Spain	150,35	173,73	(13,5)	55,12	58,58	(5,9)
International	135,48	140,17	(3,3)	42,27	41,34	2,3
<b>Other operating expenses</b>	<b>0,43</b>	<b>0,79</b>	<b>(45,82)</b>	<b>0,33</b>	<b>0,69</b>	<b>(51,71)</b>
<b>Total adjusted operating expenses</b>	<b>824,65</b>	<b>881,79</b>	<b>(6,48)</b>	<b>285,67</b>	<b>285,26</b>	<b>0,14</b>
Spain	386,29	412,07	(6,26)	138,65	139,75	(0,78)
International	438,36	469,72	(6,68)	147,01	145,51	1,03

*Excluding non recurring items*

#### 4\_ Other Relevant Events

1. During the first quarter of 2014, as a result of the partial implementation of the monetary capital increase, PRISA increased its capital with 99 shares of class A common stock, corresponding to the Windows 37 to 39 PRISA warrant exercise periods (exercise of 99 warrants at a price of 2 euros per share).

Additionally during first quarter of 2014 conversion rights were exercised to convert a total of 0 class B shares into an equal number of Class A shares.

2. On February 21<sup>st</sup> 2014, PRISA granted a public deed formalizing that capital increase corresponding to the 2013 Warrants exercised by certain Institutional Investors during January. The total number of Warrants that have been exercised is 176,839,103, which have given place to the subscription of 176,839,103 new Class A common shares

PRISA share capital upon this capital increase amounts to € 122,949,967.40 represented by:

(a) 917,498,618 Class A common shares, of € 0.10 par value each

(b) 312,001,056 Class B convertible and non-voting shares, of € 0.10 par value each

3. On February 25<sup>th</sup> 2014, and following the issue of new shares announced on February 21<sup>st</sup> 2014, the stake of the controlling shareholder group of PRISA in the share capital of the Company has been reduced below 30%.

As a result of this, the right awarded by the shareholders agreement of Distribuidora de Televisión Digital, S.A. ("DTS", the company holding PRISA's pay TV business) to Telefónica and Mediaset España to acquire the stake held by PRISA in DTS will be exercisable for a period of fifteen calendar days following the 25<sup>th</sup> of February (when the Company has notified this fact to the Board of Directors of DTS and to the aforementioned entities)

4. On May 30<sup>th</sup>, the company announced the commencement of the mandatory conversion and payment of dividend on shares B's. B's shares have been delisted and extinguished and the new shares and A's from the conversion and pay dividend (491,691,220 new shares A's) are already listed on electronic trading systems

5. On 4<sup>th</sup> July the company announced the termination of the warrants issued in December 2010 following the finalization of the forty-second window.

6. On July 2<sup>nd</sup> 2014, a share capital increase operation took place, fully subscribed by Consorcio Transportista Occher S.A. de C.V.

The capital increase resulted in the issuing of 188,679,245 class A shares with a face value of 0.1 euros and a premium of 0.43 euros per share and excluding any other subscription privilege. The premium amounts to a 40% over the volume weighted average price over the previous 3 months.

Occher is a company owned by Mr. Roberto Alcántara Rojas, currently a member of the Board of Directors and a member of the Executive Commission since February 24<sup>th</sup> 2014. Mr. Roberto Alcántara is also a signatory of the Shareholders Agreement of April 28<sup>th</sup> 2014.

## 5\_ Group Structure

The PRISA Group's business activities are organized into the following groupings: **Audiovisual**, **Education-Publishing**, **Radio** and **Press**. Its **Digital** activity operates across all of these areas and supports this structure:

Audiovisual	Education	Radio	Press
<ul style="list-style-type: none"> <li>• Prisa TV</li> <li>• Media Capital <sup>23)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Education</li> <li>• Trade publishing</li> </ul>	<ul style="list-style-type: none"> <li>• Radio Spain</li> <li>• Radio International</li> <li>• Gran Vía Musical</li> </ul>	<ul style="list-style-type: none"> <li>• El País</li> <li>• As</li> <li>• Cinco Días</li> <li>• Magazines <sup>(4)</sup></li> <li>• Dédalo <sup>12)</sup></li> </ul>

Since 2013, the Distribution business is classified as Discontinued Operations in the Press divisions, whilst in 2012 it was included in the Press Division through Global Consolidation. In September 2013, the Distribution division was sold.

(1): Additionally, the Printing division, **Dédalo**, since April 1<sup>st</sup> 2012 was integrated through Global consolidation at Group Level (compared to equity consolidation before April 2012). Since the beginning of 2013 it is integrated in the Press Division

(2): **Media Capital** is included in the Audiovisual division because, although it includes other activities, most of its revenue comes from TVI (free-to-air television) and Plural (audiovisual production).

(3): **Magazines**: since June 1<sup>st</sup> 2013, Magazines in Portugal are no longer consolidated in the Group.

(4): **Meristation**: Since May 1<sup>st</sup> 2013, Meristation consolidates at Press unit (Magazines). To this date, consolidates in Digital.

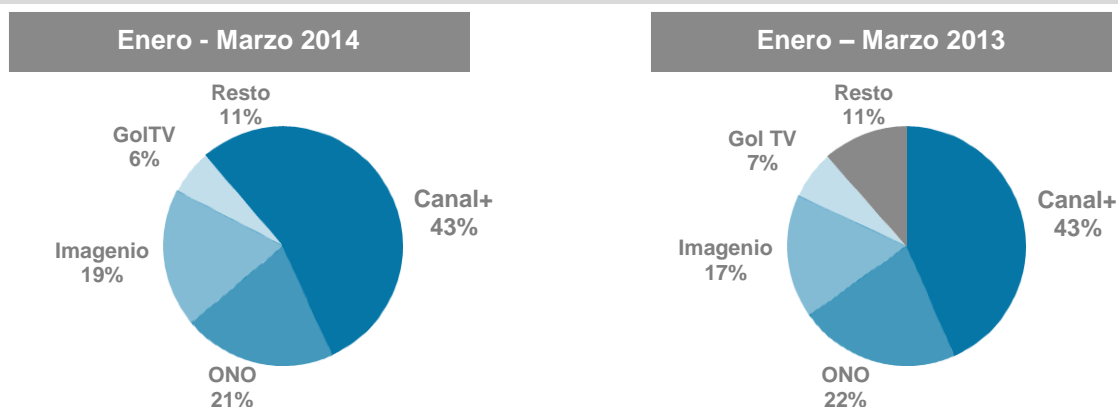
## 6\_ Canal+

CANAL+	JANUARY - SEPTEMBER			JULY - SEPTEMBER		
	2014	2013	% Chg.	2014	2013	% Chg.
<b>Revenues</b>	<b>856,5</b>	<b>869,0</b>	<b>(1,4%)</b>	<b>277,0</b>	<b>275,7</b>	<b>0,5%</b>
Satelite subscribers	635,0	651,5	(2,5%)	203,1	206,8	(1,8%)
Subs from other platforms	178,3	174,0	2,5%	62,4	57,0	9,5%
Other	43,2	43,5	(0,7%)	11,5	12,0	(3,5%)
<b>Operating expenses</b>	<b>848,2</b>	<b>846,3</b>	<b>0,2%</b>	<b>275,2</b>	<b>279,1</b>	<b>(1,4%)</b>
<b>EBITDA</b>	<b>8,3</b>	<b>22,7</b>	<b>(63,5%)</b>	<b>1,9</b>	<b>(3,4)</b>	<b>154,1%</b>
% margin	1,0%	2,6%		0,7%	(1,2%)	
<b>EBIT</b>	<b>(53,76)</b>	<b>(49,19)</b>	<b>(9,3%)</b>	<b>(18,86)</b>	<b>(26,05)</b>	<b>27,6%</b>
% margin	(6,3%)	(5,7%)		(6,8%)	(9,4%)	

**a\_ Market position**

Canal+ maintains its absolute leading position in the market according to the latest data published by the CMT (Spanish Communications Authority) as of December 2013, with a market share of 43.7% on average in number of subs in 4Q 2013 (43.8% on average in 2013). According to internal estimates, the market share in number of subscribers in 1Q 2014 is of 43.2%, with Canal+ maintaining its absolute leadership position in the market. As of June 2014 there is no update on CMT reports.

We detail below the market position of Canal+:

**Canal+ market position**


Source: Internal estimates (1Q 2014, latest data available)

**b\_ Operating KPIS**

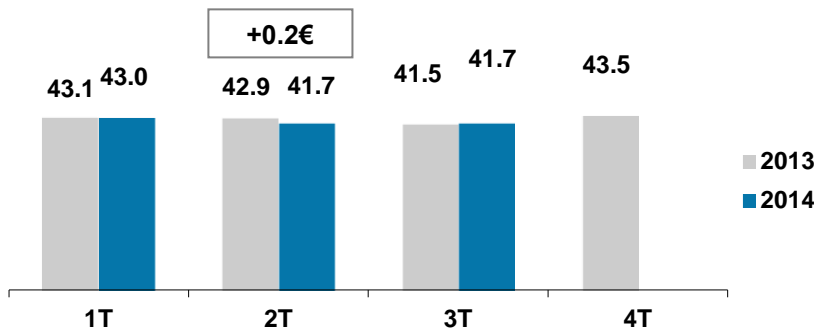
Satellite subscribers declined 40,319 in 9M compared to December 2013.

**Canal+ satellite subscribers**

	Sep-14	Dec 2013	Abs. Var
Satélite (DTH)	1.580.313,00	1.620.632,00	(40.319,0)

Satellite ARPU in 3Q 2014 stood at 41.7 Euros on average, over the 41.5 Euros on average in 3Q 2013.

Evolution of Canal+ ARPU (€)

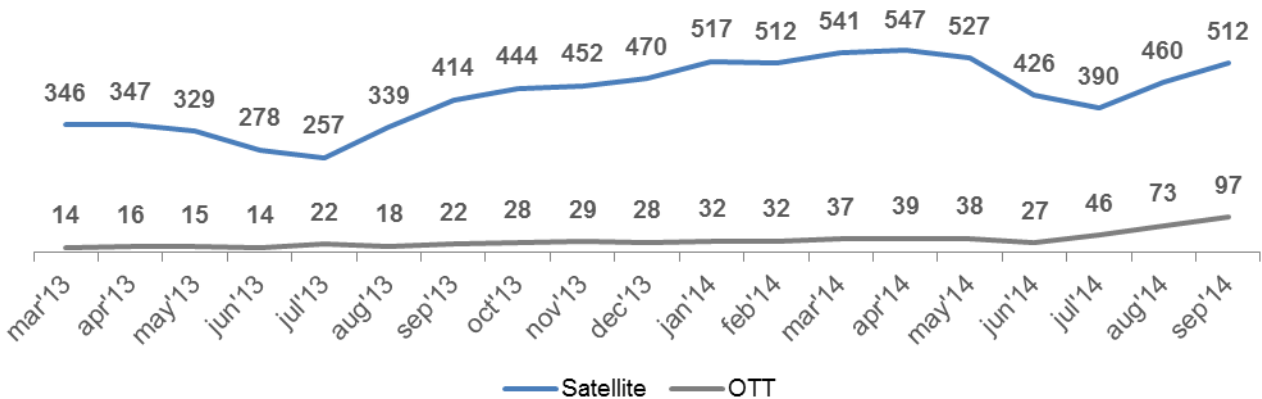


The number of **iPlus** subscribers continued to grow. As of September 2014, the number of subscribers to **iPlus** stood at 659,590, implying a growth of 46,703 versus September 2013 and a penetration of 41.7%.

Churn stood at 15.0% as of June 2014, slightly below the 18.1% of September 2013 and implying an important improvement from 18.0% in December 2013.

Digital development: Evolution of subscribers of Yomvi (thousands of users)

In the platform's digital development, we highlight **YOMVI** which in September reached **609 thousand unique users**, of which 512 thousand are also satellite subscribers, (32.4% penetration). This compares to the 436 thousand as of September 2013 (25.3% penetration).



In addition, the **use that the subscribers make of the platform has also greatly increased**. Catch-up content downloads have increased from 2.6 million in September 2013 to 4.8 million in September 2014.

Digital development: Evolution of downloads from Yomvi (thousands)

