



**Annual results - 2016**  
**PROMOTORA DE INFORMACIONES, S.A.**

**February 27th, 2017**



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## GENERAL OVERVIEW

**Adjusted EBITDA in 2016 reaches 282 million euros (-2.5%)**  
(+3.6% in constant currency)

2016 Main highlights:

- **In Spain, advertising is maintained on the back of Digital growth and events**
- LatAm activities show growth in local currency in **Education** (+8%)
- **Radio Latam shows weakness** mainly in **Colombia**.
- In Portugal, **Media Capital shows** operational improvement helped by growth in advertising revenue (+4.1%) and the sale of channels to third parties.
- **The evolution of exchange rates improves in 4Q**, impacting negatively across the year on revenues (-63M€) and EBITDA (-17.7M€).
- **Negative fiscal impact** as a result of the new Decree Law related to Corporation Tax and as a result of a rejecting ruling related to VAT
- **Net bank debt is reduced by €173Mn in the year and stands at 1,486Mn€** as of December 31, 2016. **Decline of 23Mn€ in financial expenses** in the period due to debt reduction.

### EDUCATION

- **Santillana has ended 2016 with a strong performance. In Latam**, all main countries campaigns have increased in **constant currency except for Mexico** on the back of lower institutional sales. **Highlights Brazil which maintains revenues in local currency despite the difficulties in the region and Peru which grows** due to institutional bidding for primary and secondary in 2016.
- **Spain shows operating improvement** despite a small decline in sales explained by less novelties in 2016 compared to previous year
- **Digital Education Systems (UNO and COMPARTIR) continue their expansion** in Latin America, growing in number of students till reach 867,878. **UNO and Compartir revenues** grow by **+6.9%** in constant currency. Significant margin improvement of UNO.
- **Adjusted revenues** in constant currency grow by **+5.4%** and **adjusted EBITDA grows by +13.7% in local currency (+5% in euros)**.
- **Negative FX impact of 44.8 million euros on revenues and 15.1 million euros on EBITDA in full year**, with a reduction of the negative impact in 4Q as a result of better currencies evolution

### RADIO

- **According to the latest EGM**, Radio in Spain **remains the clear leader** in both generalist and musical.
- **Advertising in PrisaRadio in Spain** falls by **-3.5% in 2016**
- **In LatAm**, adjusted revenues fall in local currency mainly affected by Colombia which declines by **-14%**, reflection of the macroeconomic and difficulties of the advertising sector faced by the country. Chile, closes the year with flat revenues in local currency compared to same period, significantly improving their behaviour in the 4T
- **Adjusted EBITDA** in constant currency falls by **16.8 M€** to reach **58 million** mainly explained by LatAm performance and Spain weakness
- **Negative FX impact amounts -16.2 million euros** on revenues and **-3.2 million** on EBITDA.

### BUSINESS UNITS

### PRESS

- **Press total revenues declined by -0.6% in the period.** The increase in digital advertising and events almost compensates the decline of traditional advertising and circulation.
- **Advertising revenues** in 2016 increase by **+3%**.
  - **Digital advertising** increases by **+15.2%** (representing already **41%** of total advertising revenues of the press) offsetting the fall in **traditional advertising**
  - **The Events** grow in the year until reach **€8.5 million**
- **Circulation revenues** moderate their drop (**-4.7%**) helped by the price raise.
- **As of December 2016**, an average of **88.2 million of unique browsers** and **19.6 millions of unique users** has been registered.
- **Press adjusted EBITDA** increases by **+2%** over the same period last year to reach **16.8 million euros**.

### MEDIA CAPITAL

- **Total advertising revenues** of Media capital **increase** by **+4.1%**.
- **TVI shows a revenue increase of 0.4%**. The growth of advertising revenue and channels sale to third parties offset the fall in added value calls:
  - **Advertising** grows by **+3.6%** in TVI.
  - **Added value calls** continue with significant falls (**-4.5 million euros**).
  - The **distribution of TVI channels** in different pay platforms has a growth of **2.5 million euros**.
- **Radio increases advertising revenues by 5.8%**
- **Adjusted EBITDA** grows by **+2%** (**+0.8 million euros**), versus same period last year, reaching **43 million euros**.



## CONSOLIDATED P&L

Eur Million	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	% Chg.	2016	2015	% Chg.
<b>Operating adjusted results</b>						
<b>Adjusted Operating Revenues</b>	<b>1.370,2</b>	<b>1.397,6</b>	<b>(2,0)</b>	<b>334,3</b>	<b>319,5</b>	<b>4,6</b>
<b>Adjusted EBITDA</b>	<b>281,5</b>	<b>288,7</b>	<b>(2,5)</b>	<b>66,9</b>	<b>54,0</b>	<b>24,0</b>
Adjusted EBITDA Margin	20,5%	20,7%		20,0%	16,9%	
<b>Adjusted EBIT</b>	<b>175,0</b>	<b>173,5</b>	<b>0,9</b>	<b>53,5</b>	<b>44,7</b>	<b>19,6</b>
Adjusted EBIT Margin	12,8%	12,4%		16,0%	14,0%	
<b>Adjusted Operating results at constant currency</b>						
<b>Operating revenues</b>	<b>1.433,2</b>	<b>1.397,6</b>	<b>2,6</b>	<b>322,9</b>	<b>319,5</b>	<b>1,0</b>
<b>EBITDA at constant currency</b>	<b>299,2</b>	<b>288,7</b>	<b>3,6</b>	<b>59,3</b>	<b>54,0</b>	<b>9,9</b>
Adjusted EBITDA Margin	20,9%	20,7%		18,4%	16,9%	
<b>EBIT at constant currency</b>	<b>189,0</b>	<b>173,5</b>	<b>9,0</b>	<b>47,9</b>	<b>44,7</b>	<b>7,0</b>
Adjusted EBIT Margin	13,2%	12,4%		14,8%	14,0%	
<b>Reported Results</b>						
<b>Operating Revenues</b>	<b>1.358,0</b>	<b>1.374,1</b>	<b>(1,2)</b>	<b>336,6</b>	<b>312,3</b>	<b>7,8</b>
<b>EBITDA</b>	<b>248,9</b>	<b>248,4</b>	<b>0,2</b>	<b>50,0</b>	<b>46,4</b>	<b>7,8</b>
EBITDA Margin	18,3%	18,1%		14,9%	14,9%	0,0
<b>EBIT</b>	<b>133,5</b>	<b>120,8</b>	<b>10,5</b>	<b>26,6</b>	<b>23,9</b>	<b>11,4</b>
EBIT Margin	9,8%	8,8%		7,9%	7,6%	
<b>Net financial result</b>	<b>(87,1)</b>	<b>(108,8)</b>	<b>20,0</b>	<b>(41,7)</b>	<b>(34,2)</b>	<b>(22,1)</b>
Interest on debt	(58,5)	(81,9)	28,5	(13,0)	(17,5)	26,0
Other financial results	(28,5)	(26,9)	(6,0)	(28,8)	(16,7)	(72,4)
<b>Result from associates</b>	<b>3,3</b>	<b>4,2</b>	<b>(19,8)</b>	<b>0,5</b>	<b>1,8</b>	<b>(69,5)</b>
<b>Profit before tax</b>	<b>49,7</b>	<b>16,2</b>	<b>-</b>	<b>(14,6)</b>	<b>(8,6)</b>	<b>(70,7)</b>
Income tax expense	87,1	(25,3)	-	57,5	15,6	-
<b>Results from discontinued activities</b>	<b>(0,3)</b>	<b>(2,7)</b>	<b>89,0</b>	<b>0,0</b>	<b>(2,6)</b>	<b>-</b>
<b>Minority interest</b>	<b>30,2</b>	<b>33,5</b>	<b>(9,9)</b>	<b>9,7</b>	<b>11,5</b>	<b>(15,4)</b>
<b>Net profit</b>	<b>(67,9)</b>	<b>5,3</b>	<b>-</b>	<b>(81,8)</b>	<b>(38,3)</b>	<b>(113,7)</b>

During 2016, excluding extraordinary items and exchange rate impact:

- Total operating revenues grow by 2.6%
- Adjusted EBITDA grows by 3.6%.



## EDUCATION

EDUCATION Eur Million	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	% Chg.	2016	2015	% Chg.
<b>Adjusted Operating results</b>						
<b>Adjusted Revenue</b>	<b>632,6</b>	<b>642,8</b>	<b>(1,6%)</b>	<b>119,1</b>	<b>97,7</b>	<b>21,8%</b>
Spain	135,4	139,6	(3,0%)	(16)	(20)	16,7%
International	497,2	503,2	(1,2%)	135,6	117,5	15,3%
Portugal	4,8	5,8	(17,3%)	0,1	0,3	(54,9%)
Latam	492,4	497,3	(1,0%)	135,4	117,3	15,5%
<b>Adjusted EBITDA</b>	<b>180,2</b>	<b>171,7</b>	<b>5,0%</b>	<b>13,0</b>	<b>(4)</b>	<b>---</b>
Spain	33,6	31,4	6,8%	(35)	(38)	9,0%
International	146,7	140,3	4,6%	47,88	34,1	40,3%
Portugal	0,19	0,96	(80,4%)	(0,5)	(0,7)	19,0%
Latam	146,5	139,3	5,1%	48,4	34,8	39,2%
<i>% adjusted Margin</i>	<i>28,5%</i>	<i>26,7%</i>		<i>10,9%</i>	<i>-4,3%</i>	
<b>Adjusted EBIT</b>	<b>108,8</b>	<b>95,2</b>	<b>14,3%</b>	<b>9,82</b>	<b>(3,7)</b>	<b>---</b>
<i>% adjusted Margin</i>	<i>17,2%</i>	<i>14,8%</i>		<i>8,2%</i>	<i>(3,8%)</i>	
<b>Adjusted Operating results at constant curr</b>	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>
<b>Adjusted Revenue at constant fx rate</b>	<b>677,4</b>	<b>642,8</b>	<b>5,4%</b>	<b>105,8</b>	<b>97,7</b>	<b>8,3%</b>
Spain	135,4	139,6	(3,0%)	(16)	(20)	16,7%
International	542,0	503,2	7,7%	122,3	117,5	4,1%
Portugal	4,8	5,8	(17,3%)	0,12	0,27	(54,9%)
Latam	537,1	497,3	8,0%	122,2	117,3	4,2%
<b>Adjusted EBITDA</b>	<b>195,3</b>	<b>171,7</b>	<b>13,7%</b>	<b>4,9</b>	<b>(4)</b>	<b>---</b>
Spain	33,57	31,42	6,8%	(35)	(38)	9,0%
International	161,7	140,3	15,3%	39,73	34,1	16,4%
Portugal	0,2	1,0	(80,4%)	(1)	(1)	19,0%
Latam	161,6	139,3	16,0%	40,3	34,8	15,8%
<i>% adjusted Margin</i>	<i>28,8%</i>	<i>26,7%</i>		<i>4,6%</i>	<i>-4,3%</i>	
<b>Adjusted EBIT</b>	<b>120,9</b>	<b>95,2</b>	<b>27,0%</b>	<b>3,79</b>	<b>(3,7)</b>	<b>---</b>
<i>% adjusted Margin</i>	<i>17,9%</i>	<i>14,8%</i>		<i>3,6%</i>	<i>(3,8%)</i>	
<b>Reported Results</b>	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>
<b>Revenues</b>	<b>637,5</b>	<b>642,8</b>	<b>(0,8%)</b>	<b>124,0</b>	<b>97,7</b>	<b>26,9%</b>
Spain	135,4	139,6	(3,0%)	(16,5)	(19,8)	16,7%
International	502,2	503,2	(0,2%)	140,5	117,5	19,5%
<b>Operating expenses</b>	<b>466,6</b>	<b>475,7</b>	<b>(1,9%)</b>	<b>116,9</b>	<b>103,8</b>	<b>12,7%</b>
<b>EBITDA</b>	<b>170,9</b>	<b>167,2</b>	<b>2,2%</b>	<b>7,1</b>	<b>(6,0)</b>	<b>---</b>
<i>% Margin</i>	<i>26,8%</i>	<i>26,0%</i>		<i>5,7%</i>	<i>(6,2%)</i>	
<b>EBIT</b>	<b>98,6</b>	<b>88,7</b>	<b>11,1%</b>	<b>2,6</b>	<b>(7,5)</b>	<b>135,0%</b>
<i>% Margin</i>	<i>15,5%</i>	<i>13,8%</i>		<i>2,1%</i>	<i>(7,7%)</i>	
	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>
<b>One-offs in Operating revenues</b>	<b>-4,9</b>	<b>0,0</b>		<b>-4,9</b>	<b>0,0</b>	
Norma	-4,9	0,0		-4,9	0,0	
<b>One-offs in Operating expenses</b>	<b>-12,8</b>	<b>-4,5</b>		<b>-9,3</b>	<b>-1,8</b>	
Redundancies	-6,1	-4,5		-2,7	-1,8	
Norma	-7,4	0,0		-7,4	0,0	
Norma operation expenses	0,8	0,0		0,8	0,0	
<b>One-offs in Amort. &amp; Provisions</b>	<b>-1,3</b>	<b>-2,0</b>		<b>-1,7</b>	<b>-2,0</b>	
Norma	-0,9	0,0		-0,9	0,0	
Otros	-0,4	-2,0		-0,8	-2,0	

Norma consolidates in the Group since September 2016. For like for like comparisson, the figures have been adjusted in 2016



## EDUCATION

### A\_MARKET POSITION

**Santillana, PRISA's education business, maintains a leading position in practically all countries where it operates.** 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 private textbooks excluding languages

Country	Market Share	Market Position
Spain	20,5%	1
Brazil	22,9%	2
Mexico	16,8%	1
Argentina	40,0%	1
Chile	37,8%	1
Colombia	34,0%	1

Source: PRISA internal estimates, last available.  
Colombia, Argentina, Mexico and Chile includes Norma

### B\_OPERATING REVENUES

In the revenues evolution of 2016 there is to highlight:

**a) The evolution of the South Area campaigns:** Brazil, Colombia, Costa Rica, Central America, Uruguay, Chile, Bolivia, Argentina, Paraguay, and Peru. All this campaigns have shown altogether a good performance in local currency. (+14.5% growth)

- **Highlights Peru**, explained by an institutional bidding for primary and secondary, showing a significant growth in local currency.
- **Brazil maintains** revenues in local currency. The growth of institutional sales (medium year of the cycle) has compensated the worst performance in the regular campaign of private sales, affected by the transfer of students from private school to public.

**b) North area campaigns:** Spain, Mexico, Puerto Rico, Republican Dominican, Ecuador, USA and Venezuela. All this campaigns have shown all together a decline of -2.2% in constant currency

- **Spain** shows a decline in revenues of 3.1% explained by less novelties in 2016 compared to 2015. Despite this fall in revenues, operating performance improved by 4.2%
- **Mexico** shows a decline in revenues in local currency of 3.8% on the back of lack of educational reform and lower institutional sales compared to last year

**b) Digital Education Systems (UNO and COMPARTIR)** continue their expansion in Latin America, growing by 7,4% the number of students to 867,878. Total revenues of UNO and Compartir have reached at constant currency 128.9 million euros (+6.9%). Highlights the operational result of UNO with EBITDA growth of 14.4% in local currency.

**c) Negative FX impact** of 44.8 million euros on revenues and 15.1 million euros on EBITDA during 2016.

**Excluding the exchange impact, adjusted for extraordinary items, adjusted revenues increased by 5.4% and EBITDA +13.7%.**

### Split of revenue

#### Adjusted revenues

	JANUARY-DECEMBER		
	2016	2015	Var. %
<b>Total Santillana</b>	<b>632,6</b>	<b>642,8</b>	<b>-1,6%</b>
<b>Traditional Education and Compartir</b>	<b>569,1</b>	<b>571,0</b>	<b>-0,3%</b>
South Campaign	303,7	293,5	3,5%
North Campaign	265,4	277,4	-4,3%
<b>UNO System</b>	<b>63,6</b>	<b>72,0</b>	<b>-11,7%</b>

#### Adjusted Revenue at constant fx rate

	JANUARY-DECEMBER		
	2016	2015	Var. %
<b>Total Santillana</b>	<b>677,4</b>	<b>642,8</b>	<b>5,4%</b>
<b>Traditional Education and Compartir</b>	<b>607,3</b>	<b>570,8</b>	<b>6,4%</b>
South Campaign	336,0	293,5	14,5%
North Campaign	271,3	277,4	-2,2%
<b>UNO System</b>	<b>70,0</b>	<b>72,0</b>	<b>-2,7%</b>

### Split of EBITDA

#### Adjusted EBITDA

	JANUARY-DECEMBER		
	2016	2015	Var. %
<b>Total Santillana</b>	<b>180,2</b>	<b>171,7</b>	<b>5,0%</b>
<b>Traditional Education and Compartir</b>	<b>158,1</b>	<b>151,1</b>	<b>4,7%</b>
South Campaign	92,4	85,3	8,4%
North Campaign	65,8	65,9	-0,1%
<b>UNO System</b>	<b>22,1</b>	<b>20,6</b>	<b>7,2%</b>

#### Adjusted EBITDA at constant ccy

	JANUARY-DECEMBER		
	2016	2015	Var. %
<b>Total Santillana</b>	<b>195,3</b>	<b>171,7</b>	<b>13,7%</b>
<b>Traditional Education and Compartir</b>	<b>171,7</b>	<b>151,1</b>	<b>13,6%</b>
South Campaign	104,8	85,3	22,9%
North Campaign	67,0	65,9	1,7%
<b>UNO System</b>	<b>23,6</b>	<b>20,6</b>	<b>14,4%</b>



## RADIO

RADIO Eur Million	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	% Chg.	2016	2015	% Chg.
<b>Adjusted Operating results</b>						
<b>Adjusted Revenues</b>	<b>321,9</b>	<b>338,3</b>	<b>(4,9%)</b>	<b>99,6</b>	<b>98,4</b>	<b>1,3%</b>
Spain	183,0	189,8	(3,6%)	53,5	56,0	(4,4%)
Latam	119,7	138,0	(13,2%)	35,8	37,8	(5,4%)
Adjustments & others	19,1	10,5	82,4%	10,3	4,53	126,9%
<b>Adjusted EBITDA</b>	<b>54,8</b>	<b>74,8</b>	<b>(26,7%)</b>	<b>25,3</b>	<b>31,5</b>	<b>(19,5%)</b>
Spain	22,8	29,1	(21,8%)	10,7	14,6	(26,8%)
Latam	31,7	44,2	(28,3%)	13,2	14,9	(11,6%)
Adjustments & others	0,38	1,52	(75,2%)	1,53	2,04	(25,2%)
% adjusted Margin	17,0%	22,1%		25,5%	32,0%	
<b>Adjusted EBIT</b>	<b>41,4</b>	<b>62,6</b>	<b>(33,8%)</b>	<b>20,9</b>	<b>30,0</b>	<b>(30,4%)</b>
% adjusted Margin	12,9%	18,5%		21,0%	30,5%	
<b>Adjusted Operating results at constant currency</b>						
<b>Adjusted Revenues at constant fx rate</b>	<b>338,1</b>	<b>338,3</b>	<b>(0,0%)</b>	<b>101,3</b>	<b>98,4</b>	<b>3,0%</b>
Spain	183,0	189,8	(3,6%)	53,5	56,0	(4,4%)
Latam	135,6	138,0	(1,8%)	37,3	37,8	(1,4%)
Adjustments & others	19,5	10,47	86,3%	10,5	4,53	130,8%
<b>Adjusted EBITDA at constant fx rate</b>	<b>58,0</b>	<b>74,8</b>	<b>(22,4%)</b>	<b>26,0</b>	<b>31,5</b>	<b>(17,6%)</b>
Spain	22,8	29,1	(21,8%)	10,7	14,6	(26,8%)
Latam	35,0	44,2	(20,9%)	13,7	14,9	(7,9%)
Adjustments & others	0,30	1,52	(80,4%)	1,58	2,04	(22,4%)
% adjusted Margin	17,2%	22,1%		25,6%	32,0%	
<b>Adjusted EBIT</b>	<b>44,0</b>	<b>62,6</b>	<b>(29,8%)</b>	<b>21,4</b>	<b>30,0</b>	<b>(28,8%)</b>
% adjusted Margin	13,0%	18,5%		21,1%	30,5%	
<b>Reported Results</b>						
<b>Revenues</b>	<b>301,1</b>	<b>314,8</b>	<b>(4,4%)</b>	<b>93,3</b>	<b>91,1</b>	<b>2,4%</b>
Advertising	255,7	278,5	(8,2%)	74,9	79,0	(5,3%)
Spain	164,1	170,0	(3,5%)	47,6	50,0	(4,9%)
International	91,9	108,5	(15,3%)	27,5	29,0	(5,2%)
Other*	(0,2)	0,0	---	(0,2)	0,01	---
Others	45,3	36,2	25,0%	18,4	12,1	52,4%
<b>Operating expenses</b>	<b>259,8</b>	<b>260,1</b>	<b>(0,1%)</b>	<b>72,1</b>	<b>64,2</b>	<b>12,3%</b>
<b>EBITDA</b>	<b>41,3</b>	<b>54,7</b>	<b>(24,6%)</b>	<b>21,2</b>	<b>26,9</b>	<b>(21,2%)</b>
% Margin	13,7%	17,4%		22,8%	29,6%	
<b>EBIT</b>	<b>28,2</b>	<b>42,29</b>	<b>(33,3%)</b>	<b>16,5</b>	<b>24,37</b>	<b>(32,5%)</b>
% Margin	9,4%	13,4%		17,6%	26,7%	
* Includes Music & Consolidation adjustments						
<b>One-offs in Operating revenues</b>	<b>20,8</b>	<b>23,5</b>		<b>6,3</b>	<b>7,2</b>	
Consolidation Perimeter Adjustment - Mx & CR	20,8	23,5		6,3	7,2	
<b>One-offs in Operating expenses</b>	<b>7,3</b>	<b>3,5</b>		<b>2,1</b>	<b>2,7</b>	
Redundancies	(5,4)	(10,8)		(1,3)	(1,4)	
Consolidation Perimeter Adjustment - Mx & CR	12,7	14,3		3,4	4,2	
<b>One-offs in Amort. &amp; Provisions</b>	<b>0,7</b>	<b>2,3</b>		<b>0,1</b>	<b>1,4</b>	
Consolidation Perimeter Adjustment - Mx & CR	0,7	1,0		0,1	0,1	
Impairment & Losses on Assets	0,0	1,2		0,0	1,2	

In order to give a complete vision of the business, the stakes in Mexico and Costa Rica are included in the adjusted accounts despite being consolidated by the equity method.



## RADIO

### 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 4,267 thousand listeners** (market share of 37% 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 21 % and 15% respectively.**

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

Thsd. Listeners	Listeners		
	3rd report 2016	Rank	Share
<b>Talk Radio</b>	<b>4.267</b>	<b>1</b>	<b>37%</b>
Cadena SER	4.267		37%
<b>Music Radio</b>	<b>6.613</b>	<b>1</b>	<b>47%</b>
40 Principales	2.938		21%
Dial	2.133		15%
Máxima FM	466		3%
M80	489		3%
Radiolé	587		4%
<b>Total</b>	<b>10.081</b>		

Total excludes duplicities

Source: EGM third report 2016

Regarding international **radio**,

Thsd. Listeners	Listeners		
	Moving Average '16	Rank	Share
Colombia	7.850	<b>1</b>	28%
Chile	2.197	<b>1</b>	41%
Mexico	1.352	<b>2</b>	15%

Source: ECAR (Colombia), IPSOS (Chile), INRA (Mexico), latest available information in 2016

### B\_OPERATING REVENUES

In 2016, adjusted **Radio Revenues reached 321.9 million euros**, which means a decrease of -4.9% compared with same period of 2015. This drop is due to the underperformance of Spain and mainly to the fall in revenues in LatAm, affected by FX. In local currency, revenues were in line with previous year

**FX impact** has been negative by -16.2 million euros in revenues and -3.2 million euros in EBITDA.

**Adjusted EBITDA** at constant currency in **Prisa Radio decreases -16.8 million euros (-22.4%)**, mainly explained by the evolution in LatAm and to less extend to Spain performance.

### Radio Revenues by geographical origin:

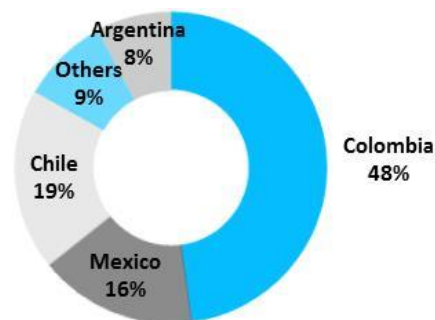
**Spain:** Radio Spain adjusted revenues reach 183 million euros in 2016 (-3.6% versus 2015). **Advertising revenues** represent 164.1 million euros, decreasing by -3.5%.

**International:** International radio adjusted Revenues, including Mexico and Costa Rica, reach **119.7 million euros** in 2016 (-13,2% versus 2015); (-1.8% at constant currency)

By country there is to highlight:

- **Colombia**, which shows a fall in constant currency of -14% due to a drop because of difficulties in the advertising market related to the economic situation in these markets.
- **Chile**, which has improved its performance in 4Q until reach same revenues as previous year in local currency
- **Mexico**, which has grown its revenues in local currency by 3.5%

### January-December 2016: International contribution of the revenues by area (%)







## PRESS

PRESS Eur Million	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	% Chg.	2016	2015	% Chg.
<b>Adjusted Operating results</b>						
<b>Adjusted Revenues</b>	<b>239,9</b>	<b>241,3</b>	<b>(0,6%)</b>	<b>65,8</b>	<b>70,7</b>	<b>(6,9%)</b>
<i>Advertising</i>	114,5	111,1	3,0%	35,5	37,0	(4,0%)
<i>Circulation</i>	91,6	96,1	(4,7%)	21,7	23,8	(8,9%)
<i>Add-ons and others</i>	33,8	34,0	(0,5%)	8,6	9,9	(12,9%)
<b>Adjusted EBITDA</b>	<b>16,8</b>	<b>16,5</b>	<b>2,0%</b>	<b>9,3</b>	<b>10,06</b>	<b>(7,3%)</b>
<i>% adjusted Margin</i>	7,0%	6,8%		14,2%	14,2%	
<b>Adjusted EBIT</b>	<b>8,64</b>	<b>8,3</b>	<b>4,1%</b>	<b>6,89</b>	<b>7,7</b>	<b>(10,2%)</b>
<i>% adjusted Margin</i>	3,6%	3,4%		10,5%	10,8%	
<b>Reported Results</b>						
<b>Revenues</b>	<b>239,9</b>	<b>241,3</b>	<b>(0,6%)</b>	<b>65,8</b>	<b>70,7</b>	<b>(6,9%)</b>
<i>Advertising</i>	114,5	111,1	3,0%	35,5	37,0	(4,0%)
<i>Circulation</i>	91,6	96,1	(4,7%)	21,7	23,8	(8,9%)
<i>Add-ons and others</i>	33,8	34,0	(0,5%)	8,6	9,9	(12,9%)
<b>Operating expenses</b>	<b>224,7</b>	<b>234,9</b>	<b>(4,3%)</b>	<b>57,7</b>	<b>61,0</b>	<b>(5,5%)</b>
<b>EBITDA</b>	<b>15,2</b>	<b>6,4</b>	<b>138,1%</b>	<b>8,1</b>	<b>9,7</b>	<b>(16,1%)</b>
<i>% Margin</i>	6,4%	2,7%		12,4%	13,7%	
<b>EBIT</b>	<b>7,06</b>	<b>(6,5)</b>	<b>---</b>	<b>5,71</b>	<b>2,64</b>	<b>116,2%</b>
<i>% Margin</i>	2,9%	-2,7%		8,7%	3,7%	
	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>
<b>One-offs in Operating revenues</b>	<b>0,0</b>	<b>0,0</b>		<b>0,0</b>	<b>0,0</b>	
<b>One-offs in Operating expenses</b>	<b>-1,6</b>	<b>-10,1</b>		<b>-1,2</b>	<b>-0,4</b>	
Redundancies	-1,6	-10,1		-1,2	-0,4	
<b>One-offs in Amort. &amp; Provisions</b>	<b>0,0</b>	<b>-4,7</b>		<b>0,0</b>	<b>-4,7</b>	



## PRESS

### A\_MARKET POSITION

**El País maintains its absolute leading position in Spain, with an average market share in the year of 41%** according to the latest OJD available data (December 2016).

#### January-December 2016: Market position of Press business in Spain



Source: OJD December 2016, latest data available

### Digital Market position of Press business

**In terms of unique users**, according to comScore press in 2016 has reached 19.6 million users. El País maintains a leading position reaching 12.4 million monthly average users. In addition, in sport press, AS holds second position against Marca reaching 6.2 million monthly average users.

**According to Comscore** El País is in the position ranking number 4 in Spain in terms of unique users (after Google, Youtube and Facebook and before El Mundo and Yahoo).

Regarding media worldwide ranking it is in number 16 being the first positions occupied by Chinese, British and American newspapers.

### B\_OPERATING REVENUES

**Revenues in Press business are maintained pretty in line versus last year** reaching 239.9 million euros. The increase in on-line advertising (+15.2%), events growth (+61%) offset the fall in off-line advertising (-9.2%) and circulation revenues (-4.7%).

**Total advertising Revenues reach 114.5 million euros**, growing by +3%

- On-line advertising revenue grow by +15.2% in the period already representing 41% of total advertising revenues.
- Off-line advertising revenues decline by -9.2%.
- Events continue their growth reaching 8.5M€ in the period.

Table of on-line, off-line advertising revenues and events is shown below:

Eur million	JANUARY - DECEMBER		
	2016	2015	% Chg.
<b>Advertising</b>	114,5	111,1	3,0%
Off-line	59,4	65,4	-9,2%
On-line	46,5	40,4	15,2%
Events	8,5	5,3	61,0%

**Circulation revenues reach 91.6 million**, moderating its drop to -4.7% explained by the price increase which positively affects the comparative.

Regarding the circulation of printed copies, evolution by newspaper according to the latest available data (OJD December 2016) it is as follows:

	JANUARY - DECEMBER		
	2016	2015	% Chg.
El País	194.005	221.389	<b>(12,4%)</b>
As	125.955	133.503	<b>(5,7%)</b>

Adjusted **EBITDA**, reached 16.8M€ increasing +2% compared to same period 2015, with an improvement in margins.



## MEDIA CAPITAL

MEDIA CAPITAL Eur Million	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	% Chg.	2016	2015	% Chg.
<b>Adjusted Operating results</b>						
<b>Adjusted Revenues</b>	<b>174,0</b>	<b>174,4</b>	<b>(0,2%)</b>	<b>49,7</b>	<b>53,2</b>	<b>(6,6%)</b>
<b>Adjusted EBITDA</b>	<b>43,0</b>	<b>42,2</b>	<b>2,0%</b>	<b>19,5</b>	<b>19,2</b>	<b>1,4%</b>
<i>% adjusted Margin</i>	24,7%	24,2%		39,2%	36,1%	
<b>Adjusted EBIT</b>	<b>34,1</b>	<b>32,1</b>	<b>6,2%</b>	<b>16,8</b>	<b>15,3</b>	<b>10,2%</b>
<i>% adjusted Margin</i>	19,6%	18,4%		33,9%	28,7%	
<b>Reported Results</b>						
<b>Revenues</b>	<b>174,0</b>	<b>174,4</b>	<b>(0,2%)</b>	<b>49,7</b>	<b>53,2</b>	<b>(6,6%)</b>
Advertising	121,4	116,6	4,1%	34,9	34,4	1,6%
Other	52,6	57,8	(9,0%)	14,8	18,8	(21,5%)
<b>Operating expenses</b>	<b>131,8</b>	<b>133,0</b>	<b>(0,9%)</b>	<b>30,2</b>	<b>34,0</b>	<b>(11,1%)</b>
<b>EBITDA</b>	<b>42,2</b>	<b>41,4</b>	<b>1,9%</b>	<b>19,5</b>	<b>19,2</b>	<b>1,5%</b>
<i>% Margin</i>	24,2%	23,7%		39,2%	36,0%	
<b>EBIT</b>	<b>33,3</b>	<b>31,0</b>	<b>7,5%</b>	<b>16,8</b>	<b>14,9</b>	<b>13,2%</b>
<i>% Margin</i>	19,1%	17,8%		33,8%	27,9%	
	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>	<b>2016</b>	<b>2015</b>	<b>% Chg.</b>
<b>One- offs in Operating expenses</b>	<b>(0,8)</b>	<b>(0,8)</b>		<b>(0,0)</b>	<b>(0,0)</b>	
Redundancies	(0,8)	(0,8)		(0,0)	(0,0)	



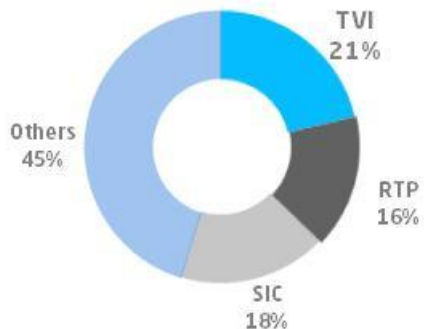
# MEDIA CAPITAL

## A\_MARKET POSITION

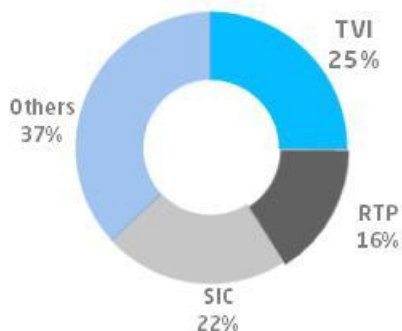
TVI maintains market leadership in 24 hours and prime time, reaching a daily audience share of 21.5% and 25% respectively.

### Media Capital Audience figures

January - December 2016 (24hrs)



January - December 2016 (Prime Time)



Gfk December 2016 // \*RTP Includes RTP1 y RTP2 // \* Others include PayTV

**Media Capital's aggregate group of radios** had an average audience share of 34.9% in 2016

Media Capital Radio remains number one in the ranking. The fifth wave split by stations shows the following audiences:

- **Radio Comercial** maintains its market leadership with an audience share of 23.5%.
- **M80**, music radio, improves its audience share to 6.9%.
- **Cidade FM** maintains its leadership amongst radio stations for youngsters, with a 3% audience share.

## B\_OPERATING REVENUES

- ✓ **Total Advertising** in the year shows an increase of 4.1%.
- ✓ **Other revenues** shows a drop of 9% (-5.2M€). The increase of the sell to third parties has compensated the continued drop of value-added calls.

By businesses,

- ✓ **TVI**, reached in 2016 revenues of 142 million euros compared to 141.6 million in 2015 (+0.4%). The growth in advertising revenues (+3.6%) and higher distribution channels to third offset the decline of value added calls.
- ✓ **Media Capital Radio** business shows a growth of +5.8% in advertising revenues

**Adjusted EBITDA reaches 43 million euros** showing an improvement of +0.8 million euros (+2%).

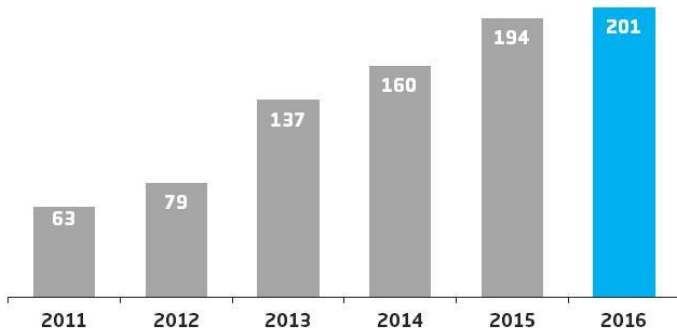


## DIGITAL TRANSFORMATION

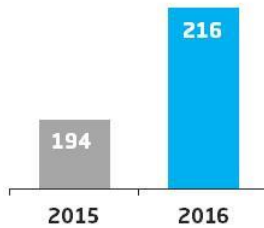
### A\_TRANSFORMATION REVENUES

**Digital transformation revenues** increased by 4.1% in the year to reach 201 million euros (+11.4% at constant Fx). They represent already 15% of total Group revenues.

Its growth since 2011 is showed below:



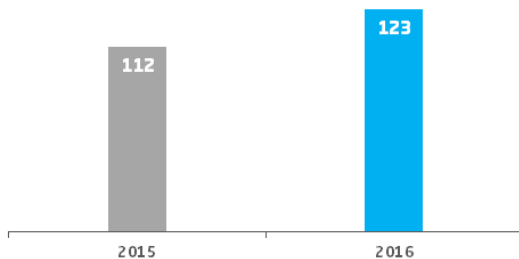
+11.4% at constant FX



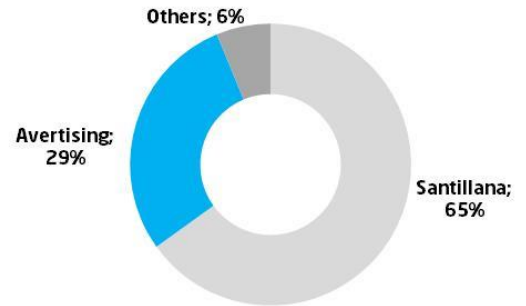
### B\_UNIQUE BROWSERS

**Average unique browsers of the Group's web sites** grow during 2016 by 9.3% reaching **122.5 million**.

+9.3%



### C\_TRANSFORMATION REVENUES SPLIT



### D\_EDUCATION

**Digital education systems (UNO and Compartir)** continue their development in Latin America reaching 867,878 students (+7.4%). **Its revenues in local currency grow by +6.9%.**

### E\_RADIO

In 2016, the **growth of unique browsers** of both national and international radio websites of the Group has continued: the unique browsers to the website of Radio in Spain reached 11.4 million average. As for the International Radio, the unique browsers according Omniture reach 20.6 million average. In total, the unique browsers Prisa Radio reach 32.1 million and grew by 8.1%.

### F\_PRESS

**Digital advertising revenues grow by +15.2%** and represent 41% of the division's ad Revenues.

**Unique browsers in Press** in 2016 grow by 8% reaching 88.2 million on average.

### G\_MEDIA CAPITAL

Digital advertising revenues reached 3.6 million euros in 2016, being the 3% of the advertising revenues.

Unique browsers of the web pages of Media Capital grew +34.7%, reaching 7.7 million on average (according to Netscope).



## FROM EBIT TO NET RESULT

Eur Million	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	% Chg.	2016	2015	% Chg.
<b>EBIT</b>	<b>133,5</b>	<b>120,8</b>	<b>10,5</b>	<b>26,6</b>	<b>23,9</b>	<b>11,4</b>
EBIT Margin	9,8%	8,8%		7,9%	7,6%	
<b>Net financial result</b>	<b>(87,1)</b>	<b>(108,8)</b>	<b>20,0</b>	<b>(41,7)</b>	<b>(34,2)</b>	<b>(22,1)</b>
Interest on debt	(58,5)	(81,9)	28,5	(13,0)	(17,5)	26,0
Other financial results	(28,5)	(26,9)	(6,0)	(28,8)	(16,7)	(72,4)
<b>Result from associates</b>	<b>3,3</b>	<b>4,2</b>	<b>(19,8)</b>	<b>0,5</b>	<b>1,8</b>	<b>(69,5)</b>
<b>Profit before tax</b>	<b>49,7</b>	<b>16,2</b>	-	<b>(14,6)</b>	<b>(8,6)</b>	<b>(70,7)</b>
Income tax expense	87,1	(25,3)	-	57,5	15,6	-
<b>Results from discontinued activities</b>	<b>(0,3)</b>	<b>(2,7)</b>	<b>89,0</b>	<b>0,0</b>	<b>(2,6)</b>	-
<b>Minority interest</b>	<b>30,2</b>	<b>33,5</b>	<b>(9,9)</b>	<b>9,7</b>	<b>11,5</b>	<b>(15,4)</b>
<b>Net profit</b>	<b>(67,9)</b>	<b>5,3</b>	-	<b>(81,8)</b>	<b>(38,3)</b>	<b>(113,7)</b>

### A\_NET FINANCIAL RESULT

During 2016, “interests on debt expenses” have been reduced by 23.4 million as a result of the debt reduction.

“Other financial results” deteriorate by 1.6 million euros. The lower debt arrangement expenses and lower spending by updating the dividend of DLJ compared to 2015 (due to the evolution of the Euro/Dollar) cannot offset the expense registered in 2016 as a result of VAT judgment ( see fiscal impacts) and the lower discounts on debt buyback compared to 2015 and the lower revenues from the sale of Mediaset in 2015.

### B\_EQUITY CONSOLIDATED RESULTS

Equity consolidated results include the results of Radio Mexico and Costa Rica in both 2016 and 2015.

### C\_CORPORATE TAX

Corporate tax registers an expense of 87.1 million euros compared to an income of 25.3 million in 2015. The tax expense in 2016 includes the impact of the new Decree law on Corporation Tax coming into force December 2th 2016 which has led to tax credits deterioration and reversal of provisions from losses in the past (see fiscal impacts)

In 2015 the corporate tax showed the registration of a tax credit resulting from the sale of the participation of Canal+ amounting to 54 million.

### D\_MINORITY RESULTS

Correspond to minority interests in Prisa Radio and Santillana.

### FISCAL IMPACTS IN 2016

#### 1) New Decree Law:

The new Decree Law which has come into force the 3th of December include new regulation on Corporate Tax:

Main regulation of the new law affecting Corporate Tax relates to the following

- Limits the compensation of loss carryforwards from previous years to 25% for companies with more than 60 million turnover net amount
- Limits the deductions for double taxation
- Obliges to the reversal of provisions fiscal deductible in the past for years previous to 2013. The reversal must be lineal during 5 years
- Losses on transmission of stakes become non deductible

**Total impact in 2016** coming from the new limits to the use of loss carryforwards and deductions applied to the reviewed fiscal plan of the Group and the reversion of provisions in holding stakes **amounts to 65 million euros**. The registration of the impact in the P/L account is as follows: 57 million euros tax expense and 8 million euros provision for deductions impairments.

#### 2) Judgment from supreme court regarding VAT:

The company has received a dismissed ruling from Supreme Court from the appeal presented against inspection on VAT related to years 2004-2006. The ruling considers that input VAT is not 100% deductible as Prisa runs financial activity and as a result prorate rule must be applied



## FINANCIAL POSITION

### A\_Cash flow statement

€ Million	Dic. 2016	Dic. 2015	Chg. 16/15	
			Abs.	%
EBITDA (excluding redundancies) - provisions	244,0	257,8	-13,8	-5,4%
EBITDA (excluding redundancies)	264,7	279,2	-14,5	-5,2%
Provisions	-20,8	-21,4	0,7	3,1%
Change in working capital	1,6	-24,3	25,9	---
Redundancies paid	-16,9	-28,2	11,3	40,0%
Taxes paid	-31,3	-36,8	5,5	14,9%
Other cash flows and adjustments from operations	-5,0	-0,4	-4,6	---
<b>OPERATING CASH FLOW</b>	<b>192,3</b>	<b>168,1</b>	<b>24,3</b>	<b>14,4%</b>
Capex (investments/divestments)	-63,0	-78,8	15,8	20,0%
Capex	-72,1	-80,5	8,4	10,4%
Disinvestments	9,1	1,7	7,4	432,4%
<b>CASH FLOW BEFORE FINANCING ACTIVITIES</b>	<b>129,4</b>	<b>89,3</b>	<b>40,0</b>	<b>44,8%</b>

### A1\_CAPEX

## CAPEX

€ Million	Dic. 2016	Dic. 2015	Chg. 16/15
<b>Santillana</b>	<b>-53,3</b>	<b>-59,2</b>	<b>5,9</b>
<b>Radio</b>	<b>-6,4</b>	<b>-12,0</b>	<b>5,6</b>
<b>Press</b>	<b>-5,3</b>	<b>-3,4</b>	<b>-2,0</b>
<b>Media Capital</b>	<b>-6,3</b>	<b>-5,5</b>	<b>-0,8</b>
<b>Others</b>	<b>-0,7</b>	<b>-0,4</b>	<b>-0,3</b>
Capex (investment)	-72,1	-80,5	8,4
Capex (disinvestment)	9,1	1,7	7,4
<b>Total PRISA Group</b>	<b>-63,0</b>	<b>-78,8</b>	<b>15,8</b>



## FINANCIAL POSITION

### B\_Net financial position

The "costs of formalization" of financial debt are presented in the balance sheet as a reduction of debt to credit institutions. These expenses are charged to the income statement on a similar maturity term of the underlying debt.

### Total bank Net debt

Millones de €	Dic. 2016	Dic. 2015	Var. 16/15	
			Abs.	Rel.
<b>- Financial debt</b>	<b>1.722,0</b>	<b>2.008,5</b>	<b>-286,5</b>	<b>-14,3%</b>
- Non- current financial debt	1.653,5	1.907,8	-254,2	-13,3%
- Current financial debt	68,5	100,8	-32,3	-32,0%
<b>Short term financial investments</b>	<b>-19,5</b>	<b>-78,1</b>	<b>58,6</b>	<b>75,0%</b>
<b>Cash &amp; cash equivalents</b>	<b>-246,4</b>	<b>-319,0</b>	<b>72,6</b>	<b>22,8%</b>
<b>Loan arrangement costs</b>	<b>30,0</b>	<b>48,3</b>	<b>-18,2</b>	<b>-37,8%</b>
<b>TOTAL BANK DEBT</b>	<b>1.486,1</b>	<b>1.659,7</b>	<b>-173,5</b>	<b>-10,5%</b>

### Total Bank net debt by business unit

€ Million	Dic. 2016	Dec. 2015	Chg. 16/15	
			Abs.	%
<b>Prisa Holding</b>	<b>1.383,2</b>	<b>1.483,6</b>	<b>-100,4</b>	<b>-6,8%</b>
- Financial debt	1.574,3	1.800,0	-225,7	-12,5%
Tranche 2	956,5	956,5	0,0	0,0%
Tranche 3	177,0	275,4	-98,5	-35,7%
PPL	439,8	534,4	-94,7	-17,7%
Subordinated loan	0,0	31,1	-31,1	-100,0%
Others	1,0	2,5	-1,5	-59,1%
- Cash and Short term financial investments (*)	-191,1	-316,4	125,3	39,6%
<b>Santillana</b>	<b>23,7</b>	<b>64,3</b>	<b>-40,5</b>	<b>-63,1%</b>
<b>Radio</b>	<b>-7,4</b>	<b>-2,8</b>	<b>-4,5</b>	<b>-159,6%</b>
<b>Press</b>	<b>-11,8</b>	<b>-13,0</b>	<b>1,2</b>	<b>9,5%</b>
<b>Media Capital</b>	<b>98,5</b>	<b>112,7</b>	<b>-14,2</b>	<b>-12,6%</b>
<b>Other</b>	<b>-0,1</b>	<b>15,0</b>	<b>-15,1</b>	<b>---</b>
<b>TOTAL BANK DEBT</b>	<b>1.486,1</b>	<b>1.659,7</b>	<b>-173,5</b>	<b>-10,5%</b>

\*In December 2015 pending payment account is excluded by the operation of sale of DTS (36.3 million euros)

During the period the issue of mandatorily convertible bonds has been registered. It reduces the debt in 100M€ (68.6 million of PPL and 32.1 million in subordinated debt).

With the funds from the sale of Canal+, it's been canceled 88 million through auction with an average discount of 14.8% and 19.7 million at par.

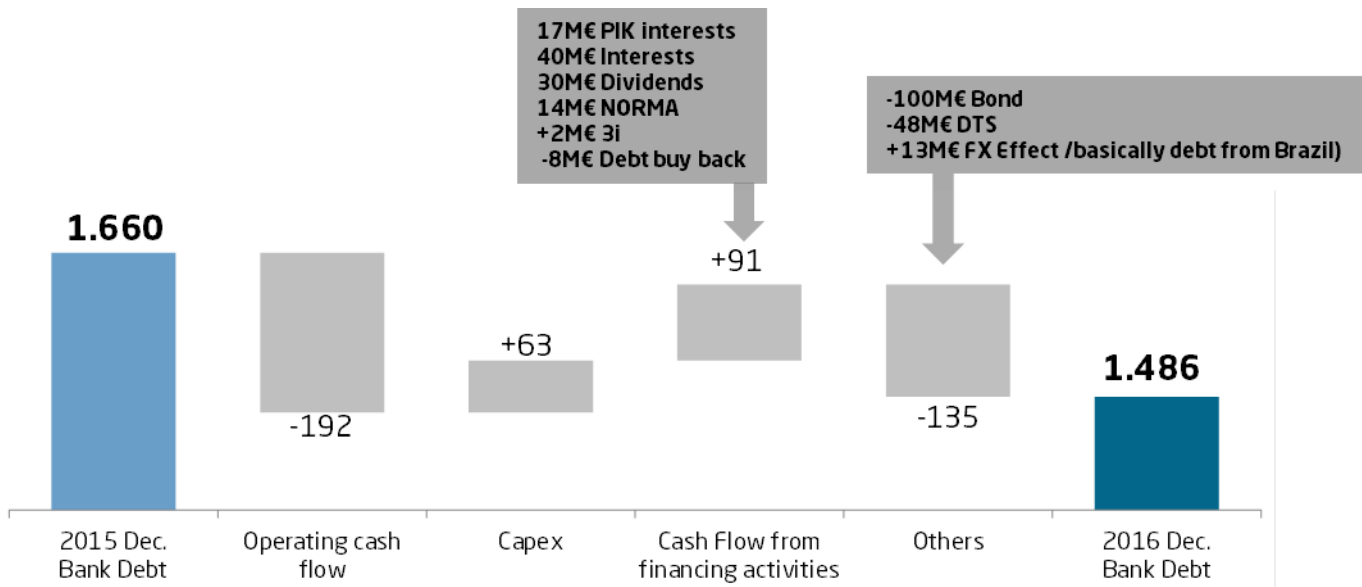
In addition, it's been carried out a debt buy back of PPL canceling 33M€ with part of fund from the capital increase of IMG, with an average discount of 23.2%.





## FINANCIAL POSITION

The evolution of **Grupo Prisa total adjusted net debt** is as follows:



\*



## APPENDIX

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## EXTRAORDINARY IMPACTS AND CHANGES IN THE CONSOLIDATION PERIMETER

Extraordinary Items	JANUARY-DECEMBER		OCTOBER-DECEMBER	
	2016	2015	2016	2015
<b>One-offs in Operating revenues</b>	<b>12,2</b>	<b>23,5</b>	<b>(2,3)</b>	<b>7,2</b>
Ajuste perimetro de consolidacion MX&CR	20,8	23,5	6,3	7,2
Norma	(4,9)	0,0	(4,9)	0,0
IVA AVS	(3,7)	0,0	(3,7)	0,0
<b>Efectos extraordinarios en gastos</b>	<b>(20,4)</b>	<b>(16,8)</b>	<b>(19,2)</b>	<b>(0,4)</b>
Indemnizaciones y otros no recurrentes	(17,5)	(30,9)	(7,1)	(4,5)
Ajuste perimetro de consolidacion MX&CR	12,7	14,2	3,5	4,1
Norma	(7,4)	0,0	(7,4)	0,0
Fiscal impacts	(8,2)	0,0	(8,2)	0,0
<b>Efectos extraordinarios en amort. y provisiones</b>	<b>8,7</b>	<b>14,4</b>	<b>8,4</b>	<b>13,5</b>
Ajuste perimetro de consolidacion MX&CR	0,7	1,0	0,1	0,1
Norma	(0,9)	0,0	(0,9)	0,0
Fiscal impacts	8,8	13,4	9,2	13,4

**a) Change in the consolidation perimeter:** Since 2013, the Group accounts the results of Prisa Radio holdings Mexico and Costa Rica using the equity method. The adjusted data results include Mexico and Costa Rica weighted by part of the capital of Prisa. Since September, Norma is integrated by global consolidation in the Group.

**b) Redundancies and other non-recurrent:** The extraordinary expenses from redundancies **fall compared to** 2015. In 2016 redundancies have reached 15.7 million euros compared to the 29.8 million euros during 2015.

**c) Fiscal impacts:** includes fiscal impacts explained on page 14



## BALANCE SHEET

€ Million	ASSETS	
	12/31/2016	12/31/2015
<b>FIXED ASSETS</b>	<b>1.273,70</b>	<b>1.336,73</b>
Property, plant and equipment	122,39	127,87
Goodwill	593,12	577,30
Intangible assets	130,80	129,05
Long term financial investments	33,89	30,90
Investment in associates	36,69	42,84
Deferred tax assets	353,65	425,22
Other non current assets	3,16	3,56
<b>CURRENT ASSETS</b>	<b>852,73</b>	<b>1.026,61</b>
Inventories	168,68	153,52
Accounts receivable	418,12	439,64
Short term financial investments	19,51	114,45
Cash & cash equivalents	246,42	319,00
<b>ASSETS HELD FOR SALE</b>	<b>0,00</b>	<b>0,05</b>
<b>TOTAL ASSETS</b>	<b>2.126,43</b>	<b>2.363,39</b>
€ Million	LIABILITIES	
	12/31/2016	12/31/2015
<b>SHAREHOLDERS EQUITY</b>	<b>-336,04</b>	<b>-394,59</b>
Issued capital	235,01	235,01
Reserves	-592,27	-701,83
Income attributable to the parent company	-67,86	5,29
Minority interest	89,08	66,94
<b>NON CURRENT LIABILITIES</b>	<b>1.909,13</b>	<b>2.176,49</b>
Long term financial debt	1.653,54	1.907,76
Other long term financial liabilities	136,15	131,82
Deferred tax liabilities	21,06	36,45
Provisions	56,52	59,75
Other non current liabilities	41,87	40,71
<b>CURRENT LIABILITIES</b>	<b>553,35</b>	<b>581,49</b>
Short term financial debt	68,49	100,77
Other current financial liabilities	23,10	23,12
Trade accounts payable	301,63	296,06
Other short term liabilities	139,26	138,76
Accrual accounts	20,87	22,78
<b>TOTAL LIABILITIES</b>	<b>2.126,43</b>	<b>2.363,39</b>



## EQUITY SITUATION

As of December 31st 2016, the equity of the parent company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Act (including participating loans outstanding) stood at 159,176 thousand, above two thirds of total share capital.



## OTHER RELEVANT FACTS

### a\_ Discounted debt buyback

On 1<sup>st</sup> February 2016, PRISA announces that a Dutch auction process aimed at its creditors was completed, having agreed to buy back a total of € 65,944,698.40 of debt, at an average discount of € 0.1602 per euro (i.e., at an average price of 83.98%) and a total discount of € 10,564,037.9.

The funds used for this auction arise from the sales of shares of DTS, Distribuidora de Televisión Digital, S.A., completed on April 30, 2015. This buy-back is added to the announced since last year 2015, so PRISA has amortized debt for a total of € 1,676,674,645 since the signing of Prisa's refinancing agreement in December 2013.

### b\_ Acquisition of NORMA (Education)

As on 2nd March, 2016, Grupo Santillana Educación Global, S.L. (Santillana), entity belonging to the PRISA group dedicated to the educational area, signed an agreement with Carvajal, S.A. for the acquisition of the educational business of the latter for a price of COP 60,000,000,000 (equivalent to around EUR 16,800,000 according to the yesterday exchanges rates), subject to the usual adjustments in this type of transactions).

The closing of the transaction is subject, among others, to the prescriptive authorization of the anti-trust authorities.

The transaction consists on the acquisition of the shares owned by Carvajal S.A. in the companies engaged in the educational business in Colombia, Argentina, Chile, Guatemala, México, Peru, Puerto Rico and Ecuador, as well as the transfer of certain trademarks linked to the business and the granting of a license over trademarks associated to the NORMA name of Grupo Carvajal.

### Closing of the transaction

As of September 10<sup>th</sup> once satisfactorily fulfilled the conditions precedent set forth in the acquisition agreement, the transaction was completed with the acquisition of the shares held by Carvajal S.A. in companies that are in the business of education in Colombia, Argentina, Chile, Guatemala, Mexico, Peru and Puerto Rico, as well as the acquisition of certain brands linked to the business and the licensing of the trademark associated with NORMA.

The final price of the transaction, once applied the usual adjustments for this kind of transactions amounts COP \$ 51,880,276,089 and the buyer has paid 14,347,421 euros.

Finally, note that in the deal were not transferred the shares of Grupo Editorial Norma S.A. (Ecuador) since in that country have not yet obtained the necessary authorizations from the competition authorities.

### d\_ Changes in the Board of Directors

As on 1st April 2016, The Board of Directors in Prisa has resolved the following:

1. The Board has acknowledged the resignation of the director Mr. Claudio Boada Pallerés due to professional reasons. The Board thanks Mr. Boada his personal and professional dedication to the Company since he joined the Board and the Audit Committee in which he also was member.

2. After the re-election of the President of the Board, Mr. Juan Luis Cebrián Echarri, as director of the Company, he has been delegated all powers of the Board of Directors, except those that cannot be delegated by Law or by the Bylaws, remaining so as Executive President of the Company.

3. Following the resolutions passed at the General Shareholders Meeting at the fifth item on the agenda and after the resolutions of the Board of Directors mentioned in this communication, the composition of the Board is as follows:

Exec. President: Mr. Juan Luis Cebrián Echarri  
Deputy Chairman: Mr. Manuel Polanco Moreno  
CEO: Mr. José Luis Sainz Díaz

Members: Mr. Roberto Alcántara Rojas  
Mrs. Blanca Hernández Rodríguez  
Mr. José Luis Leal Maldonado  
Mr. Gregorio Marañón y Bertrán de Lis  
Mr. Alain Minc  
Mr. Glen Moreno  
Mr. Joseph Oughourlian  
Mr. John Paton  
Mrs. Elena Pisonero Ruiz  
Mr. Alfonso Ruiz de Assin Chico de Guzmán  
Shk. Dr. Khalid Bin Thani Bin Abdullah Al-Thani  
Mr. Ernesto Zedillo Ponce de León

### Delegated Commission

Chairman: Mr. Juan Luis Cebrián Echarri

Members: Mr. Manuel Polanco Moreno  
Mr. José Luis Sainz Díaz  
Mr. Gregorio Marañón y Bertrán de Lis  
Mr. Alain Minc  
Mrs. Elena Pisonero Ruiz  
Mr. Roberto Alcántara Rojas

### Audit Committee

Chairman: Mr. Glen Moreno

Members: Mr. José Luis Leal Maldonado  
Mrs. Elena Pisonero Ruiz

### Appointments and Remunerations Committee

Chairman: Mr. Alan Minc

Members: Mr. Alfonso Ruiz de Assin Chico de Guzmán  
Mr. Gregorio Marañón y Bertrán de Lis  
Mr. Joseph Oughourlian

### Corporate Governance Committee

Chairman: Mr. Ernesto Zedillo Ponce de León

Members: Mr. John Paton  
Mrs. Blanca Hernández Rodríguez  
Shk. Dr. Khalid Bin Thani Bin Abdullah Al-Thani



## OTHER RELEVANT FACTS

### **Committee for Strategic Digital Change**

Chairman: Mr. John Paton

Members: Mr. Juan Luis Cebrián Echarri  
Mr. José Luis Sainz Díaz.

5. The Secretary of the Board of Directors, Mr. Antonio Garcia-Mon Marañés, is secretary of the Delegated Commission, the Audit Committee, the Appointments and Remunerations Committee and the Corporate Governance Committee, and the Deputy Secretary of the Board, Mr Xavier Pujol Tobefia, is secretary of the Committee for Strategic Digital Change, in accordance with articles 27, 28, 29 and 30 of the Board of Directors Regulation.
6. Lastly, on a proposal of the Corporate Governance Committee, and for the purposes of Article 529 of the Capital Companies Act, the Board has appointed Mr. Jose Luis Leal Maldonado as Coordinating Director for a period of two years.
7. At the meeting of the Board of Directors held on 6<sup>th</sup> May, on proposal of the Appointments and Compensations Committee and the Corporate Governance Committee, each acting within the scope of their respective responsibilities, the appointment by cooptation of Mr. Waleed AISa'di and Mr. Dominique D'Hinnin was unanimously approved in order to cover the two Board of Directors' existing vacancies. Mr. Waleed AISa'di will have the qualification of proprietary Director, representing International Media Group, S.à.r.l. and Mr. Dominique D'Hinnin will have the qualification of independent director.
8. At the meeting of the board of directors held the 22<sup>th</sup> of July, and with the previous reports issued by the Appointments and Compensations Committee and the Corporate Governance Committee, the director Waleed AISa'di has been appointed as member of the Audit Committee.

### **d\_Canal+ sale**

As of May 13, 2016, remained unresolved two price adjustments amounting to 36 million euros.

Both adjustments have been resolved in favor of Prisa, so the total price of the transaction has finally amounted to 724 million euros.

### **e\_Registration of the issue of mandatory convertible bonds**

As of April 1<sup>st</sup> of 2016, the general meeting of PRISA and several of its main creditors have approved an agreement to perform a bonds issue, mandatorily convertible into ordinary shares of PRISA.

On June 22<sup>nd</sup>, 2016, such issuance formalized in public deed on April 7, has been registered in the trade register of Madrid.

The amount of that issue finally amounts to 100,742,090 euros, divided into 32,112,350 euros Tranche A, underwritten by HSBC Bank Plc., Several entities of Santander and CaixaBank Group, SA redeemed all of its participation in the PIK loan and 68,629,740 Tranche B, fully subscribed by HSBC Bank Plc. redeeming part of its shareholder loan.

### **f\_Divesting process**

As of November 16<sup>th</sup>, the Company announces that within the strategic review process initiated by the group, different alternatives are being considered, including, among others, an eventual disposal of all or part of the shares in Grupo Santillana Educación Global S.L., and to that end, the Company has launched the corresponding formal sale process.



## GROUP STRUCTURE

Education	Radio	Press	Audiovisual
Education	Radio in Spain	El País	Free-Tv
Formation	International Radio	As	Audiovisual Production
Learning Systems	Music and events	Cinco Días	Video
		Magazines	

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





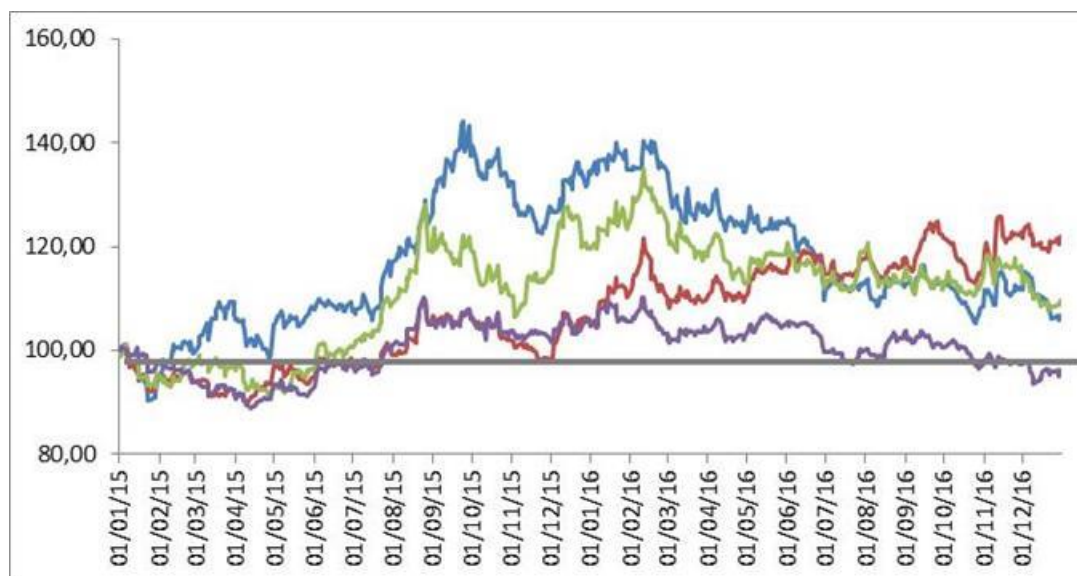
## FX EVOLUTION

Group's results in Latin America are impacted by **exchange rates** in the region as a consequence of the economic cycle.

High volatility in exchange rates for the main LatAm currencies has been the dominant factor during 2016.

The FX impact has been negative on Group, reaching 62.9 million euros in revenues and 17.5million euros in EBITDA.

FX Evolution vs. Euro in 2016



Brazil — Mexico — Colombia — Chile —

	Brazil	Mexico	Colombia	Chile
<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>4Q 2014</b>	3,18	17,34	2.720,13	747,23
<b>1Q 2015</b>	3,22	16,84	2.782,63	703,37
<b>2Q 2015</b>	3,40	16,96	2.766,99	684,08
<b>3Q 2015</b>	3,94	18,28	3.278,24	752,61
<b>4Q 2015</b>	4,21	18,36	3.356,73	763,97
<b>1Q 2016</b>	4,30	19,89	3.587,01	773,27
<b>2Q 2016</b>	3,96	20,45	3.379,47	765,13
<b>3Q 2016</b>	3,62	20,94	3.289,51	738,46
<b>4Q 2016</b>	3,55	21,37	3.254,53	716,99

Source: Bloomberg



## BREAKDOWN OF ADJ. OPERATING REVENUES AND EBITDA BY B.L.

ADJUSTED OPERATING REVENUES	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	<b>GROUP</b>	<b>1.370,2</b>	<b>1.397,6</b>	<b>(2,0)</b>	<b>334,3</b>	<b>319,5</b>
EDUCATION	632,6	642,8	(1,6)	119,1	97,7	21,8
RADIO	321,9	338,3	(4,9)	99,6	98,4	1,3
PRESS	239,9	241,3	(0,6)	65,8	70,7	(6,9)
MEDIA CAPITAL	174,0	174,4	(0,2)	49,7	53,2	(6,6)
OTHERS	1,9	0,8	123,9	0,1	(,5)	110,7

ADJUSTED EBITDA	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	Var. %	2016	2015	Var. %
<b>GROUP</b>	<b>281,5</b>	<b>288,7</b>	<b>(2,5)</b>	<b>66,9</b>	<b>54,0</b>	<b>24,0</b>
EDUCATION	180,2	171,7	5,0	13,0	(4,2)	-
RADIO	54,8	74,8	(26,7)	25,3	31,5	(19,5)
PRESS	16,8	16,5	2,0	9,3	10,1	(7,3)
MEDIA CAPITAL	43,0	42,2	2,0	19,5	19,2	1,4
OTHERS	(13,4)	(16,5)	18,8	(,2)	(2,5)	91,5



## BRIDGE FROM OPERATING PROFIT TO ADJUSTED EBITDA AND EBITDA

GROUP	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	Chg.%	2016	2015	Chg.%
<b>EBITDA</b>	<b>248,9</b>	<b>248,4</b>	<b>0,2</b>	<b>50,0</b>	<b>46,4</b>	<b>7,8</b>
Radio México&Costa Rica	8,1	9,2	(11,7)	2,8	3,0	(6,9)
Extraordinary/Redundancies	24,5	31,1	(21,2)	14,1	4,6	-
<b>Adjusted EBITDA</b>	<b>281,5</b>	<b>288,7</b>	<b>(2,5)</b>	<b>66,9</b>	<b>54,0</b>	<b>24,0</b>
Amortizations	83,4	91,2	(8,5)	20,3	21,1	(3,6)
Provisions	20,5	21,9	(6,2)	(8,7)	(13,7)	36,3
Impairment	2,6	2,2	20,4	1,9	1,8	2,2
<b>Operating Result</b>	<b>175,0</b>	<b>173,5</b>	<b>0,9</b>	<b>53,5</b>	<b>44,7</b>	<b>19,6</b>

EDUCATION	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	Var. %	2016	2015	Var. %
<b>EBITDA</b>	<b>170,9</b>	<b>167,2</b>	<b>2,2</b>	<b>7,1</b>	<b>(6,0)</b>	<b>-</b>
Extraordinary/Redundancies	9,3	4,5	105,1	5,9	1,8	-
<b>Adjusted EBITDA</b>	<b>180,2</b>	<b>171,7</b>	<b>5,0</b>	<b>13,0</b>	<b>(4,2)</b>	<b>-</b>
Amortizations	55,2	59,3	(7,0)	13,6	14,0	(2,3)
Provisions	14,1	15,1	(6,5)	(11,7)	(15,5)	24,5
Impairment	2,2	4,0	(44,6)	1,4	3,1	(55,8)
<b>Operating Result</b>	<b>108,8</b>	<b>95,2</b>	<b>14,3</b>	<b>9,8</b>	<b>(3,7)</b>	<b>-</b>

RADIO	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	Var. %	2016	2015	Var. %
<b>EBITDA</b>	<b>41,3</b>	<b>54,7</b>	<b>(24,6)</b>	<b>21,3</b>	<b>27,0</b>	<b>(21,1)</b>
Radio México&Costa Rica	8,1	9,2	(11,7)	2,8	3,0	(6,9)
Extraordinary/Redundancies	5,4	10,9	(50,4)	1,3	1,5	(16,1)
<b>Adjusted EBITDA</b>	<b>54,8</b>	<b>74,8</b>	<b>(26,7)</b>	<b>25,3</b>	<b>31,5</b>	<b>(19,5)</b>
Amortizations	8,2	7,3	12,4	2,2	0,0	-
Provisions	4,9	5,0	(2,9)	1,8	1,0	82,6
Impairment	0,3	(0,1)	-	0,4	0,5	(3,3)
<b>Operating Result</b>	<b>41,4</b>	<b>62,6</b>	<b>(33,8)</b>	<b>20,9</b>	<b>30,0</b>	<b>(30,4)</b>

PRESS	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	Var. %	2016	2015	Var. %
<b>EBITDA</b>	<b>15,2</b>	<b>6,4</b>	<b>138,1</b>	<b>8,1</b>	<b>9,7</b>	<b>(16,1)</b>
Extraordinary/Redundancies	1,6	10,1	(84,4)	1,2	0,4	-
<b>Adjusted EBITDA</b>	<b>16,8</b>	<b>16,5</b>	<b>2,0</b>	<b>9,3</b>	<b>10,1</b>	<b>(7,3)</b>
Amortizations	7,4	7,1	4,0	1,9	1,8	5,1
Provisions	0,7	0,9	(28,3)	0,4	0,4	2,7
Impairment	0,1	0,1	(0,9)	0,1	0,1	---
<b>Operating Result</b>	<b>8,6</b>	<b>8,3</b>	<b>4,1</b>	<b>6,9</b>	<b>7,7</b>	<b>(10,2)</b>

MEDIA CAPITAL	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	Var. %	2016	2015	Var. %
<b>EBITDA</b>	<b>42,2</b>	<b>41,4</b>	<b>1,9</b>	<b>19,5</b>	<b>19,2</b>	<b>1,5</b>
Extraordinary/Redundancies	0,8	0,8	5,3	0,0	0,0	(80,5)
<b>Adjusted EBITDA</b>	<b>43,0</b>	<b>42,2</b>	<b>2,0</b>	<b>19,5</b>	<b>19,2</b>	<b>1,4</b>
Amortizations	8,2	9,2	(10,3)	1,9	3,3	(40,9)
Provisions	0,7	0,7	(10,3)	0,7	0,5	37,4
Impairment	0,0	0,1	(0,9)	0,0	0,1	---
<b>Operating Result</b>	<b>34,1</b>	<b>32,1</b>	<b>6,2</b>	<b>16,8</b>	<b>15,3</b>	<b>10,2</b>

OTHERS	JANUARY-DECEMBER			OCTOBER-DECEMBER		
	2016	2015	Var. %	2016	2015	Var. %
<b>EBITDA</b>	<b>(20,7)</b>	<b>(21,2)</b>	<b>2,3</b>	<b>(5,9)</b>	<b>(3,4)</b>	<b>(75,0)</b>
Extraordinary/Redundancies	7,4	4,8	54,4	5,7	0,8	-
<b>Adjusted EBITDA</b>	<b>(13,4)</b>	<b>(16,5)</b>	<b>18,8</b>	<b>(,2)</b>	<b>(2,5)</b>	<b>91,5</b>
Amortizations	4,4	8,2	(47,0)	0,7	2,0	(67,0)
Provisions	0,2	0,0	-	0,1	(,1)	-
Impairment	(0,0)	(2,0)	100,0	(0,0)	(2,0)	100,0
<b>Operating Result</b>	<b>(17,9)</b>	<b>(24,8)</b>	<b>27,6</b>	<b>(1,0)</b>	<b>(4,5)</b>	<b>78,7</b>