



Ordinary General Shareholders' Meeting 2018

Manuel Polanco, Chairman

Madrid, 25th April 2018

Ladies and gentlemen shareholders,

Good morning and many thanks for your attendance at this General Meeting.

Today is a very special day for me, not only because it is the first time that I address you as the Chairman of the Board, but also because of what this moment represents for me in my career in the company.

I have been a member of the Board for 17 years, which makes me the longest-serving of the current directors. Over the years I have listened to the words of my father, Jesús de Polanco, the founder of this Group. Then to his successor, my brother Ignacio. And more recently, my predecessor in this office, Juan Luis Cebrián.

The personality, drive and courage of all three built a leading business group in the fields of education and news in the Spanish- and Portuguese-speaking world, and made it the gold standard for many generations of Spaniards and Latin Americans.

Today, we honor this legacy and we forge ahead with the clear goal of introducing the innovation and transformation necessary to take on the challenges facing society in the 21st century, without losing sight of the values that we have always championed. But to achieve this goal we must be wary of taking false steps, we must not be prevented from making the right decisions due to financial pressures. That's why it was so essential that we rebalanced our finances. This has been made possible thanks to the recent capital increase, the debt refinancing agreement and the asset sale program that we have been following for some time now.

The capital increase has allowed the group to raise funds amounting to EUR 563 million. 450 million will go towards the reduction of the debt, while the remaining 113 million will be allocated to invest in the development of the different units of the group, with special attention being paid to the educational area.

The success of the capital increase illustrates the commitment of our shareholders to the future of our Group. It is important to highlight the strong support for the operation from among the majority shareholders who were already part of the company's capital. The incorporation of new investors to ensure the full subscription of the capital increase was also crucial. I'd like to take this opportunity thank everyone for their trust.

Ladies and gentlemen, over the past months there have been a number of fundamental changes to our company's governance. I would like to dedicate a few minutes of my talk to inform you about them:

Last October, the Board of Directors, at the request of the then Executive Chairman, Mr. Juan Luis Cebrián, started the process for his succession, which culminated in December with my appointment as non-executive Chairman of this Board, with effect from January 1, 2018

Mr. Manuel Mirat was appointed as a director by co-optation in June last year, and ratified at the extraordinary meeting held in November, and, since September 4, he has been the CEO and is thus currently the company's most senior executive.

At the Board meeting held in February of this year, Mr. Javier Monzón was appointed as non-executive deputy Chairman.

The extraordinary meeting of November saw the departure of seven Board members.

Allow me to express my gratitude to all of them for their contribution to the governance of the company during what were difficult times.

To all of them, thank you very much.

Subsequently, at the meeting of the Board of Directors in November, five new directors were appointed by co-optation.

And at the meeting of March 22, one more member was co-opted. In total, that makes six new directors.

Today, we ask you to ratify:

As independent directors:

Javier Monzón de Cáceres,

Javier de Jaime Guijarro,

Javier Gómez-Navarro Navarrete,

And Sonia Dulá.

As external director:

Francisco Gil Díaz.

And as a proprietary director representing Amber Capital UK:

Fernando Martínez Albacete

Yesterday, John Paton submitted his resignation as a director. I'd like to take this opportunity to thank him most sincerely for his dedication to the board and to the committees in which he has participated.

In line with the idea of rationalizing corporate governance, we are proposing today the reduction of the board from 17 to 13 members. This reorganization will lead to a recomposition of the Board's committees, both in their number (we'd reduce them from 5 to 3) as well affecting their members.

Likewise, we today propose to this meeting the modification of the Company Bylaws and the Regulations of the General Shareholders' Meeting to adapt these to the new circumstances of the company and bring them into line with the latest recommendations and best practices in matters of corporate governance.

The Board of Directors meeting held on March 22 also approved a new consolidated text of the Regulations of the Board of Directors, conditional upon the approval of the amendment to the Bylaws by this Shareholders' Meeting.

All of this is reported in detail in the mandatory reports that the Board of Directors has made available to shareholders.

I would like to remind you that in the Annual Corporate Governance Report for the year 2017, which has also been made available to the shareholders, there are plenty of details as to the extent of our compliance with the recommendations contained in the CNMV's Unified Code of Good Governance.

Overall, the results reflect the Company's commitment to good corporate governance, with the Group complying with the vast majority of the 64 recommendations as set out by this committee. Only six recommendations have not been met, and the reasons are sufficiently explained and justified in that report.

We have undertaken a thorough overhaul of people and responsibilities, both in the governing bodies and in the executive team, all in order to promote the sustained growth of our company.

We must not lose sight of what PRISA is and represents: a group of companies that is present in 23 countries; a Group that provides direct employment to almost 9,000 employees and reaches more than 60 million people through its global brands such as EL PAÍS, SANTILLANA, LOS40, W RADIO, CARACOL RADIO and the newspaper AS.

We are fortunate to have two unbeatable allies: Spanish, a language spoken by more than 550 million people worldwide, and Portuguese, which in Brazil and Portugal is spoken by more than 215 million.

The history of PRISA has always been linked to its Latin American vocation, from the very first steps taken by Santillana, to the latest news and media projects in Colombia and Mexico. This relationship is, without a doubt, one that we will maintain and which we are set to strengthen in the coming years.

But of course the importance of PRISA is about so much more than numbers and figures, or the Group's wide geographical presence.

Its real driving force is its principles and its mission: to foster social progress, to consolidate a freer and more democratic, a fairer and more balanced society.

To support these principles, PRISA has two unquestionable strengths: its leadership in the world of education and in the world of news and information.

In this complex world, both from the social and political point of view, the existence and strength of a company with the values that PRISA stands for and represents is especially vital.

At a time in which phenomena such as populism and post-truth seem to prevail, where our personal profiles are used on social networks to manipulate our opinions, to spread fake news, and to interfere, ultimately in the democratic process, PRISA endeavors to safeguard and champion one of its basic principles: societies and citizens are freer when they are better educated and informed.

If we add the scourge of corruption that is rampant in the countries in which we are present then the work of a professional and serious media sector is more crucial than ever, in its role as counterpower, as guarantor of social balance, as champion of freedom and, in short, of democratic principles.

Our media have always played this role. We have always maintained and defended a line in accordance with our founding principles, even at the most complicated and riskiest times, and as we now also do with regard to the events surrounding the secessionist efforts in Catalonia.

I can assure you that we will continue to do so. The defense of truth and media independence has been, is and always will be the distinguishing feature and the priority of all PRISA media.

Meanwhile, PRISA has been committed, since the very outset, to raising awareness of social, cultural and technological issues of all kinds. We have promoted countless forums to discuss the model of society that we want. We have given a voice to all the groups involved in issues such as the defense of freedom, human rights, equality between men and women, sustainable development and so many other issues.

As a group of companies, Corporate Social Responsibility is part of our daily work. As you can see, we are facing an exciting new era, full of challenges and opportunities. The challenge of knowing how to evolve in the digital environment in which we carry out our operations, of adapting and strengthening our business model, of maintaining our hallmark values and principles. And to achieve this, we need to attract, stimulate, develop and motivate the talent of our teams.

That is why we are proposing to this meeting the approval of a medium-term incentive plan for a certain members of our executive team. An incentive that is in tune with the interests of the shareholders.

Allow me, before I finish, to make some final points:

I'd like pay tribute to all of you for your commitment to PRISA, for being here today despite the turbulent times that we have gone through.

I'd like to recognize also the professionalism and dedication shown by our employees and managers.

I want to thank all of you for the immense effort you have made in these years of readjustments.

I'd like to take this opportunity to encourage you to continue working creatively, with agility and with an open mind, and to find in the new demands of our changing society the opportunities that will make us bigger and stronger.

And I'd also like to convey a message of optimism: our position of leadership in such important businesses as education and news in the Spanish- and Portuguese-speaking worlds, and our unstinting commitment to digital transformation, opens wide the door to success.

Ladies and gentlemen shareholders, I'd like to finish here by thanking our readers and listeners; and the parents and teachers who rely on us every day to keep them informed and to help them in the education of their children and their students.

Thank you very much.



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Manuel Mirat, CEO

Madrid, 25th April 2018

Ladies and gentlemen shareholders, dear friends, good morning.

When, in September 2017, I took on the post of CEO of PRISA, I knew that I was also taking on an enormous professional challenge, a challenge which has only grown in tandem with the confidence placed in me by the Board of Directors when they confirmed me as the company's most senior executive at the beginning of this year.

Over the course of much of my journey in the group, Juan Luis Cebrián has been at the helm. So I have great affection and personal appreciation for him and I wish to pay tribute to the success he has contributed to the Company throughout his long career.

In the seven months since then, there have been a number of important events, events that I will detail below, and which have cemented my conviction that we have before us an extraordinary opportunity to consolidate a future that is as exciting and attractive for us all and is nothing less than what PRISA deserves. We have already taken the first and most important steps, with the priority being to significantly increase operating results and, more crucially, that of generating value for our shareholders.

I am well aware of the extraordinary effort and the multiple sacrifices that PRISA shareholders have been making for a long time now, of the efforts made to remain firm in their commitment to the direction of this business project. That's why I'd like to offer here my own firm commitment – and that of all the Group's professionals -- to repay their solid support with results. This is a commitment we cannot and must not shirk.

I would like now to go over some basic figures from last year, and which I bring before you for your approval.

PRISA closed 2017 with revenues of EUR 1,166 million and an adjusted EBITDA of 230 million, which is an increase of 0.3% with respect to the previous year. The net result, excluding extraordinary items, reached EUR 29 million. The net accounting result registered a negative balance of EUR 102.9 million as a result of write-downs made in different assets of the group, losses due to the registration of the sale of Media Capital and the extraordinary fiscal impact resulting from the application of the new Companies Law.

Allow me to now detail the most important events of the year for PRISA to which I referred at the beginning.

Between last September and today, we have ruled out the sale of Santillana, we have restructured the debt, we have closed on a capital increase of EUR 563 million and we have carried out a thorough overhaul of the management team.

Keeping Santillana within the perimeter of the company is absolutely crucial. Not only because it accounts for 55% of revenues and 78% of the Group's EBITDA, but also because Education represents, for us, one of the business areas with the greatest potential for growth and profitability.

Together with this decision, we undertook two very important operations that strengthened the Group's financial sustainability. The first consists of a deal with our creditors to refinance and modify the terms of our financial commitments. This agreement includes the extension of debt maturities until the end of 2022 and does not provide for any mandatory redemptions until December 2020, with a subsequent repayment schedule adjusted to cash generation by the group's businesses.

The second operation, no less momentous, consists of the capital increase for a total effective amount of EUR 563.2 million, which has been very favorably received. At this point, I would like to highlight and pay tribute to the support and the determined commitment of the shareholders to the future of this company.

Of the EUR 563.2 million euros resulting from this capital increase, a total of 450 million will be deployed to reduce debt. The remaining 113.2 will be allocated to the development of the different businesses of the Group, in proportion to the specific needs of each.

Meanwhile, the sale of Media Capital is also on the table. The operation with Altice is continuing apace, pending the resolution of the Portuguese Competition Authority, which is expected in the coming weeks.

Over the same period, we also undertook a thorough overhaul of management, supported at all times by the Board of Directors.

This series of moves has taken place in tandem with positive stock market performance, which is one of the primary responsibilities of the management team. The value of PRISA's shares has increased by XX%, at the close of yesterday, with regard to the value prior to the capital increase.

Thus, now the economic structure of the Group has been put on a stronger footing and after having weathered a complicated situation, we must now face the present and the future. And we do so with all the ambition that one would expect of a prestigious company such as ours, one that is renowned in Spain and Latin America, one whose goal is not merely to increase profitability and value for shareholders, but also to contribute to the improvement of society at large through the rigorous and responsible work of its brands and its professionals, in fields as sensitive as Education and News.

Santillana is, without a doubt, a key asset and of particular importance, both strategically and thanks to its economic and financial weight, as I mentioned earlier. Its renown, as well as its presence and penetration in all the markets in which it operates, constitutes its enormous strength. Its combined market share in the territories in which it operates is 25%. Santillana is the leading company in its sector in Spain, Mexico, Colombia, Chile and Peru. It is also number two in the crucial and very large Brazilian market.

But this indisputable competitive edge, derived from the geographical penetration of its businesses, is by no means Santillana's only strong point. Its lead position in the digital development process in all those countries where it operates is another of Santillana's great assets. One figure should suffice to illustrate this point. Almost one million students already study with Santillana's most advanced technological learning system, which accounts for 23% of the company's income.

This commitment to the digitization of learning is not only a reality today, but also represents a unique opportunity for future growth, since we are clearly gaining market share in this area, even as we maintain our strong presence in traditional education.

In short, improvements in the dynamics of education will undoubtedly help consolidate our future growth, which will prioritize the Brazilian market and focus on continuing to lead and grow in digital development.

As with Education, what clearly sets us apart in the field of News is leadership. Our unwavering objective is to reinforce the position of clear leadership in the Spanish- and Portuguese-speaking worlds. We will, to this end, safeguard and respect the foundational principles of our project, which have been, are and always will be the championing of independence, of progressive principles, of reformist ideas, always and above all, defended by credibility and rigor.

To make good on this commitment we are equipped with a brand that is influential and recognized worldwide: EL PAÍS. No other news brand is as strong in the Spanish-speaking world. We must, therefore, build around it a platform that will leverage its full potential both in Latin America and in Spain, that will consolidate its influence and that will expand the economic bases necessary to sustain a responsible news project.

In addition, we are the number one radio company in the Spanish-speaking market. We have ranked in top position in Spain every year for the past 25 years. We also enjoy a privileged position in Colombia, Mexico and Chile.

Our commitment to the sports daily AS has also paid off. It is market leader in the Latin American market (excluding Brazil), where it has embarked on an ambitious strategy of expansion, exclusively digital, with its own editorial offices in the most important countries in the region. In keeping with this policy of expanding into new markets, AS Arabia, in digital format, is already a tangible reality.

To complete the range of our businesses, our project also includes an equally ambitious business and finance news media outlet, which aims to lead in the Spanish-speaking world. Across the whole of this business area, we have made a tremendous effort to adapt successfully to digital development, and I am convinced that we can be one of the most advanced players in the world in this field.

But there's much more to be done, so much more.

We seek to increase our share in the markets in which we are present, with news media projects and with a rationalization of assets that will enable us to not only improve the quality of our products, but also to ensure more profitable organic growth in the future.

What's more, we also have a wide margin to increase the value and profitability of the company through non-organic growth in a sector such as News and Information, in which consolidations are still an untapped area.

Of course our plan for the future must not forget effective management. We have launched a new efficiency plan that focuses primarily on corporate structure, although by no means exclusively so. We are exhaustively reviewing all the group's units in order to identify and leverage additional synergies, and to improve the way in which we currently operate.

All in all, we have reason to be optimistic about the coming years, an optimism that is based, above all, on the strength and excellence of our teams of professionals. Future plans will triumph or fail on the strength of our people, talent and leadership. We have managers capable of steering the development of the company, capable of creating the necessary conditions to ensure the success of this path to the future, and capable of explaining and defending it both internally and externally. And we are also capable of attracting new talent, when necessary, to complement the talent we already have.

The plan that I have outlined offers very solid foundations that will ensure a significant creation of value for shareholders.

I would also like to inform you that I have proposed to the Board of Directors, for their consideration, a set of measures that will simplify, offer greater transversality and greater integration and efficiency to the governing bodies of the most important subsidiaries. Meanwhile, the Chairman and myself are working with the Board on a series of further concrete measures that seek to improve the governance of our media that, ultimately, will ensure both their independence and that of their directors, editors and managers.

Ladies and gentlemen shareholders, let me go into some more detail, in this the final part of my talk, on something that I touched on a few minutes ago.

PRISA, inasmuch as it is a commercial enterprise, is committed to, first and foremost, economic and financial solidity and to the creation of value for its shareholders.

But also, like any responsible company that seeks sustainable value, it has a purpose, an ambition, in whose service we all labor.

The importance and the delicate nature of both education and news demands of us all a commitment that, since the very first days of EL PAÍS, this group has honored with conviction; we have always worked in defense of freedoms and the personal and collective progress of the countries in which we are present through encouraging and building a free and plural public opinion.

Our commitment to Latin America is not a passing phase, but is structural in nature. It is part of our identity as a Group and we are honored to recognize ourselves in this dual Spanish and Latin American identity.

I am completely sure that, with our collective effort, with the commitment of our professionals and with the trust of our clients and the different publics to whom we address our products, and especially with the trust placed in us by you, ladies and gentlemen shareholders, we can achieve our objectives, however ambitious they may be, and that we can continue to contribute to the growth of a business group that has done so much in the service of developing a better-informed, fairer and freer society.

I am proud to be part of this Group and my commitment is to do everything necessary so that you too are just as proud as I am.

Thank you.