ANNEX I

GENERAL

2st	**STATISTICAL INFORMATION REPORT FOR YEAR**	2017

CLOSING DATE OF PERIOD 12/31/2017

I. IDENTIFICATION DATA

Registered Company name: PROMOTORA DE INFORMACIONES, S.A.

Registered address:	**Tax ID no. (CIF)**
GRAN VÍA, 32	A28297059

II. SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION

Explanation of the main modifications with respect to the previously released periodic information:

(complete only in the situations indicated in section B) of the instructions)

In July, as a consequence of accepted the binding offer presented by Altice NV for the sale of Vertix, a company owned Media Capital, the result of Media Capital were reclassified as a discontinued operation (under ”Net income for the year from discontinued operations net of tax”.

In accordance with IFRS 5 and for the purpose of comparison, the consolidated income statement and the consolidated cash flow statement for the 2016 financial year have been modified to present Media Capital as a discontinued operation (see note 11b).

With Media Capital representing nearly the entire audiovisual segment and being presented as a discontinued operation, this segment has been eliminated in the 2017 financial year and financial year 2016 has been modified for comparison purposes.

III. DECLARATION/(S) BY THE PERSONS RESONSIBLE FOR THE INFORMATION

Until where achive our knowledge, the summary annual accounts that are presented, has been prepared in accordance with the applicable accounting principles, offer a faithful of the equity, the financial situation and the results of the issuer, or of the companies included in the consolidation taken as a whole, and the intermediate management report image includes a faithful analysis of the information required.

Observations on the above statement/(s):

D. Khalid Thani Abdullah Al Thani has not signed this financial report as he was absent.

Person/(s) assuming responsibility for this information:

Pursuant to the authority delegated by the Board of Directors, the Board secretary certifies that the half-yearly financial report has been signed by the directors

Individual/Corporate name	Office
D. MANUEL POLANCO MORENO	CHAIRMAN
D. JAVIER MONZÓN DE CÁCERES	VICE PRESIDENT
D. MANUEL MIRAT	CHIEF EXECUTIVE OFFICER
D. JOSHEP MARIE OUGHOURLIAN	DIRECTOR
D. FRANCISCO JAVIER DE JAIME GUIJARRO	DIRECTOR
D. FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	DIRECTOR
D. ROBERTO LÁZARO ALCÁNTARA ROJAS	DIRECTOR
D. JOHN PATON	DIRECTOR
D. JOSÉ FRANCISCO GIL DÍAZ	DIRECTOR
D. DOMINIQUE MARIE PHILIPPE D'HINNIN	DIRECTOR
D. WALEED AHMAD IBRAHIM ALSADI	DIRECTOR

Date this half-yearly financial report is signed by the competet governing body: 02/27/2018

IV. SELECTED FINANCIAL INFORMATION
1. INDIVIDUAL BALANCE SHEET (PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousands of euros

ASSETS		PRESENT PER. 12/31/2017	PREVIOUS PER. 12/31/2016
A) NON-CURRENT ASSETS	**0040**	**908,769**	**1,318,856**
1. Intangible assets:	**0030**	254	327
a) Goodwill	**0031**		
b) Other intangible assets	**0032**	254	327
2. Property, plant and equipment	**0033**	848	862
3. Investment properties	**0034**		
4. Long-term investmenst in group companies and associates	**0035**	643,232	1,033,891
5. Long-term financial investments	**0036**	994	1,175
6. Deferred tax assets	**0037**	263,441	282,601
7. Other non-current assets	**0038**		
B) CURRENT ASSETS	**0085**	**362,011**	**43,945**
1. Non-current assets held for sale	**0050**	310,309	
2. Inventories	**0055**		
3. Trade and other receivables:	**0060**	5,770	2,563
a) Trade receivables for sales and services	**0061**	3,516	2,321
b) Other receivables	**0062**	193	36
c) Current tax assets	**0063**	2,061	206
4. Short-term investments in group companies and associates	**0064**	36,217	34,296
5. Short-term financial investments	**0070**	6,500	4,188
6. Current accrual accounts	**0071**	1,683	1,189
7. Cash and cash equivalents	**0072**	1,532	1,709
TOTAL ASSETS (A+B)	**0100**	**1,270,780**	**1,362,801**

EQUITY AND LIABILITIES		PRESENT PER. 12/31/2017	PREVIOUS PER. 12/31/2016
A) EQUITY (A.1+ A.2+ A.3)	**0195**	**(467,134)**	**(343,091)**
A.1) CAPITAL AND RESERVES	**0180**	**(467,217)**	**(343,310)**
1. Share Capital:	**0171**	83,498	235,008
a) Authorized capital	**0161**	83,498	235,008
b) Less: Uncalled capital	**0162**		
2. Share premium	**0172**	95,002	1,371,299
3. Reserves	**0173**	(96,713)	122,942
4. Less: Treasury stock	**0174**	(694)	(1,735)
5. Profit/loss brought forward	**0178**	(463,120)	(2,200,226)
6. Other shareholder contributions	**0179**		
7. Net income for the year	**0175**	(131,598)	(1,298)
8. Less: Interim dividend	**0176**		
9. Other equity instruments	**0177**	46,408	130,700
A.2) VALUATION ADJUSTMENTS	**0188**	**83**	**219**
1. Available for sale financial assets	**0181**	83	219
2. Hedging transactions	**0182**		
3. Other	**0183**		
A.3) GRANTS, DONATIONS AND GIFTS RECEIVED	**0194**		
B) NON-CURRENT LIABILITIES	**0120**	**738,170**	**1,665,489**
1. Long-term provisions	**0115**	19,760	25,158
2. Long-term debts	**0116**	623,756	1,544,453
a) Bank borrowings and bonds and other negotiable securities	**0131**	623,756	1,544,453
b) Other non-current financial liabilities	**0132**	0	
3. Long-term payable to group and associates companies	**0117**	94,626	94,171
4. Deferred tax liabilities	**0118**	28	1,707
5. Other non-current liabilities	**0135**		
6. Long- term acrual accounts	**0119**		
B) CURRENT LIABILITIES	**0130**	**999,744**	**40,403**
1. Non-current liabilities held for sale	**0121**		
2. Short-term provisions	**0122**		
2. Short-term payables	**0123**	948,850	212
a) Bank borrowings and bonds and other negotiable securities	**0133**	948,850	212
b) Other financial liabilities	**0134**		0
4. Current payables to group and associates companies	**0129**	34,285	23,866
5. Trade and other payables	**0124**	16,609	16,325
a) Suppliers	**0125**	347	310
b) Other accounts payable	**0126**	15,732	15,364
c) Current tax liabilities	**0127**	530	651
6. Other current liabilities	**0136**		
7. Current accrual accounts	**0128**		
TOTAL EQUITY AND LIABILITIES (A+B+C)	**0200**	**1,270,780**	**1,362,801**

IV. SELECTED FINANCIAL INFORMATION
2. INDIVIDUAL INCOME STATEMENT
(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousands of euros

			PRESENT CURR. PERIOD (2nd HALF)		PREVIOUS CURR. PERIOD (2nd HALF)		CURRENT CUMULATIVE 12/31/2017		PREVIOUS CUMULATIVE 12/31/2016	
			Amount	%	Amount	%	Amount	%	Amount	%
(+)	Revenues	0205	3,496	100.00%	6,885	100.00%	19,778	100.00%	22,009	100.00%
(+/-)	Variation in inventories of finished products and products in process	0206								
(+)	Own work capitalized	0207								
(-)	Suppliers	0208								
(+)	Other operating revenues	0209	0	0.00%	949	13.78%	0	0.00%	949	4.31%
(-)	Staff costs	0217	(4,638)	(132.67%)	(2,074)	(30.12%)	(10,024)	(50.68%)	(7,141)	(32.45%)
(-)	Other operating expenses	0210	(7,463)	(213.47%)	(17,710)	(257.23%)	(16,745)	(84.66%)	(28,449)	(129.26%)
(-)	Depreciation and amortization charge	0211	(45)	(1.29%)	(347)	(5.04%)	(284)	(1.44%)	(722)	(3.28%)
(+)	Allocation of grants for non-financial assets and others	0212								
(+)	Overprovision	0213								
(+/-)	Impairment and results on fixed asset disposals	0214								
(+/-)	Other income	0215	4,634	132.55%	0	0.00%	4,634	23.43%		0.00%
=	**RESULT FROM OPERATIONS**	**0245**	**(4,016)**	(114.87%)	**(12,297)**	(178.61%)	**(2,641)**	(13.35%)	**(13,354)**	(60.68%)
(+)	Finance income	0250	1,486	42.51%	2,406	34.95%	1,502	7.59%	41,017	186.36%
(-)	Finance expenses	0251	(27,777)	(794.54%)	(42,407)	(615.93%)	(54,683)	(276.48%)	(79,960)	(363.31%)
(+/-)	Change in value of financial instruments	0252	0	0.00%	0	0.00%	0	0.00%	0	0.00%
(+/-)	Exchange differences (net)	0254	(223)	(6.38%)	(15)	(0.22%)	(246)	(1.24%)	3	0.01%
(+/-)	Impairment and results on disposals of financial instrument	0255	(1,386)	(39.65%)	58,639	851.69%	(2,376)	(12.01%)	62,710	284.93%
=	**NET FINANCIAL RESULT**	**0256**	**(27,900)**	(798.05%)	**18,623**	270.49%	**(55,803)**	(282.15%)	**23,770**	108.00%
=	**PROFIT (LOSS) BEFORE TAX**	**0265**	**(31,916)**	(912.93%)	**6,326**	91.88%	**(58,444)**	(295.50%)	**10,416**	47.33%
(+/-)	Income tax	0270	7,332	209.73%	(20,883)	(303.31%)	17,101	86.46%	(11,419)	(51.88%)
=	**PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS**	**0280**	**(24,584)**	(703.20%)	**(14,557)**	(211.43%)	**(41,343)**	(209.04%)	**(1,003)**	(4.56%)
(+/-)	Net income for the year from discontinued operations net of tax	0285	(89,270)	(2,553.49%)	(8)	(0.12%)	(90,255)	(456.34%)	(295)	(1.34%)
=	**PROFIT (LOSS) FOR THE YEAR**	**0300**	**(113,854)**	(3,256.69%)	**(14,565)**	(211.55%)	**(131,598)**	(665.38%)	**(1,298)**	(5.90%)

EARNINGS PER SHARE		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
Basic	0290	(1.41)	(0.30)	(1.66)	(0.01)
Diluted	0295	(1.41)	(0.30)	(1.66)	(0.01)

IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
INDIVIDUAL STATEMENT OF RECOGNISED INCOME AND EXPENSE
(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousands of euros

		PRESENT PERIOD 12/31/2017	PREVIOUS PERIOD 12/31/2016
A) PROFIT (LOSS) FOR THE YEAR (from the income statement)	0305	(131,598)	(1,298)
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY:	0310	(136)	88
1. From measurement of financial instruments:	0320	(181)	117
a) Financial assets held for sale	0321	(181)	117
a) Other revenues/(expenses)	0323		
2. From cash flow hedges	0330		
3. Grants, donations and gifts received	0340		
4. From actuarial gains and losses and other adjustments	0344		
5. Other income and expense recognised directly in equity	0343		
6. Tax effect	0345	45	(29)
C) TRANSFERS TO INCOME STATEMENT:	0350	0	0
1. From measurement of financial instruments:	0355	0	0
a) Financial assets held for sale	0356		
a) Other revenues/(expenses)	0358		
2. From cash flow hedges	0360		
3. Grants, donations and gifts received	0366		
4. Other income and expense recognised directly in equity	0365		
5. Tax effect	0370		0
TOTAL RECOGNISED INCOME/(EXPENSE) (A+ B+ C)	0400	(131,734)	(1,210)

IV. SELECTED FINANCIAL INFORMATION
4. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (1/2)
INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY
(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARS)

Units: Thousands of euros

PRESENT PERIOD		Equity					Adjustments for changes in value	Grants, donations and gifts received	Total Equity
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the year	Other equity instruments			
Opening balance at 01/01/2017	**3010**	**235,008**	**(705,985)**	**(1,735)**	**(1,298)**	**130,700**	**219**	**0**	**(343,091)**
Adjustment for changes in accounting policy	**3011**								**0**
Adjustment for errors	**3012**								**0**
Adjusted opening balance	**3015**	**235,008**	**(705,985)**	**(1,735)**	**(1,298)**	**130,700**	**219**	**0**	**(343,091)**
I. Total recognised income/ (expense)	**3020**				(131,598)		(136)		**(131,734)**
II. Transactions with shareholders or owners	**3025**	**(151,510)**	**235,127**	**1,041**	**0**	**(84,292)**	**0**	**0**	**366**
1. Capital increases/ (reductions)	**3026**	(161,372)	161,372						**0**
2. Conversion of financial liabiities into equity	**3027**	9,862	74,430			(84,292)			**0**
3. Distribution of dividends	**3028**								**0**
4. Trading with own shares (net)	**3029**		(675)	1,041					**366**
5. Increases/ (reductions) for business combinations	**3030**								**0**
6. Other transactions with shareholders or owners	**3032**								**0**
III. Other changes in equity	**3035**	**0**	**6,027**	**0**	**1,298**	**0**	**0**	**0**	**7,325**
1. Share based payments	**3036**								**0**
2. Transfers between equity accounts	**3037**		(1,298)		1,298				**0**
3. Other variations	**3038**		7,325						**7,325**
Closing balance at 12/31/2017	**3040**	**83,498**	**(464,831)**	**(694)**	**(131,598)**	**46,408**	**83**	**0**	**(467,134)**

IV. SELECTED FINANCIAL INFORMATION
4. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (2/2)
INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY
(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousands of euros

PREVIOUS PERIOD		Equity					Adjustments for changes in value	Grants, donations and gifts received	Total Equity
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the year	Other equity instruments			
Opening balance at 01/01/2016 (comparative period)	**3050**	**235,008**	**(704,044)**	**(2,386)**	**(5,162)**	**46,408**	**131**	**0**	**(430,045)**
Adjustment for changes in accounting policy	**3051**								0
Adjustment for errors	**3052**								0
Adjusted opening balance (comparative period)	**3055**	**235,008**	**(704,044)**	**(2,386)**	**(5,162)**	**46,408**	**131**	**0**	**(430,045)**
I. Total recognised income/ (expense)	**3060**				(1,298)		88		(1,210)
II. Transactions with shareholders or owners	**3065**	**0**	**(1,824)**	**651**	**0**	**84,292**	**0**	**0**	**83,119**
1. Capital increases/ (reductions)	**3066**								0
2. Conversion of financial liabilities into equity	**3067**		(1,950)			84,292			82,342
3. Distribution of dividends	**3068**								0
4. Trading with own shares (net)	**3069**		126	651					777
5. Increases/ (reductions) for business combinations	**3070**								0
6. Other transactions with shareholders or owners	**3072**								0
III. Other changes in equity	**3075**	**0**	**(117)**	**0**	**5,162**	**0**	**0**	**0**	**5,045**
1. Share based payments	**3076**								0
2. Transfers between equity accounts	**3077**		(5,162)		5,162				0
3. Other variations	**3078**		5,045						5,045
Closing balance at 12/31/2016 (comparative period)	**3080**	**235,008**	**(705,985)**	**(1,735)**	**(1,298)**	**130,700**	**219**	**0**	**(343,091)**

IV. SELECTED FINANCIAL INFORMATION
5. INDIVIDUAL STATEMENT OF CASH FLOWS
2.(PREPARED USING THE PREVAILING NATIONAL ACCOUNTING STANDARS)

Units: Thousands of euros

			PRESENT PERIOD 12/31/2017	PREVIOUS PERIOD 12/31/2016
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1+ 2+ 3+ 4)**	**0435**	**(7,097)**	**(31,096)**
1.	**Profit (loss) before tax**	**0405**	**(58,444)**	**10,416**
2.	**Adjustments to profit (loss):**	**0410**	**43,808**	**(45,340)**
(+)	Depreciation and amortization charge	**0411**	284	722
(+/-)	Other adjustments to income (nets)	**0412**	43,524	(46,062)
3.	**Changes in working capital**	**0415**	**(587)**	**18,882**
4.	**Other cash flows from operating activities:**	**0420**	**8,126**	**(15,054)**
(-)	Interest paid	**0421**	(26,596)	(29,015)
(+)	Dividends received	**0422**	12,269	10,579
(+)	Interest received	**0423**	17	4,423
(+/-)	Income tax recovered/(paid)	**0430**	21,974	8,636
(+/-)	Other sums received/(paid) from operating activities	**0425**	462	(9,677)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1+2)**	**0460**	**(5,571)**	**30,566**
1.	**Payments for investments:**	**0440**	**(8,464)**	**(69,314)**
(-)	Group companies, associates and business units	**0441**	(1,766)	(65,214)
(-)	Property, plant and equipment, intangible assets and investment properties	**0442**	(198)	
(-)	Other financial assets	**0443**	(6,500)	(4,100)
(-)	Other assets	**0444**		
2.	**Proceeds from disposals:**	**0450**	**2,893**	**99,880**
(+)	Group companies, associates and business units	**0451**	1	34,880
(+)	Property, plant and equipment, intangible assets and investment properties	**0452**		
(+)	Other financial assets	**0453**	2,892	65,000
(+)	Other assets	**0454**		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1+2+ 3)**	**0490**	**12,491**	**(248,976)**
1.	**Sums received /(paid) in respect of equity instruments:**	**0470**	**(50)**	**(1,131)**
(+)	Issues	**0471**	(50)	(1,131)
(-)	Amortization	**0472**		
(-)	Acquisition	**0473**		
(+)	Disposal	**0474**		
(+)	Grants, donations and gifts received	**0475**		
2.	**Sums received /(paid) for financial liability instruments**:	**0480**	**12,085**	**(247,845)**
(+)	Issues	**0481**	12,085	
(-)	Repayment and redemption	**0482**		(247,845)
3.	**Payments of dividends and remuneration on other equity instruments**	**0485**	456	
D)	**EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES**	**0492**		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+ B+ C+ D)**	**0495**	**(177)**	**(249,506)**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	**0499**	**1,709**	**251,215**
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+ F)**	**0500**	**1,532**	**1,709**

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		PRESENT PERIOD 12/31/2017	PREVIOUS PERIOD 12/31/2016
(+)	Cash and banks	**0550**	1,532	1,709
(+)	Other financial assets	**0552**		
(-)	*Less: Bank overdrafts repayable on demand*	**0553**		
	TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**0600**	**1,532**	**1,709**

IV. SELECTED FINANCIAL INFORMATION
6. CONSOLIDATED BALANCE SHEET (IFRS ADOPTED)

Units: Thousands of euros

ASSETS		PRESENT PER. 12/31/2017	PREVIOUS PER. 12/31/2016
A) NON-CURRENT ASSETS	**1040**	**756,693**	**1,273,699**
1. Intangible assets:	**1030**	278,358	723,917
a) Goodwill	**1031**	167,556	593,121
b) Other intangible assets	**1032**	110,802	130,796
2. Property, plant and equipment	**1033**	82,653	122,390
3. Investment properties	**1034**	28	138
4. Investments accounted for using the equity method	**1035**	37,247	36,690
5. Non-current financial assets	**1036**	25,561	33,892
6. Deferred tax assets	**1037**	332,846	353,653
7. Other non-current assets	**1038**	0	3,019
B) CURRENT ASSETS	**1085**	**1,166,386**	**852,732**
1. Non-current assets held for sale	**1050**	474,172	0
2. Inventories	**1055**	70,145	168,679
3. Trade and other receivables:	**1060**	381,520	418,124
a) Trade receivables for sales and services	**1061**	321,350	343,903
b) Other receivables	**1062**	60,170	74,221
c) Current tax assets	**1063**		
4. Other current financial assets	**1070**	23,340	19,506
5. Other current assets	**1075**	0	0
6. Cash and cash equivalents	**1072**	217,209	246,423
TOTAL ASSETS (A + B)	**1100**	**1,923,079**	**2,126,431**

EQUITY AND LIABILITIES		PRESENT PER. 12/31/2017	PREVIOUS PER. 12/31/2016
A) EQUITY (A.1+ A.2+ A.3)	**1195**	**(485,911)**	**(336,045)**
A.1) CAPITAL AND RESERVES	**1180**	**(526,558)**	**(424,461)**
1. Share Capital	**1171**	83,498	235,008
a) Authorized capital	**1161**	83,498	235,008
b) Less: Uncalled capital	**1162**		
2. Share premium	**1172**	95,002	1,371,299
3. Reserves	**1173**	(149,677)	(25,375)
4. Less: Treasury stock	**1174**	(694)	(1,735)
5. Profit/loss brought forward	**1178**	(498,180)	(2,084,899)
6. Other shareholder contributions	**1179**		
7. Profit (loss) for year attributable to parent company	**1175**	(102,915)	(67,859)
8. Less: Interim dividend	**1176**	0	
9. Other equity instruments	**1177**	46,408	149,100
A.2) OTHER ACCUMULATED GLOBAL RESULT	**1188**	**(37,885)**	**(664)**
1. Items that are not reclassified to result of the year	**1186**		
2. Items that may be subsequently classified to result for the year	**1187**	(37,885)	(664)
a) Financial assets available for sale	**1181**	9	145
b) Operaciones de cobertura	**1182**		
c) Diferencias de conversión	**1184**	(37,894)	(809)
d) Otros	**1183**		
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (A.1+ A.2)	**1189**	**(564,443)**	**(425,125)**
A.3) MINORITY INTERESTS	**1193**	78,532	89,080
B) NON-CURRENT LIABILITIES	**1120**	**863,136**	**1,909,125**
1. Grants	**1117**	728	1,376
2. Non-current provisions	**1115**	39,007	56,516
3. Non-current financial liabilities:	**1116**	762,395	1,789,684
a) Bank borrowings and bonds and other negotiable securities	**1131**	642,248	1,653,535
b) Other non-current financial liabilities	**1132**	120,147	136,149
4. Deferred tax liabilities	**1118**	23,901	21,055
5. Other non-current liabilities	**1135**	37,105	40,494
C) CURRENT LIABILITIES	**1130**	**1,545,854**	**553,351**
1. Non-current liabilities held for sale	**1121**	159,076	0
2. Current provisions	**1122**	10,507	8,071
3. Current financial liabilities:	**1123**	1,025,263	91,592
a) Bank borrowings and bonds and other negotiable securities	**1133**	1,002,633	68,488
b) Other financial liabilities	**1134**	22,630	23,104
4. Trade and other payables:	**1124**	329,617	432,823
a) Suppliers	**1125**	245,852	301,636
b) Other accounts payable	**1126**	83,765	131,187
c) Current tax liabilities	**1127**		
5. Other current liabilities	**1136**	21,391	20,865
TOTAL EQUITY AND LIABILITIES (A + B + C)	**1200**	**1,923,079**	**2,126,431**

IV. SELECTED FINANCIAL INFORMATION
7. CONSOLIDATED INCOME STATEMENT (IFRS ADOPTED)

Units: Thousands of euros

			PRESENT CURR. PERIOD (2nd HALF)		PREVIOUS PERIOD (2nd HALF)		CURRENT CUMULATIVE 12/31/2017		PREVIOUS CUMULATIVE 12/31/2016	
			Amount	%	Amount	%	Amount	%	Amount	%
(+)	Revenues	1205	579,970	100.00%	625,573	100.00%	1,144,831	100.00%	1,157,122	100.00%
(+/-)	Variation in inventories of finished products and products in process	1206								
(+)	Own work capitalized	1207	829	0.14%	1,059	0.17%	2,244	0.20%	1,059	0.09%
(-)	Suppliers	1208	(93,161)	(16.06%)	(105,790)	(16.91%)	(177,077)	(15.47%)	(199,382)	(17.23%)
(+)	Other operating revenues	1209	12,931	2.23%	15,040	2.40%	19,515	1.70%	21,945	1.90%
(-)	Staff costs	1217	(178,879)	(30.84%)	(174,180)	(27.84%)	(361,325)	(31.56%)	(345,057)	(29.82%)
(-)	Other operating expenses	1210	(231,174)	(39.86%)	(251,881)	(40.26%)	(442,828)	(38.68%)	(462,020)	(39.93%)
(-)	Depreciation and amortization charge	1211	(39,657)	(6.84%)	(42,637)	(6.82%)	(69,653)	(6.08%)	(74,964)	(6.48%)
(+)	Allocation of grants for non-financial assets and others	1212								
(+/-)	Impairment and results on fixed asset disposals	1214	(11,155)	(1.92%)	914	0.15%	(9,962)	(0.87%)	874	0.08%
(+/-)	Other income	1215								
=	**RESULT FROM OPERATIONS**	1245	**39,704**	6.85%	**68,098**	10.89%	**105,745**	9.24%	**99,577**	8.61%
(+)	Finance income	1250	4,061	0.70%	4,504	0.72%	5,529	0.48%	25,547	2.21%
(-)	Finance costs	1251	(48,577)	(8.38%)	(59,144)	(9.45%)	(81,016)	(7.08%)	(103,941)	(8.98%)
(+/-)	Change in value of financial instruments	1252	0	0.00%	(1)	(0.00%)	0	0.00%	(1)	(0.00%)
(+/-)	Exchange differences (net)	1254	3,799	0.66%	(4,231)	(0.68%)	10,818	0.94%	(4,063)	(0.35%)
(+/-)	Impairment and results on disposals of financial instrument	1255	0	0.00%	0	0.00%		0.00%		0.00%
=	**NET FINANCIAL RESULT**	1256	**(40,717)**	(7.02%)	**(58,872)**	(9.41%)	**(64,669)**	(5.65%)	**(82,458)**	(7.13%)
(+/-)	Profit (loss) from companies recorded by the equity method	1253	3,100	0.53%	1,942	0.31%	3,656	0.32%	3,863	0.33%
=	**PROFIT (LOSS) BEFORE TAX**	1265	**2,087**	0.36%	**11,168**	1.79%	**44,732**	3.91%	**20,982**	1.81%
(+/-)	Income tax	1270	(29,749)	(5.13%)	(63,078)	(10.08%)	(51,977)	(4.54%)	(78,092)	(6.75%)
=	**PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS**	1280	**(27,662)**	(4.77%)	**(51,910)**	(8.30%)	**(7,245)**	(0.63%)	**(57,110)**	(4.94%)
(+/-)	Net income for the year from discontinued operations net of tax	1285	(76,170)	(13.13%)	11,388	1.82%	(68,502)	(5.98%)	19,453	1.68%
=	**CONSOLIDATED PROFIT (LOSS) FOR THE YEAR**	1288	**(103,832)**	(17.90%)	**(40,522)**	(6.48%)	**(75,747)**	(6.62%)	**(37,657)**	(3.25%)
	a) Profit (loss) for year attributable to parent company	1300	(116,814)	(20.14%)	(57,375)	(9.17%)	(102,915)	(8.99%)	(67,859)	(5.86%)
	b) Minority interests	1289	12,982	2.24%	16,853	2.69%	27,168	2.37%	30,202	2.61%

EARNINGS PER SHARE		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
Basic	1290	(1.45)	(0.74)	(1.30)	(0.87)
Diluted	1295	(1.45)	(0.74)	(1.30)	(0.87)

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (IFRS ADOPTED)

Units: Thousands of euros

		PRESENT PERIOD 12/31/2017	PREVIOUS PERIOD 12/31/2016
A) CONSOLIDATED NET INCOME FOR THE YEAR (from income statement)	1305	**(75,747)**	**(37,657)**
B) OTHER GLOBAL RESULT- ITEMS THAT ARE NOT RESCLASSIFIED TO RESULT FROM THE PERIOD:	1310	**0**	**0**
1. From revaluation/(reversal of revaluation) of tangible assets and intangible assets	1311		
2. From actuarial gains and losses	1344		
3. Participation in other comprehensive income recognized for investments in joint ventures and associates	1342		
4. Other income and expenses that are not reclassified to profit or loss	1343		
5. Tax effect	1345		
C) OTHER GLOBAL RESULT- ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:	1350	**(46,908)**	**20,964**
1. Financial assets held for sale:	1355	**(181)**	**117**
a) Profit/(Loss) for valuation	1356	(181)	117
a) Amounts transferred to the profit and loss account	1357		
c) Other reclassifications	1358		
2. Hedges of cash flows:	1360	**0**	**0**
a) Profit/(Loss) for valuation	1361		
b) Amounts transferred to the profit and loss account	1362		
c) Amounts transferred to initial value of hedged	1363		
d) Other reclassifications	1364		
3. Translation differences:	1365	**(43,425)**	**27,088**
a) Profit/(Loss) for valuation	1366	(43,425)	27,088
b) Amounts transferred to the profit and loss account	1367		
c) Other reclassifications	1368		
4. Participation in other comprehensive income recognized for investments in joint ventures and associates:	1370	**(3,347)**	**(6,212)**
a) Profit/(Loss) for valuation	1371	(3,347)	(6,212)
b) Amounts transferred to the profit and loss account	1372		
c) Other reclassifications	1373		
5. Other income and expenses that may subsequently reclassified to profit or loss	1375	**0**	**0**
a) Profit/(Loss) for valuation	1376		
b) Amounts transferred to the profit and loss account	1377		
c) Other reclassifications	1378		
6. Tax effect	1380	**45**	**(29)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+ B+ C)	1400	**(122,655)**	**(16,693)**
a) Attributable to the parent company	1398	(138,049)	(52,928)
b) Attributable to minority interests	1399	15,394	36,235

IV. SELECTED FINANCIAL INFORMATION
9. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (IFRS ADOPTED) (1/2)

Units: Thousands of euros

PRESENT PERIOD		Equity attributable to parent company							
		Equity							
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for year attributable to parent company	Other equity instruments	Adjustments for changes in value	Minority interests	Total Equity
Opening balance at 01/01/2017	**3110**	**235,008**	**(738,975)**	**(1,735)**	**(67,859)**	**149,100**	**(664)**	**89,080**	**(336,045)**
Adjustment for changes in accounting policy	**3111**								0
Adjustment for errors	**3112**								0
Adjusted opening balance	**3115**	**235,008**	**(738,975)**	**(1,735)**	**(67,859)**	**149,100**	**(664)**	**89,080**	**(336,045)**
I. Total recognised income/ (expense)	**3120**		2,087		(102,915)		(37,221)	15,394	(122,655)
II. Transactions with shareholders or owners	**3125**	**(151,510)**	**253,527**	**1,041**	**0**	**(102,692)**	**0**	**(27,011)**	**(26,645)**
1. Capital increases/ (reductions)	**3126**	(161,372)	161,372						0
2. Conversion of financial liabiities into equity	**3127**	9,862	92,830			(102,692)			0
3. Distribution of dividends	**3128**							(27,011)	(27,011)
4. Trading with own shares (net)	**3129**		(675)	1,041					366
5. Increases/ (reductions) for business combinations	**3130**								0
6. Other transactions with shareholders or owners	**3132**								0
III. Other changes in equity	**3135**	**0**	**(69,494)**	**0**	**67,859**	**0**	**0**	**1,069**	**(566)**
1. Share based payments	**3136**								0
2. Transfers between equity accounts	**3137**		(67,859)		67,859				0
3. Other variations	**3138**		(1,635)					1,069	(566)
Closing balance at 12/31/2017	**3140**	**83,498**	**(552,855)**	**(694)**	**(102,915)**	**46,408**	**(37,885)**	**78,532**	**(485,911)**

IV. SELECTED FINANCIAL INFORMATION
9. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (IFRS ADOPTED) (2/2)

Units: Thousands of euros

PREVIOUS PERIOD		Equity attributable to parent company							
		Equity							
		Share Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for year attributable to parent company	Other equity instruments	Adjustments for changes in value	Minority interests	Total Equity
Opening balance at 01/01/2016 (comparative period)	3150	**235,008**	**(708,242)**	**(2,386)**	**5,294**	**46,408**	**(37,605)**	**66,936**	**(394,587)**
Adjustment for changes in accounting policy	3151								0
Adjustment for errors	3152								0
Adjusted opening balance (comparative period)	3155	**235,008**	**(708,242)**	**(2,386)**	**5,294**	**46,408**	**(37,605)**	**66,936**	**(394,587)**
I. Total recognised income/ (expense)	3160		(14,890)		(67,859)		29,821	36,235	(16,693)
II. Transactions with shareholders or owners	3165	**0**	**(1,824)**	**651**	**0**	**102,692**	**0**	**(29,903)**	**71,616**
1. Capital increases/ (reductions)	3166								0
2. Conversion of financial liabiities into equity	3167		(1,950)			102,692			100,742
3. Distribution of dividends	3168		0					(29,903)	(29,903)
4. Trading with own shares (net)	3169		126	651					777
5. Increases/ (reductions) for business combinations	3170								0
6. Other transactions with shareholders or owners	3172								0
III. Other changes in equity	3175	0	(14,019)	0	(5,294)	0	7,120	15,812	3,619
1. Share based payments	3176								0
2. Transfers between equity accounts	3177		5,294		(5,294)				0
3. Other variations	3178		(19,313)				7,120	15,812	3,619
Closing balance at 12/31/2016 (comparative period)	3180	**235,008**	**(738,975)**	**(1,735)**	**(67,859)**	**149,100**	**(664)**	**89,080**	**(336,045)**

IV. SELECTED FINANCIAL INFORMATION

10.A. CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD) (IFRS ADOPTED)

Units: Thousands of euros

			PRESENT PERIOD 12/31/2017	PREVIOUS PERIOD 12/31/2016
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1+ 2+ 3+ 4)**	**1435**	**132,296**	**192,340**
1.	**Profit (loss) before tax**	**1405**	**44,732**	**20,982**
2.	**Adjustments to profit (loss):**	**1410**	**138,057**	**162,120**
(+)	Depreciation and amortization charge	**1411**	69,653	74,964
(+/-)	Other adjustments to income (nets)	**1412**	68,404	87,156
3.	**Changes in working capital**	**1415**	**(50,324)**	**755**
4.	**Other cash flows from operating activities:**	**1420**	**(169)**	**8,483**
(-)	Interest paid	**1421**		
(-)	Payments of dividends and remuneration on other equity instruments	**1430**		
(+)	Dividends received	**1422**		
(+)	Interest received	**1423**		
(+/-)	Income tax recovered/(paid)	**1424**	(27,483)	(23,918)
(+/-)	Other sums received/(paid) from operating activities	**1425**	27,314	32,401
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1+ 2+ 3)**	**1460**	**(78,284)**	**17,582**
1.	**Payments for investments:**	**1440**	**(84,646)**	**(92,292)**
(-)	Group companies, associates and business units	**1441**	(4,887)	(17,818)
(-)	Property, plant and equipment, intangible assets and investment properties	**1442**	(63,390)	(65,791)
(-)	Other financial assets	**1443**	(16,369)	(8,683)
(-)	Other assets	**1444**		
2.	**Proceeds from disposals:**	**1450**	**8,563**	**109,855**
(+)	Group companies, associates and business units	**1451**	1,128	35,880
(+)	Property, plant and equipment, intangible assets and investment properties	**1452**	3,250	8,107
(+)	Other financial assets	**1453**	4,185	65,868
(+)	Other assets	**1454**		
3.	**Other cash flows from investing activities:**	**1455**	**(2,201)**	**19**
(+)	Dividends received	**1456**	2,150	4,611
(+)	Interest received	**1457**		
(+/-)	Other sums received/(paid) from investing activities	**1458**	(4,351)	(4,592)
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1+2+ 3+ 4)**	**1490**	**(76,147)**	**(282,722)**
1.	**Sums received /(paid) in respect of equity instruments:**	**1470**	**(50)**	**(1,131)**
(+)	Issues	**1471**	(50)	(1,131)
(-)	Amortization	**1472**		
(-)	Acquisition	**1473**		
(+)	Disposal	**1474**		
2.	**Sums received /(paid) for financial liability instruments:**	**1480**	**(743)**	**(193,405)**
(+)	Issues	**1481**	20,889	9,343
(-)	Repayment and redemption	**1482**	(21,632)	(202,748)
3.	**Payments of dividends and remuneration on other equity instruments**	**1485**	**(26,184)**	**(28,959)**
4.	**Other cash flow from financing activities**	**1486**	**(49,170)**	**(59,227)**
(-)	Interest paid	**1487**	(34,305)	(37,979)
(+/-)	Other sums received/(paid) from financing activities	**1488**	(14,865)	(21,248)
D)	**EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES**	**1492**	**(7,079)**	**222**
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+ B+ C+ D)**	**1495**	**(29,214)**	**(72,578)**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**	**1499**	**246,423**	**319,001**
G)	**CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+ F)**	**1500**	**217,209**	**246,423**

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		PRESENT PERIOD 12/31/2017	PREVIOUS PERIOD 12/31/2016
(+)	Cash and banks	**1550**	191,099	236,230
(+)	Other financial assets	**1552**	26,110	10,193
(-)	*Less: Bank overdrafts repayable on demand*	**1553**		
	TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1600**	**217,209**	**246,423**

IV. SELECTED FINANCIAL INFORMATION
11. CHANGES IN THE COMPOSITION OF THE GROUP

Table 1

BUSINESS COMBINATIONS OR OTHER ACQUISITIONS OR INCREASES IN HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATED COMPANIES (CURRENT PERIOD)						
Name of the entity (or of the business activity) acquired or merged	Category	Effective date of the operation (mm-dd-yyyy)	Cost (net) of the combination (a)+(b) (€ 000s)		% of voting rights acquired	% of total voting rights in entity after acquisition
			Amount (net) paid in acquisition + other costs directly attributable to the combination (a)	Fair value of equity instruments issued to acquire the entity (b)		
AS ARABIA FOR MARKETING, W.L.L.	ASSOCIATE	08-06-17	103		49.00%	49.00%
LATAM DIGITAL VENTURES, LLC (LDV)	SUBSIDIARIE	08-03-17	3,575		100.00%	100.00%
NUNTIUM TV, S.L.	ASSOCIATE	11-28-17	4		45.00%	45.00%

Table 2

DECREASE IN HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATES AND OTHER OPERACIONS OF A SIMILAR NATURE (CURRENT PERIOD)					
Name of the entity (or of the business activity) sold, spun off or derecognized	Category	Effective date of the operation (mm-dd-yyyy)	% of voting rights disposed of or derecognized	% of total voting rights in entity after the disposal	Profit/(Loss) generated (€ 000s)
INSTITUTO UNIVERSITARIO DE POSGRADO, S.A.	SUBSIDIARIE	04-25-17	61.42%	0.00%	378
MERCHANDISING ON STAGE, S.L.U	SUBSIDIARIE	06-27-17	100.00%	0.00%	135
RÁDIO MANTEIGAS RADIODIFUSÃO E PUBLICIDATE, LDA.	SUBSIDIARIE	08-24-17	100.00%	0.00%	0
RÁDIO SABUGAL RADIODIFUSÃO E PUBLICIDATE, LDA.	SUBSIDIARIE	08-24-17	100.00%	0.00%	0
SOCIEDAD DE ESTUDIOS DE TELEVISIÓN, S.A. (SERTEL)	SUBSIDIARIE	07-25-17	100.00%	0.00%	0
DÉDALO GRUPO GRÁFICO, S.L.	SUBSIDIARIE	12-15-17	100.00%	0.00%	0
PROMOTORA AUDIOVISUAL DE COLOMBIA, S.A.	SUBSIDIARIE	12-29-17	55.00%	0.00%	0

IV. SELECTED FINANCIAL INFORMATION

12. DIVIDENDS PAID

		PRESENT PERIOD			PREVIOUS PERIOD		
		% of Nominal	Euros per share (X.XX)	Amount (€ 000s)	% of Nominal	Euros per share (X.XX)	Amount (€ 000s)
Ordinary shares	2158						
Rest of shares (non-voting, redeemable,etc.)	2159						
Total dividends paid	2160						
a) Interim dividends	2155						
b) Dividends with a charge to reserves or share premium	2156						
b) Non-cash dividends	2157						

IV. SELECTED FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (1/2)

Units: Thousands of euros

FINANCIAL ASSETS: NATURE/CATEGORY		PRESENT PERIOD					
		Financial assets held for trading	Other financial liabilities at FV through P&L	Financial assets available for sale	Loans and receivables	Investments held to maturity	Hedging derivatives
Equity instruments	2061			644,213			
Debt securities	2062						
Derivatives	2063						
Other financial assets	2064					13	
Long-term/ non-current	**2065**	**0**	**0**	**644,213**	**0**	**13**	**0**
Equity instruments	2066						
Debt securities	2067						
Derivatives	2068						
Other financial assets	2069				36,217	6,500	
Short-term/ current	**2070**	**0**	**0**	**0**	**36,217**	**6,500**	**0**
INDIVIDUAL TOTAL	**2075**	**0**	**0**	**644,213**	**36,217**	**6,513**	**0**
Equity instruments	2161			1,602			
Debt securities	2162						
Derivatives	2163		0				
Other financial assets	2164		0		10,937	13,021	
Long-term/ non-current	**2165**	**0**	**0**	**1,602**	**10,937**	**13,021**	**0**
Equity instruments	2166			2,335			
Debt securities	2167						
Derivatives	2168		0				
Other financial assets	2169		0		2,690	18,315	
Short-term/ current	**2170**	**0**	**0**	**2,335**	**2,690**	**18,315**	
CONSOLIDATED TOTAL	**2175**	**0**	**0**	**3,937**	**13,627**	**31,336**	

FINANCIAL LIABILITIES: NATURE/CATEGORY		PRESENT PERIOD			
		Financial liabilities held for trading	Other financial liabilities at FV through P&L	Debts and payables	Hedging derivatives
Bank borrowings	2076			623,756	
Debentures and other securities	2077				
Derivatives	2078				
Other financial liabilities	2079			94,626	
Long-term debts/ Non-current financial liabilities	**2080**		**0**	**718,382**	
Bank borrowings	2081			948,850	
Debentures and other securities	2082				
Derivatives	2083				
Other financial liabilities	2084			34,285	
Short-term debts/ Current financial liabilities	**2085**		**0**	**983,135**	
INDIVIDUAL TOTAL	**2090**		**0**	**1,701,517**	
Bank borrowings	2176			642,248	
Debentures and other securities	2177				
Derivatives	2178		0		
Other financial liabilities	2179			120,147	
Long-term debts/ Non-current financial liabilities	**2180**		**0**	**762,395**	
Bank borrowings	2181			1,002,633	
Debentures and other securities	2182				
Derivatives	2183		0		
Other financial liabilities	2184			22,630	
Short-term debts/ Current financial liabilities	**2185**	**0**	**0**	**1,025,263**	**0**
CONSOLIDATED TOTAL	**2190**	**0**	**0**	**1,787,658**	**0**

IV. SELECTED FINANCIAL INFORMATION
13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (2/2)

Units: Thousands of euros

FINANCIAL ASSETS: NATURE/CATEGORY		PREVIOUS PERIOD					
		Financial assets held for trading	Other financial liabilities at FV through P&L	Financial assets available for sale	Loans and receivables	Investments held to maturity	Hedging derivatives
Equity instruments	5061			1,035,053			
Debt securities	5062						
Derivatives	5063						
Other financial assets	5064					13	
Long-term/ non-current	**5065**			**1,035,053**	**0**	**13**	
Equity instruments	5066						
Debt securities	5067						
Derivatives	5068						
Other financial assets	5069				34,296	4,188	
Short-term/ current	**5070**			**0**	**34,296**	**4,188**	
INDIVIDUAL TOTAL	**5075**			**1,035,053**	**34,296**	**4,201**	
Equity instruments	5161			3,983			
Debt securities	5162						
Derivatives	5163		0				
Other financial assets	5164		0		17,060	12,849	
Long-term/ non-current	**5165**	**0**	**0**	**3,983**	**17,060**	**12,849**	**0**
Equity instruments	5166			2,840			
Debt securities	5167						
Derivatives	5168		0				
Other financial assets	5169		0		7,757	8,909	
Short-term/ current	**5170**	**0**	**0**	**2,840**	**7,757**	**8,909**	
CONSOLIDATED TOTAL	**5175**	**0**	**0**	**6,823**	**24,817**	**21,758**	

FINANCIAL LIABILITIES: NATURE/CATEGORY		PREVIOUS PERIOD			
		Financial liabilities held for trading	Other financial liabilities at FV through P&L	Debts and payables	Hedging derivatives
Bank borrowings	5076			1,544,453	
Debentures and other securities	5077				
Derivatives	5078				
Other financial liabilities	5079			94,171	
Long-term debts/ Non-current financial liabilities	**5080**		**0**	**1,638,624**	
Bank borrowings	5081			212	
Debentures and other securities	5082				
Derivatives	5083				
Other financial liabilities	5084			23,866	
Short-term debts/ Current financial liabilities	**5085**		**0**	**24,078**	
INDIVIDUAL TOTAL	**5090**		**0**	**1,662,702**	
Bank borrowings	5176			1,653,535	
Debentures and other securities	5177				
Derivatives	5178		0		
Other financial liabilities	5179			136,149	
Long-term debts/ Non-current financial liabilities	**5180**		**0**	**1,789,684**	
Bank borrowings	5181			68,488	
Debentures and other securities	5182				
Derivatives	5183		0		
Other financial liabilities	5184			23,104	
Short-term debts/ Current financial liabilities	**5185**	**0**	**0**	**91,592**	**0**
CONSOLIDATED TOTAL	**5190**	**0**	**0**	**1,881,276**	**0**

IV. SELECTED FINANCIAL INFORMATION
14. SEGMENT REPORTING

Units: Thousands of euros

Table 1:

GEOGRAPHICAL AREA		Distribution of net turnover by geographical area			
		INDIVIDUAL		CONSOLIDATED	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
Internal market	2210	19,778	22,009	510,644	547,392
Export:	2215			634,187	609,730
a) European Union	2216			3,733	4,765
b) OECD countries	2217			156,553	156,975
c) All other countries	2218			473,901	447,990
TOTAL	2220	19,778	22,009	1,144,831	1,157,122

Table 2:

SEGMENTS		Ordinary revenues CONSOLIDATED					
		Ordinary revenues from external customers		Ordinary revenues between segments		Total ordinary revenues	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
EDUCATION	2221	655,655	637,129	548	406	656,203	637,535
RADIO	2222	278,936	295,636	1,730	5,415	280,666	301,051
PRESS	2223	171,174	189,246	49,404	50,650	220,578	239,896
OTHER	2224	64,940	62,471	23,924	4,861	88,864	67,332
	2225						
	2226						
	2227						
	2228						
	2229						
	2230						
Adjustments and eliminations of ordinary revenues between segment	2231			(75,606)	(61,332)	(75,606)	(61,332)
TOTAL	2235	1,170,705	1,184,482	0	0	1,170,705	1,184,482

Table 3:

SEGMENTS		Profit (loss) CONSOLIDATED	
		PRESENT PERIOD	PREVIOUS PERIOD
EDUCATION	2250	54,626	13,117
RADIO	2251	13,932	17,516
PRESS	2252	(28,920)	826
OTHER	2253	(154,794)	(43,401)
	2254		
	2255		
	2256		
	2257		
	2258		
	2259		
Total profit (loss) of reported segments	2260	(115,156)	(11,942)
(+/-) Unallocated profit (loss)	2261		
(+/-) Elimination of internal profit/loss (inter-segment)	2262	39,409	(25,715)
(+/-) Other profit (loss)	2263		
(+/-) Income tax and/or profit (loss) from discontinued operations	2264	120,479	58,639
PROFIT BEFORE TAX	2270	44,732	20,982

IV. SELECTED FINANCIAL INFORMATION
15. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		PRESENT PERIOD	PREVIOUS PERIOD	PRESENT PERIOD	PREVIOUS PERIOD
AVERAGE WORKFORCE	**2295**	39	55	8,698	8,697
Men	**2296**	13	19	4,776	4,759
Women	**2297**	26	36	3,922	3,938

IV. SELECTED FINANCIAL INFORMATION
16. REMUNERATION RECEIVED BY DIRECTORS AND EXECUTIVES

DIRECTORS:
Remuneration component:

		Amount (€ 000s)	
		PRESENT PERIOD	PREVIOUS PERIOD
Fixed salary	**2310**	2,247	2,210
Variable remuneration	**2311**	1,993	978
Per diems	**2312**	683	515
Directors' fees	**2313**	1,460	1,444
Transactions with shares and/or other financial instruments	**2314**		
Other	**2315**	3,121	80
TOTAL	**2320**	**9,504**	**5,227**

Other benefits:

Advances	**2326**		
Loans granted	**2327**		
Pension funds and plans: Contributions	**2328**		
Pension funds and plans: Liabilities assumed	**2329**		
Life insurance premiums	**2330**	69	32
Guarantees establish for Director obligations	**2331**		

EXECUTIVES:

		Amount (€ 000s)	
		PRESENT PERIOD	PREVIOUS PERIOD
Total remuneration received by executives	**2325**	5,065	3,516

IV. SELECTED FINANCIAL INFORMATION
17. RELATED PARTIES TRANSACTIONS (1/2)

Units: Thousands of euros

RELATED PARTY TRANSACTIONS		PRESENT PERIOD				
EXPENSES AND REVENUES:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Finance expenses	2340	17,498		4,487		21,985
2) Management or collaboration contracts	2341					0
3) Transfers of R&D and licensing agreements	2342					0
4) Leases	2343	2,189		628		2,817
5) Services received	2344	8,667	190	458		9,315
6) Purchase of goods (finished or unfinished)	2345	25				25
7) Valuation adjustments for uncollectible or doubtful debts	2346					0
8) Losses on retirement or disposal of assets	2347					0
9) Other expenses	2348	1,550	14,569	220		16,339
EXPENSES (1+ 2+ 3+ 4+ 5+ 6+ 7+ 8+ 9)	**2350**	**29,929**	**14,759**	**5,793**		**50,481**
10) Finance income	2351	1		646		647
11) Management or collaboration contracts	2352					0
12) Transfers of R&D and licensing agreements	2353					0
13) Dividends received	2354			2,024		2,024
14) Leases	2355	30		86		116
15) Services provided	2356	5,861		2,739		8,600
16) Sale of goods (finished or unfinished)	2357	193				193
17) Gains on retirement or disposal of assets	2358					0
18) Other revenues	2359			40		40
REVENUES (10+ 11+ 12+ 13+ 14+ 15+ 16+ 17+ 18)	**2360**	**6,085**	**0**	**5,535**	**0**	**11,620**

		PRESENT PERIOD				
OTHER TRANSACTIONS:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Purchase of tangible, intangible or other assets	2371	16				16
Financing agreements: credit facilities and contributions of capital (lender)	2372					0
Finance lease agreements (lessor)	2373					0
Repayment or cancellation of loans and lease agreements (lessor)	2377					0
Sale of tangible, intangible or other assets	2374					0
Financing agreements:loans and contributions of capital (borrower)	2375			130		130
Finance lease agreements (lessee)	2376					0
Repayment or cancellation of loans and lease agreements (lessee)	2378					0
Guarantees and deposits established	2381					0
Guarantees and deposits received	2382					0
Commitments acquired	2383					0
Commitments/Guarantees cancelled	2384	250				250
Dividends and other porfits distributed	2386					0
Other operations	2385	2,222				2,222

IV. SELECTED FINANCIAL INFORMATION
17. RELATED PARTIES TRANSACTIONS (2/2)

Units: Thousands of euros

RELATED PARTY TRANSACTIONS		PREVIOUS PERIOD				
EXPENSES AND REVENUES:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
1) Finance expenses	6340	15,671		1,248		16,919
2) Management or collaboration contracts	6341					0
3) Transfers of R&D and licensing agreements	6342					0
4) Leases	6343	3,244		946		4,190
5) Services received	6344	7,731	90	543		8,364
6) Purchase of goods (finished or unfinished)	6345					0
7) Valuation adjustments for uncollectible or doubtful debts	6346					0
8) Losses on retirement or disposal of assets	6347					0
9) Other expenses	6348	917	8,743	152		9,812
EXPENSES (1+ 2+ 3+ 4+ 5+ 6+ 7+ 8+ 9)	**6350**	**27,563**	**8,833**	**2,889**	**0**	**39,285**
10) Finance revenues	6351	37		1,060		1,097
11) Management or collaboration contracts	6352					0
12) Transfers of R&D and licensing agreements	6353					0
13) Dividends received	6354			4,551		4,551
14) Leases	6355					0
15) Services provided	6356	6,887		2,322		9,209
16) Sale of goods (finished or unfinished)	6357					0
17) Gains on retirement or disposal of assets	6358					0
18) Other revenues	6359	931				931
REVENUES (10+ 11+ 12+ 13+ 14+ 15+ 16+ 17+ 18)	**6360**	**7,855**	**0**	**7,933**	**0**	**15,788**

		PREVIOUS PERIOD				
OTHER TRANSACTIONS:		Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Purchase of tangible, intangible or other assets	6371					0
Financing agreements: credit facilities and contributions of capital (lender)	6372	6,000				6,000
Finance lease agreements (lessor)	6373					0
Repayment or cancellation of loans and lease agreements (lessor)	6377					0
Sale of tangible, intangible or other assets	6374					0
Financing agreements:loans and contributions of capital (borrower)	6375			253		253
Finance lease agreements (lessee)	6376					0
Repayment or cancellation of loans and lease agreements (lessee)	6378					0
Guarantees and deposits established	6381					0
Guarantees and deposits received	6382					0
Commitments acquired	6383					0
Commitments/Guarantees cancelled	6384					0
Dividends and other porfits distributed	6386					0
Other operations	6385	102,692			1,000	103,692

VII. REPORT OF THE AUDITOR

The information contained in this report has not been audited.

Prisa Group

Explanatory notes to the financial statements for the 2017 financial year

1. PRESENTATION BASES FOR THE FINANCIAL STATEMENT FOR THE 2017 FINANCIAL YEAR

Consolidated financial statements

The financial statements of Prisa Group for the 2017 financial year have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, in compliance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts, and other applicable Spanish legislation.

The IFRS are applied in the preparation of the consolidated financial information of the Group. The financial statements of individual companies that are part of the Group are prepared and presented in accordance with accounting standards in each country.

As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for all transactions, events and items in 2017 and 2016.

With regard to the optional early implementation of other International Financial Reporting Standards that have been issued but are not yet effective, the Group has elected not to exercise this option.

There are no accounting principles or valuation criteria that have a significant effect on the consolidated financial statements that the Group has failed to apply.

Individual financial statements

Promotora de Informaciones, S.A., as parent company of the Group, presents its financial statements in accordance with the Spanish General Accounting Plan set out in RD 1514/07 of 16th November.

a) Evolution of the Group's capital and financial structure

At the end of 2017, the Group´s main financial commitment is the maturity of EUR 956.5 million in December 2018. This amount is recorded as a current liability on the consolidated balance sheet as of December 31, 2017.

During 2016 and 2017, the Company's Directors have taken a series of measures to deal with this maturity and strengthen the Group's financial and equity structure, such as capital increase and asset sale operations.

In this sense, on April 1, 2016, the Prisa Annual General Meeting approved the issuance of bonds mandatorily convertible into newly-issued ordinary shares through swapping the company's financial debt. The issuance was subscribed in April 2016, with debt amounting to EUR 100,742 thousands being cancelled. These bonds were converted to shares early in October 2017 (*see note 8*).

Likewise, the General Shareholders' Meeting held on November 15, 2017 approved a capital increase amounting to EUR 450 million, this amount was subsequently extended by the Board of Directors of the Prisa on January 22, 2018, in EUR 113.2 million. In February 2018, the capital increase was subscribed in the amount of EUR 563.2 million *(see notes 8a and 16).*

In addition, and in order to strengthen the financial structure of the Group, on July 13, 2017, the Board of Directors of Prisa accepted a binding offer put forward by Altice NV for the sale of Vertix SGPS, S.A. ('Vertix'), owner of Grupo Media Capital, SGPS, S.A. ('Media Capital') for an approximate price in line with the company's best estimates (equity value) of around EUR 321,499 thousand. The transaction was authorized in September 2017 by the company's financial creditors and by the Annual General Meeting in November (*see notes 7,11b and 12*). The transaction is subject to the mandatory authorization of the Portuguese competition authorities. This agreement meant an accounting loss at the parent Company for EUR 89,269 thousand (a EUR 76,903 thousand loss in the consolidated financial statements).

Finally, on January 22, 2018, the company signed a framework agreement with all the financial creditors of the Override Agreement to refinance and modify the terms of Prisa's current financial debt (Refinancing framework agreement). The effectiveness of this agreement is subject to, among other conditions, debt being cancelled to EUR 450 million from proceeds arising from the capital increase described above at the time the refinancing comes into effect (*see note 10*). The basic terms of the Refinancing agreement include the extension of the debt maturity until November and December 2022 and no mandatory repayments until December 2020 *(see note 16).* With the entry into force of the Refinancing agreement, the Group's financial debt would therefore have a long-term maturity, which will mean an improvement in the working capital and the Group's financial structure.

In relation to the Parent Company's financial situation, mainly as a result of the accounting result of the Vertix sale agreement described above, in August 2017 the net equity of Prisa with respect to the cause of dissolution stipulated in Spain's Corporate Enterprises Act stood below half of total share capital, so the General Shareholders' Meeting of Prisa approved, on November 15, 2017 a series of reserve and share capital reductions aimed to reestablish the situation of equity balance with respect to the cause of dissolution.

As of December 31, 2017, the equity of the parent Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain’s Corporate Enterprises Act (including participating loans outstanding at year-end) stood at EUR 46,279 thousand, below two thirds of total share capital, although representing over half of share capital. In this sense, the company has an imbalanced equity situation in terms of the obligation to reduce share capital in the period of one year. In this regard, as mentioned in this section, in February 2018 a capital increase of EUR 563.2 million was subscribed. This amount will restore the equity balance of the parent Company.

Likewise, the Group's current liabilities on December 31, 2017 are higher than current assets, mainly due to the short-term classification of Tranche 2 of the Group's financial debt amounting to EUR 956,512 thousand.

The Group's Directors believe that the funds from the capital increase and the framework refinancing agreement describe above will suffice to cover payment of the debts on their maturity date (*see notes 10 and 16).*

As a consequence of the factors set out above, the Group has applied the going concern principle.

b) Changes to estimates

In 2017, there were no significant changes in the accounting estimates made at the end of 2016, apart from the value of the investment in Media Capital and the recoverability of deferred tax assets.

With regard to Media Capital, as a result of the agreement reached for the sale of the company's holding *(see notes 1a and 12- Other significant operations)* the company has been valued at the transaction price, pending the necessary adjustments up to the effective sale date, and registering the corresponding adjustment for impairment loss.

c) Information comparison

In July, as a consequence of accepted the binding offer presented by Altice NV for the sale of Vertix, which is the owner of Media Capital, the results of Media Capital were reclassified as a discontinued operation (under *"Net income for the year from discontinued operations net of tax"*).

In accordance with IFRS 5 and for the purpose of comparison, the consolidated income statement and the consolidated cash flow statement for the 2016 financial year have been modified to present Media Capital as a discontinued operation *(see note 11b).*

With Media Capital representing nearly the entire audiovisual segment and being presented as a discontinued operation, this segment has been eliminated in the 2017 financial year and financial year 2016 has been modified for comparison purposes.

2. INTANGIBLE ASSETS

GOODWILL

The detail, by business segment and in thousands of euros, of the goodwill relating to fully and proportionately consolidated Group companies and of the changes therein in 2017 is as follows:

	Balance at 12.31.2016	Translation adjustment	Changes in the scope/ Addition	Impairment	Transfers	Balance at 12.31.2017
Radio	109,258	(2,633)	-	-	-	106,625
Education	65,894	(8,676)	257	-	-	57,475
Other	417,969	(82)	2,882	(80,288)	(337,025)	3,456
Total	**593,121**	**(11,391)**	**3,139**	**(80,288)**	**(337,025)**	**167,556**

In the 'Other' segment, in July 2017 and as a result of the value of Media Capital at the transaction price *(see nota 1a)*, pending the necessary adjustments to the effective sale date, an impairment of EUR 179,670 thousand was recorded in goodwill allocated to this company in the section *"Net income for the year from discontinued operations net of tax"* in the consolidated income statement *(see note 12).* The remaining amount (EUR 337,025 thousand) was reclassified as a non-current asset held for sale.

In turn, the change in scope of this segment is a consequence of the goodwill at EUR 2,882 thousand arising from the acquisition in August 2017 by Prisa Brand Solutions, S.L. (sole trader) of 100% of Latam Digital Ventures, LLC. As of December 31, 2017, the Group has not completed the allocation process of the sale price. This analysis is expected to end in the coming months and not exceed the maximum twelve-month deadline from the purchase date.

OTHER INTANGIBLE ASSETS

Additions to the Group's consolidated financial statements under "Other intangible assets' during 2017 totalled EUR 44,677 thousand, corresponding mainly to:

- *'Prototypes'* amounting to EUR 32,829 thousand, relating to new prototypes for the publication of books at Grupo Santillana de Ediciones, S.L.

- '*Computer software*' amounting to EUR 10,060 thousand, relating to the computer software acquired and/or developed by third parties for Group companies.

This amount includes the addition of Media Capital up to June 30, 2017 amounting to EUR 121 thousand, the date when the intangible assets of Media Capital were reclassified in the section *'Non-current assets held for sale'* on the consolidated balance sheet, due to the sale transaction set out in *note 12.* As of December 31, 2017, the amount totaled EUR 10,663 thousand *(see note 7)*.

The intangible asset amortization expense recorded in 2017 totaled EUR 45,337 thousand. The intangible asset amortization expense for Media Capital in 2017 totaled EUR 2,731 thousand and is presented in the consolidated income statement as *"Net income for the year from discontinued operations net of tax".*

Grupo Santillana de Ediciones, S.L. derecognized EUR 32,726 thousand of fully depreciated prototypes in 2017.

3. PROPERTY, PLANT, AND EQUIPMENT

Additions to the Group's consolidated financial statements under "Property, plant and equipment' during 2017 totaled EUR 19,975 thousand, corresponding mainly to:

a) *'Other property, plant and equipment'* amounting to EUR 11,016 thousand, mainly for investments made by Santillana in digital developments and learning systems.

b) *'Plant and machinery'* amounting to EUR 2,337 thousand, mainly for investments made by Media Capital up to June 30, 2017 in audiovisual equipment.

This amount includes the addition of Media Capital up to 30th June 2017 amounting to EUR 1,141 thousand, the date when the property, plant and equipment of Media Capital were reclassified in the section *'Non-current assets held for sale'* on the consolidated balance sheet, due to the sale transaction set out in *note 12.* As of 31st December 2017, the amount totalled EUR 15,166 thousand *(see note 7)*.

The property, plant and equipment amortization expense recorded in 2017 totaled EUR 24,316 thousand. The property, plant and equipment amortization expense for Media Capital in 2017 totalled EUR 5,172 thousand and is presented in the consolidated income statement as *"Net income for the year from discontinued operations net of tax".*

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The change in this consolidated balance sheet section in 2017 is mainly due to the equity in Sistema Radiópolis, S.A. de C.V. profits amounting to EUR 5,659 thousand and to the exchange rate effect.

5. NON-CURRENT FINANCIAL ASSETS

The change in the section *'Loans and receivables'* is due to the impairment in receivables arising from the sale of Redprensa, S.L. (sole trader) in September 2013 amounting to EUR 4,665 thousand, the impairment in loans granted to Le Monde amounting to EUR 3,175 thousand, and the impairment in loans granted to certain radio companies in Argentina amounting to EUR 2,200 thousand.

6. DEFERRED TAX ASSETS

The changes in the section '*Tax Deferred Assets*' mainly include (i) the expense calculation for Corporation Tax for 2017 including a generation of tax credits for tax loss carry forwards, deductions and financial charges amounting to EUR 11,032 thousand; (ii) the settlement of Corporation Tax for 2016 which led to a net generation of tax credits for tax loss carry forwards, tax credits and non-deductible financial charges amounting to EUR 1,713 thousand; (iii) the reclassification and subsequent derecognition of the Deferred Tax Asset corresponding to Media Capital in the section *"Non-current assets held for sale"* amounting to EUR 2,645 thousand; (iv) the different accounting and tax criteria for certain asset depreciations at the printing companies that has generated an entry of EUR 2,221 thousand, and (v) the different accounting and tax criteria for certain depreciation and charges posted by the companies in Latin America, representing a net generation of EUR 963 thousand.

As a result of the analysis carrying out on the recovery of the tax credits registered in the Group, tax credits amounting to EUR 30,787 thousand were derecognized in the accounts. Once the adjustment was made, the companies' business plans allow for the recovery of the deferred tax assets recorded in the consolidated balance sheet to 31st December 2017, as per the criteria set out in accounting regulations.

The change in '*Deferred Tax Liabilities*' is mainly down to: (i) the impact of having different accounting and tax recognition criteria for finance income resulting from discounted debt buybacks during this and in previous financial years, representing a net cancellation of EUR 1,532 thousand; (ii) the different accounting criteria and recognition of taxes for certain profits, which has implied a generation of liability for deferred taxes amounting to EUR 3,359 thousand, and (iii) the different accounting and tax amortization criteria for certain intangibles leading to a generation of EUR 1,077 thousand.

7. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

As of December 31, 2017, and due to the transaction describe in notes 1a and 12, the assets and liabilities of Media Capital and Vertix, SGPS, S.A. are presented in the consolidated balance sheet *as 'Non-current assets held for sale' and 'Non-current liabilities linked to assets held for sale'*. The contribution in each of the main balance sheet entries is as follows (in EUR thousand):

	12.31.2017
Non-current assets-	**356,012**
Property, plant, and equipment	15,166
Goodwill	325,105
Intangible assets	10,663
Other non-current assets	5,078
Current assets-	**118,160**
Inventories	81,190
Trade receivables and other receivables	36,675
Cash and cash equivalents	295
Total assets	**474,172**
Non-current liabilities-	**68,190**
Non-current bank borrowings	61,233
Other non-current liabilities	6,957
Current liabilities-	**90,886**
Commercial creditors	31,316
Other non-trade payables	9,905
Current bank borrowings	34,324
Public administrations	11,255
Other current liabilities	4,086
Total liabilities	**159,076**

Media Capital and Vertix, SGPS, S.A. are valued on the consolidated balance sheet at fair value less costs to sell.

From the moment of classification as an non-current asset held for sale, the goodwill has been deteriorated by an additional amount of EUR 14,598 thousand, of which EUR 3,682 thousand correspond to the revision of the value of the sale transaction to December 2017 *(see note 11b)* and the remaining amount, EUR 10,916 thousand, has been offset by the increase in the net assets of Media Capital since the acceptance of the binding offer.

8. EQUITY

a) Share capital

As of January 1, 2017, Prisa share capital amounted to EUR 235,008 thousand, represented by 78,335,958 ordinary shares of EUR 3 par value each. The following operations modifying the share capital figure were carried out in 2017:

a) The following capital reductions were carried out in performance of the agreements adopted at the Annual General Meeting held on November 15, 2017:

- A share capital reduction of EUR 154,322 thousand, i.e. from EUR 235,008 thousand to EUR 80,686 thousand through reducing the par value of each of the 78,335,958 ordinary shares with voting rights from EUR 3 per share to EUR 1.03 per share so as to re-establish the balance between the company's capital and net equity.

- A share capital reduction of EUR 7,050 thousand, i.e. from EUR 80,686 thousand to EUR 73,636 thousand through reducing the par value of each of the 78,335,958 ordinary shares with voting rights by EUR 0.09, i.e. from EUR 1.03 per share to EUR 0.94 per share so as to increase the legal reserve.

b) On November 17, 2017 the necessary capital increase deed was granted regarding the early conversion of the bonds issued in accordance with the Annual General Meeting of April 1, 2016 requested by all the holders of said bonds, as per the conversion bases and methods. A total of 10,491,405 new Prisa shares were issued at a par value of EUR 0.94 each, representing a share capital increase of EUR 9,862 thousand, and all aforementioned bonds were amortised as full conversion was requested.

Consequently, as of December 31, 2017, Prisa's share capital stood at EUR 83,498 thousand, represented by 88,827,363 ordinary shares all in the same class and series and with a par value of EUR 0.94 each and numbered sequentially from 1 to 88,827,363.

The *Warrants 2013* were not exercised by their holders, with 778,200 warrants pending as of 31st December 2017.

Share capital is fully subscribed and paid in.

After the closing of 2017, in February 2018, the capital increase was subscribed in an amount of EUR 563.2 million, agreed at an amount of EUR 450 million at the General Shareholders' Meeting on November 15, 2017 and, subsequently, expanded by the Board of Directors of Prisa on January 22, 2018, for EUR 113.2 million.

b) Share premium

The Annual General Meeting held on November 15, 2017 applied the entire 'share premium' existing at that time and amounting to EUR 1,371,299 thousand to partially pay for the losses in prior year line item to be able to then approve the capital reductions set out in the previous section, leaving the 'share premium' at that time at EUR 0.

Mainly as a result of the capital increase due to the aforementioned early bond conversion, the share premium as of December 31, 2017 stood at EUR 95,002 thousand.

c) Issuance of financial instrument

On April 1, 2016, the Prisa Annual General Meeting approved the issuance of bonds mandatorily convertible into newly-issued ordinary Prisa shares through swapping the company's financial debt. The issuance was exclusively aimed at specific company creditors who subscribed a total of 10,074,209 bonds swapping certain loans for a total amount of EUR 100,742 thousand. This issue was subscribed in April 2016 and entailed two tranches:

- Tranche A: for an amount of EUR 32,112 thousand subscribed by HSBC Bank Plc., Caixabank S.A. and several companies of the Santander Group through swapping all subordinated debt from the capitalized interest linked to the issuance of the bond by the company in 2012.

- Tranche B: for an amount of EUR 68,630 thousand subscribed by HSBC through swapping part of its participation loans.

The bond issuance was treated as an equity instrument since it is mandatorily convertible into a fixed number of shares and does not include any contractual obligation to hand over cash or any other financial asset. An increase in equity amounting to EUR 100,742 thousand was recorded in 2016 under the section 'Other reserves' as a result of recording the equity instruments to issue operation at fair value.

The set maturity date of the bonds was April 7, 2018, with a unit conversion price of EUR 10 per share.

On October 31, 2017, the bondholders exercised the early conversion option they had the right to in accordance with the conversion bases and methods. This conversion resulted in the execution of a capital increase describe in the previous section on November 17, 2017 and the subsequent early amortization of all the bonds.

The bond interest accrued from January 1, 2017 amounted to EUR 2,222 thousand (EUR 1,950 thousand in 2016). This amount has been capitalized on the date of conversion.

9. LONG-TERM PROVISIONS

Long-term provisions include those for taxes, corresponding to the estimated tax liability amount arising from inspections carried out at Group companies, provisions constituted to cover employee compensation and third-party liability provisions for the estimated amount to cover potential claims and litigation against Group companies. In addition, this section also includes Group interests in companies accounted for using the equity method, the net negative value of which is negative.

The details of the changes in this section for 2017 are as follows (in EUR thousand):

	Balance at 12.31.2016	Translation adjustment	Charge for the year	Amounts used/Disposals	Transfers	Balance at 12.31.2017
For taxes	26,805	(51)	85	(7,706)	(5,320)	16,813
For indemnities	9,644	(14)	1,845	(4,385)	(65)	7,025
For third-party liability and other	20,067	(1,611)	2,282	(5,148)	(421)	15,169
Total	**56,516**	**(1,676)**	**4,212**	**(14,239)**	**(5,806)**	**39,007**

The 'Transfers' column includes EUR 6,385 thousand for the balance of the long-term provisions of Media Capital as of June 30, 2017, the date on which the company's assets were reclassified under *'Non-current assets held for sale'* in the consolidated balance sheet, as a result of the sale described in note 12 *(see Note 7).*

10. FINANCIAL LIABILITIES

The breakdown of "Non-current financial liabilities" and "Current financial liabilities," in EUR thousand, is as follows:

	Non-current financial liabilities 12.31.2017	Current financial liabilities 12.31.2017	Total financial liabilities 12.31.2017
Bank borrowings	642,248	1,002,633	1,644,881
Other financial liabilities	120,147	22,630	142,777
Total	**762,395**	**1,025,263**	**1,787,658**

Bank borrowing

The most significant balance under "Financial liabilities" relates to bank borrowings, the details of which, in EUR thousand, as of December 31, 2017 are as follows:

	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Prisa syndicated loan (Tranche 2)	956,512	-
Prisa syndicated loan (Tranche 3)	-	181,471
Participating Loan (PPL)	-	450,922
Credit facilities	26,271	-
Loans	17,574	12,902
Finance leases, interest and other	10,080	6,424
Loan arrangement costs	(7,804)	(9,471)
Total	**1,002,633**	**642,248**

In accordance with IFRS 13, to determine the theoretical calculation of the fair value of the financial debt we used the Euribor curve and the discount factor supplied by the bank and the actual credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market once the refinancing process is completed (level 2 variables, estimates based on other observable market methods). The fair value of the bank borrowings at the Group as of December 31, 2017, according to this calculation, runs to EUR 1,620,708 thousand resulting from the application of an average discount of 2.494% on the real payment obligation for the principal with creditors.

In December 2013, as part of the refinancing of its financial debt, Prisa agreed to the renewal of its syndicated loan, structuring its debt in two tranches (Tranche 2 and Tranche 3):

Tranche 2-

Tranche 2 of the debt, currently set at EUR 956,512 thousand, has a Euribor-indexed cost plus a negotiated margin with the lenders. Tranche 2 matures in December 2018.

Tranche 3-

Tranche 3 matures in 2019 and its cost is a margin negotiated with lenders, as well as a fixed cost that may be capitalized (PIK).

As of 31st December 2017, the Tranche 3 amount totalled EUR 181,471 thousand.

Participating Loan (PPL)-

The Participating Loans were constituted to re-establish the equity balance at Prisa after recording loses from the sale of DTS, Distribuidora de Televisión Digital, S.A. As set out in the Group finance agreements, the mechanism was used to automatically convert part of Tranche 3 of the company's debt into participating loans.

As of 31st December 2017, the Group's Participating Loans stood at EUR 450,922 thousand. The financial cost is the same as for Tranche 3.

As stated in notes 1 and 16, as of January 22, 2018, the Company had signed a framework agreement with all the financial creditors of the Override Agreement to refinance and modify the terms of Prisa's current financial debt (Refinancing framework agreement), which implies, the extension of the maturity of the debt until November and December 2022 and no mandatory repayments until December 2020, once a payment of EUR 450 million has been made with the funds obtained from the capital increase described in the note 1. The initial cost of the refinanced debt will be Euribor plus a margin of 4%.

Other aspects of the debt-

Compliance with certain financial ratios is established in the financial agreements. The Group's Directors consider that these ratios were fulfilled at December 31, 2017.

The refinancing agreement also includes causes for early termination as is customary in this kind of agreement, including the acquisition of control of Prisa, acquisition being understood as by one or several persons together, with more than 30% of the capital with voting rights.

The guarantee structure for Tranches 2, 3 and the PPL is as follows:

Personal guarantees

Tranches 2, 3 and the PPL of Prisa's debt, corresponding the debt refinanced in December 2013, are jointly guaranteed by the Group companies Bidasoa Press, S.L., Prisaprint, S.L. (after the liquidation of Dédalo Grupo Gráfico, S.L. in December 2017, as set out in note 12), Diario El País, S.L., Distribuciones Aliadas, S.A., Grupo Empresarial de Medios Impresos, S.L., Norprensa, S.A. and Prisa Participadas, S.L.

In addition, Prisa Radio, S.A. and Vertix, SGPS, S.A. guarantee Tranches 2, 3 and the PPL with the following limitations:

- The guarantee granted by Prisa Radio, S.A. will be limited to a maximum amount equal to the lower of the following:
    - EUR 1,314,707 thousand
    - 73.49% of its equity at any time
- The guarantee granted by Vertix SGPS, S.A. will be limited to a maximum amount of EUR 600,000 thousand.

Guarantees

In December 2013, resulting from a new syndicated loan which was repaid early in May 2015 and the renewal of the remaining loans, Prisa pledged on certain owned bank accounts and, additionally, Bidasoa Press, S.L., Dédalo Grupo Gráfico, S.L.(currently Prisaprint, S.L.), Norprensa, S.A. and Distribuciones Aliadas, S.A. pledged certain properties and receivables related to certain material contracts to guarantee said creditors.

Also, on 10th January 2014, a pledge was granted for Prisa's shares in Audiovisual Sport, S.L. (80% share capital).

Part of Prisa's investment in Grupo Santillana Educación Global, S.L. (75% share capital), in Prisa Radio, S.A. (73.49% share capital) and Grupo Media Capital SGPS, S.A. (84.69% share capital) was also pledged, thereby insuring Tranches 2, 3, and the PPL.

Lastly, a pledge on certain properties and receivables was also granted to the creditors of the financing for Dédalo Grupo Gráfico, S.L (dissolved and liquidated in December 2017).

Other financial liabilities

The long-term *'Other financial liabilities'* section includes long-term financial liabilities amounting to EUR 119,795 thousand for the obligation to pay a preferential dividend for a minimum annual amount of USD 25.8 million to DLJSAP Publishing Cööperatief, U.A. for its 25% holding in the share capital of Grupo Santillana de Ediciones, S.L.

In addition, the short-term *'Other financial liabilities' section* includes the accrued obligation to pay during 2017 said preferential dividend for an amount of EUR 21,563 thousand.

11. CONSOLIDATED INCOME STATEMENT

a) Operating income and expenses

The breakdown of income from the Group's main business lines is as follows:

	EUR thousand	
	12.31.2017	12.31.2016
Advertising sales and sponsorship	348,981	362,586
Sales of books and training	646,428	626,364
Newspaper and magazine sales	79,377	91,572
Sales of add-ons and collections	16,826	18,079
Sale of audiovisual rights and programmes	1,957	939
Intermediation services	10,317	7,135
Other services	40,945	50,447
Revenue	**1,144,831**	**1,157,122**
Income from non-current assets	4,115	4,356
Other income	21,759	23,004
Other income	**25,874**	**27,360**
Total operating income	**1,170,705**	**1,184,482**

b) Profit and loss from discontinued operations

As of December 31, 2017, the headline *"Net income for the year from discontinued operations net of tax"* includes the following items:

- The contribution of the result of Media Capital to the results of the Group during the year 2017, amounting to EUR 20,328 thousand.
- The loss resulting from the registration of the sale agreement for an amount of EUR 73,221 thousand: this result includes an impairment of the goodwill of EUR 79,670 thousand *(see note 2)*, as well as the materialization of a positive result by an intra-group transaction with Media Capital made in the past.
- The loss from the revision of the value of the transaction as of December 31, 2017, for EUR 3,682 thousand euros *(see note 7).*
- The recording of an additional impairment amounting to EUR 10,916 thousand, offset by the increase in the net assets of Media Capital from the moment of acceptance of the binding offer *(see note 7).*

For comparison purposes, the results of Media Capital as of December 31, 2016 have been reclassified in this section. The breakdown is as follows:

(EUR thousand)	12.31.2017	12.31.2016
Operating income-	**165,035**	**173,555**
Revenue	163,883	172,838
Other income	1,152	717
Operating expenses-	**(132,345)**	**(139,658)**
Cost of materials used	(20,727)	(18,055)
Staff costs	(41,189)	(43,652)
Depreciation and amortisation	(7,903)	(8,232)
Outside services	(61,915)	(69,040)
Change in allowances, write-downs and provisions	(210)	(667)
Impairment of goodwill	(343)	-
Other expenses	(58)	(12)
Operating income	**32,690**	**33,897**
Financial profit or loss	(4,457)	(4,599)
Profit or loss of companies accounted for using the equity method	-	(532)
Corporation tax	(7,905)	(9,018)
Net income for the year from discontinued operations net of tax	**20,328**	**19,748**

12. CHANGES IN THE GROUP STRUCTURE

The changes in the Group structure are set out in section 11 of Chapter IV on Selected financial information.

Subsidiaries

The company Instituto Universitario de Postgrado, S.A. was liquidated in April 2017, in which Santillana Formación, S.L. previously held 61.42%.

In June 2017, Merchandising on Stage, S.L. (sole trader) was sold, which was 100% owned by Gran Vía Musical de Ediciones, S.L.

In August 2017, Prisa Brand Solutions, S.L. (sole trader) acquired 100% of Latam Digital Ventures, LLC, a company 100% owned by Eresmas Interactiva, Inc., 60% of Mobvious Corp., 99.99% of Starm Interactiva, S.A. de C.V. and 84% of Fullscreen Solutions, S.A. de C.V. Additionally, Prisa Brand Solutions, S.L. (sole trader) directly held 0.01% of Starm Interactiva, S.A. de C.V. and 1% of Fullscreen Solutions, S.A. de C.V.

Also in August 2017, Rádio Manteigas Radiodifusão e Publicidade, Lda. and Rádio Sabugal Radiodifusão e Publicidade, Lda. merged with Penalva do Castelo FM Radiodifusao e Publicidade, Lda.

In July 2017, Sociedad de Estudios de Televisión, S.A. (SERTEL), merged with Sociedad Española de Radiodifusión, S.L. (sole trader).

In December 2017, Dédalo Grupo Gráfico, S.L., a company 100% owned by Prisaprint, S.L., was dissolved and liquidated.

Also in December 2017, Promotora Audiovisual de Colombia, S.A., where Promotora de Informaciones, S.A. held 53%, Grupo Latino de Publicidad Colombia, S.A.S. 1% and Promotora de Actividades Audiovisuales de Colombia, Ltda. 1%, was liquidated.

Associates

In August 2017, As Arabia For Marketing, W.L.L. was created, 49% owned by Diario As, S.L.

In November 2017, Plural Entertainment Canarias, S.L. acquired 45% of Nuntium TV, S.L.

Other significant operations

The Prisa Board of Directors accepted a binding offer put forward by Altice NV on 13th July 2017 for the sale of Vertix S.G.P.S., S.A., a company which owns Grupo Media Capital (*see notes 1a, 1c, 7 and 11b*).

13. AVERAGE NUMBER OF EMPLOYEES

The breakdown of the Group workforce, by gender, was as follows:

	12.31.2017		12.31.2016	
	Women	Men	Women	Men
Executives	124	264	127	269
Middle management	517	687	498	684
Other employees	3,281	3,825	3,313	3,806
Total	**3,922**	**4,776**	**3,938**	**4,759**

The figures from former employees include Media Capital staff. Personnel expenditure for this workforce is included under *"Net income for the year from discontinued operations net of tax"* in the consolidated income statement *(see notes 11 and 12).* The breakdown of the average workforce at Media Capital was as follows:

	12.31.2017		12.31.2016	
	Women	Men	Women	Men
Executives	13	41	12	40
Middle management	14	26	20	25
Other employees	381	526	413	547
Total	**408**	**593**	**445**	**612**

14. REMUNERATION OF DIRECTORS AND EXECUTIVES

The remuneration of directors and executives is set out in section 16 of Chapter IV on Selected financial information.

Sections 2320 and 2325: The aggregate remuneration of Prisa´s Directors and Managers corresponds to the accounting expense registered by Prisa as well as by other companies of the Group.

Compensation of the Board of Directors

i) On a preliminary note:

- Juan Luis Cebrián stood down as the Company's executive chairman on January 1, 2018. On acceptance of his resignation, the Board of Directors agreed to acknowledge his entitlement to the following remuneration: (i) a retirement or pension plan allowance equivalent to EUR 6,000 thousand ("Retirement Allowance"); and (ii) EUR 1,000 thousand for the 2017 variable incentive. These two amounts were paid to Mr. Cebrián in January 2018.

- On January 1, 2018, Mr. Manuel Polanco Moreno stood down as deputy executive chairman and was appointed non-executive chairman of Prisa. The Board approved this appointment, acknowledging Mr. Polanco's entitlement to compensation due to the termination of the service-level agreement with the Company, equivalent to fifteen months of his last fixed and variable remuneration and totalling EUR 905 thousand as well as the annual variable pay for 2017 of EUR 264 thousand.

ii) The overall compensation of the Board of Directors includes the remuneration of the directors who ceased during 2017: Ms. Blanca Hernández, Mr. Glen Moreno, Mr Ernesto Zedillo Ponce de León, Mr. Alfonso Ruiz de Assin Chico de Guzman, Mr. Alain Minc, Ms. Elena Pisonero, Mr. José Luis Leal Maldonado and Mr. Gregorio Marañón Bertrán de Lis.

It also includes the remuneration of Mr. José Luis Sainz Díaz, who ceased as Director and CEO, effective September 4, 2017.

iii) In addition, the overall remuneration of the Board of Directors includes that of the current CEO, Mr. Manuel Mirat Santiago, as of his appointment as a Prisa director on June 30, 2017. Mr. Mirat is CEO of Prisa from September 4, 2017. Therefore, in relation to the remuneration of Mr. Mirat the following notes are made:

- His remuneration from July 1, 2017 to September 3, 2017, corresponds to his duties as CEO of Prisa Noticias.

- His remuneration since September 4, 2017 corresponds to his duties as CEO of Prisa.

- His remuneration prior to July 1, 2017, that is, for his responsibilities as CEO of Prisa Noticias, is included in the remuneration of senior management.

iv) The aggregated remuneration of Pisa directors reflected in the table of section 16 corresponds to the accounting provisions made in the income statement of Prisa and other companies of its Group and consequently it corresponds to the accounting provisions registered in the profit and loss account.

v) Items included in the variable remuneration of directors in the table of section 16, are the following:

- Annual variable compensation (bonus): accounting provisions of the amount corresponding to theoretical annual variable compensation of the director Mr. Manuel Mirat if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2017, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

- Accounting expense recognized in the income statement of EUR 1,000 thousand, EUR 264 thousand and EUR 750 thousand for the variable pay in 2017 of Mr. Juan Luis Cebrián, Mr. Manuel Polanco and José Luis Sainz, respectively (see point i) above).

- Regularization of 2016 bonus paid in June 2017, in the amount of EUR -131 thousand.

- In 2017 no provision was recorded for the variable multi-year incentive of the previous Chairman, Mr. Juan Luis Cebrián Echarri, for the 2016/2017 period, since such remuneration had not been recognized upon termination of his contract. The accounting provisions for this concept in 2016 amounting to EUR 500 thousand and in the first half of 2017 amounting to approximately EUR 200 thousand have been derecognized.

vi) “Others” includes the following items:

- The compensation for severing the contractual relationship with the CEO José Luis Sainz of EUR 1,875 thousand – the result of applying the termination by mutual accord clause in Mr. Sainz’s contract (15 months of his fixed and variable remuneration and the last bonus accrued), as well as EUR 187.5 thousand in connection with the post-contractual non-compete clause in his contract with the Company.

- The accounting expense recognized in the income statement for the compensation payable to Mr. Manuel Polanco of EUR 905 thousand. The Board Remuneration Report does not include this item in the remuneration accrued in 2017.

vii) Regarding Mr. Cebrián’s “Retirement Allowance”, the sum of EUR 6,000 thousand is not included in the table of section 16 because a provision was already recognized in 2014 covering the full amount.

ix) No other credits, advances or loans occurred, nor were pension obligations incurred, in respect of the Board of Directors during 2017.

Managers´s compensation

The total aggregate compensation of members of senior management and the Internal Audit Manager (the “Managers”) in 2017, of Promotora de Informaciones, S.A. and other companies in the Group amounts to EUR 5,065 thousand (EUR 3,516 thousand in 2016).

The aggregate compensation of the managers is the compensation of members of senior management on December 31, 2017, that being understood to be the members of the Business Management Committee that were not executive directors and had an employment relationship with Prisa and other companies in the Group and, furthermore, the internal audit manager of Prisa. Specifically, it is that of the following managers: Mr. Guillermo de Juanes Montmeterme, Mr. Xavier Pujol Tobeña, Ms. Bárbara Manrique de Lara, Mr. Miguel Angel Cayuela Sebastián, Mr. Andrés Cardó Soria, Mr. Ignacio Soto Pérez, Ms. Rosa Cullel and Ms. Virginia Fernández.

It has been included the remuneration of Mr. Guillermo de Juanes Montmeterme and Mr. Xavier Pujol Tobeña from their appointment as CFO and General Secretary, respectively, in July 2017.

Within the total remuneration of the managers, it has been also included the following:

- The remuneration of Mr. Fernando Martinez Albacete, Mr. Antonio García-Mon and Ms. Noelia Fernández Arroyo until their resignation as CFO, General Secretary and Managing Director of Business Development and Digital Transformation, respectively, in 2017.

- The remuneration of Mr. Manuel Mirat Santiago for his responsibilities as CEO of Prisa Noticias for the period between January 1 and June 30, 2017, date in which he was appointed executive director of Prisa. The remuneration corresponding to Mr. Mirat since that date is included in the remuneration of the members of the Board of Directors of Prisa.

The total aggregate remuneration of the managers includes, inter alia:

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of the executives if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2017, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.

- Regularization of 2016 bonus paid in March 2017, in an amount of EUR 256 thousand.

- Adjustment for payment of the long-term incentive (LTI) for the period 2014 to 2016 to certain directors, approved by the Ordinary Shareholders' Meeting on April 28, 2014 and totaling EUR 198 thousand.

- Post-contractual non-competition agreement and compensation for termination of the contracts of some members of senior management.

15. RELATED-PARTY TRANSACTIONS

Related-party transactions are set out in section 17 of Chapter IV on Selected financial information.

All transactions with related parties were carried out on an arm's length basis.

Transactions with significant shareholders

Section 2350: the aggregate amount of **EUR 29,929 thousand** mainly consists of expenditure on telephony and Internet by Prisa Group companies with Telefónica, S.A., and interest accruing on credits granted by major shareholders to Prisa Group companies.

Section 2360: the aggregate amount of **EUR 6,085 thousand** mainly consists of income of Prisa Group companies for advertising services with Banco Santander, S.A., Caixabank, S.A. and Telefónica, S.A.

Section 2385: the amount of **EUR 2,222 thousand** corresponds to the interest paid in 2017 for the issuance of the bond that is mandatorily convertible into shares *(see note 8).*

Transactions with directors and executives

Section 2348: the aggregate amount of EUR **14,569 thousand** corresponds to the expense recorded for remuneration of directors and executives, in accordance with the breakdown and explanations set out in Chapter IV, section 16.

Transactions between Group employees, companies or entities

Section 2350: the aggregate amount of **EUR 5,793 thousand** mainly consists of expenditure on leasing radio frequencies with investee companies, the financial cost impairment of the loan granted to Le Monde and the financial cost for negative exchange rate differences generated by loans granted to associates.

Section 2354: the amount of **EUR 2,024 thousand** is mainly accounted for by dividends received by Sociedad Española de Radiodifusión, S.L. from its stake in Sistema Radiópolis, S.A. de C.V.

Section 2356: the aggregate amount of **EUR 2,739 thousand** mainly consists of income received by Radio España for technical assistance and advice services, income from advertising services to associates and income received from the sale of copies to Kioskoymás, Sociedad Gestora de Plataforma Tecnológica, S.L.

16. EVENTS AFTER THE BALANCE SHEET DATE

As of January 16, 2018, the company had signed a framework agreement with most of its financial creditors, the Lock-up Agreement, which governs the basic terms and procedure to follow to refinance and modify the terms of Prisa's current financial debt. From that date and up to January 22, 2018, the remaining financial creditors signed up to the Lock-up Agreement, whereby on the date these explanatory notes were drafted, all financial creditors in the Override Agreement had signed said framework agreement.

The basic terms of the Refinancing agreed with all creditors contain the following main agreements:

(i) Extension of the debt maturity date to November and December 2022.

(ii) The payment schedule does not set out obligatory amortizations during the first three years from January 16, 2018 to December 2020, with a later repayment schedule adjusted to the expected cash generation of Prisa group businesses.

(iii) The reallocation of debt currently recorded at Prisa to bring it closer to the education business taking advantage of its cash flow capacity.

(iv) The partial modification of the package of debt guarantees.

(v) The agreement sets out an initial repayment of EUR 450 million to be made out of funds from the capital increase approved by the Annual General Meeting held on November 15, 2017, to be made at the time the refinancing comes into effect.

The Lock-up Agreement sets out a limited number of termination situations that would enable creditors to dissolve their commitment to support the modifications proposed for the financing regulated in the Override Agreement, and that as of the date of these explanatory notes are: (i) the existence of a deadline to reach an agreement with the financial creditors on the new terms of the Override Agreement not expressly provided for in the Lock-up Agreement (June 30, 2018, although it could be extended by the majority of participants in the Lock -up Agreement); (ii) material incompliance by the company with its obligations arising from the Lock-up Agreement; (iii) a relevant administrative or legal authority issues an order or resolution that impedes the execution of the agreed Refinancing, and (iv) the company possibly being put into administration.

In addition, on January 22, 2018 the Prisa Board of Directors unanimously approved a capital increase with preferential subscription rights for EUR 113.2 million.

Both the capital increase for EUR 113.2 million and the increase approved by the Annual General Meeting of Shareholders on November 15, 2017 for EUR 450 million had been fully subscribed by February 2018.

Prisa Group

Consolidated Directors' Report for the 2017 financial year

1. BUSINESS PERFORMANCE

The Group uses EBITDA to monitor the performance of its businesses and establish operational and strategic objectives for Group companies.

EBITDA is defined as profit from operations plus changes in operating allowances, assets depreciation expenses, impairment of goodwill and impairment of assets.

The following tables detail the reconciliation between EBITDA and the Group's operating income for each of the segments of 2017 and 2016 (in millions of euro):

	12.31.2017				
	Education	Radio	Press	Other	Prisa Group
PROFIT FROM OPERATIONS	**110.2**	**28.4**	**(14.1)**	**(18.8)**	**105.7**
Depreciation and amortisation	53.0	8.2	7.5	1.0	69.7
Change in operating allowances	14.1	2.4	1.1	0.3	17.9
Impairment of goodwill	0.0	0.0	0.8	(0.2)	0.6
Impairment of assets	2.0	2.4	8.7	(0.0)	13.1
EBITDA	**179.3**	**41.4**	**4.0**	**(17.7)**	**207.0**

	12.31.2016				
	Education	Radio	Press	Other	Prisa Group
PROFIT FROM OPERATIONS	**98.6**	**28.2**	**7.1**	**(34.4)**	**99.5**
Depreciation and amortisation	55.4	7.8	7.4	4.4	75.0
Change in operating allowances	14.7	4.6	0.7	8.5	28.5
Impairment of goodwill	0.0	0.4	0.0	0.0	0.4
Impairment of assets	2.2	0.3	0.0	0.2	2.7
EBITDA	**170.9**	**41.3**	**15.2**	**(21.3)**	**206.1**

Consolidated Group performance for 2017 was as follows:

- Group operating income amounted to EUR 1,170.7 million (-1.2%) and EBITDA to EUR 207.0 million (+0.5%). Both figures were positively affected by the foreign exchange rate performance.

- Key highlights in 2017 include:

  - Radio and Press advertising in Spain decreased, although digital advertising for El País and Diario As increased.
  - The Latin American operations in Education saw 4.9% income growth in local currency.
  - Radio saw a recovery in Spain and Latin America.
  - Earnings for Media Capital are classified as a discontinued operation due to a binding sale offer being accepted in July 2017 (*see notes 1a, 7 and 11b in the attached explanatory notes*).
  - The exchange rate performance had a positive impact in 2017: EUR 6.5 million in income and EUR 5.2 million in EBITDA.

Business performance for 2017 was as follows:

- Operating earnings for **Education** amounted to EUR 656.2 million (+2.9% compared to 2016), including a EUR 8.3 million positive exchange rate impact. Excluding the exchange rate impact, income increased compared to 2016 (+1.6%). EBITDA reached EUR 179.3 million (+4.9%). Excluding the exchange rate effect, EBITDA increased +1.5% over 2016 (exchange rate impact of EUR 5.8 million).

- Campaigns in the south area closed with a solid performance in the most important countries. Brazil stands out with an 18% rise in earnings in constant currency.
- Campaigns in the north area (mainly Spain and Mexico) saw earnings fall (-9.2% in local currency), mainly due to the Spanish market in 2017 which saw no new products in contrast to 2016. Only Mexico and Ecuador increased earnings over the previous year (+3% and +14% in local currency respectively).
- The digital education systems (UNO and Compartir) continued to expand in Latin America, with growth in enrolment to 932,606 students.
- Norma began consolidation in the Santillana accounts in October 2016. Its contribution to earnings in 2017 was EUR 33 million.

- Operating income in **Radio** reached EUR 280.7 million, below the previous year (-6.8%) in both Spain and Latin America (-6.3% excluding exchange rate effect), and EBITDA came in at EUR 41.4 million, practically in line with 2016 (+0.2%, with a +1.8% change without the exchange rate impact).

    - The drop in earnings compared to 2016 is due to RLM, S.A. (Music business) no longer being in the consolidation framework in 2016 and the closure of the content syndication business in the USA (GLR Networks, LLC), which in 2016 contributed EUR 7.2 million albeit with negative margins.
    - Advertising for Prisa Radio in Spain fell back slightly, with a -0.6% change. Advertising decreased in Latin America by -5.1% (-3.8% excluding the exchange rate effect).
    - Revenue dropped by -4.4% in EUR in Latin America (-2.8% in local currency). The good performance in local currency in Chile and Argentina could not offset the decline in Colombia and the USA.
    - There was a negative exchange rate impact of EUR 1.5 million in revenue and EUR -0.6 million in EBITDA.
    - According to the last EGM, Prisa Radio in Spain maintained its leadership for both generalist and music radio.

- In the **Prisa Noticias** division, operating income came in at EUR 220.6 million (-8.1%). Traditional advertising, circulation and promotions decreased. The rise in digital advertising and cost savings partially offset these impacts. EBITDA was EUR 4 million, decreasing by EUR 11.3 million compared to the same period for the previous year, in part due to higher compensation paid.

    - Revenue was impacted by the effect of the UEFA European Championship and 40th Anniversary of El País in 2016.
    - Advertising revenue was 7.9% lower for the period.
        - Digital advertising rose 4% (representing 46% of all advertising revenue in the division).
        - Traditional advertising fell -16%.
    - Circulation revenue continued to see a 13% decrease.
    - An average of 108.4 million unique visitors was recorded in 2017 (+23%).
    - El País strengthened its position as the top Spanish-language newspaper in world media rankings and As maintained its digital leadership in America.

- **Media Capital** is presented as a discontinued operation. Its revenue reached EUR 165.5 million (-4.9%) in the year and EBITDA came in at EUR 40.7 million (-3.6%). Tight cost controls offset the decline in advertising and value added call business.

    - TVI maintained its 24-hour and prime time leadership, hitting average daily audiences of 22% and 25% respectively for total Television audiences.
    - Media Capital radio maintained its number one position in listeners (Radio Comercial had a 24% share).

The Group's **net bank debt** decreased by EUR 64.6 million for the year and came in at EUR 1,421.6 million to December 2017.

This debt indicator includes non-current and current bank borrowings, excluding loan arrangement costs, diminished by current financial assets, cash and cash equivalents.

The following table shows the composition of this indicator as of December 31, 2017 and December 31, 2016:

	Million of euros	
	12.31.17	12.31.16
Non-current bank borrowings	642.2	1,653.5
Current bank borrowings	1,002.6	68.5
Loan arrangement costs	17.3	30.1
Current financial assets	(23.3)	(19.5)
Cash and cash equivalents	(217.2)	(246.4)
NET BANK DEBT	**1,421.6**	**1,486.2**

Net bank debt as of December 31, 2016 included EUR 98.5 million from Media Capital. As of December 31, 2017, the net bank debt of Media Capital stood at EUR 95.5 million and is classified in the sections '*Non-current assets held for sale*' and '*Non-current liabilities linked to assets held for sale*'.

2. MAIN RISKS ASSOCIATED TO THE BUSINESS

The businesses of Group subsidiaries and, therefore, their operation and earnings are subject to risks that may be grouped into the following categories:

- Risks relating to the financial and equity situation.
- Strategic and operational risks

Risks relating to the financial and equity situation

Financing risk-

The Group's financial obligations are set out in note 10 '*Financial liabilities*' in the attached explanatory notes.

As of December 31, 2017, the Group's net bank debt level stood at EUR 1,421.6 million and represents a series of risks:

- It is more exposed to the economic cycle and market performance, especially in those businesses with a higher exposure to economic cycles.
- It requires part of the cash flow from operations to be put aside to cover payment obligations, interest payments and amortisation of the debt principal, hindering the capacity to dedicate these cash flows to cover working capital, investments and finance for future transactions.
- The Group is exposed to interest rate fluctuations in loans financed at variable interest rates.
- It limits the ability to adapt to market changes.
- It places the Group at a disadvantage with regard to less indebted competitors.

In addition, the contracts governing Prisa's debt terms stipulate requirements and commitments for compliance with specific leverage and financial ratios (covenants).The aforementioned agreements contain the provisions regarding cross default, which means that a breach of a specific provision may cause, if the breach exceeds certain amounts, the early maturity and termination of the agreement in question, but also that of the Override Agreement.

As described in the attached explanatory notes, as of December 31, 2017, the main financial commitment has been established for December 2018 for an amount of EUR 956.5 million. This amount is recorded as a current liability on the consolidated balance sheet as of December 31, 2017.

Likewise, as of January 22, 2018, the company had signed a framework agreement with all the financial creditors of the *Override Agreement* to refinance and modify the terms of Prisa's current financial debt, adapting the maturity schedule of the bank debt to the cash generation profile of the Group's businesses.

The effectiveness of this agreement is subject to, among other conditions, debt being cancelled at the time the refinancing comes into effect running to EUR 450 million from proceeds arising from the EUR 563.2 million cash capital increase which has been fully subscribed by February 2018 and an agreement be reached with financial creditors on the new terms of the Override Agreement not expressly set out in the Lock-up Agreement (*see notes 1a and 16 in the attached explanatory notes*).

The refinancing agreement foresees two alternate scenarios based on whether by June 30, 2018 Prisa has obtained the proceeds from the sale of Media Capital, which will be used to cancel debt.

In addition, the Lock-up Agreement provides for a limited number of cases for termination that would permit the creditors to exit the binding commitment to support the proposed modifications to the financing regulated in the Override Agreement. These are, by the time of this report: (i) the existence of deadlines for the formalization of the Refinancing Agreement (30 June 2018) (ii) material failure by the Company to comply with its obligations under the Lock-up Agreement; (iii) a competent administrative or judicial body issuing an order or resolution that impedes execution of the agreed Refinancing; and (iv) if the Company goes into administration.

In the event that the milestones for the effectiveness of the Refinancing are not met or if for any other reason the Lock-up Agreement is terminated, the Refinancing will not take effect, and the Group would have to settle EUR 956.5 million in December 2018, which would have an impact on the liquidity and continuity of its businesses.

The Refinancing agreement would reduce Group expose to the risks above although the debt level would remain high.

Media Capital Sale Transaction-

The Prisa Board of Directors accepted a binding offer put forward by Altice NV on July 13, 2017 for the sale of Vertix SGPS, S.A. ('Vertix'), belonging to Grupo Media Capital, SGPS, S.A. ('Media Capital') (*see notes 1a, 7 and 11b in the attached explanatory notes*), with the transaction dependent on the relevant authorization from the Portuguese competition authorities.

This agreement meant an accounting loss was registered at the parent company for EUR 89.3 million (a EUR 76.9 million loss in the consolidated financial statements). The final price will depend on the performance of Media Capital's business up to the date the sale is finalized.

Proceeds from Media Capital sale will be used to cancel debt, so in case the sale of Media Capital does not occur in the end, the Group's financial situation will be negatively impacted.

Equity situation of the Group's parent company-

As of December 31, 2017, the equity of the parent company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain’s Corporate Enterprises Act (including participating loans outstanding at year-end) stood at EUR 46,279 thousand, below two thirds of total share capital, although representing over half of share capital. In this sense, the company has an imbalanced equity situation in terms of the obligation to reduce share capital in the period of one year.

The Directors of the Company have planned a series of strategic measures and activities that aim to strengthen and optimize the company's financial and shareholder equity structure, including capital increase for an amount of EUR 563.2 million, which was fully subscribed in February 2018 (*see notes 1a and 16 in the attached explanatory notes*). The subscription and registration of this capital increase in February 2018 has reestablished the equity situation of the Parent Company.

Credit and liquidity risk-

The adverse macroeconomic situation with major declines in advertising and circulation has had a negative impact on the Group's ability to generate cash flow over recent years, mainly in Spain. Businesses which rely heavily on advertising have a high percentage of fixed costs, and any decline in advertising revenues has major implications for margins and the cash position, making it difficult to implement additional measures to improve Group operating efficiency. As of December 31, 2017, advertising revenue represented 29.8% of Group operating income.

Likewise, the nature of the Education business means that there are concentrated periods of collections around certain dates, mainly during the final months of each year. The aforementioned creates seasonality in Santillana’s cash flow. While the seasonality of the Group’s cash flow is not significant, so far as the flows coming from the various business units largely compensate each other and thereby mitigating the seasonality effect, the aforementioned could lead to certain cash tensions during the periods in which the collections are structurally lower.

In terms of the commercial credit risk, the Group assesses the age of the debt and constantly monitors the management of receivables and processing of arrears.

The Group exhaustively monitors receivables and payables associated with all its activities, as well the maturities of financial and commercial debt and repeatedly analyses other financing methods in the aim of covering planned cash requirements in the short, medium and long-term.

Non-controlling interests in cash generating units-

The Group has significant non-controlling interests in cash generating units including education and radio businesses. Likewise, Santillana is obliged to pay on an annual basis its non-controlling shareholders (25% of share capital) a preferential set fixed dividend to the Prisa dividend.

Exposure to interest rate hedges-

The Group is exposed to changes in interest rates as around 60.3% of its bank borrowings bear interest at floating rates. The Group currently has no derivative contracts for interest rates.

Exposure to exchange rate hedges-

The Group is exposed to fluctuations in exchange rates mainly due to financial investments made in stakes in American companies, as well as revenue and profits from said investments.

In this context, and in the aim of mitigating this risk, if there are credit lines available the Group adheres to the practice of formalizing hedge contracts for exchange rate variations (mainly forex insurance, 'forwards' and options on currencies) based on its monthly analyzed forecasts and budgets, in order to reduce volatility in operations, results and cash flows of subsidiaries operating overseas.

Tax risks-

The Group's tax risks are related to possibly different interpretations of the rules that the relevant tax authorities may make, as well as to the changes in tax rules in the different countries in which the Group operates.

As of December 31, 2017, the consolidated Group had active tax credits amounting to EUR 332.8 million; of these, EUR 292.8 million corresponded to the tax consolidation group whose parent company is Prisa.

In accordance with current Group business plans, the Board of Directors deem recovery of active tax credits according to the criteria established in the accounting regulation likely, although there is the risk that the ability to generate positive tax bases may not suffice to recover the active tax credits arising from the negative tax bases from previous financial years, from limiting the deductible nature of financial expenses and amortizations, as well as from tax deductions.

Intangible assets and goodwill-

As of December 31, 2017, the company had intangible assets recorded on its consolidated balance sheet amounting to EUR 110.8 million and goodwill of EUR 167.6 million. The analysis of the value of these assets and goodwill used estimates made to date, based on the best available information. It is possible that events which could occur in the future make it necessary to modify these estimates down. In this event, the impact of these new estimates in valuing intangible assets and goodwill will be registered on the future consolidated income statement.

Strategic and operational risks

Macroeconomic risks-

The evolution in macroeconomic variables affect to the Group business performance in Spain and America.

In the 2017 financial year, 55% of Group operating income came from international markets. Nevertheless, Spain continues to be the Group's main geographical market (representing 45% of Group operating income).

The main consumer figures in Spain saw major declines in the past that have affected, and may continue to do so if growth comes in below forecasts, spending by Group customers on its products and services, including advertisers and other clients of Prisa content offers.

With regard to Prisa's business and investments in Latin America, we should state that it is the highest risk region among developing nations due to its links with the United States and China, especially when it comes to Brazil and Chile, where the economy is dependent on commodity exports to China and the United States, among others.

Macroeconomic declines could negatively affect the Group's position in terms of earnings and cash generation, as well as the value of Group assets.

Decline in the advertising market-

An important part of Prisa's operating income comes from the advertising market, mainly in its press and radio businesses. As of December 31, 2017, advertising revenue represented 29.8% of Group operating income. Spending by advertisers tends to be cyclical and reflects the general economic situation and outlook.

If macroeconomic figures worsen in the countries where the Group operates (especially GDP), the spending outlook for advertisers could be negatively impacted. Given the large fixed expenses component linked to businesses which rely heavily on advertising, any decline in advertising revenues directly affects operating profits and, therefore, the Group's ability to generate cash.

Changes occurring to the tradition media business-

Press revenues from the sale of copies and subscriptions continue to be negatively impacted by the growth of alternative distribution media, including free news websites and other content.

Along the same lines, the proliferation of alternative digital communication, including social networks or news aggregators, has had a notable impact on the options available to consumers, thus resulting in a fragmentation of the audience. Moreover, the proliferation of these new players means an increase in the inventory of digital advertising space available to advertisers, and which affects, and is expected to continue affecting, the Group’s Press and Radio businesses.

Moreover, the digital advertising business itself is subject to constant change. The emergence of digital advertising networks and markets, especially, disruptive methods of advertising auctions, such as Real-time bidding, is allowing advertisers to develop more personalized advertising and is putting downward pressure on prices.

Likewise, there is a proliferation of technologies and applications that allow users to avoid digital advertising on web pages and mobile applications, and for smartphones that visit.

If the Group’s businesses do not manage to successfully adapt to the new demands of consumers and to new business models, there could be a material adverse effect on the Group’s income and results.

Competition risk-

Prisa's businesses operate in highly competitive sectors.

Competition between companies offering online content is intense in the Press and Radio businesses, and the Group is fighting for advertising against traditional players and new content providers and news aggregators.

In the Education business, the Group also competes against traditional players and smaller businesses, online portals and digital operators offering alternative content and methodology. Moreover, students often head to cheaper content sources, file and document exchanges over different platforms, websites, 'pirate' copies or second-hand material.

The ability to anticipate and adapt to the requirements and new demands from customers may impact the competitive position of Group businesses with regard to other competitors.

Country risk-

Prisa operations and investments may be affected by different risks that are typical to investments in countries with emerging economies or with unstable backdrops, such as currency devaluation, capital controls, inflation, expropriations or nationalizations, tax changes or changes in policies and regulations.

Regulatory risk-

Prisa operates in regulated sectors and, therefore, is exposed to regulatory and governmental risks that could negatively impact the business.

Specifically, the radio business is subject to having franchises and licences for its activity, while the education business is subject to public policies applied by the governments of the countries where the Group operates. Therefore, the Education business could be affected by legislative changes, changes in the contracting procedures of public administrations, or the need to obtain prior administrative authorization with respect to the content of publications. Curriculum changes force the Group to modify its education contents, which requires making additional investments and so there is the additional risk that the return on these investments will be less than expected.

Furthermore, Prisa businesses are subject to many regulations in terms of fair competition, control of economic mergers or anti-monopolistic legislation at a global or local level.

Risk of concentration of sales in the public sector-

The main customers in the Group's Education business are the governments and public bodies in the various jurisdictions where it operates. In 2017, 18.9% of the operating income of the Education business (20.1% in December 2016) came from institutional sales, with a particularly high concentration existing in Brazil.

This dependence on public administrations could represent a risk for the results and business of the Group if the economic situation of these countries deteriorated, if there were changes in regulations or in public policies.

Digital transformation process-

The businesses where the Group operates are in a permanent process of technological change. Recent technological progress has introduced new methods and channels for content distribution and use. This progress then drives changes in consumer preferences and expectations.

In order to maintain and boost competitiveness and business, Prisa needs to adapt to technological progress meaning research and development are key elements. Digital transformation imply several risks such as developing new products and services to respond to market trends, losing of value of contents within a digital environment, importance of technology to develop digital business or resistance to technological change in businesses of the Group.

Technology risk-

The businesses in which the Group operates depend, to a greater or lesser extent, on information technology ("IT") systems. The Group offers software or technology solutions through web-based platforms.

IT systems are vulnerable to a set of problems, such as malfunctioning hardware and software, computer viruses, hacking and the physical damage sustained by IT centres. IT systems require regular updates, and it is possible that the Group cannot implement the necessary updates at the right time or that updates might not work as planned. Moreover, cyber-attacks on Prisa's systems and platforms could result in the loss of data or compromise customer data or other sensitive information. Major faults in the systems or attacks on their security could have an adverse effect on Group operating profits and financial conditions.

In this sense, the Group has externalized with Indra Sistemas, S.A. ('Indra') its information technology management service and the development of innovative projects at some Group companies. If this service provision ceases, Group operations could be impacted.

Litigation and third-party claims risk-

Prisa is involved in important litigation and is also exposed to liability for the content in its publications and programmes. Moreover, when running its activities and businesses, the Group is exposed to potential liabilities and claims in the area of employment relations.

Data protection-

The Group has a large amount of personal data at its disposal through development of its businesses, included those related to employees, readers and students. Therefore, the Group is subject to data protection regulations in different countries where it operates. Any violation of these regulations could have an adverse impact on the Group's business.

Intellectual property-

The Group's businesses depend, to a large extent, on intellectual and industrial property rights, including the brands, literary content or technology developed internally by the Group, among others. Brands and other intellectual and industrial property rights constitute one of the Group's pillars of success and ways to maintain a competitive advantage However, there is the risk that third parties might, without the Company's authorization, attempt to unduly copy or obtain and use the content, services and technology developed by the Group.

In addition, in order to use third-party intellectual property rights, the Group has non-exclusive paid-for permission from management companies servicing the owners of these rights.

Likewise, recent technological advances have greatly facilitated the unauthorized reproduction and distribution of content through diverse channels, thereby hindering the execution of protection mechanisms associated with intellectual and industrial property rights.

3. OUTLOOK

The media industry is highly sensitive to trends in the main macroeconomic variables (i.e. GDP), consumption and, especially, the advertising cycle. Furthermore, businesses such as Education and Radio with an international presence are affected by changes in the exchange rates of the countries in which they operate. The economic management of these businesses will also be affected by predictable changes in the variables.

According to the IMF (data from October 2017), the growth forecasts for the economies on the Iberian Peninsula remain valid for 2018.

In turn, Prisa's activities and investments in Latin America are exposed to the performance of different macroeconomic inputs in every country, including changes in consumer demand due to a higher or lower growth rate in some countries or the performance of their economies.

According to the IMF (October 2017), growth will be ongoing in all countries where Prisa operates in 2018, at a higher rate than in 2017, except Mexico (which will see growth albeit at a lower rate due to the uncertainties around the renegotiation of the North American Free Trade Agreement and the presidential elections), Venezuela and Puerto Rico. Brazil will see a higher growth rate (1.5%) while the upswing in Colombia, Chile and Peru stands out. Argentina expects to see similar growth in 2018 compared to the previous year (+2.5%).

Group business performance will be affected by economic growth. Group earnings will also be affected by the performance of exchange rates. Group revenues in Latin America in 2017 were positively impacted by the strong exchange rate in Brazil, Chile and Peru. The performance of the exchange rate moderated in the latter six months of the year (negative for the period). There is an expected depreciation of all Latin American currencies for 2018 compared to the previous year.

Another factor which affects future developments is the advertising cycle. Nevertheless, Prisa Group's exposure to the performance of the advertising market is limited due to its diversified revenue mix (advertising revenues accounted for 29.8% of the total in 2017). Businesses that rely heavily on advertising have a high percentage of fixed costs, and consequently any increase in advertising revenues has major implications for earnings, improving the Group's margins and its cash position.

Digital advertising continues to see growth. Effectively, revenues rose by 3.2% in 2017, with press increasing its share of total advertising revenues to 46% (from 41% in 2016). According to data from i2P (October 2017), growth is predicted to continue in 2018.

The advertising market in Spain throughout 2017 remained static (falling -0.3%) according to the i2P report. The same report estimates a return to overall growth for the Spanish market of +1.1% in 2018.

Group advertising revenues in Spain declined -3.0% in 2017, impacted by the 40th anniversary of El País in 2016 and the UEFA European Championship in the same year. Excluding these two events, the decline would have been -0.7% due to less national Radio advertising and declining print advertising in Press. This was partly offset thanks to the local advertising performance for Radio and digital advertising for Press. Advertising revenues are forecast to grow in line with market growth in 2018 supported by digital expansion, events such as the World Cup and better advertising performance in the Radio division (both national and local).

In Latin America, the Price Waterhouse Coopers (PwC) Global Entertainment and Media Outlook Report 2017-2021 forecasts 3.5% growth in 2017 for the radio advertising market sector. Prisa Radio in Latin America declined -3.8% at constant exchange rates, impacted by the sale of GLR Networks at the end of 2016. Excluding this effect, the decline was -1.6%, impacted by the situation in Colombia. Prisa Radio is expected to see improvements and return to growth in 2018 (especially in Colombia), with growth forecast for the market (+3.6% according to PwC).

In Portugal (which is included in the Group accounts as a discontinued operation), performance in the advertising market in 2017 suffered a slowdown in the terrestrial television sector (-1.6% according to internal estimates), while both radio (+9.6%) and internet (+14%) continued to see growth. In this context, advertising revenue at Media Capital declined 2% compared to 2016, due to the declines in the television sector. The market is expected to rebound in television in 2018 and see continued growth on the internet, while radio is forecast to remain flat. In this sense, growth at Media Capital is expected to outstrip market forecasts.

Prisa has other, less cyclical businesses that do not depend on advertising but still show scope for growth, especially in Latin America. One example is Education, which in 2017 contributed 56.1% of total Group revenues and 86.6% of EBITDA. Revenue of the Group in Latin America expanded +3.8% in the year, partly due to a positive exchange rate effect (+2.8% at constant exchange rate). At constant exchange rates, Education expanded +1.6% thanks to 2017 being a high cycle year for institutional sales in Brazil and the good business performance in Argentina. For this reason, and due to Norma's consolidation throughout 2017 (it began consolidation in October 2016), performance of the campaigns in the south area in general was positive in 2017. The campaigns in the north, however, declined -9.2% at constant exchange rates, being affected by no new products in Spain and by the decline in business in Puerto Rico (hurricane María), the Dominican Republic (lower bids for institutional sales) and the USA (no adoptions in Texas). In turn, the digital education systems (UNO and Compartir) continued to expand in Latin America, with growth in enrolment and turnover (in local currencies). Performance in 2018 will, in terms of Systems, mainly depend on signing up students to UNO and Compartir, the changes in the exchange rates (local currencies are forecast to depreciate) and growth in most countries, except Spain (doubling-up effect, cost-free status in Madrid and purchase of books in Andalusia) and Brazil (low cycle year for institutional sales). Norma is forecast to see continued growth.

Part of Group growth for 2018 will rely on digital expansion. Digital audience numbers rose sharply (133.7 million unique browsers at the end of December 2017, up 16% from the previous year). In 2018, the Company will continue efforts to boost digital growth in all its business lines. Specifically, in Press the focus will remain on fully leveraging the leadership positions of the El País and As newspapers, not only in Spain, but also in the American market.

The Group will remain active in strengthening its balance sheet structure, reducing debt and focussing on cash generation in 2018.