

Vocento, S.A. and subsidiaries

**RESULTS FOR JANUARY-DECEMBER
2016**

28 February 2017

vocento

INTRODUCTION: VOCENTO AND THE ECONOMIC ENVIRONMENT

The Spanish economy confirmed its recovery in 2016 with a growth in GDP of +3.2% according to the first estimate of the INE. The recovery is based on employment, with an increase of 3.0% in social security registrations in the year. In addition to the growth in the labour market, external shocks have had a positive impact, including the low price of oil and of interest rates and increased insecurity in rival tourist destinations such as Egypt and Turkey.

This growth in activity, with household consumption up 3.1% according to the Funcas Panel, has not been entirely reflected in the advertising market, which grew by 2.9%, with Press declining -7.1% and Internet increasing by +14.0%.

For 2017, the outlook is for a slowdown in growth to 2.4%, according to Funcas. Advertising is expected to expand at a slower rate in 2017 than in 2016, by 2.2% according to i2p, with a fall of -7.3% in press and a rise of +8.2% for Internet advertising, which is set to overtake the press market.

PERFORMANCE OF VOCENTO BUSINESSES

VOCENTO is a multimedia group, whose parent company is VOCENTO, S.A., and it is dedicated to the various different areas that comprise the media business.

For the organisation of management information, three business lines have been defined: Newspapers, Audiovisual and Classified. Reports to the market are based on this organization of information, which covers all the businesses in which VOCENTO is present, assigned to their respective business segments.

Breakdown of business areas of VOCENTO 2016

NEWSPAPERS (offline and online)			
REGIONALS	ABC	SUPPLEMENTS & MAGAZINES	
<ul style="list-style-type: none"> ▪ El Correo ▪ La Verdad ▪ El Diario Vasco ▪ El Norte de Castilla ▪ El Diario Montañés ▪ Ideal ▪ Sur ▪ Las Provincias 	<ul style="list-style-type: none"> ▪ El Comercio ▪ Hoy ▪ La Rioja ▪ Regional printing plants ▪ Regional distribution (Beralán) ▪ News agency (Colpisa) ▪ Regional sales companies ▪ Other regional companies 	<ul style="list-style-type: none"> ▪ ABC ▪ National printing plant 	<ul style="list-style-type: none"> ▪ XL Semanal ▪ Mujer Hoy ▪ Corazón CZN TVE ▪ Inversión y Finanzas ▪ Mujerhoy.com ▪ Finanzas.com
AUDIOVISUAL			CLASSIFIEDS
DTT	RADIO	CONTENTS	
<ul style="list-style-type: none"> ▪ National DTT - Net TV 	<ul style="list-style-type: none"> ▪ Analog radio licenses ▪ Digital radio licenses 	<ul style="list-style-type: none"> ▪ Veralia Production (BocaBoca, Europroducciones y Hill Valley) ▪ Veralia Cinema 	<ul style="list-style-type: none"> ▪ Pisos.com ▪ Infoempleo ▪ Autocasión

IMPORTANT NOTE

To facilitate the analysis of financial information and understand the organic performance of the Company, it is always indicated in this report when operating expenses, EBITDA, EBIT and the Net Result are affected by non-recurring or extraordinary items. The most important impacts can be grouped into: 1) measures to adjust the workforce and one-offs, 2) changes to the consolidation perimeter and the impacts of strategic business decisions (i.e. the sale of the ABC building in 2016).

Highlights of the financial performance of the businesses in 2016

Advertising revenues drop -2.2% in an underperforming market

Circulation margin up by €+0.1m, circulation sales down -5.8%

Comparable EBITDA improves by +4.1% to €52.2m

Positive comparable net profit of €3.2m, changes to Corporation Tax with no impact on cash lead to reported net loss of €-60.0m

Net financial debt/comparable EBITDA 2016 fell to 1.3x vs 2.2x in 2015

▪ **Advertising revenues -2.2% in a year of slowing down**

- i. In 2016, VOCENTO's advertising revenues dropped by -2.2%, in an advertising market that deteriorated over the course of the year: the 2016e outlook in 1Q16 of 2016 +5.0%¹ was not matched by an actual performance of +2.9%.
- ii. Increased share of offline market: offline advertising at VOCENTO brands decreased by -6.6% vs -7.1%¹ for the market. There was lower growth in online and classified advertising: +12.4% vs 14.0%¹ for the market.
- iii. Increased exposure to digital: in 2016, 31.1% of total advertising revenues came from digital, +3.4 p.p. vs. 2015. The focus on digital is reflected in the launch of Local Digital Kit, Oferplan Store and the premium subscription services Diario Vasco and Diario Montañés on+.

▪ **Revenues from circulation sales -5.8%, ABC increases market share**

- i. In the region of Madrid during 2016, ABC increased its share of ordinary circulation by +0.8 p.p. to 26.5%².

▪ **Limited exposure to Ibex 35 (5.2% of total revenues) and public sector (6.6%)**

▪ **Improvement in comparable EBITDA by +4.1% to 52,238 thousand euros**

- i. Execution of the Efficiency Plan: reduction of comparable personnel expenses in 2016 by -4.3%³.
- ii. Industrial Plan: increase in margin on circulation by +104 thousand euros despite a fall in circulation in 2016.
- iii. Increase in comparable EBITDA at ABC in 2016 of +1,899 thousand euros to 7,757 thousand euros.

▪ **Negative net income of 60,011 thousand euros. Excluding extraordinary items, the comparable net result would be a positive 3,225 thousand euros**

- i. Net capital gains from sale of ABC building of 16,267 thousand euros.
- ii. Negative impact of reforms to corporation tax of 79,502⁴ thousand euros after minority interest, with no impact on cash.

▪ **Reduction of Net Financial Debt, with generation of ordinary operating cash flow of 21,421 thousand euros in 2016**

- i. Cash inflow from the sale of ABC headquarters in December 2016, of 35,000 thousand euros.
- ii. Net Financial Debt/comparable EBITDA 2016 1.3x. Net Financial Debt has fallen to 66,412 thousand euros.
- iii. Generation of ordinary positive cash flow of 21,421 thousand euros.

¹ Source: i2p.

² Source OJD. Ordinary circulation (including kiosk sales and individual subscriptions).

³ Excluding personnel adjustment measures and one-offs 2016 -10,115 and 2015 -2,556 thousand euros.

⁴ Result off adding to the effect of the tax reform of -81,545 thousand euros, other non-ordinary tax effects of -1,063 thousand euros and the impact on minorities of 3,106 thousand euros.

Main financial data

Consolidated Profit and Loss Account

Thousand Euro	IFRS			
	2016	2015	Var Abs	Var %
Circulation revenues	182,733	194,043	-11,310	-5.8%
Advertising revenues	162,981	166,645	-3,664	-2.2%
Other revenues	103,051	106,958	-3,907	-3.7%
Total revenue	448,765	467,646	-18,881	-4.0%
Staff costs	-154,814	-156,119	1,305	0.8%
Procurements	-67,246	-74,036	6,789	9.2%
External Services	-182,516	-188,887	6,371	3.4%
Provisions	-2,065	-965	-1,100	-113.9%
Operating expenses (without D&A)	-406,642	-420,007	13,366	3.2%
EBITDA	42,123	47,638	-5,515	-11.6%
Depreciation and amortization	-18,650	-20,055	1,405	7.0%
Impairment/gains on disposal of tan. & intan. asse	20,881	-569	21,450	n.r.
EBIT	44,354	27,015	17,339	64.2%
Impairments/reversal of other intangible assets	-2,500	-5,350	2,850	53.3%
Profit of companies acc. equity method	-110	257	-368	-142.8%
Net financial income	-6,752	-5,245	-1,507	-28.7%
Net gains on disposal of non- current assets	-177	-1,516	1,339	88.3%
Profit before taxes	34,814	15,161	19,653	129.6%
Corporation tax	-92,570	-6,057	-86,513	n.r.
Net profit for the year	-57,756	9,104	-66,860	-734.4%
Minority interests	-2,255	-5,023	2,768	55.1%
Net profit attributable to the parent	-60,011	4,081	-64,092	n.r.
Operating Expenses ex non recurring costs ¹	-396,527	-417,451	20,925	5.0%
Comparable EBITDA ¹	52,238	50,194	2,044	4.1%
Comparable EBIT ^{1 2}	33,588	30,139	3,449	11.4%

n.r.: the change in absolute terms is over >1.000%.

n.a.: not applicable as one of the values is zero.

¹ Excluding personnel adjustment measures and one-offs 2016 -10,115 and 2015 -2,556 thousand euros.

² Excluding result from sale of fixed assets in 2016 of 20,881 thousand euros and 2015 -569 thousand euros.

Operating Revenues

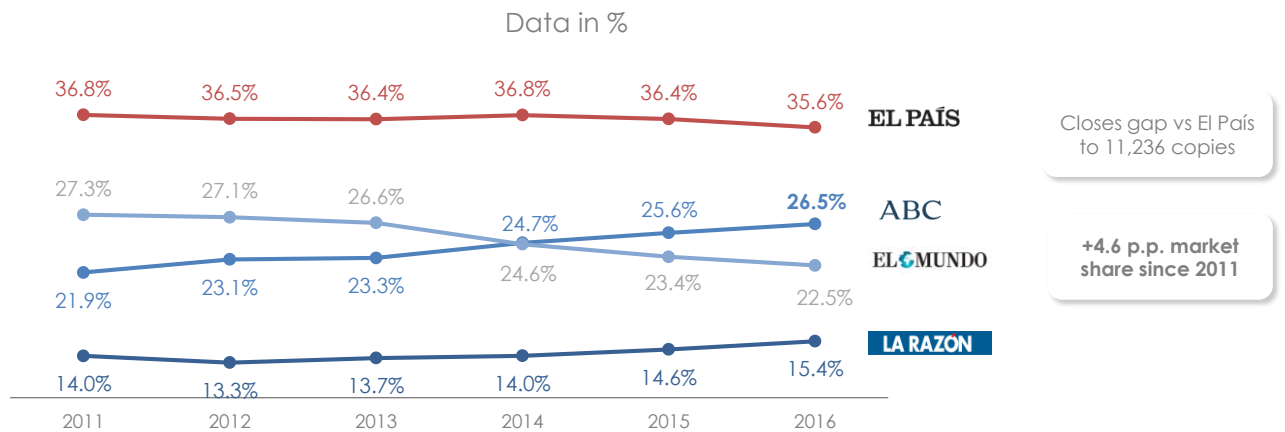
Revenues totaled 448,765 thousand euros in 2016, down 4.0% from 2015.

It should be noted that the VOCENTO revenue base is fragmented, with no dependence on any sector in particular. Only 5.2% of total revenues come from members of the IBEX 35, and 6.6% from the public sector, with both metrics slightly below their levels in 2015.

- i. Circulation revenues fell by -5.8%, including a -4.3% fall at the Regional Press and -9.3% at ABC. Cover prices of ABC were increased in 2016, from €2.8 to €3.0 on Sundays, and the policy for reducing unprofitable circulation has continued.

In the region of Madrid, since 2011, ABC has increased its market share of ordinary circulation by 6 points to 26.5%, consolidating its position as the number two player and cutting the gap to the leader in 2016.

Performance of ordinary circulation market share of ABC¹ in the Madrid region



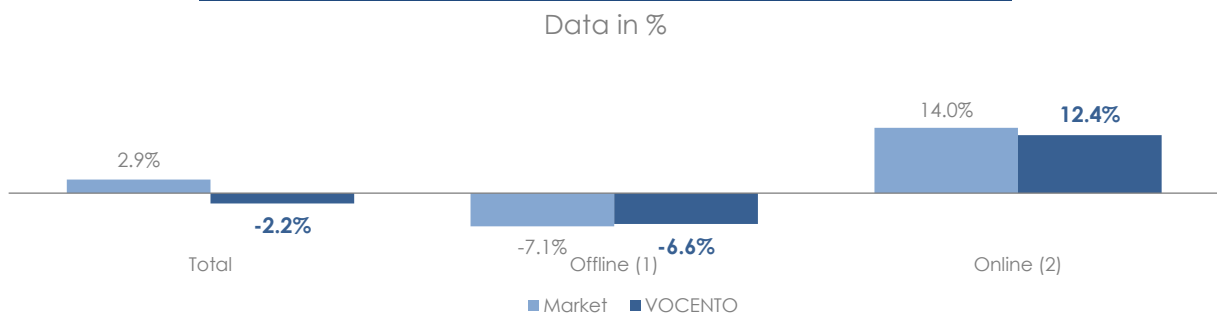
Note 1: Source OJD. Kiosk sales and individual subscriptions. 2016 data not certified.

Madrid is a key market, representing 35% of the circulation of national titles and it is a major market for advertisers.

- ii. Revenues from advertising sales fell by -2.2% in 2016, a year which failed to meet expectations.

VOCENTO outperformed the offline market, with a fall of -6.6% compared with -7.1% for the market. Online growth was slightly lower: +12.4% for VOCENTO brands vs. 14.0% for the market.

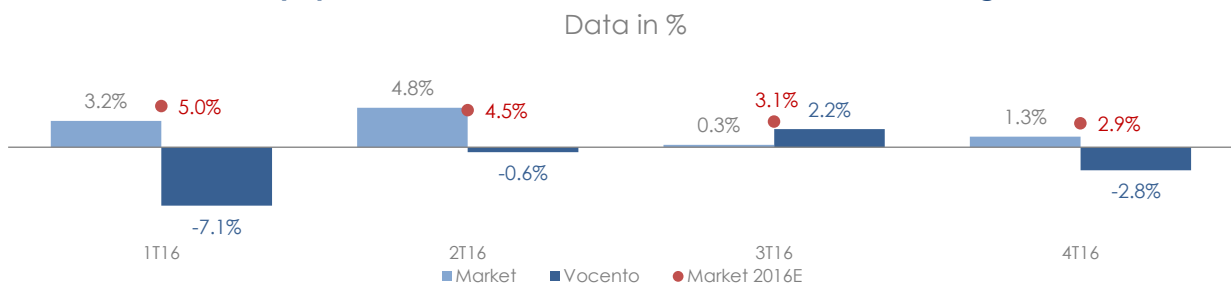
Advertising performance, VOCENTO and the market 2016



Note 1: Market source: i2p. Regional Press and ABC. Note 2: Market source i2p. Local portals, ABC.es and Classified.

The year was characterized by an advertising market performance that did not meet initial expectations. Over the course of 2016, the full-year outlook was cut from 5.0% at the start of the year to 2.9% at the end.

Quarter by quarter and annual forecasts for 2016 advertising market

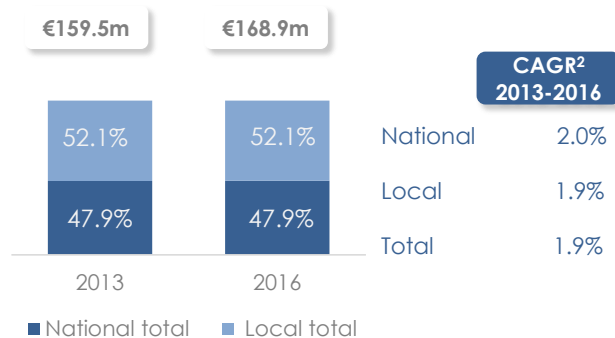


Note 1: Market source i2p. Regional Press and ABC.

The VOCENTO advertising revenue mix is balanced between local and national advertising.

National vs. Local advertising¹

Data in %

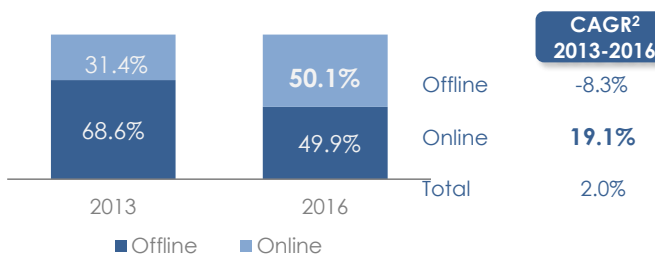


Note 1: Gross advertising data 2013-2016. Note 2: compound annual growth rate.

Digital continues to increase its contribution to the VOCENTO revenue profile.

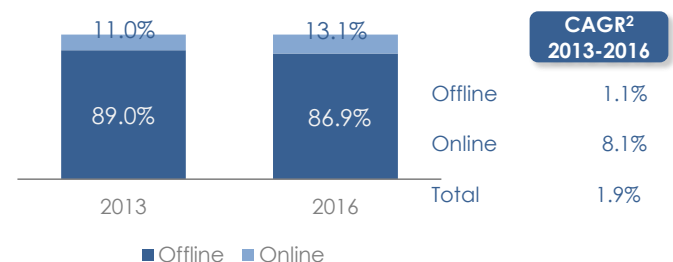
National advertising¹: Print vs Digital

Data in %



Local advertising¹: Print vs Digital

Data in %



Note 1: Gross advertising data 2013-2016. Note 2: compound annual growth rate

Including not only digital advertising revenues at VOCENTO but also revenues from new e-commerce businesses, which are booked as other revenues, these revenues increased in 2016 by 3.4 p.p. from 2015, to 31.1% of total advertising and new business revenues.

Migration of revenue profile to digital and new businesses

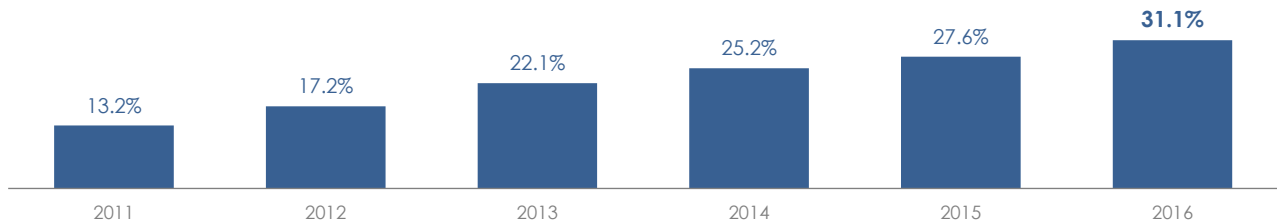
Data in %



There has been a significant increase in the weight of digital revenues at Vocento in recent years, from 13.2% in 2011 to 31.1% in 2016.

Contribution of digital to total advertising revenues¹

Data in %



Note 1: digital includes advertising revenues and e-commerce.

- iii. Other Revenues fell by -3.7% from 2015, as a result of lower revenues at Newspapers, because of a more selective add-ons policy at ABC, and lower activity at the local print plants.

Operating expenses

Comparable costs in 2016 fell by -5.0%, excluding -10,115 thousand euros of personnel measures and one-offs in 2016 and -2,556 thousand euros in 2015.

By cost item, highlights include the -9.2% reduction in the cost of supplies and the -4.3% fall in comparable personnel expenses.

By business area, highlights include the reduction in comparable costs at Newspapers, because of the impact of the Efficiency Plan (personnel costs) and the Industrial Plan (variable costs of paper, printing and distribution). In addition, the increase of operating costs at Audiovisual and Classified area was due to increased activity from production companies and investment in a growth area respectively.

Detail of comparable operating costs by business area

Like for like opex (thousand euros)	2016	2015	Var Abs	Var %
Newspapers	-339,693	-361,209	21,515	6.0%
Audiovisual	-35,933	-34,721	-1,213	-3.5%
Classified	-15,739	-14,604	-1,135	-7.8%
Corporate and adjustments	-5,161	-6,918	1,757	25.4%
Total	-396,527	-417,451	20,925	5.0%

Comparable EBITDA

Comparable EBITDA in 2016 reached 52,238 thousand euros, up by +2.044 thousand euros or +4.1% compared with 2015. The comparable EBITDA margin expanded by 0.9 p.p. to 11.6%.

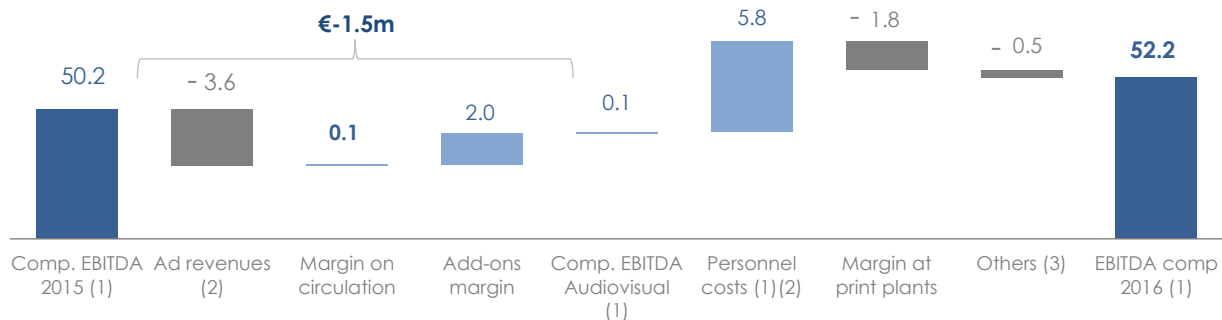
The main impacts on the variation in comparable EBITDA include:

- i. Advertising and the margins on circulation and add-ons reduced the level of EBITDA by -1,493 thousand euros.

- ii. Measures in personnel expenses as part of the Efficiency Plan led to savings of 5,750 thousand euros in 2016.
- iii. The decline in the printing business had an impact of -1,792 thousand euros, partly because of the closure of plants followed by outsourcing.
- iv. Other items: mainly commercial costs and higher expenses associated with the digital development, of -499 thousand euros.

Detail of movement in comparable EBITDA¹ 2015-2016

Data in variation in 2016 vs 2015 except for comparable EBITDA. All figures in €m



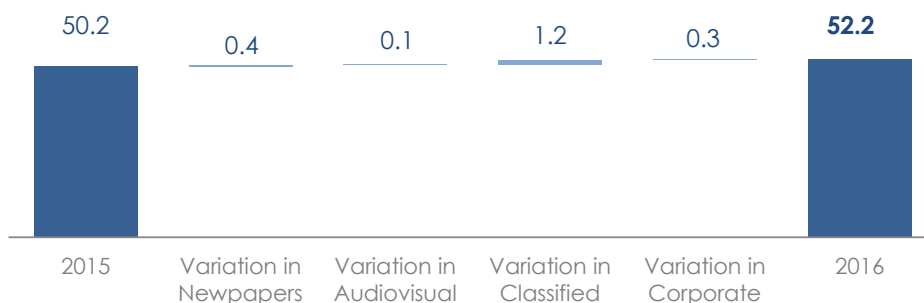
Note 1: excluding personnel adjustment measures and one-offs 2015 €-2.6m and 2016 €-10.1m. Note 2: variation in personnel costs ex. Audiovisual and print plants. Note 3: commercial costs and others.

By business area, highlights include:

- i. Newspapers⁵: comparable EBITDA in 2016 of 47,035 thousand euros, an improvement of 418 thousand euros to 2015, with an increase in the comparable EBITDA margin of 0.7 p.p. to 12.2 %.
- ii. Audiovisual⁶: almost stable, with comparable EBITDA of 12,710 thousand euros in 2016, compared with 12,634 thousand euros in 2015.
- iii. Classified⁷: comparable EBITDA in 2016 of 2,076 thousand euros, an increase of 1,244 thousand euros from 2015 thanks to the rise in advertising.

Performance of comparable EBITDA¹ by business area 2016

Data in variation in 2016 vs 2015 except for comparable EBITDA. All figures in €m



Note 1: excluding personnel adjustment measures and one-offs 2015 €-2.6m and 2016 €-10.1m.

⁵ Newspapers: excluding personnel adjustment measures and one-offs 2016 -6,787 and 2015 -1.606 thousand euros.

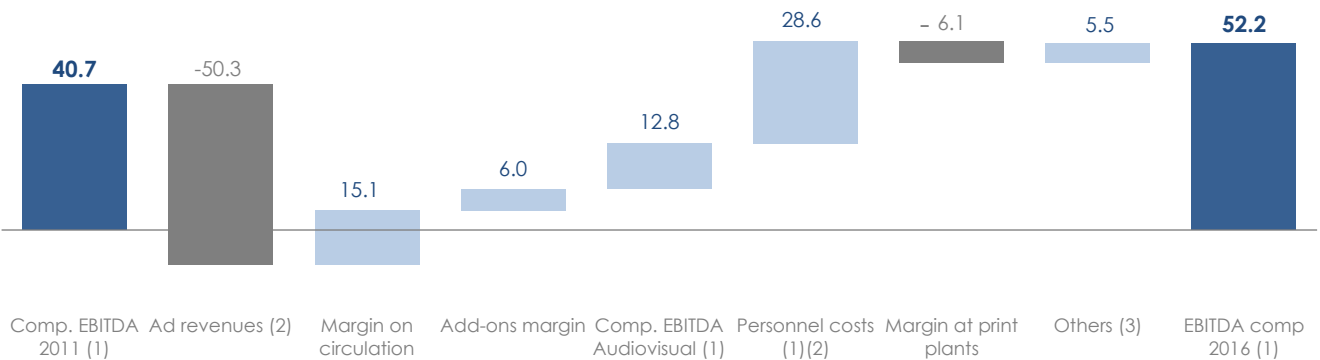
⁶ Audiovisual: excluding adjustment measures 2016 30 thousand euros and 2015 46 thousand euros.

⁷ Classified: excluding adjustment measures 2016 -61 thousand euros and 2015 -171 thousand euros.

Since 2011, comparable EBITDA has improved thanks to multiple measures taken to reduce costs, more than offsetting the fall in advertising. Furthermore, strategic decisions in the Audiovisual area, supporting more profitable businesses such as National Television and Radio, have had a positive impact.

Performance of comparable EBITDA¹ 2011-2016

Data in variation in €m 2016 vs 2015 except for comparable EBITDA



Note 1: Non including personnel adjustment measures and one-offs. Note 2: ex Audiovisual and Qué!. Note 3: decline in editorial expenses, various and changes to the perimeter.

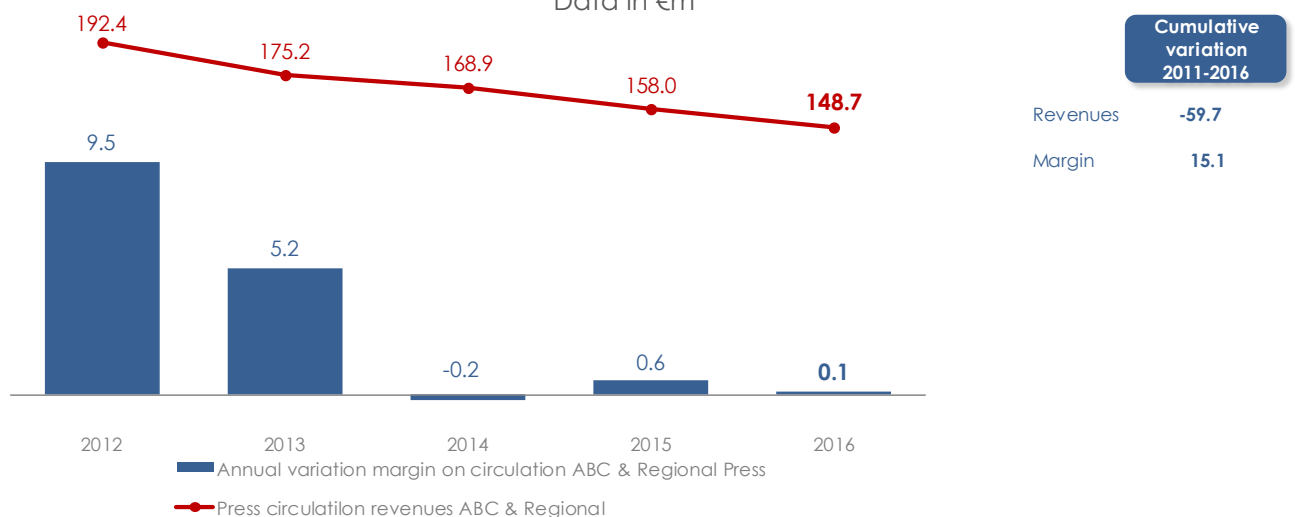
As the following chart shows, one of the keys to the improvement in comparable EBITDA since 2011 has been the control of the margin on circulation revenues, by increasing cover prices and reducing variable costs.

The impact of the decline in circulation revenues in 2011-2016 of -59,666 thousand euros was more than offset at the EBITDA level thanks to cost measures in printing, paper and distribution. These measures, part of the Industrial Plan, included the closure and then outsourcing of some print plants.

All of these actions in the area of variable costs have led to an improvement in the margin on circulation revenues of 15,093 thousand euros from 2011 to 2016.

Performance of circulation margin 2011-2016

Data in €m



Operating Result (EBIT)

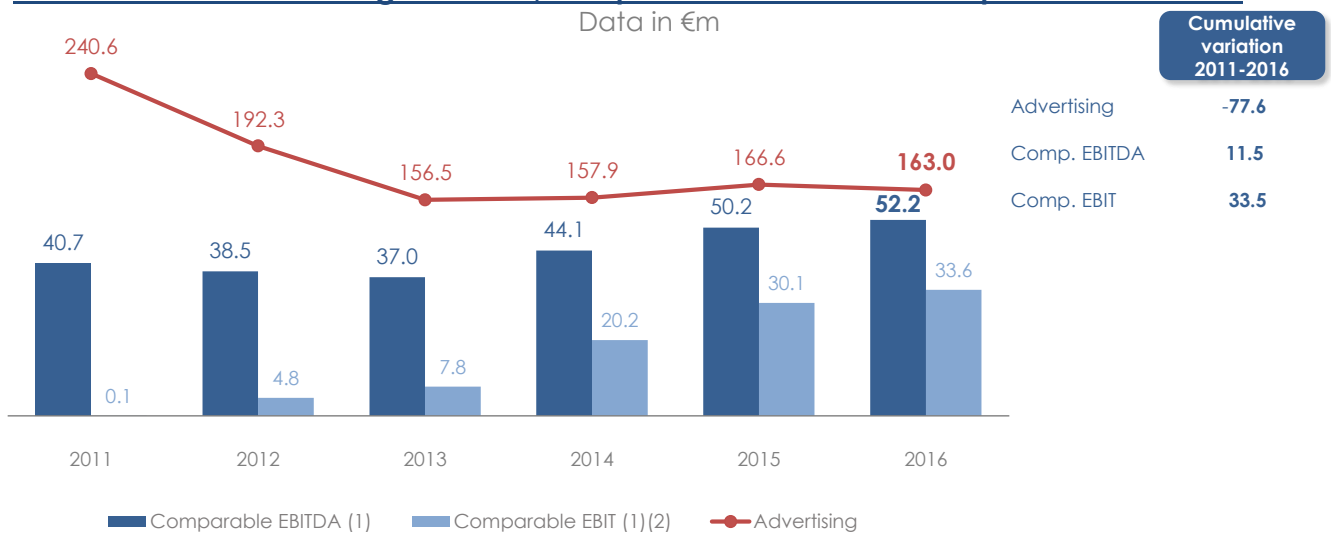
In 2016, the operating result increased by 64.2% to 44,354 thousand euros. This increase was the result of the improvement in comparable EBITDA, the decline in depreciation and the positive result from the sale of the ABC building.

The ABC divestment had a positive pre-tax impact of 21,689 thousand euros. Depreciation decreased by 1,405 thousand euros, mainly thanks to Content.

Excluding extraordinary items and one-offs, comparable EBIT increased by +11.4% to 33,588 thousand euros. All areas reported positive comparable EBIT.

In recent years, there has been an improving trend for both EBITDA and comparable EBIT. In 2013, comparable EBIT was 7,818 thousand euros, rising to 33,588 thousand euros in 2016, up 25,770 thousand euros in a period when advertising revenues rose by 6,511 thousand euros.

Performance of advertising revenues, comparable EBITDA¹ and comp. EBIT² 2011-2016



Note 1: excluding personnel adjustment measures and one-offs. Note 2: excluding Result from divestment of fixed assets.

Write-down of goodwill

Write-down of goodwill in 2016 reached -2,500 thousand euros, due to the write-down of goodwill at the Content division because of the gradual reduction in the residual life of the film rights catalogue, as well as at Federico Domenech.

Financial result

The change in the financial result, from -5,245 thousand euros in 2015 to -6,752 thousand euros in 2016, is due to the financial income received in 2015, including the renegotiation of the put options on Las Provincias by 1,177 thousand euros and the receipt of a dividend from Val Telecomunicaciones.

Financial expenses decreased by 1,004 thousand euros, following the reduction of the financial debt and the lower financial expenses after the renegotiation of the syndicated loan in 2H15.

Pre-tax profit

Pre-tax profit in 2016 reached 34,814 thousand euros, or 13,126 thousand euros excluding the effect of the sale of the ABC building.

Corporation tax

The corporation tax expense of 92,570 thousand euros in 2016 is largely the result of the tax reforms implemented by Royal Decree 3/2016, modifying certain aspects of Corporation Tax, with a significant non-cash impact on accounts of 82,608 thousand euros.

These reforms affect companies based in the Territorio Común jurisdiction, with three main effects:

- i. Limiting the compensation for negative tax bases from 70% to 25%, leading to a significant reduction in their appeal. The accounting value in the financial statements has been reduced correspondingly, with no impact on their nominal tax value, which has been maintained.
- ii. Limiting the compensation from deductions for double taxation from 100% to 50% of the full tax rate.
- iii. Reversal of the tax impairments of shareholdings before 2013, which now join the tax base with the corresponding impact on accounts.

The total accounting impact was 82,608 thousand euros, with no impact on cash in 2016.

The sale of the ABC headquarters, located at Juan Ignacio Luca de Tena 7, Madrid, to Axiare Patrimonio Socimi S.A. in December 2016, resulted in a gross cash entry of 35,000 thousand euros, with pre-tax capital gains of 21,689 thousand euros, or net gains of 16,267 thousand euros, plus a five-year lease agreement.

Minority interest

The lower result for minority interest, -2,255 thousand euros in 2016 vs. -5,023 thousand euros in 2015, was the result of the impact of the tax reform on this item.

Net result attributable to the parent company

The consolidated net result in 2016 was -60,011 thousand euros, compared with 4,081 thousand euros in 2015. Excluding the effect of the sale of the ABC building and the corporate tax reform, the net result would have been a positive 3,225 thousand euros, in line with 2015.

2016 P&L excluding extraordinary effects

Data in €m

	Reported	Without impact of tax reform & sale of the ABC building
Comparable EBITDA¹	52.2	52.2
Compensation payments	-10.1	-10.1
EBITDA	42.1	42.1
EBIT	44.4	22.7
EBT	34.8	13.1
Corporation tax	-92.6	-4.5
Tax before minority interest	-57.8	8.6
Minority interest	-2.3	-5.4
Result attributable to parent company	-60.0	3.2

Note 1: excluding personnel adjustment measures 2016 €-10.1m.

Consolidated Balance Sheet

Miles de Euros	IFRS			
	2016	2015	Var abs	% Var
Non current assets	363,777	478,511	-114,734	-24.0%
Intangible assets	119,912	125,438	-5,526	-4.4%
Property, plant and equipment	137,023	156,772	-19,749	-12.6%
Investments accounted using equity method	5,539	6,305	-767	-12.2%
Other non current assets	101,303	189,996	-88,693	-46.7%
Current assets	134,889	135,138	-249	-0.2%
Other current assets	113,181	115,790	-2,609	-2.3%
Cash and cash equivalents	21,709	19,348	2,361	12.2%
Assets held for sale	193	1,492	-1,298	-87.0%
TOTAL ASSETS	498,860	615,141	-116,281	-18.9%
Equity	255,067	318,690	-63,624	-20.0%
Bank borrowings and other fin. liabilities	86,120	125,126	-39,006	-31.2%
Other non current liabilities	53,610	54,007	-397	-0.7%
Other current liabilities	104,063	117,318	-13,255	-11.3%
TOTAL EQUITY AND LIABILITIES	498,860	615,141	-116,281	-18.9%

Plant, property and equipment

The decrease is mainly a result of the sale of the ABC headquarters and of the combination of Capex and depreciation in the year.

Other non-current assets

The reduction in non-current assets includes the impairment of tax credits worth 82,608⁸ thousand euros, due to the reform of corporation tax resulting from RDL 3/2016.

Other current assets

The decrease in the balance by 2,609 thousand euros was mainly a result of a decrease in anticipated expenses.

Net financial position

The net financial position in the period was -66,412 thousand euros, an improvement of 42,374 thousand euros thanks to the generation of ordinary cash flow and the impact of the sale of the ABC building.

The NFD/comparable EBITDA ratio decreased from 2.2x in 2015 to 1.3x in 2016, using the comparable EBITDA of the last 12 months, strengthening the financial situation of the company.

⁸ Result off adding to the effect of the tax reform of -81,545 thousand euros, other non-ordinary tax effects of -1,063 thousand euros.

Breakdown of net financial debt

Thousand Euro	IFRS			
	2016	2015	Var Abs	Var %
Bank borrowings and other financial liabilities (s.t.)	19,724	25,770	-6,046	-23.5%
Bank borrowings and other financial liabilities (l.t.)	66,396	99,355	-32,960	-33.2%
Gross Debt	86,120	125,126	-39,006	-31.2%
+ Cash and cash equivalents	21,709	19,348	2,361	12.2%
+ Other non current financial asstes	270	270	0	0.0%
Deferred expenses	2,271	3,279	-1,008	-30.7%
Net cash position/ (net debt)	-66,412	-108,787	42,374	39.0%

Short-term borrowings include:

- i. Debt with credit institutions of 19,003 thousand euros, including the reclassification of expenses for the syndicated loan as short term, and
- ii. other liabilities with a current financial cost of 1,783 thousand euros, mainly related to pension plans.

Long-term borrowings include:

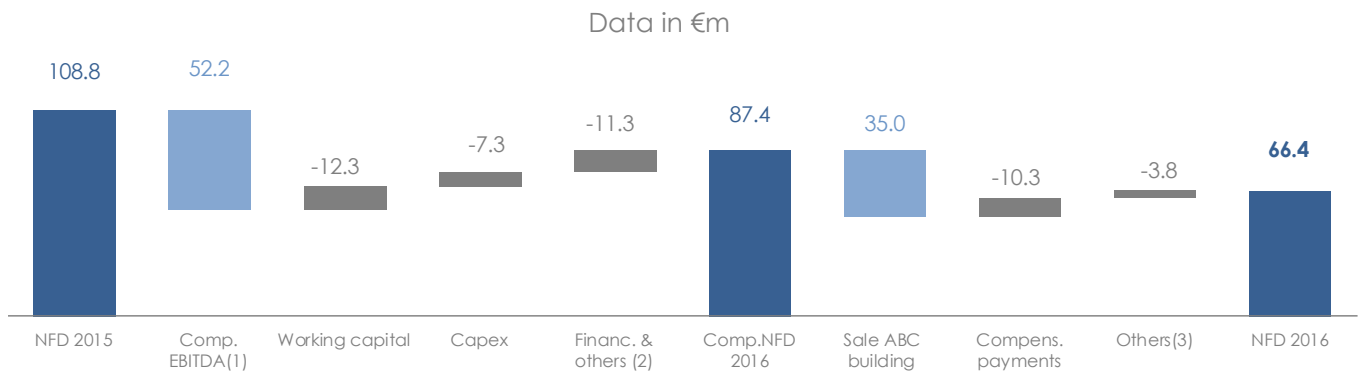
- i. debt with credit institutions of 66,113 thousand euros, including the reclassification of expenses related to the syndicated loan, and the mark-to-market valuation of the interest rate hedge on the loan, and
- ii. other liabilities with a non-current financial cost of 1,493 thousand euros, including mainly pension plans and pending compensation payments, associated with the downsizing plan at ABC in 2009.

An analysis of the variation to debt, including the ordinary and non-ordinary business, shows that the generation of positive cash from ordinary business operations was a positive 21,421 thousand euros. The most significant ordinary variations in 2016 include:

- i. Variation in working capital of -12,262 thousand euros excluding non-ordinary items. Increased activity at the Content business, with receivables coming in 2017, is one of the multiple factors for this performance.
- ii. Investments in fixed and non-fixed assets: total cash outflows of -7,270 thousand euros, mainly associated with digital activity.

Non-recurring movements included, among others, the entry of cash from the sale of the ABC building, for 35,000 thousand euros, compensation payments in 2016 of -10,278 thousand euros, following downsizing in 2015 and 2016, and other non-ordinary transactions of -3,767 thousand euros, including the final stage of the purchase of a 34% stake in Rotomadrid from a minority partner and payments related to the renegotiated put options on Las Provincias.

Analysis of movement in net financial debt 2015-2016

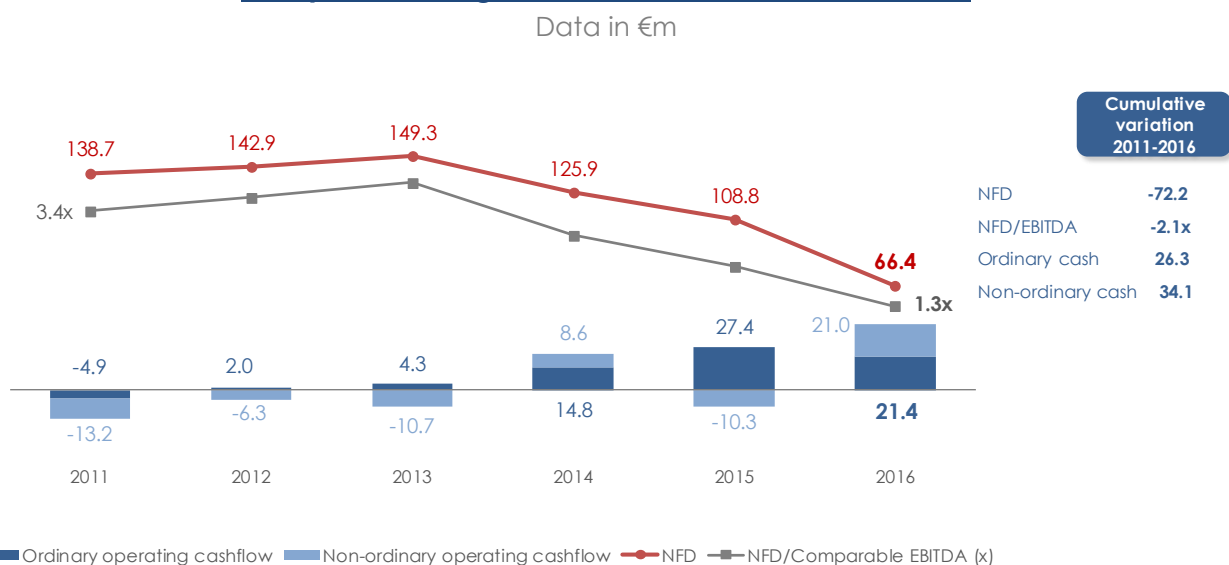


Note 1: excluding adjustment measures personal and one-offs. Note 2: including net financial expenses, dividends to minorities and taxes. Note 3: including among others the purchase of 34% in Rotomadrid and the payments associated with Las Provincias.

In a medium-term perspective, the improvement in comparable EBITDA, combined with a control of Capex and a close monitoring of working capital, has led to a significant improvement in ordinary cash generation since 2011.

Net financial debt was reduced by 72,246 thousand euros, while gearing fell from above 3x comparable EBITDA in 2011 to 1.3x in 2016.

Analysis of changes to net financial debt 2011-2016



Other current liabilities

The variation in this item is due mainly to the reduction of balances with suppliers.

Cash flow statement

Thousand Euro	IFRS			
	2016	2015	Var Abs	% Var
Net profit attributable to the parent	-60,011	4,081	-64,092	n.r.
Adjustments to net profit	104,840	44,265	60,575	136.8%
Cash flows from ordinary operating activities before changes in working capital	44,829	48,346	-3,517	-7.3%
Changes in working capital & others	-12,262	-5,164	-7,098	-137.5%
Other payables without financial cost	-4,247	-1,037	-3,210	-309.5%
Other payables with financial cost	-2,286	-3,635	1,349	37.1%
Income tax paid	-2,473	-2,553	80	3.1%
Interests deduction for tax purposes	1,863	294	1,569	533.7%
Net cash flow from operating activities (I)	25,424	36,251	-10,827	-29.9%
Acquisitions of intangible and property, plan and equipment	-7,270	-7,437	167	2.2%
Net proceed on disposal of financial assets	36,689	189	36,500	n.r.
Interests and dividends received	230	882	-652	-73.9%
Other receivables and payables (investing)	0	0	0	n.a.
Net cash flow from investing activities (II)	29,649	-6,366	36,015	565.7%
Interests and dividends paid	-10,433	-10,784	351	3.3%
Cash inflows/ (outflows) relating to bank borrowings	-37,761	-17,600	-20,161	-114.6%
Other receivables and payables (financing)	19	-19	38	200.0%
Equity related instruments without financial cost	-4,537	-4,931	394	8.0%
Equity related instruments with financial cost	0	0	0	n.a.
Net cash flows from financing activities (III)	-52,712	-33,334	-19,378	-58.1%
Net increase in cash and cash equivalents (I + II + III)	2,361	-3,449	5,810	168.5%
Cash and cash equivalents of discounted operations	0	-654	654	100.0%
Cash and cash equivalents at beginning of the year	19,348	23,451	-4,104	-17.5%
Cash and cash equivalents at end of year	21,708	19,348	2,361	12.2%

Net cash flow from operating activities was 25,424 thousand euros, including among others: (i) payments of -10,278 thousand euros associated with the personnel adjustment measures, and (ii) a variation in working capital of -12,262 thousand euros mainly because of an increase in activity at the Content business.

Net cash flow from investing activities was 29,649 thousand euros, mainly because of the divestment of the ABC building and to a lesser degree because of investments in fixed assets (see Capex section).

Net cash flow from financing activity was -52,712 thousand euros, and included among others interest payments and dividend payments by subsidiaries of VOCENTO to minority shareholders of -10,433 thousand euros, the second payment to one of the minority shareholders of Rotomadrid for the acquisition of the 34% stake, the payment for the renegotiated put option at Las Provincias and the repayment of debt in the period.

Capex

Controlling investments in order to preserve cash is one of the main targets of VOCENTO's financial management. It is compatible with a commitment to online development.

The difference between the cash spent on investments in fixed assets and the capex recorded in accounts (1,157 thousand euros) is due to the difference between payments pending for investments made in 2015 and 2016 and investments registered in 2016 but not paid out at the end of the year.

Detail of Capex by business area

	2016			2015			Var Abs		
	Inmat.	Mat.	Total	Inmat.	Mat.	Total	Inmat.	Mat.	Total
Newspapers	3,915	3,189	7,104	4,729	2,786	7,514	-814	403	-411
Audiovisual	217	208	426	202	211	413	15	-2	13
Classified	281	150	430	326	77	403	-46	73	27
Corporate	416	102	518	216	48	264	200	54	254
TOTAL	4,829	3,648	8,477	5,473	3,121	8,594	-644	528	-117

Information by business area

The following sections provide an analysis of the revenues, EBITDA and operating result by business area.

Thousand Euro	IFRS			
	2016	2015	Var Abs	Var %
Total Revenues				
Newspapers	386,728	407,826	-21,098	-5.2%
Audiovisual	48,643	47,354	1,289	2.7%
Classified	17,815	15,435	2,380	15.4%
Corporate and adjustments	-4,422	-2,970	-1,452	-48.9%
Total Revenues	448,765	467,646	-18,881	-4.0%
EBITDA				
Newspapers	40,247	45,010	-4,763	-10.6%
Audiovisual	12,740	12,680	61	0.5%
Classified	2,015	660	1,355	205.3%
Corporate and adjustments	-12,879	-10,712	-2,168	-20.2%
Total EBITDA	42,123	47,638	-5,515	-11.6%
Comparable EBITDA¹				
Newspapers	47,035	46,617	418	0.9%
Audiovisual	12,710	12,634	77	0.6%
Classified	2,076	831	1,244	149.7%
Corporate and adjustments	-9,582	-9,887	305	3.1%
Total comparable EBITDA	52,238	50,194	2,044	4.1%
EBIT				
Newspapers	45,445	30,609	14,837	48.5%
Audiovisual	10,574	8,030	2,543	31.7%
Classified	1,556	83	1,473	n.r.
Corporate and adjustments	-13,221	-11,708	-1,514	-12.9%
Total EBIT	44,354	27,015	17,339	64.2%
Comparable EBIT^{1, 2}				
Newspapers	32,585	32,162	423	1.3%
Audiovisual	9,313	8,014	1,299	16.2%
Classified	1,613	261	1,352	519.0%
Corporate and adjustments	-9,923	-10,297	374	3.6%
Total comparable EBIT	33,588	30,139	3,449	11.4%

¹ Excluding personnel adjustment measures and one-offs 2016 -10,115 and 2015 -2,556 thousand euros.

² Excluding result from sale of fixed assets 2016 20,881 thousand euros and 2015 -569 thousand euros

Commitments for 2017

The priorities for VOCENTO in 2017 include the following commitments:

- i. Increased contribution of digital revenues to total advertising revenues.
- ii. Increase in comparable EBITDA, among others by optimizing the business structure with new Efficiency Plans (c. €12m)
- iii. Generation of positive ordinary cash flow.

To achieve these commitments, VOCENTO will work on the following fronts:

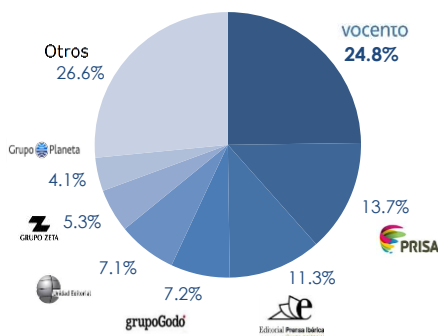
- i. Diversification of businesses: including new business lines that can diversify revenues and contribute greater stability to the VOCENTO P&L.
- ii. Reduction of costs.
- iii. Efficiency in cash flow, for example by continuous control of capex and close monitoring of working capital.

Newspapers (including offline and online activity)

VOCENTO is the undisputed leader of the general press sector in Spain, with market share of 24.8%, increasing the distance to its nearest competitor. It is also the leader of readership, according to the 3rd accumulated survey of the EGM, with over 2.3 million readers, more than a million more than the next group, and with a strong Internet positioning of more than 19 million unique monthly users, according to comScore for December 2016.

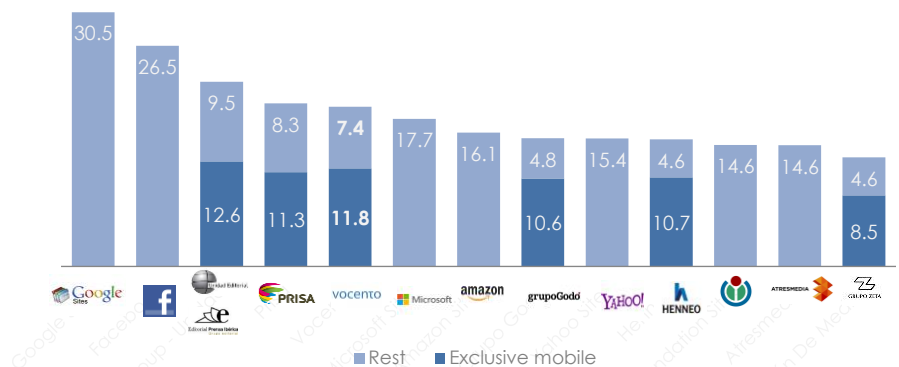
Share of ordinary circulation¹

Data in %



Ranking of Internet audiences²

Data in millions of unique monthly users



Note 1: Source OJD 2016. Data not certified. Note 2: Source comScore December 2016. Henneo corresponds to Grupo Heraldo.

VOCENTO has an active presence in the new digital reality, and is developing new business models and creating the internal infrastructure needed to optimize its positioning.

VOCENTO is working on the following lines to maximize its digital growth:

- i. Increasing digital revenues: actions designed to maximize advertising revenues, including audience segmentation and multi-screen offers.

Among the measures implemented has been the launch in April 2016 of Local Digital Kit, a solution for local digital advertising and presence. This kit consists of a series of Digital Marketing tools, which combined with a presence in local digital editions enables SMEs to ensure an effective impact on their clients and make an immediate return on their investments. Following its launch in six cities, mostly at the end of the year, the service already has some 300 clients in its portfolio.

The aim for 2017 is to launch in other cities where Vocento media are present and to diversify the customer base into new sectors.

A new version of Oferplan will also be launched in the first part of the year. This portal for consumer offers and discounts will add an innovative new offering combining coupons and reservations, and become a leisure guide which provides attractive discounts.

Local Digital Kit and Oferplan are both slow-maturing business which will contribute increased stability to VOCENTO earnings.

Furthermore, in July VOCENTO acquired a 19.9% stake via Media for Equity -M4E-, in Dinero Gelt S.L., the owner of an application that allows users to access a wide range of consumer products using digital coupons.

These initiatives enable VOCENTO to access advertising sectors that traditionally do not invest massively in the press, broadening the client base.

- ii. Development of new digital products: supported by VOCENTO Media Lab. The aim is to research, experiment and build capacity in innovative, high-interest trends, using pilot trials at company titles. VOCENTO Media Lab focuses on areas ranging from data journalism and new digital narratives to the internal training of journalists and the dynamics for sharing knowledge between technical, business and editorial areas. A major landmark was the launch of Eslang as a responsive portal for millennials.

Mobility is another key priority for innovation. Achievements include the new apps for premium subscribers at on+, and ABC becoming the first Spanish newspaper on Facebook Instant Articles.

In 2017 the following areas will be in focus:

- i. the commitment to social media, mobile devices and video, and
- ii. the strengthening of user engagement, based on personalized conversations with bots and the development of applications.
- iii. User understanding and behaviour: the creation and development of databases, the management of the user experience, the unification and analytics of audiences, loyalty programmes – in short, everything to do with Big Data.

In 2016 a platform was set up for the management of user data. In 2017, more steps will be taken to create value from our readership. These tools have various aims, including increasing transactional revenues thanks to cross-selling and the targeted sales of products and services, as well as increasing advertising revenues.

The improvement in digital advertising revenues will result from an increase in the inventory – engagement – and from improved monetization thanks to reader analytics.

Digital positioning and acceleration at VOCENTO

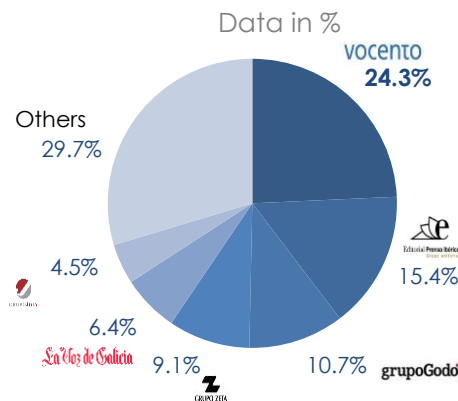


Regional Newspapers

VOCENTO is the undisputed leader of the regional press markets of Spain due to the deep roots and unique positioning of its 11 regional newspapers: El Correo, El Diario Vasco, El Diario Montañés, El Norte de Castilla, La Verdad, Ideal, Las Provincias, Sur, El Comercio, Hoy and La Rioja. The strength of these titles, some of which are over 100 hundred years old, their high level of local recognition and their strong links to their regions have turned them into clear references in their markets. A journalism based on accuracy and independence is the key to their success.

VOCENTO's regional newspapers have maintained their leadership in terms of circulation, with market share in the regional press of 24.3% in 2016, with the number two group on 15.4%.

Share of regional circulation market 2016 ¹

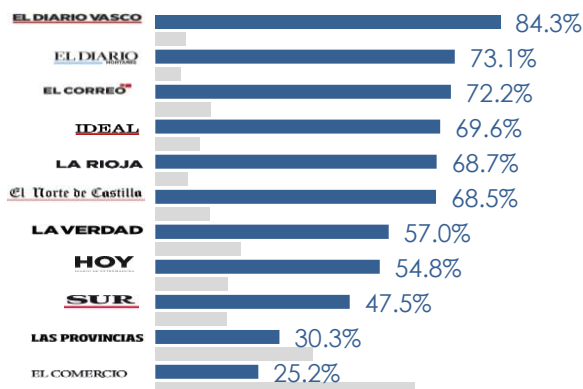


Note 1: Source OJD. Data not certified.

The regional newspapers are also leaders of the offline readership market, with more than 1.8⁹ million readers, 0.6 million readers more than the number two group, and online, with a readership of almost 19 million¹⁰ unique monthly readers. All of the eleven portals are leaders in their reference markets.

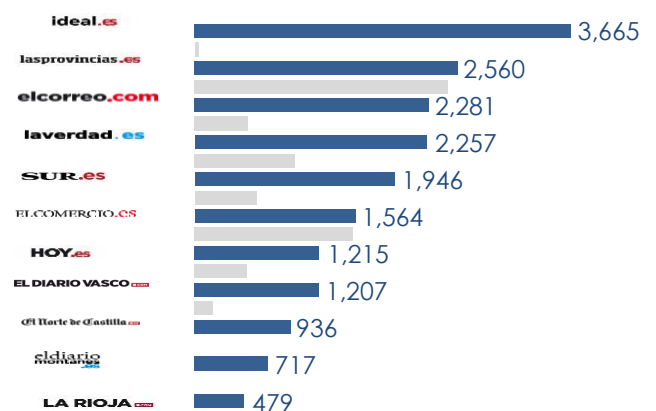
Circulation share in market by title¹

Data in %



Readership of local portals²

Data in thousands of unique monthly users



Note 1: Source OJD, 2016. Data not certified. Note 2: Source comScore December 2016.

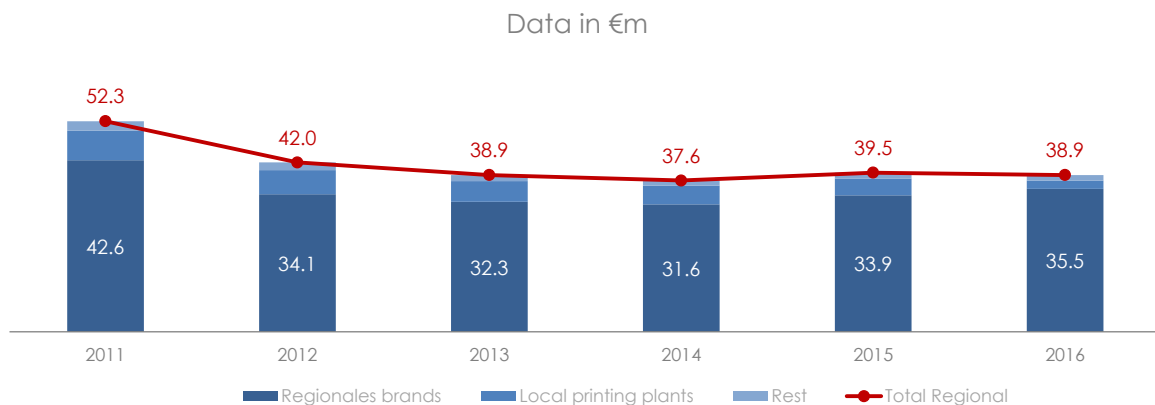
⁹ Source EGM 3rd accumulated survey 2016.

¹⁰ Source comScore December 2016.

The main focus of work in this area is to maintain the leadership of the newspapers in all vehicles and protect their profitability, based on the following:

- i. **Strengthening the digital business:** developing existing businesses such as Oferplan, and consolidating the "on+" premium model, with exclusive content, launched in May 2016 at El Diario Vasco. Other new products and services include Local Digital Kit. In 2017, the aim is to extend the geographical presence of successful products such as Local Digital Kit. The on+ model has already been extended, with the launch in February at El Diario Montañés. Thanks to the wide portfolio of VOCENTO, pilot trials can be carried out at other group brands.
- ii. **Protecting profitability:** increasing cover prices of some titles, continuing to optimize processes and resources, while still investing in the quality of the editorial product and maintaining the commitment to profitable circulation. The measures of the efficiency plans aim to optimize the structure of the area.

Annual performance of comparable EBITDA¹ at Regionals 2011-2016



Note 1: Not including personnel adjustment measures and one-offs.

National Newspaper - ABC

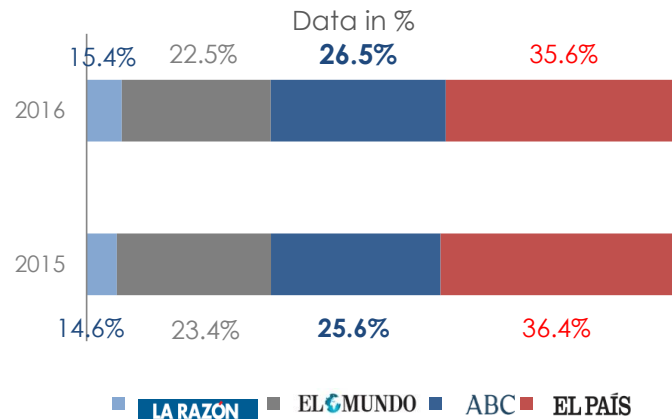
ABC is VOCENTO's national newspaper, with over 110 years of history. It is one of the country's leading national newspapers.

ABC has developed a multi-media presence: ABC in print + ABC on Kiosco y Más + ABC.es + ABC mobile (with applications for different multi-screen environments), as well as benefitting on the radio from the support of the agreement with COPE. This combination of different media vehicles enables the development of editorial synergies and the capture of new readers, mainly in the digital space.

In its print edition, ABC is focusing part of its efforts on ordinary circulation (sales including individual subscriptions and kiosk sales), which are the most profitable, while voluntarily reducing non-ordinary circulation (block and collective sales) in a controlled way.

ABC is continuing to increase its market share in the key market of the Comunidad de Madrid, where it has overtaken El Mundo and is now in second position, as the chart shows, and is moving closer to El País.

Market share of ordinary circulation in Madrid 2015-2016¹

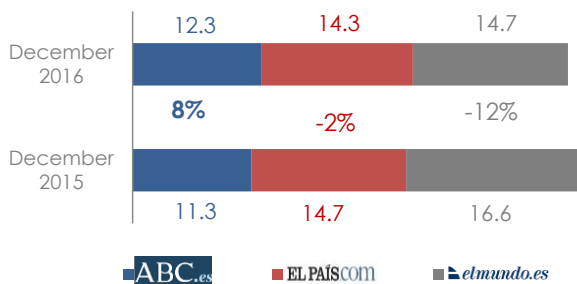


Note 1: Source OJD. 2016 data not certified.

For its part, abc.es is continuing to increase its readership, thanks above all to the potential of mobile devices. According to comScore in December 2016, it now reaches 12 million unique monthly users, with growth +8% higher than its peers. Of these users, 8 million or 67% use only mobile devices for access, a number that is up +21% from the previous year and well ahead of competitors.

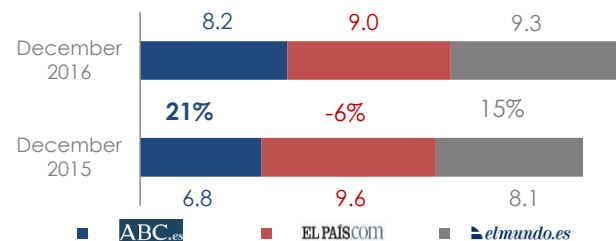
Total online readership¹

Data in million unique users



Exclusive mobile readership¹

Data in million unique users



Note 1: Source comScore.

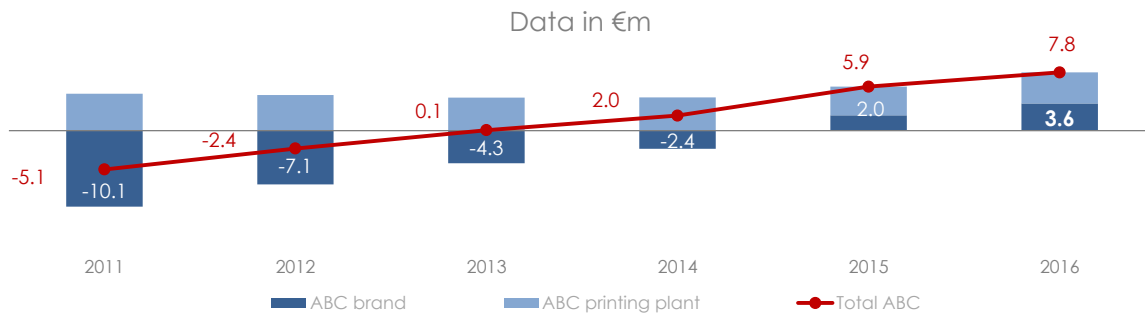
During 2016, the following strategic keys have supported the market positioning and the profitability:

- Increasing the digital business, strengthening mobility, personalisation and the capture of new data, as well as helping offer new services to customers (e.g. Oferplan and ABC Foto).
- Improving profitability by increasing cover prices on Sundays from €2.8 to €3.0 and continuing to reduce printing costs.
- The loyalty of both kiosk readers and users of the digital platform Kiosco y Más.

Comparable EBITDA has maintained an increasing trend despite the fall in advertising.

Since 2011, the comparable EBITDA of ABC has accumulated an improvement of 13,701 thousand euros, thanks to the value created from ABC brands. The aggregated print and digital activity in the period has improved from comparable EBITDA losses of -10,081 thousand euros in 2011 to positive comparable EBITDA of 3,620 thousand euros in 2016.

Annual performance of comparable EBITDA¹ at ABC 2011-2016



Note 1: Not including personnel adjustment measures and one-offs.

For 2017, the same strategic objectives apply as in 2016:

- i. [Digital transformation based on abc.es](#) with a renewed offer for the luxury, TV and film verticals, as well as strengthening existing services such as Oferplan and ABC Foto, and launching new products, including Local Digital Kit in Seville and a new portal for digital discounts.
Improving our understanding of readers, enabling increased loyalty and more effective marketing actions.
- ii. [Preserving the profitability of ABC](#) with increases to the cover price on weekdays from €1.5 to €1.6 and by optimizing operating costs.

Supplements and Magazines

VOCENTO publishes the two most read supplements in Spain: XL Semanal and Mujer Hoy. Their success is due to the quality of the contributors and the overall commitment to accuracy, differentiating them from their main competitors. The supplements are distributed with all VOCENTO newspapers during the weekends and with other leading regional newspapers.

[XL Semanal is the most read Sunday supplement in Spain](#), with journalists including Carlos Herrera, Arturo Pérez-Reverte, Juan Manuel de Prada, Carmen Posadas, David Gistau and others. Its aim continues to be to invest in a differentiated product with a journalistic vision that attracts readers and advertisers alike.

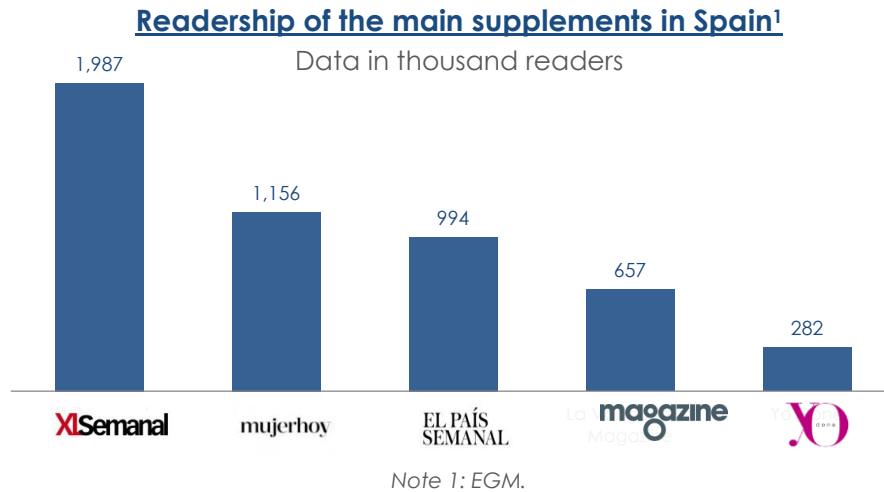
[Mujer Hoy](#) is the second most widely read supplement in Spain and is the leading women's supplement in its category. The magazine has worked increasingly on corporate projects with leading advertisers to enhance its brand, and has developed products such as the beauty box service Guapabox.

In the magazines area, the magazine [Corazón CZN TVE](#) in partnership with the TVE programme Hoy Corazón, is one of the bestselling celebrity magazines in the country.

The high-end men's magazine [Código Único](#) is aimed at a readership of urban professionals with a taste for luxury and brands. In the financial information segment, [Inversión y Finanzas](#) is the leading weekly finance magazine by kiosk sales, covering stock market and financial news with accuracy and professionalism.

In the [corporate magazines](#) area, we have an agreement with Air Europa to publish its leading in-flight magazine.

The Magazines and Supplements of VOCENTO had combined readership of 3.3 million readers in 2016, with XL Semanal the clear leader with almost two million readers, almost one million more than the number two supplement according to the EGM, while Mujer Hoy had more than one million readers.



Clear leadership has also been maintained in the advertising market. According to internal data, XL Semanal has consolidated its share of the Sunday supplement market, at 34%.

With almost 1.3 million unique users according to comScore in December 2016, Mujerhoy.com is one of the main verticals in its area.

In 2016, various steps were taken to improve the activity of VOCENTO's supplements and magazines:

- i. Consolidation of the leadership in readership and advertising of the VOCENTO supplements, following the agreement with Grupo Zeta for the joint distribution of XL Semanal and Mujer Hoy with El Periódico in Catalonia.
- ii. Investment in the attractive portfolio of existing products, including the redesign of Código Único.
- iii. Strengthening the positioning of Inversión y Finanzas following the strategic agreement with Bloomberg Businessweek to publish its stories and features in Spanish.
- iv. Expanding the area of events and special actions including new digital initiatives, such as the redesign of mujerhoy.com, the launch of XLsemanal.com and codigounico.com, and supporting e-commerce with Guapabox, among others.
- v. Ensuring this leadership position is compatible with rationality in costs, without reducing the quality of the editorial product.

For 2017, there are three strategic priorities:

- i. Strengthening digital content, increasing traffic to the vertical portals and monetizing this traffic, launching new products and continuing the roll-out of Guapabox.
- ii. Maintaining the leadership position in print. In 2017, XL Semanal will celebrate its 30th year.
- iii. Growing the business in new areas such as events and the design of bespoke actions for clients.

The following section provides an analysis of the revenues, EBITDA and operating result of the Newspapers area.

IFRS				
Thousand Euro	2016	2015	Var Abs	Var %
Total Revenues				
Regionals	276,355	286,501	(10,146)	(3.5%)
ABC	98,786	110,085	(11,299)	(10.3%)
Supplements& Magazines	28,821	29,942	(1,121)	(3.7%)
Adjustments intersegment	(17,234)	(18,702)	1,468	7.8%
Total Revenues	386,728	407,826	(21,098)	(5.2%)
EBITDA				
Regionals	34,704	38,588	(3,884)	(10.1%)
ABC	5,173	5,174	(1)	(0.0%)
Supplements& Magazines	370	1,248	(878)	(70.4%)
Total EBITDA	40,247	45,010	(4,763)	(10.6%)
Comparable EBITDA¹				
Regionals	38,908	39,510	(602)	(1.5%)
ABC	7,757	5,858	1,899	32.4%
Supplements& Magazines	370	1,249	(879)	(70.4%)
Total comparable EBITDA	47,035	46,617	418	0.9%
EBIT				
Regionals	24,208	29,511	(5,303)	(18.0%)
ABC	21,223	42	21,181	n.r.
Supplements & Magazines	14	1,055	(1,041)	(98.7%)
Total EBIT	45,445	30,609	14,837	48.5%
Comparable EBIT^{1, 2}				
Regionals	29,855	30,390	(535)	(1.8%)
ABC	2,716	715	2,000	279.7%
Supplements& Magazines	14	1,056	(1,042)	(98.6%)
Total comparable EBIT	32,585	32,162	423	1.3%

Note: The main eliminations are a result of: a) sales of the supplements (XL Semanal, Mujer Hoy and Corazón CZN TVE) from TESA to the Regional Press and ABC, b) from the distribution revenues of Beralán.

¹ Excluding personnel adjustment measures and one offs 2016 -6,787 thousand euros and 2015 -1,606 thousand euros.

² Excluding result from sale of fixed assets 2016 19,647 thousand euros and 2015 53 thousand euros.

Operating Revenues: 386,728 thousand euros, -5.2% down from 2015.

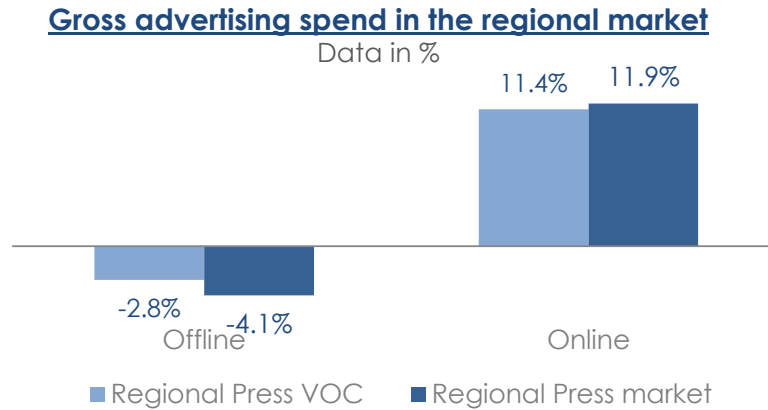
Circulation revenues: 182,710 thousand euros, down -5.8%. Revenues from circulation at the [Regional Press](#) dropped by -4.3%, with a fall in circulation of -7.8%. At [ABC](#), revenues from circulation sales fell by -9.3%, impacted by the voluntary reduction of some sales.

The -0.8% decrease in sales of the [Supplement and Magazines](#) followed the start of the distribution of XL Semanal and Mujer Hoy in Catalonia.

Advertising Revenues: decreased by -3.9% to 142,983 thousand euros. Advertising revenues at the regional brands and ABC fell by -3.2%, with online advertising increasing by +10.4% while offline revenues dropped by -6.6%.

At the Regional Press, advertising revenues fell by -1.2% to 95,930 thousand euros.

Online advertising growth has led to an increased contribution from digital revenues to the total revenues of the regional newspapers, to a higher level than their peers and from a higher base than other local operators.

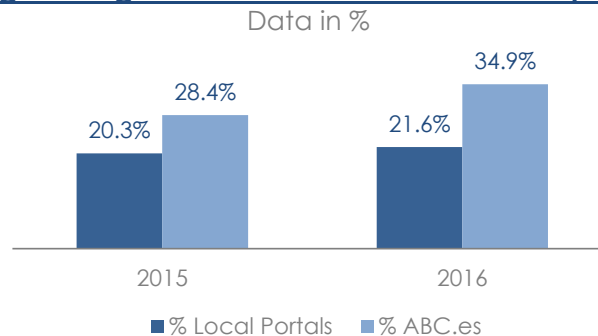


Note 1: Internal sources. Gross advertising data 2016.

At ABC, advertising revenues fell by -9.2%, with an increase at ABC.es of +12.6% and an offline decline of -17.3%, reflecting the weak offline advertising environment for the national press.

The gradual incorporation of the digital business model has been reflected in the increased contribution of digital revenues, both at Regional (21.6% +1.3 p.p.), and at ABC (34.9% +6.6 p.p.).

Weight of digital business at VOCENTO newspapers



Note 1: Weight of digital=%digital ad revenues and e-commerce of total ad and e-commerce revenues.

Other Revenues: 61,035 thousand euros, down -6.0%, the result of a more selective promotions policy at ABC and reduced activity at the print plants.

Comparable EBITDA¹¹: 47,035 thousand euros, an increase of 418 thousand euros from 2015. The profitability of the area increased, with a comparable EBITDA margin of 12.2% compared with 11.4% in 2015.

Comparable EBITDA, Newspapers

Data in €m

IFRS Thousand Euro	2016	2015	Var Abs
Regionals	38,908	39,510	-602
ABC	7,757	5,858	1,899
Supplements & Magazines	370	1,249	-879
Total	47,035	46,617	418

¹¹ Excluding personnel adjustment measures and one-offs 2016 -6,787 thousand euros and 2015 -1,606 thousand euros.

In 2016, comparable costs fell by -5.3%:

Performance of comparable costs at Newspapers

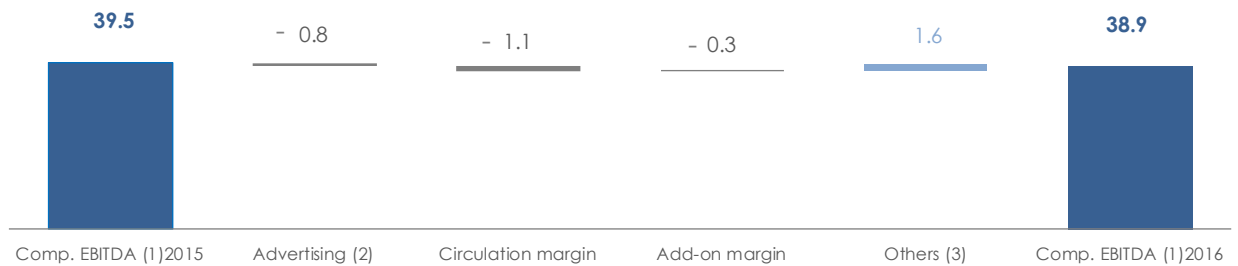
Data in €m

Like for like opex (thousand euros)	2016	2015	Var Abs	Var %
Regionals	-237,448	-246,991	9,544	3.9%
ABC	-91,030	-101,727	10,698	10.5%
Supplements & Magazines	-28,451	-28,693	242	0.8%
Adjustments	17,234	18,702	-1,468	-7.8%
Total	-339,693	-358,709	19,015	5.3%

- i. Regionals: savings made under the Efficiency Plan, included as lower personnel expenses (in the Others item of the following chart), helped deliver comparable EBITDA of 38,098 thousand euros. The reduction in costs at Regional reached -9,544 thousand euros, leading to a slight increase in the comparable EBITDA margin to 14.1%.

Regionals: comparable EBITDA¹

Variation 2016 vs 2015 except comparable EBITDA (€m) and comparable EBITDA margin (%)

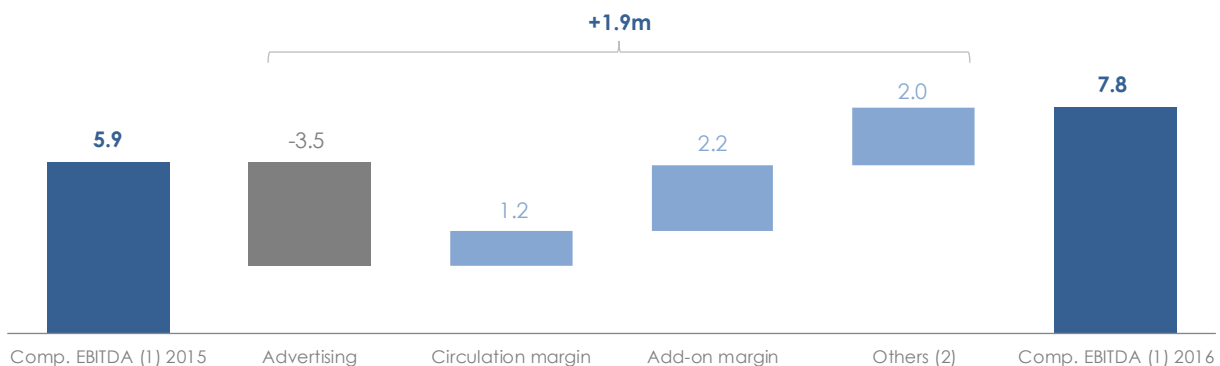


Note 1: excluding personnel adjustment measures and one-offs 2015 €-0.9m and 2016 €-4.2m. Note 2: print and digital. Note 3: including margin on promotions, fixed costs and others.

- ii. ABC: comparable EBITDA in 2016 increased by 1,899 thousand euros. Savings made under the Efficiency and Industrial Plans, combined with a more efficient promotions policy, helped deliver comparable EBITDA of 7,757 thousand euros and comparable EBIT of 2,716 thousand euros.

ABC: comparable EBITDA¹

Variation 2016 vs 2015 except comparable EBITDA (€m).



Note 1: excluding adjustment measures and one-offs 2015 €-0.7m and 2016 €-2.6m. Note 2: print and digital. Note 3: others include margin on promotions and fixed costs.

- iii. Supplements and Magazines: comparable EBITDA of 370 thousand euros compared with 1,249 thousand euros in 2015.

Audiovisual

VOCENTO has a presence in the audiovisual market with a national DTT licence and the broadcast of two nationwide channels, a network of radio licences, shareholdings in content producers and the management of a catalogue of film rights.

Television

VOCENTO via its 55% indirect stake in the share capital of Sociedad Gestora de Televisión Net TV S.A. ("NET TV") is one of the private companies to have a national free-to-air DTT license.

NET TV currently broadcasts Disney Channel and Paramount Channel, giving VOCENTO a presence in the niche television sector with international content suppliers who are global leaders in entertainment, guaranteeing the NET TV business for the medium term.

2016 was a year of stability for the regulatory framework governing television, which helped increase the profitability of the national television division. A year of continuity is expected in 2017.

Radio

Since 2013, the alliance with Cadena COPE has contributed stable profitability and helped reinforced the ABC brand thanks to the exposure of its content and journalists on COPE.

Audiovisual Production and Distribution-Veralia

The presence of VOCENTO in the audiovisual production sector (the production of entertainment and drama programmes and the distribution of films) is based on Veralia Corporación and includes: i) Veralia Contenidos, a holding company for audiovisual production companies, which includes BocaBoca Producciones, Europroducciones and Hill Valley, and ii) Veralia Distribución de Cine, which has a catalogue of rights for 219 films.

In 2016, Veralia production companies had in development, preproduction, production and broadcast various formats, including "9 meses con Samanta," "Magic Mania" (Disney Channel), "Yo Soy del Sur" (Canal Sur), "A Tu Vera" (Castilla la Mancha TV), "Donde quieres estar" (Canal Extremadura) and "El Ministerio del Tiempo" (RTP, Portugal). Another successful show was the Christmas gala "Telepasión" for TVE.

In 2016, Veralia companies increased their volume of productions and diversified their client portfolios. For 2017, the outlook is positive, following the agreement with TVE for the production of a drama series.

In the film distribution sector, Veralia Distribución de Cine, following the 2013 agreement with minority shareholders, has reduced the risk of volatility, reduced capex requirements and increased potential profitability. The aim is to continue to maximise revenues from the existing catalogue, in a market which is growing thanks to the entry of new OTT (over the top) operators into the television environment.

The following section provides an analysis of the revenues, EBITDA and operating result of the Audiovisual area.

Thousand Euro	IFRS			
	2016	2015	Var Abs	Var %
Total Revenues				
DTT	29,400	30,113	-713	-2.4%
Radio	4,130	4,082	48	1.2%
Content	15,381	13,579	1,802	13.3%
Adjustments intersegment	-267	-419	152	36.3%
Total Revenues	48,643	47,354	1,289	2.7%
EBITDA				
DTT	5,825	5,328	497	9.3%
Radio	2,604	2,646	-42	-1.6%
Content	4,312	4,706	-395	-8.4%
Total EBITDA	12,740	12,680	61	0.5%
Comparable EBITDA¹				
DTT	5,825	5,329	496	9.3%
Radio	2,574	2,599	-25	-1.0%
Content	4,312	4,706	-395	-8.4%
Total comparable EBITDA	12,710	12,634	77	0.6%
EBIT				
DTT	6,757	5,031	1,727	34.3%
Radio	2,615	2,626	-11	-0.4%
Content	1,201	374	827	221.1%
Total EBIT	10,574	8,030	2,543	31.7%
Comparable EBIT^{1, 2}				
DTT	5,557	5,056	501	9.9%
Radio	2,554	2,584	-30	-1.1%
Content	1,201	374	827	221.1%
Total comparable EBIT	9,313	8,014	1,299	16.2%

Note: Eliminations are the result of the sale of programmes from the production companies to National DTT and Radio.

Note: EBIT and comparable EBIT at Content include the amortization of goodwill in the Tripictures film catalogue in 2016 of 1,657 thousand euros and 2,075 thousand euros in 2015

¹ Excluding personnel adjustment measures in 2016 of 30 thousand euros and in 2015 of 46 thousand euros.

² Excluding result from sale of fixed assets in 2016 1,231 thousand euros and 2015 -30 thousand euros.

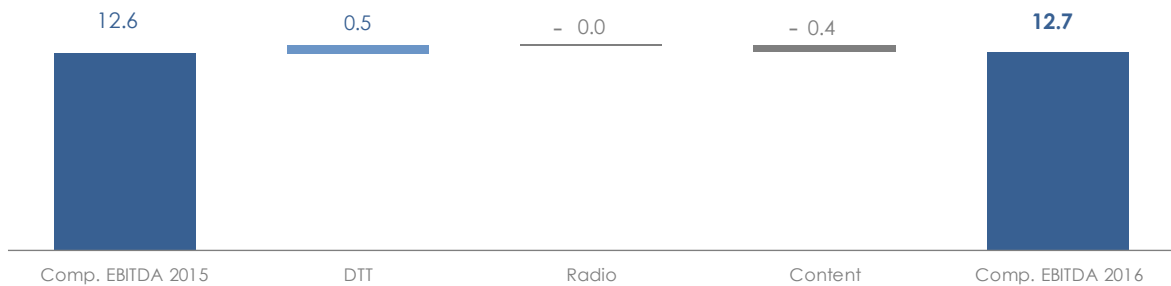
Operating Revenues: increased by +2.7% to 48,643 thousand euros, mainly because of increased activity at the content production companies.

Comparable EBITDA¹²: 12,710 thousand euros, a slight improvement of 77 thousand euros from 2015. The area's comparable EBITDA margin was 26.1%, from 26.7% in 2015.

¹² Excluding personnel adjustment measures de in 2016 of 30 thousand euros and in 2015 of 46 thousand euros.

Comparable EBITDA at Audiovisual

Data in €m



- i. DTT: Comparable EBITDA of 5,825 thousand euros, up 496 thousand euros from 2015, due to the consolidation of the two nationwide DTT channels.
- ii. Radio: Comparable EBITDA of 2,574 thousand euros, almost the same as the 2,599 thousand euros in 2015. The stability is a reflection of the agreement with COPE.
- iii. Content: Comparable EBITDA of 4,312 thousand euros compared with 4,706 thousand euros in 2015. The decrease is a result of the reduce profitability of film rights sales, not fully offset by increased activity in content production.

Comparable Operating Result: (because of the level of amortization in this area, commentary is provided on the operating result) 9,313 thousand euros compared with 8,014 thousand euros in 2015, thanks to the increase in comparable EBITDA and a 1,222 thousand euros decrease in amortization in the Content area in 2016. All divisions are now profitable on a comparable EBIT basis.

Classified

The nationwide Classified network of VOCENTO is unique in the Spanish media sector, thanks to its specialist team and its customer-focused service culture. These characteristics are supported by ABC.es and the 11 regional digital editions of VOCENTO, providing a nationwide service that is characterized by its content as well as by its understanding of the segment.

The portals are present with national brands in the three main markets for Internet classified advertising: in real estate with pisos.com (top#3 in its category, employment with Infoempleo.com (top#4) and automotive with autocasion.com (top#7).

In 2016, the business area recorded significant growth in revenues and in EBITDA, with high levels of market share and market penetration. The strategic focus on the B2B area includes attractive commercial offers for clients. The year also saw the redesign of Infoempleo.com and autocasion.com.

In 2017, we continue to be committed to developing products and services with added value that enable us to improve our understanding of clients and our use of new technologies.

On the revenue side, thanks to brand marketing initiatives, the aim is to increase advertising revenues for both classifieds and display advertising. Steps will be taken to increase the loyalty and average revenue per client. On the cost side, all measures will be implemented while maintaining the existing operating structure.

The following section provides more detail about the revenues, EBITDA and operating result of the Classified area.

Thousand Euro	IFRS			
	2016	2015	Var Abs	Var %
Total Revenues				
Classified	17,815	15,435	2,380	15.4%
Total Revenues	17,815	15,435	2,380	15.4%
EBITDA				
Classified	2,015	660	1,355	205.3%
Total EBITDA	2,015	660	1,355	205.3%
Comparable EBITDA¹				
Classified	2,076	831	1,244	149.7%
Total comparable EBITDA	2,076	831	1,244	149.7%
EBIT				
Classified	1,556	83	1,473	n.r.
Total EBIT	1,556	83	1,473	n.r.
Comparable EBIT^{1 2}				
Classified	1,613	261	1,352	519.0%
Total comparable EBIT	1,613	261	1,352	519.0%

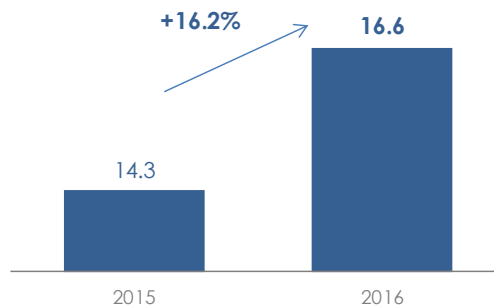
¹ Excluding personnel adjustment measures in 2016 of -61 thousand euros and in 2015 of -171 thousand euros.

² Excluding result from sale of fixed assets in 2016 4 thousand euros and 2015 -6 thousand euros.

Operating Revenues: 17,815 thousand euros, an increase of 15.4%, thanks to the 16.2% rise in advertising revenues.

Advertising revenues at Classified

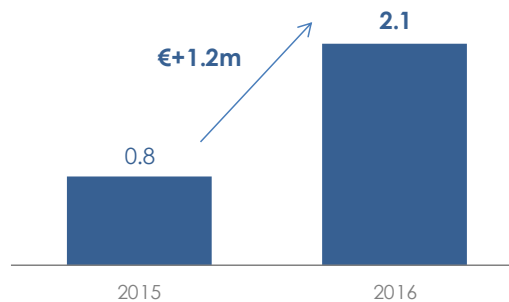
Data in €m



Comparable EBITDA: reaches 2,076 thousand euros in 2016 an increase over 831 thousand euros in 2015, thanks to the increase in revenues, which has enabled the area to increase its profitability.

Comparable EBITDA of the Classified area¹

Data in €m



Note 1: excluding adjustment measures 2016 €-0.1m and 2015 €-0.2m.

Operating data

Newspapers

Average Circulation Data	2016	2015	Var Abs
National Press - ABC	91,159	107,802	-16,643
Regional Press			
El Correo	66,623	72,956	-6,334
El Diario Vasco	50,831	53,493	-2,662
El Diario Montañés	23,222	25,156	-1,934
Ideal	18,152	19,624	-1,472
La Verdad	15,821	17,470	-1,649
Hoy	10,303	11,103	-800
Sur	15,992	17,579	-1,587
La Rioja	9,368	10,231	-863
El Norte de Castilla	18,089	20,456	-2,367
El Comercio	16,357	17,410	-1,053
Las Provincias	16,679	18,110	-1,430
TOTAL Regional Press	261,438	283,587	-22,150

Sources:OJD. 2016 non audited data.

Audience	3rd Survey 16	3rd Survey 15	Var Abs
National Press - ABC	453,000	497,000	-44,000
Regional Press	1,859,000	2,029,000	-170,000
El Correo	386,000	419,000	-33,000
El Diario Vasco	198,000	249,000	-51,000
El Diario Montañés	141,000	161,000	-20,000
Ideal	139,000	192,000	-53,000
La Verdad	191,000	191,000	0
Hoy	134,000	134,000	0
Sur	124,000	148,000	-24,000
La Rioja	85,000	84,000	1,000
El Norte de Castilla	191,000	181,000	10,000
El Comercio	152,000	155,000	-3,000
Las Provincias	118,000	115,000	3,000
Supplements			
XL Semanal	1,760,000	2,024,000	-264,000
XL Dominical	146,000		
Mujer Hoy	1,156,000	1,255,000	-99,000
Mujer Hoy Corazón	186,000	266,000	-80,000
Inversión y Finanzas	23,000	37,000	-14,000
Monthly Unique uses (Th)	dic-16	dic-15	Var Abs
Vocento	19,180	18,449	731

Source: comScore.

Audiovisual

National TV Market	dic-15	dic-14	Var Abs
Audinece share Net TV	3.2%	3.3%	-0.1 p.p

Source: Kantar Media last month.

Appendix I: Alternative Performance Measures

On 20 October 2015 the CNMV stated its intention to comply with the Guidelines on Alternative Performance Measures published by the European Securities and Market Authority (ESMA) on 30 June 2015 in accordance with Article 16 of EU Regulation 1095/2010 of the European Parliament and Council.

The APMs used in this report include the following:

EBITDA represents the net result of the period before financial income and expenses, other results from financial instruments, tax on profits, amortization, depreciation, the impairment and sale of fixed and non-fixed assets, the writedown of goodwill in the period, excluding (a) the net result from the sale of current financial assets and (b) the results from equity-accounted subsidiaries.

Comparable EBITDA is the adjustment of EBITDA for all non-recurring exceptional revenues and costs, in order to facilitate the comparison between EBITDA in different periods.

Exceptional non-recurring costs include the costs of compensation for dismissals incurred in each period.

EBIT is EBITDA less amortization and depreciation and the result from the impairment or sale of fixed and non-fixed assets.

Comparable EBIT is EBITDA less exceptional and non-recurring revenues and expenses, to facilitate the comparison of EBIT between the periods, and less the result from the sale or impairment of fixed and non-fixed assets. Exceptional non-recurring costs include the costs of compensation for dismissals incurred in each period.

Net Financial Debt (NFD) represents long-term and short-term debt with an explicit financial cost, either with financial institutions or other third parties, plus debt from the issue of bonds, commercial paper, securities convertible into shares or similar financial instruments plus the collateral or guarantees provided to third parties as part of the debt with a financial cost and which are not recorded as liabilities with payment obligations, minus cash plus the mark-to-market value of any hedging instruments apart from hedging for trading. Cash includes cash and other liquid equivalents, plus other current and non-current financial assets held either at financial institutions or with other third parties. The amount of the item of 'debt with credit institutions' is the nominal value and not its amortized cost; i.e. it does not include the impact of deferred arrangement costs. Guarantees of technical and financial capacity are not included in Net Financial Debt.

Comparable Net Financial Debt (NFD) is NFD adjusted for exceptional and non-recurring receivables and payables for comparative purposes. Exceptional non-recurring payments include payments made for compensation for dismissal each period, plus payments related to the agreements with shareholders of Federico Domenech and payments made to buy shares.

Generation of ordinary cash represents the difference between the NFD at the beginning and end of the period, adjusted for non-recurring and exceptional receivables and payables for comparative purposes. Exceptional non-recurring payments include payments made for compensation for dismissal each period, plus payments related to the agreements with shareholders of Federico Domenech and payments made to buy shares.

Calculation of APMs: reconciliation between accounting data and Alternative Performance Measures

Thousand Euros	2016	2015
NET RESULT OF THE YEAR	-57,756	9,104
Financial income	-243	-1,538
Financial expenses	6,701	7,705
Other results from financial instruments	294	-923
Tax on profits of continued operations	92,570	6,057
Amortization and depreciation	18,650	20,055
Impairment of goodwill	2,500	5,350
Impairment and result from sale of fixed and non-fixed assets	-20,881	569
Result from equity-accounted subsidiaries	110	-257
Net result of sale of non-current financial assets	177	1,516
EBITDA	42,123	47,638
Compensations payments	10,115	2,556
COMPARABLE EBITDA	52,238	50,194
EBITDA	42,123	47,638
Amortization and depreciation	-18,650	-20,055
Impairment and result from sale of fixed and non-fixed assets	20,881	-569
EBIT	44,354	27,016
Compensations payments	10,115	2,556
Impairment and result from sale of fixed and non-fixed assets	-20,881	569
COMPARABLE EBIT	33,588	30,139
Thousand Euros	2016	2015
Long term financial debt with credit institutions	64,903	97,004
Other liabilities with long term financial cost	1,493	2,351
Short term financial debt with credit institutions	17,942	23,262
Other liabilities with short term financial cost	1,783	2,509
Cash and cash equivalents	-21,709	-19,348
Other non-current payables with a financial cost	-270	-270
Arrangement fee for syndicated loan	2,271	3,279
NET FINANCIAL DEBT (NFD)	66,412	108,787
NET FINANCIAL DEBT (NFD)	66,412	108,787
compensation payments in the period	-10,278	-6,329
Sale of the ABC building	35,000	0
Payment for renegotiation of put options on Las Provincias and second payment of purchase of 34% of Rotomadrid and others	-3,767	-3,972
COMPARABLE NET FINANCIAL DEBT	87,367	98,486
NFD at start period	108,787	125,869
NFD at end of period	-66,412	-108,787
compensation payments in the period	10,278	6,329
Sale of the ABC building	-35,000	0
Payment for renegotiation of put options on Las Provincias and second payment of purchase of 34% of Rotomadrid and others	3,767	3,972
ORDINARY CASH GENERATION	21,420	27,383

Disclaimer

This document contains forward-looking statements regarding intention, expectations or estimates of the Company or its management at the date of issue thereof, relating to various aspects, including the growth of various lines of business and the business overall, the market share, the results of the Company and other aspects of the activity and status thereof.

Analysts and investors should bear in mind that such estimates do not amount to any warranty as to the future behaviour or results of the Company, and they shall bear all risks and uncertainties with regard to relevant aspects, and thus, the real future results and behaviour of the Company might be substantially different from what is stated in the said predictions or estimates.

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