



Pursuant to article 17 of the Regulation (EU) 596/2014 on market abuse and article 228 of the Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Securities Market Act, Promotora de Informaciones, S.A. (“**Prisa**” or the “**Company**”) announces the following

### **RELEVANT INFORMATION**

Prisa Activos Educativos, S.L.U. —a wholly-owned subsidiary of Prisa and owner of 75% of the share capital of Grupo Santillana Educación Global, S.L. (“**Santillana**”)— has today signed a share purchase agreement to acquire the remaining 25% stake in Santillana held by DLJSAP Publishing Limited (“**DLJ**”), a company owned by funds managed or advised by Victoria Capital Partners (the “**Acquisition**”).

The Acquisition has been unanimously approved by the Board of Directors of the Company held today, 26 February 2019.

The price of the Acquisition has been set at a fixed amount of EUR 312.5 (the “**Total Consideration**”) and will be fully paid in cash at closing of the Acquisition.

The closing of the Acquisition is subject to obtaining the required authorisation from the Spanish competition authorities—which is expected to be notified immediately and obtained during March 2019—and to the execution of the capital increase mentioned below.

Prisa expects to fund the Total Consideration through a combination of: (i) cash available on the Company’s balance sheet funded mainly from the net proceeds of the capital increase with preferential subscription rights carried out in February 2018; and (ii) the proceeds of a capital increase by means of cash contributions, with preferential subscription rights, to be carried out in the amount and on the terms determined by the Board of Directors.

Banco Santander, S.A. and the Company have today entered into an agreement, subject to customary terms of this kind of documents, whereby Banco Santander, S.A. has committed to underwrite the capital increase in an amount of up to EUR 200 million at an issue price to be determined in the corresponding underwriting agreement. Additionally, shareholders representing 42% of the Company’s share capital have already expressed to the Company their interest in participating in the mentioned capital increase.

The Company has obtained the requisite consents to carry out the transactions from its lenders.

A presentation on the strategic and financial rationale of the Acquisition is hereby attached.

Madrid, 26 February 2019.

D. Xavier Pujol Tobeña  
General Counsel and Secretary to the Board of Directors



# Purchase of Santillana Minorities

February 2019

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## Executive Summary

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- Prisa announces an agreement with Victoria Capital Partners to acquire Victoria's 25% stake in Santillana
  - SPA already signed and subject to antitrust approval in Spain (expected by March 2019). Acquisition to be financed partially with a capital increase with preferential subscription rights and existing cash
- The transaction is underpinned by a strong strategic rationale with a high value creation potential for Prisa's shareholders while improving company's cash flow profile going forward
  - 100% ownership of the key growth engine of the group
  - \$25.8 m perpetual annual dividend saving
  - Accretive transaction for Prisa's shareholders
- Total consideration offered is €312.5 m fully paid in cash
  - The acquisition price implies an Equity Valuation of €1.25 Bn (Enterprise Value of €1.2 bn) for the 100% share capital of Santillana
  - Implied Enterprise Value / Adj. EBITDA<sup>18</sup> multiple of 7.1x, below the average of precedent transactions multiples in the education sector (above 10x<sup>2</sup>)
- Transaction closing expected in April 2019

1. As of 2018

2. Average multiple based on public data of the following transactions: Kroton / Somos, Abril Educação / Saraiva Educação, Tarpon / Abril Educação, Kroton / Uniasselvi and Vivendi / Editis

<b>Description</b>	<b>Purchase of 25% stake in Santillana from Victoria Capital Partners (“VCP”)</b>
<b>Consideration</b>	<b>€312.5 m (25% stake)</b> <ul style="list-style-type: none"><li>– Implying a Equity Value of €1.25 Bn for the 100% of Santillana and a Enterprise Value / Adj. EBITDA<sup>18</sup> of 7.1x, below the average of precedent transactions multiples in the education sector (above 10x<sup>2</sup>)</li></ul>
<b>Payment</b>	<b>Consideration to be fully paid at closing</b>
<b>Acquisition Financing</b>	<b>€200 m capital increase with preferential subscription rights</b> <ul style="list-style-type: none"><li>– 100% underwriting commitment from Banco Santander</li></ul> <b>Remaining to be paid with existing cash in balance sheet</b> <b>Acquisition consented by the required majority of lenders</b>
<b>Conditions Precedent</b>	<b>Anti-trust clearance in Spain</b> <b>Execution of the capital increase to partially finance the acquisition</b>
<b>Timetable</b>	<b>M&amp;A expected to be fully completed in April 2019</b>

1. As of 2018

2. Average multiple based on public data of the following transactions: Kroton / Somos, Abril Educação/ Saraiva Educação, Tarpon / Abril Educação, Kroton / Uniasselvi y Vivendi / Editis

# Purchase of Santillana Minorities

## Key Strategic Rationale



*Ability to Implement Strategic Plan by Regaining Full Ownership of a Core Asset*

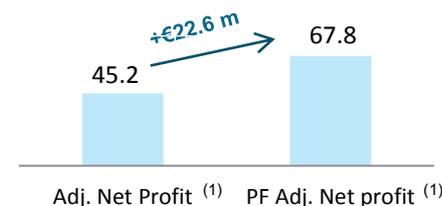
# Transaction Financial Impacts at Group Level

## Impact on P&L

**Adjusted Net Profit<sup>(1)</sup> to increase by the minority interest attributable to Santillana**

- + €22.6 m<sup>(2)</sup>

€m, 2018 figures<sup>(3)</sup>

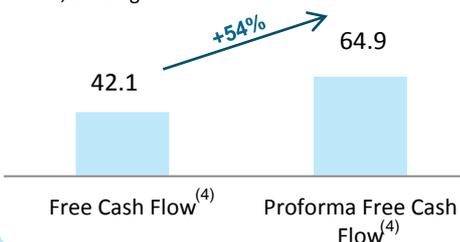


## Impact on Cash Flow Statement

**Cash Flow to increase through a \$25.8 m Perpetual Annual Dividend Saving**

- + 54% or €22.8 m<sup>(3)</sup>

€m, 2018 figures<sup>(3)</sup>



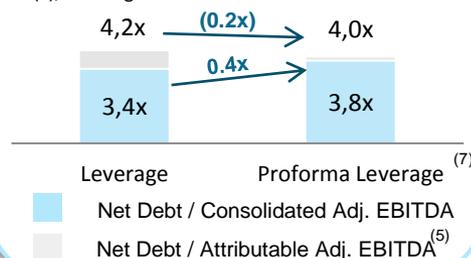
## Impact on Leverage

**Proforma net leverage to increase on a consolidated basis, but to decrease on an attributable basis<sup>(5)</sup>**

- + 0.4x Proforma Net Debt / Consolidated Adjusted EBITDA

- (0.2x) Proforma Net Debt / Attributable Adjusted EBITDA<sup>(5)</sup>

(x), 2018 figures<sup>(3)</sup>



**Full Commitment on Complying With Target Financial Policy of Consolidated Net Leverage<sup>(6)</sup> Below 3.0x by 2020**

1. Net Profit excluding one-offs
2. Total impact will include the minority interest attributable to Santillana (€22.6 m on 2018 basis)
3. As of February 2019. Fx €/\$ 1.13
4. Free cash flow before 2018 capital increase net proceeds
5. Attributable Adjusted EBITDA calculated as the total Adjusted EBITDA of each subsidiary multiplied by the stake that Prisa owns in each subsidiary
6. Based on Net Debt / Consolidated Adjusted EBITDA
7. Assumes a cash deployment of c.€120 m and does not include dividend payment to VCP corresponding to year 2018 nor 2019 accrued dividend until closing.



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