



H1 2019 RESULTS PRESENTATION

July 30, 2019

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- 1 1H2019 key highlights
- 2 1H2019 Group results
- 3 1H2019 results by business unit
- 4 Summary

1 1H2019 Key highlights

1H 2019 Key Highlights

KEY BUSINESS HIGHLIGHTS

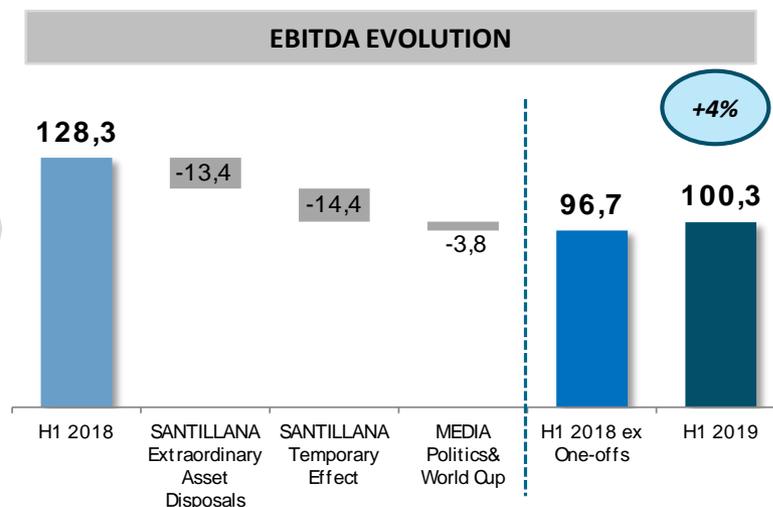
Businesses performed in line with expectations and according to seasonality

- 1 Santillana:** campaigns performed in line with expectations with Spain performing strongly on the back of novelties and subscription models continue delivering growth
- 2 Radio:** Operating improvement despite sports and politics (elections) impacts in 2018 both in Spain and Latam
- 3 Press:** Positive operational performance on the back of advertising growth and circulation margins improvement
- 4 Media Capital:** Advertising growth with costs maintained in 2Q

1H RESULTS COMPARISON AFFECTED BY SEASONALITY AND ONE OFFS

Temporary and permanent effects impacting 1H results

- **Extraordinary Assets disposals** in 2Q2018 (Santillana USA & real estate)
- **Public sales in Brazil and Mexico** taking place in 2H 2019 as opposed to Q2 in 2018
- **Argentina hyperinflation**
- **World Cup and politics (elections)** impacting positively Spain and Colombia in 2Q2018



1H Operating performance in line with expectations and according to seasonality of business

ON TRACK TO MEET FY2019 OUTLOOK

Education

- Positive evolution supported by Spain (novelties) and Brazil (2018 PNLD F1 renewals and 2019 being medium year cycle)
- 1H expected to be weaker than 2018 as a result of Spain seasonality, Brazil and Mexico public sales seasonality and hyperinflation impact. Stronger 2H on the back of Spain and Brazil

Radio

- Advertising growth outperforming market, leveraging on product offering and audience shares, despite extraordinary events related to world cup and politics (elections) contributing positively in 2018
- Operating improvement both in Spain and Latam

Press

- Digital growth benefiting from advertising market growth and creation of a Private Market Place
- Transition to a variable cost structure with margin enhancement supported by efficiencies on the legacy business & digital growth

MCP

- Advertising growth in line with market, with highly competitive market to impact programming costs and audience figures

FX

- Negative impact expected, mainly from BRZ and ARG (bellow 2018 negative impact)

FCF

- Recurrent FCF* in line with or above 2018: Improving along the quarters, likely to be negative in 1H
- Deferred payment to 3i (non-recurrent) amounting €36.5 million by end of February

1H results consistent with FY2019 outlook with strong EBITDA and CASFLOW expected in 2H

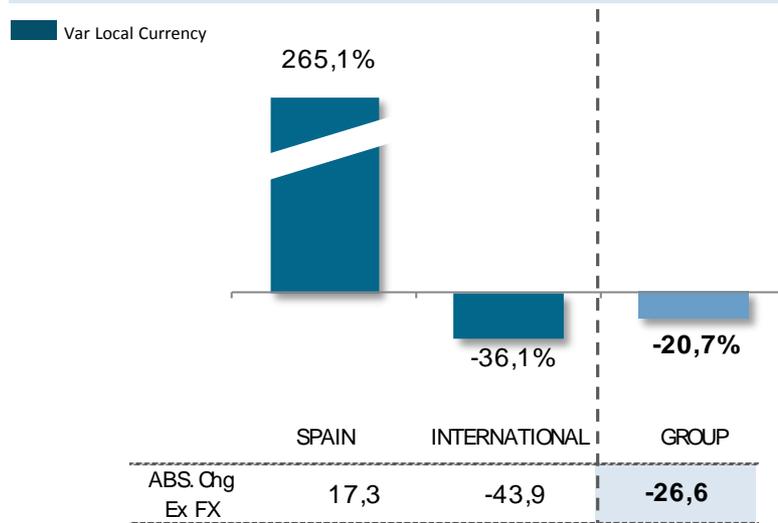
* Assumes 100% of Brazil's 2019 PNLD collection in line with 100% collection in 2018

2 1H2019 Group results

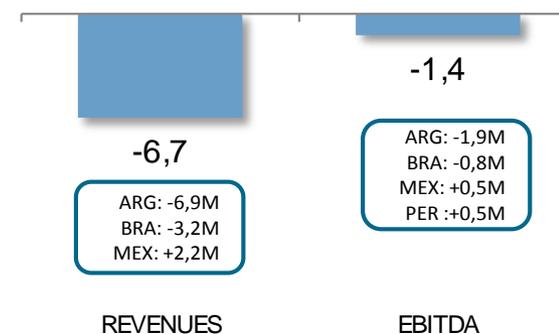
2019H1 Operating Overview

€ Millions	JAN-JUN 2019	Var. 19/18 on constant ccy		Var. 19/18		Ex. Temporary Effects&One-offs
REVENUES	572	-8,0%	-50,5	-9,1%	-57,1	-1,4%(*)
EXPENSES	472	-4,8%	-23,8	-5,8%	-29,1	-2,5%
EBITDA	100	-20,7%	-26,6	-21,8%	-28,0	+3,8%
<i>EBITDA Margin</i>	17,5%		-2,8%		-2,9%	
EBIT	54	-35,2%	-29,6	-36,0%	-30,3	
<i>EBIT Margin</i>	9,4%		-4,0%		-4,0%	

EBITDA Variation (%) at constant currency



FX Effect (m€)



Note: EBITDA includes provisions in 2019 (2.2Mn) and 2018 (4.0Mn)

The impact of Mediapro's ruling in 2019 & the IFRS16 estimated effect (in 2018) have been adjusted for a comparable basis.

(*) Decline due to the perimeter effect of the closing or disposal of non core or non profitable businesses (Prisa Video, Music and Santillana US) amounting 49M€.

2019H1 Operating Overview – Net Profit

€ Millions	2019	2018	% Chg.
Reported Results			
1 Reported EBIT	2,9	80,5	(96,4)
<i>EBIT Margin</i>	0,5%	12,8%	
2 Financial Result	(40,8)	(44,1)	7,4
Interests on debt	(29,6)	(25,2)	(17,5)
Other financial results	(11,2)	(18,9)	40,7
Result from associates	0,6	2,4	(75,6)
Profit before tax	(37,4)	38,8	—
Income tax expense	15,7	22,8	(31,2)
Results from discontinued activities	0,7	0,0	—
3 Minority interest	(0,8)	15,6	—
Net Profit	(51,5)	0,4	—
Mediapro ruling*	(40,8)	---	---
IFRS16		(2,8)	100,0
Comparable Net Profit	(10,7)	(2,4)	—

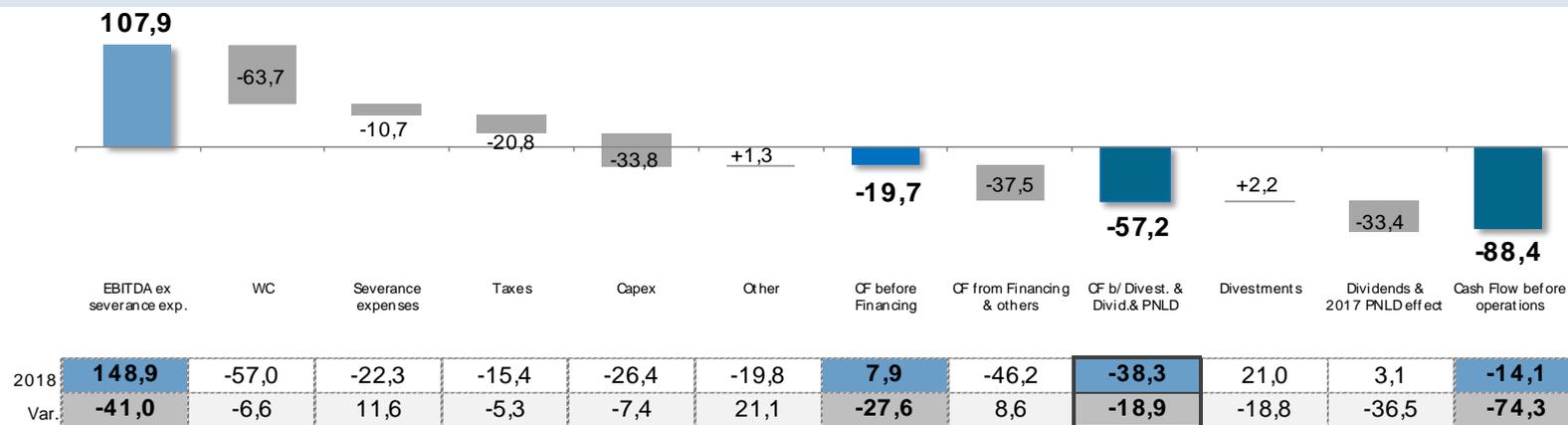
€ Millions	2019	2018	% Chg.
Mediapro ruling & IFRS16 impact			
1 Reported EBIT	2,9	80,5	(96,4)
Mediapro Ruling	51,0		
IFRS16 Effect		3,7	
Comparable EBIT	53,9	84,2	(36,0)
2 Reported Financial Result	(40,8)	(44,1)	7,4
IFRS16 Effect		(6,5)	
Comparable Financial Result	(40,8)	(50,6)	19,2
3 Reported Minority Interest	(0,8)	15,6	—
Mediapro Ruling	10,2		
Comparable Minority interest	9,4	15,6	(39,5)

Reported Net result affected by extraordinary provision related to Mediapro negative ruling & temporary effects in Santillana

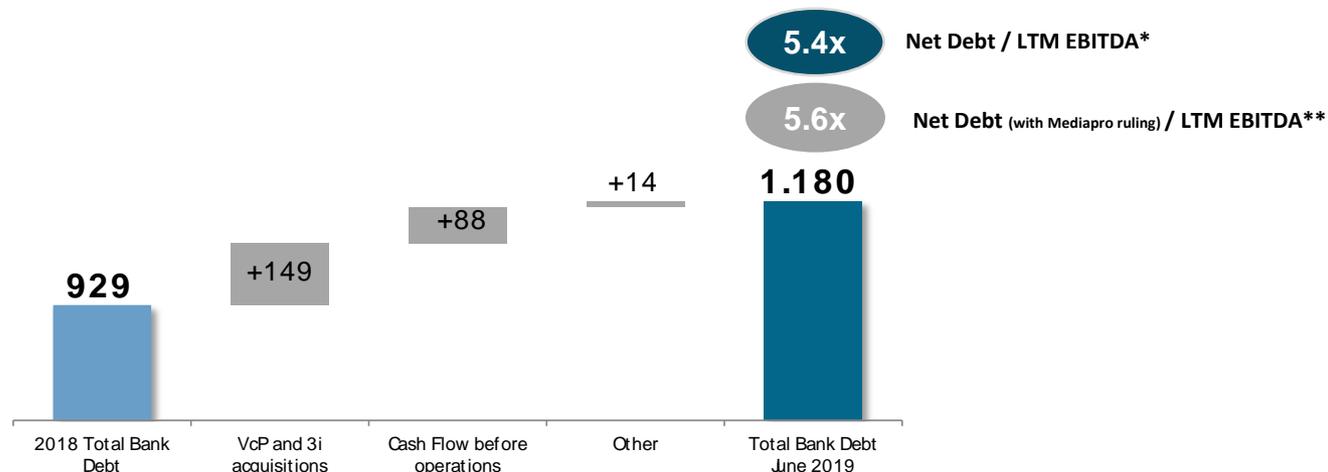
* According to the global integration methodology, AVS's minority shareholder amounts up to 20% of the company's net result thus its shareholding stake. In this respect, if the company could not recover the credit recognized after the registration of the ruling of Mediapro as of March 31, 2019 –by either the generation of new revenue or new contributions made by the shareholders- the "result attributed to the dominant company" would be reduced in an amount of approximately 10 million euros

2019H1 Operating Overview – Cash Flow Generation

Cash Flow Generation (Mn€)



Net Bank Debt Evolution (Mn€)



Cashflow generation in the period conditioned by temporary effects and business seasonality

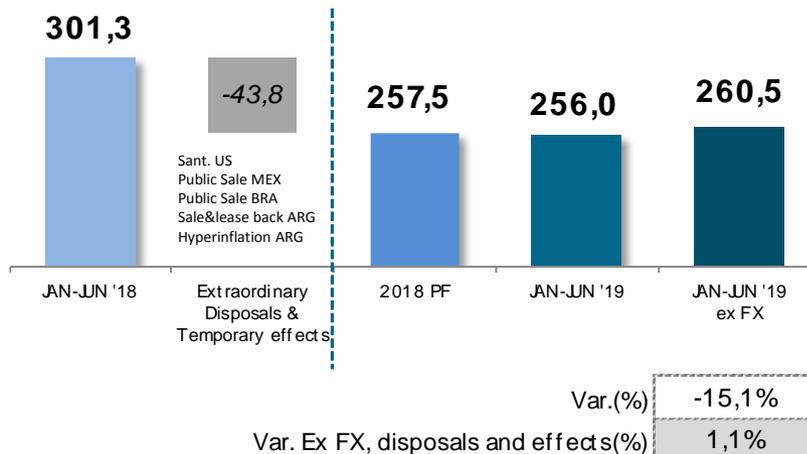
*Excludes IFRS16 effect & redundancies. (LTM EBITDA €218Mn)

** Includes Mediapro ruling in Net Debt (€51Mn)

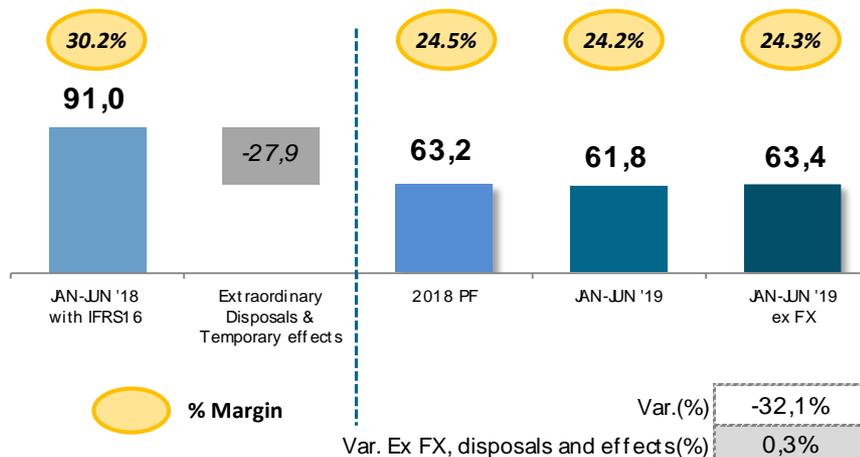
3 H12019 results by business unit

2019H1 Operating Overview – Santillana

Revenue evolution (Mn€)



Comparable EBITDA evolution (Mn€)



1H evolution according to plan but conditioned by seasonal and one off impacts. Strong evolution expected in 2H on the back of i) MX and BRZ public sales ii) Spanish campaign with novelties

Note: EBITDA includes provisions in 2019 and 2018. The IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

Learning systems

Key Focus on subscription models based on Learning systems

Key Benefits of subscription models

High visibility of earnings: long term contracts of 3-4 years with schools

Increased average ARPU per student (Higher vs. traditional)

Higher profitability (>80% gross margin)

Higher contact and Knowledge of final client (86% renewal rate)

Fully invested digital platform with high growth potential

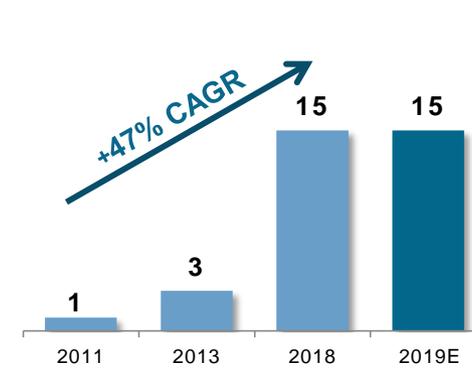
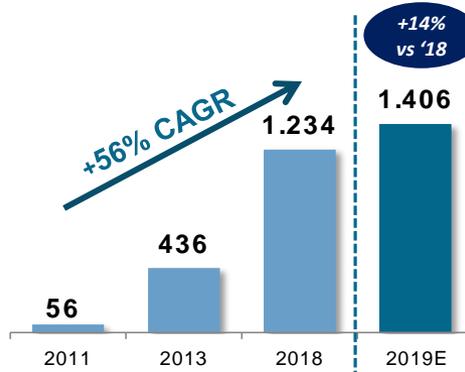
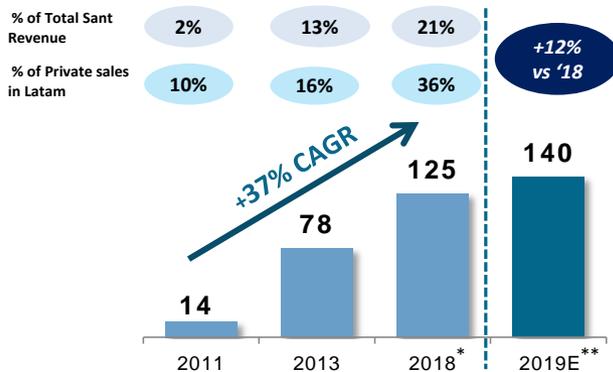


Evolution of subscription models (Learning systems)

Revenue (€Mn)

Students (000's)

Footprint # Countries



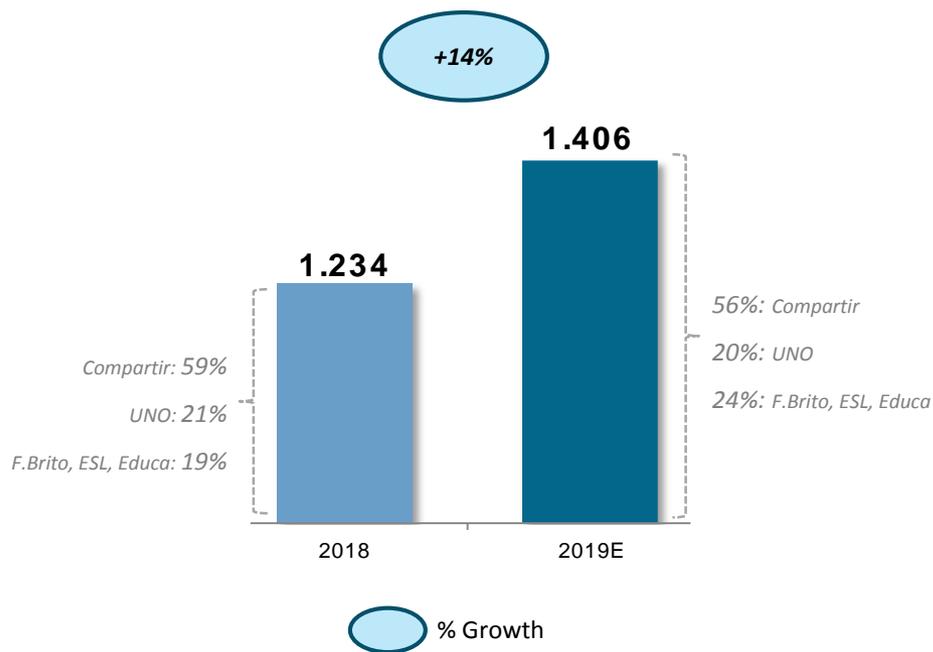
Proven and scalable model with potential to continue growing and generate value

* 2018 Figure excludes digital revenue other than pure learning systems amounting 9 Mn€. Including them, total digital initiatives amounted 134 Mn€

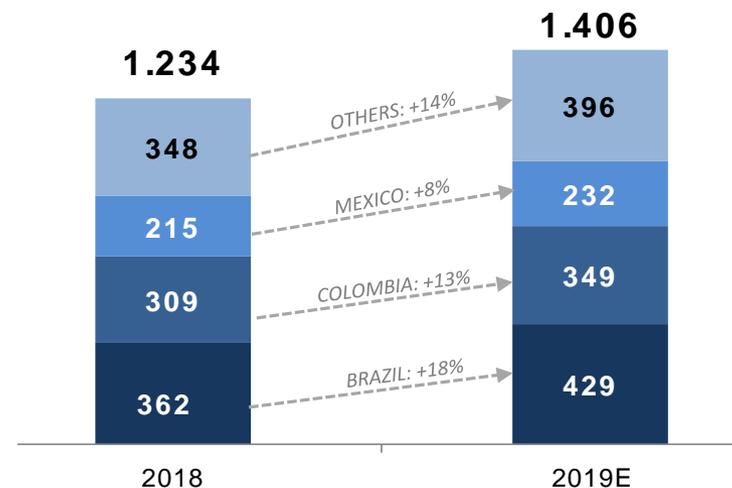
** 2019E corresponds to ACV (Annual Contract Value) defined as the revenue contractually expected to be recognized pursuant to the terms of each contract

Learning systems

Learning systems
Number of Students (000's)



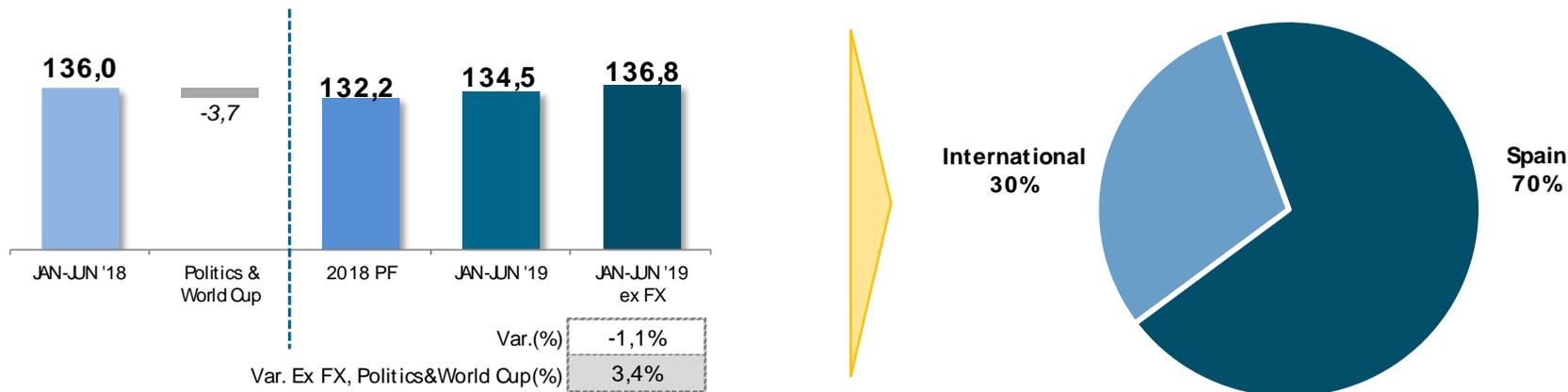
Students evolution 18/19E
by country (000's)



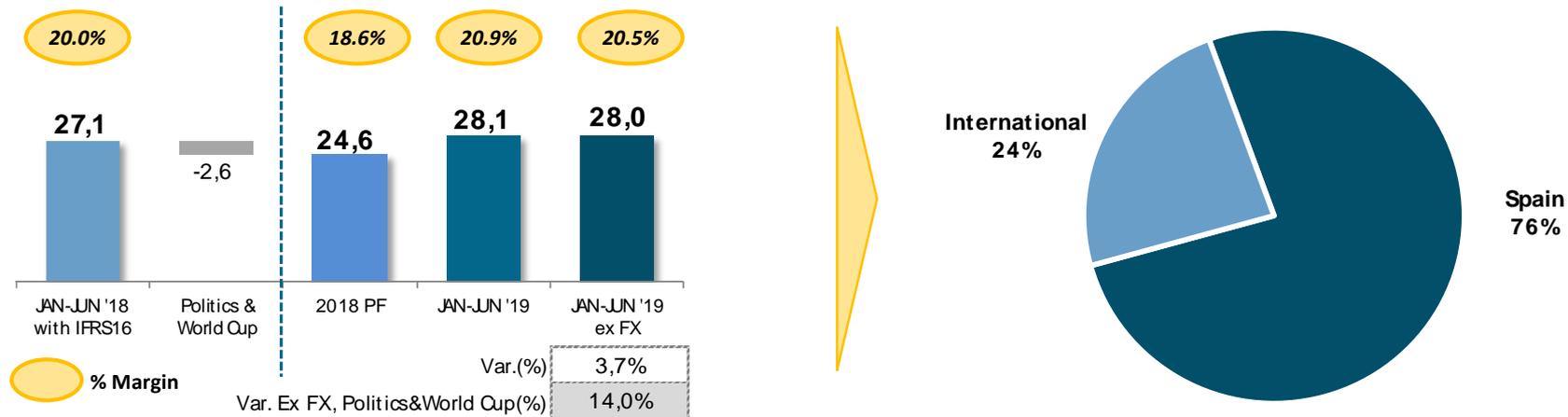
Strong performance of subscription models based on Learning system

2019H1 Operating Overview – Radio

Revenue Evolution (Mn€)



Comparable EBITDA Evolution (Mn€)



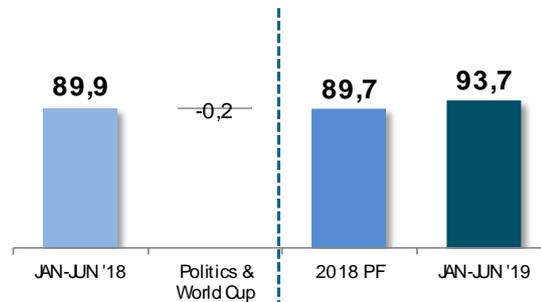
Operational improvement despite World Cup and politics (elections) positive impacts in 2018

2019H1 Operating Overview – Radio Spain & Radio LatAm

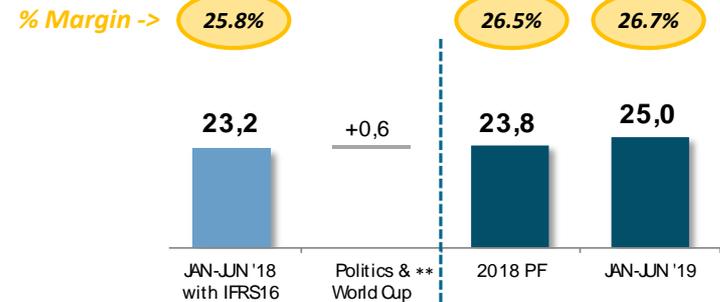
Radio Spain



Revenue evolution (Mn€) *



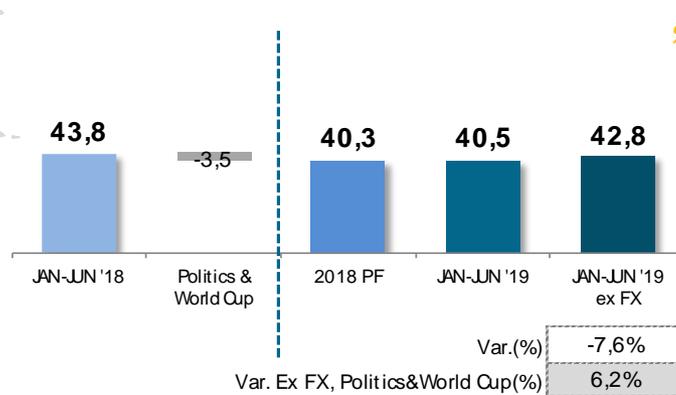
Comparable EBITDA evolution (Mn€) *



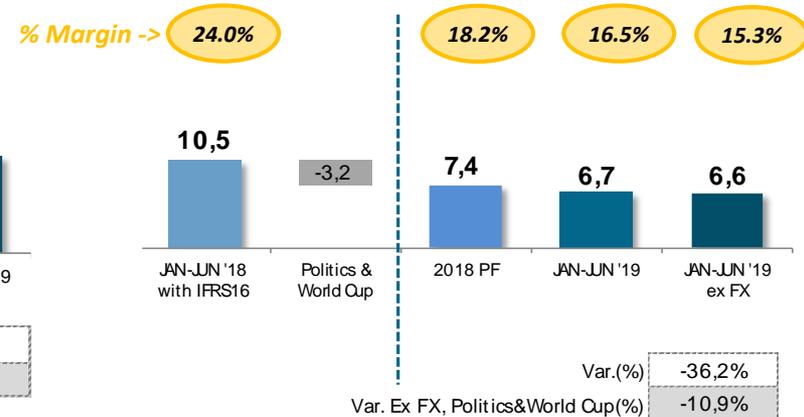
Radio Latam



Revenue evolution (Mn€)



Comparable EBITDA evolution (Mn€)



Margins improvement in Spain supported by good advertising performance with LatAm comparison mainly affected by the positive impact of Colombian elections and World Cup in 1H2018

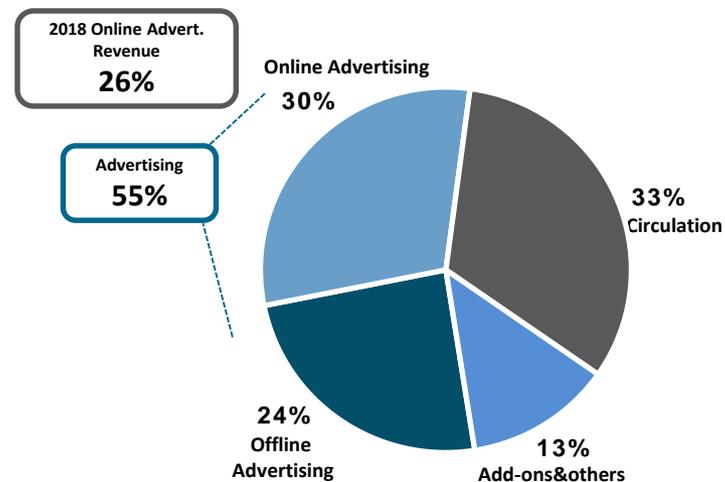
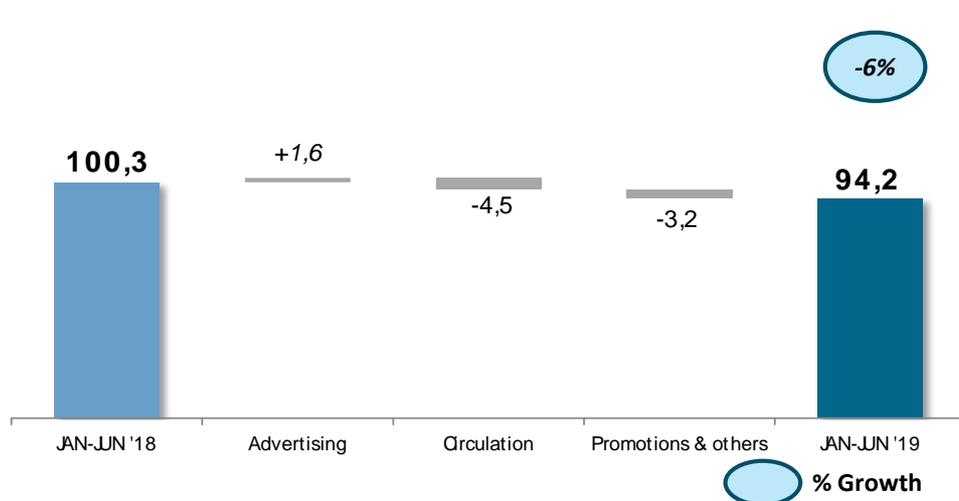
Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

* Spain figures exclude HQ, Music and others.

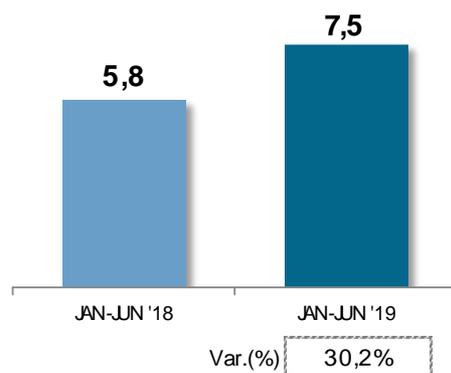
** Politics (elections) and World Cup net impact 2019/2018

2019H1 Operating Overview – Press ⁽¹⁾

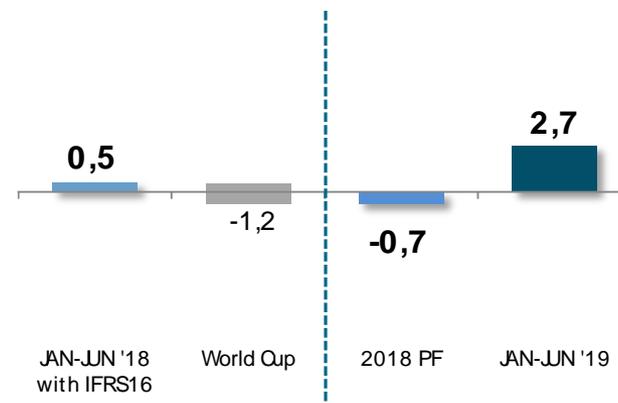
Revenue evolution (Mn€)



Circulation Margin Improvement (Mn€)



Comparable EBITDA evolution (Mn€)



Operating improvement due to advertising growth and improved circulation margins despite World Cup in 2018

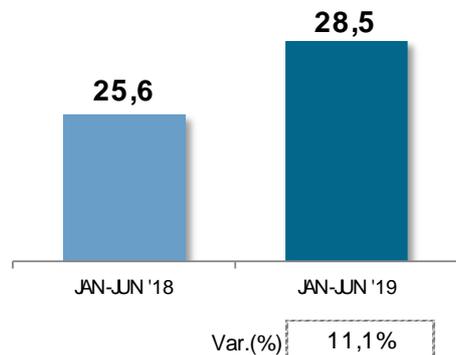
Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

⁽¹⁾ Press excluding PBS & IT.

2019H1 Operating Overview – Press (1)

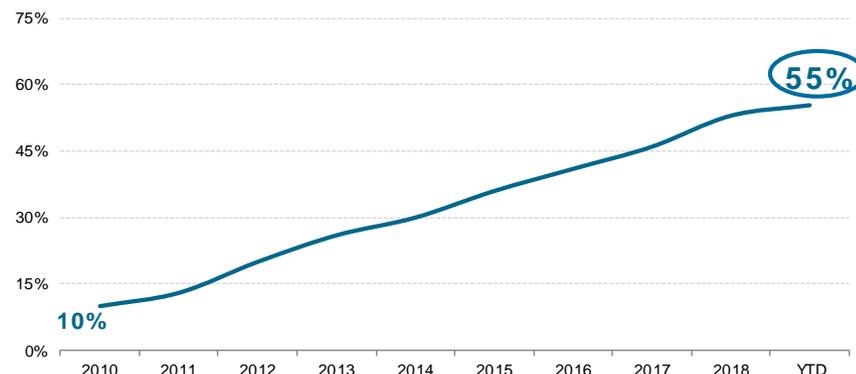
Online Advertising Revenue evolution (Mn€)

*Includes events



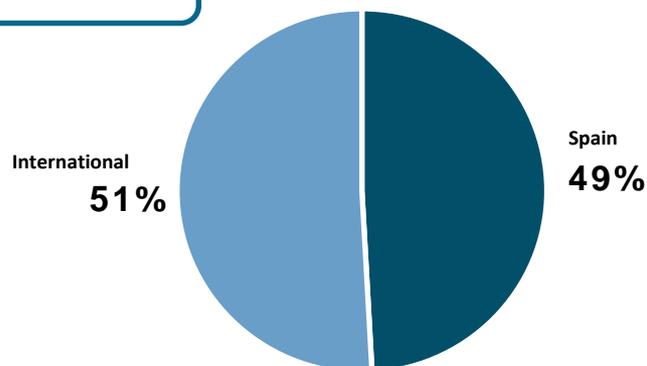
Online Advertising Contribution

*Includes events



Worldwide Audience El País.com (YTD)

85M Unique Browsers



Spain Digital Audience

Ranking	PC+Mobile Spain (Jun'19)	Unique Users (M)
1	GOOGLE.COM	33,5
2	YOUTUBE.COM	32,6
3	FACEBOOK.COM	29,6
4	INSTAGRAM.COM	26,8
5	ELPAIS.COM	21,3
6	LAVANGUARDIA.COM	20,6
7	ELMUNDO.ES	20,1
8	AMAZON.ES	20,0

Spain figures: unique users (Pc+mobile). Source: Comscore

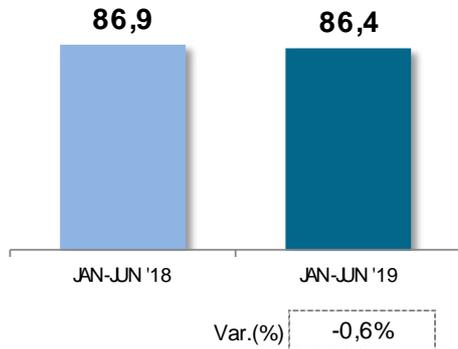
Progress towards a growing and scalable digital model with online advertising representing already 55% of total advertising

Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

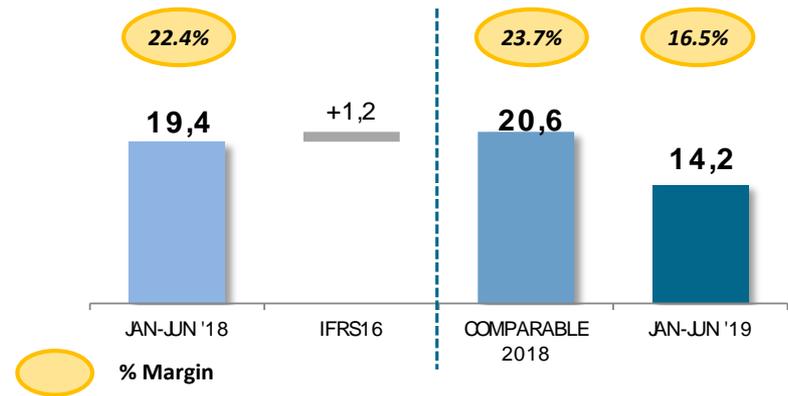
(1) Press excluding PBS & IT.

2019H1 Operating Overview – Media Capital

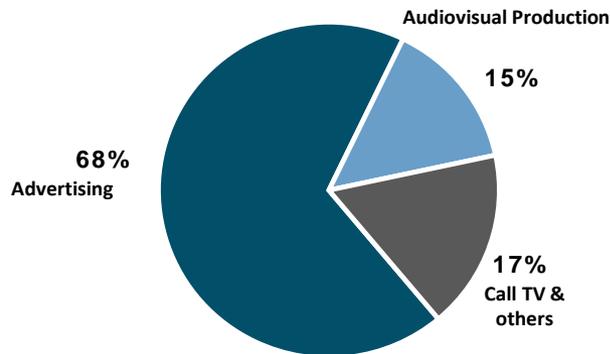
Revenue evolution (Mn€)



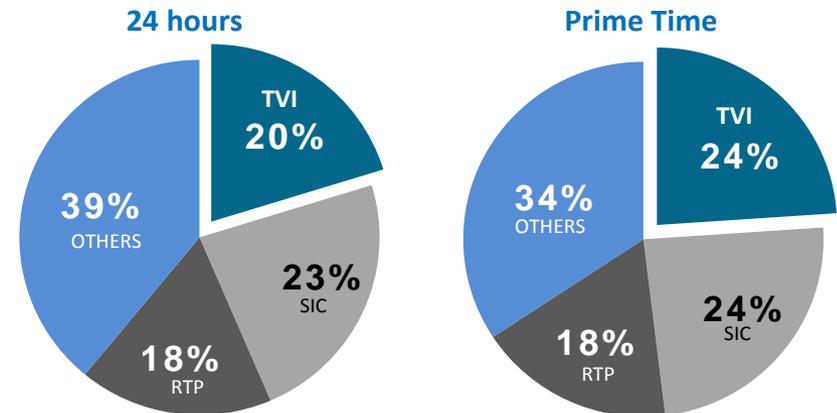
Comparable EBITDA evolution (Mn€)



Revenue Breakdown YTD



TV Audience by Channel (average YTD)



Advertising growth in the period with costs maintained in 2Q

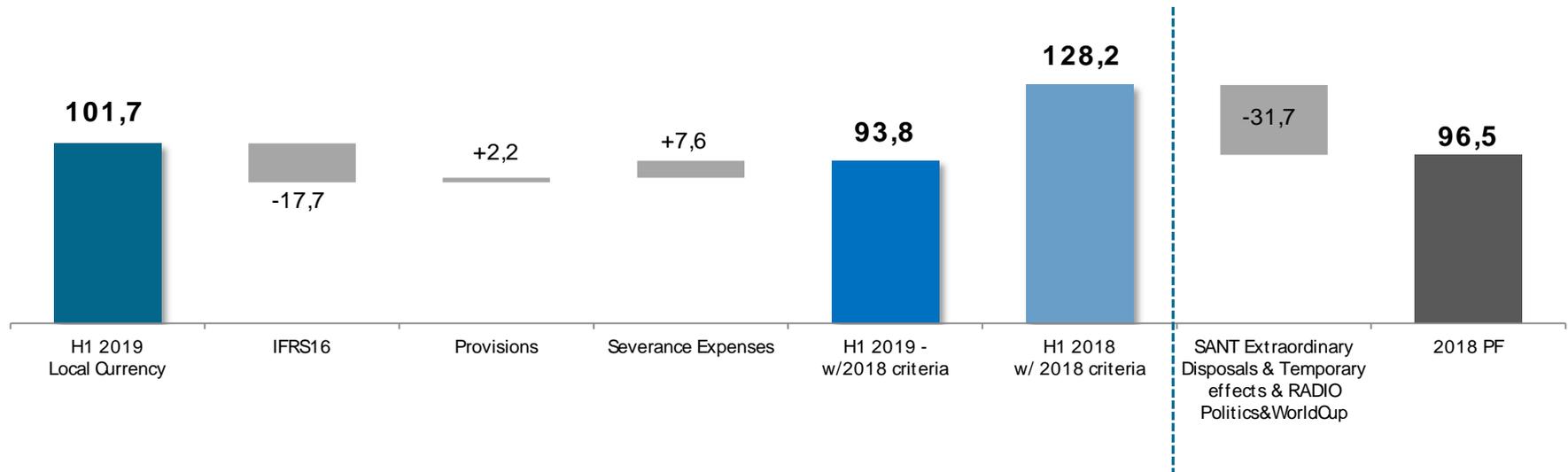
4 Summary

- 1 1H results in line with expectations and according to seasonality of the business
- 2 Management keeps focus on delivery
- 3 Strong EBITDA and cashflow generation expected in 2H
- 4 Company confirms FY19 Outlook

Appendix

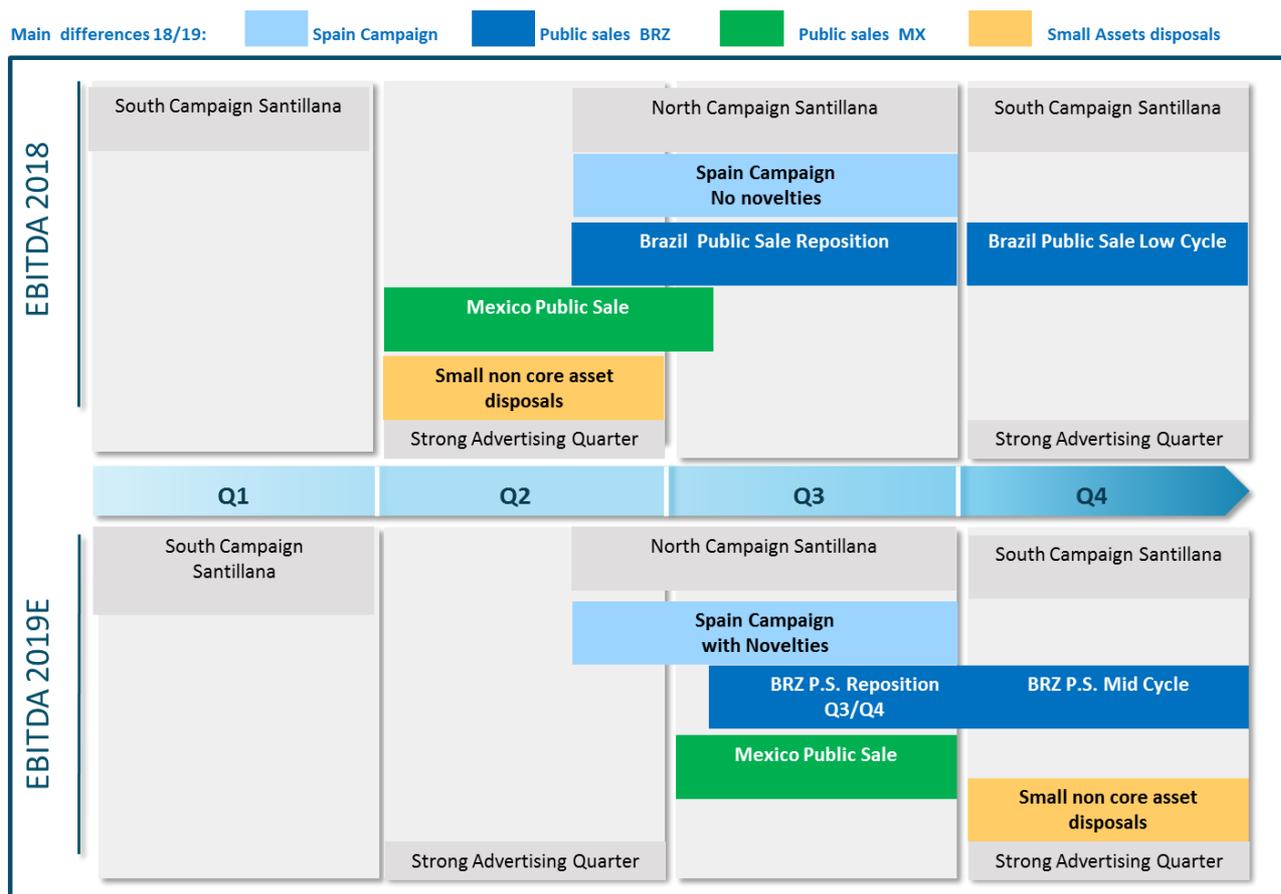
Group EBITDA bridge between 2018 reporting and 2019 reporting

1H Group EBITDA bridge (Mn€)



EBITDA seasonality 2018/2019

Seasonality of business results in EBITDA fluctuations across the quarters. Despite following every year a similar patron, temporary effects may occur which make comparison non homogenous



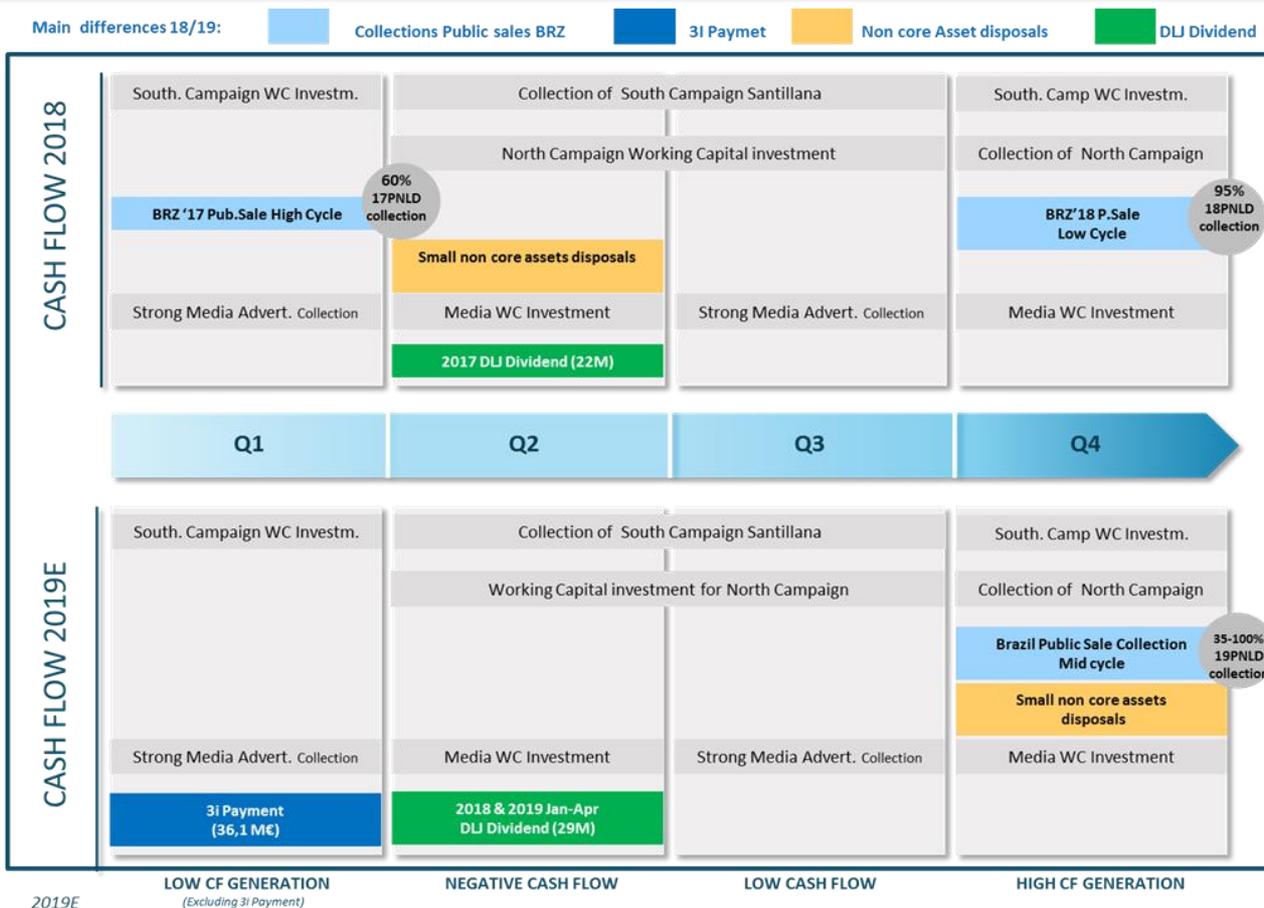
STRONG EBITDA GENERATION EXPECTED IN SECOND SEMESTER OFFSETING A FIRST HALF CONDITIONED BY TEMPORARY EFFETS

Consistent with 2019 Outlook

In 2H2019, public sales in BRZ (repositions and medium cycle), public sales in MX, expected Media business performance and expected non core assets disposals, will more than offset first half temporary effects (reposition of public sales in BRZ and MX public sales), and the lack of non core asset disposals in first half

Cashflow seasonality 2018/2019

Cashflow follows revenue seasonality with collections taking place in the following quarter. Despite following every year a similar patron, temporary effects may occur which make comparison non homogenous



STRONG CASFLOW GENERATION EXPECTED IN SECOND SEMESTER OFFSETING A FIRST HALF CONDITIONED BY TEMPORARY EFFETS

Consistent with 2019 Outlook

In 2H2019, public sales in BRZ (repositions and medium cycle), public sales in MX, expected Media business performance and expected non core assets disposals, will more than offset first half temporary effects (reposition of public sales in BRZ and MX public sales), and the lack of non core asset disposals in first half