



# **FY2020 RESULTS PRESENTATION**

February 24, 2021

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- 1** FY2020 key highlights of the period
- 2** FY2020 Group results
- 3** FY2020 results by business unit
- 4** ESG
- 5** 2021 Outlook
- 6** Key Takeaways

# 1 FY2020 Key highlights of the period

# FY2020 Key Corporate Highlights/Building the pillars of Prisa's future



## 1 Disposal of Santillana Spain

- Agreement reached with Sanoma Corporation to sell Santillana's business in Spain for and **Enterprise Value of €465m**. EV implied multiple of **9.6x through the cycle EV / EBITDA** above the key precedent comparable transactions
- Strong strategic rationale: Allows Santillana to fully focus on LatAm, the market with the highest growth and value potential



## 2 Debt refinancing agreement

- Unanimity agreement with PRISA's financing entities to amend and extend the current financial facilities
- Key agreed terms:
  - **Extension of maturities until 2025**
  - **€400m repayment of existing syndicated loan**
  - **Increased Super Senior capacity. New liquidity line of c. €110 Mn**
  - **Variable margin starting @ 4.5%. All-in average cost of c.7%**



## 3 Disposal of Media Capital

- Agreement reached with Pluris Investments, to sell 30.22% of Media Capital for 10.5 million euros. Enterprise Value of approximately **130 million euros**.
- Agreement reached with several Portuguese investors, to sell the remaining 64.47% of Media Capital for 36.8 million euros. Enterprise Value of approximately **150 million euros**.



## 4 COVID-19 Measures

- **Access to comprehensive and rigorous information, quality entertainment and online educational services** in support of families and schools in Spain and Latin America.
- **Contingency plan of €40 Mn** implemented in all business units to reduce the negative effects.
- PRISA has given the **highest priority to the continuity of its activities**, taking the necessary measures to protect health and safety of its employees, suppliers and customers.
- PRISA has **reaffirmed its social commitment** as a business group focused on 2 essential sectors such as K-12 education and media.



## 5 Changes in the Shareholder Structure

- The French group Vivendi enters the company's shareholding structure by acquiring **9.9% stake**.

## KEY OPERATING HIGHLIGHTS

### FY2020 EBITDA reached €64Mn vs €189Mn previous year (-66.2%/-59.4%LC)

- **FY2020 operating results were impacted by pandemic** with Education conditioned by schools physically closed in most countries and Media impacted by advertising market declines
- **Digital business accelerates its growth in the period with total digital revenues increasing its contribution by 31% to represent 30% of total group revenues.** The number of Santillana's subscription model students increases by 20% to 1,727,000, EL PAÍS reaches 130,500 subscribers (84,793 digital-only) and Radio reaches average monthly 59 million hours of streaming consumed (+11%) and 24 million podcast downloads (+63%)
- **Cost control plan of 40 million euros fully executed (49 Mn euros savings achieved)**

- **Education: Margins maintained at 21% levels in a difficult environment with schools physically closed in most countries affecting the didactic business.** Highlights in the period the **subscription model performance which has demonstrated to be resilient with total number of students growing by 20% to surpass 1,727,000.** Subscription model is already the largest source of revenues for Education
- **Media: Radio and News showed weak performance in the period in line with market performance** with revenue declines of 32% and 22% respectively on the back of advertising and circulation declines. Trends improved throughout the quarters. Costs controlled in both businesses
  - **Radio grows audience figures and gains share in most countries** while keeps progressing on its strategy of developing new audio digital content with streaming and podcast downloads continuing increasing
  - **A step forward in the News business model with the launching of El PAÍS paywall in May reaching as of December 84,793 digital-only subscribers** (130,500 total subscribers base). A profitable digital model becoming more robust and scalable. 42% of total News revenues are already digital. 67% of total advertising is digital

Perimeter effect: Santillana Spain and Media capital are excluded of the perimeter effect both in 2019 and 2020 after the successful selling execution of both assets

## FY2020 Key Operating Highlights (Cont'd).

### KEY OPERATING HIGHLIGHTS

- **Contingency Plan** : Compliance with the EUR 40 million contingency plan implemented in all business units to mitigate the negative effects of Covid-19. **As of December, more than 123% of the plan had been executed (€49Mn).**
- **FX** : The exchange rate had a **negative effect on revenues of EUR -72.2 million and on EBITDA of EUR -13 million**, mainly due to the devaluations in Brazil, Mexico and Argentina.
- **Positive net result amounting to 89.7 Million euros** : Conditioned by the capital gain from the sale of Santillana España (€377 Mn) which offsets among others i) the accounting impact of the new refinancing agreement (€37 Mn) ii) impairments from Media Capital sale (€77 Mn) iii) impairments of radio assets mainly in Mexico and Chile (€26 Mn) and iv) the impairments on all outstanding tax credits in Spain (€ 62.4 million)
- **Net Bank Debt**: at the end of the period stood at €679 million compared to €1,061 million at December 2019, after the amortization with the proceeds of the sale of Santillana España and Media Capital. **As of December, Cash position amounting to €222Mn with additional liquidity lines undrawn of 143 million (109 mn at Prisa and 34 Mn at business units).**

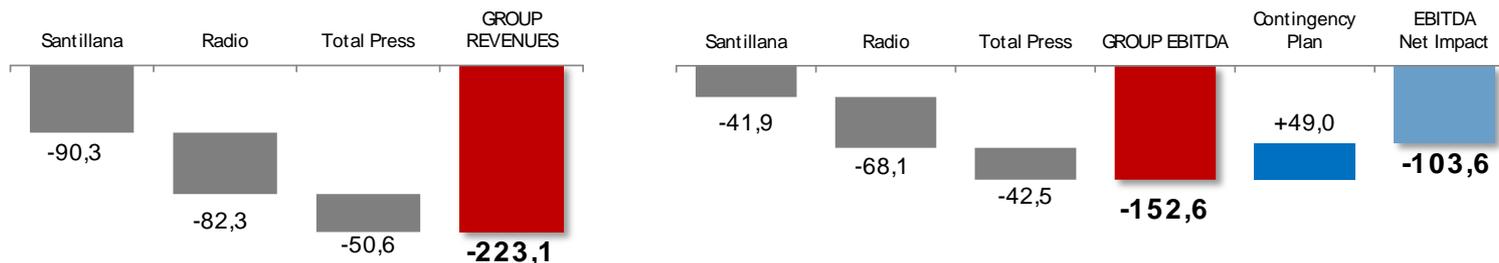
Perimeter effect: Santillana Spain and Media capital are excluded of the perimeter both in 2019 and 2020 after the successful selling execution of both assets

# Covid-19 Estimated Impact on FY2020 Results

In FY2020, Covid -19 had an estimated negative impact in revenues of €223Mn and in EBITDA of €104Mn

- COVID-19 is having an unprecedented impact on the economy and society, disrupting industries and businesses around the world.
- In Group Prisa, Media business are suffering most from the falls experienced in the advertising market and in circulation, while the education business has been affected by the difficulties of an environment in which schools in most of the countries where Santillana is present have not yet started on-site classroom activity.
- Reaffirming Prisa social commitment as a business group focused on 2 essential sectors such as K-12 education and media.

## COVID-19 ESTIMATED IMPACT IN FY2020 REVENUES & EBITDA



*Fulfilment of the contingency plan in place across all business units has helped to mitigate the negative impacts from COVID-19*

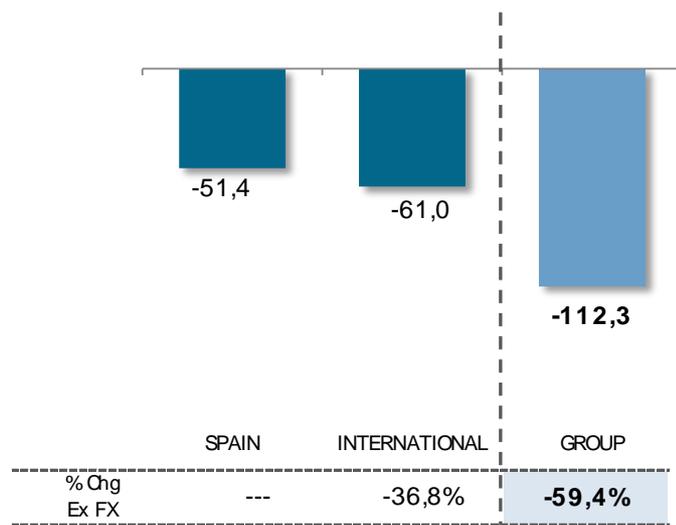
## **2** FY2020 Group results

# FY2020 Operating Overview

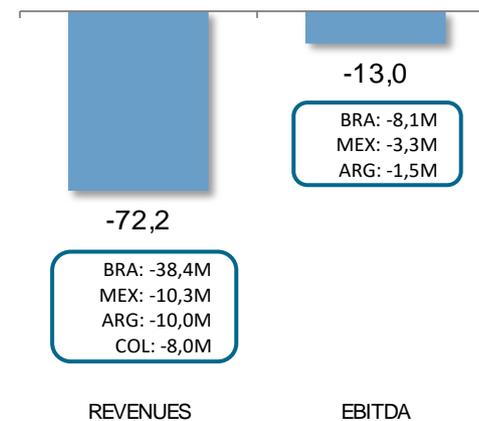
€ Millions	JAN-DEC 2020	Var. 20/19 on constant ccy		Var. 20/19	
<b>REVENUES</b>	<b>701</b>	<b>-19,9%</b>	<b>-192,0</b>	<b>-27,4%</b>	<b>-264,2</b>
<b>EXPENSES</b>	<b>637</b>	<b>-10,3%</b>	<b>-79,7</b>	<b>-17,9%</b>	<b>-138,9</b>
<b>EBITDA</b>	<b>64</b>	<b>-59,4%</b>	<b>-112,3</b>	<b>-66,3%</b>	<b>-125,4</b>
<i>EBITDA Margin</i>	9,1%		-9,7%		-10,5%
<b>EBIT</b>	<b>-10</b>	<b>---</b>	<b>-112,1</b>	<b>---</b>	<b>-114,4</b>

## EBITDA Variation (Abs) at constant currency

Var Local Currency



## FX Effect (m€)



# FY2020 Operating Overview – Net Profit

€ Millions	2020	2019	% Chg.
<b>Reported Results</b>			
<b>1</b> Reported EBIT	(29,1)	53,4	—
EBIT Margin	-4,2%	5,5%	
<b>2</b> Financial Result	(128,8)	(81,6)	(57,8)
Interests on debt	(71,1)	(57,2)	(24,2)
Other financial results	(57,7)	(24,4)	(136,6)
<b>3</b> Result from associates	(8,5)	2,7	—
<b>Profit before tax</b>	<b>(166,4)</b>	<b>(25,5)</b>	<b>—</b>
<b>4</b> Income tax expense	81,1	52,8	53,7
<b>5</b> Results from discontinued activities	<b>322,9</b>	<b>(94,5)</b>	<b>—</b>
<b>6</b> Minority interest	(14,3)	9,5	—
<b>Net Profit</b>	<b>89,7</b>	<b>(182,3)</b>	<b>—</b>
Santillana Spain disposal	(377,3)		
MCimpairment	77,3	131,6	
Mediapro ruling		52,8	
Tax impairments	62,4	21,0	
Radio Assests impairments	26,0		
<b>Comparable Net Profit</b>	<b>(121,9)</b>	<b>23,1</b>	<b>—</b>

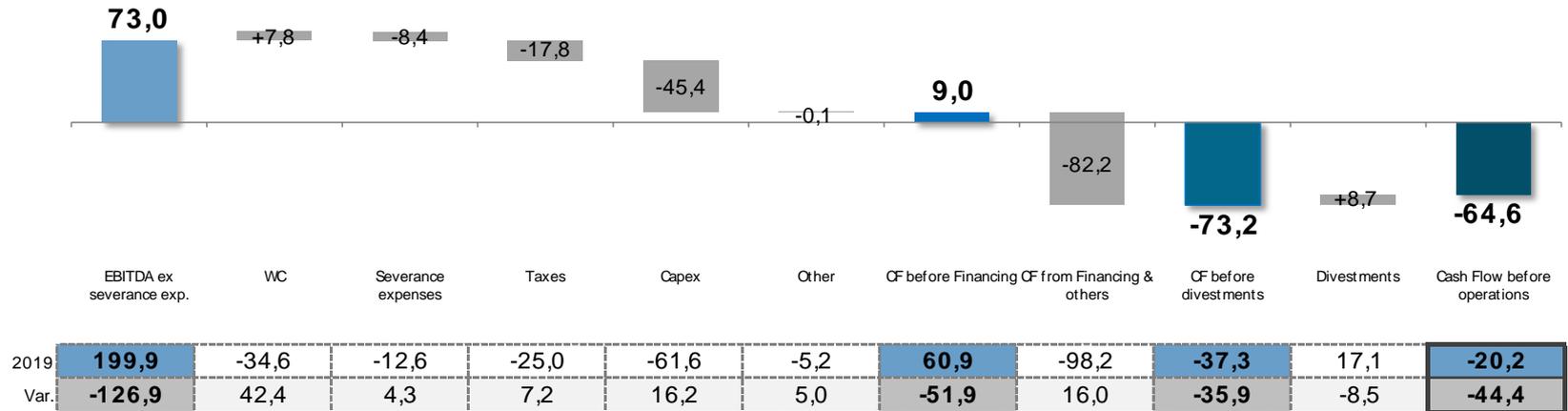
€ Millions	2020	2019	% Chg.
<b>One-offs</b>			
<b>1</b> Reported EBIT	(29,1)	53,4	---
Radio Assests impairments	19,1		
Mediapro Rulling		51,0	(100,0)
Comparable EBIT	(10,0)	104,5	---
<b>2</b> Reported Financial result	(128,8)	(81,6)	(57,8)
Mediapro Rulling		2,0	(100,0)
Comparable Financial result	(128,8)	(79,6)	(61,8)
<b>3</b> Result from associates	(8,5)	2,7	---
Radio Assests impairments	10,8		---
Comparable Result from associates	2,3	2,7	(12,8)
<b>4</b> Income tax expense	81,1	52,8	53,7
Tax impairment	(64,1)	(21,0)	---
Mediapro Rulling		(1,0)	100,0
Comparable Income tax expense	17,0	30,7	(44,7)
<b>5</b> Results from discontinued activities	322,9	(94,5)	---
Santillana Spain disposal	(377,3)		---
MCimpairment	77,3	131,6	(41,3)
Comparable Results from discount. activities	22,9	37,0	(38,3)
<b>6</b> Minority interest	(14,3)	9,5	---
Tax impairment	1,7		---
Radio Assests impairments	3,9		---
Mediapro Rulling		1,3	(100,0)
Comparable Minority Interest	(8,6)	10,7	---

**Net profit result positively impacted by Santillana Spain disposal capital gain off setting non cash accounting impact of new refinancing and non cash tax and assets impairments mainly as a result of Covid 19**

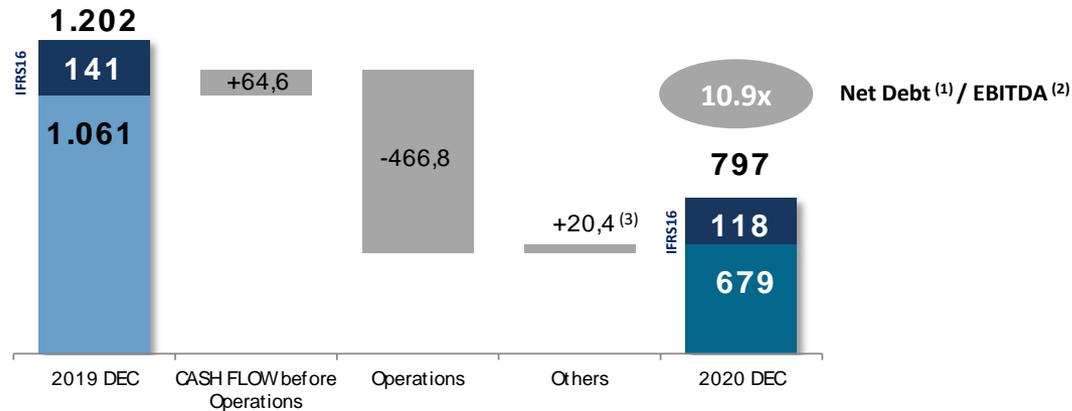
# FY2020 Operating Overview – Cash Flow Generation

## Cash Flow Generation (Mn€)

Cashflow excludes FX impact in Cash Balance



## Net Bank Debt Evolution (Mn€)



**Liquidity reinforced with new refinancing agreement. Cash position at the end of the period stands at €222 Mn cash with additional liquidity lines undrawn amounting to 143 Mn (109 Mn at PRS and 34 Mn at business units)**

(1) Includes IFRS16 effect

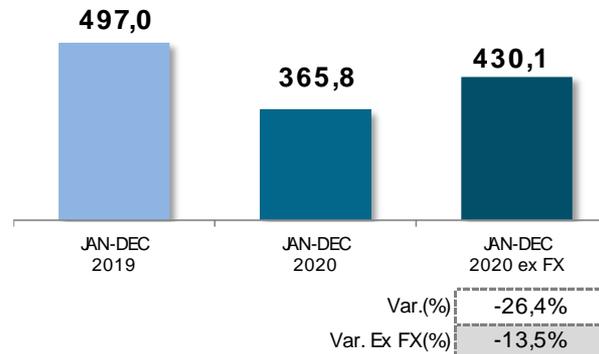
(2) Includes IFRS16 effect and excludes severance expenses

(3) Includes mainly PIK and impact of FX in balance sheet

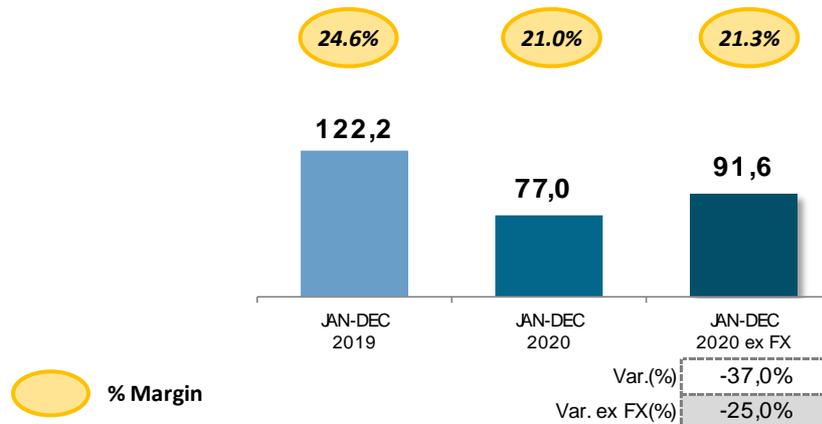
## **3** FY2020 results by business unit

# FY2020 Operating Overview – Santillana

## Revenue evolution (Mn€)



## EBITDA evolution (Mn€)



**Margins maintained at 21% levels in a difficult environment with most of schools physically closed impacting the didactic business in some countries of the southern and northern area with FX impacting negatively mainly in Argentina, Brazil and Mexico**

# FY2020 Operating Overview – Santillana

## Revenue evolution (Mn€)

€ Millions	JANUARY - DECEMBER			
	2020	2019	% Chg.	% Chg.LC
<b>Education sales</b>	<b>362,0</b>	<b>487,9</b>	<b>(25,8)</b>	<b>(12,7)</b>
Private Latam	255,1	351,5	(27,4)	(16,0)
Traditional Learning systems	118,6	209,2	(43,3)	(35,2)
Public sales	136,5	142,3	(4,0)	12,2
Portugal*	100,8	130,6	(22,8)	(4,5)
Other revenues	6,1	5,8	4,8	4,8
<b>Operating Revenues</b>	<b>3,8</b>	<b>9,1</b>	<b>(58,2)</b>	<b>(54,5)</b>
	<b>365,8</b>	<b>497,0</b>	<b>(26,4)</b>	<b>(13,5)</b>

- **Private Latam** performance driven by strong growth of subscription model with didactic sales being affected by the difficulties of the current environment with most of schools physically closed
- **Public sales** performance explained by lack of novelties in 2020

***Business affected overall by difficulties with schools physically closed in most countries with subscription model continuing to grow partially offsetting i) the didactic business performance affected by the difficult environment ii) lack of novelties in 2020 in public sales***

(1) PNLD corresponds to "Programa Nacional de Livro Didactico in Brazil". FI(1st to 5 th grade); FII( 6th to 9th Grade) ; Ensino Medio ( Bachelor)

\*Portugal includes €1.3 Mn in 2020 and €1.6Mn in 2019 corresponding to others.

### Key Focus on subscription models

### 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)

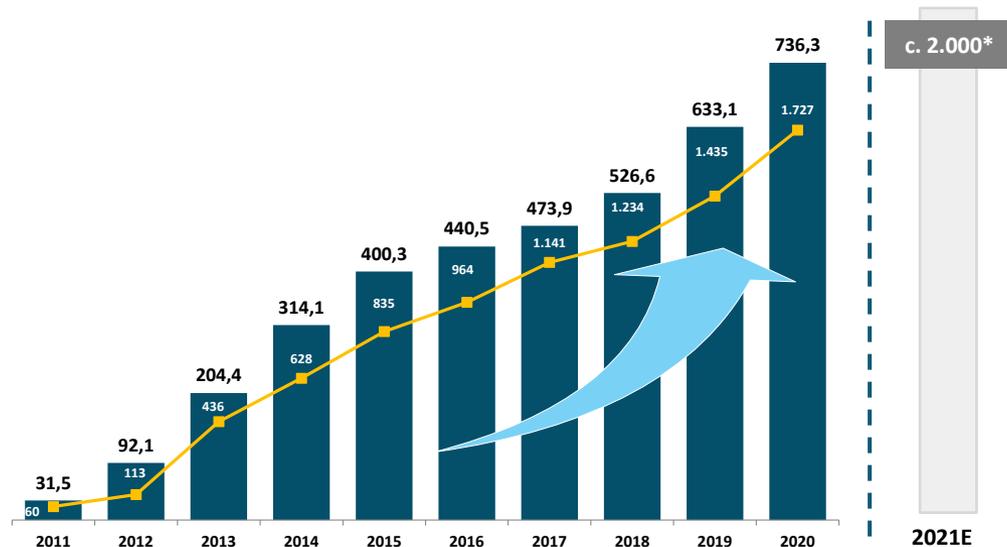
**Higher profitability** (>80% gross margin)

**Higher contact and Knowledge of final client** (90% renewal rate)

**Fully invested digital platform with high growth potential**



### Historical subscription Revenue (BRL Mn) and students evolution (000's)

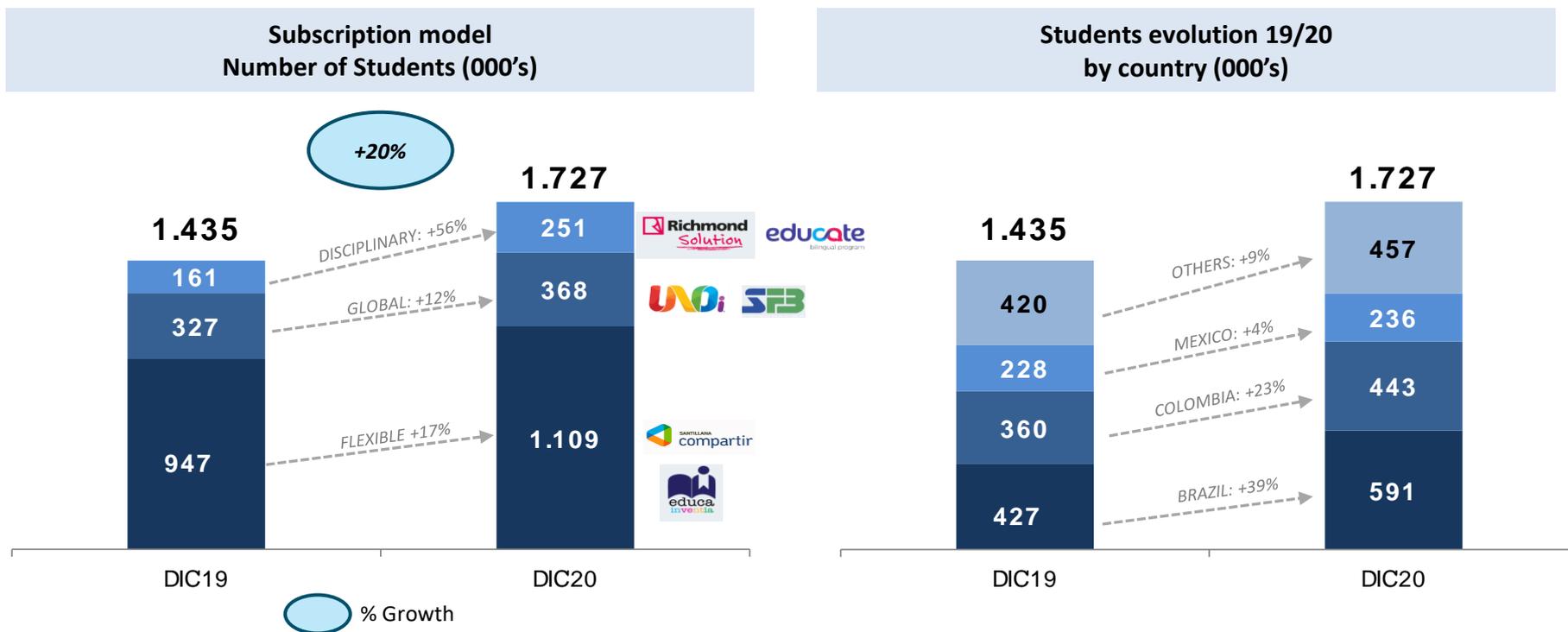


**Strong performance of Subscription models with over 10% growth in number of students already committed for 2021 to reach circa 2 million. Brazil grows its number of students by +38% to 600K in 2020 ahead of competitors**

Figures include Uno, Compartir, Farias Brito, Educa and English systems

\* Circa 2 million number of students expected in 2021 based on annual contracts signed

## Subscription model

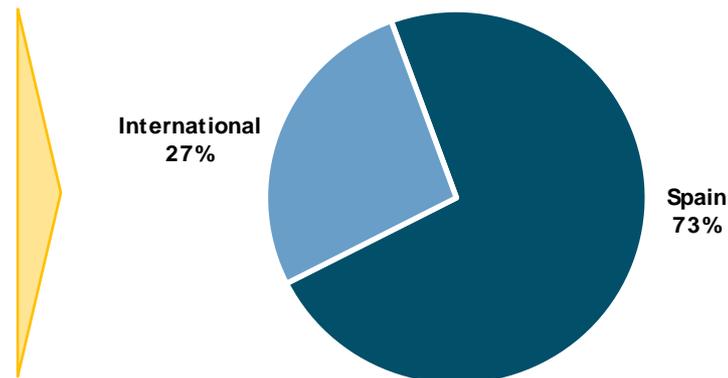
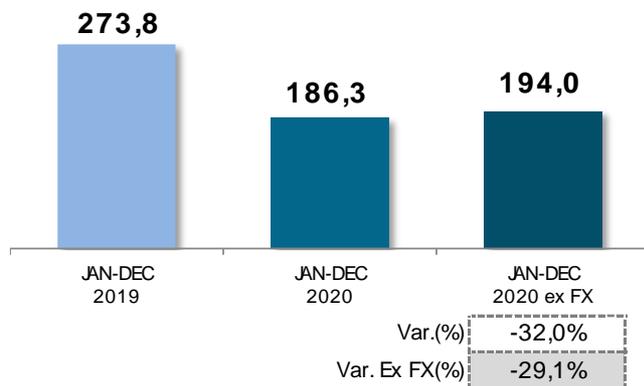


- Santillana has guaranteed school activity in total normality through its platforms and digital resources during pandemic
- Users and content consumption has increased exponentially
- Covid-19 is representing a fundamental change in Education accelerating the shift towards digital of both teachers and students

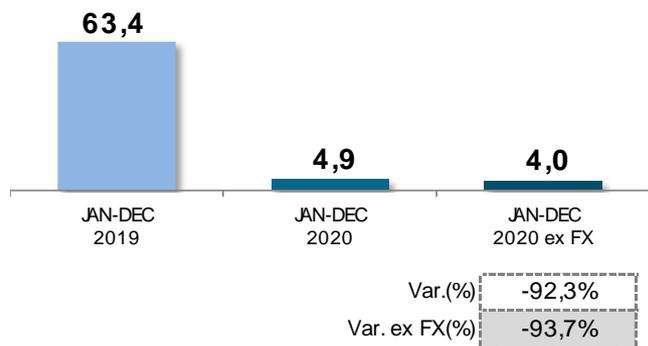
**Strong performance of subscription models**

# FY2020 Operating Overview – Radio

## Revenue Evolution (Mn€)



## EBITDA Evolution (Mn€)



## Total Listening Hours and Podcast downloads reaching record levels

Millions	JANUARY - DECEMBER		
	2020	2019	% Chg.
	<b>TLH</b>		
Spain	28,0	23,7	18%
International	31,4	29,7	6%
<b>TOTAL</b>	<b>59,4</b>	<b>53,3</b>	<b>11%</b>
	<b>PODCASTS DOWNLOADS</b>		
Spain	16,1	8,2	96%
International	6,0	5,2	15%
<b>TOTAL</b>	<b>22,1</b>	<b>13,4</b>	<b>64%</b>
	<b>PODIUM PODCAST</b>		
<b>TOTAL</b>	<b>1,7</b>	<b>1,2</b>	<b>39%</b>

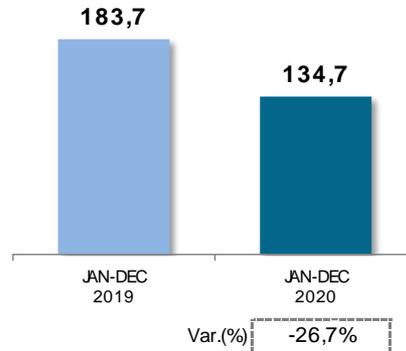
**Business affected by declines in advertising market both in Spain and Latam due to COVID-19 crisis with focus on digital audio content development increasing the streaming consumption and podcast downloads**

# FY2020 Operating Overview – Radio Spain & Radio LatAm

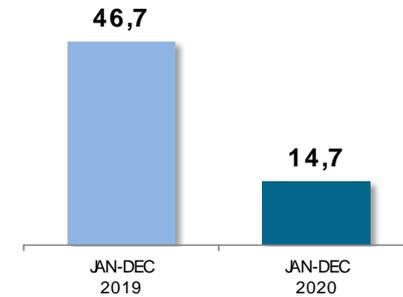
## Radio Spain



### Revenue evolution (Mn€)\*



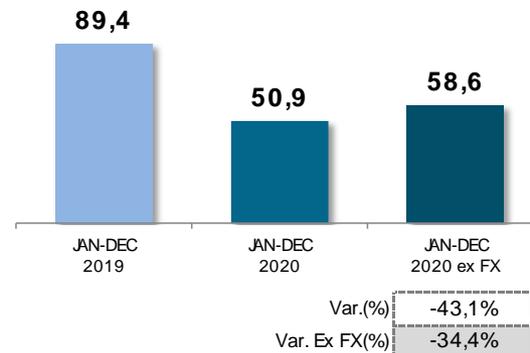
### EBITDA evolution (Mn€) \*



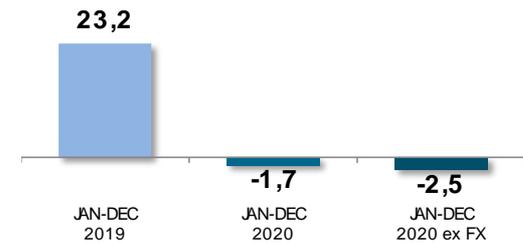
## Radio Latam



### Revenue evolution (Mn€)



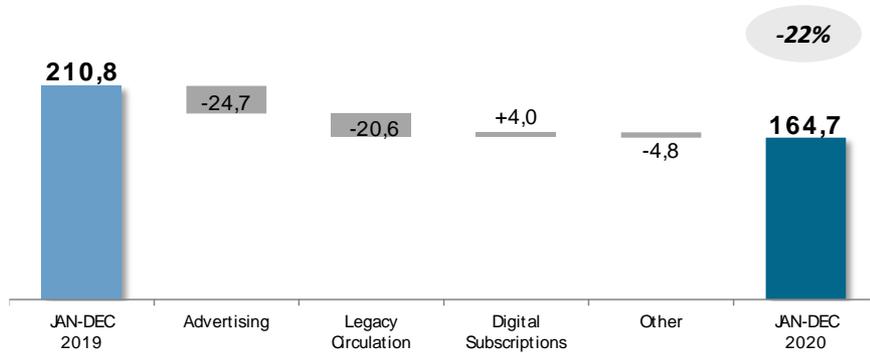
### EBITDA evolution (Mn€)



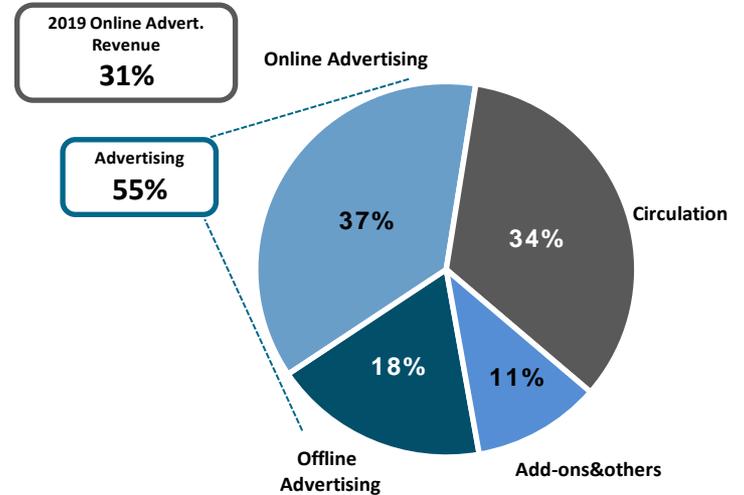
\* Spain figures exclude HQ, Music and others.

# FY2020 Operating Overview – News (1)

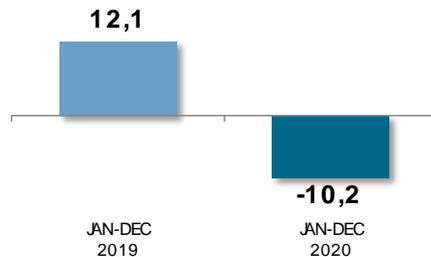
## Revenue evolution (Mn€)



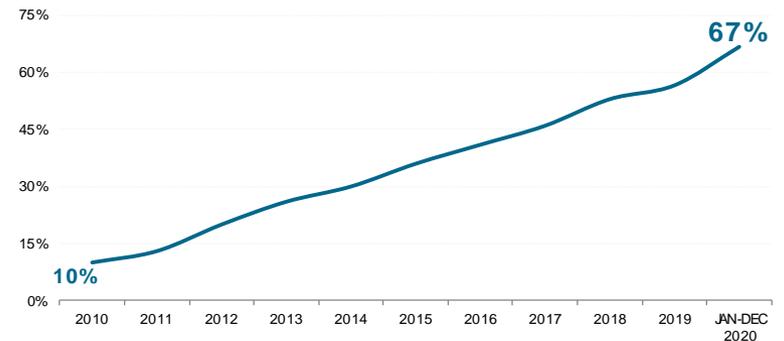
## Press Revenues breakdown (excluding PBS&IT)



## EBITDA evolution (Mn€)



## Online Advertising Contribution



**Operating results conditioned by COVID-19 affecting both advertising and circulation trends with positive contribution from digital subscriptions**

<sup>(1)</sup> News including PBS & IT.

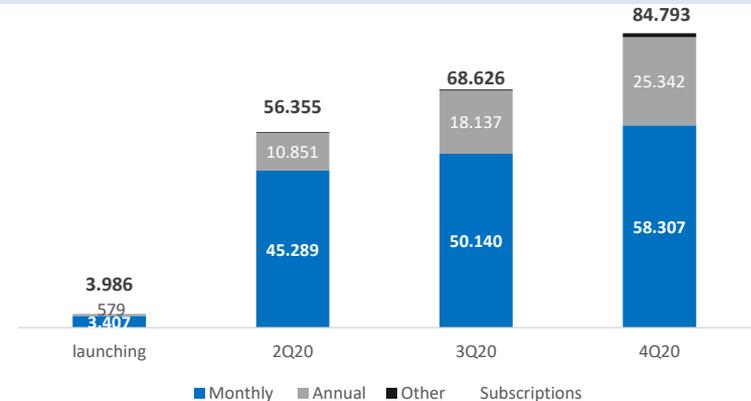
# FY2020 Operating Overview – News <sup>(1)</sup>

## PAYWALL LAUNCHING OF EL PAÍS

### KEY HIGHLIGHTS

- Launching of registration model in July 2019
- Launching of paywall model 1st of May 2020
- **3,3Mn** readers registered
- **84,793** digital-only subscribers

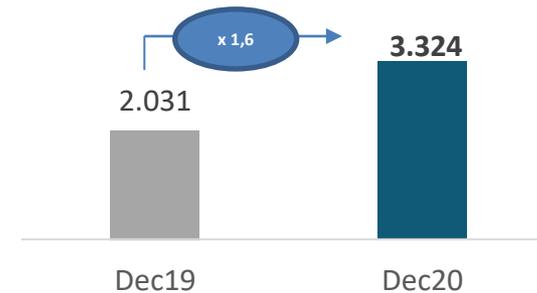
### EVOLUTION OF DIGITAL-ONLY SUBSCRIBERS SINCE LAUNCHING



### TYPE DIGITAL-ONLY SUBSCRIBERS AS OF DECEMBER



### REGISTERED READERS (k)



***A step forward in the new press business model with the launching of El PAÍS paywall which is a profitable business and will consolidate and enlarge the digital business developed in the past years***

## 4 ESG

## EDUCATION

- Focused on e-learning, in a year marked by the pandemic, guaranteeing the normality of school activity by opening its technological platforms to all its students and teachers.
- Integrating the Sustainable Development Goals (SDGs) into the development of educational content.
- Promoting technology in education to support the development of social and individual well-being.
- Participation in programmes aimed at promoting creativity, innovation and technological and scientific development.
- Participation in foundations that promote professional and personal development, such as *Fundación Conocimiento y Desarrollo* or *Fundación Princesa de Girona*, among others.
- Participating in the education of **29 million** students in Latin America.

## INFORMATION

- PRISA's media assets have fulfilled their social function during the pandemic. They have provided uninterrupted, in-depth, accurate and rigorous information to all citizens, placing special emphasis on their role as an essential service and strictly monitoring the actions of the authorities and public authorities.
- EL PAÍS has maintained free access to information on the health crisis throughout the pandemic and radio has prioritised service information.
- Fighting against fake news.
- Publisher Board.
- El País, SER and AS style books.
- Support for journalism that defends freedoms, independence and rigour with the Ortega y Gasset Awards.
- Response to social emergencies by collaborating with different foundations in solidarity actions such as *Acción contra el Hambre*, *Operación Frio* or *Kilos de solidaridad*, among others.
- Collaboration with the Gates Foundation on *Planeta Futuro*.



## ENVIROMENT

Defending nature and the environment by collaborating with the World Wide Fund for Nature Conservation (WWF).

**+20%** of electricity consumed comes from renewable sources.



## SOCIAL

Gender equality:

**48%** women in Staff

**37%** in management positions

**95%** Permanent contracts

**30** Nationalities

- United Nations Global Compact Partner
- Alliance against Child Poverty



## GOVERNANCE

Diverse and independent Board:

**50%** independent members

**6** independent, **5** shareholder representative,

**1** executive

Code of Ethics that applies to the entire workforce

## **5** 2021 Outlook

## 2021 Outlook

- **2021 is expected to be a year of transition due to global uncertainty resulting from the future consequences of Covid-19 (new waves, lockdowns, vaccine effectiveness, mobility restrictions). The macroeconomic outlook points to global growth in 2021 although pre-pandemic levels are not expected to be recovered until 2022/23.**
- **PRISA Outlook for 2021 both at Group level and by business unit is as follows:**

### **TOTAL GROUP**

- **Operating growth in all business units with a difficult start of 2021 due to worst comparison with 2020 in the first months , which will recover throughout the year**
- **Continued improvement in total Group digital KPI's with significant growth in subscription models both in Education and El PAIS**
- **Fixed cost reduction plan amounting to 30 million euros in 2021 versus 2019 especially at the media businesses (excluding redundancies and FX). The plan includes permanent cost reductions of 15 million euros and temporary cost reductions of 15 million euros. Temporary cost reductions include the extension of extraordinary measures taken in 2020 such as salary reductions and renegotiation of contracts. The company keeps exploring additional efficiency measures**
- **Significant improvement in cash consumption compared to 2020 net of restructuring costs**

# 2021 Outlook (Cont'd)



## 1 EDUCATION

Focus on growth and extension of subscription models.

- **Private Market:**
  - **Subscription models:** Growth in students above 10% based on contracts closed to **date until reach circa 2 million students compared to 1.7 in 2020.**
  - **Traditional:** Market recovery subject to uncertainties about the evolution of the pandemic and the reopening of schools in all countries.
  - Expected transfer of students from private to public schools.
- **Public market:** Growth versus 2020 due to novelties in Ensino medio (PNLD) in Brazil.
- **Carve out of public and private business.**



## 2 RADIO

- **Maintenance of leadership** in Spain, Chile and Colombia.
- Advertising growth in line with market.
- Focus on the creation of new content and growth of digital products.



## 3 NEWS

- **Consolidation of the Subscription model increasing the subscriber base to over 150K vs 85k in December 2020.**
- Advertising growth in line with market.
- Focus on content and digital growth.



## 6 Key Takeaways

## Key Takeaways

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- 1** Prisa is optimally positioned to start building on the future roadmap with improved flexibility and financial strength
- 2** Focused on unlocking value in its Ed-tech business in Latam with particular focus on subscription models and reinforcing the digital offering and the subscription model of its Media businesses
- 3** Strengthening of the Group's governance
- 4** For 2021, operating growth in all business is expected with a difficult start of the year due to worst comparative in the first months which will recover throughout the year