



# **Q1 2019 RESULTS PRESENTATION**

May 14, 2019

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- 1** 1Q2019 key highlights
- 2** Business seasonality
- 3** 1Q2019 Group results
- 4** 1Q2019 results by business unit
- 5** Summary

# 1 1Q2019 Key highlights

# 2019Q1 Key Highlights

## 1 Positive operating performance in line with expectations and according to seasonality of the business

- **Santillana** performed positively with a strong performance of its learning systems
- **In Media**, Radio showed a strong operational performance supported by Spain and Press increased advertising revenues leveraging on strong digital performance with circulation margin improvement on the back of efficiency measures
- **MediaCapital** grew advertising revenues with a increase in programming costs

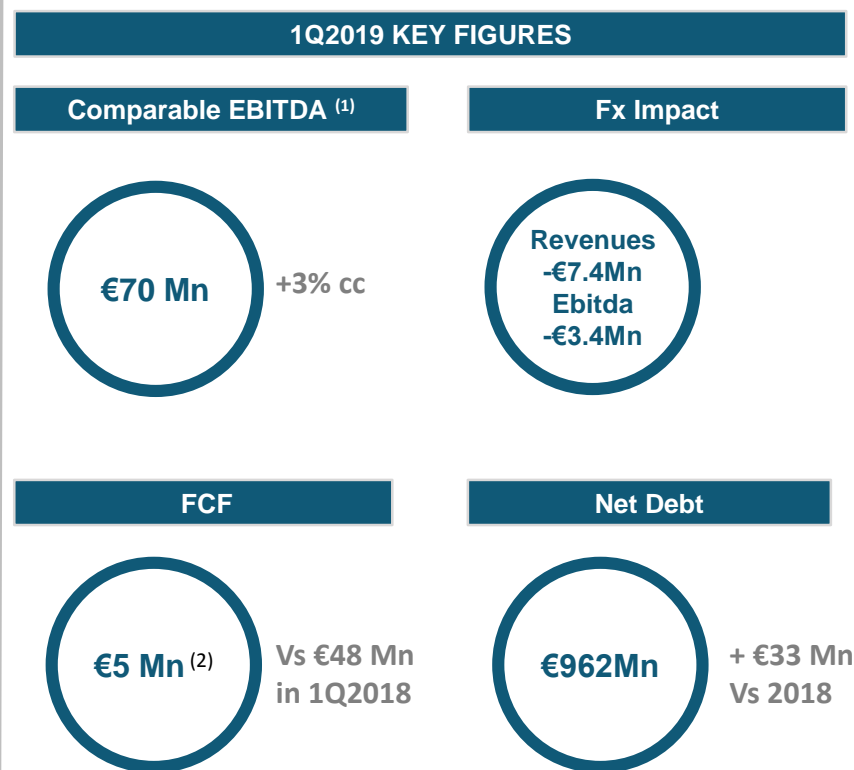
## 2 Operating FCF amounting **€5Mn**

## 3 Net debt amounting **€962** million after 3i payment

## 4 Extraordinary provision of **€51** million due to Mediapro negative ruling

## 5 The company successfully completes the capital increase to buy out Santillana minorities. Improved rating from S&P (B) and new rating from Moody's (B2) with stable outlook

## 6 Q1 in line with FY2019 outlook



**Positive operating performance in line with expectations**

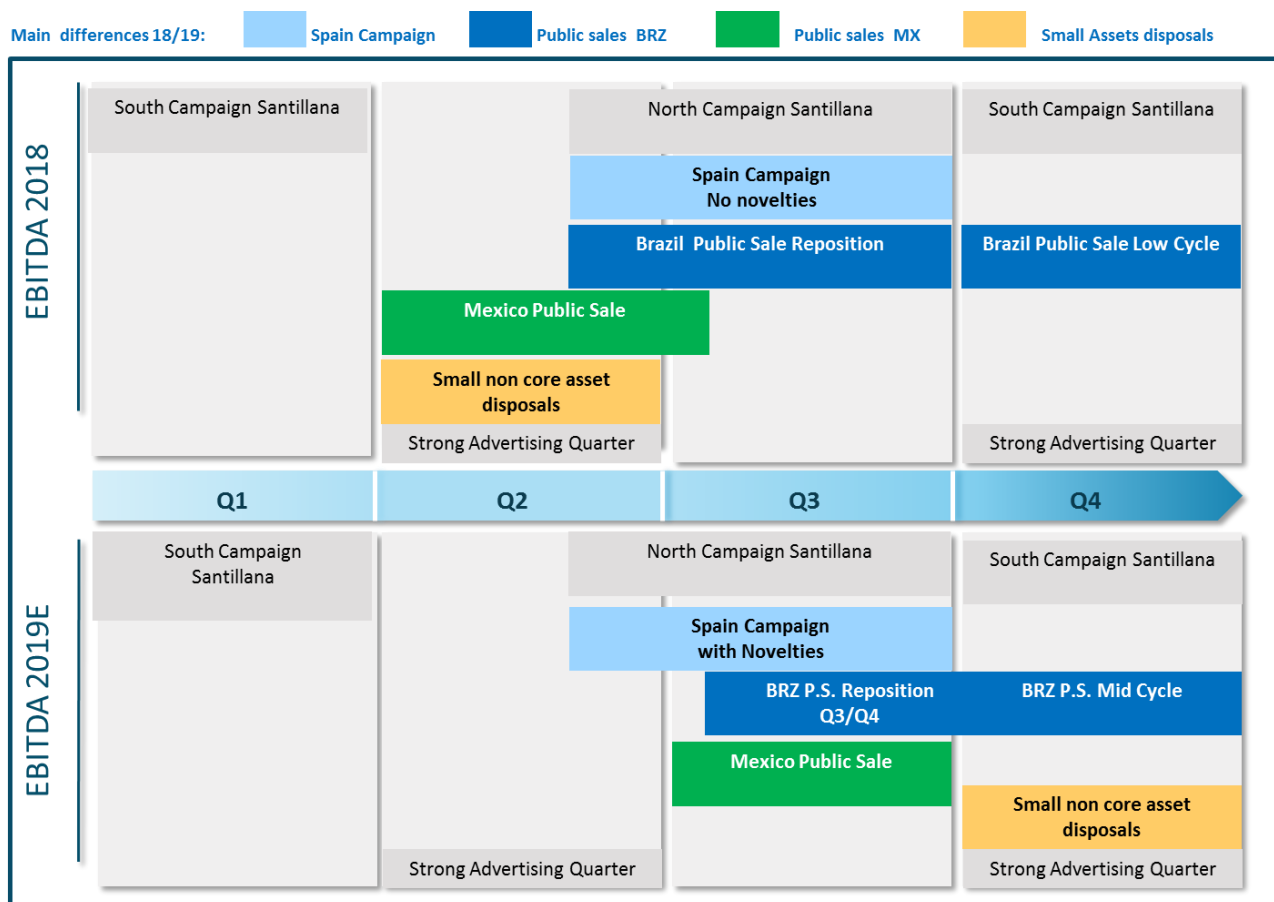
1. Reported EBITDA including in 2018 IFRS16 estimated impact and excluding in 2019 €51 million extraordinary provision due to Mediapro negative ruling to make figures comparable

2. FCF before 3i payment. Difference with 1Q2018 mainly explained by PNLD collections in 2018 amounting €26 Mn; higher interest payment in 2019 due to new refinancing agreement (€4,6 Mn); higher investment in CAPEX in 2019 mainly in Santillana (€4,1 Mn) and Radio higher WC (€5 Mn) on the back of its operating performance.

## 2 Business seasonality

# 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*



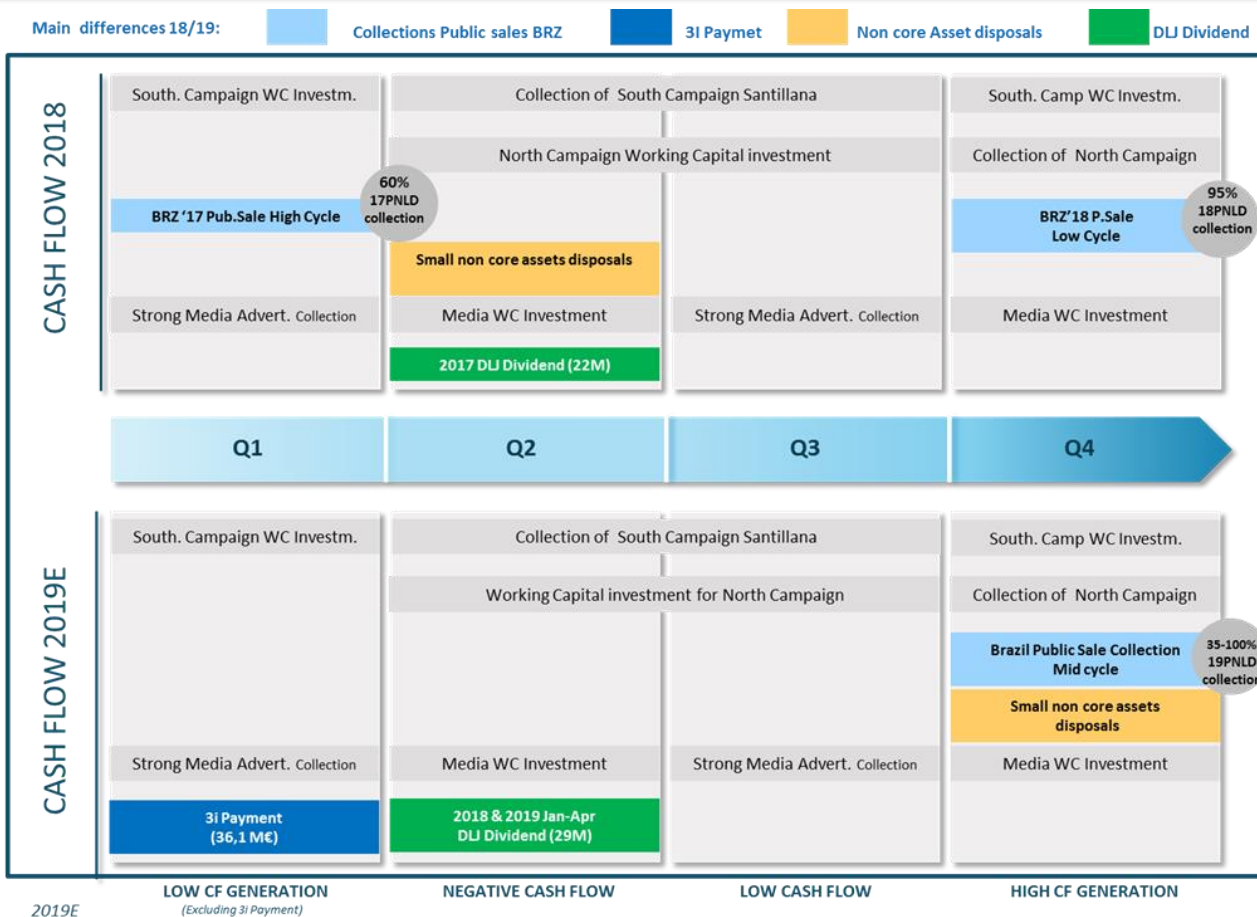
**STRONG EBITDA GENERATION EXPECTED IN SECOND SEMESTER OFFSETING A FIRST HALF CONDITIONED BY TEMPORARY EFFETS**

**In line 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 revenues seasonality with collections taking place in the following quarter. Despite following every year a similar pattern, temporary effects may occur which make comparison non homogenous**



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

**In line 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*

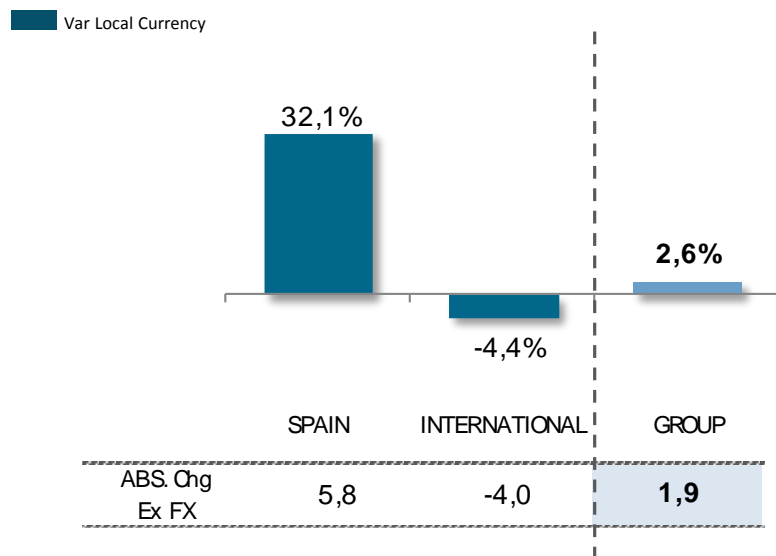


## **3** 1Q2019 Group results

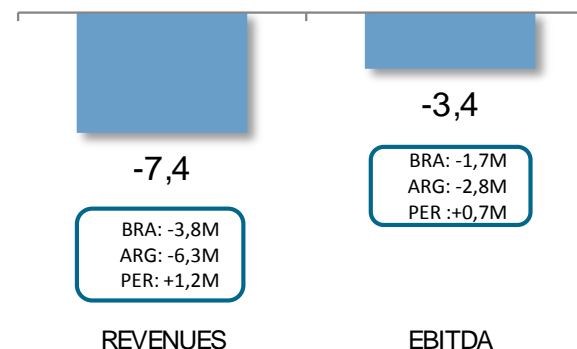
# 2019Q1 Operating Overview

€ Millions	JAN-MAR 2019	Var. 19/18 on constant ccy		Var. 19/18	
<b>REVENUES</b>	<b>312</b>	<b>-0,4%</b>	<b>-1,3</b>	<b>-2,7%</b>	<b>-8,7</b>
<b>EXPENSES</b>	<b>242</b>	<b>-1,3%</b>	<b>-3,2</b>	<b>-2,8%</b>	<b>-7,1</b>
<b>EBITDA</b>	<b>70</b>	<b>2,6%</b>	<b>1,9</b>	<b>-2,2%</b>	<b>-1,6</b>
<i>EBITDA Margin</i>	<i>22,4%</i>	<i>0,7%</i>		<i>0,1%</i>	
<b>EBIT</b>	<b>46</b>	<b>3,3%</b>	<b>1,6</b>	<b>-2,7%</b>	<b>-1,3</b>
<i>EBIT Margin</i>	<i>14,7%</i>	<i>0,6%</i>		<i>0,0%</i>	

## EBITDA Variation (%) at constant currency



## FX Effect (m€)



Note: EBITDA includes provisions in 2019 (-2.6Mn) and 2018 (-2.2Mn)

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

# 2019Q1 Operating Overview – Net Profit

€ Millions	2019	2018	% Chg.
<b>Reported Results</b>			
<b>1 Reported EBIT</b>	<b>(5,1)</b>	<b>45,4</b>	<b>---</b>
<i>EBIT Margin</i>	-1,7%	17,6%	
<b>2 Financial Result</b>	<b>(20,3)</b>	<b>(15,6)</b>	<b>(29,9)</b>
Interests on debt	(14,7)	(12,6)	(16,4)
Other financial results	(5,6)	(3,0)	(87,1)
<b>Result from associates</b>	<b>0,3</b>	<b>0,8</b>	<b>(55,7)</b>
<b>Profit before tax</b>	<b>(25,0)</b>	<b>30,6</b>	<b>---</b>
Income tax expense	20,8	13,4	55,4
<b>Results from discontinued activities</b>	<b>0,4</b>	<b>0,0</b>	<b>---</b>
<b>3 Minority interest</b>	<b>(4,8)</b>	<b>5,4</b>	<b>---</b>
<b>Net Profit</b>	<b>(40,6)</b>	<b>11,8</b>	<b>---</b>
Mediapro sentence*	40,8		---
IFRS16		(1,4)	100,0
<b>Comparable Net Profit</b>	<b>0,2</b>	<b>10,4</b>	<b>(97,7)</b>

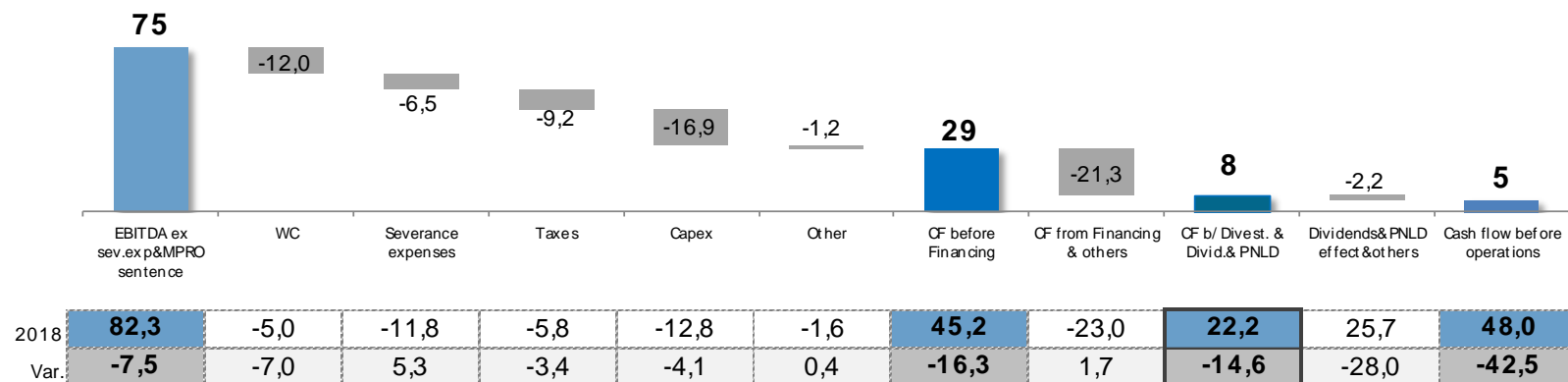
€ Millions	2019	2018	% Chg.
<b>Mediapro sentence &amp; IFRS16 impact</b>			
<b>1 Reported EBIT</b>	<b>(5,1)</b>	<b>45,4</b>	<b>---</b>
Mediapro Rulling	51,0		
IFRS16 Effect		1,8	
<b>Comparable EBIT</b>	<b>46,0</b>	<b>47,2</b>	<b>-2,7%</b>
<b>2 Reported Financial Result</b>	<b>(20,3)</b>	<b>(15,6)</b>	<b>-29,9%</b>
IFRS16 Effect		(3,2)	
<b>Comparable Financial Result</b>	<b>(20,3)</b>	<b>(18,9)</b>	<b>-7,6%</b>
<b>3 Reported Minority Interest</b>	<b>(4,8)</b>	<b>5,4</b>	<b>---</b>
Mediapro Rulling	10,2		
<b>Comparable Minority interest</b>	<b>5,4</b>	<b>5,4</b>	<b>0,4%</b>

**Reported Net result affected by extraordinary provision related to Mediapro negative ruling**

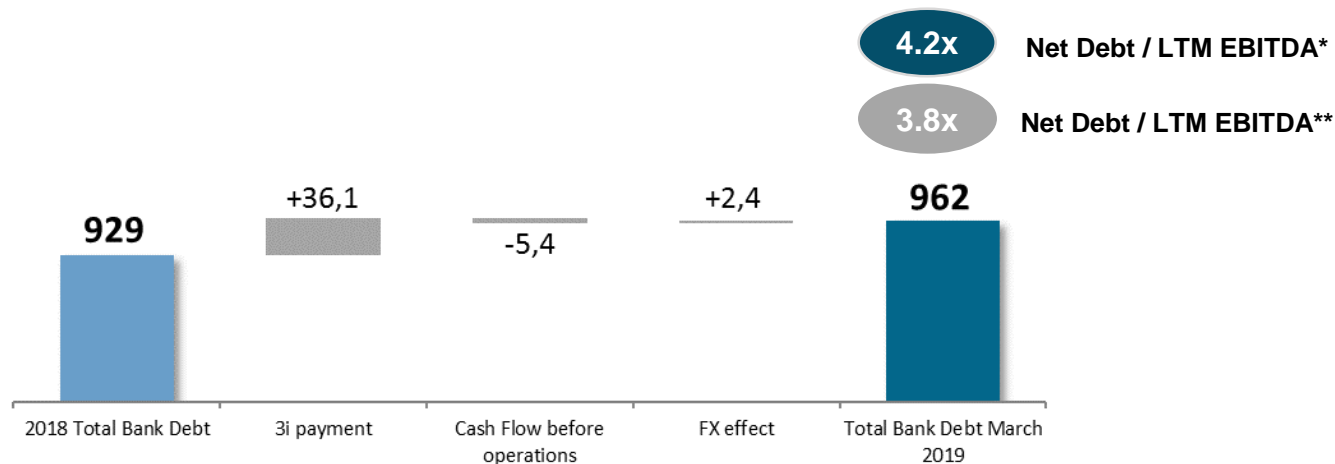
\* According to the global integration methodology, AVS's minority shareholder amounts up to 20% of the company's net result thus its shareholding stake. In this respect, if the company could not recover the credit recognized after the registration of the ruling of Mediapro as of March 31, 2019 –by either the generation of new revenues 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. At present, the decision of the appeal filed by AVS on the Provincial Court of Barcelona in the proceedings concerning the lawsuit against Mediapro for an amount of up to 136 million euros for unfair enrichment and derivative of the illegitimate use of his audiovisual rights by Mediapro during the seasons 2007/2008 and 2008/2009 is pending of resolution.

# 2019Q1 Operating Overview – Cash Flow Generation

## Cash Flow Generation (m€)



## Net Bank Debt Evolution (m€)



**Positive recurrent cashflow generation in the period in line with expectations**

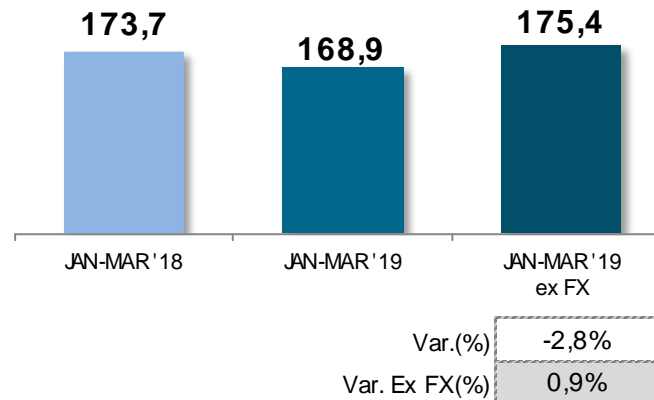
\*Excludes IFRS16 effect. (LTM EBITDA €231Mn)

\*\* Excludes IFRS16& redundancies. (LTM EBITDA €252Mn)

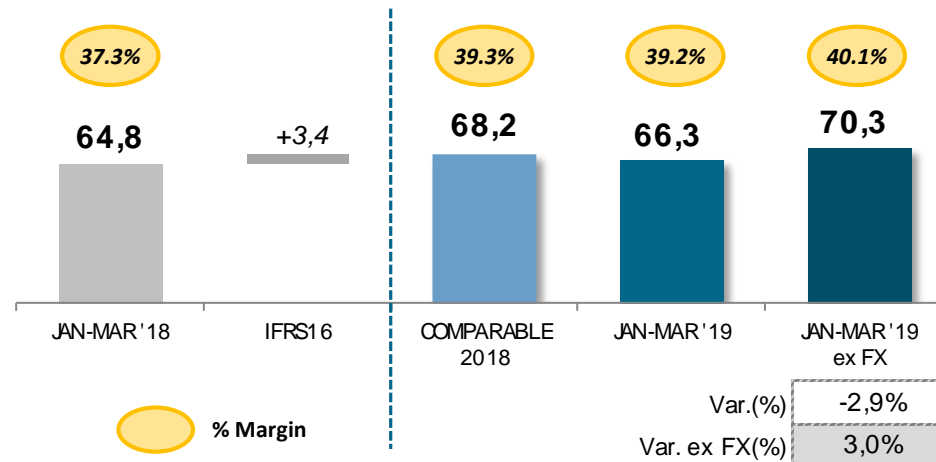
## 4 Q12019 results by business unit

# 2019Q1 Operating Overview – Santillana

## Revenues evolution (m€)



## Comparable EBITDA evolution (m€)

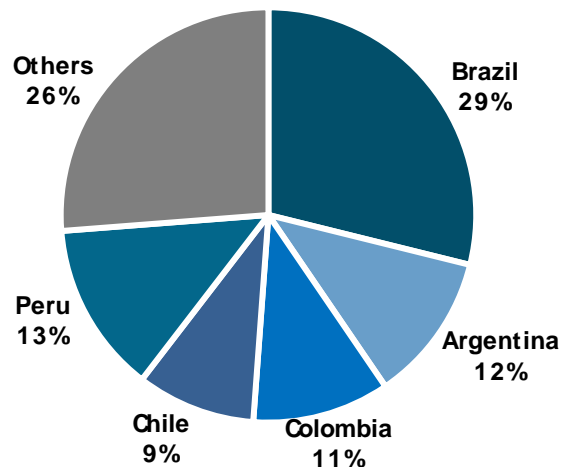


**EBITDA growth in local currency with margin improvement**

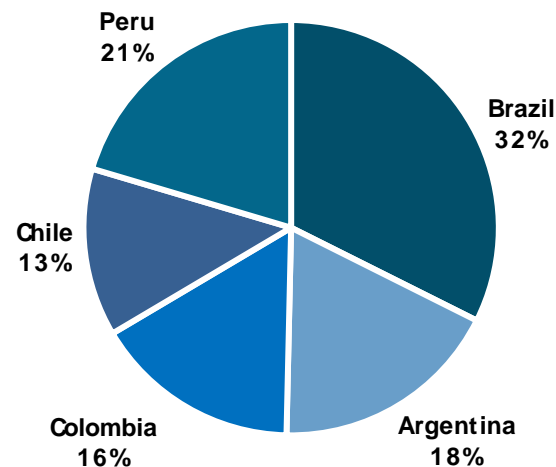
Note: EBITDA includes provisions in 2019 and 2018. The IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

# 2019Q1 Operating Overview – Santillana (Cont'd)

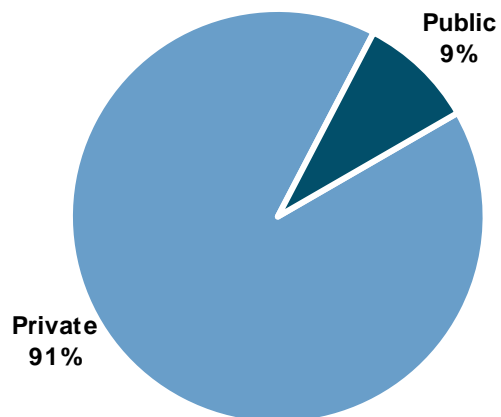
2019Q1 Revenues Split by Geography



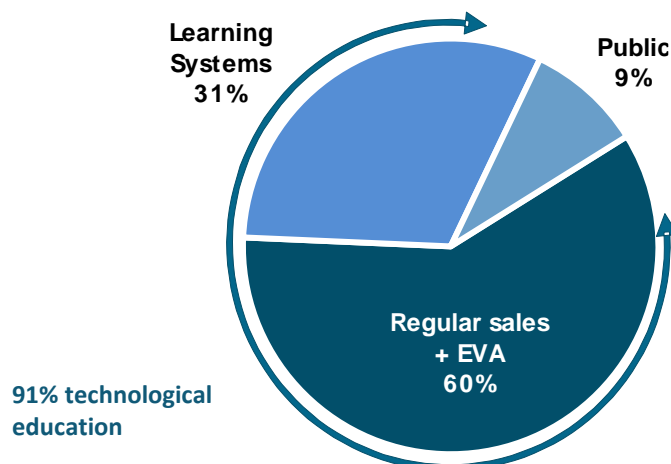
2019Q1 EBITDA Split by Geography



Revenues Split (Public vs. Private)



Revenues Split (Digital vs. Traditional)



Note: On 1Q2019 "revenue split" analysis there is to take into account business seasonality on north/south campaigns. As for that, weights are not representative of what does the complete year means

## 2019Q1 Operating Overview – Santillana (Cont'd)

### Operating Performance by Business & Regions

€ Millions	Revenues evolution (m€)			Comparable EBITDA (m€)		
	JANUARY - MARCH			JANUARY - MARCH		
	2019	2018	% Chg.	2019	2018	% Chg.
<b>Total Santillana</b>	<b>168,9</b>	<b>173,7</b>	<b>(2,8)</b>	<b>66,2</b>	<b>68,2</b>	<b>(2,9)</b>
South Campaign	149,6	155,1	(3,6)	83,5	86,4	(3,4)
North Campaign	19,3	18,6	3,8	(17,2)	(18,2)	5,3

€ Millions	Revenues evolution (m€) at Constant Currency			Comparable EBITDA (m€) at Constant Currency		
	JANUARY - MARCH			JANUARY - MARCH		
	2019	2018	% Chg.	2019	2018	% Chg.
<b>Total Santillana</b>	<b>175,4</b>	<b>173,7</b>	<b>0,9</b>	<b>70,3</b>	<b>68,2</b>	<b>3,0</b>
South Campaign	157,2	155,1	1,3	87,5	86,4	1,2
North Campaign	18,2	18,6	(2,4)	(17,2)	(18,2)	5,2

***Educational South area campaigns performed as expected with North Area campaigns contribution being not relevant in the quarter***



## 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)

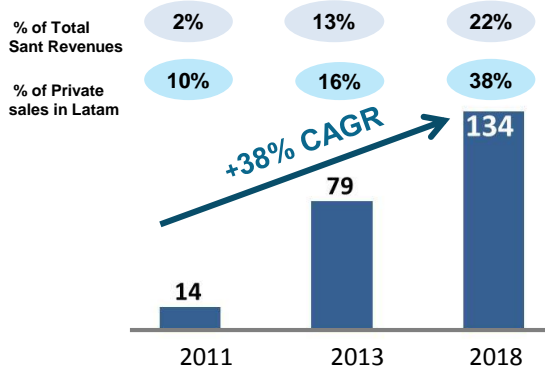
**Higher profitability**  
(>80% gross margin)

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

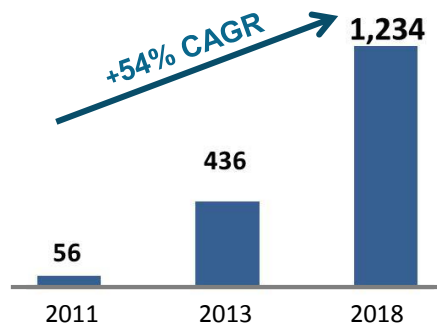
**Fully invested digital platform with high growth potential**

### Evolution of subscription models (Learning systems)

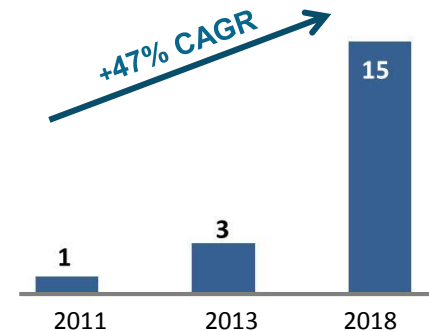
#### Revenues (€Mn)



#### # Students (000's)



#### Footprint # Countries

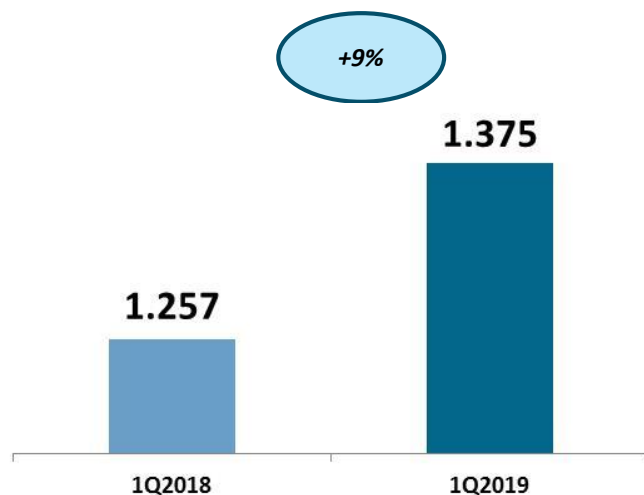


**Proven and scalable model with potential to continue growing and generate value**

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

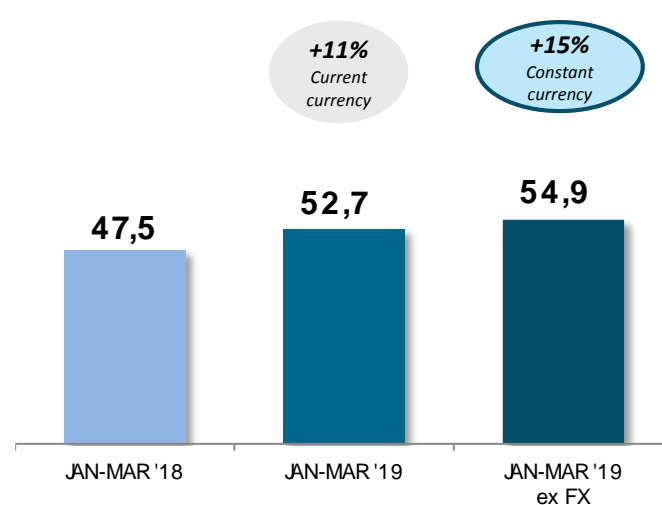
## Learning systems

**Learning systems  
Number of Students (000's)**



 % Growth

**Revenues Evolution  
(m€)**

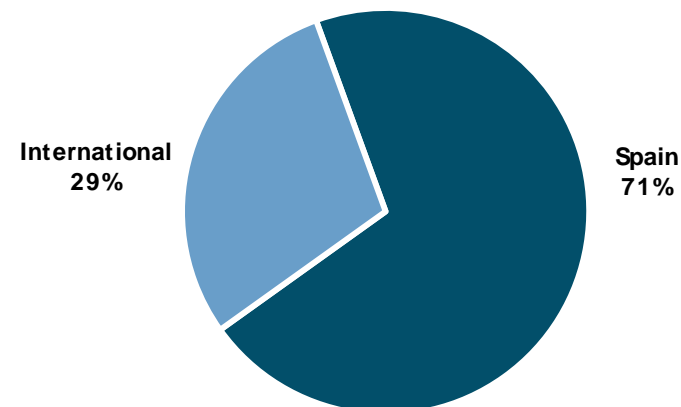
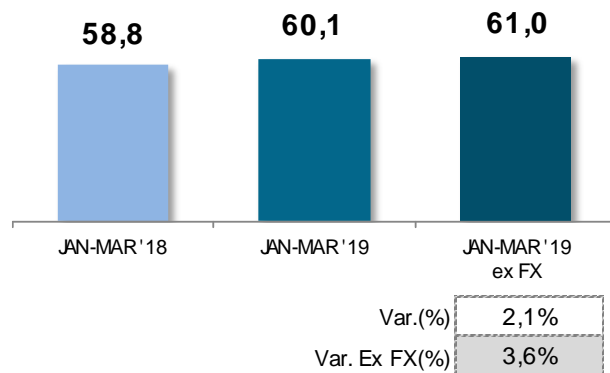


 % Growth

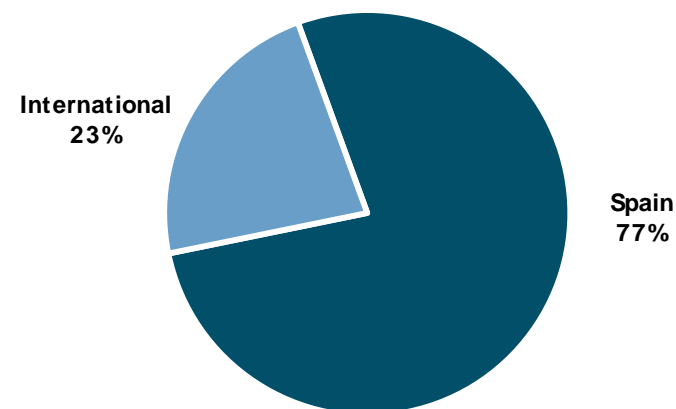
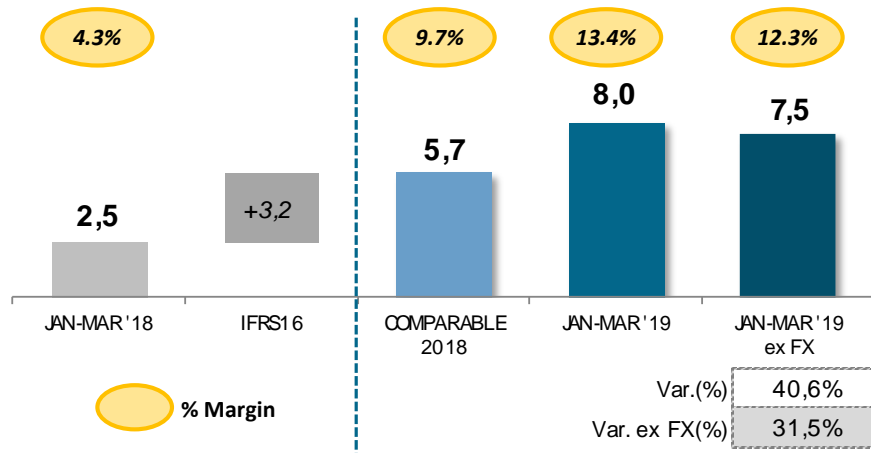
***Outstanding performance of subscription models based on Learning system***

# 2019Q1 Operating Overview – Radio

## Revenues Evolution (m€)



## Comparable EBITDA Evolution (m€)



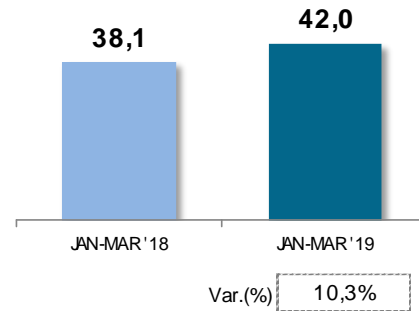
**Strong operational leverage with EBITDA growing by 31.5% supported by the strong performance of Spain**

# 2019Q1 Operating Overview – Radio Spain & Radio LatAm

## Radio Spain

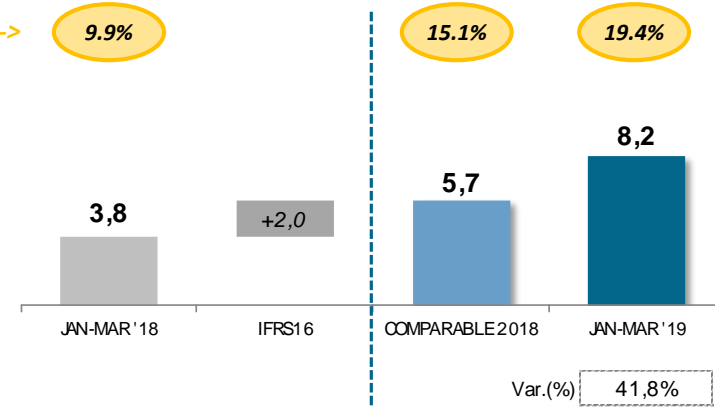


Revenues evolution (m€)



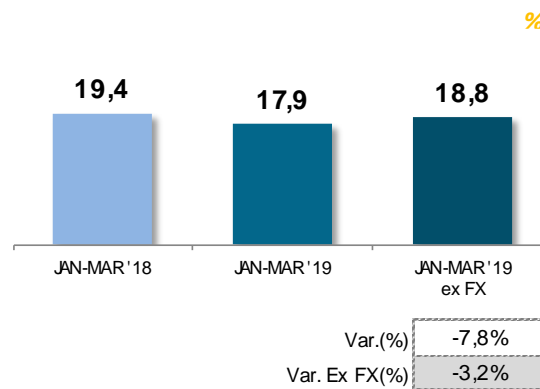
Comparable EBITDA evolution (m€)

% Margin ->

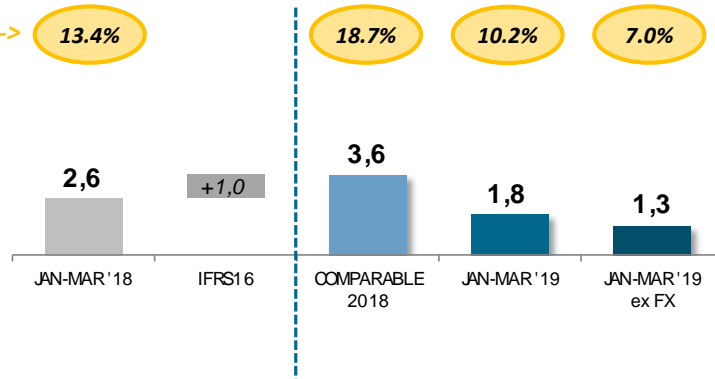


Revenues evolution (m€)

Comparable EBITDA evolution (m€)



% Margin ->

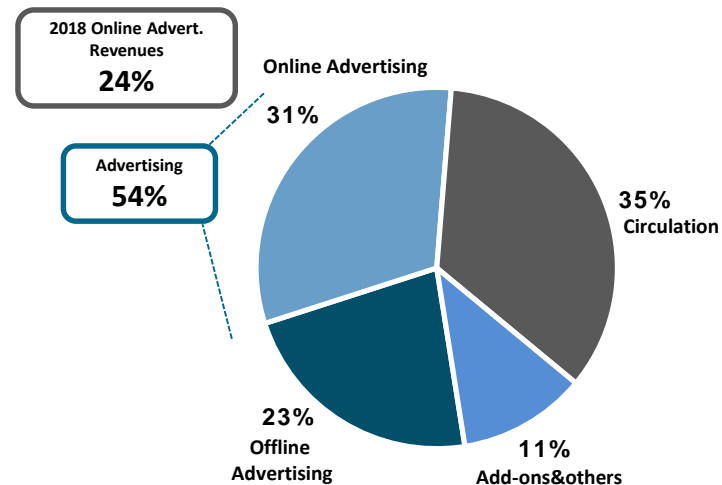
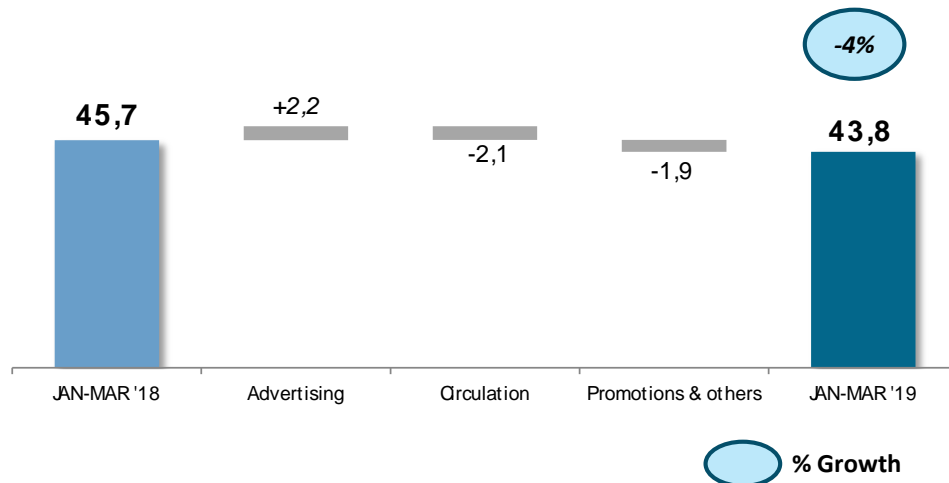


**Margins improvement in Spain supported by good advertising performance with LatAm comparison mainly affected by the positive impact of Colombian elections in 1Q2018**

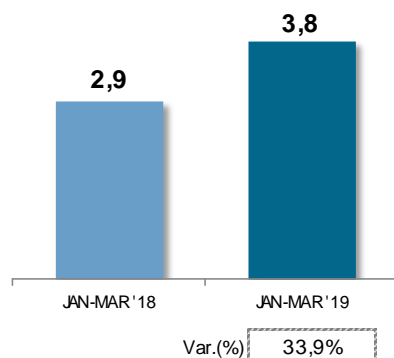
Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis. Spain excludes HQ.

# 2019Q1 Operating Overview – Press <sup>(1)</sup>

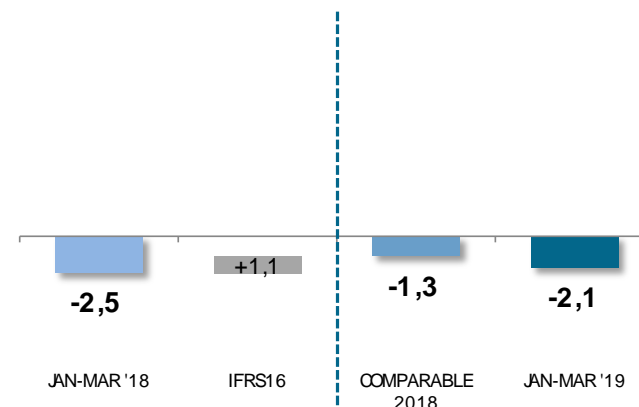
## Revenues evolution (m€)



## Circulation Margin Improvement (m€)



## Comparable EBITDA evolution (€m)



**Good advertising trends with digital increasing its weight and growing by +27%, circulation margin improvement and EBITDA affected by one-offs**

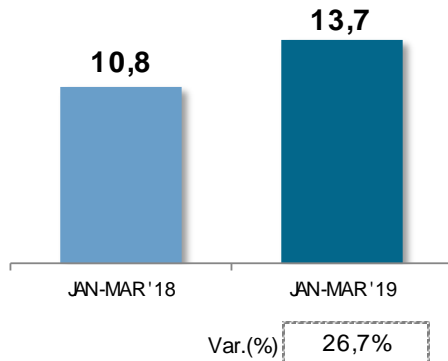
Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

<sup>(1)</sup> Press excluding PBS & IT.

# 2019Q1 Operating Overview – Press <sup>(1)</sup>

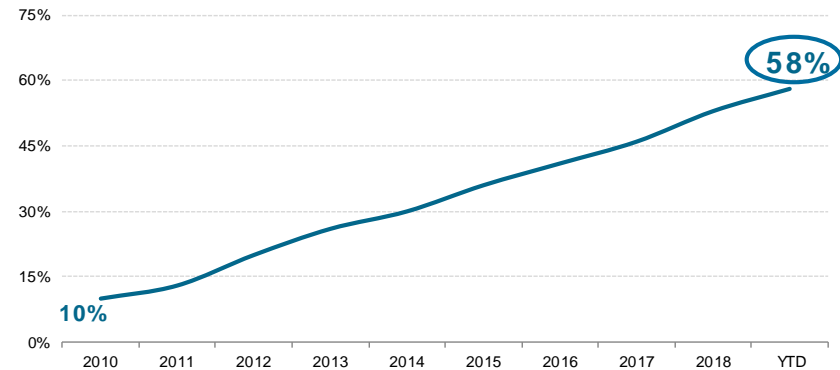
## Online Advertising Revenues evolution (m€)

\*Includes events



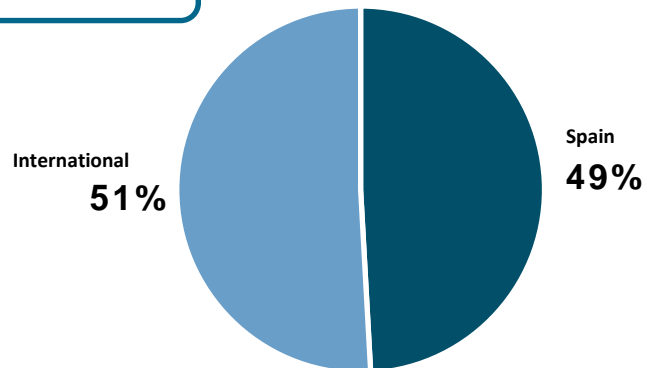
## Online Advertising Contribution

\*Includes events



## Worldwide Audience El País.com (YTD)

**83M** Unique Browsers



## Spain Digital Audience

Ranking	PC+Mobile Spain (Mar'19)	Unique Users (M)
1	YOUTUBE	31,8
2	GOOGLE	31,1
3	FACEBOOK	29,2
4	INSTAGRAM	23,7
5	<b>EL PAÍS</b>	<b>20,4</b>
6	TWITTER	19,8
7	LA VANGUARDIA	19,5
8	EL MUNDO	19,1

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

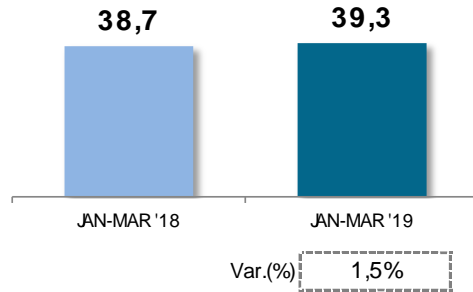
**Progress towards a growing and scalable digital model with online advertising representing already 58% of total advertising**

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

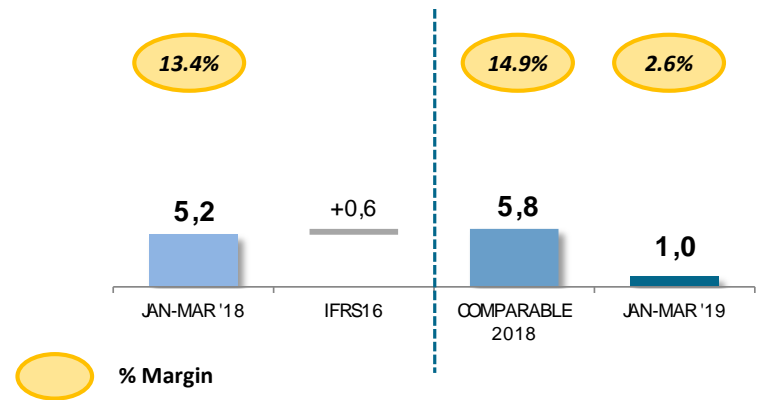
<sup>(1)</sup> Press excluding PBS & IT.

# 2019Q1 Operating Overview – Media Capital

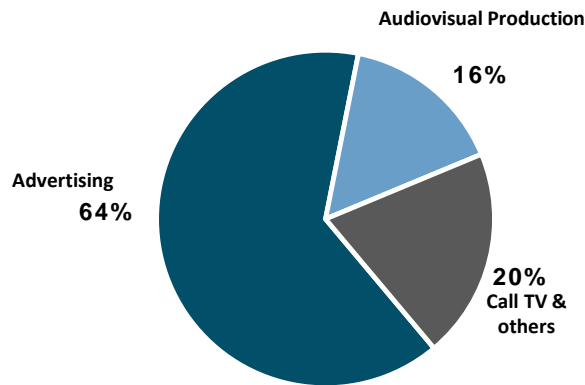
## Revenues evolution (m€)



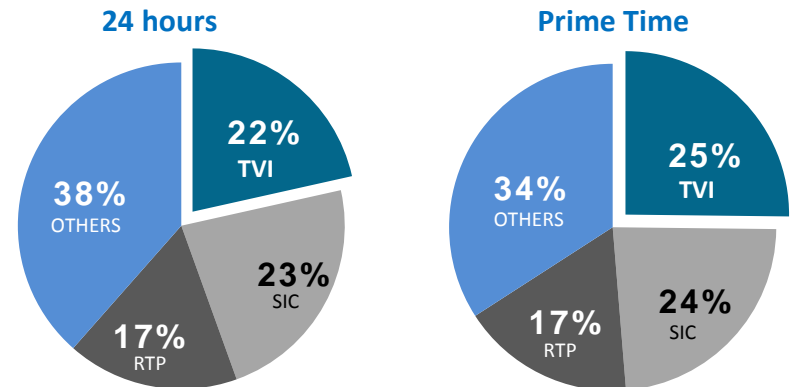
## Comparable EBITDA evolution (m€)



## Revenues Breakdown YTD



## TV Audience by Group (average YTD)



**Media Capital maintains its leadership position in Prime time with advertising growth and reinforcing its programming costs**

## **5** Summary



- 1 1Q results in line with expectations and according to seasonality of the business
- 2 Management keeps focus on delivery
- 3 1Q 2019 results in line with 2019 outlook

# Appendix

## 1Q Group EBITDA bridge (m€)

