



12M 2019 RESULTS PRESENTATION

February 26, 2020

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- 1** 12M2019 key highlights
- 2** 12M2019 Group results
- 3** 12M2019 results by business unit
- 4** Summary
- 5** Outlook 2020

1 12M2019 Key highlights

FY 2019 Key Highlights

KEY HIGHLIGHTS

1 FY19EBITDA reached €242 Mn +8%/+12% in LC

- **Santillana:** Outstanding performance reaching an EBITDA of €175 Mn; +6% /+12% in LC. Strong focus in accelerating its digital transformation fulfilling 2019 plans (1.4Mn students; +16% growth) and reaching for 2020 ,1,7 Mn students (>20% growth).
- **Radio:** Remains stable and gains advertising share in main countries despite a difficult environment in Latam in 2019
- **Press:** EBITDA increasing by 2x on the back of advertising growth and improved efficiencies

2 Positive recurrent cash flow generation of €18 Mn (€52 Mn proforma for Brazilian Public sales collection done in 1Q2020). Net Debt of 1,061 Mn (€907 Mn proforma for MCP and 100% PNLD collections)

3 2019 Outlook metrics fulfilled

4 Santillana minority repurchase, eliminating perpetual dividend and improving cash flow profile. Allows to focus Group Strategy in Education

5 Agreement reached to sell Media Capital, following company's roadmap focused on deleveraging, profitable growth and value creation. Media Capital reported as a discontinued activity

Solid operating performance with strong focus on deleveraging, profitable growth and value creation

Outlook metrics for 2019 fulfilled

2019 Outlook

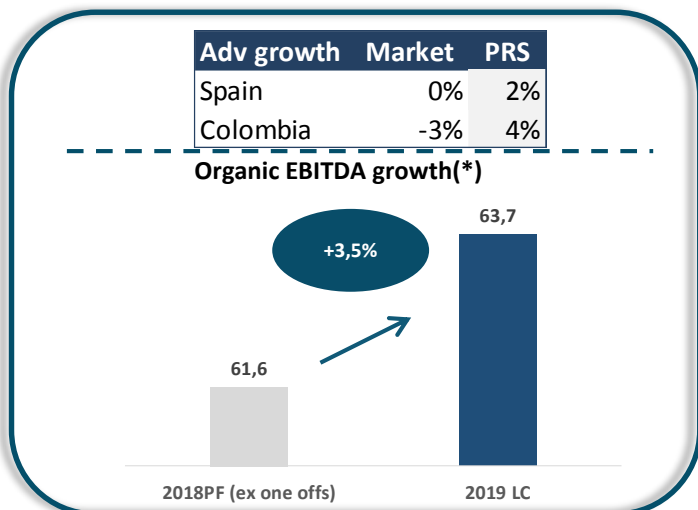
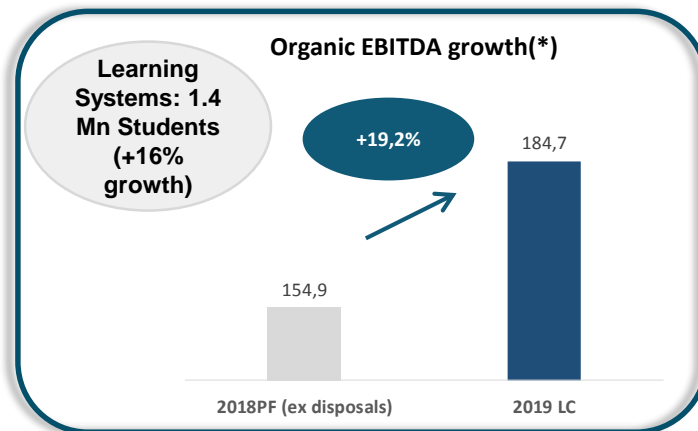
Education

- Positive evolution supported by Spain (novelties) and Brazil (2018 PNLD FI⁽¹⁾ renewals and 2019 PNLD FII⁽¹⁾ being medium year cycle)
- Stronger 2H on the back of Spain and Brazil
- Double digit organic EBITDA growth

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

FY 2019 Results



2019 Outlook fulfilled

* Excluding disposals and one offs in local currency

(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)

Outlook metrics for 2019 fulfilled

2019 Outlook

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

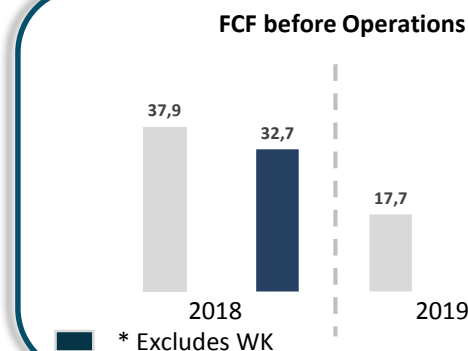
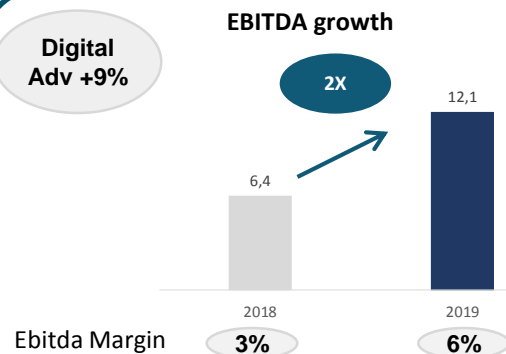
FCF

- Recurrent FCF* in line with or above 2018: Improving along the quarters, likely to be negative in 1H

FX

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

FY 2019 Results



- €-9.8Mn 2019 EBITDA impact vs €-19,6Mn in 2018

2019 Outlook fulfilled

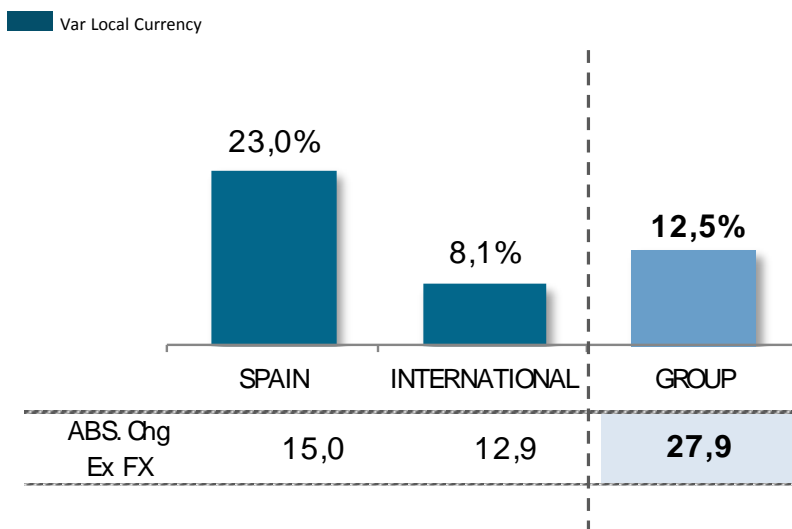
* For comparable basis, WK adjusted to reflect comparable PNL D collections

2 12M 2019 Group results

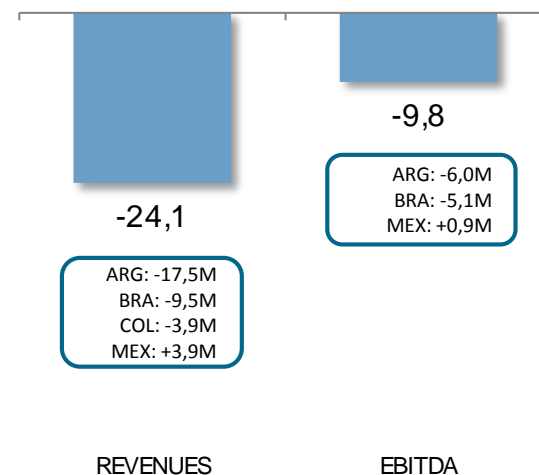
12M 2019 Operating Overview

€ Millions	JAN-DEC 2019	Var. 19/18 on constant ccy		Var. 19/18		Ex. Temporary Effects & One-offs on constant ccy
REVENUES	1.096	1,9%	21,1	-0,3%	-3,1	+3,6%^(*)
EXPENSES	853	-0,8%	-6,9	-2,4%	-21,3	-0,6%
EBITDA	242	12,5%	27,9	8,1%	18,2	+21,1%
<i>EBITDA Margin</i>	22,1%		2,1%		1,7%	
EBIT	147	15,9%	21,3	9,3%	12,5	
<i>EBIT Margin</i>	13,4%		1,7%		1,2%	

EBITDA Variation (%) at constant currency



FX Effect (m€)



Note: EBITDA includes provisions in 2019 (15.0Mn) and 2018 (20.2Mn)

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

(*) Significant perimeter effect due to the closing or disposal of non core or non profitable businesses (Prisa Video, Music and Santillana US) amounting 22M€.

12M 2019 Operating Overview – Net Profit

€ Millions

Reported Results

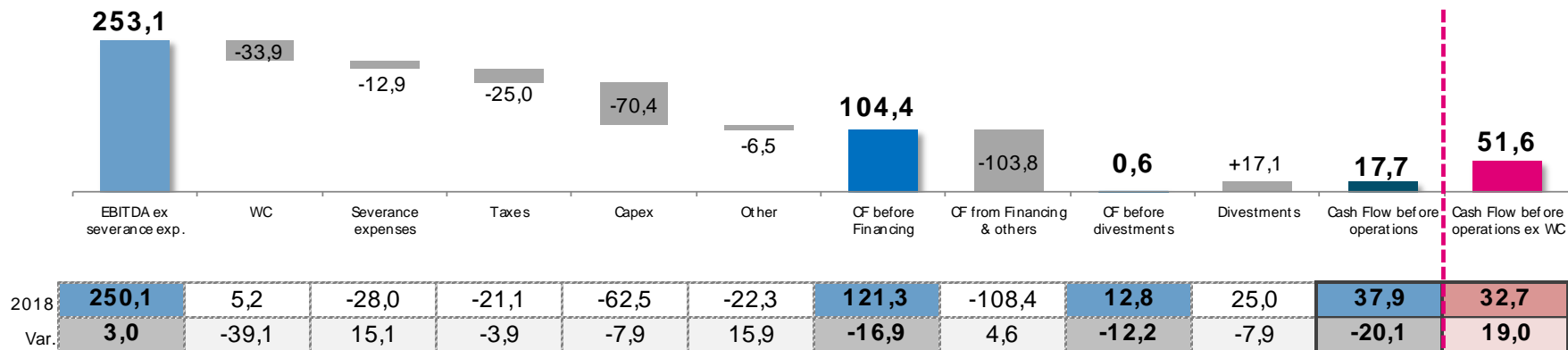
	2019	2018	% Chg.
1 Reported EBIT	95,5	127,0	(24,8)
<i>EBIT Margin</i>	8,7%	11,6%	
2 Financial Result	(82,6)	(82,6)	0,1
Interests on debt	(57,7)	(50,3)	(14,7)
Other financial results	(24,9)	(32,3)	23,1
Result from associates	2,7	3,8	(30,1)
Profit before tax	15,6	48,2	(67,6)
3 Income tax expense	61,0	231,1	(73,6)
4 Results from discontinued activities	(127,4)	(53,7)	(137,1)
5 Minority interest	9,5	32,8	(71,1)
Net Profit	(182,3)	(269,3)	32,3
MCimpairment	131,6	76,8	71,2
Mediapro ruling	52,8	---	---
IFRS16	0,0	(5,3)	100,0
Tax impairments	21,0	201,8	(89,6)
Comparable Net Profit	23,1	3,9	---

	2019	2018	% Chg.
1 Reported EBIT	95,5	127,0	(24,8)
Mediapro Ruling	51,0	---	---
IFRS16 Effect	---	7,0	---
Comparable EBIT	146,6	134,1	9,3
2 Reported Financial Result	(82,6)	(82,6)	0,1
IFRS16 Effect	---	(12,4)	---
Mediapro Ruling	2,0	---	---
Comparable Financial Result	(80,6)	(95,0)	15,2
3 Income Tax Expense	61,0	231,1	(73,6)
Tax Impairment	(21,0)	(201,8)	89,6
Mediapro Ruling	(1,0)	---	---
Adjusted Income Tax Expense	39,0	29,3	33,0
4 Results from discontinued activities	(127,4)	(53,7)	(137,1)
MCimpairment	131,6	76,8	71,2
Comparable Results from discon. activities	4,2	23,1	(82,0)
5 Reported Minority Interest	9,5	32,8	(71,1)
Mediapro Ruling	1,3	---	---
Comparable Minority interest	10,7	32,8	(67,2)

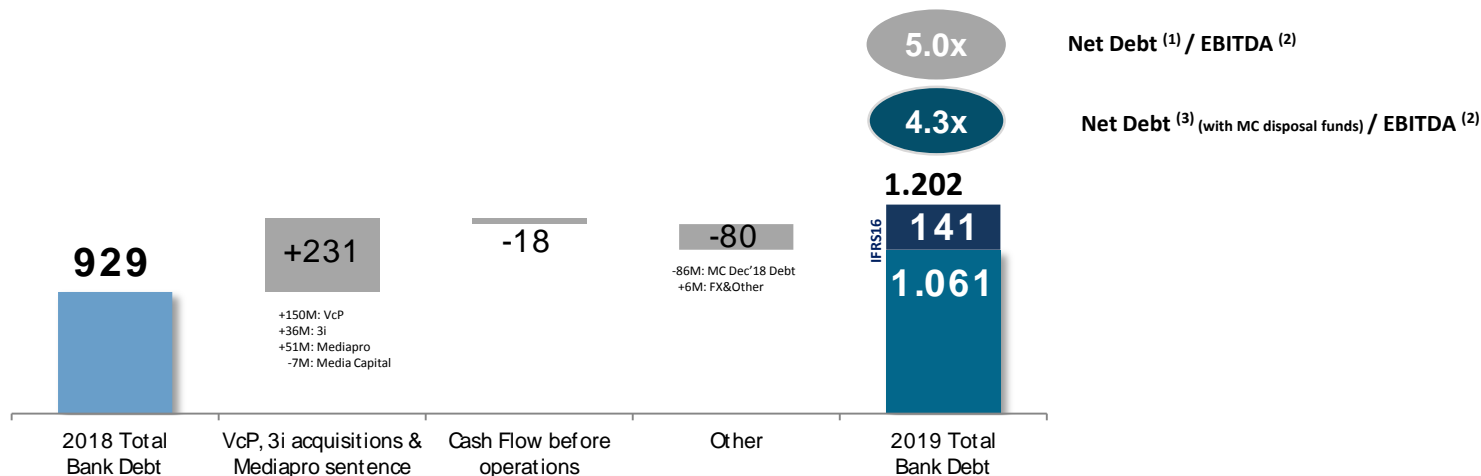
Reported Net result affected by extraordinary provision related to i) Mediapro negative ruling ii) Mediacapital discontinuity iii) tax credits impairments

12M 2019 Operating Overview – Cash Flow Generation

Cash Flow Generation (Mn€)



Net Bank Debt Evolution (Mn€)



Positive Cashflow generation in the period conditioned by collection of €46Mn of PNLD⁽⁴⁾ in 1Q 2020

(1) & (2) Includes IFRS16 effect

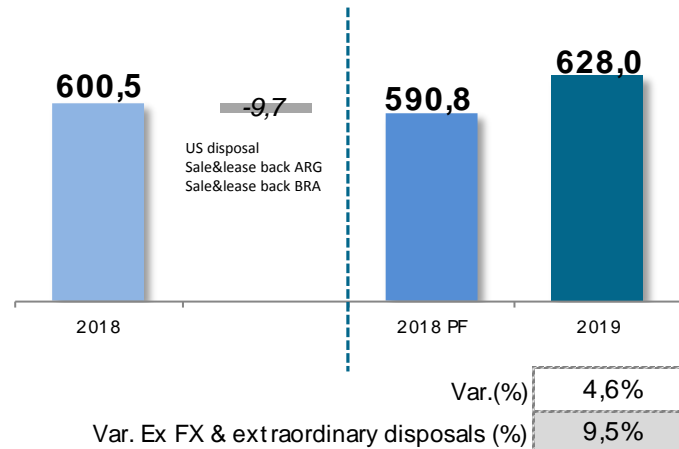
(3) Includes Media Capital disposal funds & 100% of 2019 PNLD collection

(4) PNLD corresponds to "Programa Nacional de Livro didactico in Brazil"

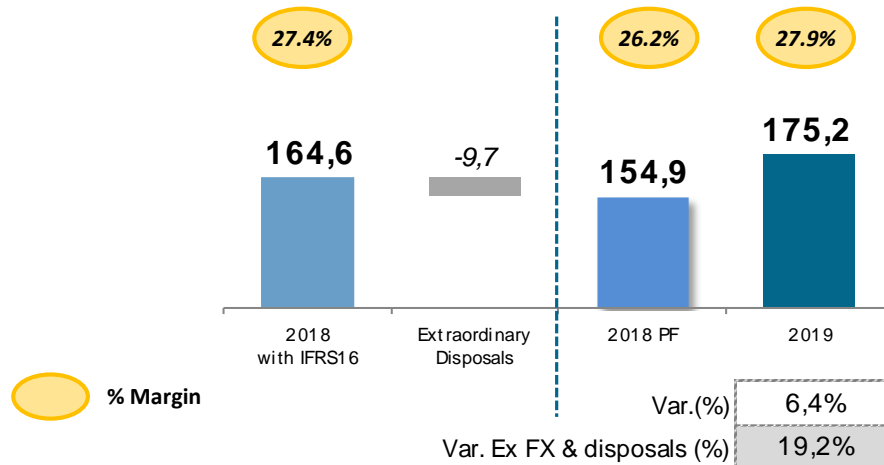
3 12M 2019 results by business unit

12M 2019 Operating Overview – Santillana

Revenue evolution (Mn€)



Comparable EBITDA evolution (Mn€)



Strong performance with solid growth and improved profitability

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

12M 2019 Operating Overview – Santillana

Revenue evolution (Mn€)

		JANUARY - DECEMBER			
Mn€		2019	2018	% Chg.	%Chg LC
Education sales		615,7	578,7	6,4	9,2
1	Private Latam	351,5	343,0	2,5	5,6
	Didactic	209,2	217,2	(3,7)	(3,6)
	Learning systems	142,3	125,8	13,1	21,4
2	Public sales	131,2	121,1	8,4	13,1
3	Spain*	133,0	114,6	16,0	16,0
Other revenues ⁽¹⁾		12,3	21,8	(43,8)	(32,8)
Total Operating Revenues		628,0	600,5	4,6	7,7

- 1 Performance driven by strong focus in accelerating transition into learning systems
- 2 Performance supported by extraordinary performance in Brazil with 32.5% share on PNLD FII⁽²⁾ and good repositions on FI⁽²⁾ and Ensino Medio⁽²⁾
- 3 Performance supported by Novelties in Primary

Strong performance overall supported by the positive evolution of both private and public sales with strong focus on growing Learning Systems

(1) "Other revenues" include asset sales of €3.7 Mn in 2019 and €13.6 Mn in 2018

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

*Spain includes €5.2 Mn in 2019 and €4.8Mn in 2018 corresponding to Portugal and others.

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)

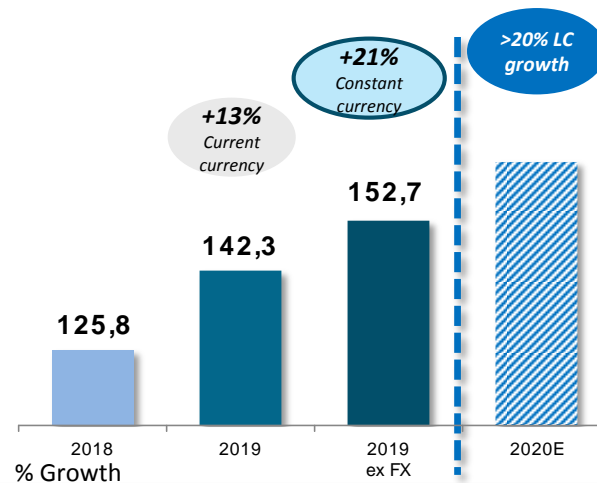
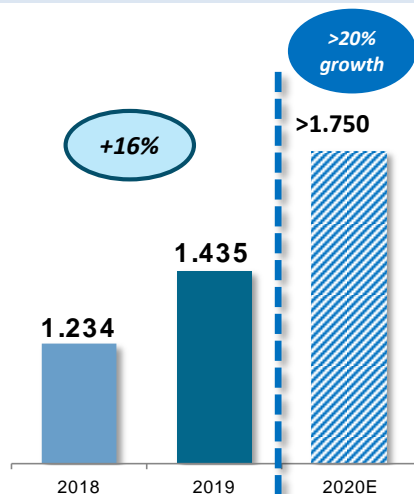
Higher contact and Knowledge of final client (86% renewal rate)

Fully invested digital platform with high growth potential



Learning systems /Number of Students (000's)

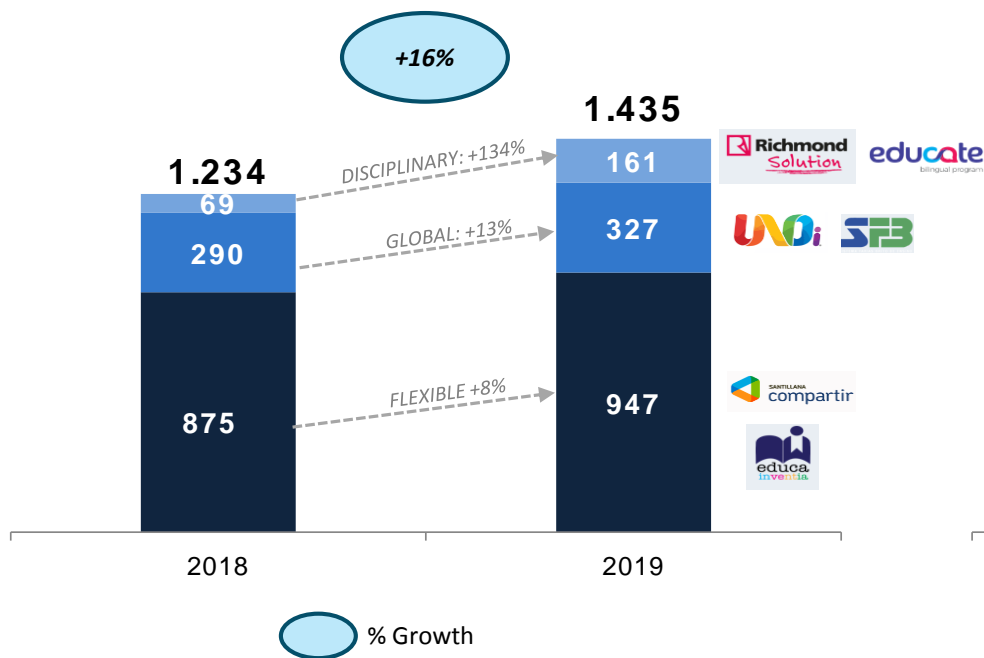
Revenues Evolution (m€)



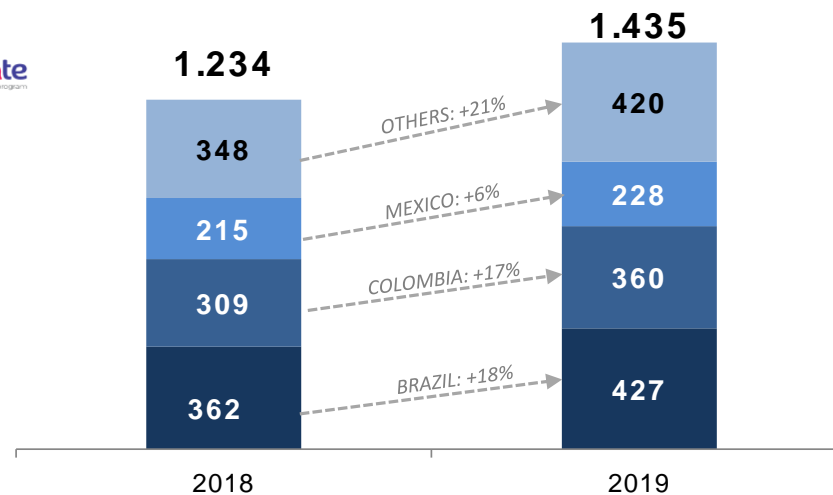
Outstanding performance of Learning systems with a strong growth already committed for 2020

Learning systems

Learning systems
Number of Students (000's)



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



Strong performance of subscription models based on Learning systems

Learning systems

Strong focus on accelerating Learning systems growth

Addressable market (Learning systems)

Leading Market Positioned Across LatAm...

		Addressable Market	Santillana (% Market Share)
Private Students	Didactic	~12m ⁽¹⁾	~3.6m ⁽¹⁾ (~30%)
	Subscription	~6m	~1.4m (~24%)
# Schools		120,000	16,000 (~13%)

...Underpinned by Rooted Presence Across Countries



Relevant Data by Country (Students)

		Addressable Market	Santillana	Market Share %
Brazil (~8.0m Students)	Didactic	~3.7m	~0.8m	22% ⁽²⁾
	Systems	~4.3m	~0.4m	10% ⁽³⁾
Mexico (~3.5m Students)	Didactic	~3.0m	~0.5m	15%
	Subscription	~0.5m	~0.2m	49% ⁽¹⁾
Colombia (~1.8m Students)	Didactic	~1.3m	~0.4m	37%
	Subscription	~0.5m	~0.4m	80%

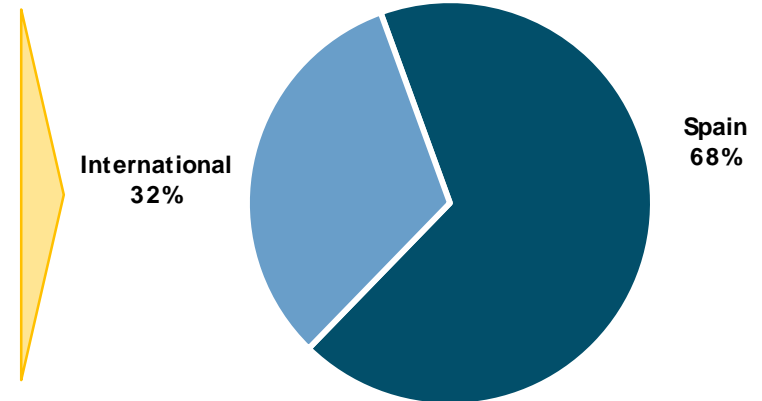
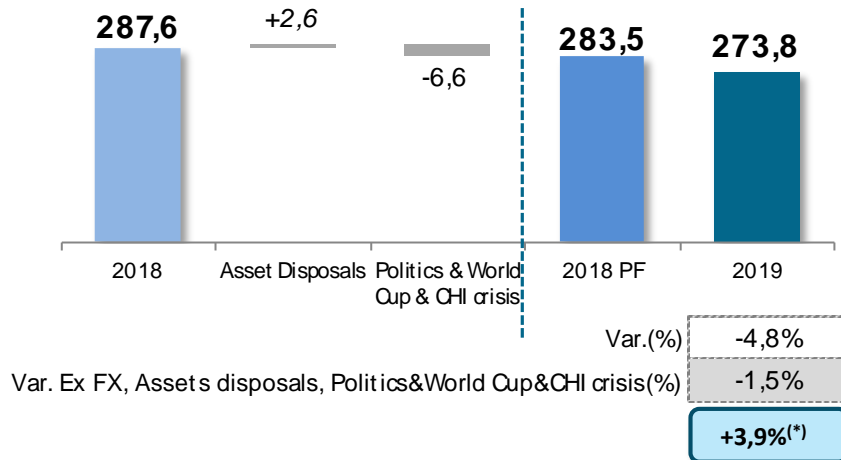
Global player with leading positions in most of the latam countries . The only Global scalable platform expanding Systems outside Brazil

Unique leading position to accelerate Learning systems growth in a highly promising market

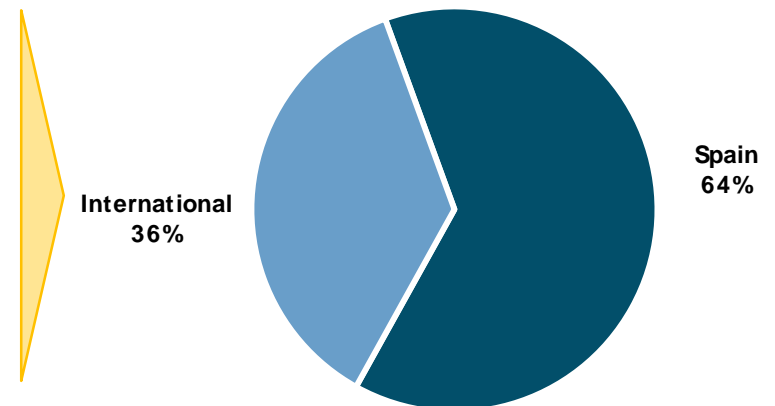
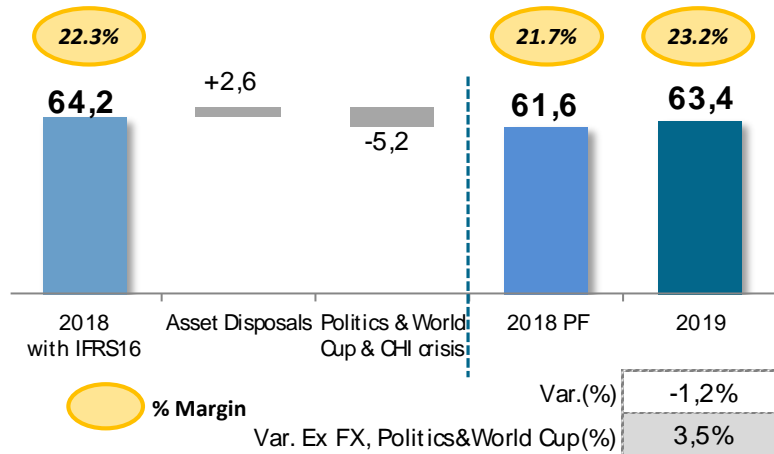
* 2018 Figure excludes digital revenue other than pure learning systems amounting 9 Mn€. Including them, total digital initiatives amounted 134 Mn€

12M 2019 Operating Overview – Radio

Revenue Evolution (Mn€)



Comparable EBITDA Evolution (Mn€)



Business remains stable with advertising share gains despite World Cup and politics (elections) positive impacts in 2018, and difficult advertising environment in Latam. Positive performance ex one-offs

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

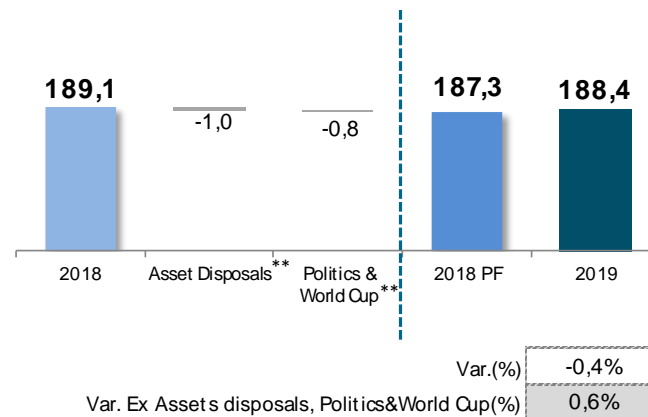
(*) Significant perimeter effect in Revenue: closing/disposal of Music business in 2018: Excluding this effect: +3,9% growth of Revenue at constant currency. Low impact in EBITDA

12M 2019 Operating Overview – Radio Spain & Radio LatAm

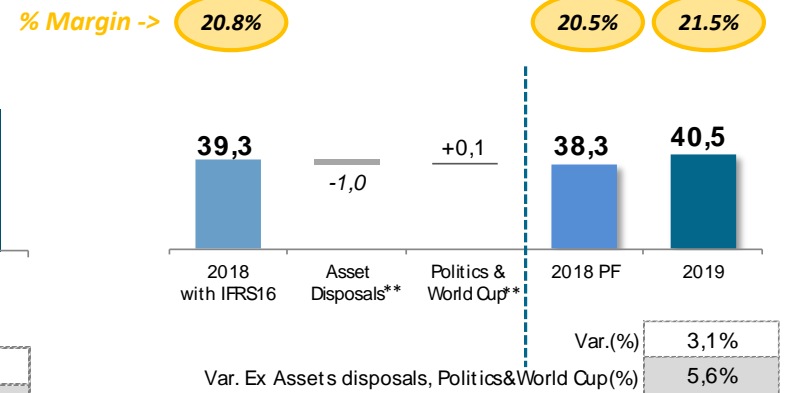
Radio Spain



Revenue evolution (Mn€) *



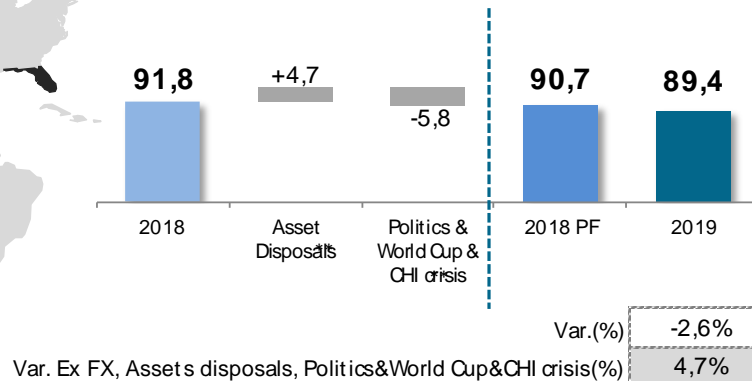
Comparable EBITDA evolution (Mn€) *



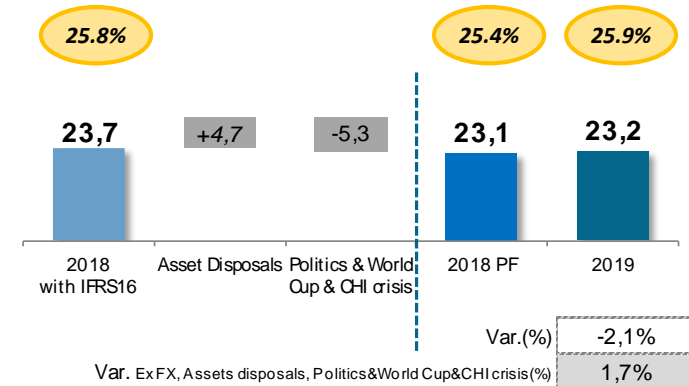
Radio Latam



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 2018 and a difficult advertising environment specially in Chile

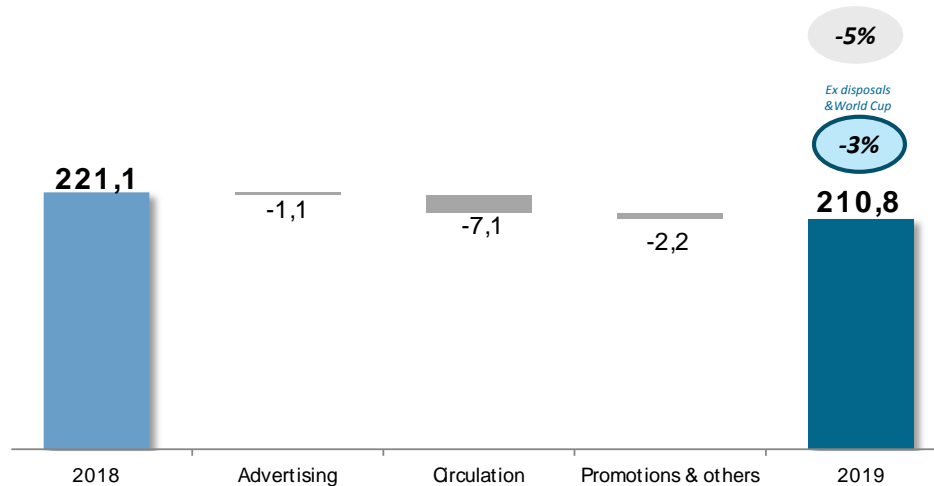
Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

* Spain figures exclude Music and others.

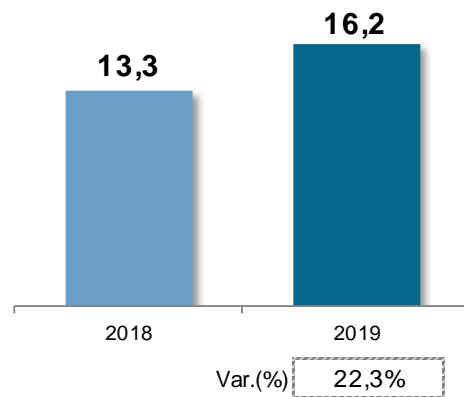
** Assets disposals, Politics (elections), Chile crisis and World Cup net impact 2019/2018

12M 2019 Operating Overview – Press (1)

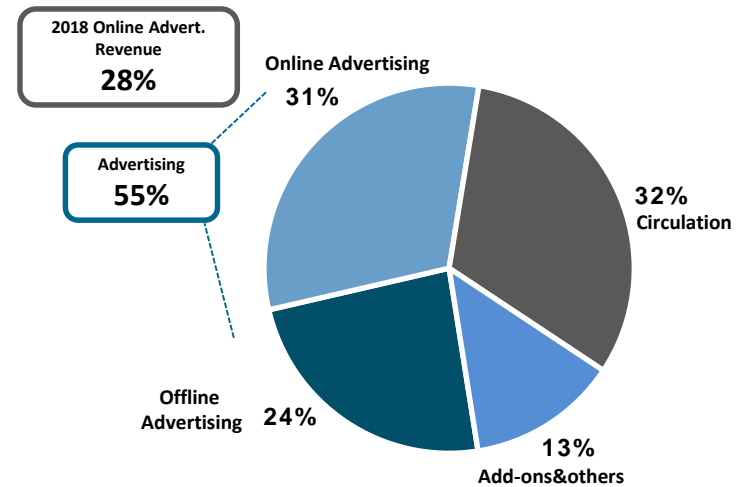
Revenue evolution (Mn€)



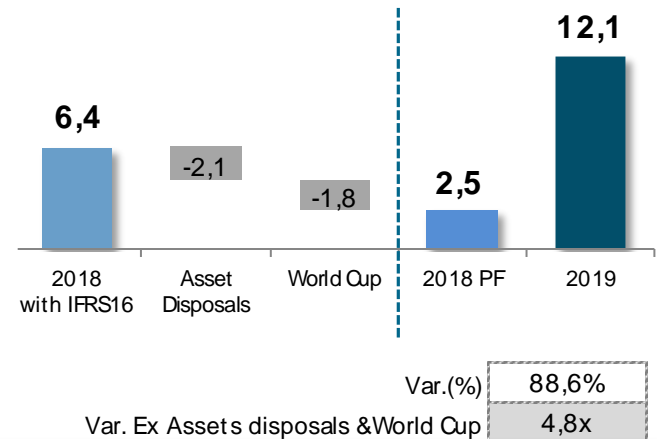
Circulation Margin Improvement (Mn€)



Press Revenues breakdown (excluding PBS&IT)



Comparable EBITDA evolution (Mn€)



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

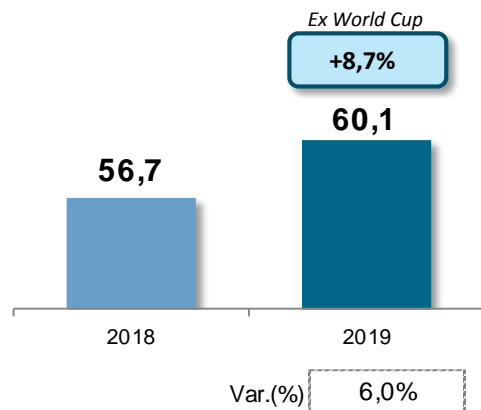
Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

(1) Press including PBS & IT.

12M 2019 Operating Overview – Press ⁽¹⁾

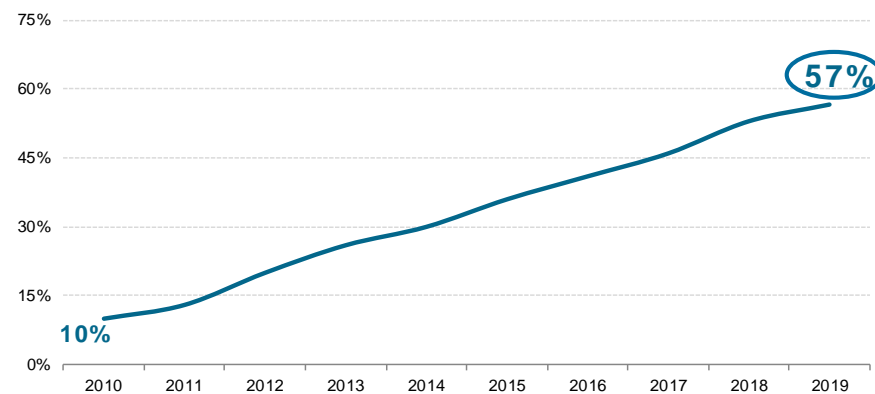
Online Advertising Revenue evolution (Mn€)

*Includes events



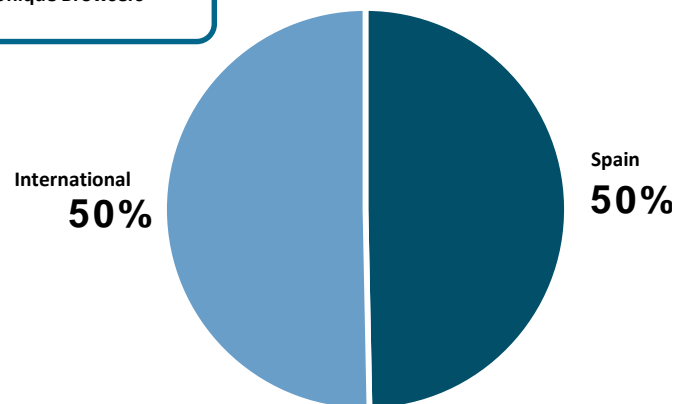
Online Advertising Contribution

*Includes events



Worldwide Audience El País.com (YTD)

84M Unique Browsers



Spain Digital Audience

Ranking	PC+Mobile Spain (Avg Jan-Dec'19)	Unique Users (M)
1	YOUTUBE.COM	32,3
2	GOOGLE.COM	32,1
3	FACEBOOK.COM	29,4
4	ANDROID.COM	25,9
5	INSTAGRAM.COM	24,2
6	ELPAIS.COM	20,8
7	LA VANGUARDIA	20,4
8	ELMUNDO.ES	20,0

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

Progress towards a growing and scalable digital model with online advertising representing already 57% 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 including PBS & IT.

4 Summary

- 1 Solid underlying business performance fulfilling 2019 outlook metrics
- 2 Improved cash flow generation profile
- 3 MCP disposal agreed and approved by EGM with transaction expected to be fully completed in 1Q 2020
- 3 Management keeps focus on delivery building the pillars for profitable growth and value creation

5 Outlook 2020

Outlook metrics for 2020

Positive evolution in all businesses with margin improvement. Full focus on value and cash generation

KEY DRIVERS

Education

- Operating growth with strong focus on growing Learning systems
 - Private sales Latam: Accelerate Learning systems growth with 1,7 Mn students (> 20% growth) expected for 2020.
 - Despite Lack of novelties from Ensino Medio for 2020, volumes of public sales above 2019.
 - Spain: No meaningful novelties expected in Spain for 2020 as new Education reform currently under discussion

Radio

- Global Macroeconomic and political uncertainty especially in Latam
- Maintenance of leading positions outperforming advertising market performance in Spain, Colombia and Chile
- Focus on content, digital growth and cost control

Press

- Launching of pay wall
- Digital growth leveraging on market growth and America
- Continued operating improvement on the back of efficiencies

FX

- Negative impact expected, mainly from BRZ and Chile

FCF

- Recurrent FCF above 2019

Full Focus on maximizing Prisa's value