FY18 RESULTS PRESENTATION

February 26th, 2019
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Agenda

1. 2018 key corporate events
2. FY18 Group Results
3. FY2018 results by business unit
4. Summary 2018 and Outlook 2019
2018 key corporate events
2018 Key Corporate events

**Corporate Governance**

- New reduced board composition with a positive balance in its overall structure according to best corporate governance practices.

**New management team**

- Renewed management team
- Leaner organization
- Internal control increased

**Stabilization of Balance sheet, refinancing & increased transparency**

- Cash capital increase amounting €563 Mn strongly supported by existing shareholders
- 5 years refinancing until 2022
- Public credit ratings: Fitch (B) and S&P (B-) both with stable outlook

**Efficiency plan & capital discipline**

- €40 Mn cost savings plan to be achieved in 3 years
- Disposal of non core non profitable assets
- Net Debt / Consolidated adj ebitda < 3x by 2020

**Delivery**

- Solid underlying business performance
- Efficiency plan accomplished 2 years ahead of schedule
- 1/3 of non core non profitable disposal plan accomplished
- 2018 Outlook fullfilled

Building the pillars for profitable growth and value creation
2018 Results
2018FY Key Highlights

1. Activity growth in all businesses partially offset by FX as anticipated

2. Accomplishment of efficiency plan 2 years ahead of schedule: \(\text{€49 Mn}\) costs savings in 2018

3. 1/3 of non core non profitable assets disposal plan accomplished

4. Positive cashflow generation amounting \(\text{€42 Mn}\) despite one offs

5. Net debt reduced to \(\text{€929 Mn}\)

6. Adjusted positive net profit +\(\text{€45 Mn}\); \(\text{€281 Mn}\) impairments non cash

7. 2018 outlook fullfilled

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**2018 KEY FIGURES**

- **Adj. EBITDA**: \(\text{€276 Mn}\) +10% cc excluding IRFS15
- **FCF**: \(\text{*€42 Mn}\) vs -\(\text{€16 Mn}\) in 2017
- **Net Debt**: \(\text{€929 Mn}\) vs \(\text{€1.5bn}\) in 2017 proforma MCP
- **Adj. Net Profit**: \(\text{€45 Mn}\) + 56% vs 2017

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* FCF after refinancing and succession plan costs and before capital increase net proceeds

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**Solid underlying business performance**
Outlook metrics for 2018 fullfilled

2018 Outlook

- 2018 adjusted EBITDA in line with 2017 in LC due to lack of novelties in Spain and low year cycle for institutional sales in Brazil

- Digital learning systems will continue delivering solid growth

Education

Radio

- Advertising growth in line with market, positive impact from special events (world cup and elections in Latam)

- Operating improvement both in Spain and Latam

Press

- Margin enhancement despite revenue decline

FY 2018 Results

- EBITDA growth(*)

  €Mn

  Ebitda 2017  Ebitda 2018LC

  184,6  190,9

  +3,4%

- Learning systems

  Number of students (000s)

  2017  2018

  1099  1162

  +6%

- Outperforming market in Spain

  Market growth  PRS growth

  3,7%  5%

  +33%

  Source: i2p

  Margin %

  Ebitda 2017  Ebitda 2018

  16,6%  21,5%

  +10%

- Margin %

  Ebitda 2017  Ebitda 2018

  5,7%  6,7%

  +10%

* Adjusted ebitda growth in local currency excluding IFRS15

Full delivery on complying with 2018 Outlook
Outlook metrics for 2018 fullfilled (Cont)

**2018 Outlook**

**Efficiency Plan**
- 40 million euros savings targeted to be achieved in the next 3 years, the majority to be implemented in 2018

**Fx* evolution**
- Negative impact expected mainly from Brazil and Argentina

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**FY 2018 Results**

- €49 Million cost savings achieved in 2018, over target and 2 years ahead of schedule

<table>
<thead>
<tr>
<th>Breakdown of savings by concept</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel reduction</td>
<td>4.6</td>
</tr>
<tr>
<td>Closing of non profitable operations</td>
<td>11.3</td>
</tr>
<tr>
<td>Transformation operations in press</td>
<td>11.5</td>
</tr>
<tr>
<td>Corporate structures simplification</td>
<td>15.9</td>
</tr>
<tr>
<td>Other savings</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48.5</strong></td>
</tr>
</tbody>
</table>

- FX impact in Renevue: -81Mn (BRZ -29; ARG -28)
- FX impact in Ebitda: -19.6 Mn (BRZ -6; ARG -5)

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*Hyperinflation in Argentina* had an additional negative impact on the reported results of 7 million euros in revenues and 4 million in EBITDA.
2018FY Operating Overview

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Var. 18/17 on constant ccy &amp; excluding IFRS effect</th>
<th>Var. 18/17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td>1.280</td>
<td>2.3% 30M€</td>
<td>-3.0% -40M€</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td>1.004</td>
<td>0.2% 3M€</td>
<td>-4.3% -45M€</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>276</td>
<td>10.3% 28M€</td>
<td>2.2% 6M€</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>188</td>
<td>16.2% 28M€</td>
<td>7.5% 13M€</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td></td>
<td>21.6%</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT Margin</strong></td>
<td></td>
<td>14.7%</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA Variation (%) at constant currency**

- **Spain**
  - Var ex IFRS15: 34%
  - Var Local Currency: 4%

- **International**
  - Var ex IFRS15: 5%
  - Var Local Currency: 10%

- **Group**
  - Var ex IFRS15: 9%

**FX Effect (m€)**

- **Revenue**
  - BRL: -6M
  - ARS: -5M
  - MXN: -17M
  - COP: -5M
  - CLP: -3M
  - PEN: -3M

- **EBITDA**
  - BRL: -29M
  - ARS: -23M
  - MXN: -7M
  - COP: -5M
  - CLP: -3M
  - PEN: -3M

**Note:** All figures refer to adjusted numbers: Adjustments include redundancies, Hyperinflation in Argentina and Santillana USA disposal.
A solid adjusted net profit amounting €45.2 million positive
2018FY Operating Overview – Cash Flow Generation

Cash Flow Generation (m€)

<table>
<thead>
<tr>
<th></th>
<th>Adjusted EBITDA</th>
<th>Change in WC &amp; others</th>
<th>Taxes</th>
<th>Operating Cash Flow</th>
<th>Capex</th>
<th>Cash Flow before Financing</th>
<th>OF from financing activities &amp; others</th>
<th>RECURRENT CASH FLOW</th>
<th>Disinvestments</th>
<th>Severance expenses</th>
<th>Refinancing &amp; others</th>
<th>TOTAL CASH FLOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>256.7</td>
<td>-61.3</td>
<td>-37.2</td>
<td>158.2</td>
<td>-67.4</td>
<td>-83.9</td>
<td>6.9</td>
<td>3.3</td>
<td>-25.9</td>
<td>0.0</td>
<td>-15.8</td>
<td></td>
</tr>
<tr>
<td>Var.</td>
<td>2.6</td>
<td>59.5</td>
<td>8.1</td>
<td>70.2</td>
<td>-1.2</td>
<td>69.0</td>
<td>4.8</td>
<td>73.9</td>
<td>19.7</td>
<td>-1.5</td>
<td>-34.2</td>
<td>57.9</td>
</tr>
</tbody>
</table>

Net Bank Debt Evolution (m€)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt / EBITDA</td>
<td>1.422</td>
<td>-548</td>
<td>874</td>
<td>-42</td>
<td>+97</td>
<td>929</td>
</tr>
<tr>
<td>1. Includes €26 Mn of 2017 PNLD campaign collected in Q1 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Consolidated adjusted EBITDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Proforma 2017 Net Bank debt including MCP amounts 1.5Bn (1,422+95). Proforma leverage 5.6x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Positive recurrent cashflow generation in the period despite extraordinaries
FY2018 results by business unit
2018FY Operating Overview – Santillana

Adjusted Revenue (m€)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>IFRS15 EFFECT</th>
<th>FX vs 2017</th>
<th>2018 ex FX &amp; IFRS15 Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Revenue (m€)</td>
<td>645.1</td>
<td>600.2</td>
<td>+2.7</td>
<td>+73.1</td>
<td>676.1</td>
</tr>
</tbody>
</table>

Chg (%) -8.6%
Chg ex FX & IAS (%) 3.4%

Adjusted EBITDA (€m)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>IFRS15 EFFECT</th>
<th>FX vs 2017</th>
<th>2018 ex FX &amp; IFRS15 Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ebitda</td>
<td>184.6</td>
<td>168.7</td>
<td>+2.3</td>
<td>+19.9</td>
<td>190.9</td>
</tr>
</tbody>
</table>

% Margin 28.6%
28.1%
28.1%

Chg (%) -8.6%
Chg ex FX & IAS (%) 3.4%

**Ebitda growth in local currency despite lack of novelties in Spain and low year cycle in public sales in Brasil. Results affected by FX**

Note: All figures refer to adjusted numbers: Adjustments include redundancies, Hyperinflation in Argentina and Santillana USA.
2018FY Operating Overview – Santillana (Cont’d)

2018 Revenue Split by Geography

- Others: 31%
- Brasil: 29%
- Mexico: 14%
- Argentina: 8%
- Spain: 18%

2018 EBITDA Split by Geography

- Others: 19%
- Brasil: 31%
- Mexico: 12%
- Spain: 25%
- Argentina: 13%

Revenue Split (Public vs. Private)

- Private: 79%
- Public: 21%

Revenue Split (Digital vs. Traditional)

- Learning systems: 22%
- Traditional/Public: 21%
- Regular sales + EVA: 57%
- 86% technological education

Note: All figures refer to adjusted numbers: Adjustments include redundancies, Hyperinflation in Argentina and Santillana USA.
Operating Performance by Business & Regions

### Adjusted Revenue

<table>
<thead>
<tr>
<th></th>
<th>JANUARY - DECEMBER</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>% Chg.</td>
<td></td>
</tr>
<tr>
<td>Total Santillana</td>
<td>600,2</td>
<td>645,1</td>
<td>(7,0)</td>
<td></td>
</tr>
<tr>
<td>South Campaign</td>
<td>355,6</td>
<td>387,1</td>
<td>(8,1)</td>
<td></td>
</tr>
<tr>
<td>North Campaign</td>
<td>244,6</td>
<td>258,0</td>
<td>(5,2)</td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted EBITDA

<table>
<thead>
<tr>
<th></th>
<th>JANUARY - DECEMBER</th>
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<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>% Chg.</td>
<td></td>
</tr>
<tr>
<td>Total Santillana</td>
<td>168,7</td>
<td>184,6</td>
<td>(8,6)</td>
<td></td>
</tr>
<tr>
<td>South Campaign</td>
<td>114,7</td>
<td>126,2</td>
<td>(9,1)</td>
<td></td>
</tr>
<tr>
<td>North Campaign</td>
<td>54,0</td>
<td>58,3</td>
<td>(7,5)</td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted Revenue at Constant Currency & excluding IFRS effect

<table>
<thead>
<tr>
<th></th>
<th>JANUARY - DECEMBER</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>% Chg.</td>
<td></td>
</tr>
<tr>
<td>Total Santillana</td>
<td>676,1</td>
<td>645,1</td>
<td>4,8</td>
<td></td>
</tr>
<tr>
<td>South Campaign</td>
<td>420,6</td>
<td>387,1</td>
<td>8,7</td>
<td></td>
</tr>
<tr>
<td>North Campaign</td>
<td>255,5</td>
<td>258,0</td>
<td>(1,0)</td>
<td></td>
</tr>
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</table>

### Adjusted EBITDA at Constant Currency & excluding IFRS effect

<table>
<thead>
<tr>
<th></th>
<th>JANUARY - DECEMBER</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>% Chg.</td>
<td></td>
</tr>
<tr>
<td>Total Santillana</td>
<td>190,9</td>
<td>184,6</td>
<td>3,4</td>
<td></td>
</tr>
<tr>
<td>South Campaign</td>
<td>133,1</td>
<td>126,2</td>
<td>5,5</td>
<td></td>
</tr>
<tr>
<td>North Campaign</td>
<td>57,7</td>
<td>58,3</td>
<td>(1,1)</td>
<td></td>
</tr>
</tbody>
</table>

**Educational campaigns showed good performance with growth in South area and decline in North area due to lack of novelties in Spain as expected**

*Note: All figures refer to adjusted numbers: Adjustments include redundancies, Hyperinflation in Argentina and Santillana USA disposal.*
Learning systems expansion and outstanding market share achieved in public sales (PNLD F1) registered in 4Q

Source: Company information.
Note: All figures refer to adjusted numbers (excluding mainly redundancies).
2018FY Operating Overview – Radio

Adjusted Revenue Evolution (m€)\(^{(1)}\)

<table>
<thead>
<tr>
<th>Jan-Dec 2017</th>
<th>Jan-Dec 2018</th>
<th>Jan-Dec 18 ex FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>280,7</td>
<td>288,1</td>
<td>295,2</td>
</tr>
</tbody>
</table>

Chg (%) 2,6%
Chg ex FX (%) 5,2%

Adjusted EBITDA Evolution (m€)\(^{(1)}\)

<table>
<thead>
<tr>
<th>Jan-Dec 2017</th>
<th>Jan-Dec 2018</th>
<th>Jan-Dec 18 ex FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>46,6</td>
<td>61,8</td>
<td>62,1</td>
</tr>
</tbody>
</table>

% Margin 16.6%
Chg (%) 32,7%
Chg ex FX (%) 33,5%

Note: All figures refer to adjusted numbers: Adjustments include redundancies and Hyperinflation in Argentina. Figures exclude 50% of Radio Mexico & Radio Costa Rica.

Strong operational leverage with EBITDA growing by 33%
Margins improvement driven by revenue growth supported by good advertising performance both in Spain and LatAm and operational leverage on the back of cost control initiatives

Note: All figures refer to adjusted numbers: Adjustments include redundancies, and Hyperinflation in Argentina. Figures exclude 50% of Radio Mexico & Radio Costa Rica. Spain figures exclude HQ expenses.
Operating trends improved with digital advertising increasing its weight and growing by +16% and strong efficiency measures in place.

Note: All figures refer to adjusted numbers: Adjustments include redundancies.
2018FY Operating Overview – Press

**Online Advertising Revenue (m€)**

*Includes events

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Dec 2017</td>
<td>48,8</td>
</tr>
<tr>
<td>Jan-Dec 2018</td>
<td>56,7</td>
</tr>
</tbody>
</table>

Chg (%) 16,3%

**Online Advertising Contribution**

*Includes events

<table>
<thead>
<tr>
<th>Year</th>
<th>Online Advertising Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>10%</td>
</tr>
<tr>
<td>2011</td>
<td>13%</td>
</tr>
<tr>
<td>2012</td>
<td>20%</td>
</tr>
<tr>
<td>2013</td>
<td>26%</td>
</tr>
<tr>
<td>2014</td>
<td>30%</td>
</tr>
<tr>
<td>2015</td>
<td>36%</td>
</tr>
<tr>
<td>2016</td>
<td>41%</td>
</tr>
<tr>
<td>2017</td>
<td>46%</td>
</tr>
<tr>
<td>Jan-Dec 2018</td>
<td>53%</td>
</tr>
</tbody>
</table>

**Worldwide Audience El País.com (YTD)**

- 83M Unique Browsers
- 86M Videos (onsite+offsite)

International 48%
Spain 52%

**Worldwide Newspapers Audience**

Millions, Worldwide figures

1. THE GUARDIAN
2. NYTIMES
3. DAILYMAIL
4. WASHINGTON POST
5. TELEGRAPH
6. EL PAÍS
... 10. EL MUNDO

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

Progress towards a growing and scalable digital model with online advertising representing already 53% of total advertising

Note: All figures refer to adjusted numbers; Adjustments include redundancies.
Media Capital reinforces its leadership in terms of market share and maintains profitability despite reinforcing its programming during H2. Strong cashflow generation and debt reduction.

Note: All figures refer to adjusted numbers: Adjustments include redundancies.
2018 Summary and 2019 outlook
2018 Summary

1. Key corporate events building the pillars for profitable growth and value creation

2. Solid underlying business performance fullfilling 2018 outlook

3. Accomplishment of efficiency plan & focus on capital discipline

4. Positive cashflow generation and debt reduction
Outlook metrics for 2019

Positive evolution in all businesses with margin improvement supported by efficiency measures of 2018 with focus on value and cash generation

EDUCATION
- Positive evolution supported by Spain and Brazil
  - Novelties in Spain
  - Public sales improvement in BRZ as a result of 2018 PNLD F1 renewals and 2019 being medium year cycle
  - 1H expected to be weaker than 2018 as a result of Spain seasonality, BRZ&MXN public sales seasonality and Hyperinflation impact, with stronger 2H on the back of Spain and Brazil

RADIO
- Advertising growth in Spain, Chile and Colombia outperforming market leveraging on product offering and audience shares, despite extraordinary events related to world cup and 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: printing, distribution and technology
- Margin enhancement supported by the implementation of efficiencies on the legacy business& digital growth

MCP
- Advertising growth in line with market
- Highly competitive market to impact programming costs
- Maintain freecash flow generation and debt reduction performance

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 due to seasonality of the businesses, likely to be negative in 1H
- Deferred payment to 3i (non-recurrent) amounting €36.5 million by end of February

Full Focus on maximizing Prisa’s value