



# 1Q 2020 RESULTS PRESENTATION

May 27th, 2020

# Disclaimer

The information contained in this presentation has not been independently verified and is, in any case, subject to negotiation, changes and modifications.

None of the Company, its shareholders or any of their respective affiliates shall be liable for the accuracy or completeness of the information or statements included in this presentation, and in no event may its content be construed as any type of explicit or implicit representation or warranty made by the Company, its shareholders or any other such person. Likewise, none of the Company, its shareholders or any of their respective affiliates shall be liable in any respect whatsoever (whether in negligence or otherwise) for any loss or damage that may arise from the use of this presentation or of any content therein or otherwise arising in connection with the information contained in this presentation. You may not copy or distribute this presentation to any person.

The Company does not undertake to publish any possible modifications or revisions of the information, data or statements contained herein should there be any change in the strategy or intentions of the Company, or occurrence of unforeseeable facts or events that affect the Company's strategy or intentions.

This presentation may contain forward-looking statements with respect to the business, investments, financial condition, results of operations, dividends, strategy, plans and objectives of the Company. By their nature, forward-looking statements involve risk and uncertainty because they reflect the Company's current expectations and assumptions as to future events and circumstances that may not prove accurate. A number of factors, including political, economic and regulatory developments in Spain and the European Union, could cause actual results and developments to differ materially from those expressed or implied in any forward-looking statements contained herein.

The information contained in this presentation does not constitute an offer or invitation to purchase or subscribe for any ordinary shares, and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

- 1** 1Q2020 key highlights
- 2** 1QM2020 Group results
- 3** 1QM2020 results by business unit
- 4** Summary

# 1 1Q2020 Key highlights

## KEY HIGHLIGHTS

### 1 1Q2020 Results impacted by COVID-19 / EBITDA reached €56Mn vs €69Mn previous year (-18.8%/-6.6%LC) Focus in growth and expansion of digital subscription models and in the boost of digital advertising and audio content

Digital revenue represent already 31% of total group revenue increasing its contribution 20%.

- **Education:** Solid performance with 5% revenue growth (+15% in Lc) and 36% of total revenue coming from subscription models. Total number of students in subscription models increase by 25% to surpass 1.716.000. Subscription model strong growth and public sales performance offset the decline in the traditional business affected by the transition to subscription model and by the lock down impacting the distribution chain in some countries of the southern area
- **Media:** Radio and News showed weak performance with revenue declines of 21% and 15% respectively on the back of advertising and circulation declines
  - Radio progresses on its strategy of developing new audio digital content with streaming and podcast downloads increasing significantly
  - A step forward in the News business model with the launching of El PAÍS paywall. Digital model becoming more robust and scalable. 37% of total News revenues are already digital
- **Fx impact** in revenues of -18Mn and in EBITDA of -8Mn mainly in ARG, BRZ and CHL

### 2 The company sells 30.22% stake of Media Capital. Reported as a discontinued activity

### 3 Liquidity reinforced with €265Mn in cash at the end of the period after drawing revolving lines amounting 99Mn.

- Net debt at the end of the period stood at 1.067Bn vs 1.061 as of December 2019

# 1Q 2020 Key Highlights

## KEY HIGHLIGHTS

### 4 In 1Q2020, Covid -19 had an estimated negative impact in revenues of €25Mn and in EBITDA of €21Mn

- COVID-19 is having an unprecedented impact on the economy and society, disrupting industries and businesses around the world.
- Reaffirming Prisa social commitment as a business group focused on 2 essential sectors such as K-12 education and media
- Given current health and macro uncertainty, the company withdraws FY2020 outlook announced to the market at the end of February. A worse performance in advertising and resilience in education is expected. Further visibility to be provided with 1H results expected to be released in September

#### COVID-19 ESTIMATED IMPACT IN 1Q2020 REVENUES & EBITDA



### 5 Contingency plan in place to mitigate the negative impacts from current crisis amounting €40Mn

- Review of costs structures in all businesses
- Agreements on salary reductions satisfactory reached

***Solid performance of Education business boosted by subscription model growth with Media businesses being impacted by advertising declines while progressing on development of digital advertising and audio content . Contingency plan in place across all business units to mitigate expected negative impacts from COVID-19***

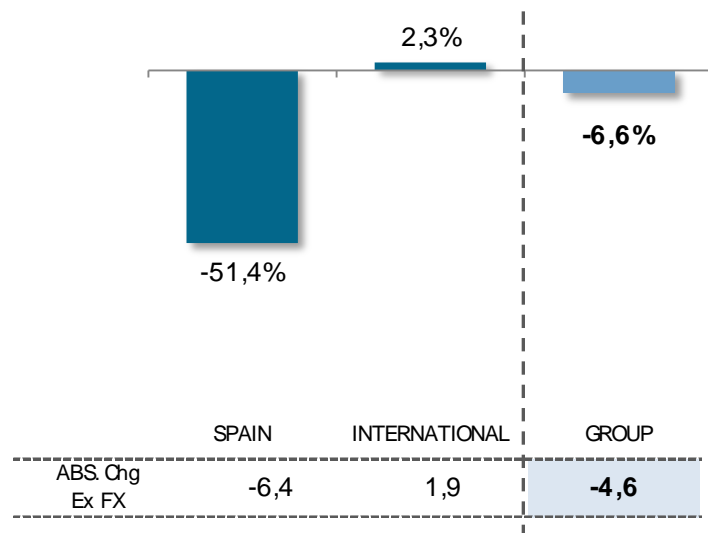
## **2** 1Q 2020 Group results

# 1Q 2020 Operating Overview

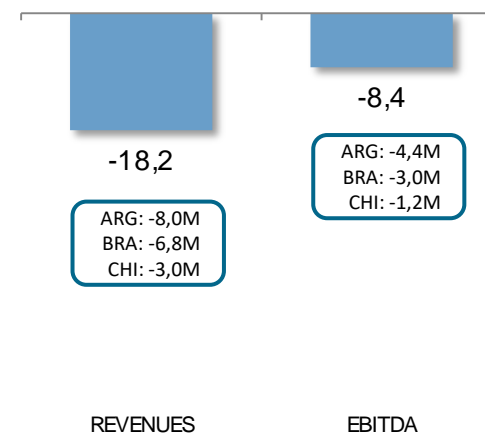
€ Millions	JAN-MAR 2020	Var. 20/19 on constant ccy		Var. 20/19	
<b>REVENUES</b>	<b>263</b>	<b>2,8%</b>	<b>7,7</b>	<b>-3,8%</b>	<b>-10,5</b>
<b>EXPENSES</b>	<b>207</b>	<b>6,0%</b>	<b>12,3</b>	<b>1,2%</b>	<b>2,4</b>
<b>EBITDA</b>	<b>56</b>	<b>-6,6%</b>	<b>-4,6</b>	<b>-18,8%</b>	<b>-12,9</b>
<i>EBITDA Margin</i>	21,3%	-2,3%		-3,9%	
<b>EBIT</b>	<b>32</b>	<b>-16,4%</b>	<b>-7,7</b>	<b>-31,4%</b>	<b>-14,7</b>
<i>EBIT Margin</i>	12,3%	-3,2%		-4,9%	

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

■ Var Local Currency



**FX Effect (m€)**





# 1Q 2020 Operating Overview – Net Profit

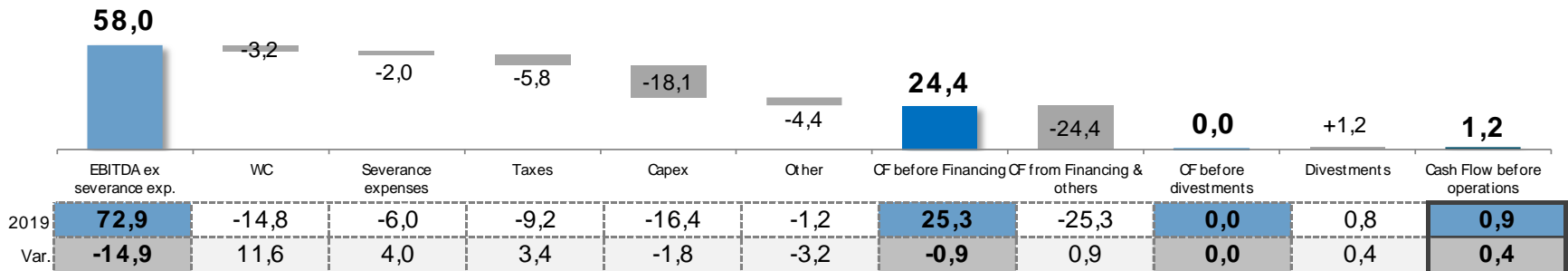
€ Millions	2020	2019	% Chg.
<b>Reported Results</b>			
<b>1</b> Reported EBIT	<b>32,2</b>	<b>(4,1)</b>	---
<i>EBIT Margin</i>	12,3%	-1,5%	
<b>Financial Result</b>	<b>(15,7)</b>	<b>(19,7)</b>	<b>20,4</b>
Interests on debt	(14,8)	(14,2)	(4,6)
Other financial results	(0,9)	(5,6)	84,0
<b>Result from associates</b>	<b>1,5</b>	<b>0,3</b>	---
<b>Profit before tax</b>	<b>18,0</b>	<b>(23,5)</b>	---
Income tax expense	20,4	21,1	(3,6)
<b>2</b> Results from discontinued activities	<b>(25,0)</b>	<b>(0,7)</b>	---
<b>3</b> Minority interest	<b>(1,2)</b>	<b>(4,8)</b>	<b>74,0</b>
<b>Net Profit</b>	<b>(26,1)</b>	<b>(40,6)</b>	<b>35,6</b>
MCimpairment	28,8		
Mediapro ruling		40,8	
<b>Comparable Net Profit</b>	<b>2,6</b>	<b>0,2</b>	---

€ Millions	2020	2019	% Chg.
<b>Media Capital impairment &amp; Mediapro rulling</b>			
<b>1</b> Reported EBIT	32,2	(4,1)	---
Mediapro Rulling		51,0	(100,0)
Comparable EBIT	32,2	46,9	(31,4)
<b>2</b> Results from discontinued activities	(25,0)	(0,7)	---
MCimpairment	28,8		---
Comparable Results from discont. activities	3,8	(0,7)	---
<b>3</b> Minority interest	(1,2)	(4,8)	74,0
Mediapro Rulling		10,2	(100,0)
Comparable Minority Interest	(1,2)	5,4	---

**Net profit result impacted by MCP impairment**

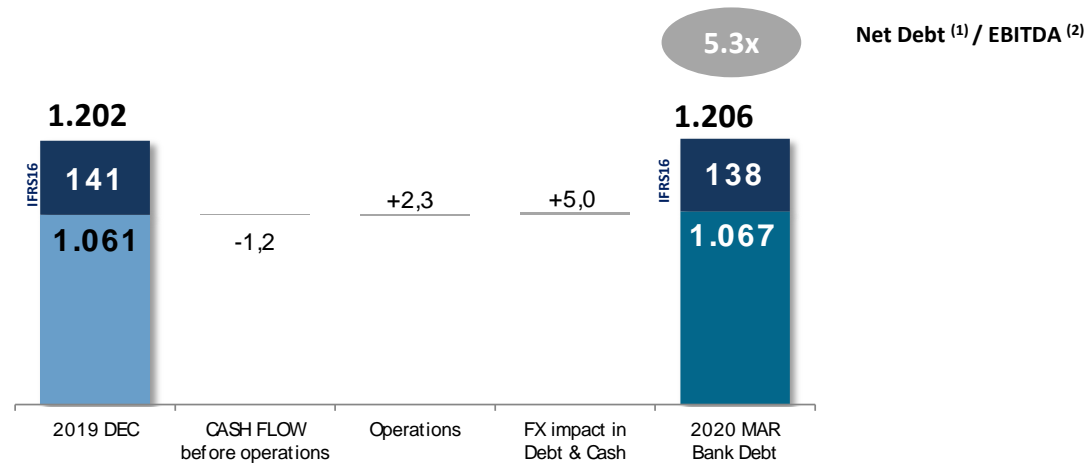
# 1Q 2020 Operating Overview – Cash Flow Generation

## Cash Flow Generation (Mn€)



Cashflow excludes FX impact in Cash Balance

## Net Bank Debt Evolution (Mn€)



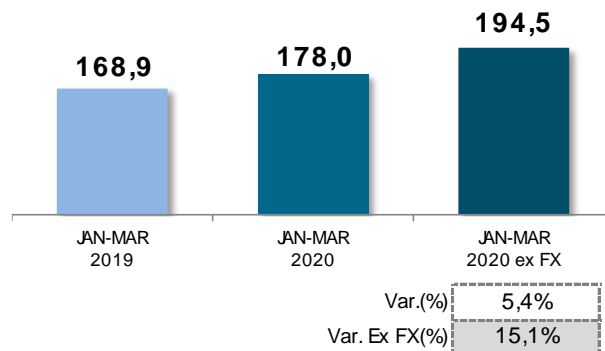
**Liquidity reinforced with €265 Mn cash at the end of the period after drawing €99Mn of revolving lines**

(1) & (2) Includes IFRS16 effect

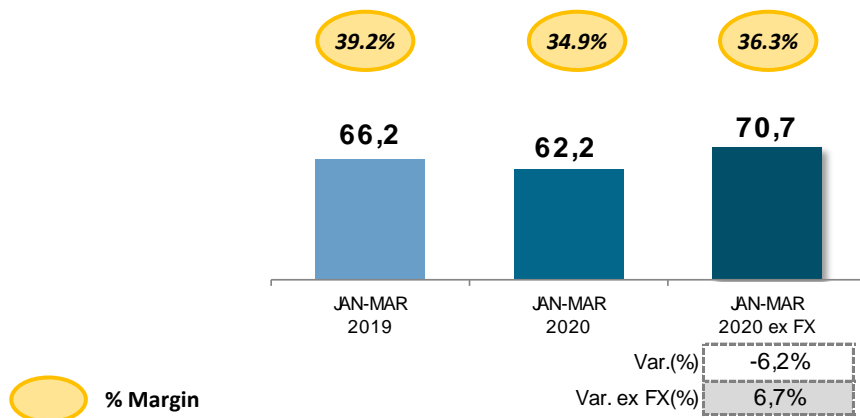
## **3** 1Q 2020 results by business unit

# 1Q 2020 Operating Overview – Santillana

## Revenue evolution (Mn€)



## Comparable EBITDA evolution (Mn€)



***Solid performance despite the lock down impacting the distribution chain in some countries of the southern area with FX impacting negatively mainly in Argentina, Brazil and Mexico***

# 1Q 2020 Operating Overview – Santillana

## Revenue evolution (Mn€)

€ Millions	JANUARY - MARCH			
	2020	2019	% Chg.	% Chg.LC
<b>Education sales</b>	<b>177,2</b>	<b>168,0</b>	<b>5,5</b>	<b>15,2</b>
Private Latam	137,7	150,4	(8,4)	0,1
Traditional	73,3	97,9	(25,1)	(17,7)
Subscription model	64,4	52,5	22,7	33,2
Public sales	38,1	15,2	150,9	174,4
Spain*	1,4	2,5	(42,9)	(42,9)
<b>Other revenues</b>	<b>0,8</b>	<b>0,9</b>	<b>(12,0)</b>	<b>(0,2)</b>
<b>Operating Revenues</b>	<b>178,0</b>	<b>168,9</b>	<b>5,4</b>	<b>15,1</b>

- **Private Latam** performance driven by strong performance of subscription model with traditional sales being affected by the transition to subscription model and by the lock down of the distribution chain in some countries of the Southern area (mainly Argentina, Chile, Ecuador and Peru)
- **Public sales** performance supported by pending public sales corresponding to Brazil 19PNLD1(1)
- **Spain sales** are not representative in the quarter as campaign takes places in 2Q/3Q

***Solid performance overall supported by the strong growth of subscription model and the good evolution of public sales in Brazil which offset the traditional business performance affected by the transition to subscription model and by the lock down of the distribution chain in some countries of the Southern area***

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

\*Spain includes €0.1 Mn in 2020 and €0.3Mn in 2019 corresponding to Portugal and 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)

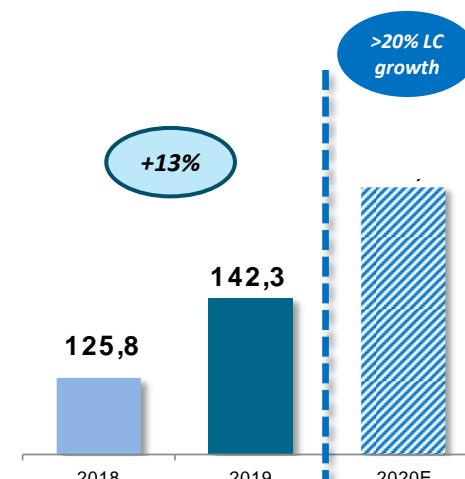
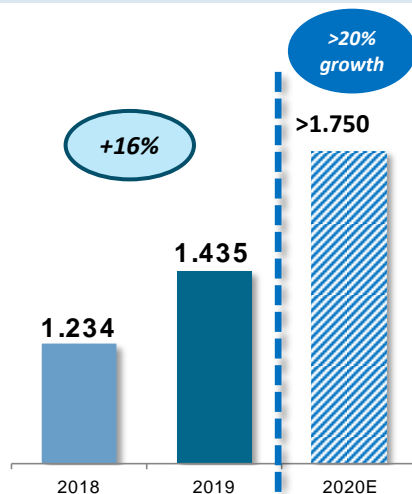
**Higher contact and Knowledge of final client** (90% renewal rate)

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



### Subscription model / Number of Students (000's)

### Revenues Evolution (m€)

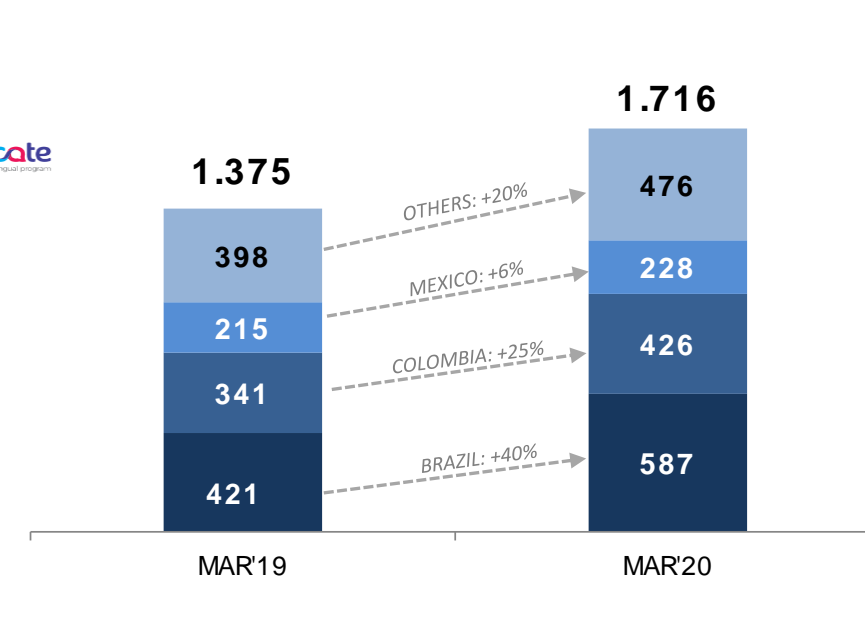
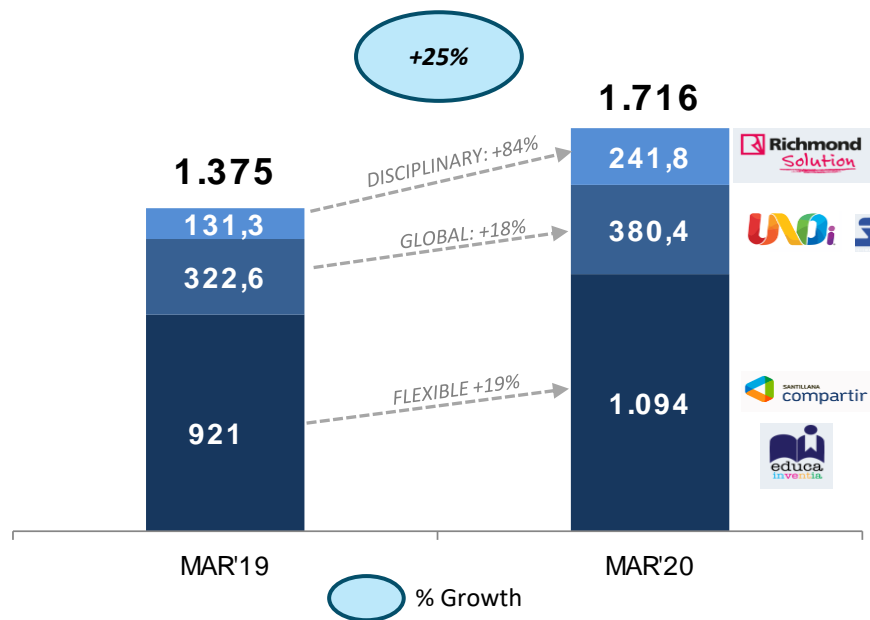


**Outstanding performance of Subscription models with a strong growth already committed for 2020. Brazil grows its number of students by +38% to 600K ahead of competitors**

## Subscription model

**Subscription model**  
Number of Students (000's)

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



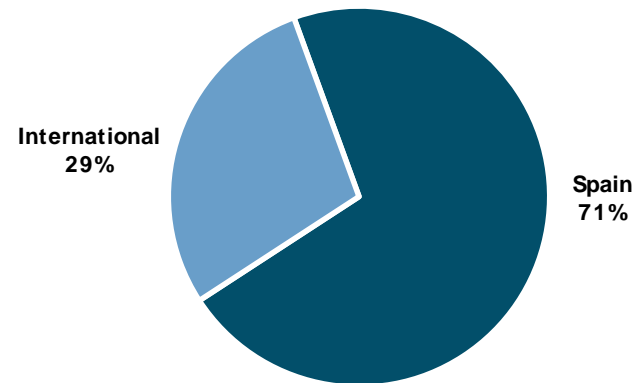
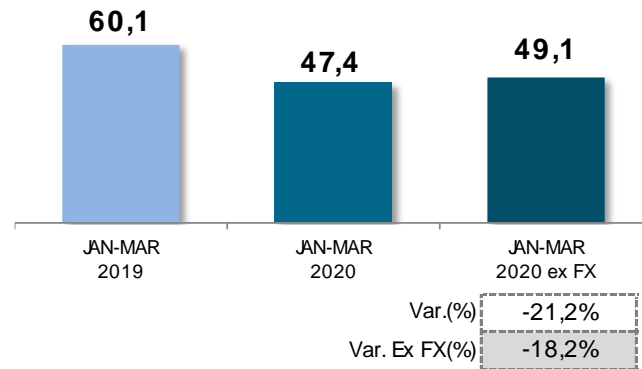
- Santillana has guaranteed school activity in total normality through its platforms and digital resources during pandemic
- Users and content consumption has increased exponentially
- Covid-19 is representing a fundamental change in Education accelerating the shift towards digital of both teachers and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

**Strong performance of subscription models**

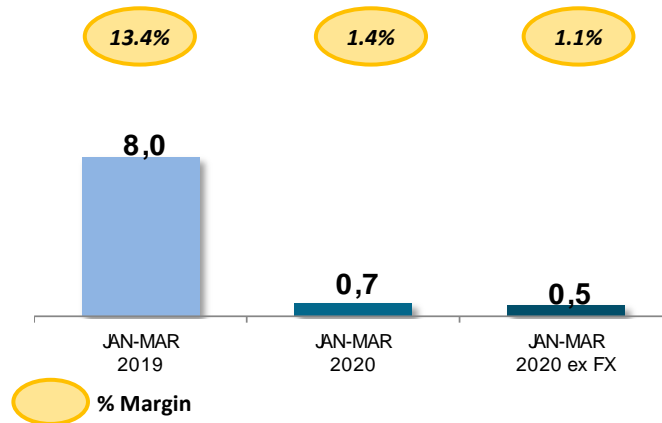
Figures include Uno, Compartir, Farias Brito, Educa and Richmond Solutions and Educate

# 1Q 2020 Operating Overview – Radio

## Revenue Evolution (Mn€)



## Comparable EBITDA Evolution (Mn€)



## TLH and Podcast downloads reaching record levels

TLH			
Mn	mar-20	mar-19	%Var
Spain	29,1	24,0	21%
International	32,4	30,3	7%
<b>Total</b>	<b>61,5</b>	<b>54,3</b>	<b>13%</b>

PODCAST DOWNLOADS			
Mn	mar-20	mar-19	%Var
Spain	17,8	7,8	130%
International	6,2	5,7	9%
<b>TOTAL</b>	<b>24,1</b>	<b>13,5</b>	<b>78%</b>

PODIUM PODCAST			
Mn	mar-20	mar-19	%Var
<b>TOTAL</b>	<b>1,4</b>	<b>1,2</b>	<b>17%</b>

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

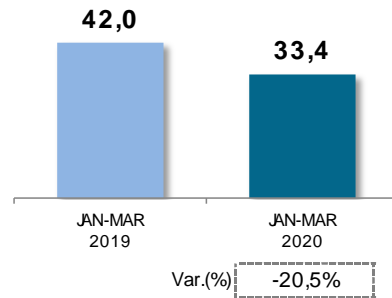


# 1Q 2020 Operating Overview – Radio Spain & Radio LatAm

## Radio Spain



Revenue evolution (Mn€) \*

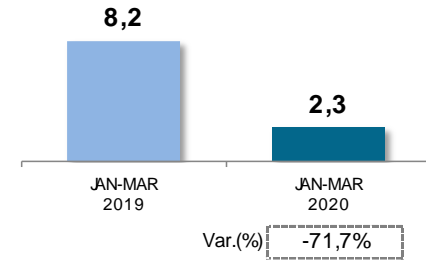


Comparable EBITDA evolution (Mn€) \*

% Margin ->

19.4%

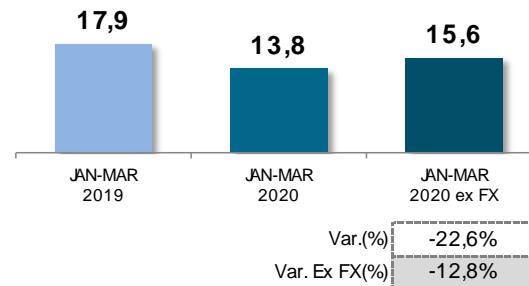
6.9%



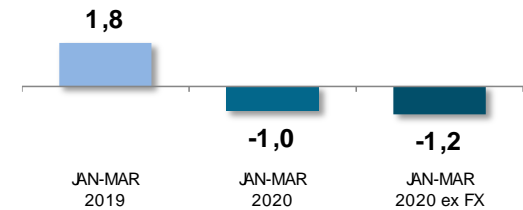
## Radio Latam



Revenue evolution (Mn€)



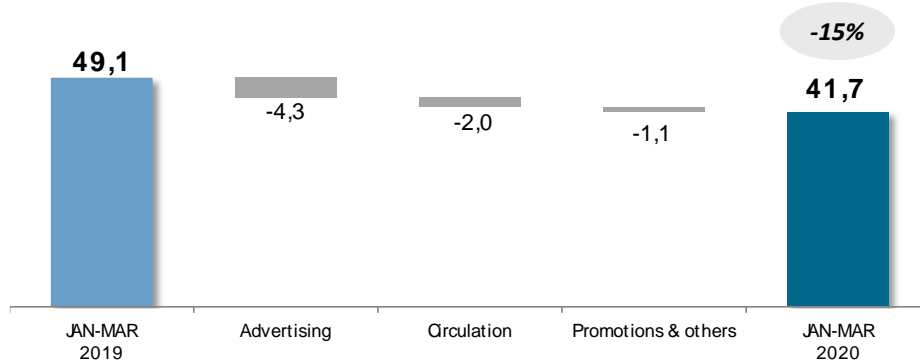
Comparable EBITDA evolution (Mn€)



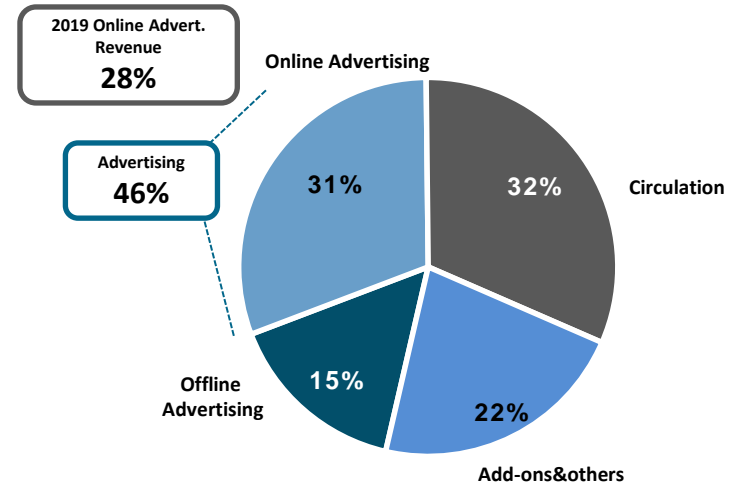
\* Spain figures exclude Music and others.

# 1Q 2020 Operating Overview – News <sup>(1)</sup>

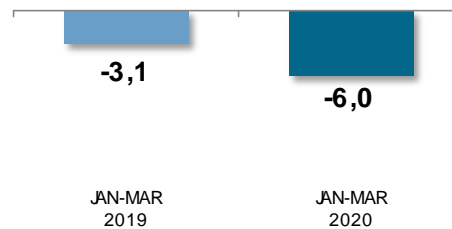
## Revenue evolution (Mn€)



## Press Revenues breakdown (excluding PBS&IT)



## Comparable EBITDA evolution (Mn€)



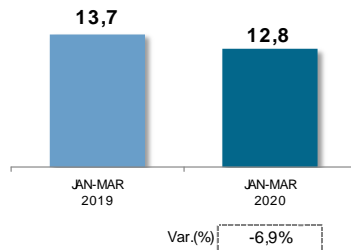
**Operating improvement conditioned by COVID-19 affecting both advertising and circulation trends**

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

# 1Q 2020 Operating Overview – News <sup>(1)</sup>

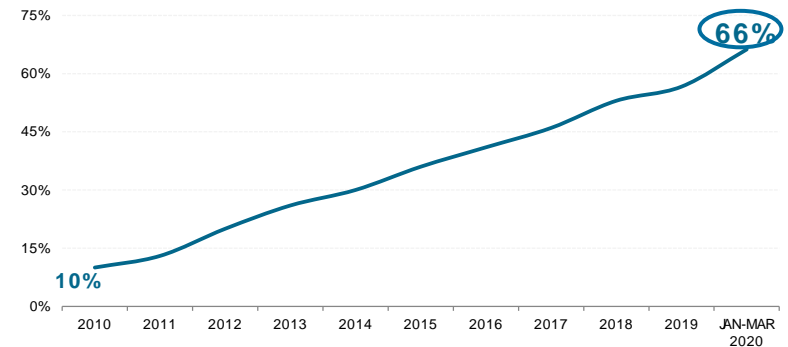
## Online Advertising Revenue evolution (Mn€)

\*Includes events



## Online Advertising Contribution

\*Includes events

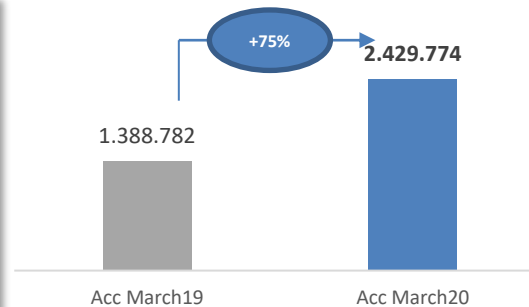


## PAYWALL LAUNCHING OF EL PAÍS

### KEY STEPS

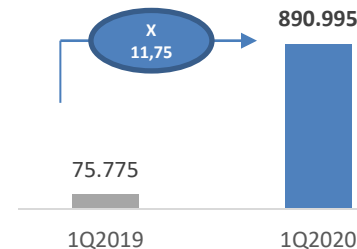
- Launching of registration model in July 2019
- Launching of paywall model 1st of May 2020
- **2,4Mn** readers registered
- **891k** readers under login consuming 11% of total pages viewed

### REGISTERED READERS

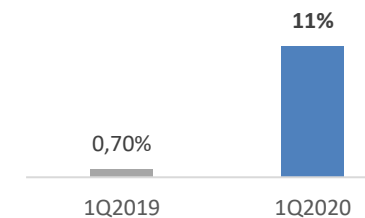


### LOG IN NAVIGATION

#### READERS WITH LOG IN NAVIGATION\*



#### % CONSUMPTION



\* Number of different readers who have navigated under login in El País eliminating duplicities

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

## 4 Summary

- 1 Focus in growth and expansion of digital subscription models and in the development of digital advertising and audio content
- 2 1Q Results evolution impacted by COVID-19 with solid performance in Education and media businesses being impacted by advertising declines
- 3 Contingency plan in place to mitigate negative impacts from pandemic
- 4 Liquidity of the company reinforced
- 5 Reaffirming Prisa social commitment as a business group focused on two essential sectors such as the K12 education and media