



FY 2017 RESULTS PRESENTATION

February 28th, 2018

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.

Key Corporate Takeaways

1 Sustainable Capital Structure Achieved in the Long Term

- Pro Forma Leverage 2017A of 2.7x with debt maturities extended until end of 2022
- Successful completion of €563m capital increase (~7.6x oversubscribed)
 - €450m to repay debt
 - €113m to invest in business growth

2 New Corporate Governance and Management Team in Place

- New Board of Directors with majority of independent directors
- Changes in top Management team

3 Focus on Profitable Growth and Shareholders' Value Creation

- Selective organic and inorganic investment mostly in the education business
- Efficiencies Plan to generate €40m of cost savings in the next 3 years
- Corporate rationalization

Recent Corporate Achievements

1

Debt Restructuring and Capitalization Plan Completed

Key Refinancing Agreement Terms

- All lender consent to restructuring agreement
- Key terms:
 - Maturities extended until end of 2022
 - €450m initial debt repayment (MC proceeds to follow)
 - Pricing: E + 400bps (zero floor) until Dec-2020; Margin uplift of 150bps (from Jan-2021)
- Effective date expected in H1 2018

Successful €563m Capital Increase Executed

- ~7.6x oversubscribed evidencing strong appetite from existing and new shareholders
 - Strong shareholder support to recently completed capital increase

2

New Corporate Governance and Management Team in Place

- New Governance with new BoD appointed last November
 - Majority of independent members
- Changes in top Management team

Recent corporate achievements to allow management to focus on profitable growth and shareholders value creation

3 Focus on Profitable Growth and Shareholders' Value Creation

Education

- ✓ Focus on organic and in-organic growth opportunities
- ✓ Leverage on improving macro fundamentals (especially in Brazil) and favourable K12 sector dynamics to foster growth
- ✓ Reinforce leadership across key markets
- ✓ Expansion of Learning Systems and continue leading digital transformation in the sector

Efficiencies Plan

- ✓ €40m cost saving identified to be achieved in the next 3 years
- ✓ Strong focus on efficiency improvements in the Media and HQ perimeter

Corporate Rationalization

- ✓ Focus on most profitable businesses and strategic geographies
- ✓ Non-strategic, non-profitable businesses and real estate under review

Strong focus and commitment to deliver value for shareholders

2017FY Operating Key Highlights

A Adjusted EBITDA Reaches €230m

B Santillana Shows a Solid Performance

- LatAm shows solid growth supported by good regular campaigns performance in main countries and high year cycle in Brazil for the institutional sales
- Spain affected by lack of education novelties in 2017 in line with expectations

C Radio Improves its Operating Performance both in Spain and LatAm

D Press Continues Growing in Digital

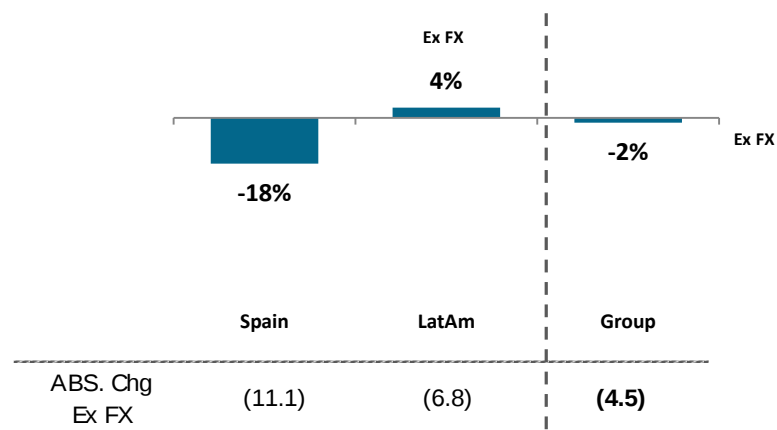
E Positive Net Profit of €29m (Excluding Extraordinaries)

- Net profit affected by MC sale and assets Impairments

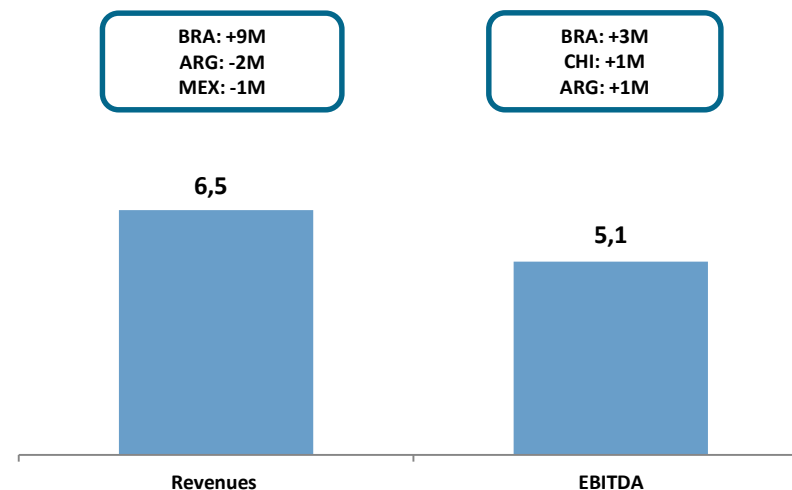
2017FY Operating Overview

m€	Jan - Dec 2017	Change @ Constant CCY 17/16		Change 2017/16	
REVENUES	1,166	-1.4%	-16,3M€	-0.8%	-9,8M€
EBITDA	230	-1.9%	-4,5M€	0.3%	0,6M€
<i>EBITDA Margin</i>	<i>19.7%</i>	<i>-0,1 p.p.</i>		<i>0,2 p.p.</i>	
EBIT	141	2.0%	2,6M€	6.1%	8,1M€
<i>EBIT Margin</i>	<i>12.1%</i>	<i>0,4 p.p.</i>		<i>0,8 p.p.</i>	

EBITDA Variation (m€)



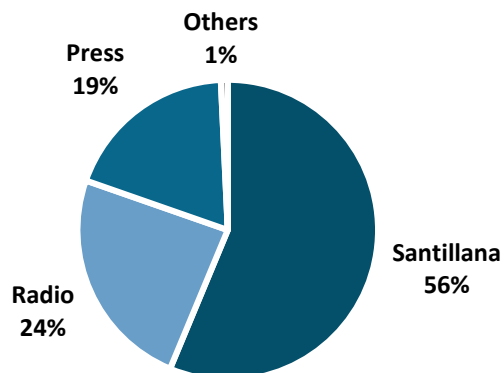
FX Effect (m€)



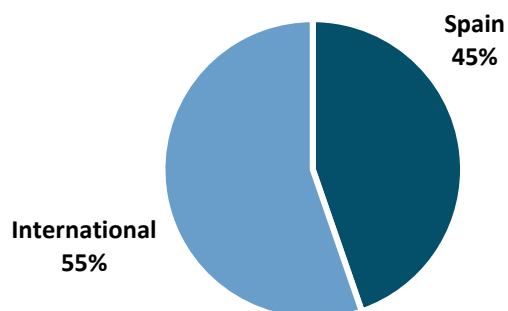
2017FY Operating Overview – Revenue and EBITDA Breakdown

2017 Revenues Breakdown

By Business

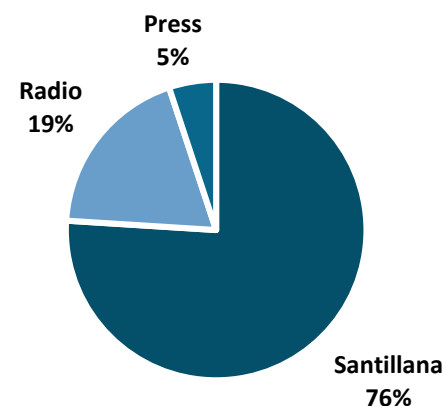


By Region

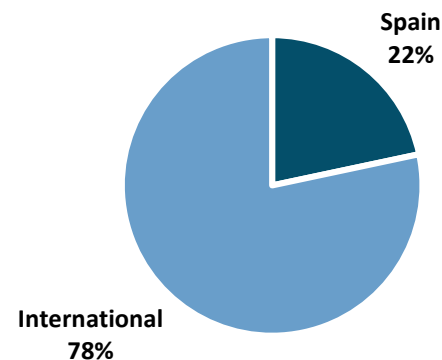


2017 EBITDA Breakdown⁽¹⁾

By Business



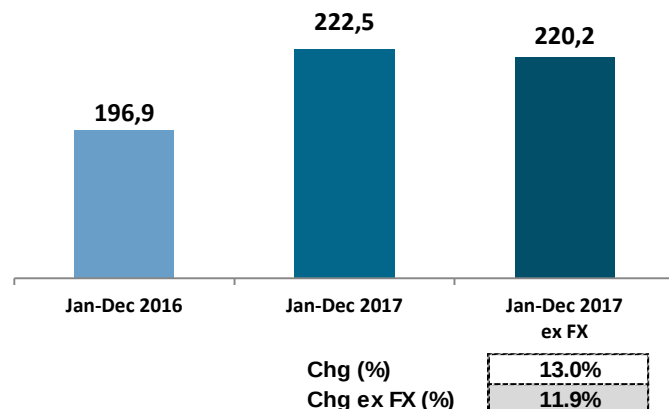
By Region



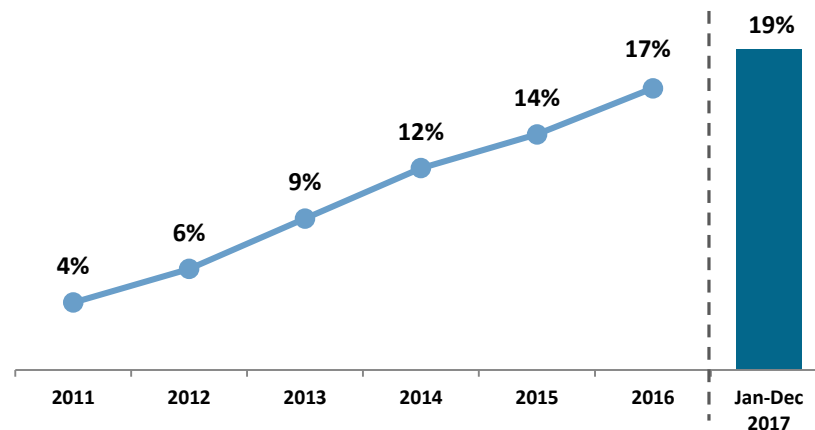
***In 2017, Education contributed c.55% and c.75% of total Revenue and EBITDA, respectively.
Diversified business profile***

2017FY Operating Overview – Digital Transformation

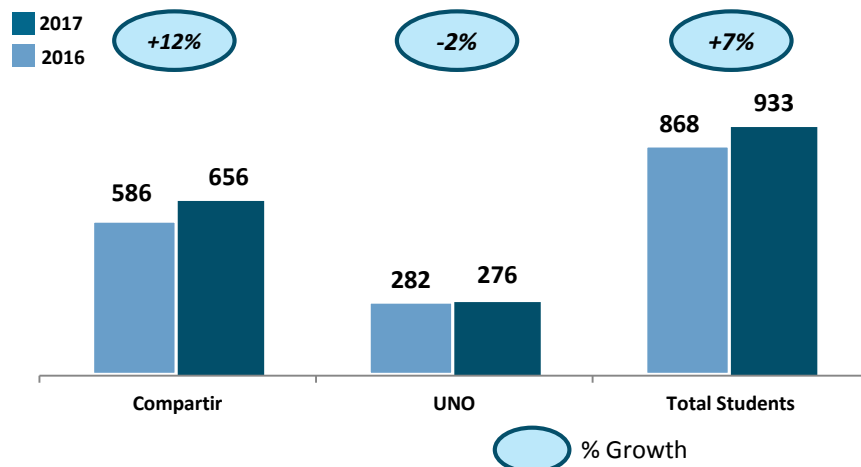
Transformation Revenues (m€)



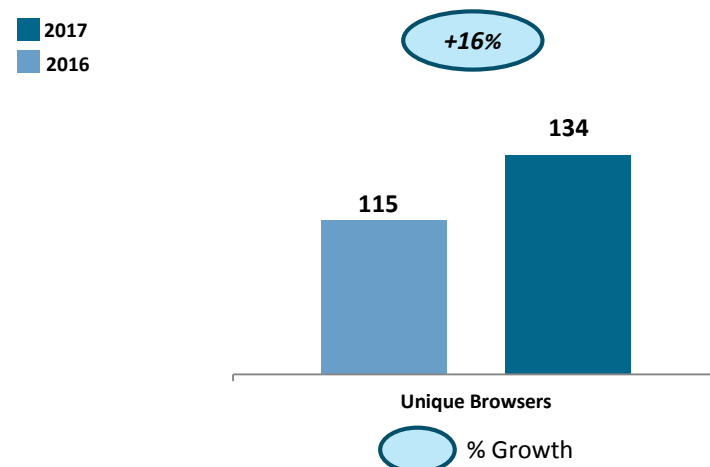
Contribution to Group's Total Revenues



Number of Students (000's)



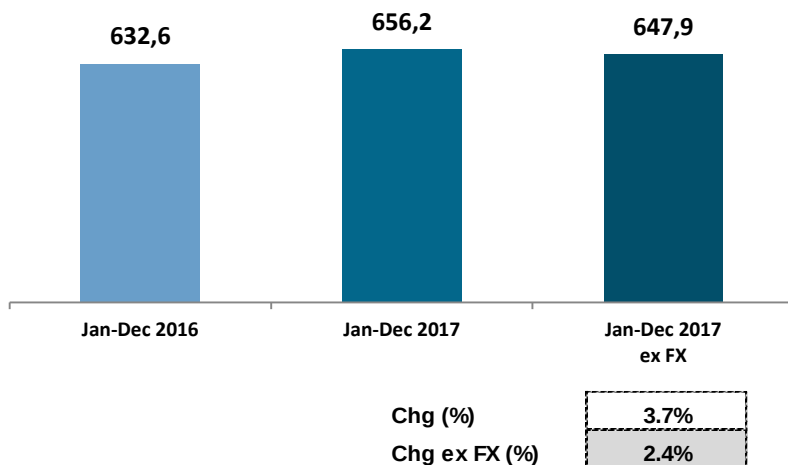
Audience (Million)



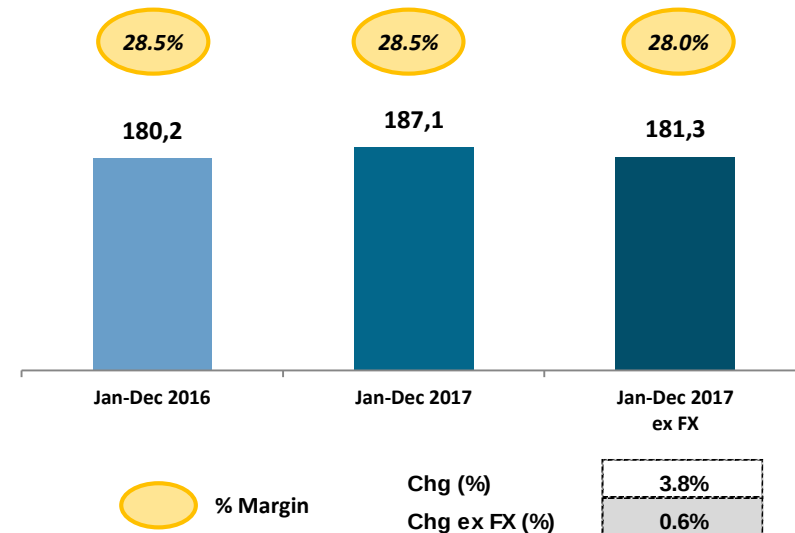
Ongoing business transformation towards digitalization in all the business units

2017FY Operating Overview – Santillana

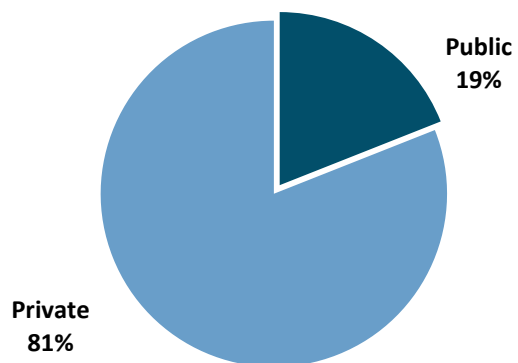
Revenues (m€)



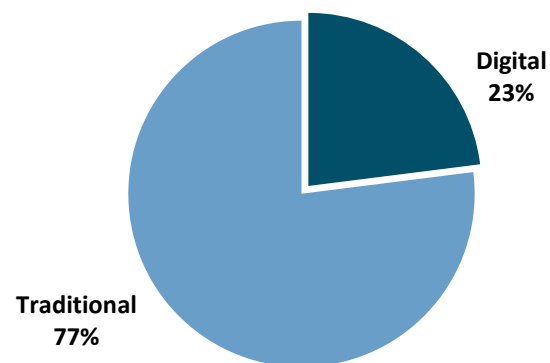
Adjusted EBITDA (€m)



Revenues Split (Public vs. Private)

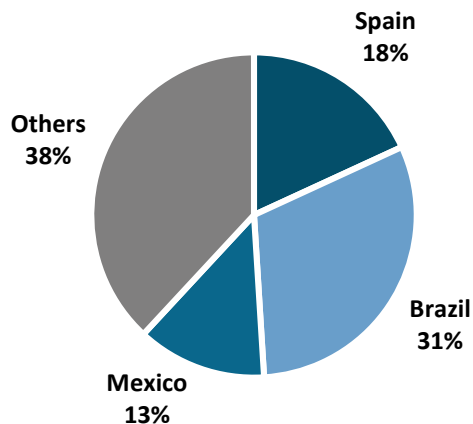


Revenues Split (Digital vs. Traditional)

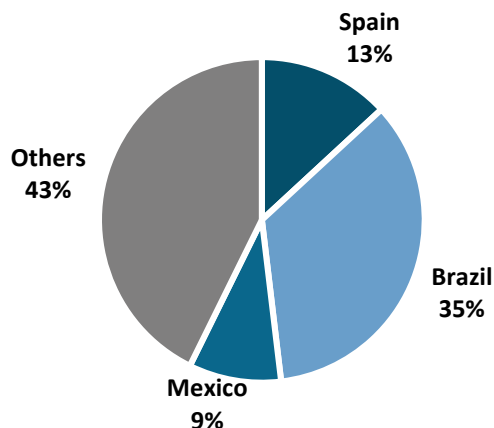


2017FY Operating Overview – Santillana (Cont'd)

2017 Revenues Split by Geography



2017 EBITDA Split by Geography



Public Sales: Cycles of Renewals in Brazil

Illustrative Timeline of Education Cycle in Brazil

Year	Purchases	Repositions	Cycle
2018	Primary (1st to 5th)	Secondary, Bachelor	Low
2019	Secondary (6th to 9th)	Primary, Bachelor	Medium
2020	Bachelor (ensino medio)	Primary, Secondary	High

From 2018 changes are introduced in the model of purchases of the Government that will be repeated every 4 years (3 years previously) and the repositions for primary will be 100% in the following 3 years (this reposition was currently around 40%)

2017FY Operating Overview – Santillana (Cont'd)

Operating Performance by Business & Regions

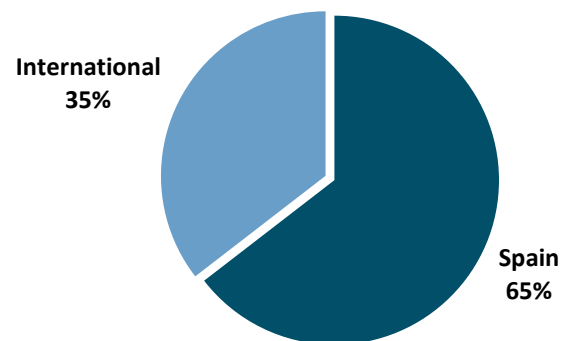
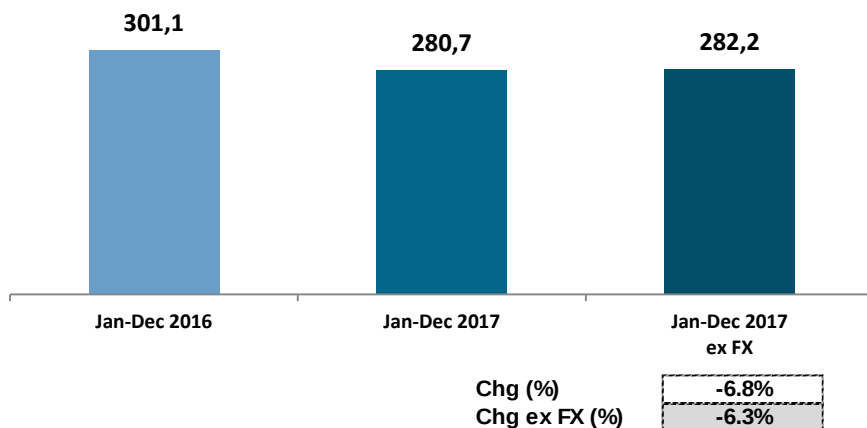
€ Million	Revenues			Adjusted EBITDA		
	JANUARY - DECEMBER			JANUARY - DECEMBER		
	2017	2016	% Chg.	2017	2016	% Chg.
Total Santillana	656,2	632,6	3,7	187,1	180,2	3,8
Traditional Education and Compartir	592,5	569,0	4,1	167,0	158,2	5,6
South Campaign	347,7	303,7	14,5	113,1	92,4	22,4
North Campaign	244,8	265,3	(7,7)	53,9	65,8	(18,0)
UNO System	63,7	63,7	0,1	20,1	22,1	(8,9)

	Revenues at Constant Currency			Adjusted EBITDA at Constant Currency		
	JANUARY - DECEMBER			JANUARY - DECEMBER		
	2017	2016	% Chg.	2017	2016	% Chg.
Total Santillana	647,9	632,6	2,4	181,3	180,2	0,6
Traditional Education and Compartir	585,2	569,0	2,9	161,5	158,2	2,1
South Campaign	339,1	303,7	11,7	108,0	92,4	16,9
North Campaign	246,0	265,3	(7,3)	53,5	65,8	(18,7)
UNO System	62,8	63,7	(1,4)	19,8	22,1	(10,2)

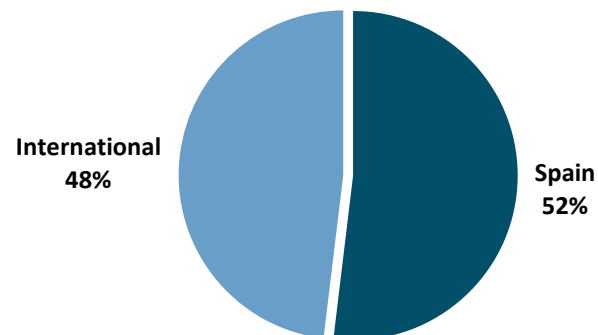
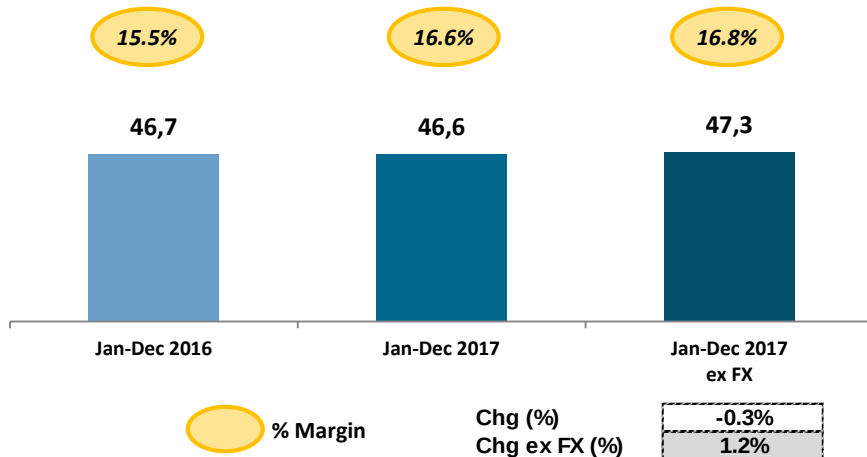
Strong growth mainly related to Brazil (high institutional cycle) offsetting lower sales in Peru (absence of institutional campaign) and Spain (lack of education novelties)

2017FY Operating Overview – Radio

Revenues Evolution (m€)⁽¹⁾



EBITDA Evolution (m€)⁽¹⁾



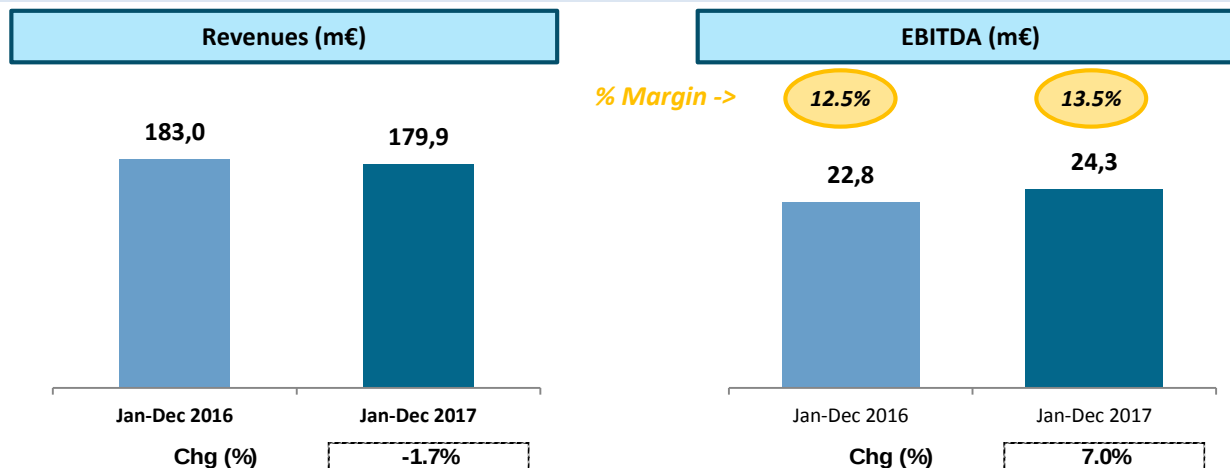
Margins improvement driven by strict cost control measures

Source: Company information.

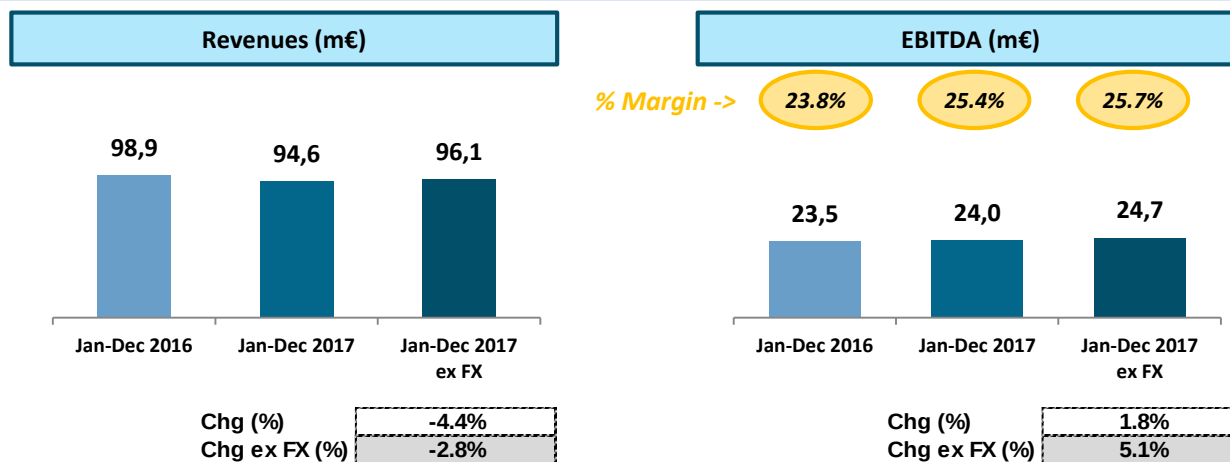
1. Figures exclude 50% of Radio Mexico & Radio Costa Rica.

2017FY Operating Overview – Radio Spain & Radio LatAm

Radio Spain



Radio LatAm⁽¹⁾



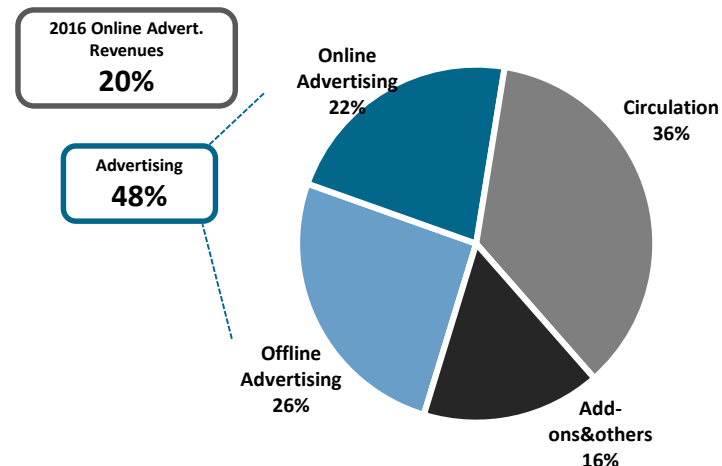
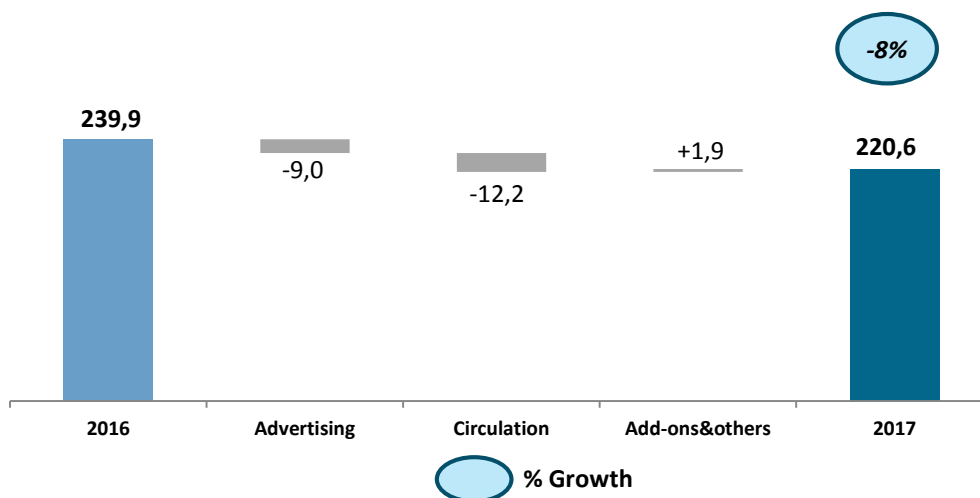
Revenue drop mainly linked to (i) weak performance in Colombia, (ii) discontinuation of RLM and (iii) disposal of non core assets (GLR Networks and RLM)

Source: Company information.

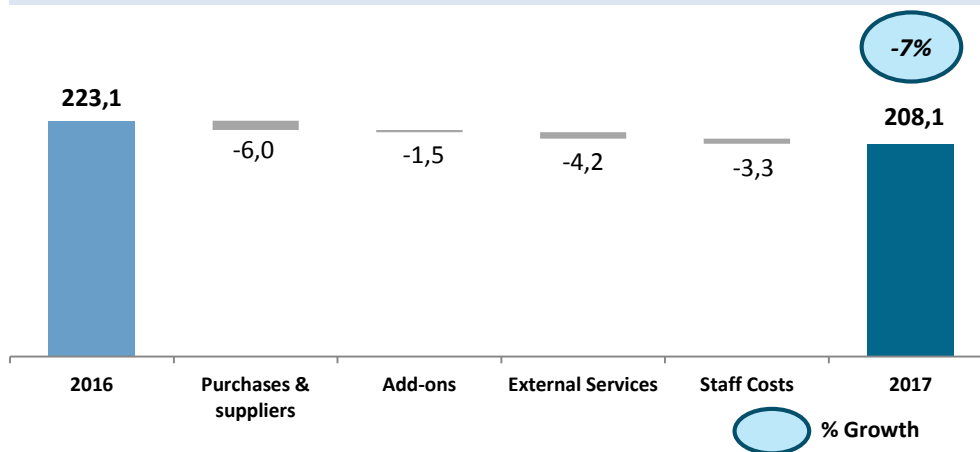
1. Figures exclude 50% of Radio Mexico & Radio Costa Rica.

2017FY Operating Overview – Press

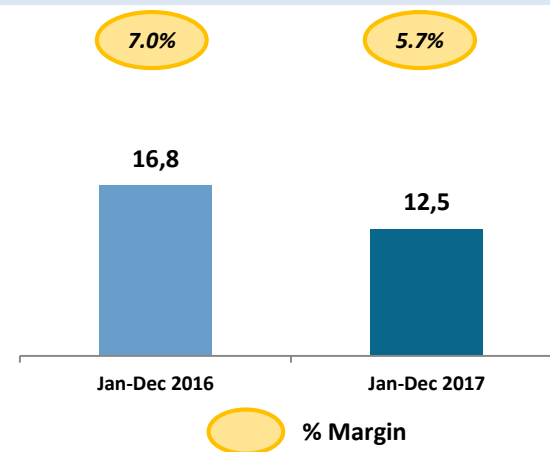
Revenues (m€)



Adjusted Expenses (m€)



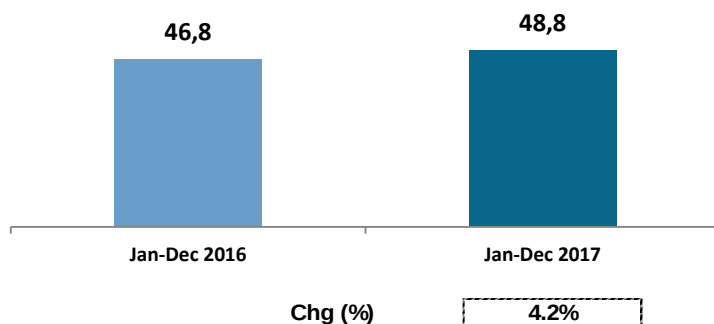
Adjusted EBITDA (€m)



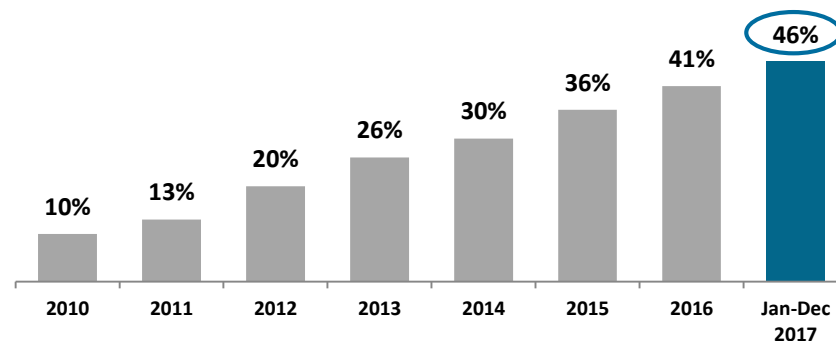
Top line still under pressure mainly due to (i) legacy performance and (ii) lower contribution of events (40th Anniversary of El País and Euro Cup in 2016). Strong cost control policies in place

2017FY Operating Overview – Press

Online Advertising Revenues (m€)



Online Advertising Contribution



Worldwide Audience El País.com (YTD)

49M Unique Users⁽¹⁾
79M Unique Browsers
94M Videos (onsite+offsite)



Spain Audience (PC+mobile)

Ranking	PC+Mobile Spain (December'17)	Unique Users (M)	YoY
1	YOUTUBE	30.3	12%
2	GOOGLE	30.3	20%
3	FACEBOOK	28.5	31%
4	AMAZON	19.6	46%
5	TWITTER	19.1	103%
6	EL PAÍS	18.9	29%
7	ELMUNDO	17.4	22%

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

Digital transformation already crystalizing with online advertising representing already 46% of total advertising

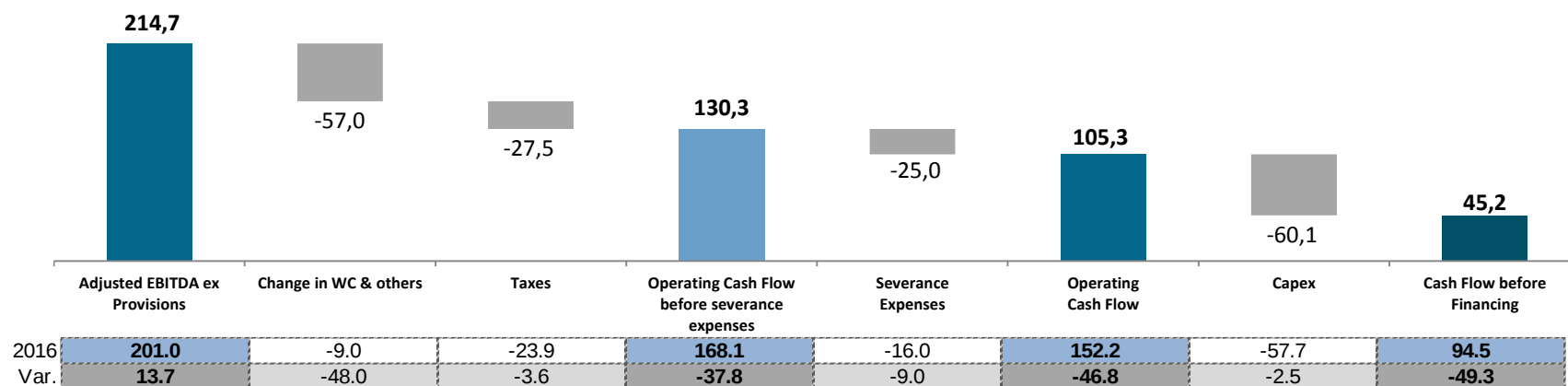
2017FY Operating Overview – From EBIT to Net Profit

Reported results	2017	2016	% Chg.
€M			
EBIT	105,7	99,5	6,3
<i>EBIT Margin</i>	<i>9,0%</i>	<i>8,4%</i>	
Financial Result	(64,7)	(82,4)	21,5
Interests on debt	(49,2)	(54,3)	9,3
Other financial results	(15,4)	(28,2)	45,2
Result from associates	3,7	3,3	10,4
Profit before tax	44,7	20,3	119,8
Income tax expense	52,0	78,1	(33,4)
Results from discontinued activities	68,5	(20,1)	---
Minority interest	(27,2)	(30,2)	10,0
Net Profit	(102,9)	(67,9)	(51,7)
Net Profit excluding one-offs	29,0	17,1	69,3

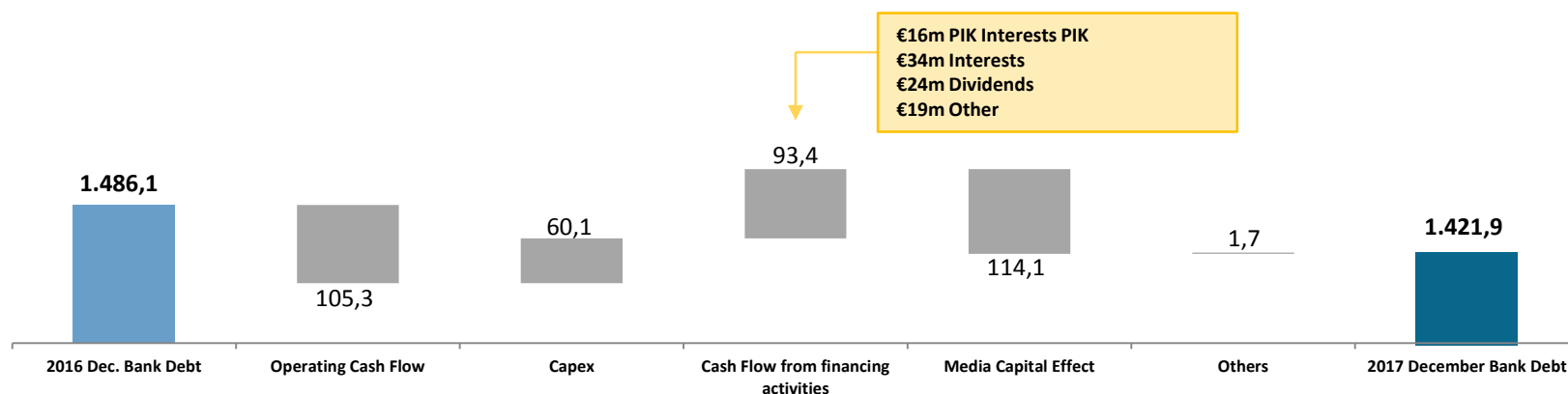
Net profit impacted by one-off effects: Media Capital disposal and €45.7m of asset impairments

2017FY Operating Overview – Cash Flow Generation

Operating Cash Flow Generation (m€)



Net Bank Debt Evolution (m€)



Cash flow generation impacted by negative working capital impact (€28m) related to the Brazilian 2017 institutional sales campaign, which will be fully collected in early 2018

2018 Guidance

A Santillana

- 2018 low institutional sale cycle in Brazil and lack of education novelties in Spain imply a 2018 Adjusted EBITDA in line with 2017A in local currency
- Norma and Learning Systems expected to continue delivering solid growth

B Radio

- Growth of advertising revenues expected to grow in line with the market; positive impacts from special events (World Cup & elections in LatAm)
- Operating improvement both in Spain and LatAm (drive margin enhancement)

C Press

- Margin enhancement despite expected top line to remain under pressure

D Implementation of Efficiencies Plan

- Majority to be implemented in 2018

E FX Evolution

- Negative impact expected, mainly from Brazil

1

Sustainable Capital Structure Allowing Management to Focus on Operations

2

Strong Focus in Santillana; The Only Global Player in K-12

3

Efficiency Measures to Take Place Mainly on Media Perimeter and HQ

4

New Management Team in Place Fully Committed

5

Focus on Shareholders' Returns