



9M 2018 RESULTS PRESENTATION

October 30th, 2018

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9M2018 Key Highlights

A 9M2018 results show a positive evolution.

- Operations show good performance
- Significant progress on savings achieved from the implementation of the announced efficiency plan
- Positive cash flow generation of 10 million euros
- Increased financing transparency by obtaining the credit rating of the Group by Fitch (B) and S&P (B-) both with stable outlook
- Relevant FX impact and additional extraordinary impact from Argentina hyperinflation

B Santillana improves its EBITDA by 2% excluding FX and IFRS15 despite lack of novelties in Spain.

- Educational Campaigns show a positive evolution
- Learning systems continue their expansion with 12% revenue growth in local currency and (6% students growth)
- Outstanding market share achieved in Institutional sales in Brazil (33.4% vs 16% same previous cycle) on the back of extraordinary product offering and strong commercial effort. Sales to be registered in 4Q (150 Mn BRL)

C Radio Improves its operating performance by 35% supported by both Spain and LatAm.

D Press continues growing in digital. Q3 standalone shows significant improvement.

Agreements with the Washington Post to implement its technology (ARC) and with Vocento to create the largest programmatic market place in Spain

E Media Capital grows in advertising by 2% improving its EBITDA by 6%.

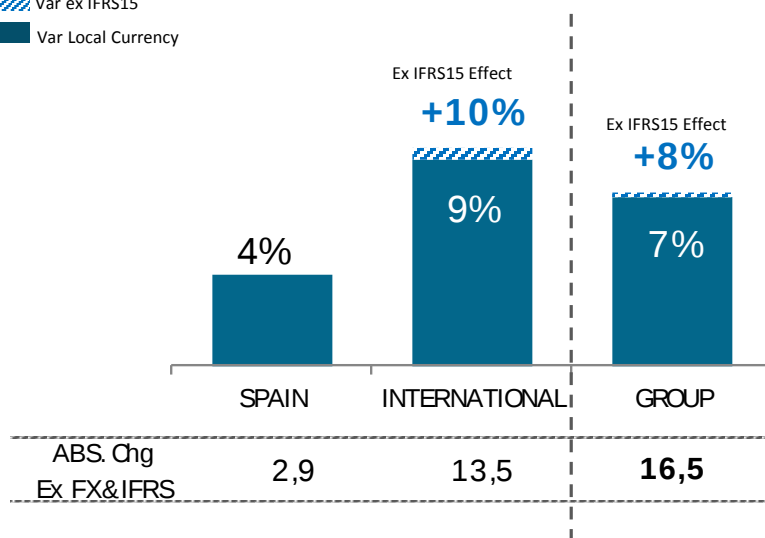
With current trading, the company confirms its full year 2018 Guidance

9M2018 Operating Overview

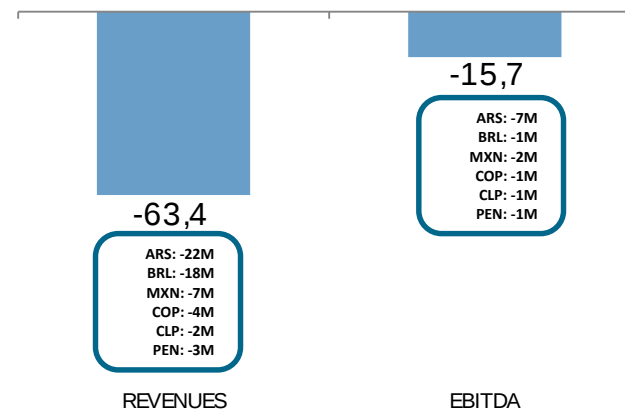
€ Millions	2018	Var. 18/17 on constant ccy & excluding IFRS effect		Var. 18/17	
REVENUES	957	1,9%	19M€	-3,8%	-38 M€
EXPENSES	745	0,3%	2M€	-4,9%	-38 M€
EBITDA	211	7,8%	16 M€	0,0%	0 M€
EBITDA Margin	22,1%	1,2 p.p.		0,9 p.p.	
EBIT	140	15,9%	21 M€	7,4%	10 M€
EBIT Margin	14,6%	1,8 p.p.		1,5 p.p.	

EBITDA Variation (%) at constant currency

Var ex IFRS15
Var Local Currency



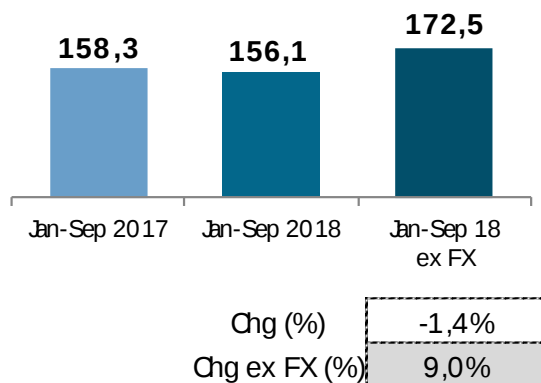
FX Effect (m€)



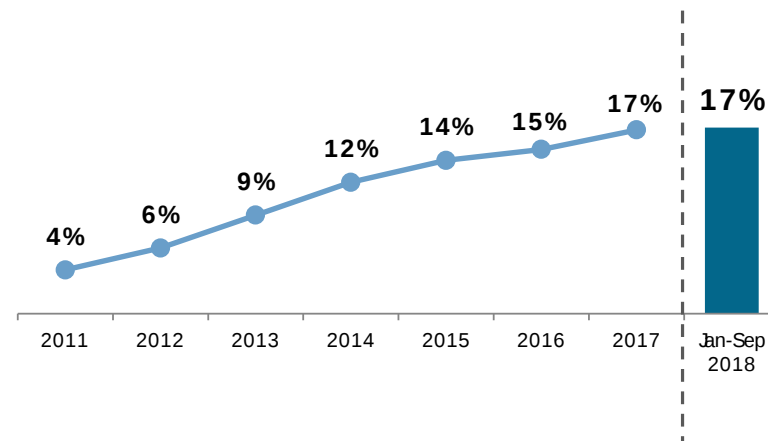
Note: All figures refer to adjusted numbers : Adjustments include redundancies, Hyperinflation in Argentina and Santillana USA.

9M2018 Operating Overview – Digital Transformation

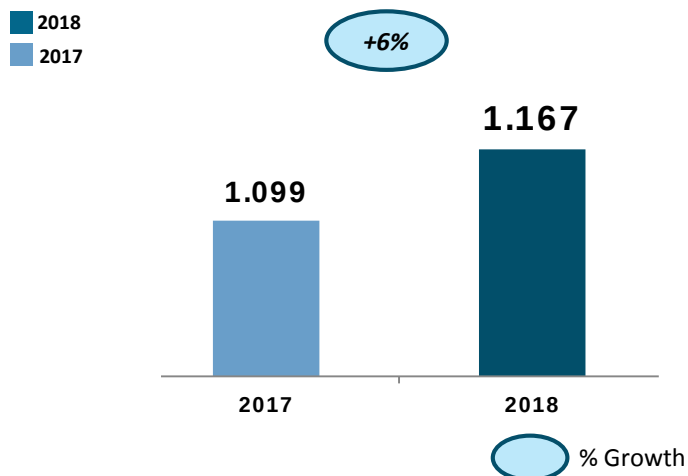
Transformation Revenues (m€)



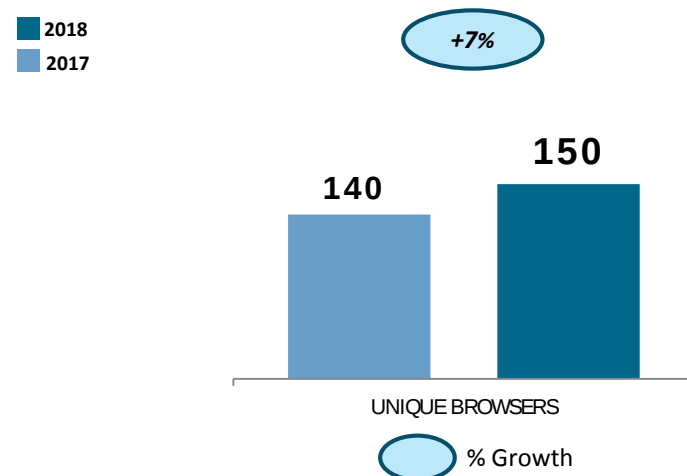
Contribution to Group's Total Revenues



Number of Students (000's)



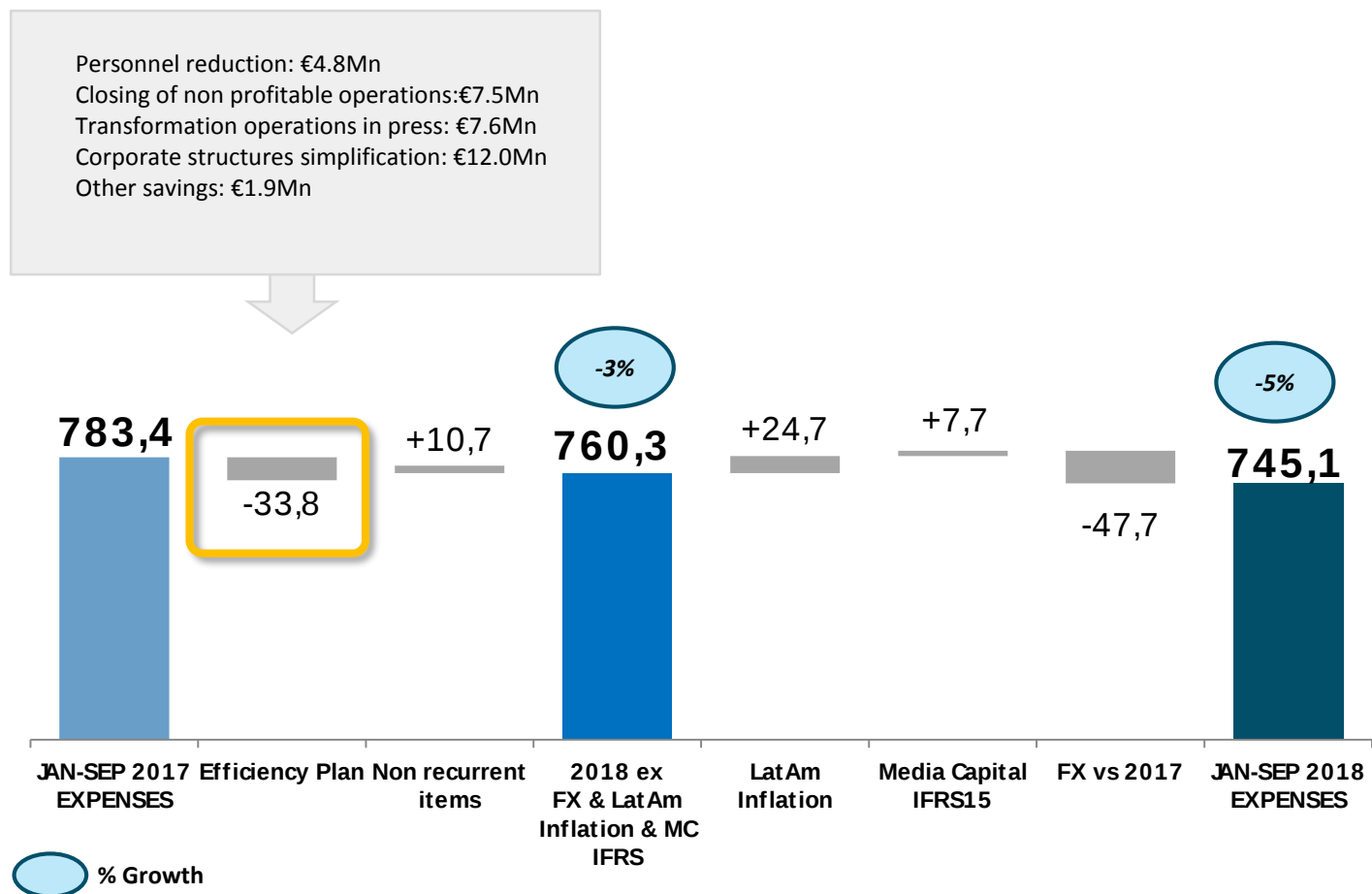
Audience (Million)



Ongoing business transition towards digitalization in all the business units

Note: All figures refer to adjusted numbers : Adjustments include redundancies, Hyperinflation in Argentina and Santillana USA.

9M2018 Efficiency Plan

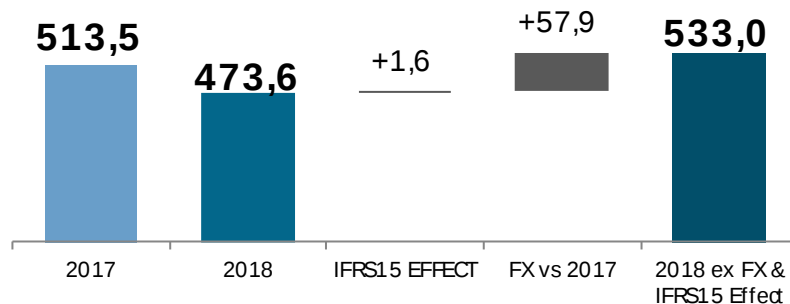


Significant savings achieved from the implementation of efficiency plan across different divisions

Note: All figures refer to adjusted numbers : Adjustments include redundancies, Hyperinflation in Argentina and Santillana USA.

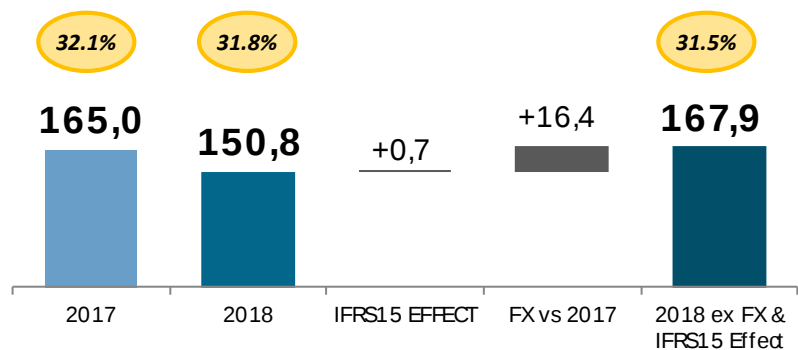
9M2018 Operating Overview – Santillana

Adjusted Revenues (m€)



Chg (%)	-7,8%
Chg ex FX & IAS (%)	3,8%

Adjusted EBITDA (€m)



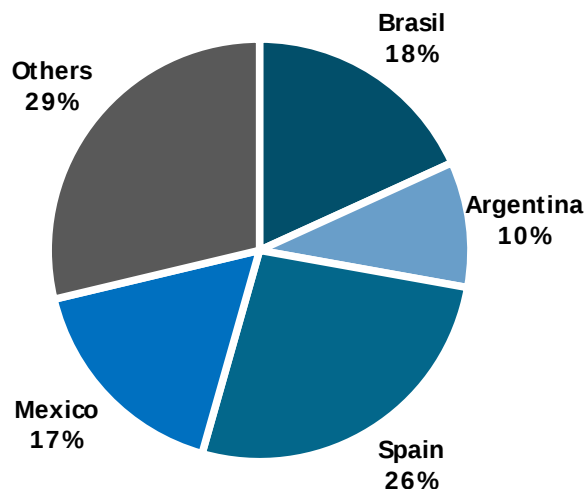
% Margin	Chg (%)	-8,6%
	Chg ex FX & IAS (%)	1,8%

9M performance versus last year affected by FX impact, IFRS15 and low year cycle in Spain

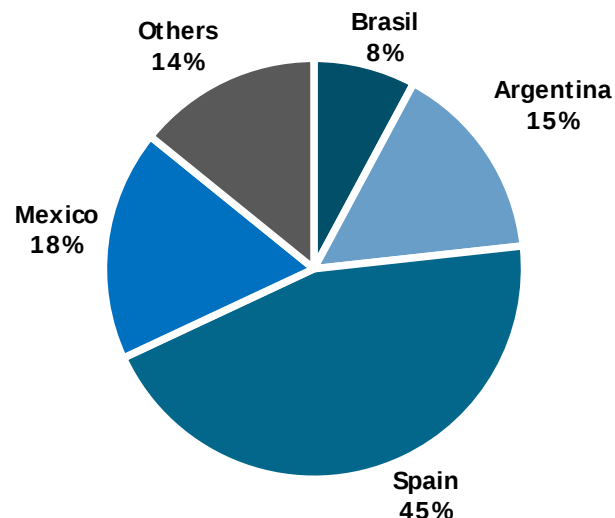
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9M2018 Operating Overview – Santillana (Cont'd)

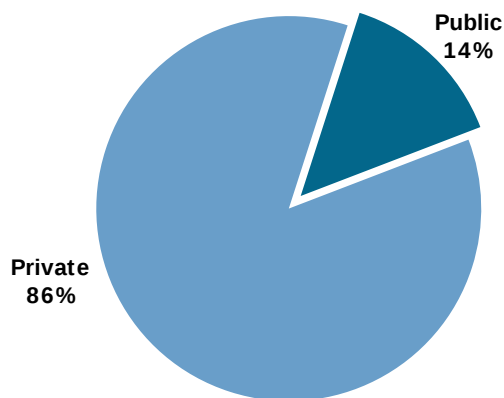
2018 Revenues Split by Geography



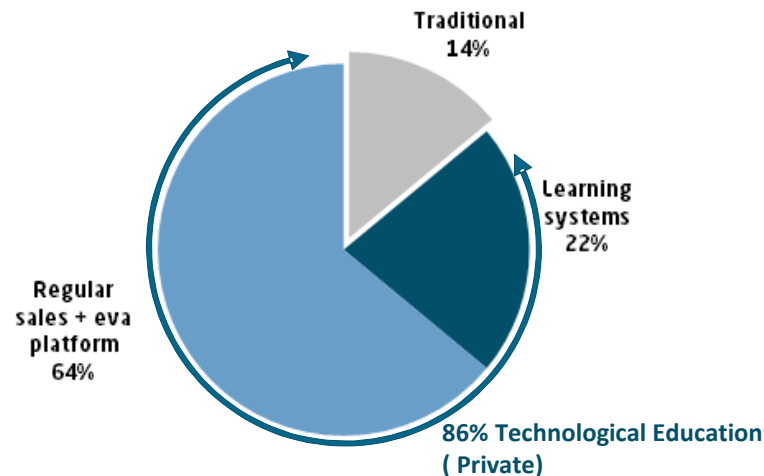
2018 EBITDA Split by Geography



Revenues Split (Public vs. Private)



Revenues Split (Digital vs. Traditional)



Note: All figures refer to adjusted numbers : Adjustments include redundancies, Hyperinflation in Argentina c

9M2018 Operating Overview – Santillana (Cont'd)

Operating Performance by Business & Regions

€ Millions	Adjusted Revenues			Adjusted EBITDA		
	JANUARY - SEPTEMBER			JANUARY - SEPTEMBER		
	2018	2017	% Chg.	2018	2017	% Chg.
Total Santillana	473,7	513,5	(7,8)	150,8	165,0	(8,6)
South Campaign	222,7	247,1	(9,9)	57,6	66,4	(13,1)
North Campaign	250,9	266,4	(5,8)	93,2	98,6	(5,5)

	Adjusted Revenues at Constant Currency & excluding IFRS effect			Adjusted EBITDA at Constant Currency & excluding IFRS effect		
	JANUARY - SEPTEMBER			JANUARY - SEPTEMBER		
	2018	2017	% Chg.	2018	2017	% Chg.
Total Santillana	532,9	513,5	3,8	167,9	165,0	1,8
South Campaign	270,6	247,1	9,5	70,8	66,4	6,7
North Campaign	262,2	266,4	(1,6)	97,1	98,6	(1,5)

Educational campaigns in general performed in line with expectations: South Campaigns finalized with good performance and North Campaign affected by lack of novelties in Spain

Santillana (Cont'd): Brazil Public sales (PNLD F1) expected in 4Q

(2018 PNLD F1) main figures versus 2015

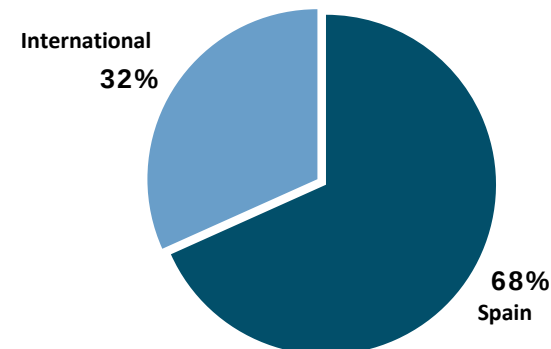
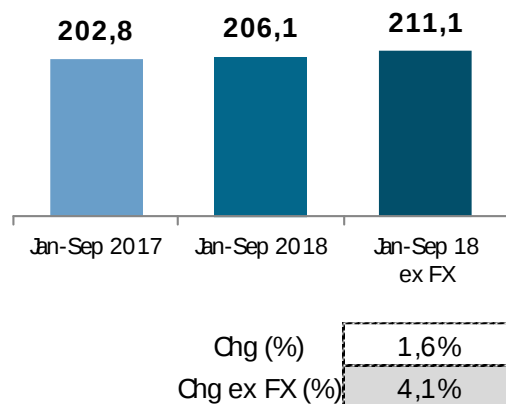
	PNLD 4T 2018E	PNLD 2015
Market share	33,4%	16,1%
Books (Million)	25,8	7,7
Revenues BRL Mn	149,7	51,1

Outstanding market share achieved in public sales (PNLD) expected to be registered in 4Q

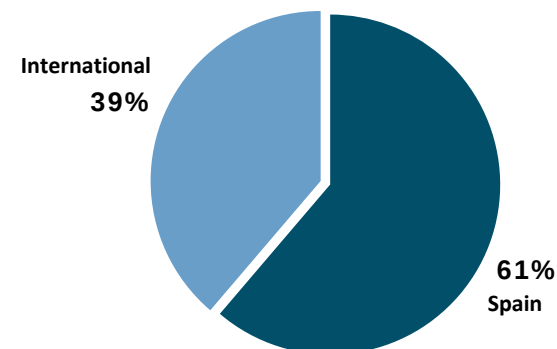
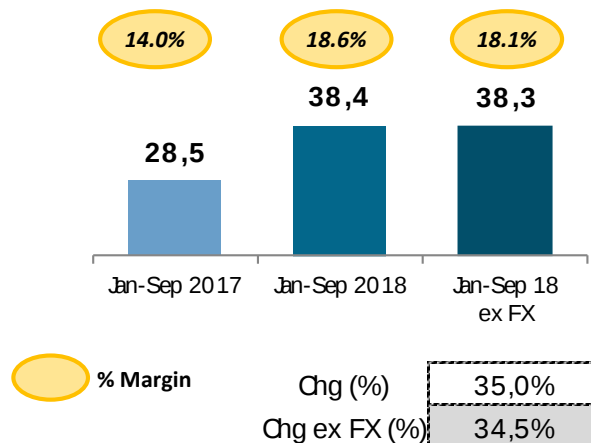
Note: All figures refer to adjusted numbers : Adjustments include redundancies, Hyperinflation in Argentina and Santillana USA).

9M2018 Operating Overview – Radio

Adjusted Revenues Evolution (m€)⁽¹⁾



Adjusted EBITDA Evolution (m€)⁽¹⁾



Strong operational leverage with EBITDA growing by 35%

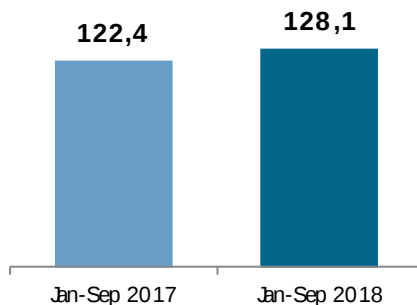
Note: All figures refer to adjusted numbers : Adjustments include redundancies and Hyperinflation in Argentina. Figures exclude 50% of Radio Mexico & Radio Costa Rica.

9M2018 Operating Overview – Radio Spain & Radio LatAm

Radio Spain



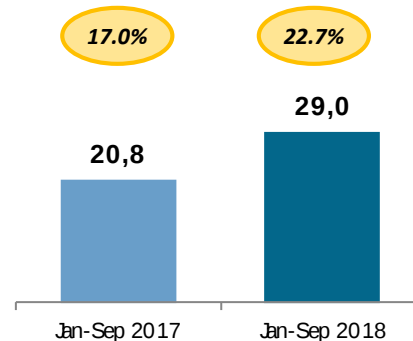
Adjusted Revenues (m€)



Chg (%) 4,6%

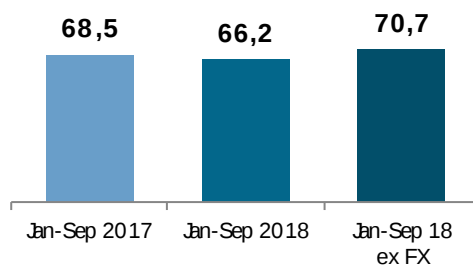
Adjusted EBITDA (m€)

% Margin ->



Chg (%) 39,3%

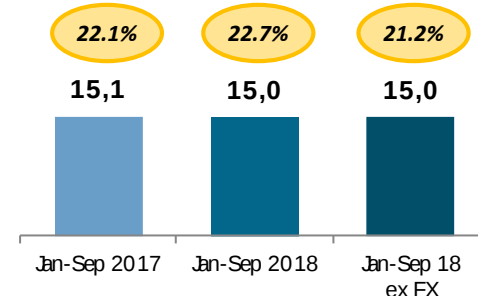
Adjusted Revenues (m€)



Chg (%) -3,4%
Chg ex FX (%) 3,2%

Adjusted EBITDA (m€)

% Margin ->



Chg (%) -0,7%
Chg ex FX (%) -0,7%

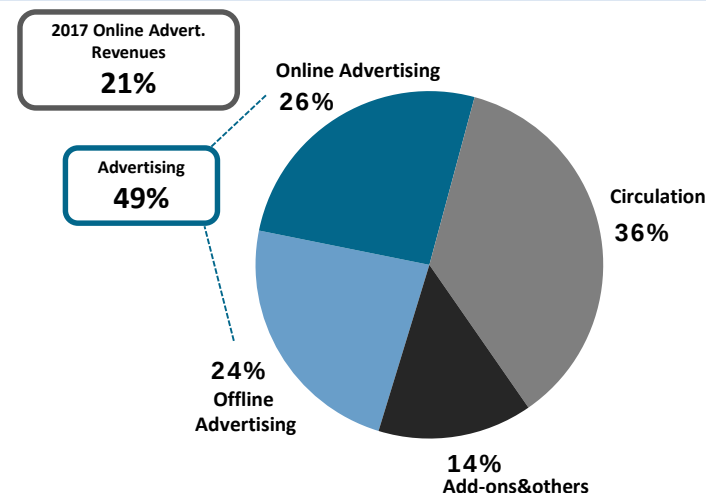
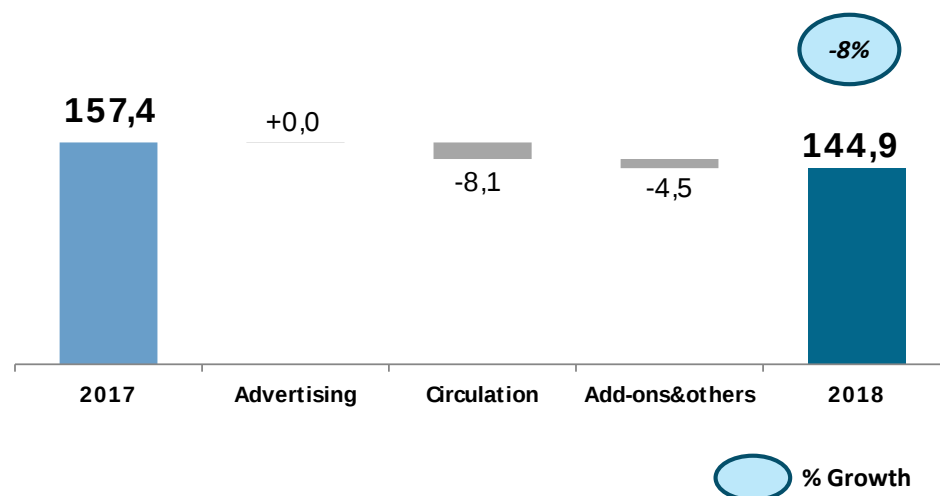


Margins improvement driven by revenue growth supported by good advertising performance both in Spain and LatAm and operational leverage on the back of cost control initiatives

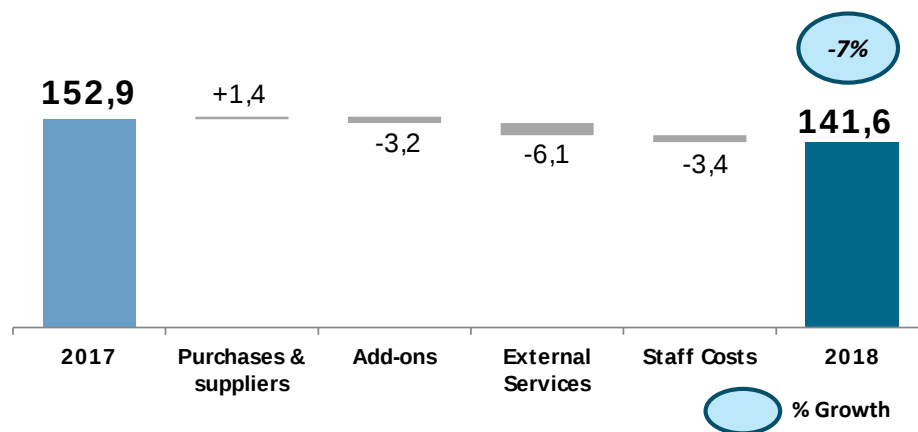
Note: All figures refer to adjusted numbers : Adjustments include redundancies, and Hyperinflation in Argentina. Figures exclude 50% of Radio Mexico & Radio Costa Rica. Spain figures exclude HQ expenses

9M2018 Operating Overview – Press

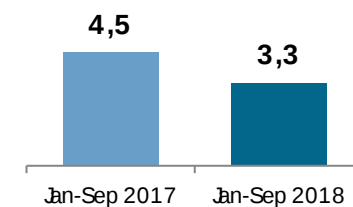
Revenues (m€)



Adjusted Expenses (m€)



Adjusted EBITDA (€m)



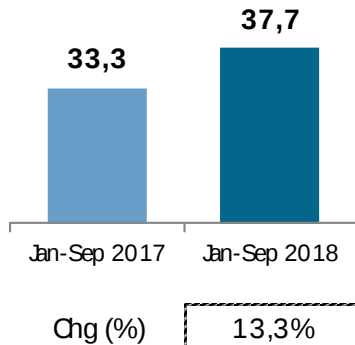
Operating trends improved in 3Q with digital advertising increasing its weight and growing by +13% and strong efficiency measures in place

Note: All figures refer to adjusted numbers : Adjustments include redundancies.

9M2018 Operating Overview – Press

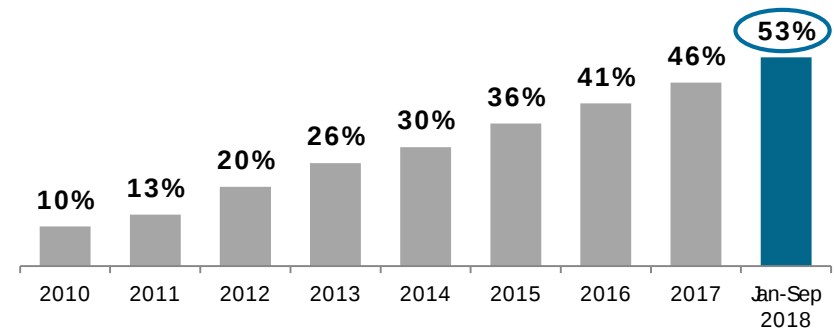
Online Advertising Revenues (m€)

*Includes events



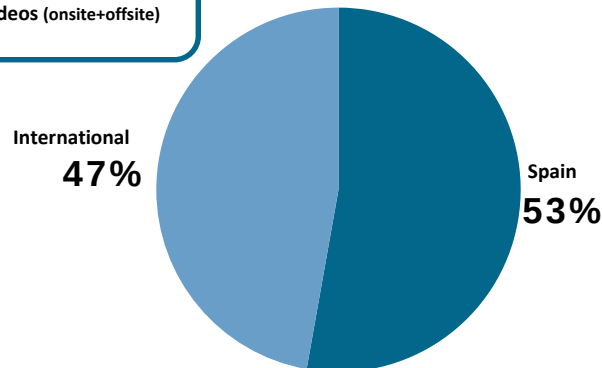
Online Advertising Contribution

*Includes events



Worldwide Audience El País.com (YTD)

83M Unique Browsers
87M Videos (onsite+offsite)



Worldwide Newspapers Audience

	Millions, Worldwide figures	AUG 2018	YoY (%)	
1	THEGUARDIAN.COM	30,5	-8%	
2	NYTIMES.COM	32,9	-8%	
3	PEOPLE.COM.CN	29,7	-26%	
...				
11	EL PAÍS	13,0	-9%	Ranking Spain Total (Pc+Mobile, SEP) #5 (above El Mundo)
19	EL MUNDO	7,1	-12%	

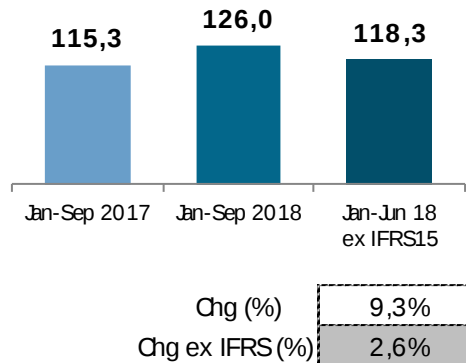
Worldwide figures: unique users (Pc).
Spain figures: unique users (Pc+mobile)

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

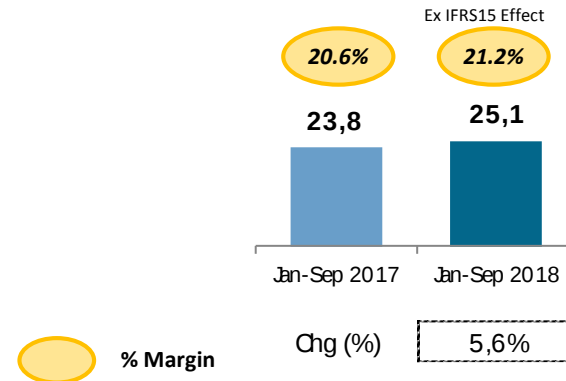
Note: All figures refer to adjusted numbers : Adjustments include redundancies.

9M2018 Operating Overview – Media Capital

Revenues

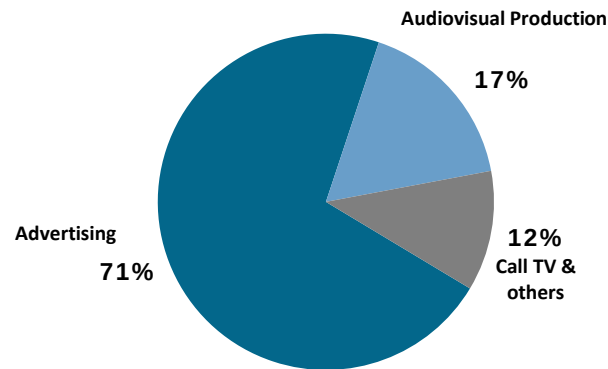


Adjusted EBITDA

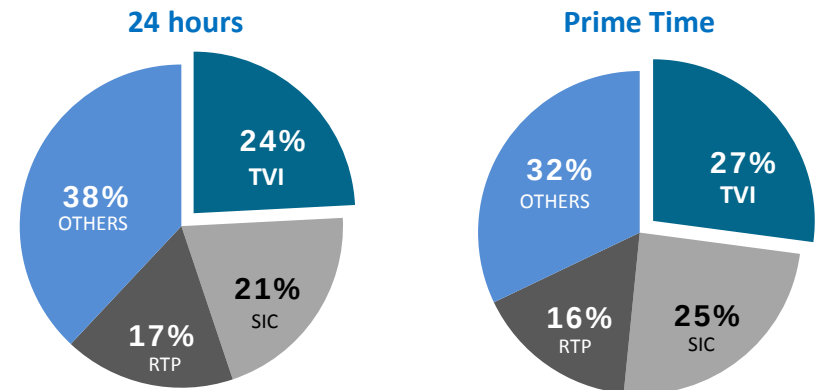


Revenues Breakdown YTD

*Excluding IFRS15 effect



TV Audience by Group (average YTD)



Media Capital reinforces its leadership in terms of both market share and profitability growing its EBITDA by 6%

Note: All figures refer to adjusted numbers : Adjustments include redundancies.

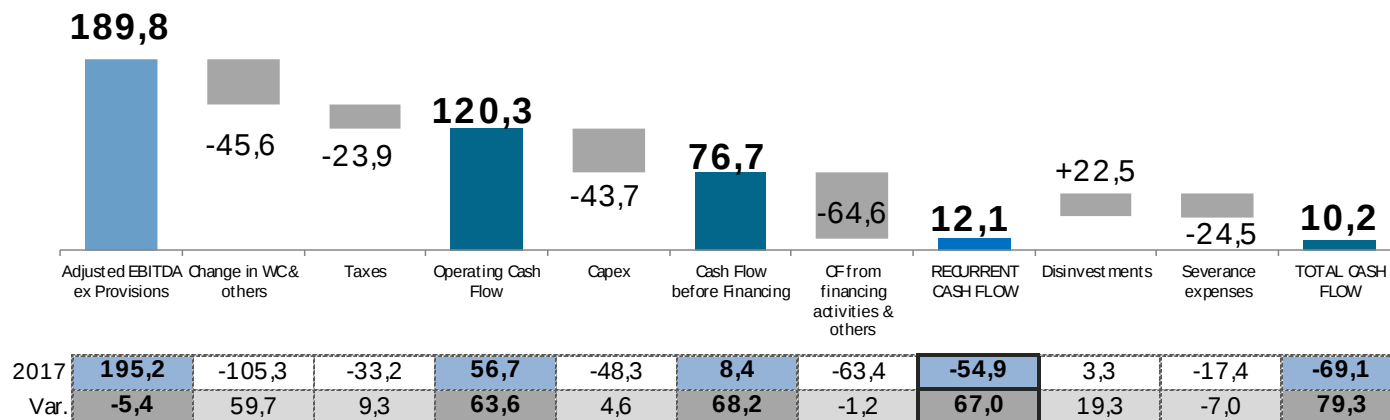
9M2018 Operating Overview – From EBIT to Net Profit

€ Millions	2018	2017	% Chg.
Reported Results			
EBIT	118,8	46,4	156,1
<i>EBIT Margin</i>	<i>12,5%</i>	<i>4,6%</i>	
Financial Result	(64,5)	(40,4)	(59,6)
Interests on debt	(39,3)	(40,0)	1,7
Other financial results	(25,2)	(0,4)	---
Result from associates	3,1	1,6	89,0
Profit before tax	57,3	7,6	---
Income tax expense	37,2	42,2	(11,7)
Results from discontinued activities	0,0	(1,0)	100,0
Minority interest	23,1	20,1	15,0
Net Profit	(3,0)	(55,6)	94,7

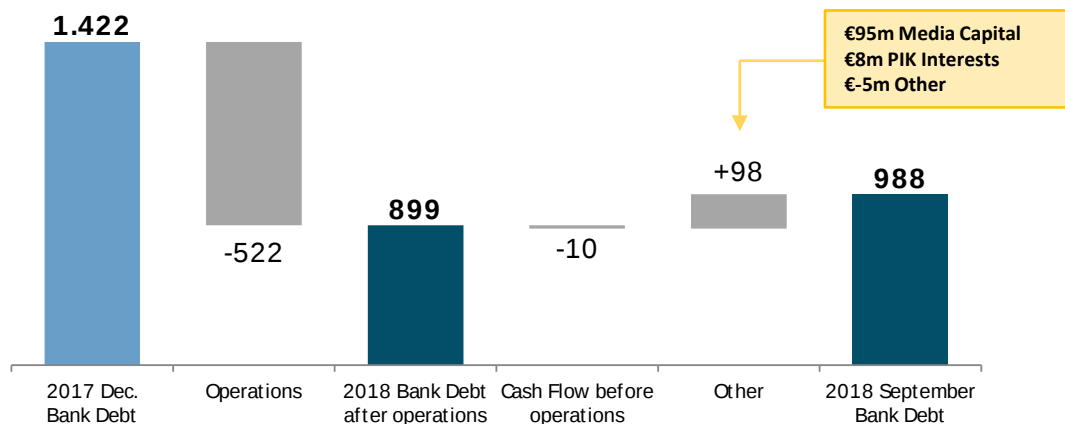
Net result mainly impacted by the accounting impact of new refinancing agreement

3Q2018 Operating Overview – Cash Flow Generation

Cash Flow Generation (m€)



Net Bank Debt Evolution (m€)



Positive recurrent cashflow generation in the period despite Q3 seasonality

1

Business showing a positive evolution

2

Efficiency plan on track, with further savings to be achieved in the year

3

Cash flow generation in line with plan

4

2018 Guidance reconfirmed