



9M 2019 RESULTS PRESENTATION

October 29, 2019

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- 1 9M2019 key highlights
- 2 9M2019 Group results
- 3 9M2019 results by business unit
- 4 Summary

1 9M2019 Key highlights

9M 2019 Key Highlights

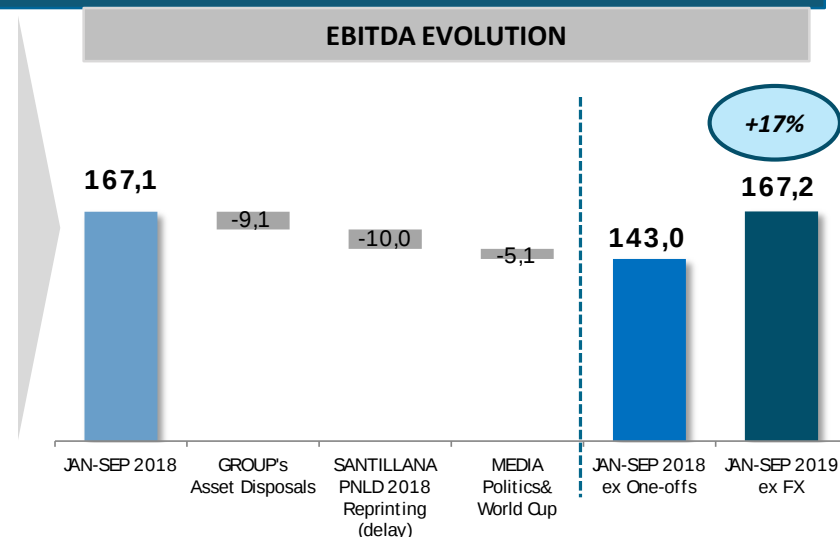
KEY BUSINESS HIGHLIGHTS

- 1 Agreement reached to sell Media Capital, following company's roadmap focused on deleveraging, profitable growth and value creation. Media Capital accounted as a discontinued activity
- 2 3Q EBITDA increased by €20 Mn (+33%). Businesses performed in line with expectations and according to seasonality
 - **Santillana:** campaigns performed in line with expectations with focus on transformation and subscription models growth and Spain performing strongly on the back of novelties. Strong visibility for 4Q supported by Brazil public sales contracts already closed
 - **Radio:** Operating improvement both in Spain and Latam
 - **Press:** Positive operational performance on the back of advertising growth and circulation margins improvement

9M RESULTS COMPARISON AFFECTED BY SEASONALITY AND ONE OFFS

Temporary and permanent effects impacting 9M results

- **Extraordinary Assets disposals** in 2Q2018 (Santillana USA & real estate) and 3Q 2019 (Media). Net impact of €9Mn
- **Reposition Public sales in Brazil taking** place in 2Q and 3Q 2018
- **World Cup and politics (elections)** impacting positively Spain and Colombia



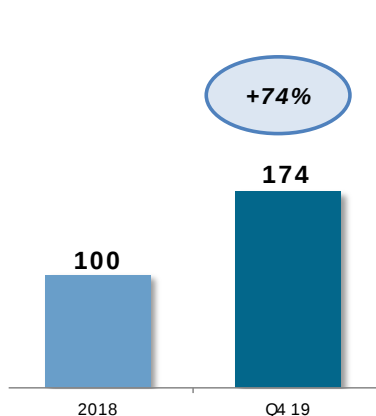
9M Operating performance in line with expectations and according to seasonality of business

Strong visibility for 4Q

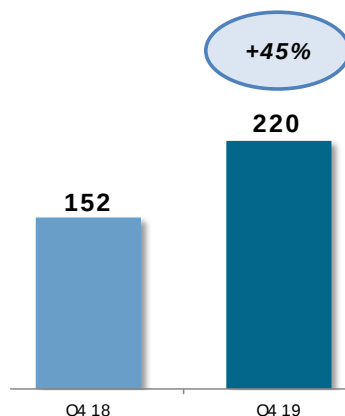
STRONG PERFORMANCE EXPECTED IN 4Q

1 Santillana: Public sales orders in Brazil already closed

Repositions (BRL, millions)



New order PNLD



	PNLD 2019 F2	PNLD 2016 F2	
Market Share	32,5%	16,5%	2,0x
Books (Million)	26,1	13,2	2,0x
Revenues BRL (Million)	220,8	102,7	2,1x

This strong performance will drive Santillana organic EBITDA growth of double digit for the full year

2 Media to continue with operating profit improvement

Strong visibility for 4Q supported by Santillana

ON TRACK TO MEET FY2019 OUTLOOK

Education

- Positive evolution supported by Spain (novelties) and Brazil (2018 PNLD F1 renewals and 2019 PNLD F2 being medium year cycle)
- Stronger 2H on the back of Spain and Brazil

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

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

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

9M results consistent with FY2019 outlook with strong EBITDA and CASHFLOW expected in 4Q

* Assumes 100% of Brazil's 2019 PNLD collection in line with 100% collection in 2018

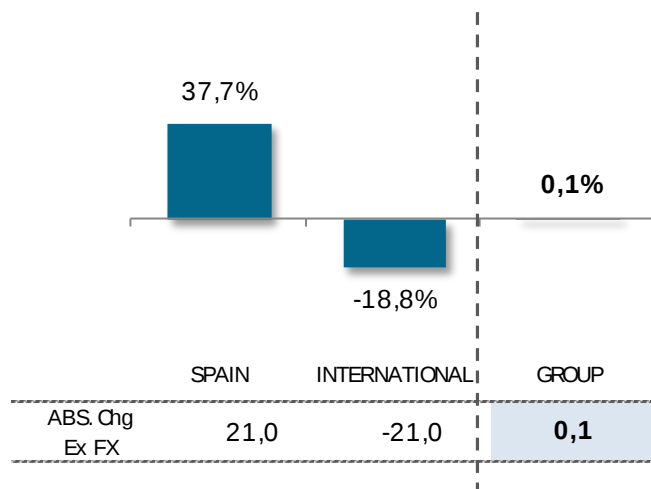
2 9M 2019 Group results

9M 2019 Operating Overview

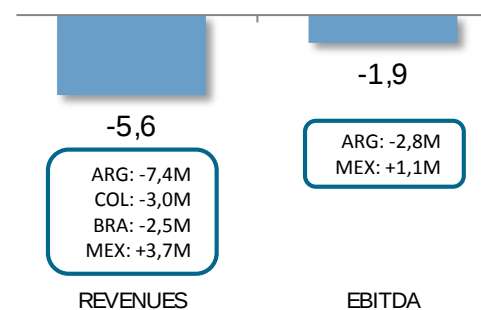
€ Millions	JAN-SEP 2019	Var. 19/18 on constant ccy		Var. 19/18		Ex. Temporary Effects&One-offs on constant ccy
REVENUES	797	-2,5%	-20,8	-3,2%	-26,4	+1,6% ^(*)
EXPENSES	632	-3,2%	-20,9	-3,7%	-24,6	-1,8%
EBITDA	165	0,1%	0,1	-1,1%	-1,8	+16,9%
EBITDA Margin	20,7%	0,5%		0,4%		
EBIT	101	-1,5%	-1,6	-3,3%	-3,4	
EBIT Margin	12,6%	0,1%		0,0%		

EBITDA Variation (%) at constant currency

Var Local Currency



FX Effect (m€)



Note: EBITDA includes provisions in 2019 (18.8Mn) and 2018 (22.3Mn)

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 20M€.

9M 2019 Operating Overview – Net Profit

€ Millions

Reported Results

	2019	2018	% Chg.
1 Reported EBIT	49,6	98,6	(49,7)
EBIT Margin	6,2%	12,0%	
2 Financial Result	(61,4)	(62,2)	1,2
Interests on debt	(44,2)	(37,2)	(18,8)
Other financial results	(17,3)	(25,0)	30,8
Result from associates	1,1	3,1	(62,8)
Profit before tax	(10,7)	39,5	---
Income tax expense	29,6	32,1	(7,9)
Results from discontinued activities	(69,9)	12,7	---
3 Minority interest	0,3	23,1	(98,6)
Net Profit	(110,4)	(3,0)	---
MCimpairment	(76,4)	---	---
Mediapro ruling *	(40,8)	---	---
IFRS16	---	(3,9)	100,0
Comparable Net Profit	6,8	(6,9)	---

€ Millions

Mediapro ruling & IFRS16 impact

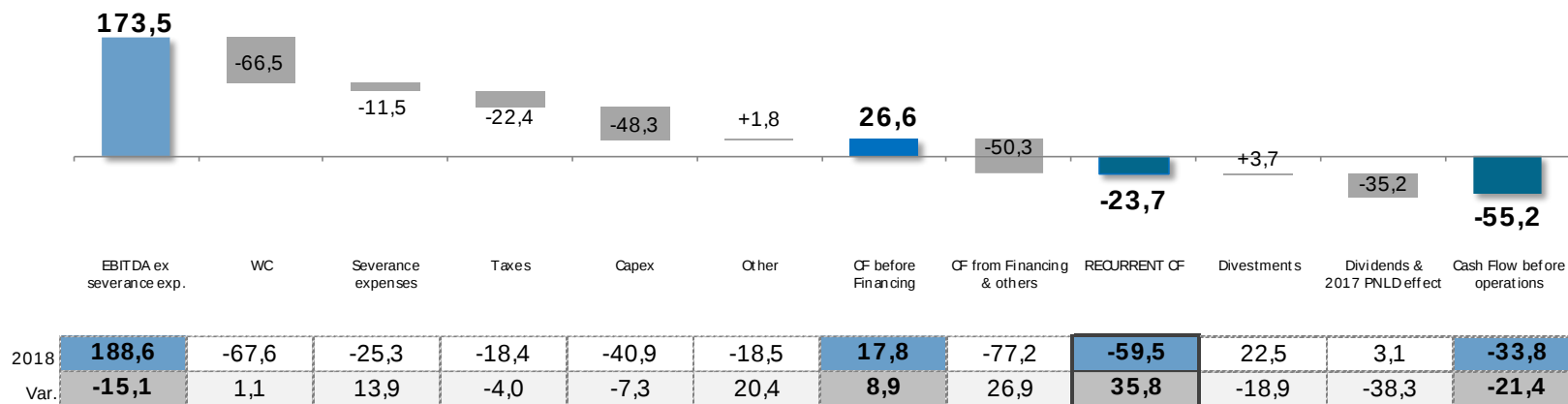
	2019	2018	% Chg.
1 Reported EBIT	49,6	98,6	(49,7)
Mediapro Ruling	51,0	---	---
IFRS16 Effect	---	5,4	---
Comparable EBIT	100,6	104,0	(3,3)
2 Reported Financial Result	(61,4)	(62,2)	1,2
IFRS16 Effect	---	(9,3)	---
Comparable Financial Result	(61,4)	(71,5)	14,1
3 Reported Minority Interest	0,3	23,1	(98,6)
Mediapro Ruling	10,2	---	---
Comparable Minority interest	10,5	23,1	(54,4)

Reported Net result affected by extraordinary provision related to Mediapro negative ruling & by Mediacapital discontinuity

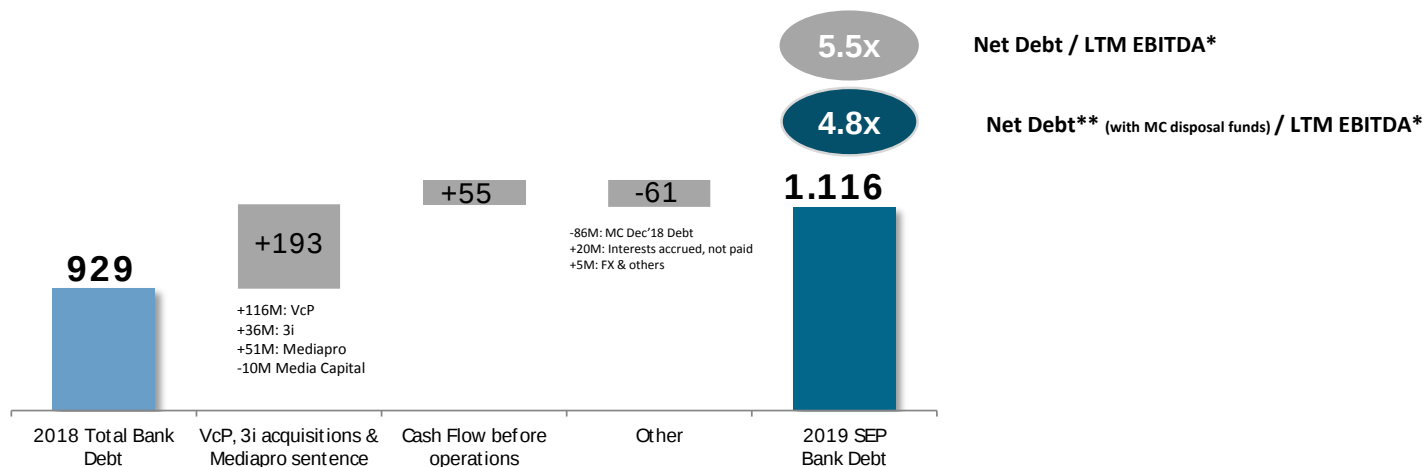
* According to the global integration methodology, AVS's minority shareholder amounts up to 20% of the company's net result thus its shareholding stake. In this respect, if the company could not recover the credit recognized after the registration of the ruling of Mediapro as of March 31, 2019 –by either the generation of new revenue or new contributions made by the shareholders- the "result attributed to the dominant company" would be reduced in an amount of approximately 10 million euros

9M 2019 Operating Overview – Cash Flow Generation

Cash Flow Generation (Mn€)



Net Bank Debt Evolution (Mn€)



Cashflow generation in the period conditioned by temporary effects and business seasonality

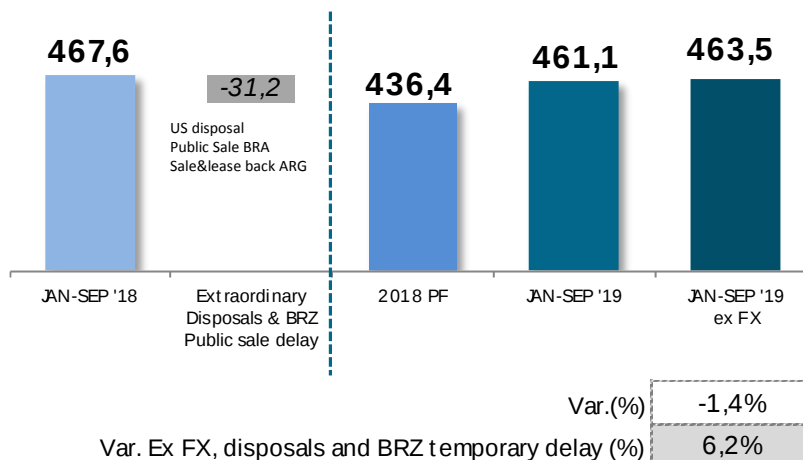
*Excludes IFRS16 effect & redundancies. (LTM EBITDA €202Mn)

** Includes Media Capital disposal funds

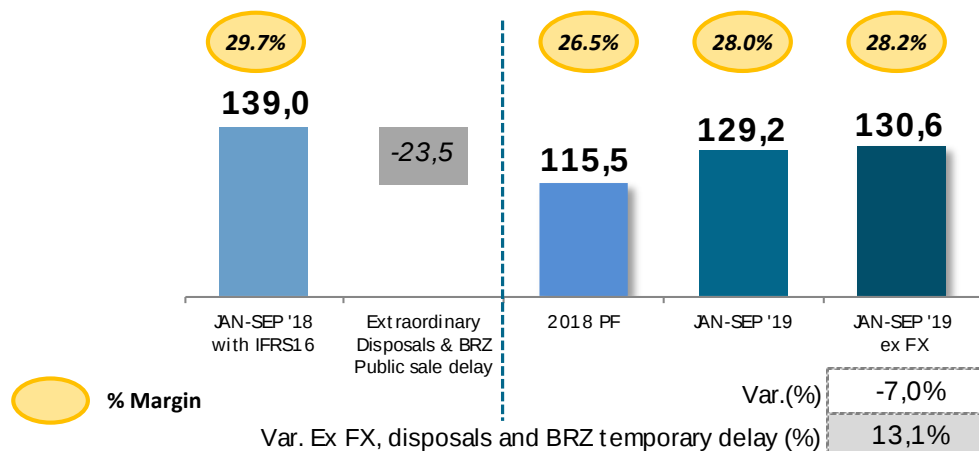
3 9M 2019 results by business unit

9M 2019 Operating Overview – Santillana

Revenue evolution (Mn€)



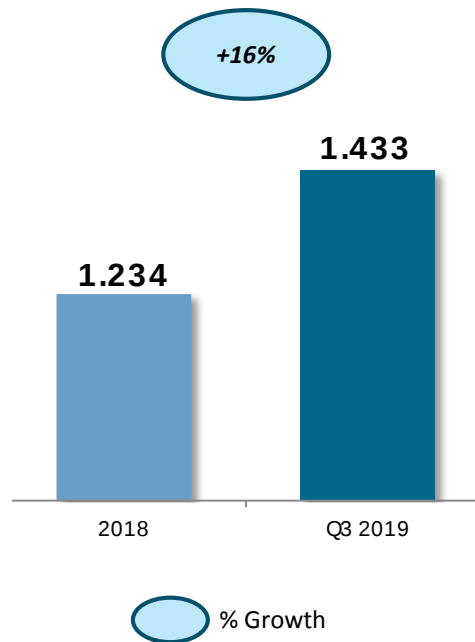
Comparable EBITDA evolution (Mn€)



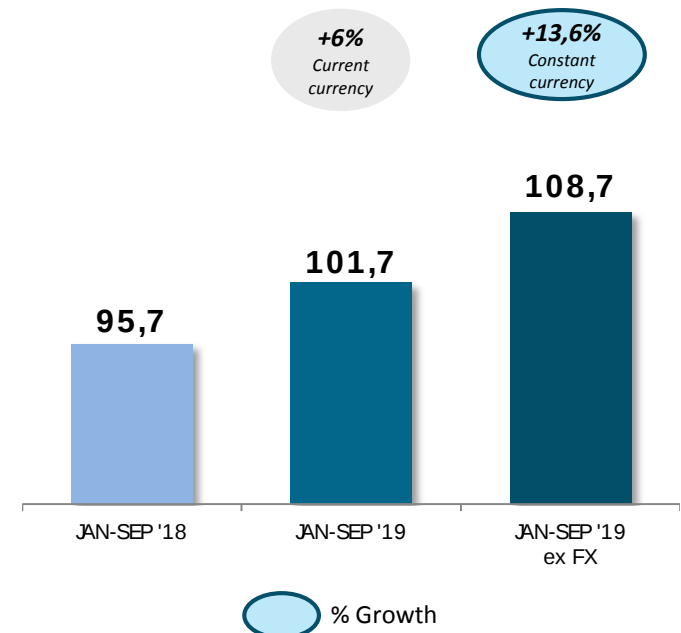
9M evolution according to plan but conditioned by seasonal and one off impacts. Strong evolution expected in 4Q on the back of i) BRZ public sales repositions ii) BRZ public sales new order

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

Learning systems
Number of Students (000's)



Revenues Evolution
(m€)



Outstanding performance of subscription models based on 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)

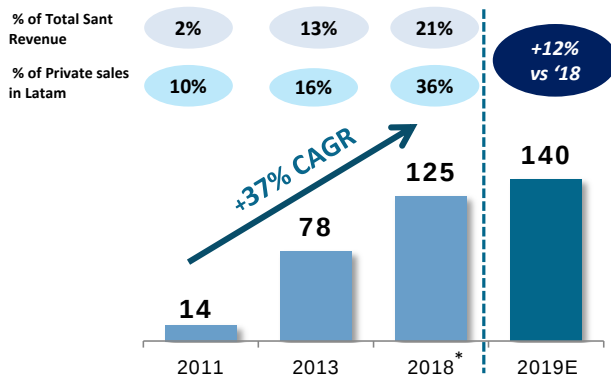
Higher contact and Knowledge of final client (86% renewal rate)

Fully invested digital platform with high growth potential

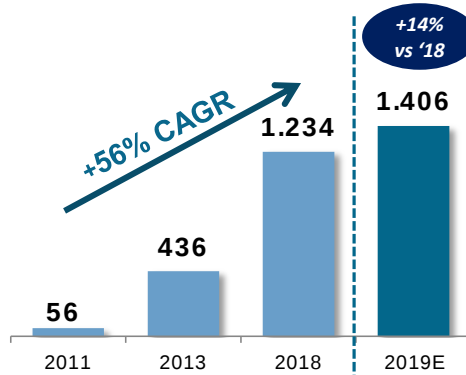


Evolution of subscription models (Learning systems)

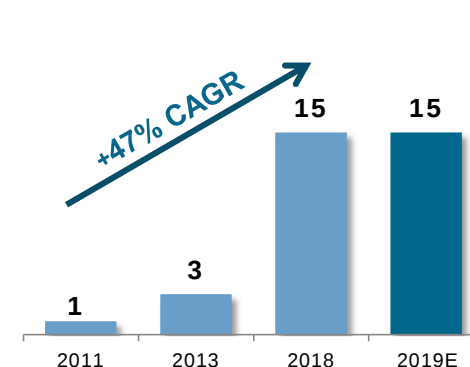
Revenue (€Mn)



Students (000's)



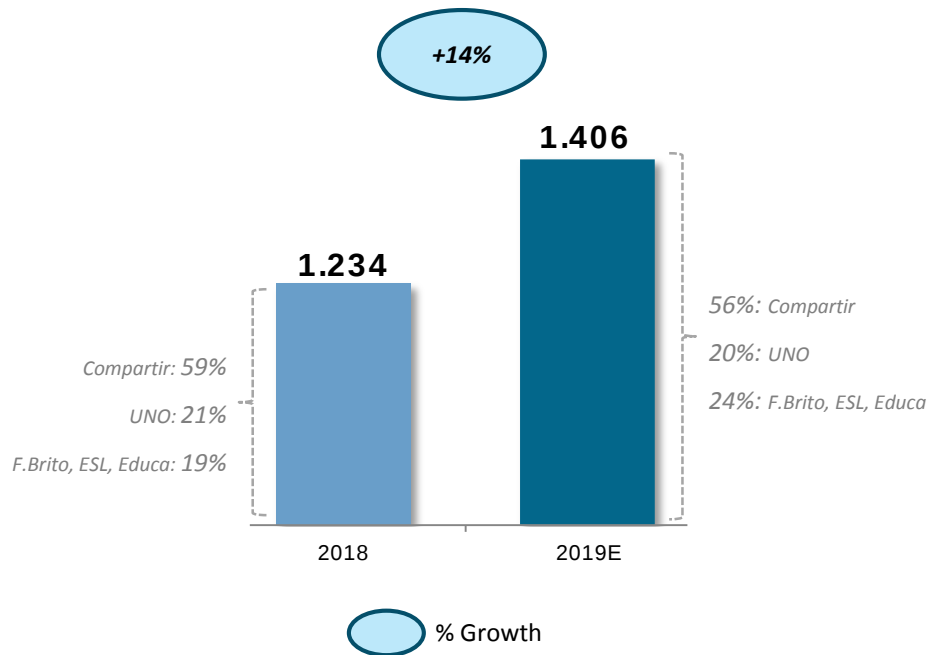
Footprint # Countries



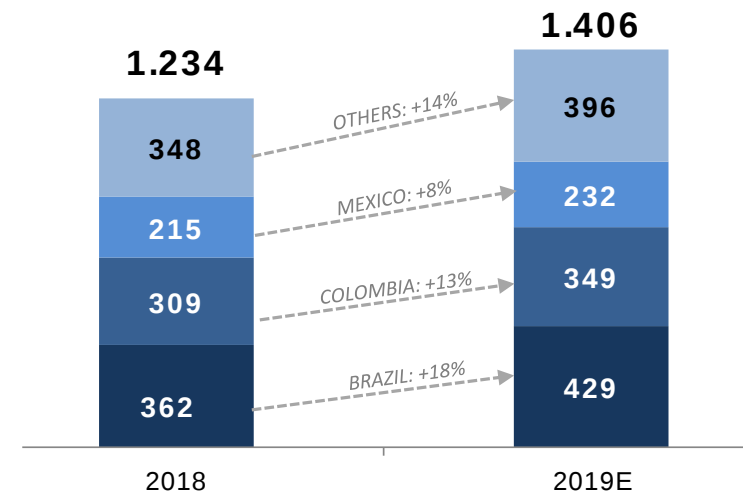
Proven and scalable model with potential to continue growing and generate value

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

**Learning systems
Number of Students (000's)**



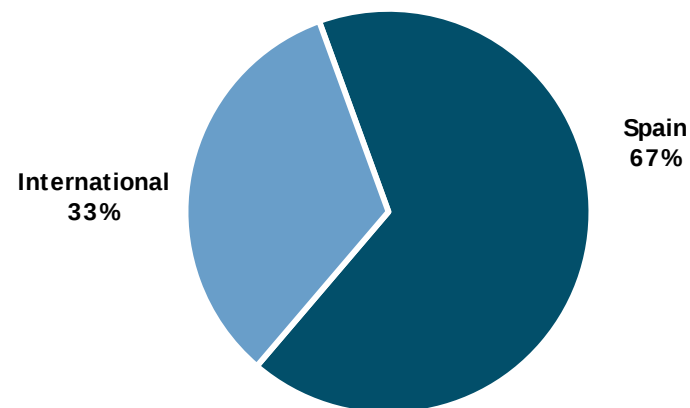
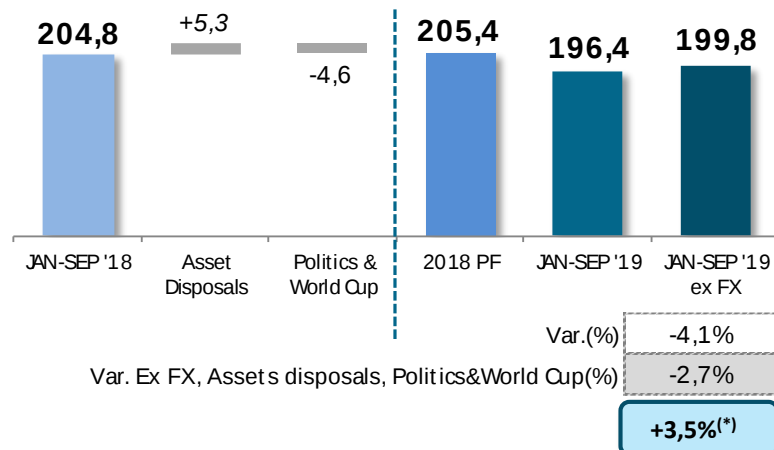
**Students evolution 18/19E
by country (000's)**



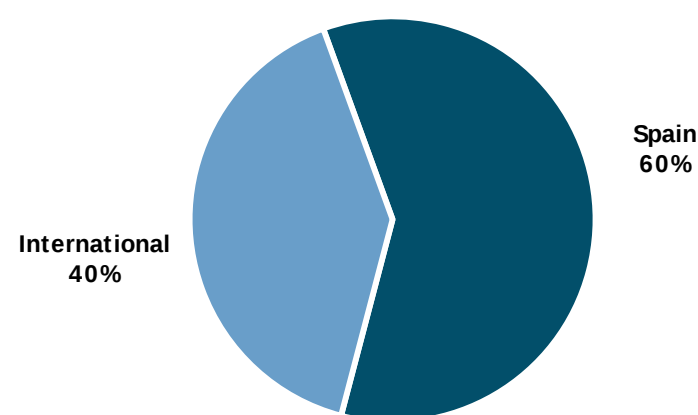
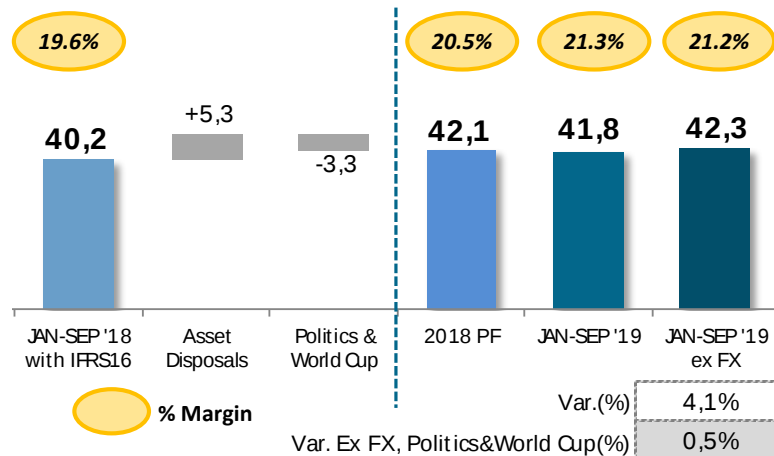
Strong performance of subscription models based on Learning systems

9M 2019 Operating Overview – Radio

Revenue Evolution (Mn€)



Comparable EBITDA Evolution (Mn€)



Operational improvement despite World Cup and politics (elections) positive impacts in 2018, assets disposals in 2019 and difficult advertising environment in Latam

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

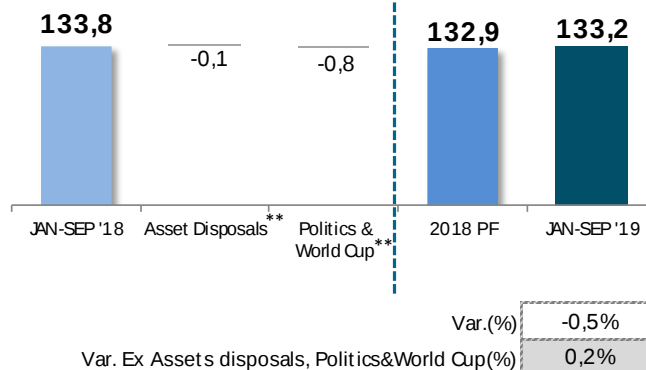
(*) Significant perimeter effect in Revenue: closing/disposal of Music business in 2018: Excluding this effect: +3,5% growth of Revenue at constant currency. Low impact in EBITDA

9M 2019 Operating Overview – Radio Spain & Radio LatAm

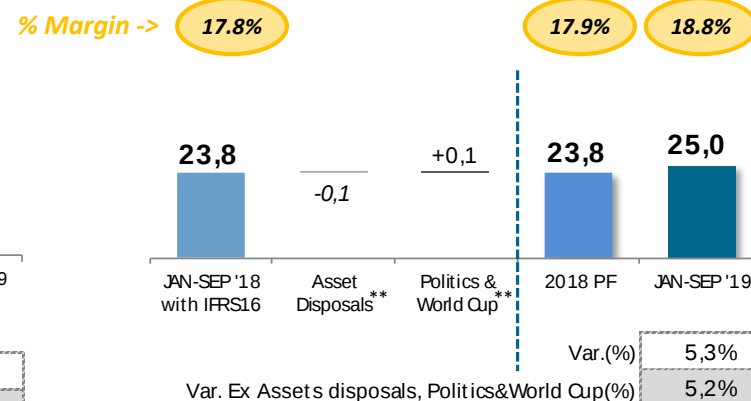
Radio Spain



Revenue evolution (Mn€) *



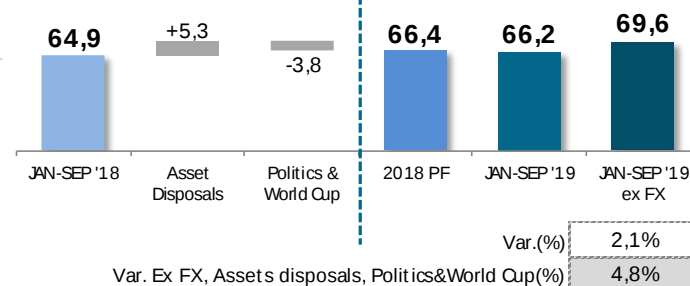
Comparable EBITDA evolution (Mn€) *



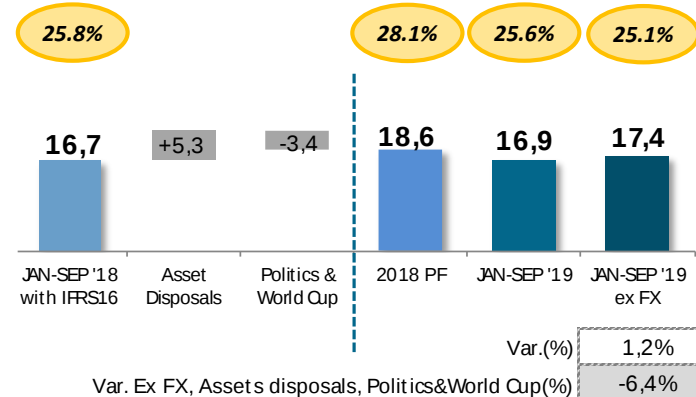
Radio Latam



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

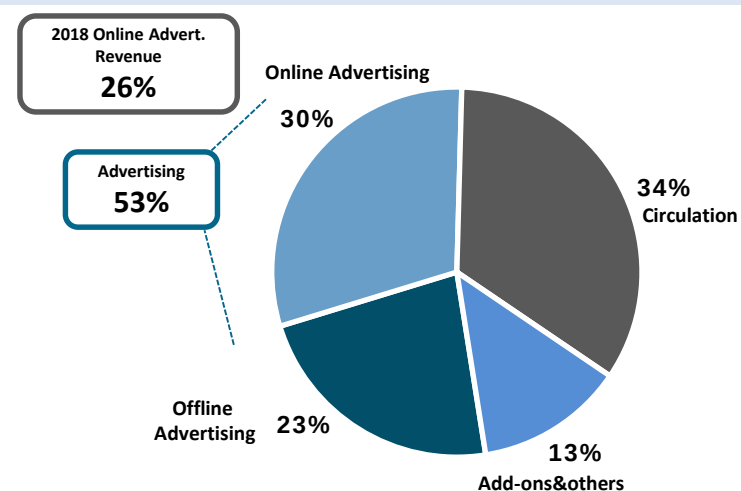
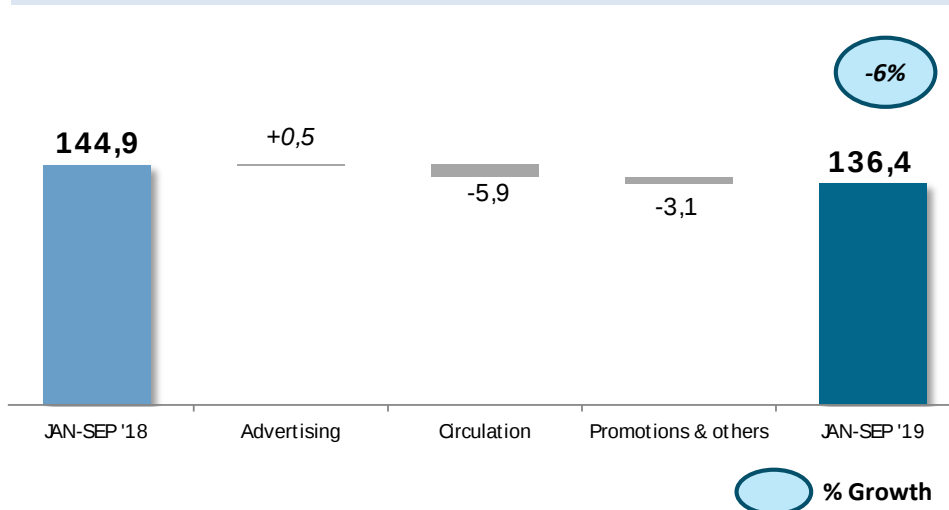
Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

* Spain figures exclude Music and others.

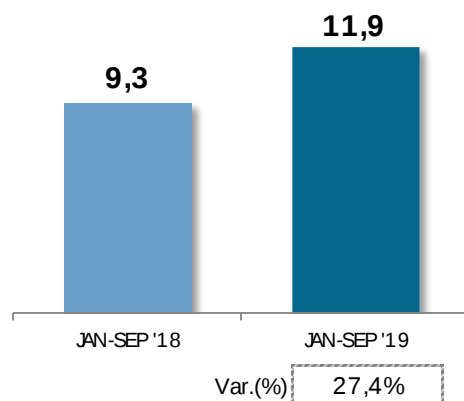
** Assets disposals, Politics (elections) and World Cup net impact 2019/2018

9M 2019 Operating Overview – Press ⁽¹⁾

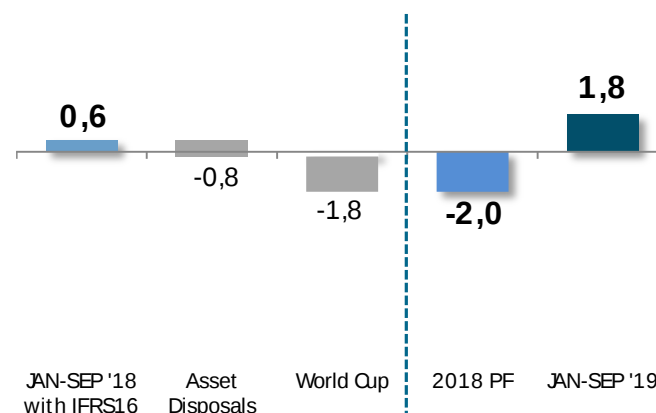
Revenue evolution (Mn€)



Circulation Margin Improvement (Mn€)



Comparable EBITDA evolution (Mn€)



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

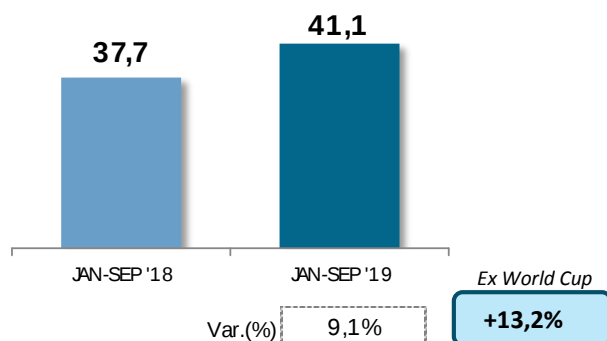
Note: EBITDA includes provisions in 2019 and 2018. The estimated IFRS16 effect has been adjusted in 2018 figures for a comparable basis.

⁽¹⁾ Press excluding PBS & IT.

9M 2019 Operating Overview – Press ⁽¹⁾

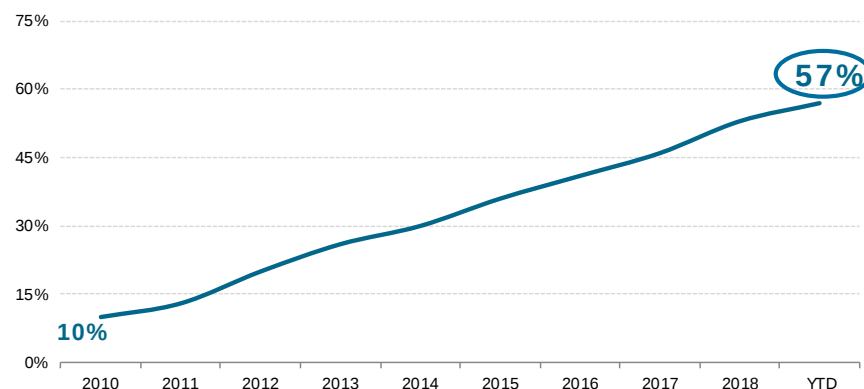
Online Advertising Revenue evolution (Mn€)

*Includes events



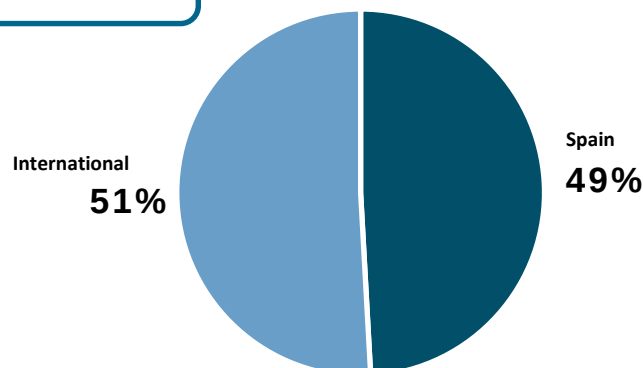
Online Advertising Contribution

*Includes events



Worldwide Audience El País.com (YTD)

84M Unique Browsers



Spain Digital Audience

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

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 excluding PBS & IT.

4 Summary

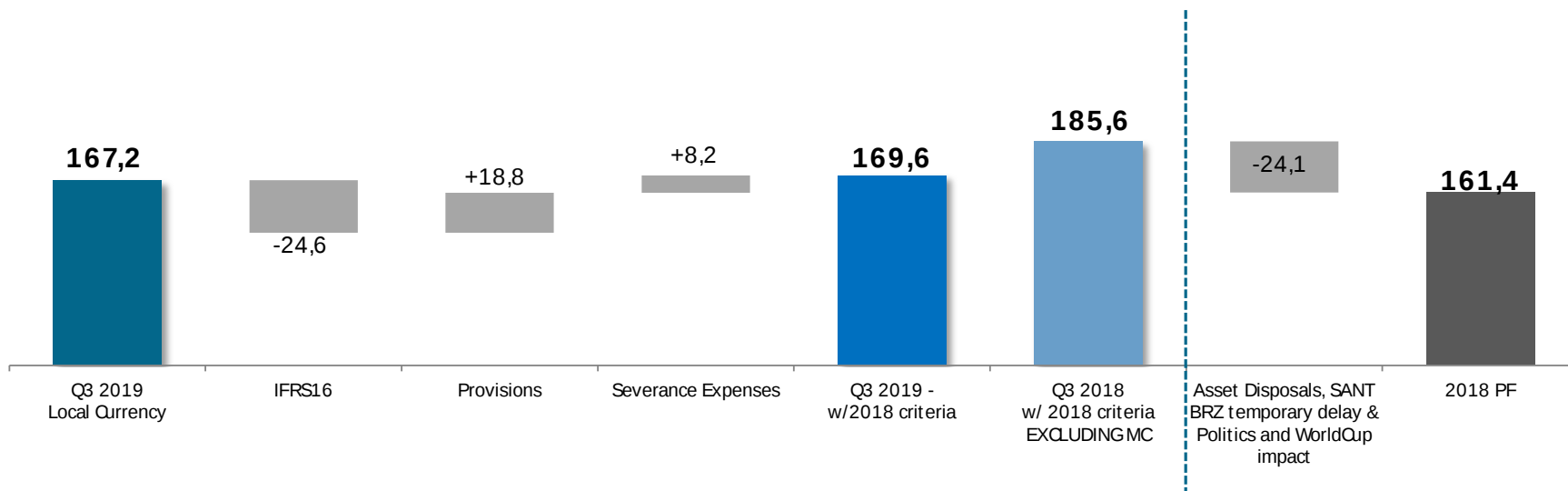
2019 9M Summary

- 1 Agreement reached to sell Media Capital
- 2 9M results in line with expectations and according to seasonality of the business
- 3 Management keeps focus on delivery
- 4 Strong EBITDA and cashflow generation expected in 4Q with supported visibility especially in Santillana
- 5 Company confirms FY19 Outlook

Appendix

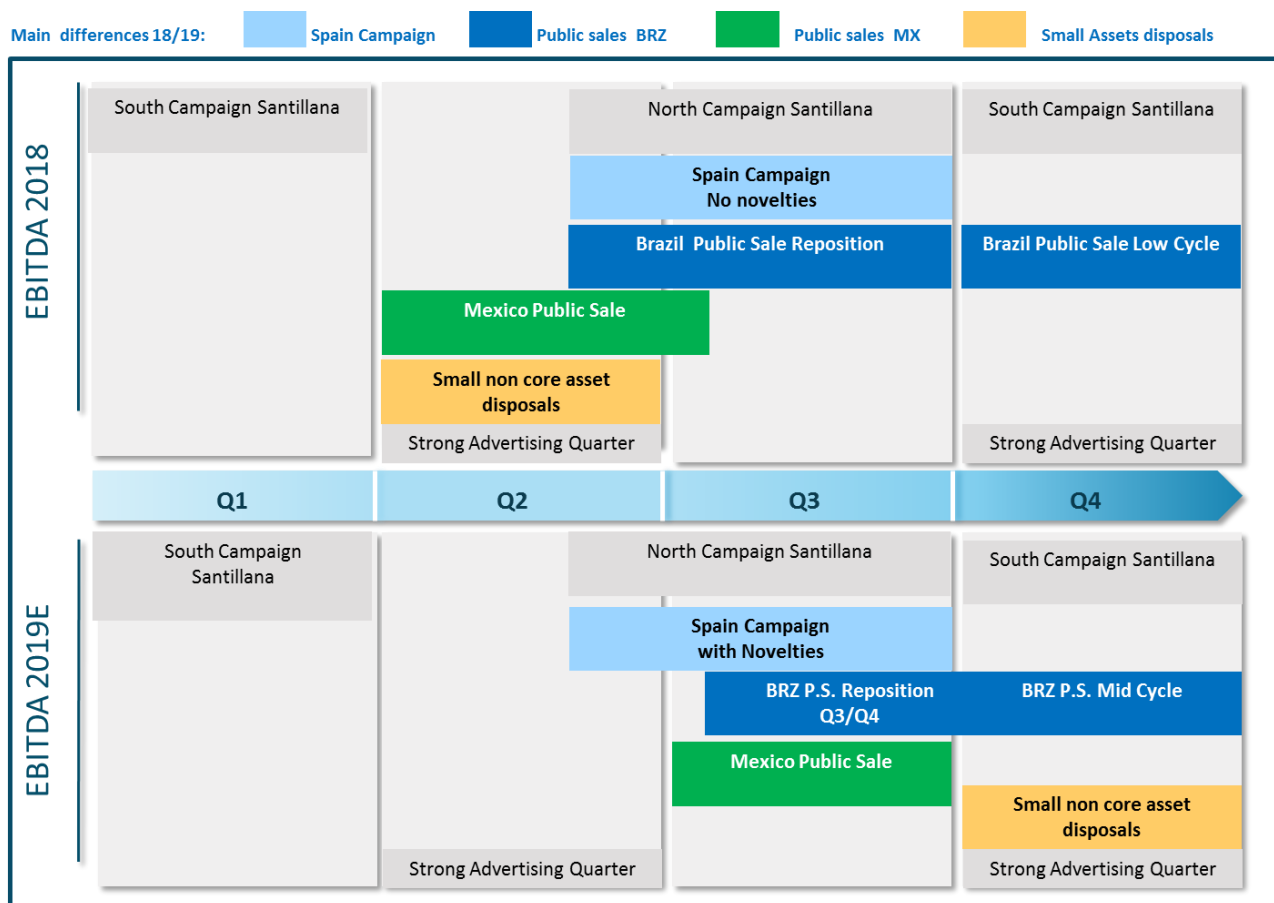
Group EBITDA bridge between 2018 reporting and 2019 reporting

3Q Group EBITDA bridge (Mn€)



EBITDA seasonality 2018/2019

Seasonality of business results in EBITDA fluctuations across the quarters. Despite following every year a similar patron, temporary effects may occur which make comparison non homogenous



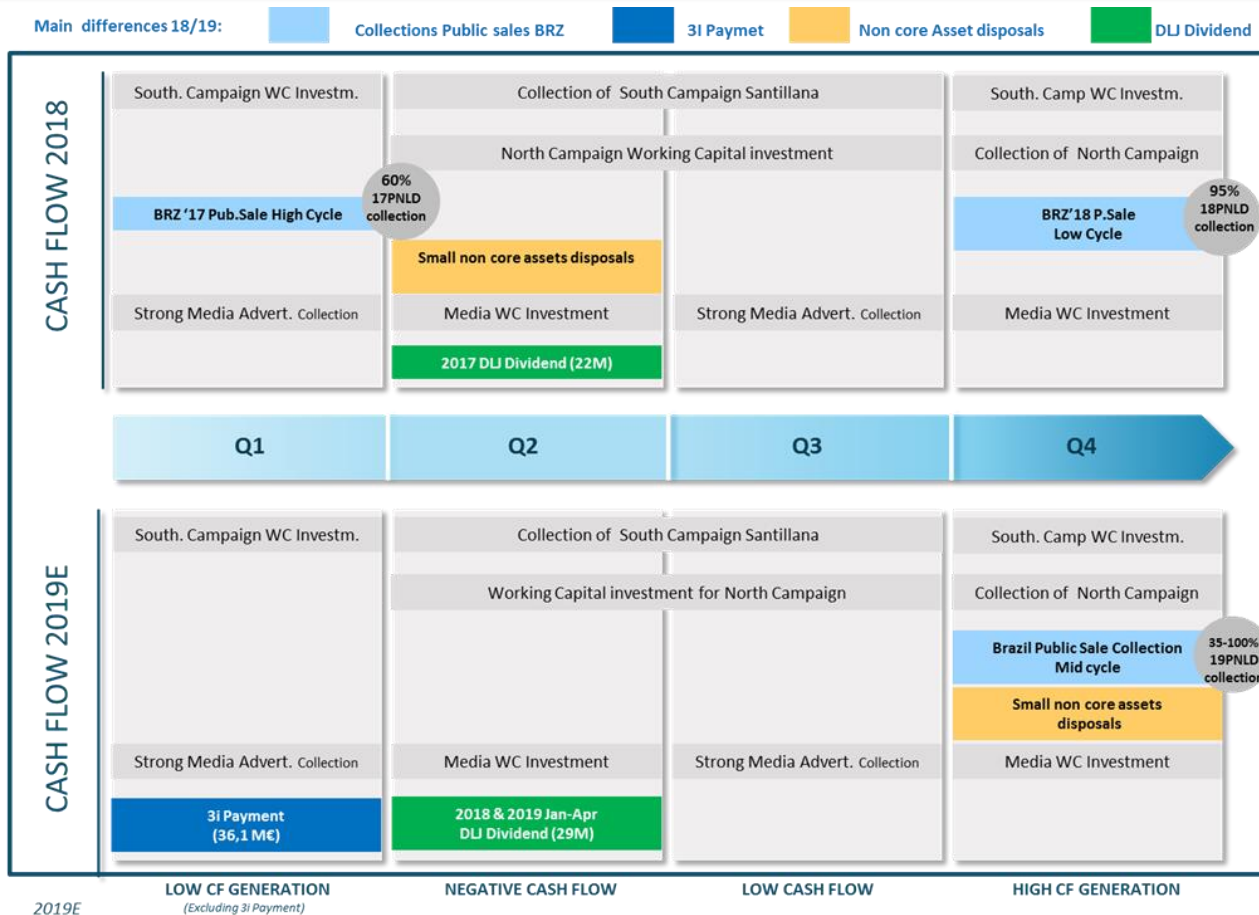
STRONG EBITDA GENERATION EXPECTED IN SECOND SEMESTER OFFSETING A FIRST HALF CONDITIONED BY TEMPORARY EFFECTS

Consistent with 2019 Outlook

In 2H2019, public sales in BRZ (repositions and medium cycle), public sales in MX, expected Media business performance and expected non core assets disposals, will more than offset first half temporary effects (reposition of public sales in BRZ and MX public sales), and the lack of non core asset disposals in first half

Cashflow seasonality 2018/2019

Cashflow follows revenue seasonality with collections taking place in the following quarter. Despite following every year a similar pattern, temporary effects may occur which make comparison non homogenous



STRONG CASHFLOW GENERATION EXPECTED IN SECOND SEMESTER OFFSETING A FIRST HALF CONDITIONED BY TEMPORARY EFFECTS

Consistent with 2019 Outlook

In 2H2019, public sales in BRZ (repositions and medium cycle), public sales in MX, expected Media business performance and expected non core assets disposals, will more than offset first half temporary effects (reposition of public sales in BRZ and MX public sales), and the lack of non core asset disposals in first half