



3Q 2020 RESULTS PRESENTATION

October 28th, 2020

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- 1 3Q2020 key highlights of the period
- 2 3Q2020 Group results
- 3 3Q2020 results by business unit
- 4 Key Takeaways

1 3Q2020 Key highlights of the period

3Q 2020 Key Highlights/Building the pillars of Prisa's future

1

Debt refinancing agreement



- Lock-up Agreement with the majority of Prisa's financing entities to amend and extend the current financial facilities
- Key agreed terms:
 - Extension of maturities until 2025
 - €400m repayment of existing syndicated loan
 - Increased Super Senior capacity. New liquidity line of c. €110m
 - Variable margin starting @ 5.5%. All-in average cost of c.7%
- Lock-up Agreement already approved by 79.7% of lenders to be processed by means of a Scheme of Arrangements if not approved by unanimity and expected to enter into force by H1 2021
- New financing package allowing management team to fully focus on business performance and operational excellence



2

Disposal of Santillana Spain



- Agreement with Sanoma Corporation to sell Santillana's business in Spain
- Enterprise Value of €465m
 - Implied multiple of 9.6x through the cycle EV / EBITDA¹ above the key precedent comparable transactions
- 100% cash consideration after deducting the net debt as of 30 June of €53m²
- Strong strategic rationale:
 - Allows Santillana to fully focus in LatAm, the market with the highest growth and value potential
 - Enables to achieve a long term and more sustainable capital structure
- Transaction subject Prisa's GSM approval, antitrust clearance in Spain and implementation of refinancing
 - Expected closing in H1 2021

3

Future roadmap

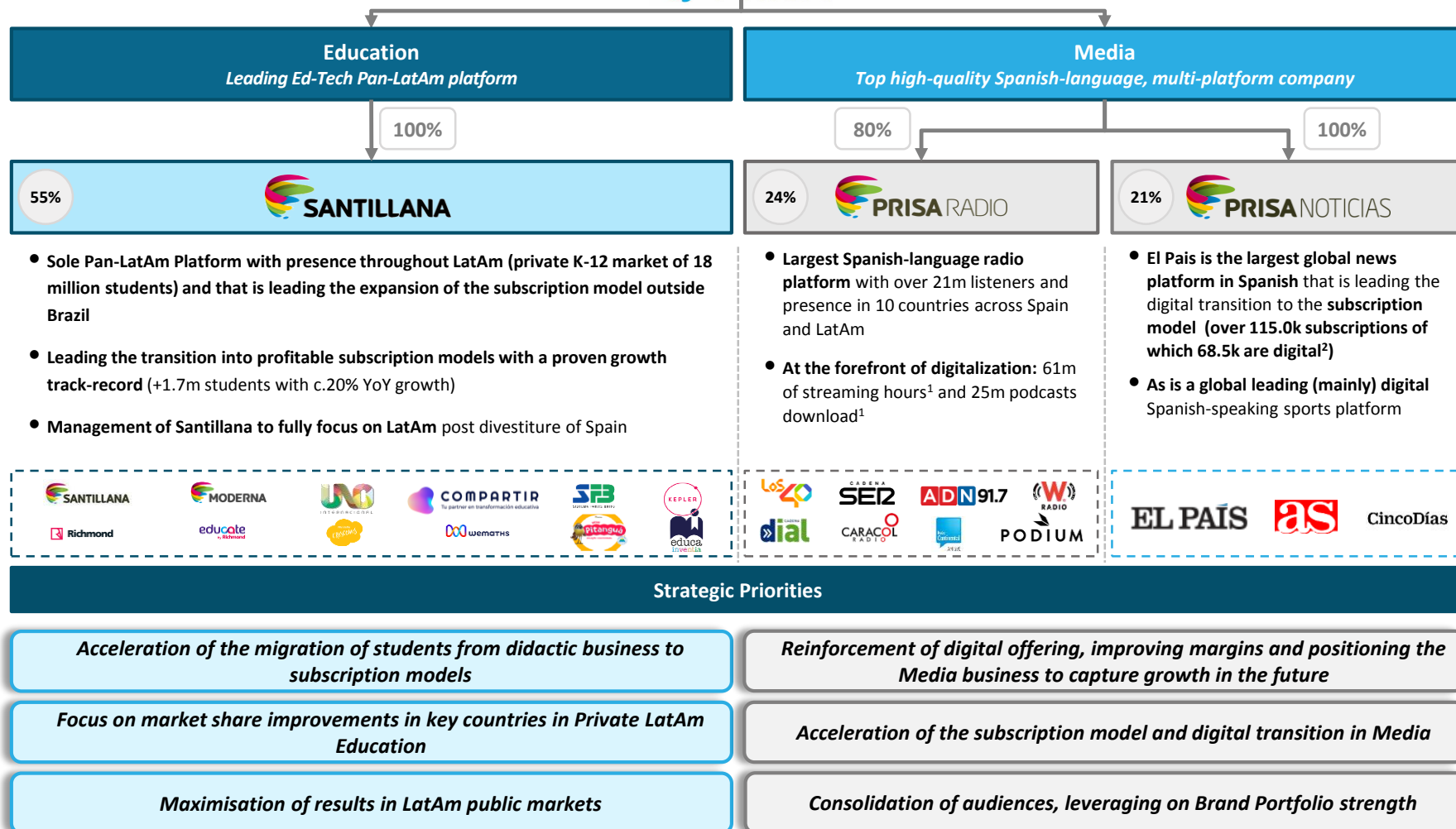


- The combination of both transactions represents a significant step forward in the Company's strategic roadmap, allowing Management to fully focus on the execution of the Company's strategy:
 - Unlock value embedded in its Ed-tech business in LatAm, with particular focus on subscription model
 - Reinforce the digital offering and the subscription model of its Media business

1. Based on an average EBITDA of €48.7m between 2017 and 2019

2. Based on a locked-box mechanism as of June 2020

The new Prisa/Optimally positioned to start building on the future roadmap



1. Average figures as of September
 2. As of September 2020
 3. Proforma for the sale of Santillana Spain. Excludes corporate and others

% Ownership

% of Group Proforma³ Revenue LTM Q3'20

3Q 2020 Key Highlights

KEY OPERATING HIGHLIGHTS

1 9M2020 EBITDA reached €82Mn vs €165Mn previous year (-50%/-47%LC)

- **9M results were impacted by COVID-19 specially in the media business** in line with market performance
 - **Strong cost control in all business areas fulfilling the contingency plan put in place**
 - **Continued digital growth in the period.** The number of Santillana's subscription model students increases by 20% to 1,726,000, EL PAÍS reaches 117,421 subscribers (71,021 digital exclusives) and the Radio reaches 61.2 million hours of streaming consumed (+12%) and 25.4 million podcast downloads (+63%) in September
-
- **Education: Resilient performance in a difficult environment with physically closed schools in most countries** Margins maintained with revenue decline in local currency of 6.5% (-14.9% in euros). Total number of students in subscription models increase by 20% to surpass 1.726.000. Subscription model growth and public sales performance partially offset Spain (lack of relevant novelties in 2020) and the decline in the didactic business in Latam affected by the difficulties of the current environment and by the transition to subscription models
 - **Media: Radio and News showed weak performance in the period in line with market performance** with revenue declines of 37.6% and 25.8% respectively on the back of advertising and circulation declines being the 2Q the worst quarter in the period
 - Radio controls its costs and keeps progressing on its strategy of developing new audio digital content with streaming and podcast downloads continuing increasing
 - A step forward in the News business model with the launching of El PAÍS paywall in May reaching as of today 71,021 digital exclusive subscribers (117,421 total subscribers base) with an ARPU c 9 euros. Digital model becoming more robust and scalable with 41% of total News revenues already digital

Perimeter effect: The results of the 9 months of 2020, include Media Capital as a discontinued operation. Santillana Spain remains within the scope of the results of the first 9 months of the year. After the announced sale operation, it will be registered as discontinuity from October, 2020.

KEY OPERATING HIGHLIGHTS

2 Disposal of remining stake in Media Capital (64.47%) for €36 Mn

- Waiver form creditors required already received
- Expected to be closed by year end

3 Fulfillment of the 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
- More of 80% of total plan already executed
- By year end, the savings plan will surpass the 40 million committed.

4 Fx impact in revenues of -44Mn and in EBITDA of -5.4Mn mainly in ARG, BRZ and MXC

5 Net result affected mainly by impairments from the sale of Media Capital amounting to 77 million euros, by the impairment of all the outstanding tax credits in Spain amounting to 64.5 million euros and by impairments to radio assets in Mexico and Chile amounting to 21.9 million euros.

6 Net Debt at the end of the period stood at 1.107 Bn vs 1.061 as of December 2019

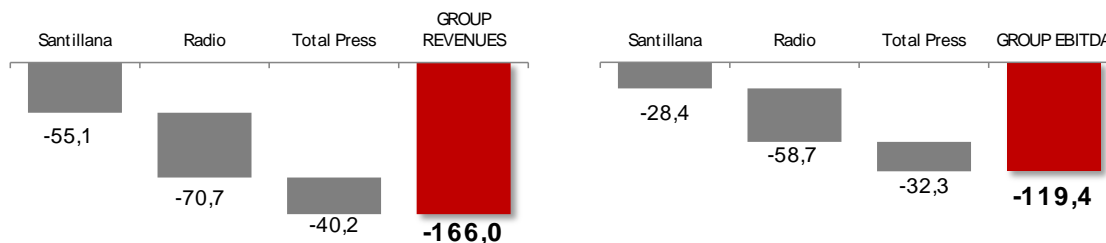
- Net debt EBITDA ratio of 7,8x or 6,7x proforma the announced transactions

KEY HIGHLIGHTS

7 In 9M2020, Covid -19 had an estimated negative impact in revenues of €166Mn and in EBITDA of €119Mn

- 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 has withdrawn FY2020 outlook announced to the market at the end of February. For Q4, it is expected that Media advertising will continue with falls similar to the market and that Education will be affected by the evolution of the exchange rate, by the absence of novelties in the public purchase in Brazil and by the beginning of the southern campaign that could be influenced by not opening schools physically

COVID-19 ESTIMATED IMPACT IN 3Q2020 REVENUES & EBITDA



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

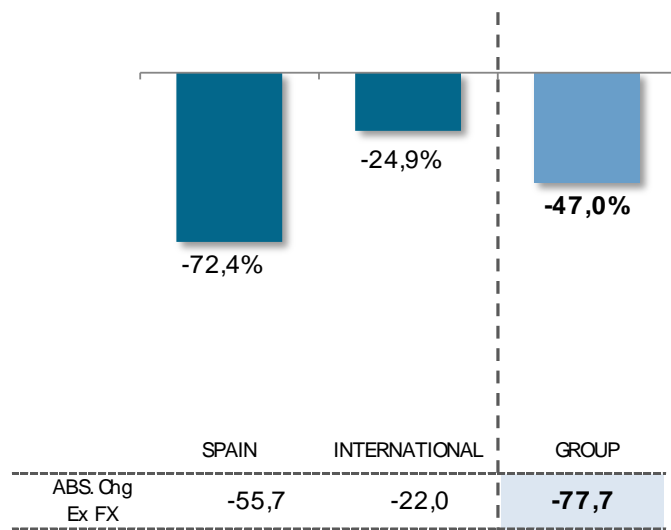
2 3Q 2020 Group results

3Q 2020 Operating Overview

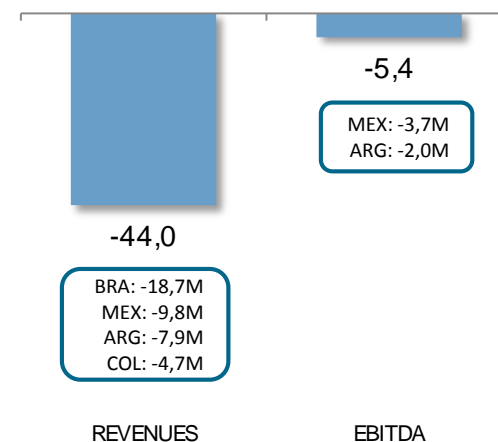
€ Millions	JAN-SEP 2020	Var. 20/19 on constant ccy		Var. 20/19	
REVENUES	616	-17,2%	-136,9	-22,7%	-180,9
EXPENSES	534	-9,4%	-59,2	-15,5%	-97,8
EBITDA	82	-47,0%	-77,7	-50,3%	-83,1
<i>EBITDA Margin</i>	13,3%	-7,5%		-7,4%	
EBIT	19	-83,2%	-83,7	-81,2%	-81,7
<i>EBIT Margin</i>	3,1%	-10,1%		-9,6%	

EBITDA Variation (%) at constant currency

Var Local Currency



FX Effect (m€)



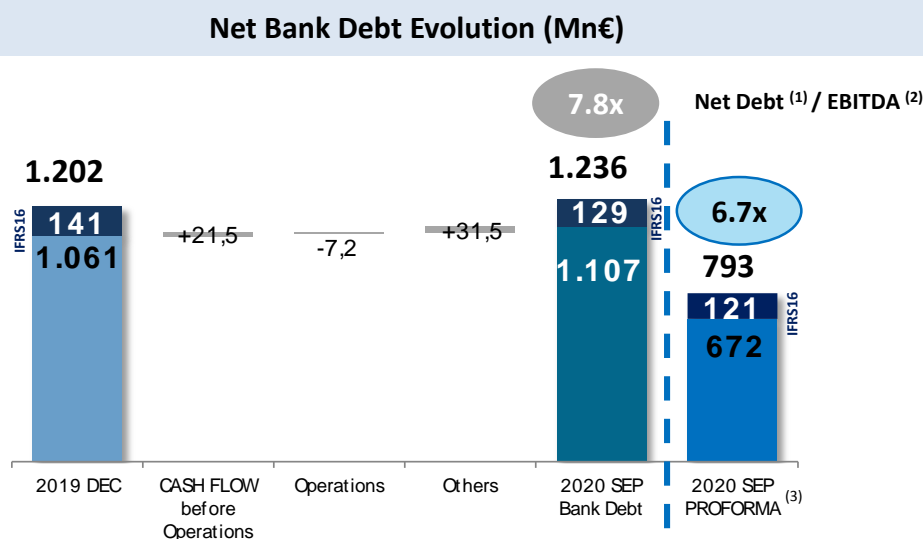
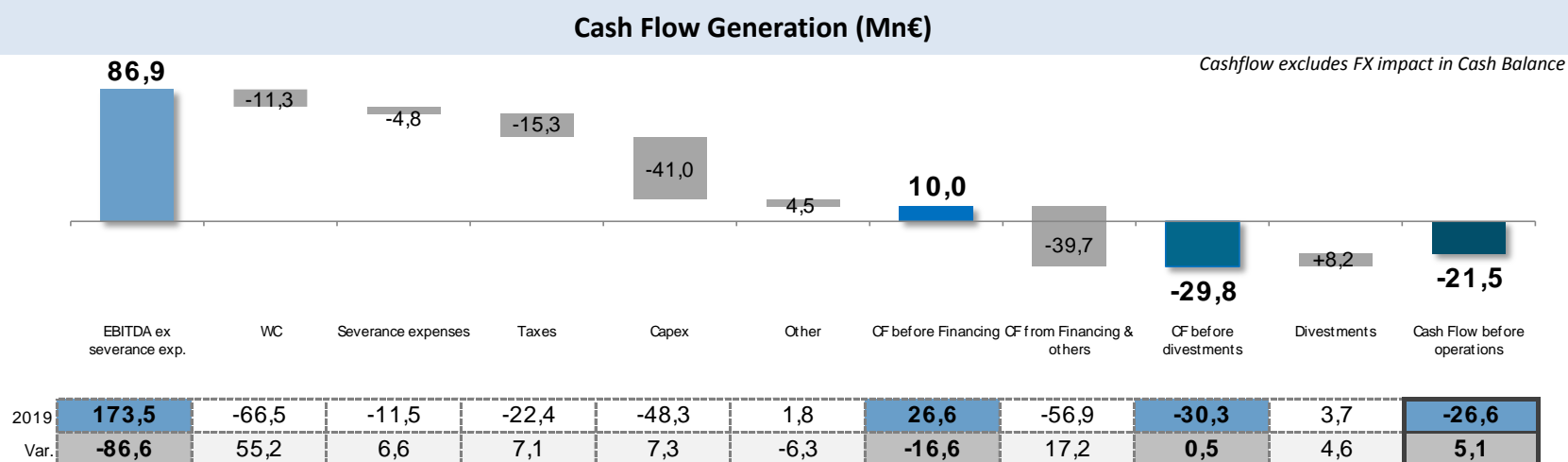
3Q 2020 Operating Overview – Net Profit

€ Millions	2020	2019	% Chg.
Reported Results			
1 Reported EBIT	(0,1)	49,6	---
EBIT Margin	0,0%	6,2%	
Financial Result	(59,7)	(61,4)	2,9
Interests on debt	(52,9)	(44,2)	(19,8)
Other financial results	(6,8)	(17,3)	60,8
2 Result from associates	(6,8)	1,1	---
Profit before tax	(66,6)	(10,7)	---
3 Income tax expense	80,4	29,6	172,1
4 Results from discontinued activities	(76,5)	(69,9)	(9,5)
5 Minority interest	(14,2)	0,3	---
Net Profit	(209,3)	(110,4)	(89,5)
MCimpairment	77,3	76,4	
Mediapro ruling		40,8	
Tax impairments	64,5		
Radio Assests impairments	21,9		
Comparable Net Profit	(45,6)	6,8	---

€ Millions	2020	2019	% Chg.
Impairments and Mediapro ruling			
1 Reported EBIT	(0,1)	49,6	---
Radio Assests impairments	19,0		
Mediapro Rulling		51,0	(100,0)
Comparable EBIT	18,9	100,6	(81,2)
2 Result from associates	(6,8)	1,1	---
Radio Assests impairments	8,4		
Comparable Result from associates	1,6	1,1	38,8
3 Income tax expense	80,4	29,6	172,1
Tax impairment	(66,2)		
Comparable Income tax expense	14,2	29,6	(51,9)
4 Results from discontinued activities	(76,5)	(69,9)	(9,5)
MCimpairment	77,3	76,4	1,2
Comparable Results from discont. activities	0,8	6,5	(88,2)
5 Minority interest	(14,2)	0,3	---
Tax impairment	1,7		
Radio Assests impairments	5,5		
Mediapro Rulling		10,2	(100,0)
Comparable Minority Interest	(7,0)	10,5	---

Net profit result impacted by non cash tax and assets impairments mainly as a result of Covid 19

3Q 2020 Operating Overview – Cash Flow Generation



Strong liquidity with €230 Mn cash at the end of the period including €99Mn of revolving lines

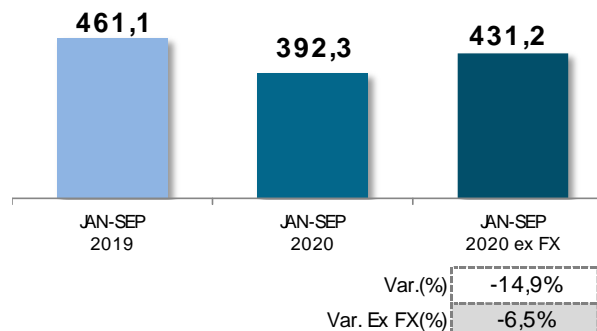
(1) & (2) Includes IFRS16 effect

(3) Includes Santillana Spain & Media Capital disposal

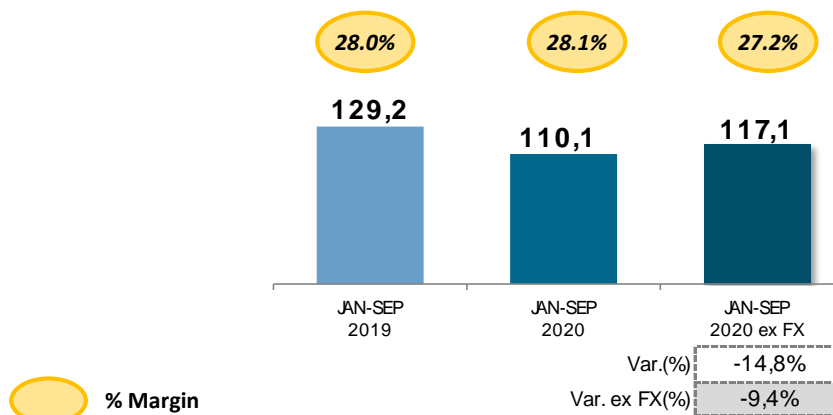
3 3Q 2020 results by business unit

3Q 2020 Operating Overview – Santillana

Revenue evolution (Mn€)



EBITDA evolution (Mn€)



Resilient performance with margins maintained in a difficult environment with most of schools physically closed impacting the didactic business in some countries of the southern and northern area with FX impacting negatively mainly in Argentina, Brazil and Mexico

3Q 2020 Operating Overview – Santillana

Revenue evolution (Mn€)

€ Millions	JANUARY - SEPTEMBER			
	2020	2019	% Chg.	% Chg.LC
Education sales	389,1	457,3	(14,9)	(6,5)
Private Latam	195,5	258,8	(24,5)	(15,3)
Traditional	92,3	156,7	(41,1)	(35,0)
Subscription model	103,2	102,0	1,1	15,0
Public sales	68,3	47,4	44,1	75,4
Spain*	125,2	151,1	(17,1)	(17,1)
Other revenues	3,3	3,8	(14,7)	(8,3)
Operating Revenues	392,3	461,1	(14,9)	(6,5)

- **Private Latam** performance driven by strong performance of subscription model with didactic sales being affected by the difficulties of the current environment with most of schools physically closed
- **Public sales** performance supported by pending public sales corresponding to Brazil 19PNLD1(1) and by the registration of repositions in Q3 which last year took place in Q4
- **Spain sales performance** driven by lack of significant novelties in 2020

Resilient performance overall supported by the strong growth of subscription model and the good evolution of public sales in Brazil which partially offset i) the didactic business performance affected by the difficult environment ii) Spain being 2020 a year with lack of significant novelties

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

*Spain includes €5.2 Mn in 2020 and €4.6Mn 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)

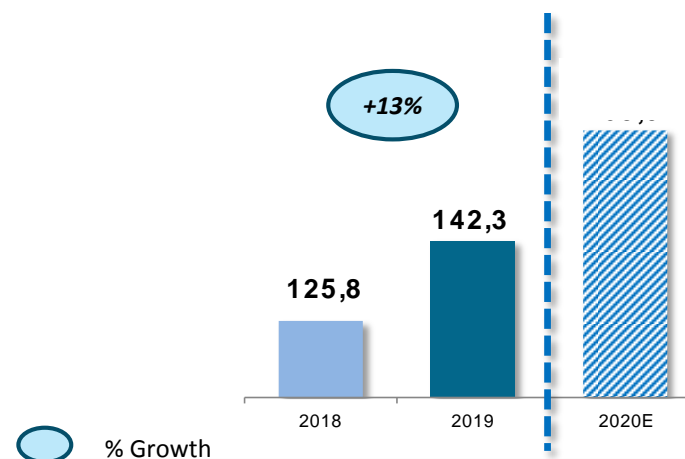
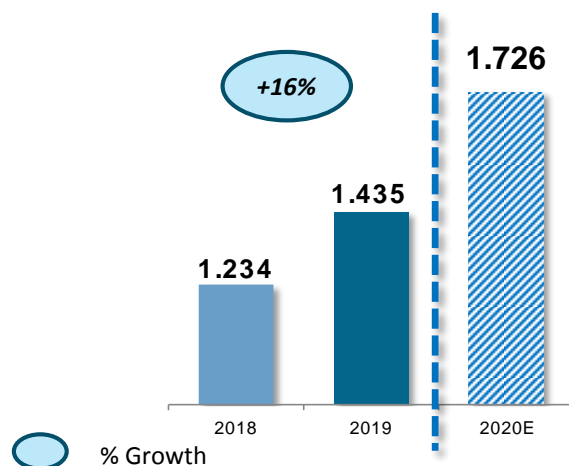
Higher contact and Knowledge of final client (90% renewal rate)

Fully invested digital platform with high growth potential



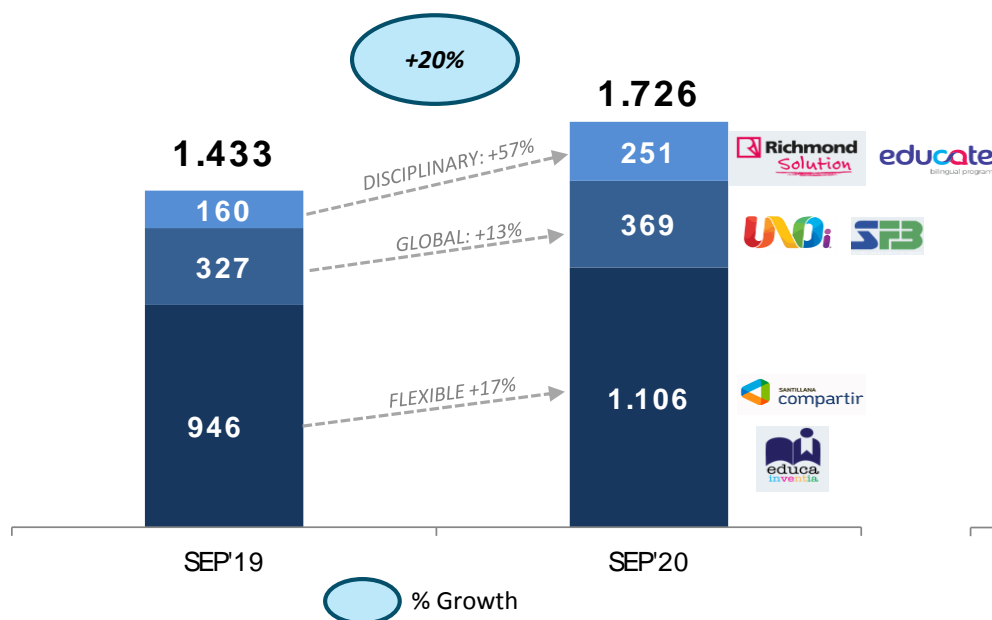
Subscription model /Number of Students (000's)

Revenues Evolution (m€)

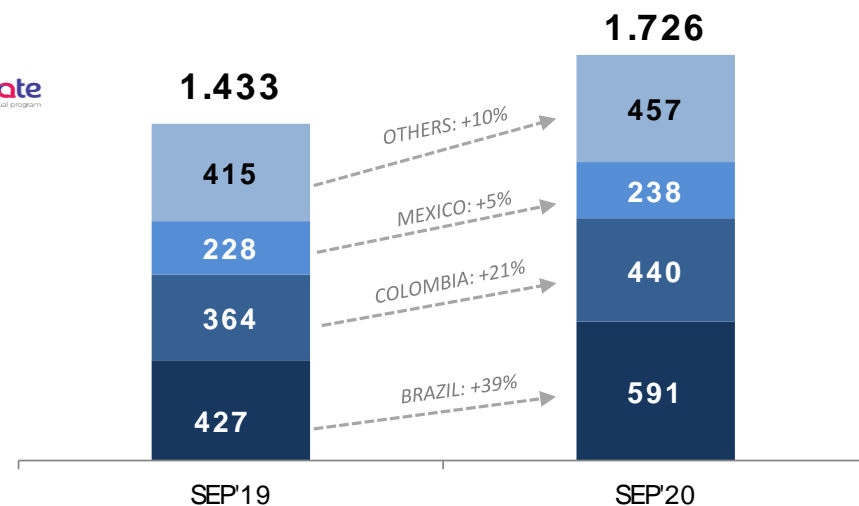


Strong performance of Subscription models with a strong growth already committed for 2020.
Brazil grows its number of students by +38% to 591K ahead of competitors

Subscription model
Number of Students (000's)



Students evolution 19/20
by country (000's)

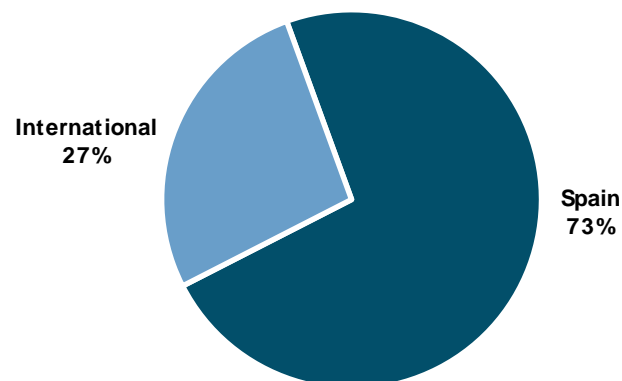
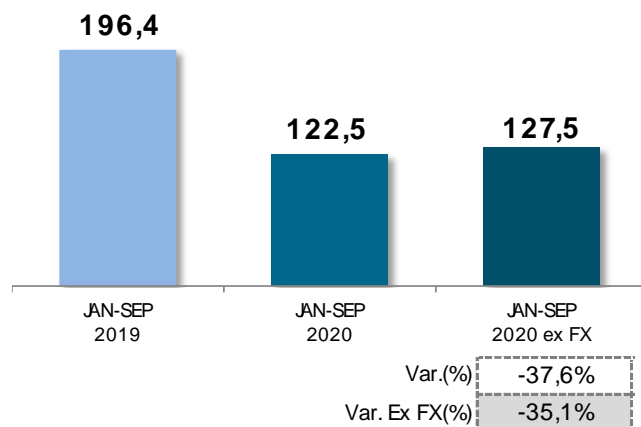


- Santillana has guaranteed school activity in total normality through its platforms and digital resources during pandemic
- Users and content consumption has increased exponentially
- Covid-19 is representing a fundamental change in Education accelerating the shift towards digital of both teachers and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

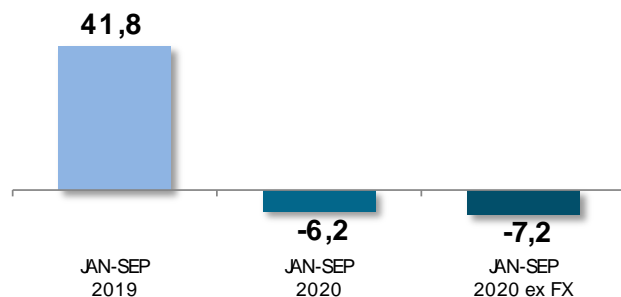
Strong performance of subscription models

3Q 2020 Operating Overview – Radio

Revenue Evolution (Mn€)



EBITDA Evolution (Mn€)



TLH and Podcast downloads reaching record levels

Millions	SEPTEMBER		
	2020	2019	% Chg.
TLH			
Spain	28,4	24,7	15%
International	32,8	30,1	9%
TOTAL	61,2	54,8	12%
PODCASTS DOWNLOADS			
Spain	17,4	8,9	96%
International	6,4	5,5	15%
TOTAL	23,8	14,4	65%
PODIUM PODCAST			
TOTAL	1,6	1,2	39%

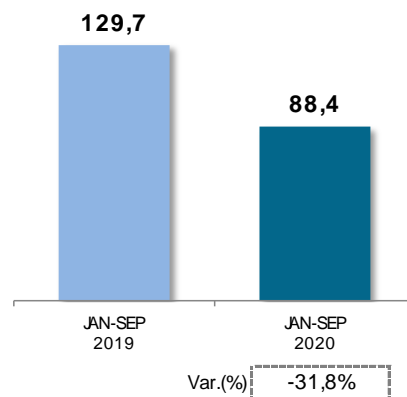
Business affected by declines in advertising market both in Spain and Latam due to COVID-19 crisis with focus in digital audio content development increasing the streaming and podcast downloads

3Q 2020 Operating Overview – Radio Spain & Radio LatAm

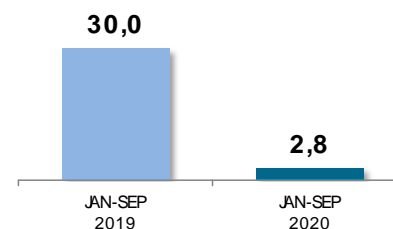
Radio Spain



Revenue evolution (Mn€) *



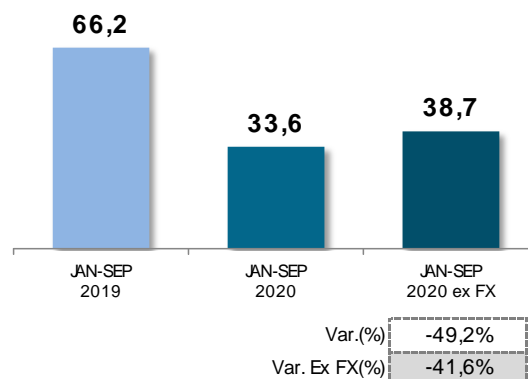
EBITDA evolution (Mn€) *



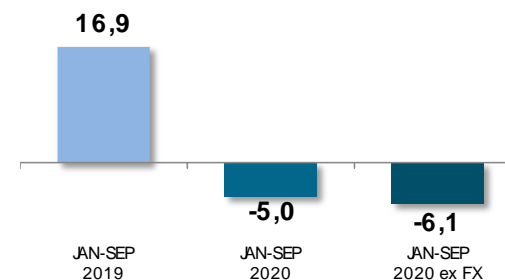
Radio Latam



Revenue evolution (Mn€)



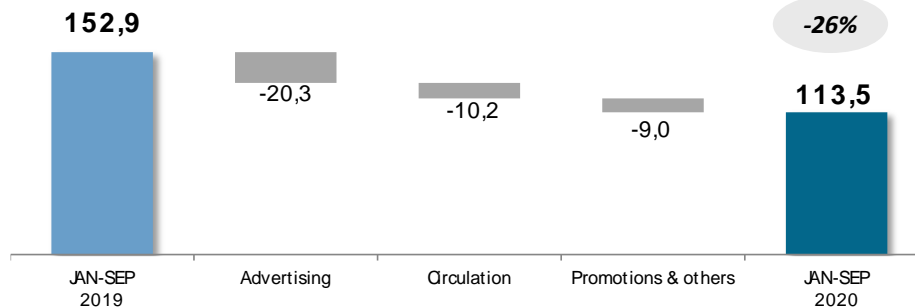
EBITDA evolution (Mn€)



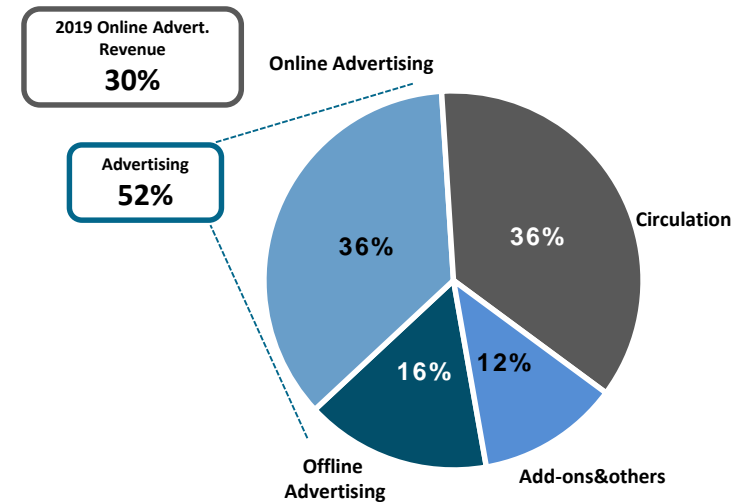
* Spain figures exclude HQ, Music and others.

3Q 2020 Operating Overview – News ⁽¹⁾

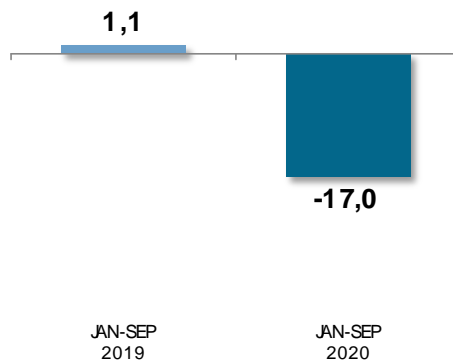
Revenue evolution (Mn€)



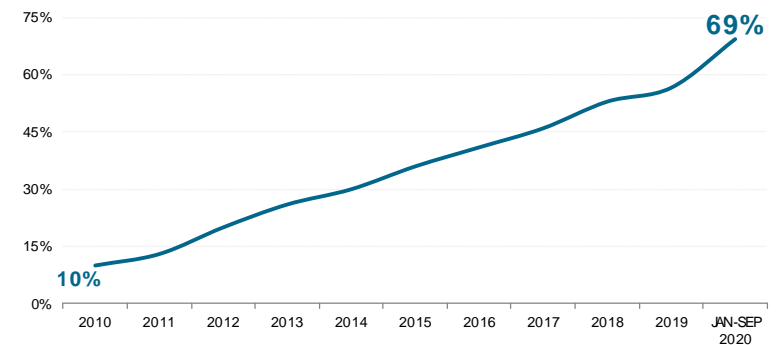
Press Revenues breakdown (excluding PBS&IT)



EBITDA evolution (Mn€)



Online Advertising Contribution



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

⁽¹⁾ News including PBS & IT.

3Q 2020 Operating Overview – News ⁽¹⁾

PAYWALL LAUNCHING OF EL PAÍS

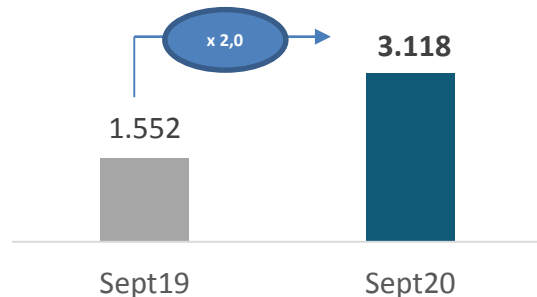
KEY HIGHLIGHTS

- Launching of registration model in July 2019
- Launching of paywall model 1st of May 2020
- **3,1Mn** readers registered
- **71,021** digital exclusive subscribers
- ARPU c **9 €**

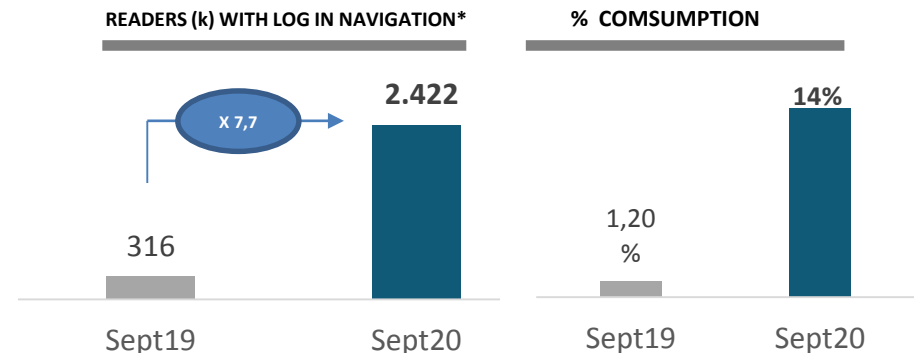
TYPE OF DIGITAL SUBSCRIBERS ONLY



REGISTERED READERS (k)



LOG IN NAVIGATION



* 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 Key Takeaways

3Q 2020 Key Takeaways

- 1** The agreements reached on refinancing and disposal of Santillana Spain provide flexibility and liquidity to implement company's roadmap focused on unlocking value in its Ed-tech business in Latam with particular focus in subscription models and reinforce the digital offering and the subscription model of its Media business
- 2** Fulfillment of the contingency plan in place to mitigate negative impacts from pandemic
- 3** Digital boost with strong growth in subscription models
- 4** 9M Results evolution impacted by COVID-19 with resilient performance in Education and media businesses being impacted by advertising and circulation declines in line with market performance
- 5** PRISA sets the framework for a future separation of the Education and Media businesses