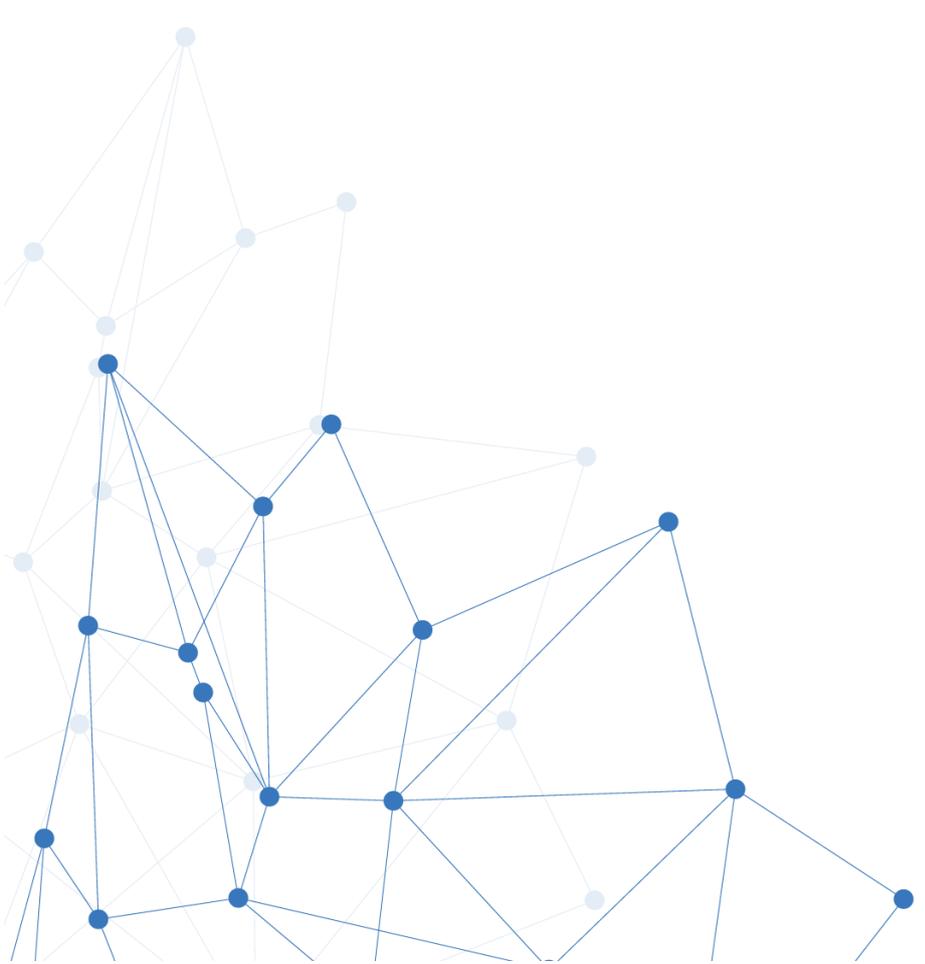


CONFERENCE CALL TRANSCRIPTION

13 MAY 2019



LUIS ENRÍQUEZ

Good morning and many thanks for attending Vocento's 1Q19 conference call. Our results are fully in line with everything we said at last month's Investor Day, with revenues rising by 3.6%. Of course the acquisition of AutoScout24 at Classifieds has helped, but with a constant scope our revenue growth was 1.8%. This is very significant for us, as we are completely focused on the development of our top line. We have spoken before about our control of costs and our ability to keep costs down and generate efficiencies. But the future depends on growing the revenue line, as we discussed at our Investor Day.

The 10.6% rise in advertising becomes 4.4% if we exclude AutoScout24 and other revenues which were not booked as advertising revenues before but which belong here. In contrast, the market has been flat, with growth of 0.2%. This validates the advertising strategy we discussed at the Investor Day. With a 29.3% rise in digital advertising we are focused on a high-quality inventory, on programmatic advertising, and on data as the basis of the performance of advertising in the future.

At the same time we have been able to maintain margins on circulation revenues, with a slight decrease of 300,000 euros in the margin offset by a better result from the print plants. So in terms of circulation and our industrial business we are more or less stable. This is thanks to the efforts that we have been making in recent years to maintain our industrial and logistics margins and the margin on circulation. Furthermore, the decreases in circulation revenues are the lowest that we have seen in recent years, and not only because of the control of marginal costs and of fixed costs because of the agreements reached with the print plants in Madrid and Levante. This has led to an improvement in comparable EBITDA of around one third, if we exclude the impact of IFRS 16, or almost 14% with this impact, supported as I say by revenue growth.

As we explained in our Investor Day, the other main focus of the group, and one which has an impact on advertising that we are aware of, is paid content and paywalls in our regional newspapers. We have launched this service, as we promised, in two more newspapers. So we are continuing to move all our regional newspapers towards a paywall before 1Q next year. As we said at the Investor Day, we expect that the fall in net advertising because of the reduction in inventory due to the paywalls will be offset from the middle of 2020, when the impact of subscription revenues will make up for any loss in advertising as a result.

Cash generation in 1Q was a little higher than we expected, as is now standard. We generated 12.5 million euros of cashflow, with debt of 46.9 million euros following the application of IFRS 16, and a debt ratio of around 1x EBITDA.

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I will now hand over to Joaquín, who will give you more financial information and details about the results, and I will of course be back to discuss any information you may need in the Q&A.

JOAQUÍN

Many thanks Luis. As always, I will give a very quick overview of the different businesses and then the P&L of the group.

Basically, in the regional press, EBITDA has been flat, with an impact of 0.2 million euros from IFRS 16. There was an increase in commercial costs, because as we have said before advertising incurs higher sales expenses now and has an impact on expenses, while we continue to make savings in personnel expenses.

At ABC, there was a significant rise in comparable EBITDA in 1Q, even excluding the effect of IFRS 16. As Luis said, there has been an increase in the margin on circulation. This is a result of a relatively small decrease in circulation, of just 0.8%, which was more than offset by cost savings in the industrial part of the business. This is good news for ABC, combined with a substantial rise in advertising.

At Classifieds, the performance has been solid. Excluding AutoScout24, and on a constant scope, there was a strong increase in advertising and in comparable EBITDA. It should be noted that integration costs were incurred in 1Q and we have not created the synergies yet, which will come from 2020. This is more of a year of transition, with integration costs borne but with synergies to come from 2020.

At group level, as Luis said we have a rise in EBITDA of 2.2 million euros, which is very significant. In the press there was an increase of 1.3 million euros, driven by the strong performance of advertising. There was a slight increase in personnel expenses in the press, because in the printing area we have increased staff numbers as a result of new business, but the performance by the press was very satisfactory. In other businesses, there were improvements at Classifieds and a small decrease in Audiovisual because of Content, as is now normal. Turning to our new businesses, there was a decrease of 0.1 million euros because of a flat performance at MadridFusión and the impact of the costs of GSR, a small gastronomy company we bought at the end of last year, but so far without revenues because its events take place in June and October. The revenues will come, but for now we have only the costs, hence the decrease by 0.1 million euros. But all in all, the company's EBITDA performance was very positive in 1Q.

In terms of cash, the result was also good. There was a very good performance from working capital, with strong receivables and higher payables because of the inventory, but 8.9 million euros received in working capital. This is lower than last year, when we benefitted from an exceptional impact of 3.4 million euros which we

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discussed at the time, being paid in the quarter for what we sold in 4Q of the previous year. The performance of ordinary cash flow was very solid, 12.5 million euros, and without the impact of IFRS 16 and extraordinary net debt would have fallen to 30 million euros. With compensation payments of 3.8 million euros, the effect of IFRS 16 and other related extraordinary such as a 1.25 million euros payment linked to AutoScout and another payment related to the Summit Institute, the final figure was 47 million euros, or 1x NFD/comparable EBITDA, including IFRS 16.

As Luis said, we are very happy with the topline performance in the P&L. It is a milestone for our company to maintain our topline, and something we are focused on maintaining in coming quarters. There have also been improvements in profitability at all levels, including comparable EBITDA, EBIT and also at the bottom line, where we have reduced losses significantly.

The impact of IFRS 16 on the P&L was 780,000 euros, with improvements achieved in all other areas.

And with that look at our positive results, we will now open the call to any questions you may have.

Q&A SESSION

FERNANDO CORDERO- BANCO SANTANDER

Hello, good morning, I have just one question. I would like to understand the performance of the regional press in 1Q. Advertising revenues have been positive and you discussed the industrial margin, but despite this 5% rise in revenues we have not seen any operational gearing in the contribution of the regional press in 1Q. Why have we not seen this gearing? Thanks.

L.E.: Thank you Fernando. What is happening, as the presentation shows, is some increases in commercial costs. Unlike at ABC and national digital advertising, advertising at the regional press reflects the efforts that we are making at ON+ and the new resources we are hiring, especially specialists in subscription businesses and in data and direct marketing. Additionally, local advertising is maintaining its performance based on higher commercial costs, basically the costs of Local Digital Kit for each newspaper. As the project matures and reaches cruising speed, we will begin to see the results, but for now this is not the case. The good news is that our efforts are resulting in slight increases in margins.

F.C.: Ok, thanks

JAMES MCKENZIE - FIDENTIIS

Hello good morning. My first question is about the seasonality of the business. Could you give us a number for advertising and circulation for the first four months, so we could understand the impact on advertising of the timing of Easter and how negative Easter was for advertising?

And secondly, we have seen strong growth in digital revenues for two quarters now. I would like to understand why these revenues are suddenly spiking and whether we should expect similar growth rates in the next two quarters of the year.

L.E.: Thanks James. I will try to answer your question, but let me know if you need any more detail.

Advertising in April. On the one hand we have our targets, on the other the comparison with the prior year. The good news is that we reached our targets in a month affected by general elections, which were not expected when we did our budgeting for the year. In advertising terms, having general elections in April is not positive, with no beneficial consequences for circulation, so in terms of the comparison with the prior year in theory the comparison should be very poor. The combination of elections and Easter is not good. In April we recorded very low single digit growth for group advertising with a constant scope. I committed to give out guidance and there it is. But I repeat that the fact that we have met our targets is very good news.

As I said there has not been any major positive impact on circulation. The days of strong impacts from elections and other events are over. Maybe on election day and the day after, but that is it. We are complying with our targets here too, and circulation revenues are in line with what we reported for 1Q.

I do not remember your second question.

J.MK: Basically digital advertising began to grow strongly in 4Q18 and continued into 1Q. How do you see the next two quarters, which will complete a full year? Will the rate of growth be the same as now?

L.E.: Last year advertising improved over the course of the year. The last quarter benefitted from all the commercial actions we were working on in preceding months, the work on high-quality inventories, the search for viability, our work in the programmatic area, developments in video and data, etc. So the percentages that we are seeing for the first nine months will certainly be higher than in the last quarter. In the final quarter, growth will continue to be strong, mainly at national advertising, although ON+ is affecting us. I will not repeat this because you are all aware of it.

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Having said this, as I just noted, growth rates in April and May, affected by the national elections in April and the regional and European elections in May, will weaken the performance somewhat compared to last year. But both months will meet our targets. So digital advertising growth will be strong, the foundations are there and the underlying performance will be solid.

We are also expecting the CNMC resolution about our programmatic marketplace with Prisa and Godó, which will help us reduce intermediation costs, raise prices, etc. Everything we discussed at our Investor Day remains the same and we are meeting our targets.

J.MK.: Do you have any visibility about the CNMC decision?

L.E.: None at all. If I had, I would share it. We have provided them with all the information they need and now we are waiting.

J.MK.: Great, congratulations. Thanks.

L.E.: Thanks, James.