

DIGITAL TRANSFORMATION

Vocento is working on a series of digital initiatives focused on future developments for its titles. We are focused on two main areas of digital content; firstly, on adapting to the multi-device environment for consuming content, and secondly, on improving our understanding of the users as a key to developing our business. We are also continuing to develop Kiosko y Más, a premium platform with enriched audiovisual content, and we are stepping up our search for new sources of digital revenues to support the business.

MULTI-DEVICE ENVIRONMENT

TOUCHSCREENS FOR PERSONAL USE

2013 was a crucial year in the development of touchscreen devices. The diversification in the supply of these devices and the corresponding fall in prices for users increased their popularisation, and increasing number of readers are using them to access media.

Vocento continued to strengthen its presence both on tablets and on smart phones, with enriched and free versions of its digital editions, as well as increasing the number of digital subscribers to its paid editions on Kiosko y Más. Partnerships with other players in this ecosystem, such as Amazon, Microsoft, Samsung and Apple have been with essential. With these partners, we have sealed strategic alliances to deliver exclusive content for Microsoft Windows 8, and promoted bundles of products by making joint sales of digital subscriptions and devices such as Microsoft Surface and the Apple iPad and making sales in the digital stores of these players, including Amazon.



STRATEGIC ALLIANCE WITH MICROSOFT

In mid-2013, Vocento and Microsoft signed a new agreement to develop innovative advertising formats for the Internet. Thanks to this agreement, users will be able to access relevant advertising content in new, non-intrusive formats on Microsoft's latest platform, Windows 8. The agreement also establishes joint innovation initiatives, leveraging Microsoft's experience and technologies in the digital marketing area, in order to simplify and enhance the user experience in Vocento's various online properties.

THE ARRIVAL OF THE CONNECTED HOME

In 2013, the PC continued to lose its role as the main content centre for users, as the connected home began to replace it, with intelligent interconnection between different devices taking over the role that the PC played for almost two decades.

Apple stimulated the rise of interconnection between devices with its AirPlay technology, and competitors have taken up the trend. Digital consumers have been rapid adopters of interconnection because of its ease of use and the ability to manage devices efficiently. All electronic devices for consuming content, such as TV and HiFi audio systems have evolved to be controlled by tablets and smart phones, from where the user can stream their videos and music, or share videos and photographs from their smart phone or tablet.

In this space, Vocento has carried out pilot audiovisual projects of independent technologies that allow families to view and share on a connected TV all the ABC content that a user reads on their tablet or smart phone.

SOCIAL NETWORKS

The exponential growth of social networking, linked above all to the emergence of new devices for consuming content, has made it necessary for Vocento to improve its presence on these networks, as a way of finding new audiences and building a dialogue with its readers. Social networks are forecast to grow at the same pace in 2014.

Vocento has carried out major initiatives in this space, including developing new publishing processes and increasing its messages on social networks, developing new strategies for creating online communities and using these to attract new digital subscribers and generate other revenues.

As a consequence, Vocento's brands now have loyal online communities, including more than 400,000 followers of abc.es on Twitter, and more than 60,000 followers of the regional newspapers, which are leaders in their markets.

UNDERSTANDING USERS

As the digital society evolves and online offerings multiply, it is critical for businesses to establish processes that enable them to understand their users, so that they can adapt their messages to attract different profiles of readers.

In all its phases, digital marketing depends on understanding users; firstly when users are exposed to a service and discover it, then when they consider making a purchase or a comparison, and then when they become a client and their loyalty needs to be supported.

In the area of identifying and tracking anonymous users, in 2013 Vocento began to implement new realtime data analytics, adapted for mobile devices, tablets, connected TVs and multimedia devices. The ComScore Digital Analytix (DAX) service was implemented to measure readership and to track in real time the content of our media. The service establishes the foundations for understanding our anonymous users, and is the first stage of the building of a unified view of the user, which in the medium term will enable us to identify anonymous users, registered users and clients.

The interaction with potential new clients that is possible on the digital editions is a key element in attracting business. It enables an understanding of the future client in all the phases of their relationship with the product or service. Information about what clients read and do from a tablet, smart phone, or connected TV is essential to understanding readers and buyers.

New formats of content have been developed, based on contextual recommendations according to the user's profile, behaviour, ways of consuming, with very specific targets: to deliver content that is adapted to users' interests, increases the consumption of content, increases the time spent on our media, and is adapted to new forms of online advertising that depends on the time spent on a website. At ABC, this approach has led to increases of 70% in visit times because of content recommendations, as well as more page views per user visit and millions of additional page views in total.

Vocento has implemented the first stage of its Marketing Funnel project, which is based on user behaviour technologies and contextual recommendation, retargeting, A/B tests and multivariable. The results have been inspiring,

such as increasing by 10x the number of users exposed to digital subscription offers and other services, as well as increasing the number of users who start the buying procedure. These methodologies have been introduced into the Group's marketing areas, as in the future a greater understanding of the readership of the digital editions will without question provide the greatest potential for revenue growth at the online titles.

To facilitate the capture of anonymous users and turn them into potential clients, the Unique Registrtrtion project was implemented, using the unified registration platform from Gigya. This has enabled the Group to establish a Privacy Policy, improve its processes for capturing users on the media and on social networks, enhance profiling and establish the capacities needed to make the most of the user and potentially convert them into clients. In its first month, the technology has already led to a 14% improvement in the quality of geopositioning data. Vocento has over a million registered users, and 24% of new users choose to register with our media over a social network.

With the IT platforms for understanding and manager active users now established for our media, progress is being made in convert anonymous users into clients, using customer loyalty processes and upselling, based on direct communications using email marketing.

In this space, the Selligent software for interactive dialogue with users has been established, enabling direct interaction and communications with consumers of news and with clients. This technology helps enrich user profiles, based on their behaviour in their communications, and on any PC and mobile platform. It establishes a flexible channel for intelligent communication based on user understanding, and has achieved record business opening levels of 60%.

KIOSKO Y MÁS

Two and a half years ago, Vocento and Prisa launched Kiosko y Más, an online paid multi-platform for magazines and newspapers, which has the largest supply of high quality press of any digital platform in Spain.

Since then, the platform has evolved into the gold standard for consuming paid for digital journalism content. It provides readers with a simple way of reading the high quality press in two formats, a replica of the print format and so-called smart flow, which is adapted to new devices such as tablets. It has also implemented the subscription business model in a digital environment and unified supply. It also adds value to aggregation, as users benefit from discounts when they buy two or more publications at the same time.

The publishers who are present on Kiosko y Más manage their offerings to suit their readers. It is the publishers who set the subscription prices for their products and design their offers to groups or to print subscribers.

In 2013, as well as its web version and apps for Apple and Android, Kiosko y Más was the first digital kiosk on Microsoft Windows 8, and also added its catalogue to the Amazon Apps store. Technological process was accompanied by increases to the supply of magazines and newspapers, with around one hundred new titles, for a total of over 400 titles and 1,200 different publications available to users.

In terms of subscriber numbers, in 2013 Kiosko y Más recorded an increase of more than 50%, with 300,000 new subscriptions activated and 15 million copies distributed, as well as doubling the base of registered users on the platform.

In terms of financial results, the growth in subscriptions and focused management help Kiosko y Más achieve profitability in the fourth quarter of 2013.

One of the reasons for growth is the effort being made to provide the best solution to the more than 80 publishers involved, with the launch of different tools for sales and the development of new promotional systems such as 'member get member, personalized displays for publishers, systems for fast purchases, and new mobile stores.

These commercial efforts have also enabled the start of a new affiliate network in the year, reinforcing relations with various partners and enabling access to new markets. These include CEDRO, Travel Club, Gowex, ADL Partners, Microsoft and Amazon.

Kiosko y más is supported in its activity by a wide network of suppliers and partners, with a powerful technology platform thanks to the strategic agreement with Newspaperdirect, the world's largest digital press distributor, which offers services to newspapers such as Le Figaro and The Guardian and which each day processes more than 2,000 publications.



CIRCULATION
15,000,000
COPIES

MORE THAN 400 TITLES AND
1,200 PUBLICATIONS

NEW SOURCES OF REVENUES

VOCENTO, AN INTERNET LEADER

In 2013, Vocento was in the seventh place in the Internet ranking, with an audience of more than 11,300,000 users in December. In particular, ABC is the fastest growing newspaper on the Internet, increasing its user base from 4.5 million users in 2012 to 6.3 million in 2013. The increase at ABC has accelerated since December 2012. There was a 19% increase in visitors to ABC.es, compared to an 0.8% increase at El País and a 3.3% rise at elmundo.es

In addition, in 2013 the continued high market share of the newspapers and supplements of the groups helped us to find and develop new sources of revenues based on e-commerce.

In September 2013, Vocento launched Guapabox, its beauty subscription box service, which allows subscribers to acquire the most exclusive products of high end cosmetics brands. When they subscribe, every month users will receive a box with mini versions of five exclusive products,

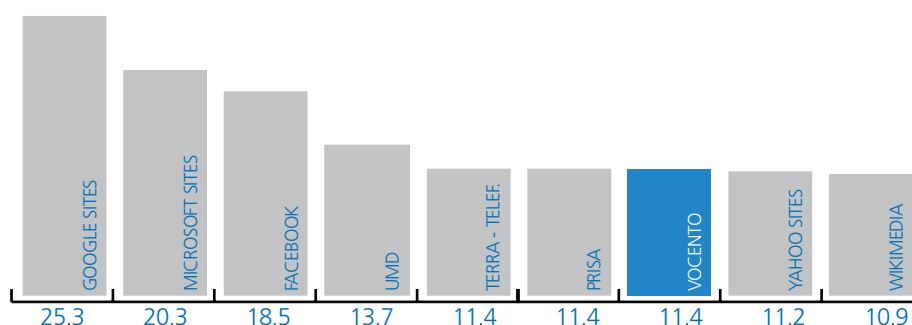
each carefully selected by experts from the magazine. The box also contains a special Guapabox edition of *Mujer Hoy*, in pocket format, including advice, trends and exclusive content about cosmetics. In just three months of life, Guapabox has achieved 2,900 subscribers and 11,600 registered users. At the beginning of 2014, Vocento also agreed to integrate Glossybox España into Guapabox, meaning that Guapabox has consolidated its position in the Spanish e-commerce subscription market.

The strength of our new strategy was reflected in 2013 in the success of initiatives such as Ticketing and Oferplan.

Ticketing is an online portal where readers of Vocento's newspapers and magazines, in both print and digital editions, can buy tickets to events. Readers can also buy tickets to the main events in their regions from the leisure sections of Vocento's online media properties, where the platform is integrated. Meanwhile, Oferplan is the portal where the main media companies in Spain provide discount offers and promotions. Users can access exclusive, high quality offers for local products and services. According to internal data, over half a million users are registered on Oferplan.

VOCENTO, IN THE INTERNET TOP 10

11.4 MILLION UNIQUE MONTHLY USERS



Source: Comscore MediaMetrix, Top 100 Properties December 2013