

# LETTER FROM THE CHAIRMAN

**YEAR AFTER YEAR, WE HAVE  
CONTINUED TO REINFORCE OUR  
POSITION AS THE LEADING  
MEDIA GROUP IN SPAIN.**

In 2013, we continued to feel the effects of the economic and financial crisis. This crisis has had a particularly deep and prolonged impact on the media sector, which at the same time is trying to shape its strategy for a future that is full of uncertainties, in particular in light of the changing relationship between the media and its readers and advertisers.

As I have said before, this is the context in which our business is operating. I remain convinced that the financial strength of our group, our business strategy, and the professionalism of our employees, will allow us to emerge from today's challenging conditions as a stronger company. Two of the main pillars of our business model are to maintain the strength and leadership of our brands, using them for our competitive advantage when developing new business opportunities, while also improving the profitability of our operations without compromising our strong financial position.

Throughout most of 2013, economic indicators remained weak and only reached an inflection point in the last quarter of the year and in the first months of 2014. However, despite the continued impact of the recession on the advertising and circulation revenues of all the media sector, Vocento's brands have outperformed the market, thanks partly to our Efficiency Plan and to a business strategy which allows us to make the most of our regional leadership, while diversifying into new media and new sources of revenue.

Over the course of 2013, Vocento also reported a gradual slowdown in the rate of decline in advertising, and outperformed the rest of the market in print and Internet advertising.

In addition, we were able to stabilise EBITDA, with positive EBITDA recorded in all our business areas. ABC reported a positive gross operating profit for the year, reflecting the newspaper's commitment to high quality and accurate information and to profitable circulation. ABC focused on kiosk sales rather than on less profitable sources of circulation revenues such as collective subscriptions and block sales.

Our regional newspapers also outperformed their competitors, as a result of their continued commitment to the regions that they serve and the efficiency improvements that they have made to their working processes and organisation.

Our deep understanding of the media market, our leadership position and our capacity to develop innovative revenue streams have all resulted in the continued progress of our digital strategy. We are prioritizing two clear objectives in our digital strategy: firstly, to maintain the leadership of our newspapers, regardless of the devices used by readers, investing in high quality content as a way of differentiating the newspapers and attracting new audiences and revenues; and secondly, to develop new sources of revenues linked to e-commerce.

Vocento is an increasingly multimedia group. This is reflected in the diversification of our revenues, in our new commercial strategies, in the launch of innovative online products and content solutions for new technologies, and in our strategic partnerships, such as our radio agreement with COPE. Another example is Kiosko y más, an online multi-platform where users pay to read newspapers and magazines. This is a landmark initiative in the Spanish publishing sector, with in excess of 400 titles from more than 80 publishers.

Vocento also remains focused on its financial results, and it has continued to demonstrate that it is on solid ground, with debt that has stabilised at a comfortable level. Profitability improved significantly from the previous year, despite the continued decline in advertising revenues, while our Efficiency Plan allows us to respond to today's conditions from a position of strength and to make the most of the growth opportunities that I believe are now imminent.

At Vocento, we remain committed to providing high quality products for our readers, in print and online, and to developing innovative and competitive solutions for our advertisers. We will continue to create value for our shareholders, based on an ambitious and coherent business strategy that has the full support of our employees.

Year after year, we have continued to reinforce our position as the leading media group in Spain. I am convinced that the measures and strategies that we have implemented to adapt to challenging conditions have strengthened our business, and have improved our capacity to create value for all our stakeholders. I am confident that Vocento will emerge as a stronger group, after one of the most transformative periods that the media sector has experienced in many decades.

**Enrique de Ybarra**

