TRANSFORMATION IN PROGRESS

How Grupo RBS is finding its way into digital

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Vice-President of Product & Operations
News and entertainment for TV, radio, newspaper and digital platforms

One of the largest multimedia business groups in Brazil

3 regional and local newspapers

60 years of operations in southern Brazil

Impacts

11MM people monthly
OUR TRANSFORMATION MANTRA

The right PEOPLE in the right place

CONSUMER is our king

Digital subscription ONLY

We are LOCAL for LOCALS

We are obsessed about MARGIN
TRANSFORMATION TIMELINE

2016
- New management
  - Paywall
  - Strategy focused on subscriptions
  - ZH Tablet
  - Divestment of 5 local papers

2017
- Business and operational integration of newspapers, radios and television
- New marketing and sales integrated team
  - Focus on digital-only subscription
  - Premium pricing for print
  - Launch of gauchazh.com integrating radio and newspaper

2018
- Brand repositioning Corporate culture
  - Newsrooms integration with newspapers and radio news
  - Sports integration
  - Focus on consolidating gauchazh.com
THE STATE OF NEWSPAPERS BUSINESS AT RBS

19% EBITDA margin in 2017

Print advertising declining fast

Print is **still a good business**. Premium price is key to sustainability.

Digital is helping to grow subscription base
### IN THE LAST 3 YEARS…

<table>
<thead>
<tr>
<th>WHAT WE THOUGHT</th>
<th>WHAT REALLY HAPPENED</th>
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<tbody>
<tr>
<td>Every brand could have its own digital strategy and newspaper wouldn’t <strong>COMPETE</strong> with radio and television online</td>
<td>On digital space, they all compete. You had to strength the value of paywall. We decided to <strong>MERGE</strong> newspaper and radio.</td>
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<tr>
<td>Print readers would <strong>MIGRATE TO DIGITAL</strong> due to high prices and would stay there</td>
<td>Print readers <strong>WILL PAY</strong> higher prices to keep the habit. They stay less than 6 months if they migrate from print to digital only.</td>
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<tr>
<td>Integration was worthless and too difficult</td>
<td>Integration is generating <strong>GREAT RESULTS</strong> either in higher revenues and efficiency</td>
</tr>
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</table>
Print 6-day

- 6 editions per week
- 6-day home delivery
- Daily edition
- SuperWeekend Edition
- All digital access
- Membership

R$ 96,90 / month

Comparing

ZH Tablet

- 12 editions per week
- Daily interactive e-paper
- Exclusive Daily Evening edition
- Exclusive Sunday edition
- Interactive and Crosswords
- All digital access
- Membership
- 12-months lock-up plan

R$ 109,90 / month

Did it work?
Partially

- Over 8,000 subscribers in the first year
- High product satisfaction among elders
- 70% migrated to digital basic plan on the second year
- Hard to keep up with new devices on the market
- Difficult relationship with Samsung
NEW DIGITAL PRODUCT: NEWSPAPER + RADIO

Two of the most credible brands in Brazilian journalism, Zero Hora and Rádio Gaúcha, joined forces in the digital universe to launch, in September 2017, the GaúchaZH platform, a site full of exclusive content, focused on proximity to the public, coverage of local issues and sports.

The digital unification, named after the co-branding, in addition to simplifying the search for reliable information, also seeks to combine the recognized depth of the newspaper Zero Hora with the instantaneousness of Radio Gaúcha. GaúchaZH delivers the best exclusive digital content to the public in one place, with modern design, focused on the user experience.
MOBILE
- Access to content in people's palm
- Online publishers doubled their audience in the last three years

TELEVISION
- 92% of people watch TV at least 5x a week
- High and fast range
- 66% of Brazilians think that TV has never been as good as it is now

NEWSPAPER
- Means of communication with more exclusive attention
- Largest weekend reading
- RS is the state in which people most claim to read newspaper in the country

RADIO
- Simultaneous consumption to other activities
- Interactivity and instantaneousness
- Retention: presence in the listener's daily life

DIGITAL
- 100% measurable and segmented communication formats
- Constant update of the facts

CONSUMER JOURNEY TOOL DRIVING PRODUCTION AND DISTRIBUTION

1st screen 2nd screen

1st screen 2nd screen

1st screen 2nd screen

1st screen 2nd screen
CONSUMER JOURNEY TOOL DRIVING PRODUCTION AND DISTRIBUTION

Breaking News

Sports

Hyperlocal

Entertainment

Our production  Audience  Production gap

May/2017
GAUCHAZH ECOSYSTEM

Digital-Only Subscription

Entry product / Upselling

Engagement / Collaborative

Upselling / Retention

Entry product / Upselling

Grupo PBS
INCREASING CONVERSIONS ON PAYWALL

FREE
Access to 5 articles

SIGN WALL
*Total sum of access in articles: 7

PAID
Unlimited access

Streaming
Covers
Soccer Tables
Weather and traffic

Up to 5 basic articles
Grid programs OD Audio

Columnists (limited)*
+ Basic articles (limited)*
Specials (limited)*

Columnists unlimited
Special audios (collections, special editions)
Digital Newspaper

Videos
Limited articles
Podcasts

PLUS

INCREASE CONVERSIONS ON PAYWALL

Columnists (limited)*
+ Basic articles (limited)*
Specials (limited)*

Limited articles
Podcasts

INCREASE CONVERSIONS ON PAYWALL
RESULTS

PRINT + DIGITAL

TOTAL

186.7
158.7
174.5
188.5

PRINT

186.7
158.7
174.5

-15%
10%
8%

DIGITAL-ONLY

188.5
97.6
90.9

14.4
21.8
61.1

10%
-15%
8%

DIGITAL GROWTH

= 85% CAGR

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DIGITAL GROWTH

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Content production designed to address the consumer journey needs by hour, topic and device.

New newsroom shifts

Creation of Hour Editor, a position to coordinate hourly content distribution through all channels accordingly to the audience demand.

ON AIR => DIGITAL => PRINT production flow
NEW BUSINESS MODELS:
EXPERIENCE BEYOND CONTENT

Multiplatform gourmet experience
NEW BUSINESS MODELS: EXPERIENCE BEYOND CONTENT

Sports bar to engage audiences in live sports shows
NEW BUSINESS MODELS:
EXPERIENCE BEYOND CONTENT

Women’s platform with a premium concept store to engage brands and costumers in a unique experience

WEEKLY MAGAZINE
ONLINE
DONNA BEAUTY POMPÉIA
LICENSED PRODUCTS
Organizational structure follows strategy. But sometimes you just need the right people in the right place in order to have a strategy.

Integration is hard, but it is really worthy. You can’t make transformation without changing culture.

Digital needs time to find the right model. Print can buy that time if well managed.

Understanding consumer journey is critical. Newsrooms need to adapt.

Reducing distribution costs => investments in journalism.
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