FROM PRINT TO DIGITAL ONLY

Driving GROWTH!

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Grupo RBS

IMPECTS 11MM
PEOPLE MONTHLY

News and entertainment for TV, radio, newspaper and digital platforms

3 regional and local newspapers

One of the largest multimedia business groups in Brazil

62 years of operations in southern Brazil
## INTEGRATED STRUCTURE & NEW ROLES

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<th>AD SALES</th>
<th>MARKETING</th>
<th>PRODUCT &amp; OPERATIONS</th>
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<td>B2B MARKET RESEARCH</td>
<td>IT, ENGINEERING &amp; BROADCAST OPERATIONS</td>
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25% EBITDA margin in 2018

Print is still a good business and it helps us to buy the time needed for digital. **Premium price** is the key to sustainability.

Print advertising declining

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1. **Sustain the printed edition** for as long as possible with a **positive margin**
2. **Build a perfect digital segmented product portfolio** for cross-selling and upselling to increase average ticket
3. **Acelerate digital only subscription aquisition**
4. **Manage digital only operation** as an e-commerce startup
5. **Develop strategic sales channels** with telcos and universities

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**Zero Hora Circulation Print + Digital**

<table>
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<tr>
<th>Year</th>
<th>Print</th>
<th>Digital</th>
<th>Total</th>
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<tbody>
<tr>
<td>2015</td>
<td>186.7</td>
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<td>186.7</td>
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<tr>
<td>2016</td>
<td>158.7</td>
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<td>158.7</td>
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<tr>
<td>2017</td>
<td>174.5</td>
<td></td>
<td>174.5</td>
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<tr>
<td>2018</td>
<td>188.5</td>
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<td>188.5</td>
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CAGR +0.3%

Print advertising declining from 2015 to 2018:
- 2015: 186.7
- 2016: 158.7 (-15%)
- 2017: 174.5 (10%)
- 2018: 188.5 (8%)

20% EBITDA margin in 2018

Print is still a good business and it helps us to buy the time needed for digital. **Premium price** is the key to sustainability.

Print advertising declining
Carteira final ano: em mil.

PRINT + DIGITAL

DINITAL
186,7
158,7
174,5
185,1
208,3
216,8

TOTAL
150,6
126,1
90

DIGITAL ONLY
14,4
21,8
61,1
90
82,2
66,2

DINITAL GROWTH 84% CAGR

Carteira final ano: em mil.
ACCELERATING
DIGITAL ONLY
NEW ENTRY LEVEL PRODUCT NEWSPAPER+RADIO

NEW ORGANIZATIONAL STRUCTURE AND ROLES

IMPLEMENTING “GROWTH” AND “USAGE AND RETENTION” SQUADS

DRIVING DIGITAL GROWTH

product

process

acquisition & retention

AGILE TEAMS

DRIVING DIGITAL GROWTH

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acquisition & retention

AGILE TEAMS

DRIVING DIGITAL GROWTH

DIGITAL GROWTH

product

process

acquisition & retention

AGILE TEAMS
DRIVING DIGITAL GROWTH

- **Product**
  - New Entry Level Product
  - Newspaper + Radio
  - Segmented Sports Product

- **Process**
  - New Organizational Structure and Roles
  - Agile Teams

- **Acquisition & Retention**
  - Implementing “Growth” and “Usage and Retention” Squads
GAUCHAZH.

16MM
Unique visitors per month

METERED PAYWALL
85% mobile
Audio is a key feature

NEW DIGITAL PAID CONTENT PRODUCT:
NEWSPAPER + RADIO
GAUCHAZH PORTFOLIO

BASIC
GauchaZH Entry Product

PREMIUM
E-paper / Club Membership Upselling Retention

SOCCER TEAMS APP
Entry product Upselling

CITIZEN JOURNALISM
Engagement Traffic

BEAUTY CLUB
Entry product Upselling
DRIVING
DIGITAL GROWTH

product
NEW ENTRY LEVEL PRODUCT
NEWSPAPER+RADIO
SEGMENTED SPORTS PRODUCT

process
NEW ORGANIZATIONAL STRUCTURE AND ROLES
AGILE TEAMS

acquisition & retention
IMPLEMENTING “GROWTH” AND “USAGE AND RETENTION” SQUADS
BECOMING AN E-COMMERCE STARTUP
WHAT DOES IT TAKE?

Communicate and **engage everyone** in the business strategy – especially the newsrooms

Be extremely **agile** and have the governance to make it happen **FAST**

Have digital startup **obsessions and** develop new **critical capabilities**

Be **consumer-centric**

New fresh leaders who understand the **purpose of journalism**
Customer success
- Management and development of the active customer base. To assure value proposition delivery of the product acting on Customer’s LTV.

Value proposition and product bundle
- Value proposition redefined, new product’s ecosystem and packaging

New sales and relationship channels
- Obsession with current sales channels’ performance - and creation of opportunity in new channels, observing origin saturation.

Technologies
- New systems supporting digital acceleration strategy and allowing scalable and sustainable growth of digital subscriber base, detaching from print paper.

People, processes and structures
- Agile culture, more horizontal team, common goals, very solid alignment, and search for autonomy and speed.

Startup:
- New approach to product/service development in a cheaper and faster way.
ACQUISITION STRATEGY

SQUAD GROWTH

USAGE/RETENTION STRATEGY

ACQUISITION

USAGE / RETENTION

MARKETING

SQUADS

dev

COMMUNITY

ux design

ACQUISITION

CLIENT RELATIONSHIP

OMNICHANNEL COMMUNICATION STRATEGY – ALL LIFE CYCLE

RETENTION

PAYWALL

PAID

EMM / NEW CHANNELS

LTV

Grupo RBS
CONVERSION CYCLE
NEW STRUCTURE
TO DELIVER
GREATER RESULTS

ATTRACTION
IDENTIFICATION (SIGN WALL)
FREQUENCY (UNTIL PAYWALL)
ACQUISITION
USAGE RETENTION
UPSELL AND CROSS SELL
DRIVING DIGITAL GROWTH

- **product**
  - NEW ENTRY LEVEL PRODUCT
  - NEWSPAPER+RADIO
  - SEGMENTED SPORTS PRODUCT

- **process**
  - NEW ORGANIZATIONAL STRUCTURE AND ROLES
  - AGILE TEAMS

- **acquisition & retention**
  - IMPLEMENTING "GROWTH" AND "USAGE AND RETENTION" SQUADS
INCREASING ACQUISITION

GROWTH

- 38% BASIC
- 30% PREMIUM
- 97k STUDENTS/PARTNERSHIPS
- 29% SOCCER APPS

CAGR +84%

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<thead>
<tr>
<th>Year</th>
<th>BASIC</th>
<th>PREMIUM</th>
<th>STUDENTS/PARTNERSHIPS</th>
<th>SOCCER APPS</th>
</tr>
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<tbody>
<tr>
<td>2015</td>
<td>14,4</td>
<td>47</td>
<td>97k</td>
<td>38%</td>
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<tr>
<td>2016</td>
<td>21,8</td>
<td>61,1</td>
<td>90</td>
<td>30%</td>
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<td>2017</td>
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AGILE MARKETING APPLIED
### Increasing Usage & Retention

- **Usage Contents Per Month**
  - None
  - Up to 50
  - 51 to 100
  - 101 to 200
  - Over 200

- **Churn**
  - 3.8%
  - 2.7%
  - 1.9%
  - 1.4%
  - 1.1%

> Usage = < Churn
THE USER OF APPS IS ON AVERAGE 2X MORE ENGAGED THAN THE USER OF THE SITE

Source: Kissmetrics

ENGAGEMENT (monthly visits in millions)

- Engaged

MOBILE SITE: 53

DESKTOP SITE: 63

APP GRENAL: 95

APP NEWS: 103

resulting in

CHURN

- Engaged

3.8%

2.6%

1.8%

1.6%

1.1%

> USAGE = < CHURN

Source: Kissmetrics
**INITIAL CONDITIONS**

- Different areas acting as separate parts (production line)
- Teams driven by leadership decisions
- Speed determined by management capacity, which becomes bottleneck
- Development team using agile methods

**CHALLENGE SPACE**

- Squads Growth and Use & Distribution as pilots of the integration process
- Use of OKRs as a tool to create a culture of alignment with teams
- Creation of safe space for learning through structured tests (A/B culture test)
- Application of agile methods to Squads Growth & Use

**TARGET STATUS**

- Multi-disciplinary tribes and squads, with integrated processes (different team skills)
- Self-managed teams, guided by very strong alignment regarding the objectives
- Speed and agility for decision-making and learning

**Agile company**
**NEWSROOM DATA STRATEGY**

**ENGAGEMENT**
- Aligned objectives (OKRS)
- Unfolded KPIs
- Individual goals
- Focus on subscribers

**DATA ECOSYSTEM**
- Reliable and accessible data
- Real time information
- Wide and complete tracking

**DATA DRIVEN CULTURE**

**ANALYTICAL MATURITY**
- **DESCRIPTIVE**
  - Past
  - Why did it happen?
- **PREDICTIVE**
  - Past/future
  - What will happen?
- **PRESCRIPTIVE**
  - Future
  - How can we make it happen?

**BUSINESS VALUE**