



**PROMOTORA DE INFORMACIONES, S.A.
(PRISA)**

COMMITTEE FOR STRATEGIC DIGITAL CHANGE

**ANNUAL REPORT
2015**

Madrid, February 2016.

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I.- INTRODUCTION

The Committee for Transformation Digital Change (hereinafter, the Committee) of PROMOTORA DE INFORMACIONES, S.A. (hereinafter, PRISA, the Company or the PRISA GROUP when it refers to the Consolidated Group) was established in October 2014 by a resolution of the Board of Directors of PRISA, with a favourable report from the Appointments and Remuneration Committee and the Corporate Governance Committee.

The Committee was established in response to the need to transform the PRISA Group and adapt it to the digital reality of its environment and with that goal has provided advice and guidance to the management.

Through 2015 the Committee has met eight (8) times with meetings in which key management of the Company has been engaged and the interaction is constant and intense.

The Committee issues this report to enable the Board of Directors to make available to shareholders information concerning the Committee's operations and activities during the 2015 financial year.

II.- COMPOSITION

The Committee must be composed by Directors of the Company and its composition on the date of this Report is as follows:

Chairman: Mr. John Paton – External Independent Director

Members:

Mr. Juan Luis Cebrián Echarri - Executive Director
Mr. Jose Luis Sainz Diaz - Executive Director

The Committee's secretary is the Deputy Secretary of the Board of Directors, Mr Xavier Pujol Tobeña.

III. ACTIVITIES OF THE COMMITTEE IN 2015

The committee first met in November of 2014 with a mandate to review the Company's

digital activities; assess its digital acumen and key personnel and to initiate under a new digital strategy a set of initiatives to drive audience and digital revenue while moving the cost structure from a high fixed one to a lower variable cost structure.

The Committee chose in this first year to focus our activities on El País to prove out in the micro model what could be done in the macro model across all of PRISA.

El País as a brand had excellent opportunities not only for global expansion but to also take every advantage of the growing Digital market in Spain and the recovering Spanish economy.

The first part of the Committee job didn't take long and the results were disturbing. Prisa digital activities were unfocused, ineffective and lacked serious KPIs. Our digital acumen was low and our personnel not best suited for the task. A year later, there was big progress to report.

First, there is a new team. Under Jose Luis as Chief Executive there is: (i) A new head for PRISA Noticias; (ii) new Chief Revenue Officer; (iii) a new Chief Digital Officer and (iv) a new Chief Technology Officer.

And below those positions new important positions needed in the Digital world such as a director of Pricing and Yield Management for the Company driving new and better revenue results.

Digital acumen is now being rapidly imported into the organization. All of this while reducing costs overall.

This has been achieved by management viewing all initiatives through a simple prism: if an activity is not growing and cannot grow it goes to the bottom of the list. If an activity is growing or can grow it goes to the top of the list. Capital monetary and human is allocated accordingly.

Management has tackled these challenges not just with new personnel but also by reorganizing the operating structure so that silos are being knocked down and digital initiatives can be implemented effectively.

Those initiatives have also been predicated on a low, variable cost model. Teams are being kept small with the bulk of the work being outsourced to SaaS or SaaS type provider where costs can be dialed up or down as needed and acumen is high.

Under the new Editor of El País the entire newsroom structure has been changed to support the new initiatives. A difficult task which has been extremely well managed by Antonio Cano.

The focus on audience and advertising revenue initiatives, supported by a recovering economy, and new enforced KPIs have shown positive results to date which Management believes are sustainable.