

## QUARTERLY REPORT

3<sup>rd</sup> Quarter 2014



### Highlights

- Group revenues decreased by 1 % to MNOK 286 in the quarter.
- Circulation revenue increased by 3 %, advertising revenue was down 11 %, while service revenue increased by 6 %.
- EBITDA were minus MNOK 7 against EBITDA of plus MNOK 11 in Q3 2013
- The quarter saw an operating loss of MNOK 18 against an operating profit of MNOK 0.3 for the same period in 2013.
- Global and Nautical Charts continued to increase their revenues and improve their profitability, Direct Relations again had higher revenue growth than cost growth, while DN posted an operating loss as a result of plummeting advertising revenue.
- The Group increased its digital revenue by 11 % in the quarter.
- NHST has reduced its interest in Smartcom from 100 % to 35 %. Writedowns and operating loss related to Smartcom amount to MNOK 6 in the quarter. The transaction will be finalised in Q4.
- The Group is implementing significant reorganisations and efficiency improvements.

## THIRD QUARTER 2014

Figures in MNOK	Q3 2014	Q3 2013	%change	YTD Q3 2014	YTD Q3 2013	%change
Revenues	285,8	289,0	-1 %	908,6	910,2	0 %
Operating expense	303,9	288,7	5 %	922,6	890,0	4 %
EBITDA	-6,7	11,1	N/A	19,6	52,2	-62 %
Operating profit/loss(-)	-18,1	0,3	N/A	-13,9	20,2	N/A
Net finance	-3,0	-0,7		-5,3	1,3	
Profit/loss (-) before tax	-21,1	-0,4		-19,2	21,5	

Revenue in the third quarter was characterised by a slump on the Norwegian newspaper advertising market, which made itself felt on DN's revenue, particularly in August and September. The decrease in the Group's consolidated revenues and profit can, in its entirety, be attributed to DN, while the other businesses to a large extent showed considerable improvements in their results. There is continued pressure on profitability, and new measures aimed at improving cost effectiveness are therefore being implemented in all business areas to reduce the cost base into 2015.

### The NHST Group in the third quarter

Revenues decreased by 1 % to MNOK 286 in the third quarter. There was continued improvement in service revenue, circulation revenue bounced back with growth, while advertising revenue continued to decrease also in the third quarter compared with the same period last year. The development was thus similar to that of the two previous quarters. There has been an increasing decline in advertising revenue over the third quarter. The decrease in advertising revenue is no longer offset by increased revenues in other areas and consequently triggers a decrease in the total revenues for the Group.



Total advertising revenue for the quarter ended at MNOK 87, which is a decrease of 11 % compared with the same period in 2013. The decrease in advertising revenue is primarily due to declining advertising revenue in DN, whereas Global increased its advertising revenue. The current market conditions for newspaper advertisements in Norway are demanding, and the whole market is seeing a significant decline.

Total circulation revenue once again showed growth in the third quarter compared with the same period in the previous year, after a minor decrease in the second quarter. Circulation revenue generally increased for all the publications except Recharge. Circulation revenue ended the quarter at MNOK 139 against MNOK 135 in the same period in the previous year and against MNOK 133 and MNOK 131 in the first and second quarters respectively.

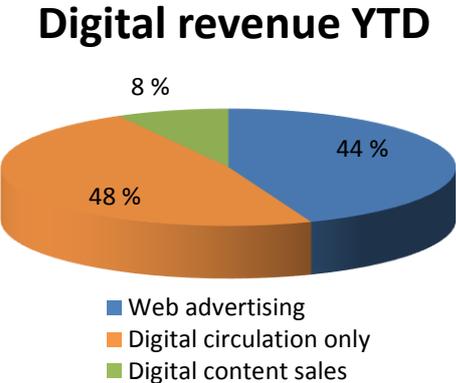
Circulation revenue constituted 49 % of total consolidated revenues in the third quarter, whereas the accumulated figure for 2013 as a whole was 43 %. The development reflects decreasing advertising revenue, but it is also a

clear directional strategic element for the Group.

The Group’s service revenue increased by 6 % to MNOK 60 compared with the same period in the previous year.

The shift towards digital revenue continues. Digital revenue continued to increase also in the third quarter, but the growth rate has varied during 2014, from 11 % in the first quarter, via 25 % in the second quarter to 13 % in the third quarter, compared with the same periods in the previous year.

The publishing businesses generated digital revenue growth of 19 % compared with the same quarter in the previous year, against 38 % in the second quarter and only 10 % in the first quarter. Digital circulation revenue is currently the driving force behind the digital revenue growth.



Other digital revenues increased by 6 %, down from a growth rate of 8 % in the second quarter.

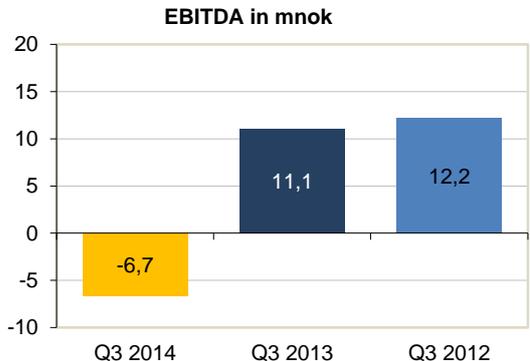
The Group’s operating costs in the third quarter ended at MNOK 304. Costs increased more in the third quarter than compared with the two previous quarters. Activity-related costs grew more in the third quarter compared to the previous two quarters, and thus added to the overall growth rate. A number of development projects were also concluded during the third quarter. Together with the increase in staff costs, this resulted in an

overall increase in costs in the third quarter. The cost growth rate ended at 6 % for the quarter against an accumulated growth rate of 4 % for the first nine months of the year.

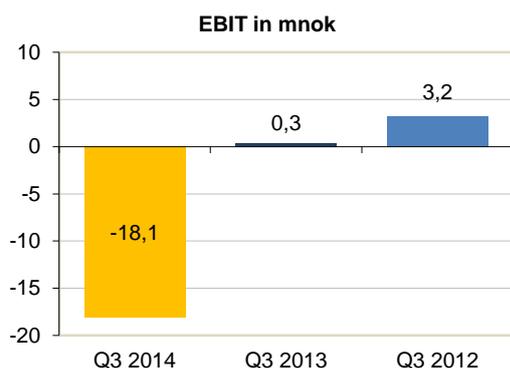
Due to the development in advertising income in the third quarter, work was intensified, particularly in the final part of the quarter, to identify necessary reorganisations and cost base changes in response to the decrease in revenue.

The effect of Smartcom in the third quarter was a loss of MNOK 6 – distributed between MNOK 3 of write-downs under financial items and MNOK 3 in operating losses. The third quarter was the last quarter in which Smartcom is 100 % consolidated in NHST.

The EBITDA result ended the quarter at minus MNOK 7, which is a decrease of MNOK 18 compared with the same period in the previous year.



The third quarter saw an operating loss of MNOK 18, down MNOK 18 from a breakeven result, MNOK 0, for the same period in the previous year.



The third quarter saw a net loss after tax of MNOK 15. Beyond the one off effect of Smartcom, exchange rate fluctuations is the primary factor that affected the financial result from period to period.

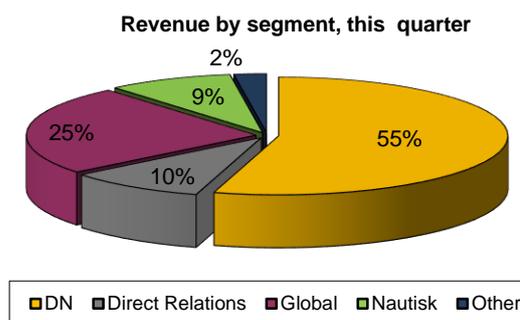
The Group's total assets decreased further during the third quarter, but, as a result of the operating loss, the equity ratio also decreased. The equity ratio ended the quarter at 20% and now fluctuates in line with the results. The Group's total assets are normally at their lowest in September/October. The Group's underlying cash flow and liquidity situation are satisfactory, but are increasingly being affected by a lack of profitability in the Group. The Group's total liquidity ended the quarter at MNOK 161, whereas free liquidity amounted to MNOK 101.

Accumulated revenues for the first nine months of the year were MNOK 909, a decrease of MNOK 1. After a decrease in revenues in the first quarter and an increase in revenues in the second quarter, the third quarter once again saw a decline in revenues. The decrease in revenues in DN was no longer offset by growth in other business areas.

Accumulated after the first three quarters, there was an operating loss of MNOK 14, which is a decrease of MNOK 34 compared with 2013. All the quarters in 2014 have shown weaker profitability than the same periods in the previous year. The underlying development in profitability is not satisfactory, and work is being done to implement measures aimed at

reducing the cost base. Measures for improving the Group's cost effectiveness have been identified, and will result in the cost base being reduced by approximately a gross amount of MNOK 90 on an annual basis.

### The business areas in the third quarter



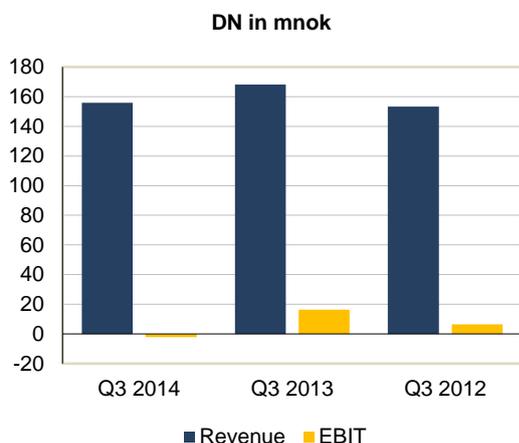
#### DN business area

Revenues decreased by 7 % in the quarter from MNOK 168 in the same period in the previous year to MNOK 156 this year. There has been an increasing decline in revenues during the year, following a decrease in the first and second quarters of 5 % and 6 % respectively.

Advertising revenue decreased by 20 % in the third quarter, against a decrease of 9 % in the second quarter. There was a marked decrease in hard copy advertising, especially for the classified advertisements market (job classifieds), but the situation was also challenging for digital advertising, with some decline. The slowdown that commenced towards the end of the second quarter has persisted throughout the third quarter. Booking horizons are shorter, there is price pressure on several types of advertisements and a more negative view of the Norwegian economy is influencing a number of advertisers. The decrease therefore has both cyclical and structural elements.

Circulation revenue, including revenue from the TDN Finans subscription services, once again showed growth in the third quarter after having decreased during the first six months of

the year. This increase is triggered by sound growth in digital subscription revenue. Revenue from over-the-counter sales continues to decrease like before. Circulation revenue ended the quarter at MNOK 99, against MNOK 89 in the second quarter and MNOK 97 in the third quarter last year.



The cost base in DN was lower during the first half of the year compared to the same period in the previous year. This trend did not continue into the third quarter. Operating costs for the third quarter ended at MNOK 158, which was 4 % up on the same period in the previous year. Both staff costs and activity-based cost increased in the third quarter.

The third quarter saw an operating loss of MNOK 2, which was MNOK 18 down on the operating profit for the same period in 2013. The decrease in revenue in the third quarter was too large and sudden to be offset by corresponding cost cuts.

Accumulated revenues for the year to date ended at MNOK 496, which is 6 % down on the same period in 2013. Accumulated advertising revenue for the year to date decreased by 12 %, while circulation revenue decreased by 1 %. The accumulated operating profit for the year to date ended at MNOK 34, compared with MNOK 69 after the same period in 2013. Accumulated costs on a level with last year have consequently not been sufficient to offset an accelerating decline in advertising revenue.

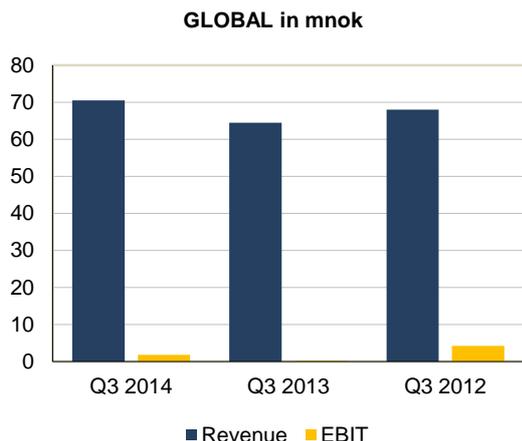
### Global business area

Revenues in the quarter ended at MNOK 71 after a new quarter with growth compared with the same period in the previous year. Global has consequently generated growth in all quarters of 2014. The growth rate was 9 % in the third quarter, against 5 % in the second quarter and 10 % in the first quarter. All enterprises increased their revenues and contributed to the growth in Global. Recharge had the highest growth rate of 36 %, however, from relatively low levels. Exclusive of foreign exchange effects, the growth amounted to MNOK 3, or a growth rate of 5 %, for the business area.

Advertising revenue was back on track with an increase of 13 %, after a decrease in the second quarter replaced growth at the beginning of the year. For the Global business areas as a whole, the growth was highest on hard copy products, but there was also an increase in digital advertising revenue. Growth rates in the underlying publications were more varied in the third quarter than in the previous quarters, especially between growth in hard copy and digital products. This was partly connected to heavier magazine editions in Upstream, while Tradewinds had the highest growth rate in digital advertising revenue.

Circulation revenue increased in the third quarter compared with the same quarter in the previous year. The number of subscribers nevertheless remained flat from the second quarter to the third quarter, which means that the growth was driven by price increases. Circulation revenue increased by 6 % to MNOK 37. Circulation revenue was MNOK 35 in the same period in 2013. The development during the quarters in 2013 was flat.

Several large fairs and conferences were held in the third quarter as well, which contributed to a continued relatively high activity level also in the third quarter. This affected both revenues and costs in Global.



Operating costs in the third quarter ended at MNOK 69, which was MNOK 4 higher than in the third quarter in the previous year, but MNOK 3 lower than in the second quarter and MNOK 4 lower than in the first quarter. Cost-reducing measures have been implemented on a continuous basis in the second and third quarters, and these measures will continue to reduce the cost base in the future.

Global generated an operating profit in the third quarter. The operating profit was MNOK 2 up on the same period in the previous year. The trend with improved profitability on increasing revenues consequently continued. However, profitability was not as good in the third quarter as in the second quarter as a result of increasing costs. Operational improvements continued, but, seen in isolation, profitability in the third quarter was not satisfactory. The underlying development is more mixed with good progress in Tradewinds and Intrafish, whereas Upstream and Recharge continued to post poor results.

Accumulated revenues amounted to MNOK 217 as at the end of September, which is MNOK 16 up on last year. The increase in revenues of 8 % reflects progress for all the businesses and with both advertising revenue and circulation revenue having contributed to increased accumulated revenues for the year to date. Operating profit after nine months was MNOK 3, or a solid increase of MNOK 9 from an operating loss after the same period in 2013.

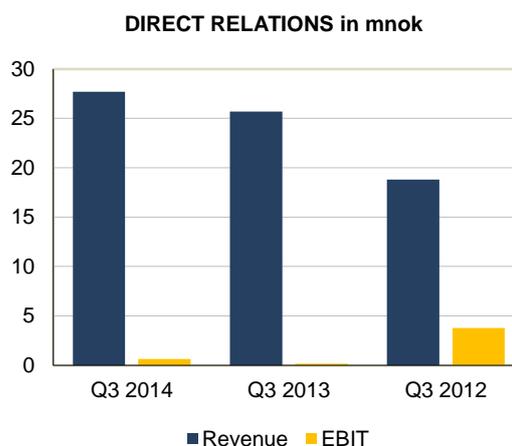
Intrafish and Tradewinds have improved their results, while the other two publications have achieved poorer results.

Direct Relations business area

Revenues in the quarter were MNOK 28, against MNOK 26 in the same quarter in the previous year. The growth rate of 8 % in the third quarter is the same as the growth rate in the first and second quarters. The figures for the year to date have been affected by changed revenue flows in Germany compared with the previous year, but this effect is now decreasing. The underlying revenue growth was 19 % for comparable business.

Operating costs in Direct Relations increased by MNOK 2 compared with the same quarter in the previous year, which is a halving of the cost growth in the second quarter. Investments in product development and commitments to new markets, including in the UK and Germany, remain the driving force behind the increase in costs.

The third quarter bounced back with a small operating profit of MNOK 1, after two quarters with an operating loss. There was also an increase of MNOK 1 compared with the third quarter last year.



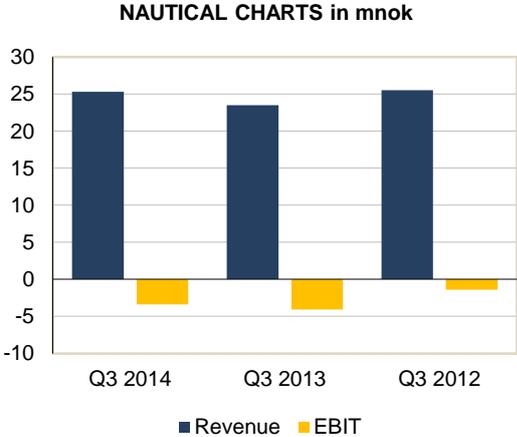
Accumulated revenues after nine months ended at MNOK 82, which is MNOK 6 up on the same period in the previous year. Growth remained highest in the established markets in

Scandinavia, but revenues are now increasing more rapidly than before in the German and UK markets. There was an accumulated operating loss of MNOK 5 as at the end of September, against an operating profit of MNOK 1 for the same period last year.

Nautical Charts business area

The trend with increasing revenues continued in the third quarter with a growth rate of 8 %. This is somewhat lower than in the first and second quarters, but MNOK 2 up on the same period in the previous year, making it the fourth consecutive quarter with growth. Without foreign exchange effects, the growth rate was 6 %. Continuous work is being done to increase the customer base because of lower revenues per ship, and this work has been successful.

However, gross margins remained under pressure, although they stabilised somewhat during the third quarter. The measures that have been implemented regarding pricing of products, with new price mechanisms and better focus on geographical differences, have not yet made themselves fully felt. Operating costs increased by 4 % during the quarter. The cost increase concerned variable costs such as cost of goods sold. Operating costs ended at MNOK 29, which is MNOK 1 up on the same period in the previous year, but down from the level in the first and second quarters.



The third quarter ended with an operating loss of MNOK 3, which is an improvement of MNOK 1 compared with the same period in the previous year.

Accumulated revenues after nine months were MNOK 89, which is MNOK 11, or 15 %, up on the same period in the previous year. Without foreign exchange effects, the growth rate was 13 %. Operating costs, including cost of goods sold, increased to MNOK 96 as at the end of September, up from MNOK 86 as at the same time last year. Accumulated operating loss for the year to date ended at MNOK 7, an improvement of MNOK 1 on the same period in the previous year.

Other business area

This business area gathers the remaining operating enterprises in the Group. That is the parent company NHST Media Group, which sells services to the subsidiaries, as well as the subsidiaries Smartcom and Europower.

Overall revenues for the business area ended at MNOK 25 for the quarter, whereas the operating loss was MNOK 12, which is MNOK 4 poorer than for the same period in the previous year. A large share of the increase in costs can be attributed to development projects concluded during the third quarter.

MNOK 3 of the operating loss for the quarter and MNOK 6 of the accumulated operating loss of MNOK 26 for the year to date can be attributed to Smartcom.

**Prospects**

Market conditions in the media industry are challenging and have been highly changeable on a monthly basis over an extended period of time. The negative trend for advertising revenues in Norway continued in the third quarter. External market research agencies

expect that the market will remain difficult going into 2015.

In terms of revenues, the Group continued to do better than the general media market also in the third quarter, but with much higher pressure on profitability, especially in DN, than previously.

The operating result for 2014 will therefore be weak. This means that further measures are being taken to reduce the cost base going forward into 2015. Concurrently, the Group is

continuing the constant development of its organisation and products to make them better and more competitive. The shift towards digital revenue is constant, but while the development in subscription products is stable, the situation is now more varied between publications and months for advertisements. Digitalisation will continue for the Group's main products.

<b>KEY FIGURES NHST MEDIA GROUP</b>						
(MNOK)	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>YTD Q3 2014</b>	<b>YTD Q3 2013</b>	2013	2012
Revenues (***) (****)	285,8	289,0	908,6	910,2	1 236,8	1 200,0
Operating expenses (****)	292,4	277,9	889,0	857,9	1 184,1	1 118,0
Ordinary depreciation	11,4	10,8	33,6	32,1	43,6	37,7
EBITDA	-6,7	11,1	19,6	52,2	52,7	82,0
Operating profit / loss (***)	-18,1	0,3	-13,9	20,1	9,1	44,2
Net financial items	-3,0	-0,7	-5,3	1,3	-3,5	-4,1
Profit/loss before tax	-21,1	-0,4	-19,2	21,5	5,6	40,1
Profit/loss after tax total (*)	-15,2	-0,2	-16,2	12,5	-8,2	24,0
Minority interests	0,4	0,2	1,0	1,1	1,3	1,1
Profit/loss after tax majority(*)	-15,6	-0,4	-17,2	11,4	-9,4	22,9
Number of shares	1 287 925	1 287 925	1 287 925	1 287 925	1 287 925	1 287 925
Profit/loss per share in NOK	-11,8	-0,1	-12,6	9,7	-6,3	18,7
Number of employees	742	747	749 (****)	715	736	711
Number of FTEs (**)	730	738	740	708	728	700
			<b>30.09.2014</b>	<b>31.12.2013</b>		
Intangible assets			137,4	144,5		
Other fixed assets			96,1	79,9		
<b>Total fixed assets</b>			<b>233,5</b>	<b>224,4</b>		
Inventory			19,2	23,4		
Accounts receivable			104,5	118,7		
Other short term receivables			44,9	30,4		
Cash and cash equivalents			161,2	190,4		
<b>Total short term assets</b>			<b>329,8</b>	<b>362,9</b>		
<b>Total assets</b>			<b>563,3</b>	<b>587,3</b>		
Shareholders' equity			96,0	112,4		
Minority			16,2	15,2		
<b>Total shareholders' equity</b>			<b>112,2</b>	<b>127,6</b>		
Long term debt			20,0	18,5		
Accounts payable			34,8	44,2		
Prepayments			229,9	213,0		
Other short term debt			166,4	184,1		
<b>Total liabilities</b>			<b>451,1</b>	<b>459,8</b>		
<b>Total shareholders' equity and liabilities</b>			<b>563,3</b>	<b>587,3</b>		
(*) A 28 % tax rate has been used in calculating the quarterly figures						
(**) Full year figures are the average for the year, quarterly figures are at quarter's end.						
(***) Comparable figures for 2012 have been adjusted to reflect new accounting policies in Mynewsdesk						
(****) Revenues and costs in 2012 have been adjusted to correct an elimination mistake in Nautical Charts.						
(*****) Increase in employees is mainly in Mynewsdesk						
<b>The 10 largest shareholders as at June 30</b>						
Bonheur ASA	27,00 %					
Ganger Rolf ASA	27,00 %					
Must Invest AS	21,75 %					
Fredrik Olsen AS	2,20 %					
Falck Frås A/S	1,83 %					
Sjøgress AS	1,80 %					
Pareto AS	1,67 %					
MP Pensjon	1,57 %					
Taconic AS	1,52 %					
Røed Gunvor Jorunn Hammer	1,18 %					

<b>NHST GROUP (MNOK)</b>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>Diff 14/13</b>	<b>YTD Q3 2014</b>	<b>YTD Q3 2013</b>	<b>Diff 14/13</b>
Total revenue	285,754	289,016	-1 %	908,635	910,180	0 %
Operating expenses	299,279	284,512	5 %	909,164	878,087	4 %
Amortisation at group level	4,587	4,168	10 %	13,401	11,904	13 %
Operating profit/loss(-)	-18,112	0,336	N/A	-13,930	20,189	N/A
Net financial items	-3,037	-0,688	N/A	-5,271	1,279	N/A
Profit/loss(-) before tax	-21,149	-0,352	N/A	-19,201	21,468	N/A
<b>SEGMENT DAGENS NÆRINGS LIV</b>						
<b>DN TOTAL (MNOK)</b>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>Diff 14/13</b>	<b>YTD Q3 2014</b>	<b>YTD Q3 2013</b>	<b>Diff 14/13</b>
Total revenue	156,004	168,189	-7 %	496,460	529,764	-6 %
Operating expenses	158,124	151,831	4 %	462,892	460,483	1 %
Operating profit/loss(-)	-2,120	16,357	N/A	33,567	69,282	-52 %
Net financial items	1,715	2,006	-14 %	6,000	6,765	-11 %
Profit/loss(-) before tax	-0,405	18,363	N/A	39,568	76,047	-48 %
<b>SEGMENT GLOBAL</b>						
<b>CONSOLIDATED GLOBAL (MNOK)</b>	<b>Q3 2014</b>	<b>Q3 2013 **</b>	<b>Diff 14/13</b>	<b>YTD Q3 2014</b>	<b>YTD Q3 2013 **</b>	<b>Diff 14/13</b>
Total revenue	70,524	64,470	9 %	216,624	200,728	8 %
Operating expenses	68,694	64,335	7 %	213,475	207,086	3 %
Operating profit/loss(-) ***	1,830	0,135	1253 %	3,149	-6,359	N/A
Net financial items	0,486	0,565	-14 %	-0,134	2,250	N/A
Profit/loss(-) before tax	2,316	0,700	231 %	3,015	-4,109	N/A
** Including consolidated figures for NHST Asia						
*** Not including depreciation of group goodwill						
<b>SEGMENT DIRECT RELATIONS</b>						
<b>CONSOLIDATED DIRECT RELATIONS (MNOK)</b>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>Diff 14/13</b>	<b>YTD Q3 2014</b>	<b>YTD Q3 2013</b>	<b>Diff 14/13</b>
Total revenue	27,698	25,698	8 %	81,859	75,792	8 %
Operating expenses	27,056	25,531	6 %	87,055	74,762	16 %
Operating profit/loss(-) *	0,643	0,167	284 %	-5,196	1,030	N/A
Net financial items	0,032	0,024	37 %	0,192	0,185	4 %
Profit/loss(-) before tax	0,675	0,191	253 %	-5,004	1,215	N/A
* Not including depreciation of group goodwill						
<b>SEGMENT NAUTICAL CHARTS</b>						
<b>NAUTICAL CHARTS (MNOK)</b>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>Diff 14/13</b>	<b>YTD Q3 2014</b>	<b>YTD Q3 2013</b>	<b>Diff 14/13</b>
Total revenue	25,313	23,501	8 %	89,337	77,908	15 %
Operating expenses	28,708	27,590	4 %	95,846	85,701	12 %
Operating profit/loss(-) *	-3,395	-4,089	17 %	-6,509	-7,793	16 %
Net financial items	-0,617	-0,327	-89 %	-2,149	-0,183	-1075 %
Profit/loss(-) before tax	-4,012	-4,416	9 %	-8,658	-7,976	-9 %
* Not including depreciation of group goodwill						
<b>SEGMENT OTHER</b>						
<b>CONSOLIDATED OTHER (MNOK)</b>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>Diff 14/13</b>	<b>YTD Q3 2014</b>	<b>YTD Q3 2013</b>	<b>Diff 14/13</b>
Total revenue	24,615	25,743	-4 %	86,238	84,961	2 %
Operating expenses	35,097	33,810	4 %	111,779	109,028	3 %
Operating profit/loss(-) *	-10,483	-8,067	-30 %	-25,541	-24,067	-6 %
Net financial items	-15,363	-2,956	-420 %	-19,890	-7,738	-157 %
Profit/loss(-) before tax	-25,845	-11,023	-134 %	-45,430	-31,805	-43 %
* Not including depreciation of group goodwill						