

## QUARTERLY REPORT

2nd quarter 2015

### NHST MEDIA GROUP 125 YEARS



#### Main headlines

- Revenues in the second quarter were NOK 324m, the same as in the second quarter of the previous year.
- The revenue types continued to develop differently in the second quarter, service revenues were up 24%, circulation revenues were stable, while advertising revenues were down 13%.
- There were large variations between the business areas as Direct Relations was up 36%, Nautical Charts was up 23%, Global was up 2%, while largest business area DN experienced a revenue decline of 8%.
- EBITDA for the quarter was NOK 30m and EBIT NOK 20m, down by NOK 3.5m and 2m respectively on the same period in the previous year.
- The second quarter showed better operating profit in Global and Other, while DN, Direct Relations and Nautical Charts were down.
- The group achieved 12% growth in digital revenues, which accounted for 30% of total revenue in the second quarter. There is extensive digital development in all the business areas, with the quarter seeing several new digital launches.
- The group upped its stake in news monitoring company Intermedium to 100% in the second quarter. Fishing News Weekly was sold with a small positive effect on the operating result

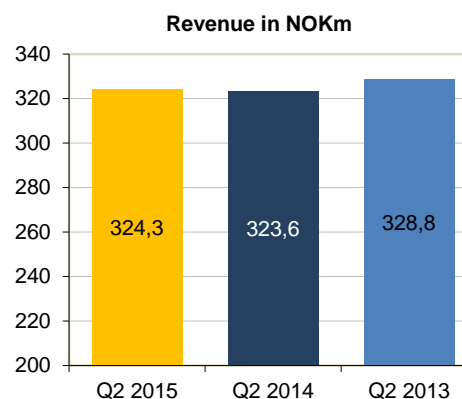
## SECOND QUARTER 2015

Figures in MNOK	Q2 2015	Q2 2014	%change	YTD Q2 2015	YTD Q2 2014	%change
Revenues	324,3	323,6	0 %	643,4	622,9	3 %
Operating expense	304,3	301,4	1 %	617,9	618,7	0 %
EBITDA	30,0	33,5	-11 %	45,9	26,3	74 %
Operating profit/loss(-)	20,1	22,2	-10 %	25,5	4,2	509 %
Net finance	-1,0	0,2		-1,3	-2,2	
Profit/loss (-) before tax	19,0	22,4		24,2	1,9	

There were three main characterising trends in the second quarter: declining advertising revenue, continuing strong growth in service revenues and, for the first time, other business units than DN represented more than 50 % of the consolidated revenue. Consolidated revenues are moving away from traditional advertising revenue towards other revenue streams both for publishing activities and, not least, because of the strong growth in other activities. Advertising revenue still has better margins than other revenue types, and thus the decline in advertising revenue undermines operating profit. Underlying operating expenses continued to fall in the second quarter, but the effect in NOK is not as noticeable due to the weak krone and the rising cost of goods sold at Nautical Charts resulting from increased sales. Cumulatively, group profitability has improved. However, some parts of the group are still failing to deliver satisfactory operating margins, and further cost-cutting measures are under way. There is extensive digital product development, with success in this area being crucial to further development of the business.

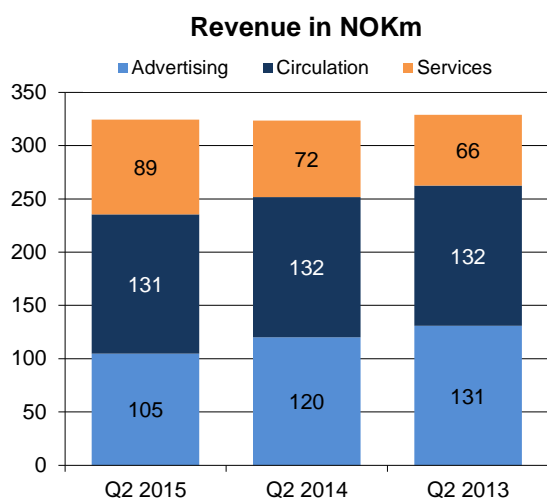
### The NHST Group in the quarter

Revenues in the second quarter were NOK 324m, which is on par with the same period in the previous year. Revenues were down 1% for comparative activities. This means that the underlying trend, before currency effects and new acquired business, was a first quarter of growth followed by a second quarter with a slight decline in total revenues. The strongest growth was in the group's non-publishing activities, which supported the top-line trend, while advertising revenue continued to fall. Advertising markets are shrinking, especially in Norway. This is affecting both DN and Intrafish, but international industries like oil and gas are also experiencing a decline, impacting Upstream.



Total advertising revenue finished the quarter on NOK 105m, as against NOK 120m for the same period in the previous year, a fall of 13%. The decline at DN had the greatest impact on the group. There was also a moderate decline at Global Publications. Total digital advertising revenue grew, driven by both demand and higher inventory in the form of traffic.

Circulation revenue was NOK 131m, as against NOK 132m for the same period in the previous year and NOK 138m for the first quarter.

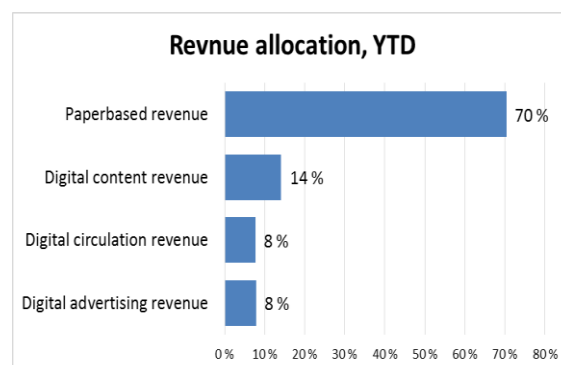


Circulation revenues remain the largest revenue source at more than 40%, while the decline in advertising and growth in non-publishing activities mean that their relative positions are changing.

Growth in service revenues were 24%, as against 12% in the first quarter. The growth rate at both Direct Relations and Nautical Charts is good. Total revenue from these areas, together with some other minor revenue streams such as conferences, ended the second quarter on NOK 89m.

Total digital revenues continued to grow in the second quarter. In the second quarter 30% of group revenues were "fully digital" again after exceeding 30% for the first time in the first quarter, when advertising volume was slightly lower as usual.

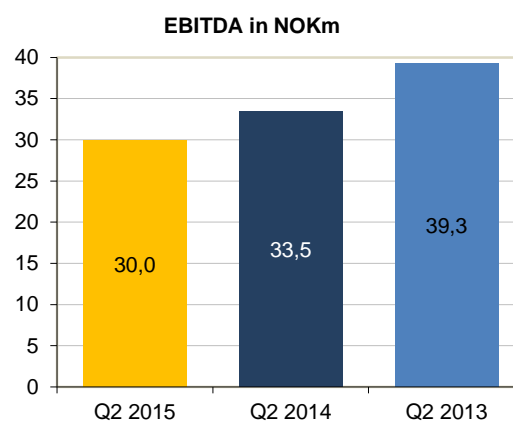
Growth in digital revenues in the quarter was 12%, as against a growth rate of around 14% in the previous year and all of 23% in the first quarter. It was mainly growth in digital advertising that was lower in the second quarter than in previous quarters.



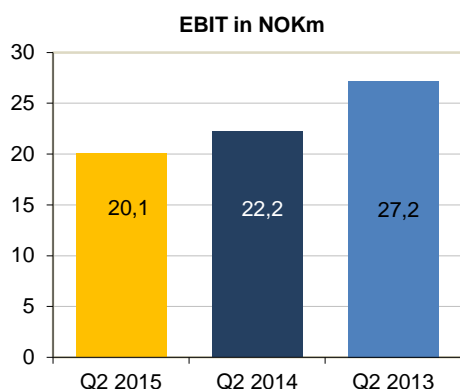
Other digital revenues in the group increased by 29%, which was more than the previous year's average of 9%. This revenue is mainly driven by Direct Relations.

Total expenses ended the second quarter on NOK 304m. This was up 1% from the same period in the previous year, and compares with a fall of 1% in the first quarter and minus 4% in the fourth quarter of last year. This means that before currency effects in the global activities, acquired operations and the increase in cost of goods sold as a result of higher sales, the underlying decline in the cost base continued in the second quarter.

EBITDA ended the quarter on NOK 30m, down NOK 3.5m on same period in the previous year.



Operating profit in the second quarter was NOK 20m, a fall of NOK 2m.



Net profit before tax was NOK 19m, while profit after tax was NOK 19m. The tax expense in the quarter was affected by the revenue recognition of a tax-loss carry-forward.

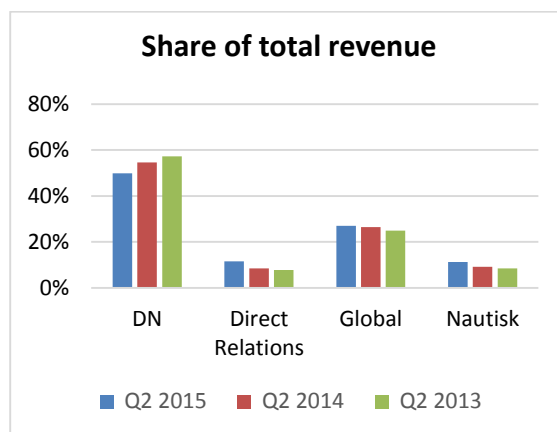
The group's total capital followed the normal trend in the second quarter and fell slightly. The equity ratio was 19%, increasing as a result of the profit posted and seasonal variation in the balance sheet. The group's underlying cash flow and liquidity situation are satisfactory. Total liquidity was NOK 202m, which represents a net cash outflow of NOK 8m in the quarter. The group has an interest-bearing loan of NOK 50m.

### The year to date

Revenues after two quarters were NOK 643m, up NOK 20m from NOK 623m after the second quarter of the previous year. Accumulated circulation revenue was up 1%, while advertising revenue was down 9%. Service revenue grew 26%, or 17% after non-recurring items.

Operating profit after six months was NOK 25m, which is NOK 21m better than at the same time last year. All the business areas contributed to the improvement in earnings, including Global, even before non-recurring income of NOK 11m from sale of the lease.

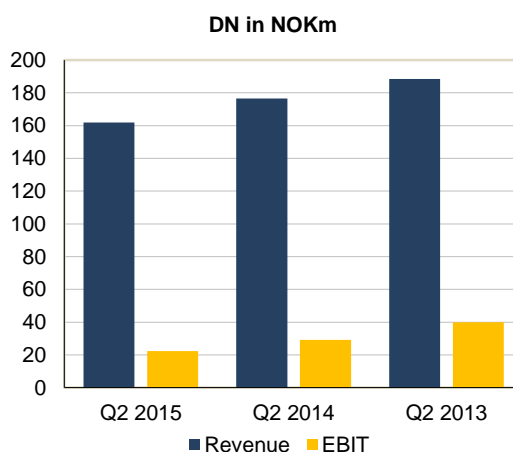
### The business areas in the quarter



#### DN business area

Revenues in the quarter fell by 8% or NOK 15m compared with the same period in the previous year.

Advertising revenue was down 17% in the second quarter. Underlying was another large fall in advertising revenue from the paper products, while digital advertising revenue grew. The overall decline in advertising revenue was driven by a combination of volume and price. The positive trend with traffic growth for DN's digital platforms continued throughout the second quarter.



Circulation revenues fell by 2% in the second quarter, the first fall since the second quarter of 2014. Digital circulation revenue increased, together with combination and weekend products. Circulation revenue ended at NOK 88m, as against NOK 92m in the first quarter, but

there were fewer publication days in the second quarter than in the previous year owing to Easter.

Operating profit in the second quarter was NOK 22m, down NOK 7m on the same period in the previous year. The accumulated operating margin to date is 11%, which is slightly up on the 8% achieved for last year as a whole. Total expenses in the second quarter were NOK 7m lower than for the same period in the previous year. Cost reductions, combined with lower printing and distribution costs, drove cost levels down.

Accumulated revenues after the first six months of the year ended at NOK 327m, 4% lower than for the same period in the previous year. The fall is a result of the declining advertising revenue. Operating profit was NOK 36m, the same as after the first six months of the previous year. Total expenses fell 4% in the first six months of the year.

Morgenbladet is only consolidated as an associated company and so does not affect the DN business area. Morgenbladet's revenues after the first six months of the year were NOK 30m, which is up on the previous year. Operating profit was NOK 4m, which is also an improvement on the same period in the previous year. NHST owns 34% of the shares, but has an option to increase its stake to 90% in the first quarter of 2016.

#### Global business area

As from 2015, Global comprises Tradewinds, Upstream, Intrafish Media, Recharge and Europower. Comparative figures have been updated to reflect this.

Revenues in the second quarter were NOK 88m, up 2% on the same period in the previous year. This is on a par with growth in the first quarter, but the underlying trend, before cur-

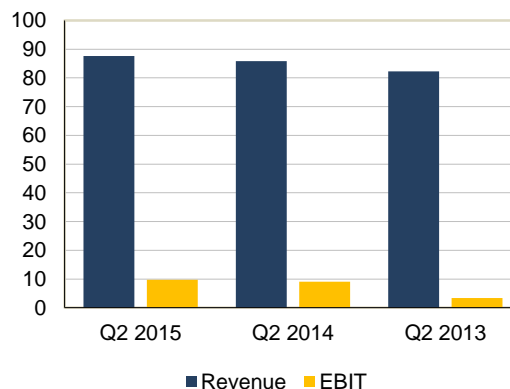
rency effects, was a second-quarter fall in revenues. The exception was Tradewinds, which posted 15% growth.

Circulation revenues continued to grow in the second quarter, reaching NOK 43m, up NOK 3m, or 8%. The growth rate for circulation revenue is holding up and providing an increasingly important revenue stream for the global publications. Growth in the second quarter came from Tradewinds in particular. There was growth in both digital and paper-based circulation revenue at Global.

The second quarter also saw a slight decline in advertising revenue, primarily as a result of lower advertising revenue at Intrafish (see below regarding sale), but the market conditions for Upstream are also challenging, with major cost-cutting programmes in the international oil industry. At the same time, Tradewinds' advertising revenue grew as a result of the Nor-Shipping conference, which is held in Oslo bi-annually. There were a number of important trade conferences in the second quarter, which had an impact on both revenues and expenses.

Intrafish completed the sale of Fishing News Weekly at the start of the quarter. This will affect comparative figures for Intrafish from May onwards. Seen in isolation, the sale only had a small positive impact on the operating result.

**GLOBAL in NOKm**



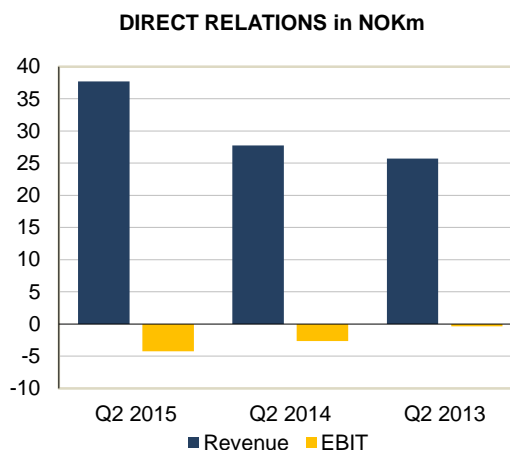
Total operating expenses were NOK 78m, which was on a par with the first quarter despite a high level of activity. Compared with the same period in the previous year, expenses increased 1%, entirely caused by currency effects. Underlying expenses fell in line with the measures that have been implemented to lower the cost base with 4-5%.

Operating profit improved by NOK 1m in the second quarter, finishing on NOK 10m. It was the second quarter of improvement in a row. Profitability in the segment is rising, but there continues to be too much variation between the different businesses. Further improvements will be needed in order to achieve profitability targets, and a number of measures are being implemented to this end.

Accumulated revenues stood at NOK 170m after the first six months of the year, which is NOK 13m higher than at the same time last year, the growth was 2% when non-recurring items are excluded. Revenue growth has primarily been driven by Tradewinds so far this year. Accumulated operating profit was NOK 16m, up NOK 15m. The underlying improvement from operations was NOK 5m.

#### Direct Relations business area

Direct Relations grew 36% in the second quarter after growth of 20% in the first quarter. The figures for 2015 include from May on the newly acquired Intermedium. Revenues finished at NOK 38m, up from NOK 28m at the same time last year. Growth is being driven by both increasing customer numbers and higher revenue per customer.



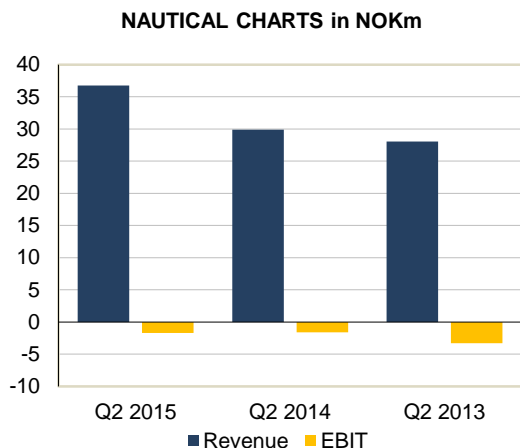
There was an operating loss of NOK 4m for the quarter, which is slightly worse than at the same time last year. This development is due to increased investment in product development and initiatives in new markets. Operating expenses rose 38% overall to NOK 42m.

Accumulated revenues after the first six months were NOK 69m, NOK 15m, or 28%, up on the same time last year. Accumulated cost growth is NOK 16m and reflects both increased product depreciation and a consultative sales model requiring upfront investment in new customers. The first six months of the year produced an operating loss of NOK 6m, which is NOK 2m worse than the previous year. Mattias Malmström took over as CEO of Mynewsdesk on 1 June. The Board of Directors thanks the outgoing CEO, Peter Ingman, for all his hard work and achievements.

#### Nautical Charts business area

Nautical Charts' revenues continued to grow in the second quarter, the seventh quarter in a row with growth. Revenues were NOK 37m, up NOK 7m on the same period in the previous year. Growth was driven by increased customer volume, i.e. number of vessels, while revenue per vessel was lower than at the same time last year. The currency effect of the weaker Norwegian krone is also contributing to this, as the majority of revenue reflects the trend for GBP.





Total operating expenses rose by NOK 7m in the second quarter compared with the same period in the previous year. Excluding the cost of goods sold, the cost base increased by NOK 4m. The increase is due to the high level of sales activity, including participation in several trade fairs, higher development costs and growth in staff expenses. Gross margins are improving, but operating margin is developing more slowly as a result of the increase in expenses. The currency effect is also having an impact on cost levels in NOK.

There was an operating loss of NOK 2m in the quarter. This is on a par with the same period in the previous year.

NaviTab – a digital product for reading nautical publications – was launched on schedule in the second quarter and attracted great interest at the Nor-Shipping trade fair, for example. Many existing and new customers have made contact with a view to testing the product on their vessels.

Accumulated revenues for the first six months of the year were NOK 76m, up 18%. All markets are showing good development and the weak Norwegian krone is generating increased revenue growth. There was an operating loss of NOK 2m, which is NOK 1m better than at the same time last year, but still not satisfactory.

### Other activities

This area now only comprises activities in the parent company, together with Smartcom in comparative figures for 2014. In 2015, Smartcom is consolidated as an associate under financial items, together with Morgenbladet.

The parent company's accounts developed as expected in the second quarter. There were slightly more expenses for outside assistance in the quarter, while other items developed as normal.

### **Prospects**

Market conditions in the media industry remain challenging, particularly with regard to advertising revenue. The downward trend for advertising revenue has affected all markets and, as far as NHST is concerned, Norway in particular. The emphasis on higher circulation revenue and outstanding editorial content is key to future strategy. This includes a comprehensive commitment to digital offerings and narrative techniques. Growth in service revenues is expected to remain high, but at slightly lower growth levels in the next few quarters.

The results in the first quarter showed considerable improvement, while there were weaker signs in the second quarter. The decline in profitable advertising revenue in the publishing activities was more than could be offset by lower costs or new revenue. This may also affect results in the third and fourth quarters of this year. The Group works to increase profitability in the other businesses over time to compensate for this shortfall. Overall there is expected to be a definite improvement in results for the 2015 financial year compared with 2014.

Oslo, 10/07/2015

Board of Directors of NHST Media Group

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<b>KEY FIGURES NHST MEDIA GROUP</b>							
(MNOK)	Q2 2015	Q2 2014	YTD Q2 2015	YTD Q2 2014	2014	2013	2012
Revenues (***) (***)	324,3	323,6	643,4	622,9	1 235,4	1 236,8	1 200,0
Operating expenses (***)	294,4	290,2	597,4	596,6	1 201,2	1 184,1	1 118,0
Ordinary depreciation	9,9	11,3	20,4	22,1	44,5	43,6	37,7
EBITDA	30,0	33,5	45,9	26,3	34,2	52,7	82,0
Operating profit / loss (***)	20,1	22,2	25,5	4,2	-10,3	9,1	44,2
Net financial items	-1,0	0,2	-1,3	-2,2	-4,4	-3,5	-4,1
Profit/loss before tax	19,0	22,4	24,2	1,9	-14,7	5,6	40,1
Profit/loss after tax total (*)	19,4	14,8	21,6	-1,1	-17,2	-8,2	24,0
Minority interests	0,3	0,5	0,4	0,6	1,4	1,3	1,1
Profit/loss after tax majority(*)	19,1	14,2	21,1	-1,7	-18,6	-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	1 287 925
Profit/loss per share in NOK	15,1	11,5	16,8	-0,8	-13,4	-6,3	18,7
Number of employees	735	752	733	749	751	736	711
Number of FTEs (**)	726	743	723	740	741	728	700
			<b>30.06.2015</b>	<b>31.12.2014</b>			
Intangible assets			127,9	134,4			
Other fixed assets			120,1	100,0			
<b>Total fixed assets</b>			<b>248,0</b>	<b>234,4</b>			
Inventory			24,7	24,9			
Accounts receivable			120,2	133,3			
Other short term receivables			53,2	24,8			
Cash and cash equivalents			201,6	166,3			
<b>Total short term assets</b>			<b>399,7</b>	<b>349,3</b>			
<b>Total assets</b>			<b>647,7</b>	<b>583,7</b>			
Shareholders' equity			108,5	96,7			
Minority			12,4	11,9			
<b>Total shareholders' equity</b>			<b>120,9</b>	<b>108,6</b>			
Long term debt			20,1	19,6			
Accounts payable			35,5	45,3			
Prepayments			288,2	237,2			
Other short term debt			182,9	173,2			
<b>Total liabilities</b>			<b>526,8</b>	<b>475,1</b>			
<b>Total shareholders' equity and liabilities</b>			<b>647,7</b>	<b>583,7</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.							
<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 %						
Røed Gunvor Jorunn Hammer	1,18 %						
DnB Livsforsikring	1,10 %						

<b>NHST GROUP (MNOK)</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>Diff 15/14</b>	<b>YTD Q2 2015</b>	<b>YTD Q2 2014</b>	<b>Diff 15/14</b>
Total revenue	324,347	323,631	0 %	643,356	622,881	3 %
Operating expenses	301,464	297,027	1 %	611,247	609,885	0 %
Amortisation at group level	2,826	4,407	-36 %	6,640	8,814	-25 %
Operating profit/loss(-)	20,057	22,197	-10 %	25,468	4,182	509 %
Net financial items	(1,017)	0,181	N/A	(1,255)	(2,234)	44 %
Profit/loss(-) before tax	19,040	22,378	-15 %	24,213	1,948	1143 %
<b>SEGMENT DAGENS NÆRINGS LIV</b>						
<b>DN TOTAL (MNOK)</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>Diff 15/14</b>	<b>YTD Q2 2015</b>	<b>YTD Q2 2014</b>	<b>Diff 15/14</b>
Total revenue	161,863	176,561	-8 %	327,245	340,455	-4 %
Operating expenses	139,584	147,370	-5 %	291,487	304,768	-4 %
Operating profit/loss(-)	22,279	29,191	-24 %	35,758	35,687	0 %
Net financial items	2,002	2,223	-10 %	3,895	4,285	-9 %
Profit/loss(-) before tax	24,281	31,414	-23 %	39,653	39,972	-1 %
<b>SEGMENT GLOBAL</b>						
<b>CONSOLIDATED GLOBAL (MNOK)</b>	<b>Q2 2015</b>	<b>Q2 2014 **</b>	<b>Diff 15/14</b>	<b>YTD Q2 2015</b>	<b>YTD Q2 2014 **</b>	<b>Diff 15/14</b>
Total revenue	87,670	85,796	2 %	170,357	156,666	9 %
Operating expenses	77,875	76,744	1 %	154,689	155,388	0 %
Operating profit/loss(-) ***	9,795	9,052	8 %	15,668	1,279	1125 %
Net financial items	(0,405)	0,128	N/A	(0,509)	(0,667)	24 %
Profit/loss(-) before tax	9,390	9,180	2 %	15,159	0,612	2377 %
** Including consolidated figures for NHST Asia						
*** Not including depreciation of group goodwill						
<b>SEGMENT DIRECT RELATIONS</b>						
<b>CONSOLIDATED DIRECT RELATIONS (MNOK)</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>Diff 15/14</b>	<b>YTD Q2 2015</b>	<b>YTD Q2 2014</b>	<b>Diff 15/14</b>
Total revenue	37,713	27,746	36 %	69,491	54,161	28 %
Operating expenses	41,930	30,409	38 %	75,880	60,000	26 %
Operating profit/loss(-) *	(4,216)	(2,663)	-58 %	(6,389)	(5,838)	-9 %
Net financial items	(0,010)	0,105	N/A	0,109	0,159	-31 %
Profit/loss(-) before tax	(4,227)	(2,558)	-65 %	(6,280)	(5,679)	-11 %
* Not including depreciation of group goodwill						
<b>SEGMENT NAUTICAL CHARTS</b>						
<b>NAUTICAL CHARTS (MNOK)</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>Diff 15/14</b>	<b>YTD Q2 2015</b>	<b>YTD Q2 2014</b>	<b>Diff 15/14</b>
Total revenue	36,777	29,897	23 %	75,629	64,024	18 %
Operating expenses	38,458	31,493	22 %	77,647	67,138	16 %
Operating profit/loss(-) *	(1,681)	(1,597)	-5 %	(2,018)	(3,114)	35 %
Net financial items	(0,286)	0,055	N/A	(1,180)	(1,532)	23 %
Profit/loss(-) before tax	(1,967)	(1,542)	-28 %	(3,198)	(4,645)	31 %
* Not including depreciation of group goodwill						
<b>SEGMENT OTHER</b>						
<b>CONSOLIDATED OTHER (MNOK)</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>Diff 15/14</b>	<b>YTD Q2 2015</b>	<b>YTD Q2 2014</b>	<b>Diff 15/14</b>
Total revenue	23,545	26,244	-10 %	46,539	51,962	-10 %
Operating expenses	26,839	33,623	-20 %	57,449	66,980	-14 %
Operating profit/loss(-) *	(3,293)	(7,379)	55 %	(10,910)	(15,018)	27 %
Net financial items	(2,317)	(2,330)	1 %	(3,571)	(4,480)	20 %
Profit/loss(-) before tax	(5,611)	(9,709)	42 %	(14,481)	(19,498)	26 %
* Not including depreciation of group goodwill						

## Definitions

<b>Advertising Revenue</b>	Revenue from advertising in paper or digital products in the publishing businesses
<b>Circulation Revenue</b>	Revenue from subscription, over the counter and bulk sales on the publishing businesses
<b>Service Revenue</b>	Total revenue of the Group's non-publishing businesses and the revenue elements which are not advertising nor circulation revenue in the publishing businesses
<b>Digital Revenue</b>	Digital revenue derive for the sale of any digital product both in publishing and non-publishing businesses