

# QUARTERLY REPORT 2<sup>nd</sup> Quarter 2016



*Pictures from some of the conferences held under the auspices of NHST in the second quarter: Tradewinds Shipowners Forum in Athens, DN's Seafood Conference in Oslo and Intrafish Seafood Investor Forum in New York.*

## Highlights for the quarter

- Revenues increased by 12 % to MNOK 364 in the quarter. Adjusted for one-off effects and the addition of Morgenbladet, revenues increased by 3 %.
- Revenues in the Norwegian and global news publications increased by 11 % to MNOK 275. Before on-off effects and the consolidation of Morgenbladet, there was a 2 % decline in revenues.
- Media service revenues increased by 16 % to MNOK 90.
- The second quarter remained challenging for advertising revenue with a 10 % decrease in revenue. However, the decrease was significantly lower than in the first quarter, which saw a decrease of 19 %.
- The EBITDA for the quarter was a profit of MNOK 38. Adjusted for restructuring costs of MNOK 16, sales gains of MNOK 19 and consolidated/deconsolidated businesses the increase was MNOK 4.
- The quarter saw an operating profit of MNOK 26, an increase of MNOK 6.
- As of April, Morgenbladet has been integrated in Norwegian Publications after NHST's acquired 90.1 % of the shares, while TDN Finans and Intstream have been sold.
- The previously announced productivity improvement program is being implemented, and the target has been increased to MNOK 75 (previously MNOK 60) in annual productivity improvements.
- There is extensive ongoing digital product developments in the group and in the second quarter MNOK 13 was capitalised as investments in products and technology. The new products and product improvements in Mynewsdesk have been completed and are ready to be launched, while the 'One Intrafish' product was launched in the second quarter.

## SECOND QUARTER 2016

MNOK	Quarter			Accumulated		
	Accounts	Last year	deviation	Accounts	Last year	deviation
Subscription income	134,39	113,98	18 %	255,92	233,78	9 %
Advertising revenue	94,54	104,65	-10 %	169,21	196,78	-14 %
Single copy and services revenue	45,90	28,43	61 %	70,60	63,83	11 %
<b>Sum news publications</b>	<b>274,83</b>	<b>247,06</b>	<b>11 %</b>	<b>495,73</b>	<b>494,38</b>	<b>0 %</b>
Subscription income	48,73	37,71	29 %	95,09	69,49	37 %
Sales of goods and services	40,79	39,57	3 %	81,49	79,48	3 %
<b>Sum other media services</b>	<b>89,52</b>	<b>77,28</b>	<b>16 %</b>	<b>176,58</b>	<b>148,97</b>	<b>19 %</b>
<b>Total revenues</b>	<b>364,35</b>	<b>324,35</b>	<b>12 %</b>	<b>672,30</b>	<b>643,36</b>	<b>4 %</b>
	-	-	0 %	0	0	0 %
Operating expenses	338,53	304,29	11 %	665,12	617,89	8 %
EBITDA before one time effects	33,80	27,35	24 %	25,89	32,03	-19 %
EBITDA	37,68	29,95	26 %	29,77	45,91	-35 %
Operating profit or loss	25,82	20,06	29 %	7,18	25,47	-72 %

*In the second quarter the line item single copy and services revenue include one-off effects from the sale of businesses with MNOK 19.49 in 2016 and MNOK 2.60 in 2015. In addition, operating costs are charged with restructuring costs of MNOK 15.63 in 2016. In total, 35 people have left or signed severance agreements with termination dates before the end of 2016 as part of the productivity improvement program. The impact on cost and employee figures will affect future quarters.*

*Beyond the effects above in the second quarter, YTD June 2015 also include the gain from the sale of the office lease in London of MNOK 11.30.*

*Both the 2015 and 2016 figures include the sold businesses TDN Finans and Intermedium, while the 2016 figures include Morgenbladet as of the second quarter. The net positive effect of this on the change in operating result from 2015 to 2016 in the second quarter was MNOK 1.86.*

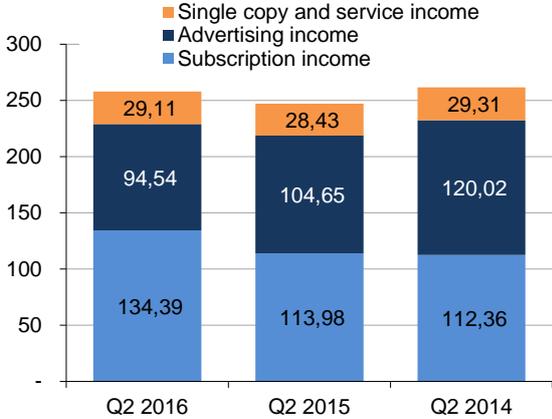
The Group's revenues in the second quarter were up MNOK 40 compared to the same period last year, to MNOK 364. This include gains of MNOK 19 from the sale of TDN Finans and Intermedium in 2016 and of MNOK 3 from the sale of Fishing News Weekly in 2015. Adjusted for this, and the consolidated/deconsolidated businesses, the increase in revenue was MNOK 9, equal to 3 %.

Revenues from the Group's news publications increased by 11 % in the second quarter, including sales gains and the consolidated Morgenbladet. Adjusted for this, there was an underlying decline of MNOK 6, equal to 2 %.

Advertising revenues decreased by MNOK 10 compared with the same quarter last year. There was a decline in both Norwegian and Global Publications, but the decrease was significantly lower than in the first quarter. Both DN and Global Publications saw a

decline. The decrease in DN was lower than in the first quarter, whereas Global Publications went from some growth to a decrease.

**Newspublications revenues in mnok**



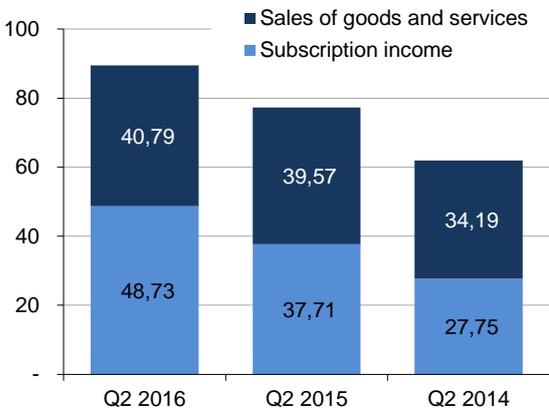
Subscription income increased by 18 % in the second quarter compared with the same quarter last year. Subscription income increased by MNOK 4 in Global Publications and by MNOK 17 in Norwegian Publications. Consolidated across the Group, there was an overall decrease in the number of subscribers, due to the decrease in Global Publications. This development is a result of the decrease in the number of subscribers in Upstream due to the challenges in the oil and gas sector. The overall number of subscribers in DN has been stable, however, its number of digital subscribers has increased by 66 % so far this year, and the use of all the digital products is increasing.

Revenue from single copy sales and services has developed positively compared with the first quarter last year. Single copy sales continue to decline, whereas several successful conferences were held in the quarter, boosting overall revenues.

Media service revenues consist of Nautisk and Mynewsdesk, but also includes some revenue from third parties in the Group’s parent company.

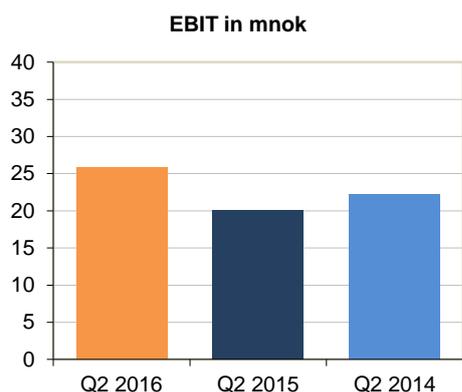
Total media service revenues ended the quarter at MNOK 90, an increase of MNOK 13. There was continued growth in Mynewsdesk, whereas the development in Nautical was flat. Media service subscription income was consequently up MNOK 11, whereas sales of goods and services were up MNOK 1. The media service revenues constituted 95 % of the advertising revenue in the second quarter and is now a significant counterbalance to the development in advertising revenues.

**Media service revenue in mnok**



The Group’s operating costs in the quarter increased by MNOK 34, equal to 11 %. This includes restructuring costs of MNOK 16 and the consolidated Morgenbladet. There was also continued growth of MNOK 10 in the cost base of Mynewsdesk, while the other businesses reduced their underlying cost base. The restructuring costs in the quarter was a result of the efficiency improvement program announced in the first quarter.

EBITDA ended the quarter at MNOK 38, which was MNOK 8 up on the same period last year. There was an EBITDA improvement also before one-time effects.



The second quarter saw operating profits of MNOK 26, which was MNOK 6 up on the previous year. Adjusted for one-time effects in both 2015 and 2016 and the consolidated/deconsolidated businesses the operating profit was MNOK 2 higher than the previous year. All the business areas contributed to the improvement in the underlying result.

#### Other factors in the quarter

As from April, Morgenbladet has been consolidated in the NHST Group based on an interest of 90.1 %. TDN Finans and Intstream were sold off with effect as from April.

Foreign exchange effects remained significant in the second quarter compared with the same period last year. Adjusted for foreign exchange effects, revenues amounted to MNOK 350 against MNOK 324 last year, which is equal to an increase of MNOK 6 before sales gains, but constitutes a decrease of MNOK 7 for comparative enterprises.

Before currency adjustments, total operating costs were MNOK 339. Adjusted for currency effects total costs amounted to MNOK 317 against MNOK 294 in the previous year. Before restructuring costs, there was growth of MNOK 7, whereas, for comparative businesses, there was a decrease of MNOK 4, equal to approximately 1 %.

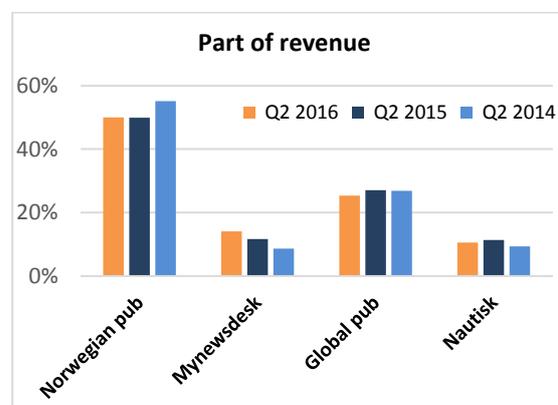
#### Accumulated result after two quarters

Revenues after two quarters amounted to MNOK 672. Adjusted for one-time effects in the form of companies sold in 2016 and the sale of both operations and the lease in London in 2015, revenues were up 4 % from MNOK 629 to MNOK 653.

Costs after two quarters increased by 8 %, but adjusted for restructuring costs in 2016, the increase was 5 %. Foreign exchange effects, the increase in Mynewsdesk and the consolidation of Morgenbladet are the primary factors in the increase in the Group's operating costs. Other businesses have reduced their underlying cost bases.

The accumulated EBITDA ended the quarter at MNOK 30 and the accumulated operating profit ended the quarter at MNOK 7.

#### The business areas in the second quarter

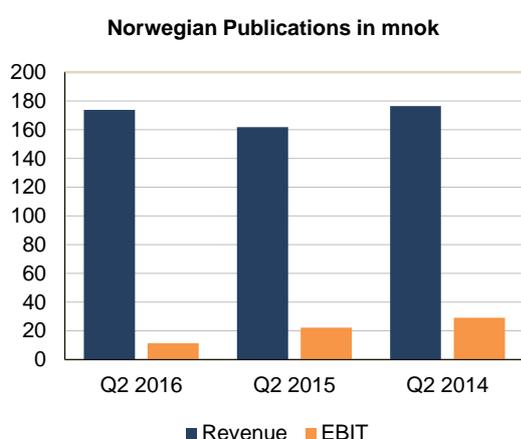


#### The Norwegian Publications business area

The business area comprises the activities in Dagens Næringsliv and Morgenbladet in the second quarter. Comparative figures have not been revised.

Revenues amounted to MNOK 174 in the quarter, which is an increase of MNOK 12, equal to 7 %, including Morgenbladet, which contributed MNOK 17 in the quarter.

Advertising revenue decreased by 10 %. There was a decrease in print advertising revenue, whereas digital advertising revenue was flat. Digital advertising revenue constituted 29 % of the advertising revenue in the quarter. Subscription revenue increased by MNOK 16, equal to 23 %. There was an increase in the total number of subscribers. Especially digital subscribers continue to increase. Morgenbladet has a positive development in both subscription revenue and advertising revenue.



The operating result in the quarter was MNOK 11, including restructuring costs of MNOK 15. In the second quarter last year the operating result was MNOK 22. Total operating costs before restructuring increased MNOK 8, equal to 6 % compared to the same period last year.

#### The Global Publications business area

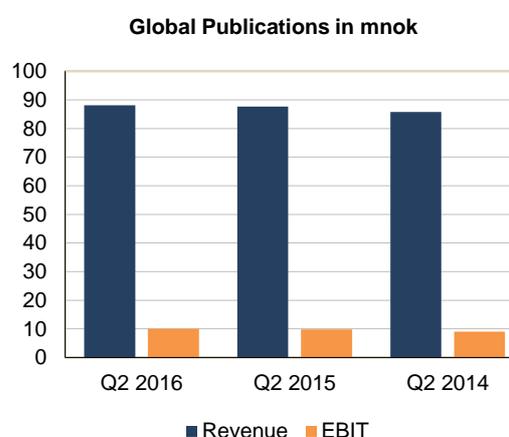
The business area comprises the enterprises Tradewinds, Upstream, Intrafish Media, Recharge and Europower.

Revenues ended the quarter at MNOK 88, which was a marginal increase of MNOK 0.4, Revenues was characterised by increased subscription and conference income, while advertising revenues were lower than the same period last year.

In total, advertising revenues decreased by MNOK 3. This equals 9 %. Digital advertising revenues decreased by 4 % in the second quarter. As at the end of the quarter, digital advertising revenue constituted 25 % of total advertising revenue, against 32 % after the first quarter.

Subscription income increased by MNOK 4, equal to 9 %. The number of subscribers decreased throughout the quarter, but price adjustments and the foreign exchange rate development have boosted subscription income.

The operating cost developed flat in the quarter compared with the same period last year, after growth of 2 % in the first quarter. Primarily, there was growth in Tradewinds as a result of a large cost base denominated in the GBP, whereas there was a cost decrease in the other publications in the second quarter.

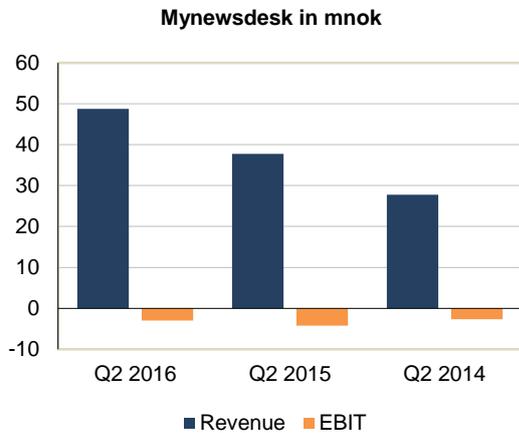


The second quarter has been an extremely active period for fairs and conferences for Global Publications. Shipowners Forum in Athens during the shipping fair Posedonia 2016 was the largest in size and commercial impact.

The operating profit increased by MNOK 0.3 and ended the quarter at MNOK 10. Thus, the development towards improved profitability continued.

### The Mynewsdesk business area

The business area comprises the global business activities under the Mynewsdesk brand and the media monitoring activities in Intermedium.



Revenues amounted to MNOK 49 in the quarter, which was an increase of MNOK 10. This is equal to a growth rate of 29 %, against 46 % in the first quarter. There is still high customer loyalty and the number of subscription customers is increasing in all the markets.

Total operating costs increased by MNOK 10 in the quarter, equal to 23 %. This is still in line with the business development plan, but the growth rate is expected to decrease going forward.

There was a high level of activity in the quarter. Several new product improvements have been launched, and the integration between Mynewsdesk and the media monitoring products of Intermedium has been finished.

The second quarter ended with an operating loss of MNOK 3, which is an improvement on the same period last year and on the first quarter. The operating loss is still the result of investments in markets outside Sweden and Norway as well as a significant increase in product development.

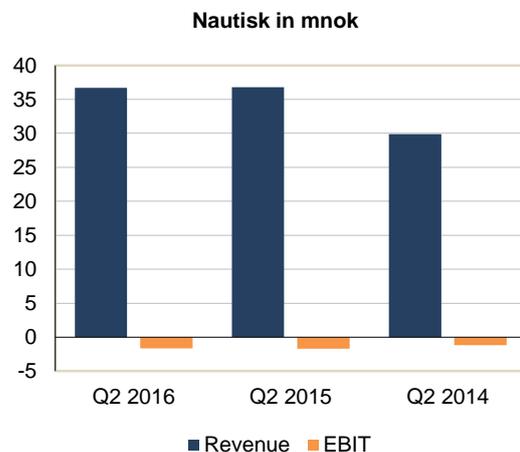
### The Nautisk business area

The business area includes the Group's global distribution of navigation products in the commercial shipping industry under the Nautisk Forlag brand.

The development in revenues was flat during the quarter and revenues ended the quarter at MNOK 37. The activities in Europe and in parts of Asia continue to show the best development. Gross margins have stabilised at satisfactory levels, but there is significant price competition in several of the market segments and in geographical regions.

The competition situation and the market are changing, and the largest competitors are now owned by Private Equity funds after ChartCo was sold by Kelvin Hughes to Equistone Partners.

Total operating costs decreased marginally in the quarter, thus reflecting the revenue development.



Sales of the Navitab product are increasing steadily and with a significant order backlog. Large-scale product development is being implemented with a product launch in 2017.

The quarter saw an operating loss of MNOK 2, which is in line with the same quarter last year. There is a need for further volume

growth to improve profitability in the business activities.

## **Outlook**

Subscription income, both from publications and media services, now amounts to more than 50 % of the Group's total revenues. The objective is to continue to grow this revenue stream through good editorial performance, solid and efficient market work and an increase in digital subscriptions.

The advertising markets remain challenging for all the Group's publications. Short term, it has not been possible to offset this fully through cost reductions, but staff reductions and other cost-cutting measures will make themselves increasingly felt. The advertising revenue decline was lower in the second quarter than in the first quarter, but booking horizons are short, with significant differences between advertisement types and publications.

The Group's media service businesses continue to grow, and, in revenue terms, they are now on level with advertising revenue. Increased media service revenues contribute to offsetting the loss of revenue in the news publications. The plan is to increase revenues further, while increasing costs at a slower rate through various productivity improvement measures.

Realizing the target of MNOK 75 in efficiency gains as part of productivity improvement program has a significant role in the Group's business development plan, including adding new systems which will enable more efficient workflows. Investments are being made in improved customer intelligence systems partnering up with large multinational suppliers in this area.

The Group has leading market positions and they are generally improving. An increasing number of the Group's projects are emerging from the «greenfield» period with material investments and operating costs, and are expected to make contributions to the operating results. Concurrently however, the earnings of established business areas are under pressure.

A weakened global macroeconomic situation will have a negative impact on the Group's operations. Large exchange rate fluctuations impact both revenues and operating costs, but have not had a significant net effect on the operating result so far.

The Group's cash flow is steadily improving as the subscription revenue continue to increase.

Oslo, 15.07.2016

The Board of Directors in NHST Media Group AS and the Group CEO

<b>KEY FIGURES NHST MEDIA GROUP</b>						
(MNOK)	Q2 2016	Q2 2015	YTD Q2 2016	YTD Q2 2015	2014	2013
Revenues	364,3	324,3	672,3	643,4	1 235,4	1 236,8
Operating expenses	326,7	294,4	642,5	597,4	1 201,2	1 184,1
Ordinary depreciation	11,9	9,9	22,6	20,4	44,5	43,6
EBITDA	37,7	30,0	29,8	45,9	34,2	52,7
Operating profit / loss	25,8	20,1	7,2	25,5	-10,3	9,1
Net financial items	-1,3	-1,0	-5,1	-1,3	-4,4	-3,5
Profit/loss before tax	24,5	19,0	2,1	24,2	-14,7	5,6
Profit/loss after tax total (*)	22,0	19,4	2,9	21,6	-17,2	-8,2
Minority interests	1,1	0,3	1,1	0,4	1,4	1,3
Profit/loss after tax majority(*)	20,9	19,1	1,8	21,1	-18,6	-9,4
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	17,1	15,1	2,2	16,8	-13,4	-6,3
Number of employees (**)	759	735	759	733	751	736
Number of FTEs (**) (***)	751	726	747	723	741	728
			<b>30.06.2016</b>	<b>30.06.2015</b>		
Intangible assets			161,0	127,9		
Other fixed assets			134,6	120,1		
<b>Total fixed assets</b>			<b>295,6</b>	<b>248,0</b>		
Inventory			20,8	24,7		
Accounts receivable			99,4	120,2		
Other short term receivables			36,8	53,2		
Cash and cash equivalents			237,1	201,6		
<b>Total short term assets</b>			<b>394,2</b>	<b>399,7</b>		
<b>Total assets</b>			<b>689,8</b>	<b>647,7</b>		
Shareholders' equity			107,1	108,5		
Minority			14,2	12,4		
<b>Total shareholders' equity</b>			<b>121,3</b>	<b>120,9</b>		
Long term debt			17,0	20,1		
Accounts payable			39,1	35,5		
Prepayments			244,4	288,2		
Other short term debt			267,9	182,9		
<b>Total liabilities</b>			<b>568,5</b>	<b>526,7</b>		
<b>Total shareholders' equity and liabilities</b>			<b>689,8</b>	<b>647,6</b>		
(*) A 27 % 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.						
(***) Figures include all employees in juni and do not adjust for employees with severance agreements						
<b>The 10 largest shareholders as at June 30</b>						
Bonheur ASA	53,99 %					
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 %					
Amble Investment	1,09 %					

<b>NHST GROUP (MNOK)</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Diff 16/15</b>	<b>YTD Q2 2016</b>	<b>YTD Q2 2015</b>	<b>Diff 16/15</b>
Total revenue **)	364,349	324,347	12 %	672,302	643,356	4 %
Operating expenses ****)	338,533	304,290	11 %	665,123	617,887	8 %
Amortisation at group level	11,868	9,893	20 %	22,592	20,444	11 %
Operating profit/loss(-)	25,816	20,057	29 %	7,179	25,468	-72 %
Net financial items	-1,331	-1,017	-31 %	-5,079	-1,255	-305 %
Profit/loss(-) before tax	24,485	19,040	29 %	2,100	24,213	-91 %
<b>Norwegian Publications</b>						
<b>Consolidated (MNOK)</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Diff 16/15</b>	<b>YTD Q2 2016</b>	<b>YTD Q2 2015</b>	<b>Diff 16/15</b>
Total revenue	173,834	161,863	7 %	320,407	327,245	-2 %
Operating expenses ****)	162,572	139,584	16 %	309,523	291,487	6 %
Operating profit/loss(-)	11,262	22,279	-49 %	10,884	35,758	-70 %
Net financial items	0,689	2,002	-66 %	2,257	3,895	-42 %
Profit/loss(-) before tax	11,951	24,281	-51 %	13,142	39,653	-67 %
* Not including depreciation of group goodwill						
<b>Global Publications</b>						
<b>Consolidated (MNOK)</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Diff 16/15</b>	<b>YTD Q2 2016</b>	<b>YTD Q2 2015</b>	<b>Diff 16/15</b>
Total revenue	88,066	87,670	0 %	163,422	170,357	-4 %
Operating expenses	78,054	77,875	0 %	156,418	154,689	1 %
Operating profit/loss(-) *)	10,012	9,795	2 %	7,003	15,668	-55 %
Net financial items	-0,416	-0,405	-3 %	-1,180	-0,509	-132 %
Profit/loss(-) before tax	9,596	9,390	2 %	5,824	15,159	-62 %
* Not including depreciation of group goodwill						
<b>Mynewsdesk</b>						
<b>Consolidated (MNOK)</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Diff 16/15</b>	<b>YTD Q2 2016</b>	<b>YTD Q2 2015</b>	<b>Diff 16/15</b>
Total revenue	48,732	37,713	29 %	95,087	69,491	37 %
Operating expenses	51,718	41,930	23 %	104,065	75,880	37 %
Operating profit/loss(-) *)	-2,986	-4,216	29 %	-8,978	-6,389	-41 %
Net financial items	0,179	-0,010	N/A	-0,023	0,109	N/A
Profit/loss(-) before tax	-2,807	-4,227	34 %	-9,001	-6,280	-43 %
* Not including depreciation of group goodwill						
<b>Nautisk Forlag</b>						
<b>Consolidated (MNOK)</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Diff 16/15</b>	<b>YTD Q2 2016</b>	<b>YTD Q2 2015</b>	<b>Diff 16/15</b>
Total revenue	36,678	36,777	0 %	76,025	75,629	1 %
Operating expenses	38,347	38,458	0 %	77,216	77,647	-1 %
Operating profit/loss(-) *)	-1,668	-1,681	1 %	-1,191	-2,018	41 %
Net financial items	-1,634	-0,286	-472 %	-4,182	-1,180	-254 %
Profit/loss(-) before tax	-3,302	-1,967	-68 %	-5,372	-3,198	-68 %
* Not including depreciation of group goodwill						
<b>Other</b>						
<b>NHST Holding co</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Diff 16/15</b>	<b>YTD Q2 2016</b>	<b>YTD Q2 2015</b>	<b>Diff 16/15</b>
Total revenue	24,542	23,545	4 %	47,671	46,539	2 %
Operating expenses ****)	29,263	26,839	9 %	59,584	57,449	4 %
Operating profit/loss(-) *)	-4,722	-3,293	-43 %	-11,912	-10,910	-9 %
Net financial items ***)	17,525	-2,317	N/A	21,422	-3,571	N/A
Profit/loss(-) before tax	12,804	-5,611	N/A	9,509	-14,481	N/A
* Not including depreciation of group goodwill						
**)	Includes the Group's gains from the sale of businesses and the lease contract in London					
***)	Includes the holding company's gain from the sale of shares, eliminated for the consolidated net finance line					
****)	Include restructuring costs in Q2 2016					

## Definitions

<b>News publications</b>	Enterprises that are engaged in activities which primarily consist of production and distribution of own-produced news. Includes the business areas Norwegian and Global publications.
<b>Media service</b>	Enterprises that are engaged in activities which are primarily not based on own production of news, but on sales of products or services. Include primarily the business areas Nautisk and Mynewsdesk and also small revenues in the holding company.
<b>Advertising revenue</b>	Revenue from advertisements, digital and print, in the Group's news publications
<b>Subscription revenue</b>	Revenue from prepaid products for which the subscription fee must at least cover deliveries for a minimum future period of 3 months
<b>Single copy sales and sales of goods and services</b>	Individual sales of goods, services or products, the delivery of which follows in direct connection with payment of the price