

# QUARTERLY REPORT 3<sup>rd</sup> Quarter 2016



## Key figures for the quarter

- Revenues for the quarter increased by 7 % to MNOK 316. Adjusted for acquired and sold companies in 2016, revenues increased by 3 %. Adjusted also for currency effects the increase was 1 %.
- Revenues in the Norwegian and global news publications increased by 8 % to MNOK 240. Adjusted for business acquisitions, the growth rate was 3 %. Adjusted also for currency effects the revenues were comparable with the same quarter last year.
- Media service revenues increased by 1 % to MNOK 76. Mynewsdesk had a revenue increase of 15 %, whereas Nautisk Forlag had a revenue decrease of 15 %.
- The EBITDA performance for the quarter was a profit of MNOK 23, which was MNOK 19 up on the same period last year. The main reasons for the improvement were lower costs in Dagens Næringsliv and Global Publications as well as revenue growth in Mynewsdesk.
- The operating profit was MNOK 10, up MNOK 17.

## Other highlights

- Advertising revenue decreased by 2 % in the third quarter, against a decrease in the first and second quarters of 19 % and 10 % respectively.
- The productivity improvement programme in the Group continues and made a significant positive contribution to the result in the third quarter. The target is an annual productivity improvement of MNOK 75.
- The Group continues to invest in both digital product development and upgrades of platforms and systems that support the digital development. Investments in the form of capitalised development costs amounted to MNOK 8 in the third quarter.

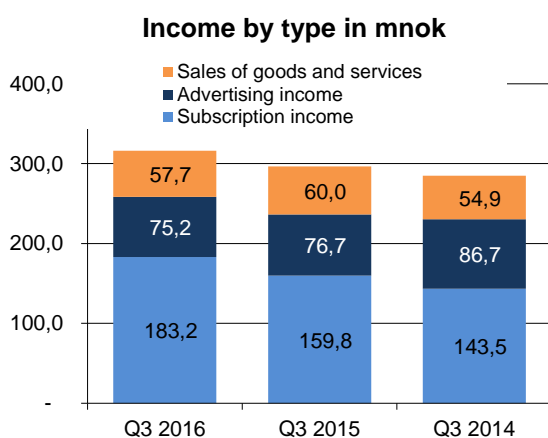
## THIRD QUARTER 2016

MNOK	Quarter			Accumulated		
	Accounts	Last year	deviation	Accounts	Last year	deviation
Subscription income	136,5	119,3	14 %	392,5	353,1	11 %
Advertising revenue	75,2	76,7	-2 %	244,4	273,4	-11 %
Sales of goods and services	28,4	25,5	11 %	99,0	89,4	11 %
<b>Sum newspublications</b>	<b>240,1</b>	<b>221,5</b>	<b>8 %</b>	<b>735,8</b>	<b>715,9</b>	<b>3 %</b>
Subscription income	46,6	40,5	15 %	141,7	110,0	29 %
Sales of goods and services	29,3	34,4	-15 %	110,8	113,9	-3 %
<b>Sum other mediaservices</b>	<b>75,9</b>	<b>74,9</b>	<b>1 %</b>	<b>252,5</b>	<b>223,8</b>	<b>13 %</b>
<b>Totale revenue</b>	<b>316,0</b>	<b>296,4</b>	<b>7 %</b>	<b>988,3</b>	<b>939,8</b>	<b>5 %</b>
	-	-	0 %	-	-	0 %
Operating expenses	306,0	303,1	1 %	971,1	921,0	5 %
EBITDA before onetime effects	22,6	3,6	526 %	47,8	35,9	33 %
EBITDA	22,6	3,6	526 %	52,4	49,5	6 %
Profit/loss before tax	10,0	-6,7	NA	17,2	18,8	-8 %

No significant one-time effects affected the results in the third quarter. The effects of acquired and sold enterprises earlier in the year, primarily Morgenbladet, have had a net positive impact on revenues of MNOK 15.5 and on the operating result of MNOK 0.1 in the third quarter.

The accumulated operating profit year-to-date before one-time effects would have been MNOK 12, against a corresponding operating profit of MNOK 8 in 2015. In 2016, the accumulated net effect of gains from the enterprise sales and negative restructuring costs on the operating profit is MNOK 5.

The Group's total revenues for the third quarter were up MNOK 20 compared with the same quarter last year. The increase for comparable activities, before acquisition and sale of enterprises, was MNOK 5, equal to 3 %.



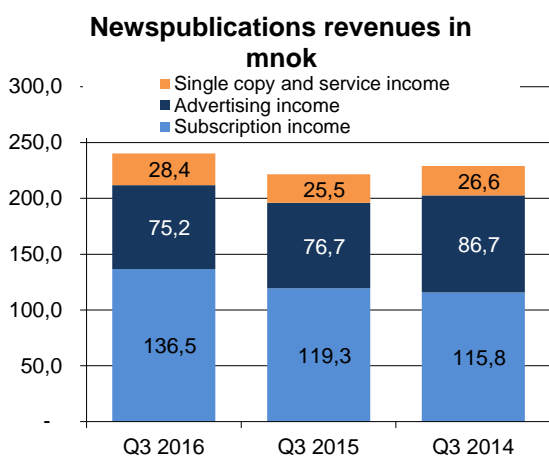
Revenue from the Group's news publications increased by 8 % in the third quarter. The development for comparable activities was an

increase of MNOK 6, equal to 3 %. This was the first quarter with revenue growth this year, but before foreign exchange effects revenues were comparable to the same period last year.

Advertising revenue decreased by MNOK 2 compared with the same quarter last year. There was a decrease in Norwegian Publications, whereas Global Publications saw a slight increase. The decrease in advertising revenue was lower than in the first and second quarters, which saw a decrease of 19 and 10 per cent respectively.

Subscription revenue increased by 14 % in the quarter. Subscription revenue increased by MNOK 2 in Global Publications and by MNOK 15 in Norwegian Publications. As at the end of

the quarter, the total number of subscribers was approximately the same as at the beginning of the year. There is an underlying decrease in the global publications and a corresponding increase in the Norwegian publications. The decrease in Global Publications is especially linked to challenges in the oil and gas sectors, which continue to affect Upstream negatively.



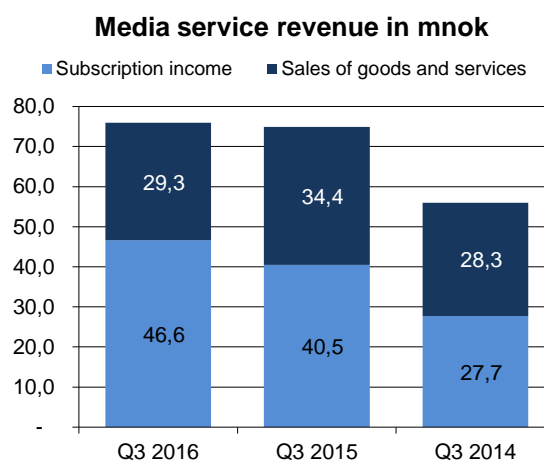
The number of digital subscription customers continued to increase in the quarter, and the use of the Group's digital products is increasing.

Revenue from single copy sales and services in the news publications developed positively. The number of NHST conferences will be higher in the autumn than in the first half of the year, and this also had a positive effect on revenue in the third quarter. In turn, revenue from single copy sales continued to decrease in the third quarter, reflecting the development for the whole Norwegian media industry.

Media services revenue consists of revenue from Nautisk Forlag and Mynewsdesk, but also includes some third-party revenue in the Group's parent company.

Total media service revenues amounted to MNOK 76, which was up MNOK 1. There was continued growth in Mynewsdesk, whereas

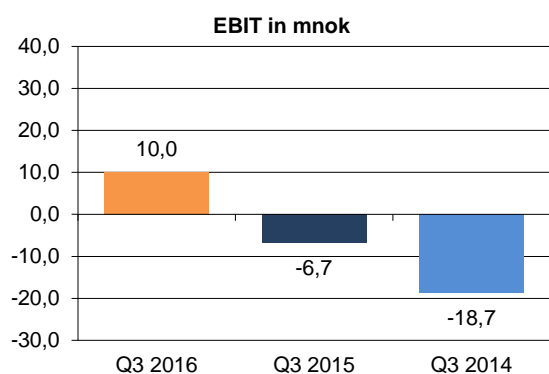
Nautisk Forlag experienced a challenging third quarter and generated lower revenues than in the same period last year. Media services subscription revenue increased by MNOK 6, whereas revenue from sales of goods and services decreased by MNOK 5. Nevertheless, media services revenue exceeded the Group's advertising revenue, despite the challenges in Nautisk Forlag.



The Group's costs increased by MNOK 3 in the quarter, equal to 1%. MNOK 2 of this increase is due to increased amortisation cost of goodwill related to the acquisition of Morgenbladet. The productivity improvement programme developed as planned and had significant effects during the quarter. Adjusted for acquired and sold enterprises, costs were down in all the business areas in the third quarter compared with the same period last year.

EBITDA ended the quarter at MNOK 23, which was MNOK 19 up on the same period last year.

The third quarter saw an operating profit of MNOK 10, which was MNOK 17 up on last year. Based on the underlying result, all business areas, with the exception of Nautisk Forlag, contributed to the improvement in the operating profit.



### Other factors in the quarter

Foreign exchange effects remained significant for some of the companies in the third quarter. Adjusted for foreign exchange effects, revenues amounted to MNOK 310 against MNOK 296 last year. This corresponds to an increase of MNOK 14, but a decrease of MNOK 1 for comparable activities.

Operating cost before foreign exchange effects ended the quarter at MNOK 306. Adjusted for foreign exchange effects, costs amounted to MNOK 305, against MNOK 303 last year. For comparable activities, there was a decrease of MNOK 14, equal to 5 %.

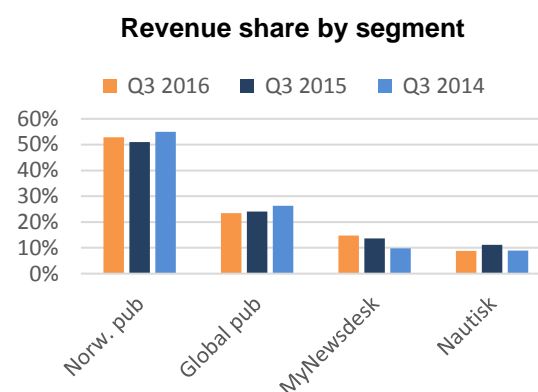
### Accumulated year-to-date

Revenues after three quarters amounted to MNOK 988. Adjusted for one-time gains from sale of enterprises in 2015 and 2016 and sale of the lease in London in 2015, revenues were up 5 % from MNOK 926 to MNOK 969. For comparable activities, the increase amounted to MNOK 10 or 1 %.

Costs after three quarters increased by 5 %, but, adjusted for restructuring costs in 2016, the increase was 4 %. Before the inclusion and consolidation of Morgenbladet in the Group, costs increased by MNOK 2.

Accumulated EBITDA ended the quarter at MNOK 52 and the accumulated operating profit ended the quarter at MNOK 17. This is a slight increase in EBITDA and a slight decrease in operating profit.

### The business areas in the third quarter



### The Norwegian Publications business area

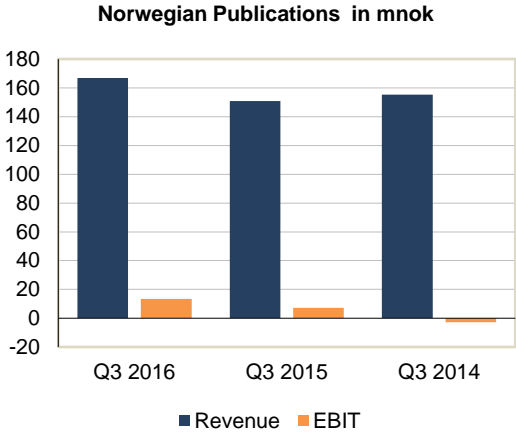
The business area comprises the activities in Dagens Næringsliv and Morgenbladet. Comparative figures have not been revised. Morgenbladet was included and consolidated in the Group as from the second quarter, while TDN no longer formed part of the Group from the same quarter.

Revenues amounted to MNOK 167 in the quarter, which is an increase of MNOK 16, equal to 11 %, including Morgenbladet, which contributed MNOK 17 in the quarter.

Advertising revenue decreased by 5 %. There was a decrease in both print and digital advertising. Digital advertising revenue constituted 43 % of the total advertising revenue in the quarter, against 29 % in the second quarter.

Subscription revenue increased by MNOK 15, equal to 20 %. There was an increase in the total number of subscribers, and growth in

digital subscribers remains high. There was good response to the campaigns conducted in the third quarter, and use of the digital products is also increasing. Morgenbladet also continued its positive development.



The quarter ended with an operating profit of MNOK 13. In the corresponding quarter last year, the operating profit was MNOK 7. The result improvement in Dagens Næringsliv was MNOK 6 as a result of the measures implemented in the productivity improvement programme. Costs increased by MNOK 10 in the quarter, equal to 7 % compared with the same period last year, but the full increase is due to Morgenbladet, not included in the 2015 figures.

The Global Publications business area

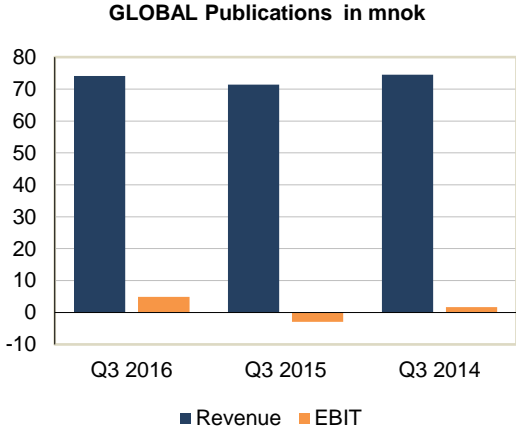
The business area comprises the enterprises Tradewinds, Upstream, Intrafish Media, Recharge and Europower.

Revenues ended the quarter at MNOK 74, which is an increase of MNOK 3. The development in revenues was a result of both higher subscription revenue and higher advertising revenue than in the corresponding quarter last year. Especially Tradewinds contributed to the revenue growth.

Advertising revenue was up MNOK 1 in the third quarter. This is equal to a 6 % growth rate compared with the same period last year. There was an increase in both print and digital advertising revenue in the third quarter, both up 6 %. Digital advertising revenue constituted 30 % of the total advertising revenue in the quarter, and the share is increasing.

Subscription revenue increased by MNOK 2, equal to 4 %. The number of subscribers continued to decrease during the quarter, especially in the oil and gas sectors, whereas foreign exchange effects and the price development continued to generate subscription revenue growth, but at a declining rate.

Operating costs decreased by MNOK 5 in the quarter, which is equal to a 7 % decrease compared with the same period last year. Cost-cutting measures have made themselves increasingly felt during the year, and, in the third quarter, costs were now also lower than in the corresponding period back in 2014. Operating costs were lower in all the operating entities in the third quarter.



The operating result improved by MNOK 8, and the third quarter ended with an operating profit of MNOK 5. The improvement in profits was due to both reduced costs and foreign exchange effects. The development towards

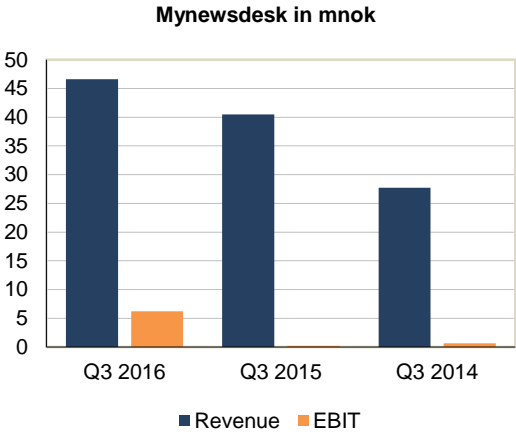
improved profitability for the business area consequently continued.

The Mynewsdesk business area

The business area comprises the global activities under the Mynewsdesk brand as well as the media monitoring activities in Intermedium, which will be integrated in the Mynewsdesk products during the third and fourth quarters this year.

Revenues amounted to MNOK 47 in the quarter, which is an increase of MNOK 6. The growth was 15 % in the third quarter, which is the lowest growth rate so far this year, but the number of subscribing customers was increasing in all the markets.

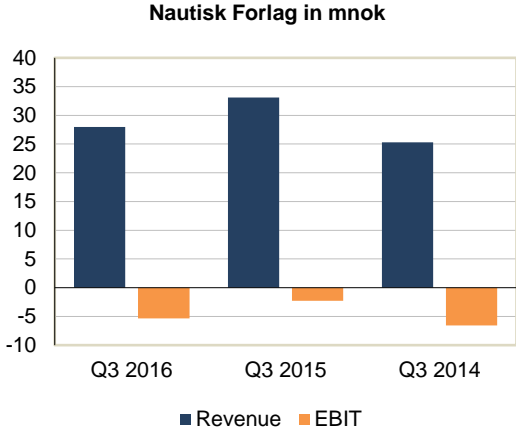
Operating costs in the quarter were in line with the same period last year. The cost growth rate has consequently slowed down in line with the development plan for the business area.



The third quarter ended with an operating profit of MNOK 6, which is an improvement on the break-even result in the same period last year. The increase is due to smaller losses in Germany and the UK as well as growth on the core markets in Scandinavia.

The Nautisk Forlag business area

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



Revenues decreased in the quarter and ended at MNOK 28, equal to a decrease of 15 %. There has been a negative development in revenues from the middle of the second quarter with sluggish market development. Gross sales margins are satisfactory, but, in terms of volumes, this is not sufficient to achieve a break-even result for the activities. The challenges in all parts of the shipping industry are now affecting all the geographical regions and segments in which Nautisk Forlag operates. The market is also changing towards an increasingly large share of digital products.

Operating costs decreased by 6 % in the quarter, but this was not sufficient to compensate for the decrease in revenues. Further structural measures will be implemented aimed at cutting the cost base in the business area into 2017.

Sales of the Navitab product are increasing, and the market is increasingly demanding more digital solutions. Large-scale product development is therefore being done with product launching in 2017, which will provide the enterprise with new sources of revenue.



The quarter saw an operating loss of MNOK 5, which is a deterioration of MNOK 3 from the same quarter last year. The decrease was caused by a combination of declining profitability and foreign exchange effects in GBP in the third quarter.

The profitability is not satisfactory. There is a need for both revenue growth and cost-cutting measures in order to achieve a break-even result.

### **Prospects**

Revenue from subscription products continues to increase. As at the end of the quarter, subscription revenue constituted 54 % of total revenue.

The Group's revenue from media services and media-related services continues to increase. This revenue exceeds the revenue from advertisement sales so far this year, but with lower margins. In the short term, there is uncertainty attached to the development in Nautisk Forlag, but growth in these revenue types is expected to continue over time.

The advertising markets remain challenging despite a lower decrease in advertisements in the third quarter than in the previous quarters this year. The prospects for the advertising market over the next quarters remain uncertain.

The Group is working on the realisation of the target of MNOK 75 in efficiency improvement

gains under the productivity improvement programme, including new systems that support the introduction of a more efficient work flow. A new production system will be implemented in DN in the fourth quarter, and the standardisation of Global Publications' platforms and systems continues. At the same time, there is a need for both investments and further product development to improve the Group's competitiveness in the longer term. The digital restructuring means that resources will increasingly be directed at activities that strengthen the digital products.

The Group's activities generally have leading market positions which are strengthening. At the same time, established areas are under pressure in terms of both results and sales due to structural changes. Extensive digital restructuring is taking place. Continued revenue growth is expected from the more recent business areas.

Oslo, 24.10.2016

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

<b>KEY FIGURES NHST MEDIA GROUP</b>						
(MNOK)	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	2015	2014
Revenues	316,0	296,4	988,3	939,8	1 271,9	1 235,4
Operating expenses	293,4	292,8	935,9	890,2	1 217,7	1 201,2
Ordinary depreciation	12,6	10,3	35,2	30,7	41,2	44,5
EBITDA	22,6	3,6	52,4	49,5	54,2	34,2
Operating profit / loss	10,0	-6,7	17,2	18,8	13,0	-10,3
Net financial items	-1,2	-1,1	-6,3	-2,3	-6,5	-4,4
Profit/loss before tax	8,8	-7,8	10,9	16,5	6,5	-14,7
Profit/loss after tax total (*)	6,0	-7,4	8,9	13,8	5,9	-17,2
Minority interests	0,6	-0,0	0,7	0,4	0,1	1,4
Profit/loss after tax majority(*)	5,4	-7,4	8,2	13,4	5,8	-18,6
Number of shares	1 287 925	1 287 925	1 287 925	1 287 925		1 287 925
Profit/loss per share in NOK	4,6	-5,7	6,9	10,7	5,0	-13,4
Number of employees	768	755	762	767	728	751
			<b>30.09.2016</b>	<b>30.09.2015</b>		
Intangible assets			152,3	132,0		
Other fixed assets			129,3	122,6		
Total fixed assets			281,6	254,6		
Inventory			18,7	25,3		
Accounts receivable			101,2	89,1		
Other short term receivables			35,2	57,4		
Cash and cash equivalents			197,3	196,2		
Total short term assets			352,3	367,9		
<b>Total assets</b>			<b>634,0</b>	<b>622,6</b>		
Shareholders' equity			111,3	105,8		
Minority			14,8	12,5		
Total shareholders' equity			126,1	118,3		
Long term debt			17,3	20,7		
Accounts payable			34,8	33,6		
Prepayments			289,4	272,0		
Other short term debt			166,4	177,9		
Total liabilities			507,9	504,3		
<b>Total shareholders' equity and liabilities</b>			<b>634,0</b>	<b>622,6</b>		
(*) A 25 % 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.						
<b>The 10 largest shareholders as at Sept. 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>Q3 2016</b>	<b>Q3 2015</b>	<b>Diff 16/15</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>Diff 16/15</b>
Total revenue **)	316,018	296,414	7 %	988,320	939,769	5 %
Operating expenses *****)	293,401	292,798	0 %	935,931	890,241	5 %
Amortisation at group level	12,572	10,300	22 %	35,164	30,744	14 %
Operating profit/loss(-)	10,045	-6,685	N/A	17,224	18,784	-8 %
Net financial items	-1,248	-1,066	-17 %	-6,327	-2,322	-173 %
Profit/loss(-) before tax	8,797	-7,751	N/A	10,897	16,462	-34 %
<b>NORWEGIAN PUBLICATIONS</b>						
<b>TOTAL (MNOK)</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>Diff 16/15</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>Diff 16/15</b>
Total revenue	166,876	150,790	11 %	487,284	478,036	2 %
Operating expenses *****)	153,454	143,502	7 %	462,977	434,990	6 %
Operating profit/loss(-) *)	13,422	7,288	84 %	24,307	43,046	-44 %
Net financial items	0,539	1,723	-69 %	2,796	5,618	-50 %
Profit/loss(-) before tax	13,961	9,011	55 %	27,103	48,664	-44 %
<b>GLOBAL PUBLICATIONS</b>						
<b>TOTAL (MNOK)</b>	<b>Q3 2016</b>	<b>Q3 2015 **</b>	<b>Diff 16/15</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>Diff 16/15</b>
Total revenue	74,137	71,349	4 %	237,559	241,706	-2 %
Operating expenses	69,244	74,237	-7 %	225,663	228,926	-1 %
Operating profit/loss(-) *)	4,893	-2,888	N/A	11,896	12,780	-7 %
Net financial items	-0,193	0,273	N/A	-1,372	-0,236	-481 %
Profit/loss(-) before tax	4,700	-2,615	N/A	10,524	12,544	-16 %
<b>MYNEWSDESK</b>						
<b>TOTAL (MNOK)</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>Diff 16/15</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>Diff 16/15</b>
Total revenue	46,625	40,464	15 %	141,711	109,955	29 %
Operating expenses	40,388	40,266	0 %	144,452	116,146	24 %
Operating profit/loss(-) *)	6,237	0,198	3050 %	-2,741	-6,191	56 %
Net financial items	-0,025	-0,157	84 %	-0,049	-0,048	-2 %
Profit/loss(-) before tax	6,212	0,041	15057 %	-2,789	-6,239	55 %
<b>NAUTISK FORLAG</b>						
<b>TOTAL (MNOK)</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>Diff 16/15</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>Diff 16/15</b>
Total revenue	27,968	33,082	-15 %	103,994	108,710	-4 %
Operating expenses	33,337	35,368	-6 %	110,554	113,015	-2 %
Operating profit/loss(-) *)	-5,369	-2,287	-135 %	-6,560	-4,305	-52 %
Net financial items	-1,589	-0,344	-362 %	-5,770	-1,524	-279 %
Profit/loss(-) before tax	-6,958	-2,630	-165 %	-12,330	-5,829	-112 %
<b>OTHER</b>						
<b>NHST parent company (MNOK)</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>Diff 16/15</b>	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>Diff 16/15</b>
Total revenue	20,187	19,599	3 %	67,858	66,138	3 %
Operating expenses	26,451	25,492	4 %	86,035	82,942	4 %
Operating profit/loss(-) *)	-6,264	-5,894	-6 %	-18,176	-16,804	-8 %
Net financial items	0,020	-2,561	N/A	21,442	-6,131	N/A
Profit/loss(-) before tax	-6,244	-8,454	26 %	3,265	-22,935	N/A
*) Not including depreciation of group goodwill						
**) Includes the Group's gains from the sale of businesses and the lease contract in London in 2015						
***) Includes the holding company's gain from the sale of shares, eliminated for the consolidated net finance line						
****) Accumulated figures 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 Norwegian Publications and Global Publications business areas
<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. Primarily includes the Mynewsdesk and Nautisk Forlag business areas, but also minor external revenue 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