

**NHST MEDIA GROUP AS**

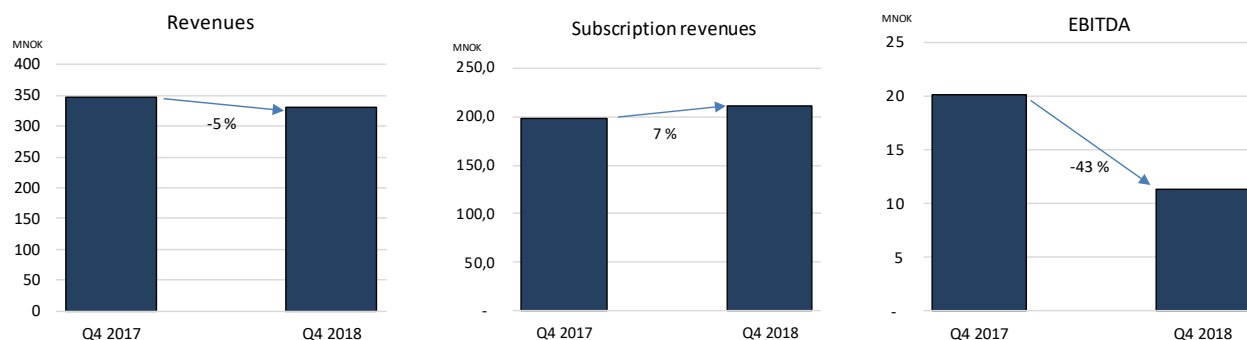
**Quarterly Report**

**Q4 2018**



**NHST**  
MEDIA GROUP

## NHST Group (Figures in brackets show the corresponding period in 2017)

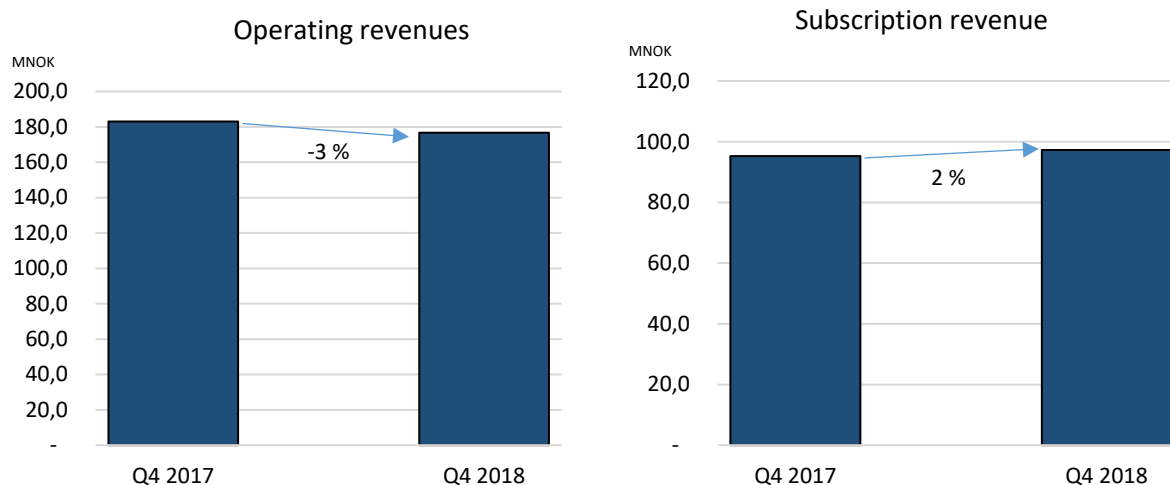


MNOK	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q4 2017 YTD	Q4 2018 YTD
Subscription income	197,8	196,6	192,1	192,0	211,0	777,1	791,8
Advertising revenue	83,4	59,9	77,7	70,1	75,7	290,9	283,3
Sales of goods and services	66,9	55,5	62,7	55,9	44,3	243,9	218,3
<b>Totale revenue</b>	<b>348,1</b>	<b>312,0</b>	<b>332,5</b>	<b>318,0</b>	<b>331,0</b>	<b>1 311,9</b>	<b>1 293,5</b>
Operating expenses	328,0	315,8	307,2	306,4	319,6	1 224,1	1 249,0
EBITDA before onetime effects	25,2	4,0	30,7	11,6	4,3	92,9	49,6
EBITDA	20,1	-3,8	25,3	11,6	11,4	87,7	44,5
Depreciation & Amortization	15,3	12,7	12,1	12,3	22,2	57,1	59,3
Operating result	4,8	-16,5	13,2	-0,7	-10,8	30,6	-14,8

The fourth quarter showed a decrease in profits with an EBITDA of MNOK 11.4 (20.1) and an EBITDA margin of 3.4% (5.8%). The decrease is primarily due to the development in Mynewsdesk and Norwegian Publication, as well as the amortisation of goodwill related to the Mention acquisition.

- Operating revenues in the fourth quarter were MNOK 331 (348.1), down 5% on the same period last year. There was a decrease of 4% in Norwegian Publications and of 1% in Global Publications, whereas the development in Mynewsdesk was stable, exclusive of the effects of Mention.
- Subscription revenue amounted to MNOK 211.0 (197.8), 7% up on the same quarter last year. This is primarily due the revenue effects from Mention, but Norwegian Publications also saw a 2% revenue increase in the fourth quarter.
- After growth in the third quarter, advertising revenue decreased by 9% in the fourth quarter, ending at MNOK 75.7 (83.4). Norwegian Publications accounted for the largest decrease.
- Mention contributed with revenues of MNOK 18 and an operating profit of MNOK 0.6 from its ordinary operations in the fourth quarter. The preliminary Price Purchase Allocation analysis identified excess values of MNOK 195. Parts of these values are amortised and the negative effect on the fourth quarter result was MNOK 12. A further description of the PPA and its effects is shown in note 3.
- The EBITDA performance before one-time effects were MNOK 4.3 (25.2), which does not include the profit of MNOK 7 from the sale of the Nautisk business.
- The operating loss was MNOK 10.8 (operating profit of 4.8), including the effects of the Mention acquisition and the Nautisk sale.
- The business in Nautisk Forlag was sold as at 1 October 2018, and only the profit from the transaction has been booked as other operating revenue.

# Norwegian Publications

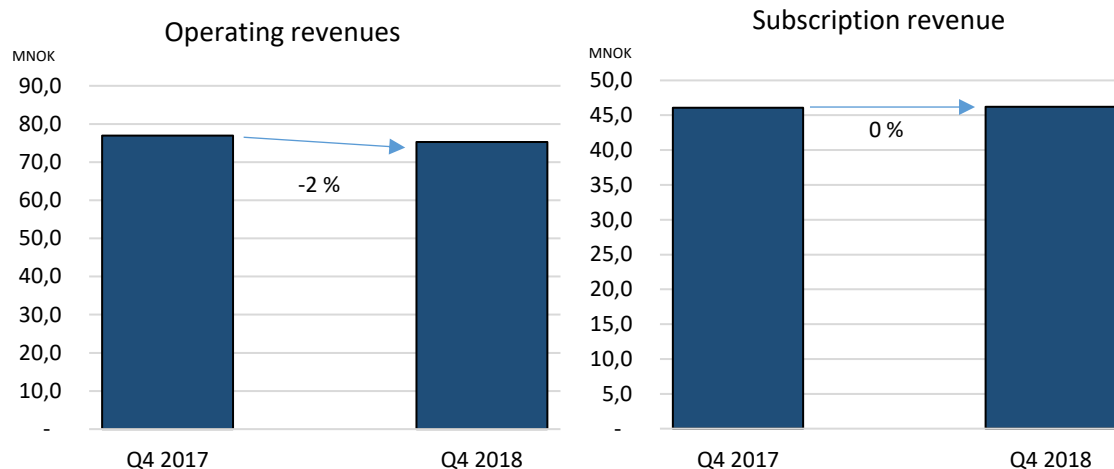


Norwegian Publications MNOK	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q4 2017 YTD	Q4 2018 YTD
Subscription income	95,2	95,8	94,2	97,5	97,2	375,5	384,7
Advertising revenue	59,9	42,9	50,3	43,4	53,5	200,1	190,0
Sales of goods and services	28,0	17,4	24,9	23,9	26,0	92,5	92,3
<b>Totale revenue</b>	<b>183,1</b>	<b>156,1</b>	<b>169,3</b>	<b>164,8</b>	<b>176,8</b>	<b>668,1</b>	<b>667,0</b>
Operating expenses	166,7	151,0	146,8	157,4	167,0	601,9	622,2
<b>EBITDA</b>	<b>16,4</b>	<b>5,0</b>	<b>22,5</b>	<b>7,4</b>	<b>9,8</b>	<b>66,1</b>	<b>44,7</b>

The fourth quarter showed a decrease in profits with an EBITDA result of MNOK 9.8 (16.4) and an EBITDA margin of 5.5% (9.0%). The decrease is primarily due to a decline in single copy sales and advertising revenue.

- Operating revenues in the fourth quarter were MNOK 176.8 (183.1), down 3%.
- Subscription revenue was MNOK 97.2 (95.2), an increase of 2% in the fourth quarter. This constitutes volume-based growth, and digital subscription products are still seeing growth, whereas there was a decrease for combination products.
- Advertising revenue ended at MNOK 53.5 (59.9), down 9% in the fourth quarter, after corresponding growth in the third quarter. There is a negative trend in general advertising, but with a growing content marketing segment. These activity fluctuations affect Norwegian Publications from quarter to quarter, and there was a lower activity level in the fourth quarter compared with the previous quarter. Digital advertising revenue increased in the quarter, whereas there was a significant decline in print advertisements.
- Costs for the fourth quarter were stable compared with the same quarter last year.

# Global Publications

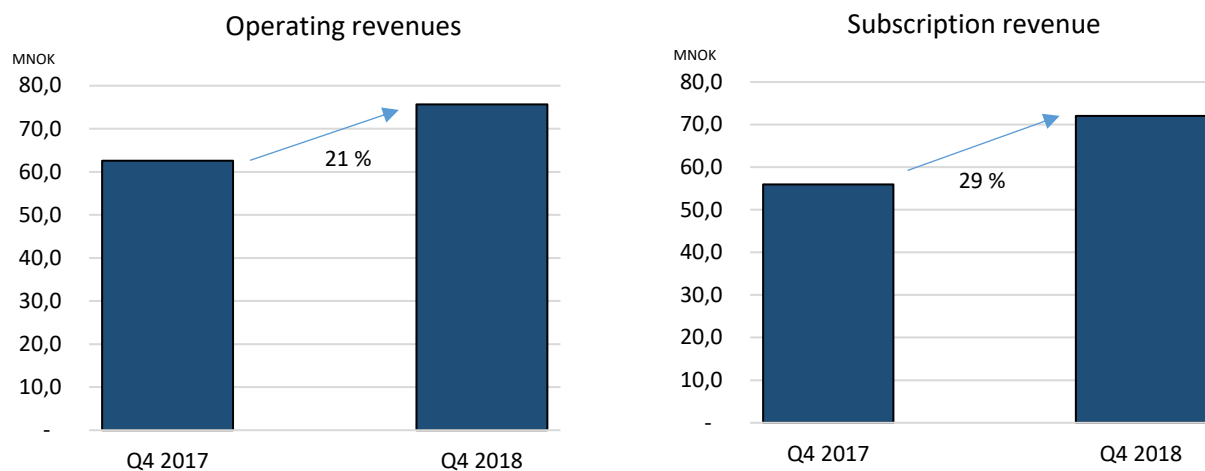


Global Publications MNOK	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q4 2017 YTD	Q4 2018 YTD
Subscription income	46,1	45,5	46,0	44,4	46,2	183,3	182,1
Advertising revenue	23,6	17,0	27,5	26,7	22,2	91,4	93,4
Sales of goods and services	7,3	6,1	8,2	7,6	6,8	25,8	28,7
<b>Totale revenue</b>	<b>76,9</b>	<b>68,6</b>	<b>81,6</b>	<b>78,8</b>	<b>75,3</b>	<b>300,6</b>	<b>304,2</b>
Operating expenses	73,1	72,2	71,8	69,1	73,7	282,8	286,9
<b>EBITDA</b>	<b>3,8</b>	<b>-3,7</b>	<b>9,8</b>	<b>9,6</b>	<b>1,5</b>	<b>17,8</b>	<b>17,3</b>

The fourth quarter showed a decrease in profit with an EBITDA of MNOK 1.5 (3.8) and an EBITDA margin of 2.0% (4.9%).

- Operating revenues for the fourth quarter were MNOK 75.3 (76.9), correspondingly down 2% on the fourth quarter last year.
- Subscription revenue was stable in the quarter, but the trend with significant growth in digital subscription products continues. The growth for digital subscription revenue in the fourth quarter was MNOK 7, or 73% compared with the same quarter last year. There has been increasing growth throughout the year.
- Advertising revenue was MNOK 22.2 (23.6), down 6%. Tradewinds was the principal cause of the decrease, but other publications also saw a decline. There was a parallel development for both print and digital advertisements.
- Operating costs were also stable in the fourth quarter.

# Mynewsdesk

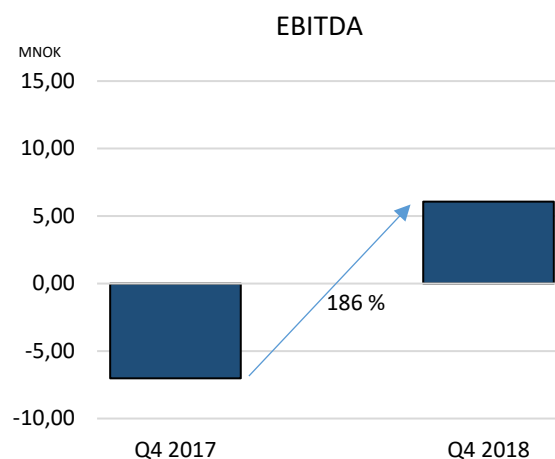
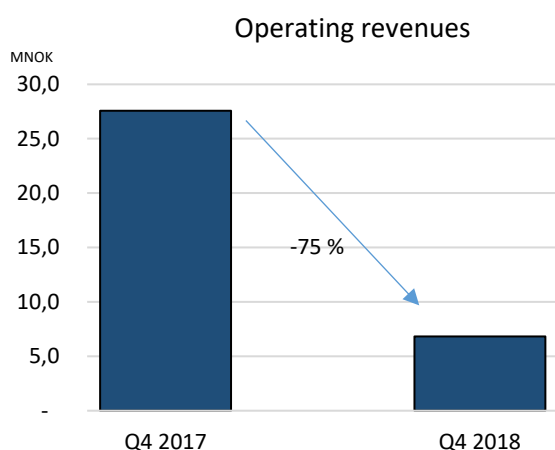


Mynewsdesk MNOK	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q4 2017 YTD	Q4 2018 YTD
Subscription income	56,0	54,2	50,5	49,2	72,0	213,4	225,9
Sum other mediaservices	6,6	3,3	3,0	2,7	3,7	11,9	12,7
<b>Totale revenue</b>	<b>62,6</b>	<b>57,5</b>	<b>53,5</b>	<b>51,9</b>	<b>75,7</b>	<b>225,3</b>	<b>238,6</b>
Operating expenses	54,5	52,0	53,3	49,6	72,3	200,1	227,2
<b>EBITDA</b>	<b>8,0</b>	<b>5,5</b>	<b>0,3</b>	<b>2,2</b>	<b>3,3</b>	<b>25,2</b>	<b>11,4</b>

The fourth quarter showed a decrease in profit with an EBITDA performance of MNOK 3.3 (8.0) and an EBITDA margin of 4.4% (12.8%). EBITDA includes MNOK 1.5 in restructuring costs.

- Operating revenues were MNOK 75.7 (62.2), up 21%, as a result of the acquisition of Mention. Adjusted for this effect and for foreign exchange effects, the development was stable following a decrease in the third quarter.
- There was again an increase in invoiced revenue at the end of the fourth quarter in Mynewsdesk, before the Mention effect, after a period with a flat or negative trend, but the accounting effect of this revenue will materialise going forward.
- The development in Mention in the fourth quarter was in line with expectations of further growth. The enterprise made a positive contribution to both the top line, with MNOK 18, and profitability, MNOK 1, in the fourth quarter. The effects of the Price Purchase Allocation analysis is not included in the segment information, but are described in Note 3.
- Costs for the quarter amounted to MNOK 72.3 (54.5). This is an increase of MNOK 18 compared with the same period last year, of which Mention constituted MNOK 11.
- With the purchase of Mention, the combined businesses have established a platform for future global growth and the possibility to build a combined organisation geared towards profitable growth.
- Chief Product Officer in Mynewsdesk, Louise Barnekow, took over as interim CEO in Mynewsdesk as at 11 December 2018.

# Nautisk Forlag



Nautical Charts MNOK	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q4 2017 YTD	Q4 2018 YTD
Subscription income	1,5	1,3	1,5	1,1	-	5,9	3,9
Sum other mediaservices	26,1	29,3	27,6	22,5	6,8	116,4	86,2
<b>Totale revenue</b>	<b>27,6</b>	<b>30,6</b>	<b>29,1</b>	<b>23,6</b>	<b>6,8</b>	<b>122,3</b>	<b>90,1</b>
Operating expenses	34,6	32,1	32,1	28,1	0,8	136,6	93,0
<b>EBITDA</b>	<b>-7,0</b>	<b>-1,4</b>	<b>-3,1</b>	<b>-4,5</b>	<b>6,1</b>	<b>-14,3</b>	<b>-2,9</b>

The fourth quarter ended with an EBITDA of MNOK 6, which reflects the accounting effects of the sales of the business.

- The business was sold to StormGeo with effect from 1 October 2018. The profit from the transaction is reflected in the fourth quarter.
- The transaction was made as a sale of the business, and the costs thus reflect termination costs not directly attributable to the transaction.
- The business area will no longer be reported separately from the first quarter of 2019.

# Outlook

The Group's strategy to developing subscription-based services remains. The Group has continued its growth in subscription revenues and expects further growth ahead. Subscription-based services generate predictable revenue for the Group to further development of related services and new revenue flows.

The trend in the advertising market remains challenging, both nationally and internationally. The Group is working actively to develop new digital advertising products, content marketing concepts and event income to compensate for this development.

The acquisition of Mention provides a basis for further innovation-driven growth and global expansion in the Software-as-a-Service (SaaS) segment. The combined force of Mynewsdesk and Mention allows for growth and profitability going forward. In the short run though, the Group's operating profit will be negatively affected in the short term by depreciation of excess values connected with the acquisition.

The Group will in 2019 further focus its efforts on measures which improve top-line growth in parallel with improved profitability.

Oslo, 4 February 2019

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

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## CONDENSED PROFIT AND LOSS STATEMENT

(MNOK)	Q4 2018	Q4 2017	YTD Q4 2018	YTD Q4 2017
Revenues	331,0	348,1	1 293,5	1 311,9
Operating expenses **	319,6	328,0	1 249,0	1 224,1
Ordinary depreciation	22,2	15,3	59,3	57,1
EBITDA	11,4	20,1	44,5	87,7
EBIT	-10,8	4,8	-14,8	30,6
Net financial items	5,3	-3,7	5,7	-6,7
Profit/loss before tax	-5,5	1,1	-9,1	23,9
Profit/loss after tax total (*)	-2,7	7,3	-13,0	20,6
Minority interests	-0,1	-0,2	0,8	1,1
Profit/loss after tax majority(*)	-2,6	7,5	-13,8	19,5
Number of shares ex own shares	1 243 173	1 243 173	1 243 173	1 243 173
Profit/loss per share in NOK	-2,2	5,9	-10,4	16,6

## BALANCE SHEET

	31.12.2018	31.12.2017
Intangible assets	311,0	140,7
Other fixed assets	145,9	154,3
Total fixed assets	456,8	295,0
Inventory	0,0	12,6
Accounts receivable	120,6	145,2
Other short term receivables	37,7	21,5
Cash and cash equivalents	229,4	218,9
Total short term assets	387,6	398,1
<b>Total assets</b>	<b>844,4</b>	<b>693,1</b>
Shareholders' equity	94,1	107,6
Minority	16,7	16,0
Total shareholders' equity	110,8	123,5
Long term debt	160,2	18,5
Accounts payable	32,0	51,9
Prepayments	323,5	319,1
Other short term debt	218,0	180,1
Total liabilities	733,6	569,6
<b>Total shareholders' equity and liabilities</b>	<b>844,4</b>	<b>693,1</b>

## NOTE 1 PRINCIPLES

(\*) A 23 % tax rate has been used in calculating the quarterly figures

(\*\*) As of Q1 2018 the revenue recognition in Mynewsdesk is adjusted from month to days to give an even more precise measurement. Comparable figures are adjusted to reflect the change. The net effect in on revenues in the quarter is mnok 1. There was a net negative effect on the equity of MNOK 10.6 in 31.12.2017

(\*\*\*) The chart and publications business in Nautisk Forlag has been transferred to StormGeo with effect from 1. October. The effects of the transaction will be included in Q4.



## NOTE 2 SPECIFICATIONS

	<b>Revenue</b>	<b>EBIT</b>
Norske publikasjoner	176,8	8,3
Global Publications	75,3	0,7
Mynewsdesk	75,7	-3,7
Nautisk Forlag	6,8	6,1
Øvrige konsernselskaper	19,7	-9,2
Amortisation ering merverdi kontrakt	-4,7	-4,7
Amortisering av merverdier	0,0	-8,3
Eliminering	-18,6	0,0
<b>SUM</b>	<b>331,0</b>	<b>-10,8</b>

## NOTE 3 EFFECTS OF MENTION ACQUISITION

Mention was acquired with effect from 1 September 18. The consolidated accounts include four months of 2018.

The consolidation and the preliminary Price Purchase Allocation analysis is based on the assumption that Mynewsdesk control 100% of the company through a put/call option with an exercise date in 2021. The current ownership is 85%. This means that the calculated purchase price includes an element to cover the last 15%, calculated to MEUR 2.5 and booked as a long-term debt. This amount will be adjusted continuously against the pricing model for the last 15%, which is based on a sales multiple in 2020.

The preliminary PPA have identified excess values of MEUR 18.2. The purchase price and excess values are calculated in EUR and will be currency adjusted throughout the life span.

The preliminary PPA has identified values associated with customers, technology, trademark and customer contracts in addition to a residual goodwill value. All these elements are shown as intangible assets and are amortized over their lifespan.

The identified value associated with the customer contracts negatively impact revenues over the next 12 months from the acquisition date, which means 4 months in 2018 and 8 months in 2019 with TEUR 172.5 per month, while the other intangible assets are amortized with TEUR 112.1 per month.