



**NHST**  
MEDIA GROUP

**QUARTERLY REPORT FOR**  
**Q2 2019**

## NHST GROUP'S DEVELOPMENT IN THE SECOND QUARTER

The NHST Media Group is currently undergoing an extensive restructuring process aimed at ensuring an increased share of digital content revenues, improved profitability and an increased growth rate in the longer term. The results for Q2 2019 were affected by this process. The Group posted revenues of NOK 301.3 million and an operating profit of NOK 10.8 million in the second quarter, against NOK 332.5 million and NOK 13.2 million, respectively, in the same period last year.

*“Despite a continued decrease in revenues, I’m pleased to note that we have a positive development in revenue from digital subscriptions, both as a result of growth in our publications and because of the inclusion of Mention in the Group. In addition, the cost reducing measures are beginning to have an effect on profitability, for the time being primarily in the Software-as-a-Service (SaaS) segment,” says Group CEO Hege Yli Melhus Ask in NHST Media Group.*

A number of measures are being implemented across the Group aimed at equipping NHST for the future, and increased digitisation is the common theme in all the changes that the Group is implementing. The changes implemented entail increased investments in areas where the Group needs to strengthen its competence, technology and competitiveness to secure growth and transformation. In addition, a number of profitability improvement measures are implemented.

In the second quarter, the measures which have been implemented are expected to result in increased productivity and reduced costs for the Group over time. In Dagens Næringsliv (DN), as one of the first publications in the world, automated page production of parts of the print editions has been introduced, and the same digital publication platform as in DN, has been taken into uses in the first publication for Global Publications. In addition, several projects aimed at organising the resources in larger units and in fewer locations is ongoing in Global Publications. As previously commented, there has been a major reorganisation process in Mynewsdesk over the past months.

As a result of the initiated measures, there was a lower operating cost in Norwegian Publications and in the SaaS segment in the second quarter this year compared with the same period last year. The underlying cost base in Global Publications is also decreasing. The work is being continued with the introduction of a number of efficiency enhancement measures across the Group to improve work operations and coordination.

*“We can still achieve significant gains by becoming more digital in the way we work. Even though our users are increasingly using our products exclusively online, this isn’t sufficiently reflected in the organisation in several of our enterprises. Here, we’ve identified measures that will contribute to reducing structural costs and thus provide a basis for increased profitability in the years to come,” says Ask.*

In parallel with the work to achieve increased efficiency and reduced structural costs the Group has initiated several activities aimed at creating revenue growth. Improved profitability in the longer run depend on both revenue growth and rigours control with operating costs.

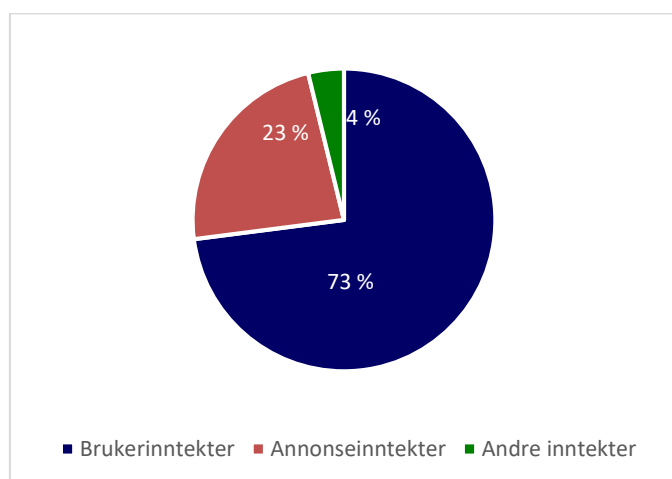
## Q2 AND YEAR TO DATE 2019

(figures in brackets show the corresponding period last year)

- The NHST Group's operating revenues were MNOK 301.3 (332.5) in Q2 and MNOK 592.6 (644.5) YTD 2019, a decrease of 9% and 8%, respectively
  - Adjusted for the effects of Mention and Nautisk Forlag, the decrease amounts to 5% in Q2 and 3% in YTD 2019
  - The decrease is primarily due to decreases in advertising revenue in Norwegian Publications in Q2 and a revenue reduction in Mynewsdesk
  - Digital subscription products are showing good growth
- EBITDA ended at MNOK 27.6 (25.3) in Q2 and MNOK 21.1 (21.5) YTD 2019
  - Norwegian Publications showed lower profitability as a result of reduced revenues, whereas Global Publications saw stable profitability
  - The SaaS segment showed a strong improvement, primarily as a result of the acquisition of Mention, but also as a result of the ongoing profitability improvement programme in Mynewsdesk
  - EBITDA for YTD 2019 included restructuring costs of MNOK 12.3
- There was an operating profit of MNOK 10.8 (13.2) for Q2 and an operating loss of MNOK -12.3 (-3.3) for YTD 2019
  - The negative development in operating profit so far this year has been affected by increased amortisation of excess values of MNOK 10.1 connected with Mention, for further explanations see note 3.

### KEY FIGURES AND FINANCIAL RATIOS

Figures in MNOK	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Content revenue	211.7	211.0	432.4	423.7
Advertising revenue	77.9	85.3	137.6	147.1
Other revenue	11.6	36.3	22.6	73.6
<b>Total operating revenues</b>	<b>301.3</b>	<b>332.5</b>	<b>592.6</b>	<b>644.5</b>
Operating costs	273.6	307.2	571.4	623.0
EBITDA before one-off effects	27.6	30.7	21.1	33.8
<b>EBITDA</b>	<b>27.6</b>	<b>25.3</b>	<b>21.1</b>	<b>21.5</b>
Depreciation and writedowns	16.8	12.1	33.4	24.8
<b>Operating profit/loss</b>	<b>10.8</b>	<b>13.2</b>	<b>- 12.3</b>	<b>-3.3</b>
CAPEX	14.3	12.9	22.4	24.0
EBITDA less CAPEX	13.4	12.4	- 1.2	-2.5



Figures 1: % of total accumulated YTD 2019

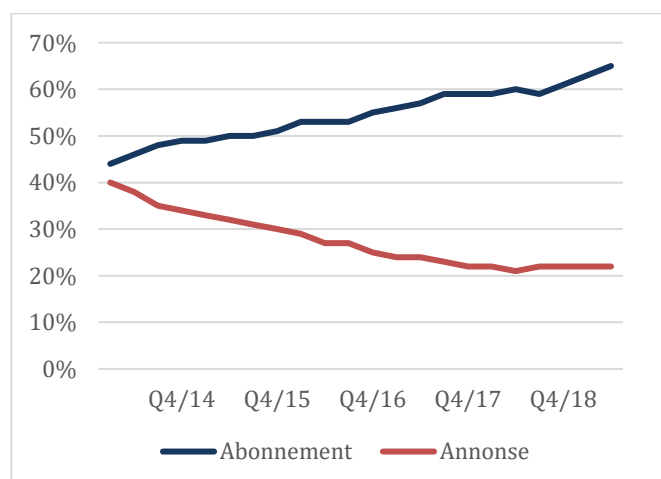


Figure 2: % of total revenues rolling 4 quarters

## NORWEGIAN PUBLICATIONS

Norwegian Publications comprise the Norwegian medias Dagens Næringsliv and Morgenbladet

**The second quarter showed operating revenues of MNOK 156.3, down 8%, and EBITDA of MNOK 18.9, down from MNOK 22.5. Lower costs did not fully offset the decrease in revenues.**

- Content revenues amounted to MNOK 104.4 (111.0), which was a decrease of 6% compared with the same quarter last year. The growth in digital subscription revenue was 18%, whereas revenue from combined subscriptions decreased by 9%. Revenue from single copy sales decreased by 20% in the quarter
- Advertising revenue ended at MNOK 46.3 (54.8), a decrease of 16%. The main reason for the decrease was a continued decline in print advertising. There was also less activity in content marketing and conferences compared to the same period last year.
- Other revenue grew as a result of increased sales of consultancy services in DNX
- Operating costs amounted to MNOK 137.4 (146.8), 6% lower than in the same period last year. The principal reasons were lower printing and distribution costs and a reduction in the volume of purchased content.

<i>Figures in MNOK</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Content revenue	111.0	115.2	114.1	113.0	104.4	221.6	217.3
Advertising revenue	54.8	45.7	59.3	39.8	46.3	97.7	86.1
Other revenue	3.5	3.9	3.4	4.1	5.6	6.1	9.8
<b>Total operating revenues</b>	<b>169.3</b>	<b>164.8</b>	<b>176.8</b>	<b>156.9</b>	<b>156.3</b>	<b>325.4</b>	<b>313.2</b>
Operating costs	146.8	157.4	167.0	156.3	137.4	297.9	293.7
<b>EBITDA</b>	<b>22.5</b>	<b>7.4</b>	<b>9.8</b>	<b>0.7</b>	<b>18.9</b>	<b>27.5</b>	<b>19.5</b>
CAPEX	4.6	4.8	4.7	2.1	2.4	6.6	4,5
EBITDA minus CAPEX	17.9	2.6	5.1	-1.4	16.4	20.9	15,0

## GLOBAL PUBLICATIONS

Global Publications comprise the global trade publications TradeWinds, Upstream, Intrafish and Recharge as well as two Norwegian publications Fiskeribladet and Europower.

**The second quarter showed operating revenues of MNOK 83.2, an increase of 2%, and EBITDA of MNOK 9.8, which is on level with the second quarter last year. Revenue growth in both content and advertising revenues in the quarter were primarily related to exchange rates. Costs increased in the second quarter as a result of activities connected with the Nor-Shipping fair, which is held every second year.**

- Content revenue increased by 2% to MNOK 48.8 (47.9) in the quarter. Growth in digital subscription products was 28%, whereas print subscription revenue decreased by 8%
- Advertising revenue amounted to MNOK 31.7 (30.5), an increase of 4%. There are variations between the publications, but there was not the same declining trend that we saw in Norwegian Publications. In Global, there was also growth connected with conference activities in the second quarter
- Work is being done to achieve synergies across the publications in order to get efficiency gains, and continuous adjustments are being made in the organisation to establish a more optimal structure

- NHST acquired the remaining shares in Fiskeribladet from Norges Råfisklag as at the end of June and now wholly owns this subsidiary as part of the Group's strategy to continue to grow as the most important media house for the Norwegian seafood industry.

<i>Figures in MNOK</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Content revenue	47.9	46.1	47.7	47.8	48.8	94.6	96.6
Advertising revenue	30.5	29.4	24.5	19.9	31.7	49.4	51.6
Other revenue	3.2	3.2	3.1	2.8	2.6	6.2	5.4
<b>Total operating revenues</b>	<b>81.6</b>	<b>78.8</b>	<b>75.3</b>	<b>70.4</b>	<b>83.2</b>	<b>150.2</b>	<b>153.6</b>
Operating costs	71.8	69.1	73.7	74.7	73.4	144.0	148.1
<b>EBITDA</b>	<b>9.8</b>	<b>9.6</b>	<b>1.5</b>	<b>-4.3</b>	<b>9.8</b>	<b>6.2</b>	<b>5.5</b>
CAPEX	1.6	1.9	0.9	1.5	1.9	5.0	3.4
EBITDA minus CAPEX	8.2	7.7	0.6	-5.8	7.9	1.2	2.0

## SOFTWARE AS A SERVICE

The "Software as a Service" (SaaS) segment comprises the companies Mynewsdesk and Mention. Mynewsdesk is a Nordic-based company headquartered in Stockholm which offers a PR and communication platform, while Mention is a global media monitoring company headquartered in Paris.

**The SaaS segment had operating revenues of MNOK 64.8 in the second quarter, an increase of 21%. The growth was driven by Mention, whereas Mynewsdesk had lower revenues in the second quarter. EBITDA amounted to MNOK 8.3 in the quarter, an increase of MNOK 8.5, and the EBITDA margin was 13%. The profit development reflected that Mention has been included in the Group on the revenue side and that there have been significant cost reductions in Mynewsdesk. The latter is an effect of the structural changes implemented in Mynewsdesk with fewer office locations, a new sales organisation and a slimmer organisation in general. The changes have been made to improve profitability, but they may have a negative top-line effects in a transitional phase.**

- Subscription revenue increased by 22% compared with the same period last year. Organic growth in Mention was 6% compared with the same quarter last year. Revenues in Mention were flat compared with Q1 2019, whereas Mynewsdesk saw a decline. Further growth in Mention and renewed growth in Mynewsdesk will have high priority going forward
- The costs in the quarter were MNOK 56.6 (53.3), reflecting reduced costs in Mynewsdesk and increased costs from Mention. The second quarter also includes a one-off effect of capitalised development costs of MNOK 2.5 in Mention.

<i>Figures in MNOK</i>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>YTD 2018</b>	<b>YTD 2019</b>
User revenue	50.6	49.2	72.4	63.2	61.8	104.7	124.9
Advertising revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other revenue	3.0	2.6	3.3	3.5	3.1	6.3	6.6
<b>Total operating revenues</b>	<b>53.5</b>	<b>51.9</b>	<b>75.7</b>	<b>66.7</b>	<b>64.8</b>	<b>111.1</b>	<b>131.5</b>
Operating costs	53.3	49.6	72.3	63.8	56.6	105.3	120.3
<b>EBITDA</b>	<b>0.3</b>	<b>2.2</b>	<b>3.3</b>	<b>2.9</b>	<b>8.3</b>	<b>5.8</b>	<b>11.2</b>
CAPEX	5.8	4.9	4.7	4.4	9.5	9.5	13.9
EBITDA minus CAPEX	-5.5	-2.7	-1.4	-1.5	-1.2	-3.7	-2.6

Mention was acquired with effect from 1 September 2018, but it has not been incorporated with comparative figures in the financial statements. The effects of the added values have not been included in the segment figures but are explained in note 3.

Oslo, 10 July 2019

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

## KEY FIGURES NHST MEDIA GROUP

(MNOK)	Q2 2019	Q2 2018	YTD Q2 2019	YTD Q2 2018
Revenues **, note 2	301,3	332,5	592,6	644,5
Operating expenses	273,6	307,2	571,4	623,0
Ordinary depreciation, note 3	16,8	12,1	33,4	24,8
EBITDA	27,6	25,3	21,1	21,5
Operating profit / loss	10,8	13,2	-12,3	-3,3
Net financial items, note 2	-3,3	0,1	-15,5	0,2
Profit/loss before tax	7,5	13,3	-27,7	-3,0
Profit/loss after tax total *	4,2	9,9	-24,2	-3,7
Minority interests	0,4	0,4	0,5	0,4
Profit/loss after tax majority *	3,8	9,5	-24,7	-4,1
Number of shares ex own shares	1 243 173	1 243 173	1 243 173	1 243 173
Profit/loss per share in NOK	3,4	7,9	-19,5	-3,0
Number of employees	697	739	705	747

	30.06.2019	31.12.2018
Intangible assets	293,2	311,0
Other fixed assets	165,2	145,9
<b>Total fixed assets</b>	<b>458,4</b>	<b>456,8</b>
Inventory	0,0	0,0
Accounts receivable	86,2	120,6
Other short-term receivables	56,0	37,7
Cash and cash equivalents	205,4	229,4
<b>Total short-term assets</b>	<b>347,6</b>	<b>387,6</b>
<b>Total assets</b>	<b>806,0</b>	<b>844,4</b>
Shareholders' equity	80,6	94,1
Minority ***	2,6	16,7
<b>Total shareholders' equity</b>	<b>83,2</b>	<b>110,8</b>
Long term debt	155,9	160,2
Accounts payable	15,8	32,0
Prepayments	346,4	323,5
Other short-term debt	204,7	218,0
<b>Total liabilities</b>	<b>722,8</b>	<b>733,6</b>
<b>Total shareholders' equity and liabilities</b>	<b>806,0</b>	<b>844,4</b>

### NOTE 1 PRINCIPLES

(\*) A 22% tax rate has been used in calculating the quarterly figures

(\*\*) 2018 has not been adjusted to reflect the sales of Nautisk or the acquisition of Mention.

(\*\*\*) NHST purchased the remainder of the shares in Fiskeribladet at the end of June.

The minority share of equity reflects this change.

## NOTE 2 SPECIFICATIONS

	2. Quarter		YTD	
	Revenue	EBIT	Revenue	EBIT
Norwegian publications	156,3	17,0	313,2	16,2
Global Publications	83,2	9,0	153,6	3,9
SaaS companies	64,8	3,7	131,5	2,2
Other group companies	20,8	-8,5	42,5	-13,9
Amortisation of customer excess values	-3,3	-3,3	-6,5	-6,5
Amortisation of other excess values	0,0	-7,1	0,0	-14,2
Elimination	-20,5	0,0	-41,7	0,0
<b>SUM</b>	<b>301,3</b>	<b>10,8</b>	<b>592,6</b>	<b>-12,3</b>

Net finance YTD include an unrealised FX loss of MNOK 7 related to the NOK/SEK exchange rate fluctuations as well as the refinancing cost for the new Revolving Credit Facility with DNB.

## 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.

For 2018 the net effects on the EBIT from adjustments to revenues and amortisation of excess values were MNOK 11,1. For the full year 2019 the effects will be MNOK 30,0.