



NHST
MEDIA GROUP

**QUARTERLY REPORT FOR
FOURTH QUARTER 2019**

NHST GROUP'S DEVELOPMENT IN THE FOURTH QUARTER 2019

Initiatives to position NHST Media Group for improved profitability continued in the fourth quarter of 2019. Operations were impacted by challenging and continuously changing market conditions, with increasing competition. The Group sees lower demand for paper based products and declining advertising revenues for traditional media. Meanwhile, cost-cutting efforts in combination with technology and product development are yielding results in the form of a positive underlying development in the Group's profitability during the quarter.

- 2019 has been a challenging year for NHST Media Group. In response to significant market changes and growing competition, we have implemented measures to improve profitability in all parts of the organization, in parallel with investments in competence and technology development to maintain our competitive position. I'm pleased to see that these initiatives are yielding results through increased income from digital platforms and a reduced cost base, says Hege Yli Melhus Ask, CEO of NHST Media Group.

Among the activities NHST Media Group has initiated to meet challenging market conditions are improvement of the customer experience for digital platforms, strengthened management in several publications and a reduction of structural costs.

In the fourth quarter, a major reorganization was carried out in Dagens Næringsliv which aims to strengthen the prioritization of selected user segments and facilitate better utilization of resources. As communicated in the Group's report for the third quarter, a staffing reduction of 25 full-time equivalents (FTEs) was implemented to reduce the cost level as a result of a significant drop in newspaper advertising revenues. During the fourth quarter, Morgenbladet completed its manning reductions which were expensed in the third quarter. Reorganizations have also been carried out in the other segments.

The media companies' resources in the field of data analysis have been consolidated into a shared team at group level, to ensure better use of their specialist skills. The team became fully operational in the fourth quarter and mainly works with analysis of user behavior and optimization of products and services adapted to user needs. This will lead to better and more customized, individualized products and services for customers, lower customer churn and improved acquisition of new customers.

The Group achieved revenues of NOK 318.3 million for the fourth quarter of 2019, compared to NOK 331.0 million for the same period in 2018. 44.4 per cent of operating revenues were from digital subscriptions and digital advertisements. This is an increase from a 39.7 per cent share for the fourth quarter of 2018 and from 43.6 per cent for the third quarter of 2019. The Group reported an operating profit before depreciation (EBITDA) of NOK 5.3 million for the quarter, compared to NOK 11.4 million for the corresponding period in 2018. Non-recurring restructuring costs were NOK 21.6 million for the quarter and EBITDA before non-recurring items shows an increase of NOK 22.6 million compared to the fourth quarter of 2018. This is an improvement of the EBITDA margin by 6 percentage points.

FOURTH QUARTER 2019

The figures for the fourth quarter and the full year 2019 are preliminary and unaudited, and the figures in brackets are for the corresponding period last year.

- The NHST Media Group's operating revenues were MNOK 318.3 for the fourth quarter (331.0) and MNOK 1,199.3 (1,293.5) for the full year 2019, a decrease of 3.8 and 7.3 per cent respectively from corresponding periods in 2018.
 - Adjusted for the effect of the sale of Nautisk Forlag and the acquisition of Mention, both of which occurred in the second half of 2018, the decline in revenue was 1.9 per cent for the quarter and 3.1 per cent for the full year
 - The main reason for reduced revenues in the quarter was lower advertising revenues in Norwegian publications
- The Group's EBITDA ended at MNOK 5.3 for the quarter (11.4) and MNOK 28.6 for the full year (44.5)
 - EBITDA for 2019 includes a total of MNOK 42.7 in one-off costs related to restructuring, of which MNOK 21.6 is expensed in the fourth quarter
 - Adjusted for non-recurring effects, EBITDA for the fourth quarter showed an improvement of MNOK 22.6 compared to the same period in 2018
 - For the full year 2019, EBITDA before non-recurring effects showed an improvement of NOK 21.6 million, which is mainly a consequence of improved results in the segments Norwegian publications and Software-as-a-Service, driven by lower employee costs in both segments
- The Group's operating profit (EBIT) was MNOK -11.4 for the quarter (-10.8) and MNOK -38.6 for the full year (-14.8)
 - The Group's total depreciation was MNOK 16.6 for the quarter (22.2) and MNOK 67.2 for the full year (59.3) respectively
 - The reduced depreciations for the fourth quarter compared to last year is due to extraordinary write-downs in the fourth quarter of 2018, while the increase for the full year is mainly related to depreciation of goodwill related to the acquisition of Mention

KEY FIGURES

Numbers in NOK million	Q4 2019	Q 42018	YTD 2019	YTD 2018
Subscription income	226.8	229.8	880.2	865.1
Advertising revenues	77.0	83.7	273.8	306.0
Sale of goods and services	14.6	17.4	45.4	122.3
Total revenues	318.3	331.0	1,199.3	1,293.5
Operating expenses	313.0	319.6	1,170.6	1,248.9
EBITDA before one-off items	26.9	4.3	71.3	49.7
EBITDA	5.3	11.4	28.6	44.5
Depreciation & Amortization	16.6	22.2	67.2	59.3
Operating result	-11.4	-10.8	-38.6	-14.8
CAPEX	8.1	11.2	40.4	43.9
EBITDA less CAPEX	-2.8	0.1	-11.8	0.7

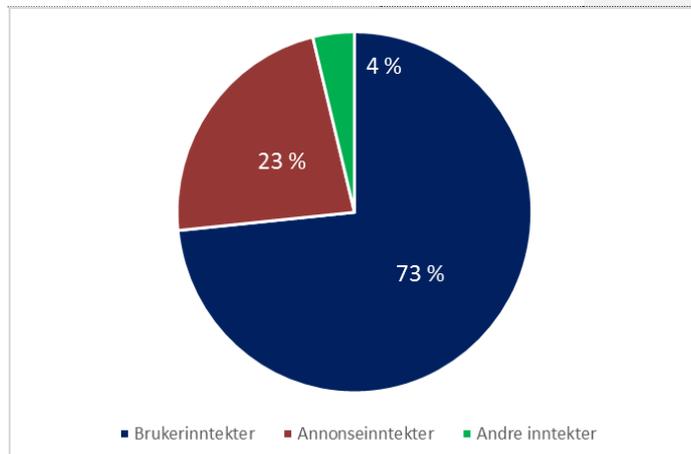


Figure 1: Percentage of total revenues accumulated for 2019

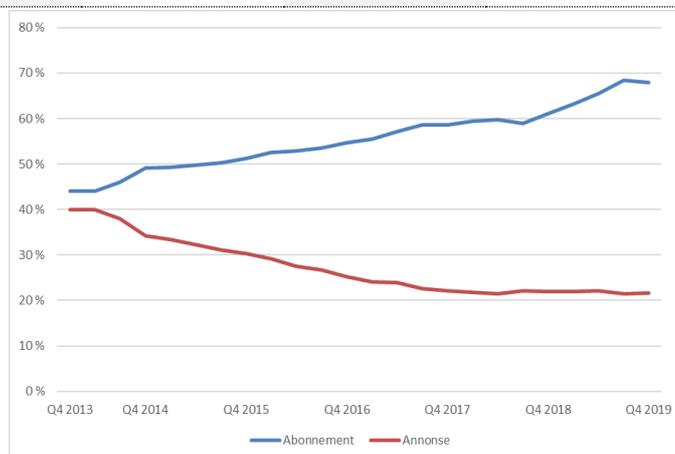


Figure 2: Percentage of total revenues rolling 4 quarters

NORWEGIAN PUBLICATIONS

The segment Norwegian publications includes Dagens Næringsliv and Morgenbladet.

Operating revenues for the segment Norwegian publications were MNOK 173.7 for the fourth quarter (176.8). Subscriber income was MNOK 111.5, down 2 per cent compared to the fourth quarter of 2018. Digital subscription revenues grew 27 per cent compared to last year, while combination subscriptions and single-copy revenues show a decline. Advertising revenue amounted to MNOK 51.9 for the quarter (59.3), a decrease of 12 percent. The decline was mainly in paper based advertising revenue, while pure digital advertising revenues were stable. Morgenbladet was granted an increase in production support of MNOK 5 for the year 2019, compared to 2018, which was recognized in the fourth quarter.

Operating expenses totaled NOK 171.1 million for the quarter (167.0), and include one-off costs related to restructuring of MNOK 20.9. These are mainly related to the downsizing of 25 full-time equivalents (FTEs) in Dagens Næringsliv in the quarter, implemented to improve profitability, thereby securing the financial basis for the continued development of the products. The restructuring in Morgenbladet, which was reflected in the accounts for the third quarter, was completed in the fourth quarter. Before one-off effects related to staff reductions, the segment's operating costs were 10 per cent lower than the corresponding period last year. The reduction is due to lower employee costs, lower printing and distribution costs, as well as a lower level of purchased services.

EBITDA for the segment Norwegian publications was NOK 2.6 million for the quarter (9.8). Excluding one-off costs for restructuring, the segment's EBITDA increased by MNOK 13.7 for the quarter.

In Morgenbladet, a new chief editor and CFO was appointed in January 2020.

<i>NOK million</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2018	YTD 2019
Subscriber income	114.1	113.0	104.4	115.4	111.5	450.9	444.3
Advertising revenues	59.3	39.8	46.3	37.9	51.9	202.8	175.9
Sales of goods and services	3.4	4.1	5.6	3.8	10.3	13.3	23.9
Total revenues	176.8	156.9	156.3	157.2	173.7	667.0	644.1
Operating expenses	167.0	156.3	137.4	150.6	171.1	622.2	615.4
EBITDA	9.8	0.7	18.9	6.6	2.6	44.7	28.7
CAPEX	4.7	2.1	2.4	0.9	-0.5	16.1	5.0
EBITDA less CAPEX	5.1	-1.4	16.4	5.7	3.1	28.6	23.7

GLOBAL PUBLICATIONS

The segment Global publications includes the international trade publications Tradewinds, Upstream, Intrafish and Recharge, as well as the Norwegian publications Fiskeribladet and Europower.

Operating revenues in the segment Global Publications were MNOK 76.4 for the quarter (75.3). The segment's revenues from digital subscriptions increased by MNOK 3.3, corresponding to 22 per cent, while revenues from paper subscriptions and advertisements declined.

Operating expenses for the segment amounted to MNOK 75.7 for the fourth quarter (73.7).

EBITDA for the segment Global Publications ended at MNOK 0.6 for the quarter (1.5). TradeWinds and Fiskeribladet contribute positively to the segment's EBITDA.

Efforts to streamline operations in the segment continue. At the end of the fourth quarter, all of the segment's publications, with the exception of Fiskeribladet, operated on a shared digital production platform. Fiskeribladet and the digital publication Intrafish.no were organized as an operational unit with joint management under the designation NHST Sjømat Norge. A new editor-in-chief was also employed in the energy publication Upstream.

<i>NOK million</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2018	YTD 2019
Subscriber income	47.7	47.8	48.8	47.3	49.2	188.4	193.1
Advertising revenues	24.5	19.9	31.7	21.4	25.4	103.3	98.4
Sales of goods and services	3.1	2.8	2.6	2.4	1.8	12.6	9.5
Total revenues	75.3	70.4	83.2	71.1	76.4	304.2	301.1
Operating expenses	73.7	74.7	73.4	66.0	75.7	286.9	289.8
EBITDA	1.5	-4.3	9.8	5.1	0.6	17.3	11.2
CAPEX	0.9	1.5	1.9	1.9	4.2	7.8	9.5
EBITDA less CAPEX	0.6	-5.8	7.9	3.2	-3.6	9.5	1.7

SOFTWARE-AS-A-SERVICE

The segment Software-as-a-Service (SaaS) includes the companies Mynewsdesk and Mention. Mynewsdesk is offering its customers a PR and communication platform with associated services. The company is headquartered in Stockholm and the market focus is mainly the Nordic area and the DACH area (Germany Austria, Switzerland). Mention is offering services in media surveillance and social media management. The company is based in Paris and has a global market focus.

Operating revenues in the SaaS segment were MNOK 69.1 for the fourth quarter (75.7). SaaS's operating revenues are mainly subscription revenues. These amounted to MNOK 66.1 for the quarter (72.4).

Operating expenses for the segment were MNOK 63.3 for the fourth quarter (72.3).

EBITDA for the segment ended at MNOK 5.9 for the quarter (3.3), an increase of MNOK 2.6 from the same period last year.

Mynewsdesk completed a comprehensive profitability improvement program in the fourth quarter, which was initially launched early 2019. This program involved a concentration of the business on the company's key markets and a significant reduction in the cost base. The number of employees in the business was reduced from 215 in the fourth quarter of 2018 to 143 at the end of 2019. This reduction in costs is the main reason for the improvement in segment earnings.

The media monitoring company Mention is in a growth phase and the company continues to invest in the development of products and services and the development of the organization. A new CEO was appointed during the quarter.

<i>NOK million</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2018	YTD 2019
Subscriber income	72.4	63.2	61.8	60.4	66.1	226.3	251.5
Sale of services	3.3	3.5	3.1	2.3	3.0	12.3	11.9
Total revenues	75.7	66.7	64.8	62.8	69.1	238.6	263.4
Operating expenses	72.3	63.8	56.6	56.6	63.3	227.2	240.2
EBITDA	3.3	2.9	8.3	6.2	5.9	11.4	23.3
CAPEX	4.7	4.4	9.5	6.7	4.4	19.2	24.9
EBITDA less CAPEX	-1.4	-1.5	-1.2	-0.5	1.5	-7.8	-1.7

Mention was acquired with effect from 1 September 2018. The effects of the added values are not included in the segment figures but are explained in note 3.

Oslo, 7 February 2020

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

KEY FIGURES NHST MEDIA GROUP

INCOME STATEMENT

(MNOK)	Q4 2019	Q4 2018	YTD 2019	YTD 2018
Revenues	318,3	331,0	1 199,3	1 293,5
Operating expenses	313,0	319,6	1 170,6	1 248,9
Ordinary depreciation	5,3	11,4	28,6	44,5
EBITDA*	16,6	22,2	67,2	59,3
Operating profit / loss	-11,4	-10,8	-38,6	-14,8
Net financial items	-1,1	5,3	-17,6	5,7
Profit/loss before tax	-12,4	-5,5	-56,1	-9,1
Profit/loss after tax	-12,7	-7,8	-50,8	-13,0
Minority interests	0,3	-0,1	0,5	0,8
Profit/loss after tax majority interests	-13,0	-7,7	-51,2	-13,8
Number of shares ex own shares	1 243 173	1 243 173	1 243 173	1 243 173
Profit/loss per share in NOK	-10,2	-6,2	-40,9	-10,4
Number of employees average	644	739	680	746

* EBITDA includes non-recurring items of MNOK 21.6 for the fourth quarter and MNOK 42.7 for the full year 2019.

BALANCE SHEET

	31.12.2019	31.12.2018
Intangible assets	287,3	311,0
Other fixed assets	165,7	145,9
Total fixed assets	453,0	456,8
Inventory	0,0	0,0
Accounts receivable	109,5	120,6
Other short term receivables	29,6	37,7
Cash and cash equivalents	183,1	229,4
Total short term assets	322,2	387,6
Total assets	775,2	844,4
Shareholders' equity	55,3	94,1
Minority	2,6	16,7
Total shareholders' equity	57,8	110,8
Long term debt	212,9	160,2
Accounts payable	31,9	32,0
Prepayments	321,3	323,5
Other short term debt	151,3	218,0
Total liabilities	717,4	733,6
Total shareholders' equity and liabilities	775,2	844,4

NOTE 1 ACCOUNTING PRINCIPLES

A tax rate of 22 percent has been used when calculating the quarterly figures. The business of Nautisk was transferred to StormGeo as of 1 October 2018. This was a sale of assets, meaning that assets and liabilities that was related to going concern were included in the transaction. Calculation of gain/ loss was included in the result for the fourth quarter 2018.

NOTE 2 SPECIFICATIONS

	Q4 2019		YTD 2019	
	Operating revenues	EBIT	Operating revenues	EBIT
Norwegian Publications	173,7	0,3	644,1	20,8
Global Publications	76,4	-0,4	301,1	7,7
Mynewsdesk	69,1	1,7	263,4	5,3
Nautisk Forlag	0,0	-0,5	0,0	-0,9
Other group companies	24,0	-5,3	85,9	-34,4
Amortisation of customer excess values	0,0	0,0	-8,7	-8,7
Amortisation of other excess values		-7,3		-28,6
Eliminations	-24,9		-86,6	
SUM	318,3	-11,4	1 199,2	-38,6

NOTE 3 EFFECTS OF MENTION ACQUISITION

Mention was acquired with effect from 1 September 2018. The consolidated accounts for the fourth quarter 2018 include four months of operations.

The consolidation and the Purchase Price Allocation (PPA) analysis was based on the assumption that Mynewsdesk control 100 percent of the company through a put/call option with an exercise date in 2021. The actual ownership was 85 percent. This means that the calculated purchase price includes the value of the remaining 15 percent, calculated to EUR 2.5 million and booked as a long-term debt. In October 2019, another 9.7 percent of the shares were acquired. The remaining purchase obligation is MEUR 1.1. This amount is adjusted continuously against the pricing model for the last appr. 5 percent, which is based on a sales multiple in 2020.

The PPA identified values in excess of book value of assets of EUR 18.2 million. The PPA and excess values are calculated in EUR and will be currency adjusted throughout the life span.

The PPAs 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 have negatively impacted revenues over a 12 months period from the acquisition date, which means 4 months in 2018 and 8 months in 2019 with EUR 112.1 thousand per month, while the other intangible assets are amortized with EUR 172.5 thousand per month.

For 2018, the net effects on the EBIT from adjustments to revenues and amortisation of excess values were NOK 11.1 million. For the full year of 2019 the effects will be NOK 30.0 million.