

# PRESS RELEASE

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Roularta  
MediaGroup 

# RESULTS FOR FIRST HALF OF 2019

## *Roularta realises a strong increase in sales and EBITDA.*

The Group's revenue has risen to € 147.9 million (+17.8% on last year) and the EBITDA has increased to € 10.7 million compared to € -5.3 million last year.

The brands acquired last year for female target groups, including Libelle, Femmes d'Aujourd'hui, Flair, Feeling and GAEL, have proved to be valuable contributions to Roularta Media Group's already strong brand portfolio. This collective portfolio boasts powerful synergies that are clearly visible in the figures for the first half of the year. Integration required intense work but proved to be successful thanks to concerted efforts by all our staff.

The joint ventures including brands such as De Tijd, L'Echo, Plus Magazine etc. have also done well and made a positive contribution once again. The net result of these joint ventures has risen by € 5.0 million to € 1.1 million. In 2018 there was an exceptional impairment of € 4.7 million.

Aside from the acquisitions, revenue fell by € 7.8 million or 6.3%. This decrease was experienced mainly in advertising revenue, across all brands. If the acquisitions are included, advertising revenue has maintained its status quo and the readership market has grown substantially.

An increasing gross margin percentage (78.8% in June 2019 compared to 77.8% in June 2018) and the lower costs in percent on revenue for services and other goods as well as staff (-5% on last year) have ensured a rising EBITDA in absolute terms and percentage of revenue.

IFRS 16 has been applied for the first time. This reveals an increase in assets and debts amounting to € 5.3 million. In the income statement, the impact of IFRS 16 on the net results is zero, although there is a shift of € 0.6 million from leasing costs to depreciations, which has resulted in a positive impact on EBITDA.

The EBIT is € 3.9 million or 2.6% of revenue, which is almost identical to the net result of € 3.8 million because there is hardly any income tax or interest to be paid. Excluding minority interests, the net result for the RMG shareholders is € 4.1 million, or € 0.33 per share.

# 1. FINANCIAL KEY FIGURES FOR THE FIRST HALF OF 2019

## 1.1 Consolidated key figures

	in thousands of euros	30/06/19	30/06/18	Trend (%)
<b>INCOME STATEMENT</b>				
<b>Sales</b>		<b>147,949</b>	<b>125,558</b>	<b>+17.8%</b>
<i>Adjusted sales <sup>(1)</sup></i>		116,722	124,543	-6.3%
<b>EBITDA <sup>(2)</sup></b>		<b>10,713</b>	<b>-5,259</b>	<b>+303.7%</b>
<i>EBITDA - margin</i>		7.2%	-4.2%	
<b>EBIT <sup>(3)</sup></b>		<b>3,899</b>	<b>-73,134</b>	<b>+105.3%</b>
<i>EBIT - margin</i>		2.6%	-58.2%	
Net finance costs		-36	-3,150	-98.9%
<b>Operating result after net finance costs</b>		<b>3,863</b>	<b>-76,284</b>	<b>+105.1%</b>
Income taxes		-70	-168	-58.3%
<b>Net result from continuing operations</b>		<b>3,793</b>	<b>-76,452</b>	<b>+105.0%</b>
<b>Net result from discontinued operations</b>		<b>0</b>	<b>151,117</b>	<b>-100.0%</b>
<b>Net result</b>		<b>3,793</b>	<b>74,665</b>	<b>-94.9%</b>
Net result attributable to minority interests		-342	-890	+61.5%
<b>Net result attributable to equity holders of RMG</b>		<b>4,136</b>	<b>75,555</b>	<b>-94.5%</b>
<i>Net result attributable to equity holders of RMG - margin</i>		2.8%	60.2%	
Number of employees at closing date <sup>(4)</sup>		1,248	1,246	+0.2%

(1) Adjusted sales = sales on a like-on-like basis with 2018, i.e. excluding changes in the consolidation scope.

(2) EBITDA = EBIT + depreciations, write-downs and provisions.

(3) EBIT = operating result, including the share in the result of associated companies and joint ventures.

(4) Joint ventures (Mediafin, Bayard etc.) not included and for 2019 including the employees of the Women Brands.

The **consolidated revenue** for the first half of 2019 has experienced an increase of 17.8%, from € 125.6 million to € 147.9 million. This increase can be attributed to the Women Brands such as Libelle, Femmes d'Aujourd'hui, Flair, Feeling/GAEL, etc. that have belonged to Roularta's portfolio since the middle of last year. Thanks to the acquisition, we have noted an increase in subscription recruitment (+32.6%) and newsstand sales (+198.4%), and a status quo in advertising revenue.

In the adjusted sales, the readership market is declining slightly (-4.6%), based on relatively stable subscriptions and a decrease in newsstand sales. In the advertising revenue for the adjusted sales, we do however see a decrease of 11.7%. This decline can be observed for all products. Printing for third parties has increased by 4.3%.

The **EBITDA** rose from € -5.3 million to € +10.7 million or an EBITDA percentage of 7.2%. This turnaround is both the result of an increased EBITDA in the fully consolidated entities (€ +11.0 million) and the associated companies and joint ventures (€ +5.0 million). Last year there was an impairment loss on this line for the joint ventures, which has not happened in 2019.

The **EBIT** has evolved from € -73.1 million to € 3.9 million. Last year, the EBIT included an exceptional write-down of € 63.2 million on brands with an unlimited lifetime.

The **net finance costs**, which were still € 3.1 million in the first half of 2018, are almost zero in 2019 due to the repayment of loans (including the bond loan) in the second half of 2018.

No extra deferred tax assets were set up in the results for June 2019.

The total of the discontinued and continuing operations ensured a **net result** of € +3.8 million as opposed to € +74.7 million last year. The net result in 2018 included the capital gain on the sale of the share in Medialaan (€ 150.3 million).

Consolidated key figures per share	in euros	30/06/19	30/06/18	Trend [%]
EBITDA		0.85	-0.42	302.4%
EBIT		0.31	-5.83	105.3%
Net result attributable to equity holders of RMG		0.33	6.02	-94.5%
Net result attributable to equity holders of RMG after dilution		0.33	5.99	-94.5%
Weighted average number of shares		12,544,690	12,540,584	0.0%
Weighted average number of shares after dilution		12,600,426	12,617,393	-0.1%

## 2. DISCUSSION OF THE SEGMENT RESULTS

### 2.1 Media Brands

	in thousands of euros	30/06/19	30/06/18	Trend	Trend [%]
<b>INCOME STATEMENT</b>					
<b>Sales</b>		<b>129,185</b>	<b>108,170</b>	<b>21,014</b>	<b>19.4%</b>
<i>Adjusted sales <sup>(1)</sup></i>		<i>97,958</i>	<i>107,155</i>	<i>-9,198</i>	<i>-8.6%</i>
<b>Gross margin</b>		<b>97,602</b>	<b>78,231</b>	<b>19,371</b>	<b>24.8%</b>
<i>Gross margin on sales</i>		<i>75.6%</i>	<i>72.3%</i>		

(1) Adjusted sales = sales on a like-on-like basis with 2018, i.e. excluding changes in the consolidation scope.

The Media Brands segment refers to all brands that are managed by RMG and its subsidiaries.

**Sales** by the Media Brands division increased by 19.4% or € 21.0 million, from € 108.2 million to € 129.2 million.

#### Advertising

Sales of the free newspapers of the department Roularta Local Media decrease by 12.8% compared with the first half of 2018. Advertising revenues from newspapers fell by 7.0%. Sales from advertising in magazines increased by 25.8% in the first half of 2019, mainly due to the acquisition of the Women Brands.

Advertising revenue from the various internet sites rose by 2.9% thanks to the acquisition of the Women Brands.

#### Readership market

Revenue from the readership market (newsstand sales and subscriptions) increased by 59.3% compared to the first half of 2018.

#### Miscellaneous

Adjusted miscellaneous sales remain approximately the same compared to the first half of 2018, and slightly decreased by 0.6%.

The **gross margin** in percent of revenue rose from 72.3% to 75.6%. In absolute value, the gross margin increased by € 19.4 million to € 97.6 million.

## 2.2 Printing Services

	in thousands of euros	30/06/19	30/06/18	Trend	Trend (%)
<b>INCOME STATEMENT</b>					
<b>Sales</b>		<b>40,011</b>	<b>38,196</b>	<b>1,816</b>	<b>4.8%</b>
Adjusted sales <sup>(1)</sup>		40,011	38,196	1,816	4.8%
<b>Gross margin</b>		<b>20,103</b>	<b>20,865</b>	<b>-762</b>	<b>-3.7%</b>
Gross margin on sales		50.2%	54.6%		

(1) Adjusted sales = sales on a like-on-like basis with 2018, i.e. excluding changes in the consolidation scope.

The 'Printing Services' segment refers to pre-press and print shop activities for internal brands and external customers.

**Revenue** from the Printing Services segment increased by € 1.8 million or 4.8%, from € 38.2 million to € 40.0 million.

€ 0.6 million of the € 1.8 million increase is due to internal printing and € 1.2 million to external printing.

In absolute value, the gross margin decreased by € 0.8 million to € 20.1 million. The gross margin decreased in percentage of revenue from 54.6% to 50.2%, mainly due to the charging of lower standard cost prices for internal work.

## 3. CONSOLIDATED BALANCE SHEET

Balance sheet	in thousands of euros	30/06/19	31/12/18	Trend (%)
Non-current assets		181,268	184,108	-1.5%
Current assets		169,160	171,000	-1.1%
Balance sheet total		350,428	355,108	-1.3%
Equity - Group's share		220,486	222,561	-0.9%
Equity - minority interests		757	1,100	-31.2%
Liabilities		129,184	131,447	-1.7%
Liquidity <sup>(5)</sup>		1.5	1.5	+0.0%
Solvency <sup>(6)</sup>		63.1%	63.0%	+0.2%
Net financial debt		-85,341	-95,658	+10.8%
Gearing <sup>(7)</sup>		-38.6%	-42.8%	+9.8%

(5) Liquidity = current assets / current liabilities.

(6) Solvency = equity (Group's share + minority interests) / balance sheet total.

(7) Gearing = net financial debt / equity (Group's share + minority interests).

**Equity – Group's share** at 30 June 2019 was € 220.5 million compared with € 222.6 million at 31 December 2018. The change on equity consists mainly by the profit for the first half of 2019 (€ 4.1 million) minus the dividend paid on the 2018 result (€ 6.3 million). The interim dividend on the 2018 result (€ 62.6 million) was paid in the second half of 2018.

On 30 June 2019, the **consolidated net financial cash position<sup>(1)</sup>** was € 85.3 million as opposed to € 95.7 million in December 2018, representing a decrease of € 10.3 million, mainly resulting – besides the cash generated from operational activities (€ 11.7 million) and the payment of the dividend (see above) – from the payment of the final tranche to Sanoma for the acquisition of the 'Women Brands' in 2018 (€ 7.9 million). Furthermore, the € 85.3 million also reflect the impact of the new IFRS standard with regard to leasing (IFRS 16) (€ 4.6 million).

#### 4. CAPITAL EXPENDITURE

Total capital expenditure in the first half of 2019 amounted to € 2.8 million (2018: € 36.3 million): € 1.4 million in software (2018: € 1.2 million) and € 1.4 million in tangible fixed assets (mainly machinery and equipment) (2018: € 1.8 million). In the first half of 2019, no new brands were acquired (2018: € 33.3 million).

#### 5. HALF-YEAR FINANCIAL REPORT

A full report on the half-year results can be found on our website [www.roularta.be/en](http://www.roularta.be/en) under Roularta on the stock market > Financial > Financial reporting > 30-06-2019 > Half-year financial report.

#### 6. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2019 AND THEREAFTER

- Closure of liquidation of Tvoj Magazin on 22/03/2019.
- Liquidation of Vogue Trading Video NV on 26/03/2019.
- A small magazine, 'Leben & Erziehen', was sold by our joint venture Bayard Media GmbH on 01/04/2019. This has had a negligible impact on the consolidated figures.
- The general meeting of 21/05/2019 ratified the co-opting and appointment of Mr Carel Bickers and Professor Caroline Pauwels as independent directors.
- The general meeting of 21/05/2019 approved the 2019 share option plan for selected members of staff.
- Merger of Bright Communications with RMG on 01/07/2019.

#### 7. PROSPECTS

The integration of a series of strong brands including Libelle/Femmes d'Aujourd'hui, Flair and Feeling/GAEL has gone well. We expect a similar positive contribution from these brands in the second half as in the first half of the year, except for advertising income.

The almost non-existent leasing and interest costs in the second half will correspond to those in the first half of the year, i.e. far lower than last year.

The magazine presses are rolling at full speed. We expect that this will be sustained in the second half of the year.

The readership market is relatively stable thanks to the subscriptions.

On the other hand, advertising revenue is still highly volatile. There are major fluctuations from month to month, providing insufficient visibility for a forecast for the second half of the year. The advertising portfolio for the third quarter of 2019 is showing an evolution in revenue in line with the first half of the year.

*(1) Net financial cash = current cash less financial debts.*

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