

# PRESS RELEASE

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Roularta  
MediaGroup 

# RESULTS FOR FIRST HALF OF 2018

*The sale of Medialaan provided a significant net result in 2018. EBITDA suffered in the first half of the year from the fall in advertising revenues. A new segmentation in reporting emphasises the renewed vision with regard to strategy.*

The important strategic choices made by Roularta Media Group, the full effect of which we will only see in 2019, already show their value in the first half of 2018. The combined acquisitions made in 2017 result in an EBITDA of more than € 2.7 million for the first six months. This compensates for an important part of the noted decline in the existing business of RMG.

The brands acquired on 30 June 2018, including Libelle, Femmes d'Aujourd'hui, Flair, Feeling & GAEL, will only be included in the results for the second half of the year. It is realistic to expect these brands to make an immediate contribution to the EBITDA of Roularta Media Group in the second half of 2018.

The combined capital gain on the sale of Medialaan, Het Zeeuws Vlaams Advertentieblad and Ik ga Bouwen & Renoveren/Je vais Construire & Rénover amounts to € 150.3 million and is booked to the 'discontinued operations' line item. These transactions substantially strengthen Roularta Media Group's equity and cash position.

The revenue decline of 4.7% or € 6.2 million is mainly due to advertising revenues (-10.9%), print activities for third parties (-7.3%) and line extensions (-15.6%). Digital and subscription sales, on the other hand, rose by 7.2%. Without the acquisitions, revenue decreased by 8.8% or € 11.5 million, mainly due to the decline in advertising (-13.7%).

As a result of the sale of Medialaan, Roularta Media Group will now be reporting annual and half-yearly results under two new segments. The 'Media Brands' segment refers to all brands that are operated by RMG and its participations. On the other hand, 'Printing Services' refers to pre-press and printing activities for internal brands and external customers.

As previously indicated, only consolidated figures are published. In addition, we will report these segments up to the gross margin level. There is an intense interrelation between these segments, and supporting services are intensely shared. A change in the allocation of these costs means a significant fluctuation in EBITDA, which we would be unable to report consistently.

2018 is a key year for Roularta. Due to the arrival of some important brands, the change of segments and the new view on the management of media brands, the cash generating units are being changed. As a result, the Board of Directors of Roularta Media Group decided that the time has come for a significant impairment.

On the net carrying amount of the intangible fixed assets of € 198 million on 30/06/2018 (€ 80.5 million of which is included in the balance sheet of joint ventures), additional impairment losses of € 69.2 million were booked, of which € 63.2 million on Roularta Media Group NV and subsidiaries (below EBITDA) and € 6.0 million on joint ventures (including neutralisation of deferred taxes, the impact on EBITDA is € 4.7 million). The impairment has no cash consequences. In addition, it was also decided that no brand will continue to have an unlimited life span, meaning yearly PPA\*-depreciations will be applied on the recent acquisitions and remaining titles. These annual depreciations won't exceed € 5.2 million.

The better gross margin percentage [77.8% in June 2018 vs. 76.2% in June 2017], the slightly lower costs for services and other goods (€ -0.2 million) & personnel (€ -1.1 million), are unable to compensate for the lower sales.

EBITDA amounts to € -5.3 million, € -1.4 million of which is for fully consolidated activities and € -3.9 million for joint ventures (their net result via movements in equity). Under 'other costs' and therefore within the EBITDA, there is a one-off € 1.0 million impact for a 2011 bankruptcy, which was foreseen years ago and is now cancelled under write-down of trade receivables (under EBITDA). This bankruptcy is therefore neutral with respect to the profit and loss account. Within the joint ventures there is an impairment impact of € 4.7 million. Without these two exceptional entries, EBITDA would have been € +0.4 million.

\*Purchase Price Allocation according to IFRS 3

The contribution of Mediafin since March is substantial. Stand-alone EBITDA and the net result for 100% Mediafin at 4 months (March to June) amount to € 5.8 million and € 4.2 million respectively. After PPA depreciation for the brands De Tijd, L'Echo, Comfi, BEReal & BEPublic, the 50% net result amounts to € 1.4 million. This amount is included in the Roularta Media Group half-year 2018 EBITDA.

Given the impairment on the intangible fixed assets of € 63.2 million, EBIT drops to € -73.1 million vs. € -4.7 million last year. The higher financing expenses in 2018 vs. 2017 was caused by one-off cancellation interest for cancelling the credit lines.

The result from continuing activities amounts to € -76.5 million. Add the result of the minority interests and the discontinued operations, and the net result for the shareholder is € +75.6 million for June 2018 vs. € +1.3 million last year, an increase of € 74.3 million or € 5.89 per share.

#### Note on accounting change

Under the application of the accounting standard IFRS 11, the joint ventures are consolidated by the equity method in place of the proportionate consolidation method. Hereinafter, all references to 'consolidated' figures always relate to the official data with IFRS 11 applied.

In the income statement the net result of the joint ventures is accounted for as 'share in the result of companies accounted for using the equity method' as part of the operating cash flow (EBITDA).

Starting with the reporting in 2018, no combined figures will be drawn up and thus the proportionate consolidation method will no longer be applied.

## 1. FINANCIAL KEY FIGURES FOR THE FIRST HALF OF 2018

### 1.1 Consolidated key figures

	in thousands of euros	30/06/18	30/06/17	Trend	Trend [%]
<b>INCOME STATEMENT</b>			REVISED		
Sales		125,558	131,748	-6,190	- 4.7%
Adjusted sales <sup>(1)</sup>		120,213	131,748	-11,535	- 8.8%
EBITDA <sup>(2)</sup>		-5,259	784	-6,043	- 770.8%
EBITDA - margin		-4.2%	0.6%		
EBIT <sup>(3)</sup>		-73,134	-4,660	-68,474	- 1469.4%
EBIT - margin		-58.2%	-3.5%		
Net finance costs		-3,150	-2,427	-723	+ 30%
Income taxes		-168	-450	282	
<b>Net result from continuing operations</b>		<b>-76,452</b>	<b>-7,537</b>	<b>-68,915</b>	<b>- 914%</b>
<b>Result of discontinued operations</b>		<b>151,117</b>	<b>8,038</b>	<b>143,079</b>	<b>+ 1780%</b>
<b>Net result</b>		<b>74,665</b>	<b>501</b>	<b>74,164</b>	<b>+ 14803%</b>
Attributable to minority interests		-890	-780	-110	- 14%
Attributable to equity holders of RMG		75,555	1,281	74,274	+ 5798%
Net result attributable to equity holders of RMG - margin		60.2%	1.0%		
Number of employees at closing date <sup>(4)</sup>		1,246	1,323	-77	- 5.8%

(1) Adjusted sales = sales on a like-on-like basis with 2017, 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.) and acquired magazine brands Libelle, Flair, Feeling,... not included.

**Consolidated sales** for the first half of 2018 declined by 4.7% from € 131.7 to € 125.6 million. The decrease in advertising revenues for Local Media (-12.5%) and the magazines (-7.4%) was partially offset by the strong performance of internet advertising revenue (+7.2%) and subscription recruitment (+7.2%). Newsstand sales declined by 3.2%. Printing for third parties was down by 7.3%, mainly due to work for Altice, the French activities divested in 2015.

**EBITDA** decreased from € 0.8 million to € -5.3 million. The result of the fully consolidated entities amounts to € -1.4 million, a decrease of € 2.2 million. Within EBITDA, a € 4.7 million impairment was booked after the write-down of various joint venture titles. The result of the joint ventures, without impairment, improved by € 0.8 million to € 0.8 million.

Within EBITDA, the final cost of a 2011 bankruptcy was booked under 'other operating expenses' for € 1.0 million. The full provision of this € 1.0 million was reversed under write-down of trade receivables, such that there was no impact on the profit and loss account.

**EBIT** contains the aforementioned impairment of € 63.2 million, as a result of which it evolved from € -4.7 million to € -73.1 million. In view of the results for the first half of the year, no new deferred tax assets were created in the results for June 2018.

The sum of the discontinued and the continuing operations yield a **net result** of € +74.7 million vs. € +0.5 million last year, an increase of € 74.2 million.

Consolidated key figures (€ per share)	in euro	30/06/18	30/06/17	Trend
EBITDA		-0.42	0.06	-0.48
EBIT		-5.83	-0.37	-5.46
Net result attributable to equity holders of RMG		6.02	0.10	5.92
Net result attributable to equity holders of RMG after dilution		5.99	0.10	5.89
Weighted average number of shares		12,540,584	12,533,021	7,563
Weighted average number of shares after dilution		12,617,393	12,628,287	-10,894

## 2. DISCUSSION OF THE SEGMENT RESULTS

### 2.1 Media Brands

	in thousands of euros	30/06/18	30/06/17	Trend	Trend (%)
<b>INCOME STATEMENT</b>					
<b>Sales</b>		<b>108,170</b>	<b>112,857</b>	<b>-4,687</b>	<b>- 4.2%</b>
<i>Adjusted sales <sup>(1)</sup></i>		<i>102,825</i>	<i>112,857</i>	<i>-10,032</i>	<i>- 8.9%</i>
<b>Gross margin</b>		<b>78,231</b>	<b>79,597</b>	<b>-1,366</b>	<b>- 1.7%</b>
<i>Gross margin on sales</i>		<i>72.3%</i>	<i>70.5%</i>		

(1) Adjusted sales = sales on a like-on-like basis with 2017, excluding changes in the consolidation scope.

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

**Sales** by the Media Brands division fell by 4.2% or € 4.7 million, from € 112.9 million to € 108.2 million.

### Advertising

Sales (advertising) in the free newspapers of the department Roularta Local Media decreases by 12.5% compared with the first half of 2017. Advertising revenues from newspapers fell by 11.4%. Advertising in magazines declined by 7.4%.

Revenues from the various internet sites continue to grow. Sales are up by 7.2% in the first half of 2018.

### Readership market

Revenue from the readership market (newsstand sales and subscriptions) increased by 5.3% compared to the first half of 2017. Without taking into account the acquisition of Landleven, this represents a decrease of 4.2%.

### Miscellaneous

Revenue from line extensions declined by 14.3% compared to the first half of 2017, where especially sales of books, CDs and DVDs was difficult.

The **gross margin** in percent of revenue rose from 70.5% to 72.3%. In absolute value, the gross margin decreased by € 1.4 million to € 78.2 million.

## 2.2 Printing Services

	in thousands of euros	30/06/18	30/06/17	Trend	Trend [%]
<b>INCOME STATEMENT</b>					
<b>Sales</b>		<b>38,196</b>	<b>41,974</b>	<b>-3,778</b>	<b>- 9.0%</b>
<i>Adjusted sales <sup>(1)</sup></i>		<i>38,196</i>	<i>41,974</i>	<i>-3,778</i>	<i>- 9.0%</i>
<b>Gross margin</b>		<b>20,865</b>	<b>22,266</b>	<b>-1,401</b>	<b>- 6.3%</b>
<i>Gross margin on sales</i>		<i>54.6%</i>	<i>53.0%</i>		

*(1) Adjusted sales = sales on a like-on-like basis with 2017, 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 decreased by € 3.8 million or 9.0%, from € 42.0 million to € 38.2 million.

€ 2.2 million of the € 3.8 million decrease is due to internal printing and € 1.6 million to external printing.

In absolute value, the gross margin decreased by € 1.4 million to € 20.9 million. The gross margin increased in percentage of revenue from 53.0% to 54.6%, mainly due to a slightly better margin on external printing (less printing for ex-French subsidiaries). For the near future, an increase in the price of paper is expected, which could put pressure on this gross margin percentage.

### 3. CONSOLIDATED BALANCE SHEET

Balance sheet	in thousands of euros	30/06/18	31/12/17	Trend (%)
Non-current assets		185,240	166,259	11%
Current assets		337,899	250,849	35%
Balance sheet total		523,139	417,108	25%
Equity - Group's share		278,683	202,999	37%
Equity - minority interests		2,762	1,906	45%
Liabilities		241,694	212,203	14%
Liquidity <sup>(5)</sup>		1.5	1.3	15%
Solvency <sup>(6)</sup>		53.8%	49.1%	10%
Net financial debt		-169,112	62,552	-370%
Gearing <sup>(7)</sup>		-60.1%	30.5%	-297%

(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 2018 was € 278.6 million compared with € 203.0 million at 31 December 2017. The change on equity consists mainly by the profit for the first half of 2018 (€ 74.6 million). No dividend was paid on the 2017 result. The interim dividend for 2018 was paid in the second half of the year, and therefore is not included in these figures.

On 30 June 2018, the **consolidated net financial cash position** <sup>(1)</sup> was € 169.1 million vs. € -62.6 million on December 2017, or an increase of € 231.7 million, mainly from the sale of Medialaan and the last tranche of payments for the sold French activities, less the purchase of Mediafin. We expect a net cash position above € 80 million by the end of the year, after payment of the interim dividend of € 62.6 million and full repayment of the bond loan of € 100 million.

### 4. INVESTMENTS (CAPEX)

Total investments in the first half of 2018 amounted to € 36.3 million, of which € 1.2 million investments in software, € 33.3 million investments in intangible assets and € 1.8 million in fixed assets (mainly machinery and office furniture).

### 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 Investor Info > Financial > Financial reporting > 30-06-2018 > Half-year financial report.

<sup>(1)</sup> Net financial cash = current cash less financial debts

## 6. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2018 AND THEREAFTER

- In January 2018, Roularta Media Group made a binding offer for various brands of Sanoma. The acquisition was completed on 30 June 2018. A first tranche of € 7.3 million was paid. The balance of the purchase price of just under € 16 million must be paid within the year.
- The sale of 50% of Medialaan was completed in January 2018. In addition to the consolidated capital gain of € 145.7 million, € 4.6 million interest was also received, which was booked under 'discontinued operations'.
- In March 2018, the acquisition of 50% of Mediafin was completed.
- Both transactions together, the sale of Medialaan and the purchase of Mediafin, resulted in a cash balance of approximately € 222 million for Roularta.
- In March 2018, Mediafin completed the 100% acquisition of BEReal and BEPublic.
- In May 2018, RMG NV did not participate in a capital increase of € 0.5 million in Proxistore. RMG today holds 24.9% of the shares.
- In May 2018, the mandate of the group's auditor Deloitte was extended for 3 years. In contrast to previous years, no audit opinion is given on the June figures. However, a report was drawn up for the interim dividend, the opening balance sheet of Mediafin and the impairment during the course of July 2018.
- In June 2018, a capital increase in Storesquare NV of € 5 million took place, with RMG subscribing for € 3.2 million. RMG holds a participation percentage of 65%.
- In June 2018, Roularta Media Group will sell the magazine Ik ga Bouwen & Renoveren/Je vais Construire & Rénover to Sanoma Media Belgium.
- In July 2018, an interim dividend was awarded and paid out at € 5 gross per share.
- In July 2018, the remaining 75% of shares of Mediaplus BV were acquired by Senior Publications Nederland BV, a 50% subsidiary of Roularta Media Group NV.
- In July 2018, the 51% participation of Roularta Media Group in the company Zeeuws Vlaams Mediabedrijf BV will be sold to De Persgroep.
- In the course of 2018, various non-profit associations will be liquidated: Journée Découverte Entreprises ASBL, Open Bedrijven vzw, Ter bevordering van het ondernemerschap vzw.

## 7. PROSPECTS

Insufficient visibility and high volatility of advertising revenues in all media makes it difficult to produce a forecast for the full second half of 2018.

The integration of a series of strong brands such as Libelle/Femmes d'Aujourd'hui, Flair and Feeling/GAEL will have a positive impact in the second half of the year.

The advertising portfolio for the third quarter of 2018 shows an evolution in revenue in line with the print, audiovisual and internet activities for the first half of the year, but with large variations from month to month, and increasingly later bookings. The readers' market is stable thanks to the subscriptions.

The elimination of leasing costs and financial costs (due to repayment of the bond loan) will have an effect in 2019.

The arrival of new brands creates synergies and opportunities, both in terms of advertising and of readership.

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