

ANNUAL REPORT

2017

INVESTOR PRESENTATION

Agenda

2017 in outline

Performance of companies

Financial development

Expectations for 2018

★ **NORTH MEDIA**_{A/S}
Annual Report 2017



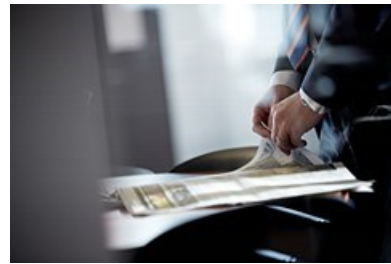
CVR-no. 66 59 01 19

New market situation and strategic execution in 2017 set the scene for progress



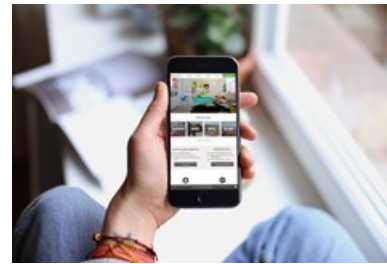
FK Distribution

Market changes led to inflow of new customers and better prospects for FK Distribution



North Media Aviser

Much improved earnings from new metropolitan strategy and cost adjustments at newspapers



North Media Online

Positive momentum for Lejebolig, but decline for Job due to case against Employ ApS
håndværker.dk sold off

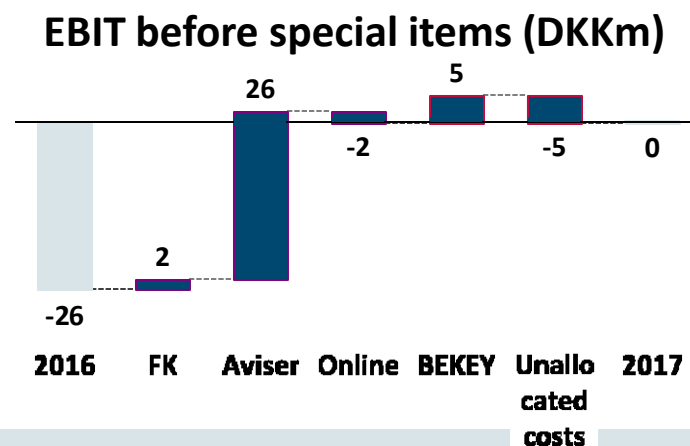
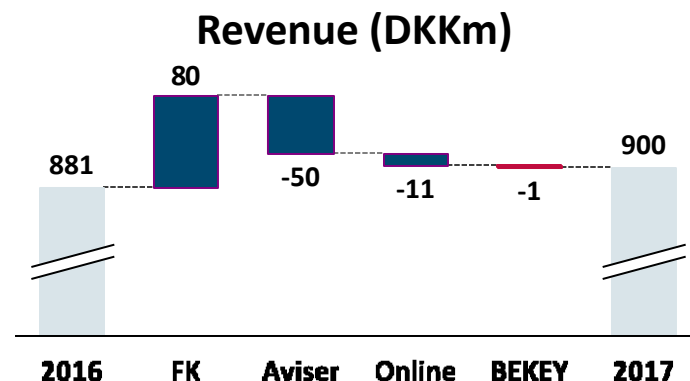


BEKEY

Low growth due to few Danish invitations to tender and postponed implementation. Focus on municipal tenders and selected business customers

Revenue and earnings improved in 2017 – much headway expected in 2018

- Revenue in 2017 up by 2% to DKK 899m because of solid headway at FK Distribution
- EBIT before special items up by DKK 26m to a negative DKK 0.1m, driven by improved earnings of North Media Aviser in particular
- 2018 forecasts revenue growth of 21-28% and EBIT before special items of DKK 60-95m – primarily arising from increased activities of FK Distribution



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Several years of reorganising main activities pay off in 2017



- Launch of NoAds+ scheme
- Price pressure and decline in market volume due to advertising tax etc
- 300,000 NoAds+ users
- New digital initiatives, including minetilbud.dk
- Efficiency measures and cost savings
- 550,000 NoAds+ users
- Intensive and unfair price competition by PostNord
- Increased investments in minetilbud.dk and NoAds+
- 650,000 NoAds+ users
- Continuous efficiency measures and cost savings
- Investments in minetilbud.dk
- PostNord announces exit from newspaper and printed matter distribution market
- Major inflow of new customers
- Continued investment in digital transformation



- Acquisition of 8 local newspapers in Copenhagen
- Market contraction
- Integration of newspapers
- Addressing of a wider target readership
- Declining sales to regional customers
- Headway in Copenhagen
- Reduction in capacity costs
- Major clean-up, restructuring and new management
- Focus on Copenhagen and North Zealand with additional acquisitions
- Sell-off and closure of all other editions
- New metropolitan and digital strategy
- Further focus on Copenhagen and North Zealand
- Improved earnings from new metropolitan strategy and substantial cost reductions

Market conditions of FK Distribution improved heavily in 2017

- Inflow of new customers from PostNord's exit improves the business foundation considerably
- Revenue in 2017 up to DKK 671m (14%)
- Investment in and build-up of more capacity because of higher volumes increase costs
- EBIT before special items improved as well

(DKKm)	2016	2017
Revenue	591	671 (expect. 635-650)
EBITDA *	50	48
EBIT *	35	37 (expect. 25-35)
Net special items	0	0
EBIT	35	37
EBITDA margin *	8%	7%
Profit margin*	6%	5%
Average number of employees	271	307

* Before special items

Focus on handling higher volumes and developing new products at FK in 2018

- Adjustment of FK Distribution to take, handle and distribute much higher volumes from 2018
- Reorganisation to distribution to all households twice a week
- Development of new products that combine Online and Print with tapping of synergies across media channels
- Boost the number of users of minetilbud.dk from currently over 0.7 monthly users and 1.3 million downloads
- Outlook for 2018:
 - Revenue DKK 875-925m (+34%)
 - EBIT DKK 90-110m (DKK +53-73m)



New strategy strengthens commercial foundation of North Media Aviser

- Improved market position in the capital through acquisition of more local newspapers in this area and relocation of HQ
- Integration local newspapers acquired and development of a new strategy centring on product development, digital platform and local focus
- As expected, revenue down by 29% due to sell-off and closure, but performance improved by DKK 26m because of reduced costs and better profitability

(DKKm)	2016	2017
Revenue	175	125 (expect. 120-130)
EBITDA *	-23	-2
EBIT *	-35	-9 (expect. -12 til -9)
Net special items	-41	-9
EBIT	-76	-18
EBITDA margin *	-13%	-2%
Profit margin*	-20%	-7%
Average number of employees	129	106

* Before special items

Product development, digital platforms and local focus will drive positive developments in 2018



- Expansion of the product range continues, for instance, by new initiatives in the SME segment, introduction of an eco-newspaper and relaunch of minby.dk
- Digital transformation a web-first strategy and more new digital products
- Intensification of sales activities to boost the share of the advertisement market
- Outlook for 2018:
 - Revenue DKK 118-124m (-3%)
 - EBIT DKK -5m to DKK +5m (DKK +4-14m)

Major adjustments and heavy focus at North Media Online in 2017

- Merger of BoligPortal and Bostadsportal, focus on rental properties and launch of the New Digital Lease
- Merger of Ofir and MatchWork in Job, launch of Brandero and conflict with Emplay ApS lead to the sale of e-recruiting system customers and a compensation of DKK 9m
- håndværker.dk divested following continued unsatisfactory performance
- New round of investment in Lix Technologies

(DKKm)	2016	2017
Revenue	96	85 (expect. 87-90)
EBITDA *	-10	-12
EBIT *	-12	-13 (expect. -17 til 1-15)
Net special items	0	8
EBIT	-12	-5
EBITDA margin *	-11%	-14%
Profit margin*	-12%	-16%
Average number of employees	91	106
* Before special items		

Focus on profitability, growth and investments in Online in 2018

- Lejebolig is to generate growth in all markets and launch new products
- Job is to improve earnings through fewer costs and new revenue from Brandero
- Outlook for 2018
 - Revenue DKK 78-83m (down 5%)
 - EBIT DKK -10 to -8m (up DKK 3-5m)

Attract the best candidates
for your jobs!

So tell them
all about what
YOUR COMPANY
can offer.

BRANDERO
CAREER SITE



Focus on fewer customers at BEKEY in 2017

- Few invitations for tender and a generally lower level of activities in Denmark
- Postponement of implementation of projects and loss of contracts in Sweden, but positive developments in the municipal market in Norway
- Strategy and commercial focus narrowed on fewer customer groups

(DKKm)	2016	2017
Revenue	20	19 (expect. 18-20)
EBITDA *	-21	-16
EBIT *	-21	-17 (expect. -18 til -16)
Net special items	0	0
EBIT	-21	-17
EBITDA margin *	-	-
Profit margin*	-	-
Average number of employees	25	25
* Before special items		

Simplification of work processes and focus on few customer groups in 2018



- Expansion of business in selected customer segments in the Nordics
- Expansion of the network of distributors and building of additional services
- Outlook for 2018
 - Revenue DKK 19-23m (+10%)
 - EBIT DKK -15 to -12m (DKK +2-5m)

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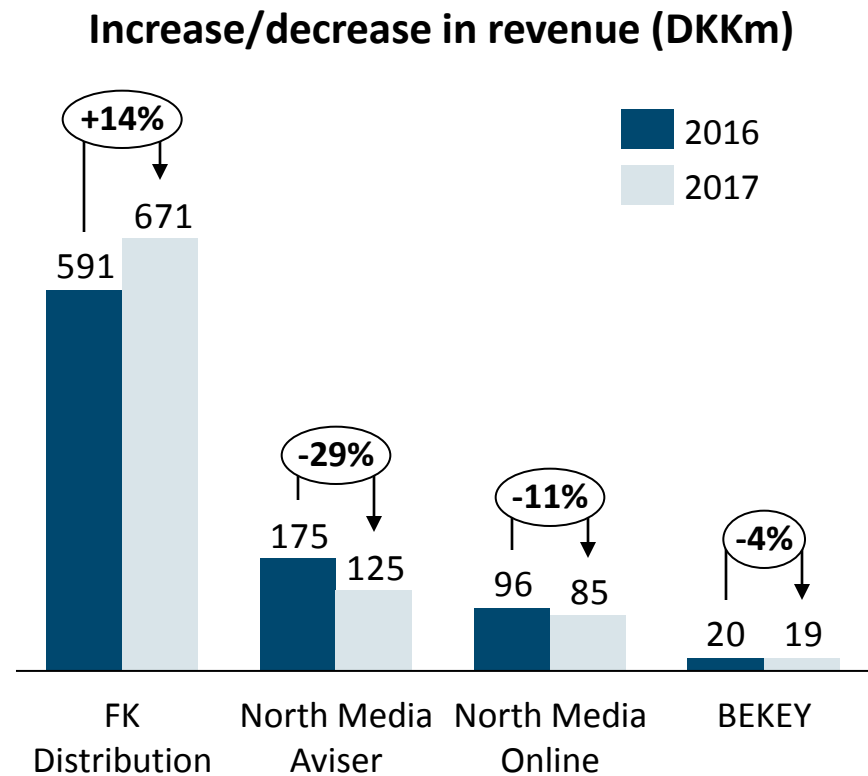
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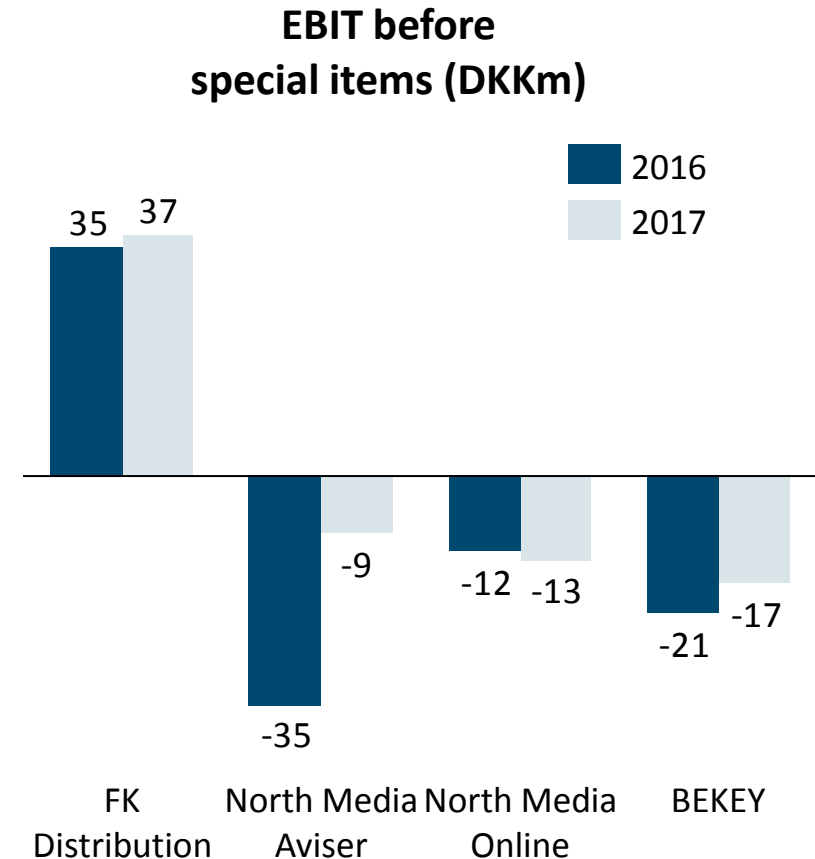
Group revenue up in 2017 despite difficult conditions

- Group revenue of DKK 899m – up 2% on 2016
- Heavy growth at FK, but major decline at North Media Aviser due to sell-off and at Online due to the case against Emply and sell.off of håndværker.dk



EBIT before special items improved in three out of four segments

- EBIT before special items realised at a negative DKK 0.1m – an improvement of DKK 26m on 2016
- Special items stand at a negative DKK 0.4m compared to a negative DKK 41m in 2016
- Return on securities of DKK 35m (15.7%)
- Profit for the year improved by over DKK 90m to DKK 28m in 2017



Increases in investments and improved cash flow

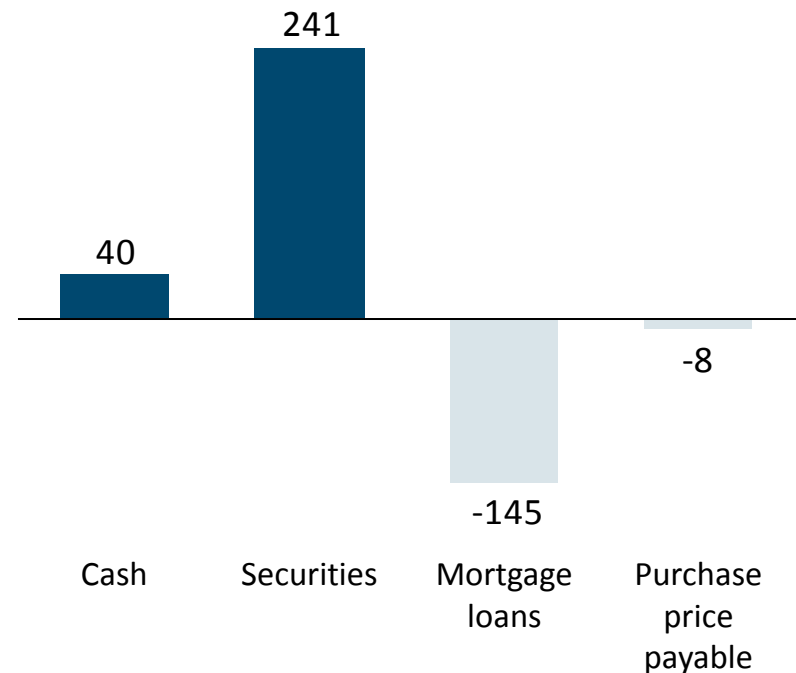
- Investments total DKK 32m in 2017 because of investments in FK Distribution's packing terminals to handle higher volumes
- Cash flows from operating activities positive by DKK 23m in 2017 compared to 2016 when they were negative by DKK 14m – improvement brought about by better operations and less tax

(DKKm)	2017	2016
Assets		
Total non-current assets	403	385
Total current assets	382	381
Trade receivables	81	80
Securities	241	215
Cash	40	56
Equity and liabilities		
Equity	498	460
Total non-current liabilities	136	150
Total current liabilities	151	156
Net working capital	-36	-37
Equity ratio	63.4%	60.1%

Solid financial resources ensure continued high manoeuvrability and dividend

- Strong financial resources of DKK 281m and a net interest-bearing cash position of DKK 128m
- Continued solid financial resources to support strategic initiatives and strengthen long-term earnings capacity
- Strong financial resources and expectations of a profit for 2018 entail that the Board of Directors recommends distribution of dividend of DKK 1.50 per share in 2017

Financial resources (DKKm)



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New chairmanship and new CEO of FK Distribution ensure continuity



Richard Bunck
New Vice-Chairman of North Media



Mads Dahl Andersen
New Chairman of North Media



Lasse Ingemann Brodt
New CEO of FK Distribution

*"Most of North Media's companies have been through a major transformation process in recent years and today they hold strong market positions. The course has been charted, and the interaction of printed and digital platforms develops well. So now the time is right to make this change that will ensure continuity, vision and power of execution. I am very happy that Mads and Lasse had accepted their new offices, and I look forward to continuing the close and active cooperation with both of them as Vice-Chairman of the Board of North Media." - **Richard Bunck***

Prospects of heavy increase in revenue and earnings in 2018

- Major increase in revenue and earnings of FK Distribution because of better market conditions in inflow of new customers
- Revenue on a par with 2017 for North Media Aviser, but further improvement of earnings due to the new metropolitan strategy
- Lower revenue for North Media Online due to sell-off of håndværker.dk, but improved earnings
- Moderate growth and improvement of BEKEY's performance



Much improved earnings expected for 2018

Group expectations for 2018

Group Revenue	DKK 1,090-1,150m (+25%)
> FK Distribution	DKK 875-925m (+34%)
> North Media Aviser	DKK 118-124m (-3%)
> North Media Online	DKK 73-83m (-5%)
> BEKEY	DKK 19-23m (+10%)
Group EBIT	DKK 60m to 95m
> FK Distribution	DKK 90m to 110m
> North Media Aviser	DKK -5m to 5m
> North Media Online	DKK -10m to -8m
> BEKEY	DKK -15m to -12m

Much higher revenue caused by more activities at FK Distribution...

...and heavily increasing earnings due to improved performance of primarily FK Distribution, but also improved performance of North Media Aviser, North Media Online and BEKEY

www.northmedia.dk

Financial Calendar 2018

13 April 2018 Annual General Meeting

16 August 2018 Interim Report 2018