

INTERIM REPORT
H1

2014



7 AUGUST 2014

Agenda

- H1 in outline
- Development in activities
- Focus and expectations for 2014

Background

Financial development in H1 2014



Implementation and execution of strategic measures continue at an unabated pace – earnings expectations are maintained

STATUS

- Revenue of DKK 535 million and EBIT (before special items) of DKK 27 million are on a par with expectations
- Roll-out and massive marketing of No Ads+ and successful integration of local Copenhagen newspapers
- The Online segment's EBIT before special items improved according to plan
- Write-down of goodwill and reversal of earn-out relating to Byggestart.dk. New management and major cost adjustments implemented

OUTLOOK

- Tough market conditions will continue to impact on newspapers and distribution
- Focus on execution of the many business developing measures
- Expectations remain that Group EBIT before special items will be realised at 2013 level (DKK 50-75 million)

High activity level characterised by development and launch of new products and integration of local Copenhagen newspapers



- Fierce price competition and declines in volume persist – Post Danmark continues to abuse its dominant position
- No Ads+ went nationwide, and a massive marketing campaign was launched – sign-up volume as expected
- Expansion of addressed and segmented activity base
- Tax endorsed by the EU – expected to be implemented in Q1 2015

BEKEY

- Number of municipal tenders was slightly below expectations – however, BEKEY continues to win most of them and upholds its leading position
- Launch of solution for the private market
- Installed in more than 16,000 stairways in Greater Copenhagen
- Test launched in Norway and Sweden



- Weak ad market from the beginning of 2014 continues
- Revenue growth below expectations as a consequence
- Revenue and readership proves that the market position is maintained and fortified
- Synergies are reaped as expected

11% growth in key Online activities – profit increase driven by cost adjustments



- High revenue growth for the e-recruitment system Emplify
- Sale of ads via Ofir's media selection page slightly below budget
- Massive earnings improvement YoY thanks to reduced cost base



- Continued favourable performance for the rental housing portal, maintaining the leading position
- Introduction of new tools for lessors
- Self-sale concept introduced, but development slower than anticipated

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- Unsatisfactory development in H1 2014 prompts change in management and massive adjustment of cost base
- Goodwill written down to DKK 0, and earn-out reversed
- Expectations are that the operating loss will be reduced considerably forward-looking

Unabated ambitions for Print activities despite challenging market conditions

OBJECTIVES AND OUTLOOK FOR 2014/15



- Enhance business foundation to respond to market development, legislative measures and unfair price competition on the part of Post Danmark
- Massive marketing of No Ads+
- Expand business based on addressed and segmented distribution
- Maintain high operational efficiency, quality and productivity



- Uphold leading position in municipal tenders for electronic access control
- Accelerate expansion in Sweden and Norway
- Establish position in the private market after roll-out in H1 2014



- More efficient and optimised sales to compensate for market decline
- Substantial revenue and earnings growth thanks to acquisitions in November 2013
- Realise planned operational and cost-based synergies
- EBITDA break-even in 2014

Continual roll-out of new sales and efficiency measures will lay the path to profitability for the entire Online segment

OBJECTIVES AND OUTLOOK FOR 2014/15



- Extensive revenue growth
- Roll-out of media selection page for all customers
- Full integration between Emply and Ofir.dk to benefit from synergy with Ofir's job universe
- Stay on the path to profitability – EBIT break-even by Q2 2015 at the latest



- Maintain market leading position in rental housing
- Develop tools for both private and professional lessors in the rental housing market
- Increase market share in self-sale market for co-operative and owner-occupied dwellings based on new measures
- Sustain earnings



- Successful implementation of new sales concept
- Considerable reduction of operating loss – EBIT break-even by Q2 2015 at the latest
- Consolidation of a new reduced organisation



Expectations of the Group's revenue and earnings before special items for 2014 are maintained

Expectations for 2014

Revenue: DKK 1,060 to 1,110 million

EBIT (before special items): DKK 50-75 million

Investments: DKK 30 million

Amortisation/depreciation: DKK 49 million

Moderate consolidated growth driven by newspaper acquisitions – growth of Byggestart.dk adjusted downwards

- The 10% decline in FK Distribution's revenue due to lower volumes and prices is offset by progress in newspapers thanks to the 2013 acquisition
- Restructuring of Byggestart entails that growth in the Online segment is now expected below 20%

EBIT maintained for 2014 – all activities at break-even by Q2 2015

- Earnings growth in newspaper activities cushions decline in FK Distribution in 2014. Lower growth rate in newspaper activities means EBIT break-even is not achieved in 2014 as planned – EBITDA break-even
- Growth and cost adjustments reduce earnings loss of Ofir in 2014. Operating loss of Byggestart is expected to be reduced significantly in H2 2014. All Online activities must achieve EBIT break-even by Q2 2015

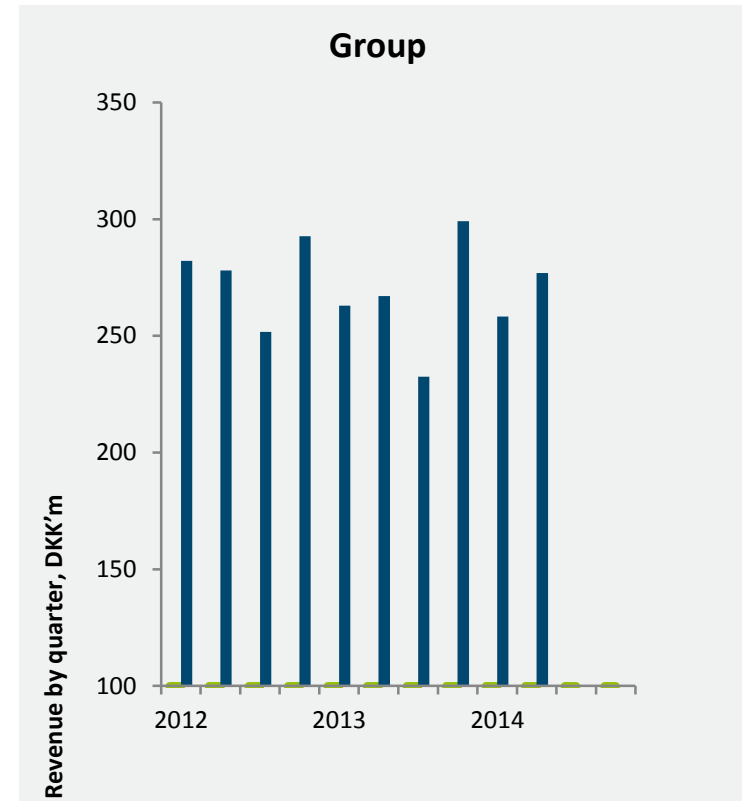
Investments to be on a par with 2013 (exclusive acquisitions) – amortisation/depreciation to go up due to acquired newspaper activities

BACKGROUND – FINANCIAL DEVELOPMENT IN H1 2014



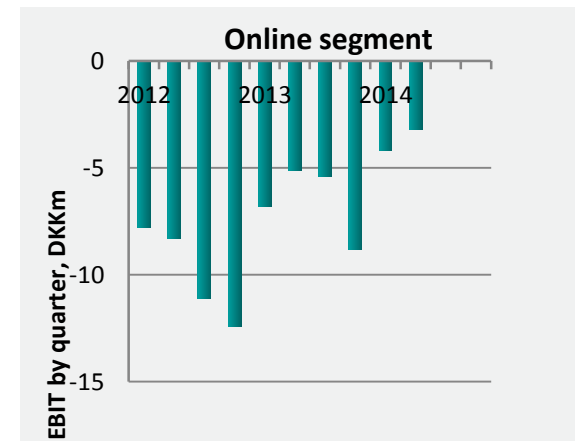
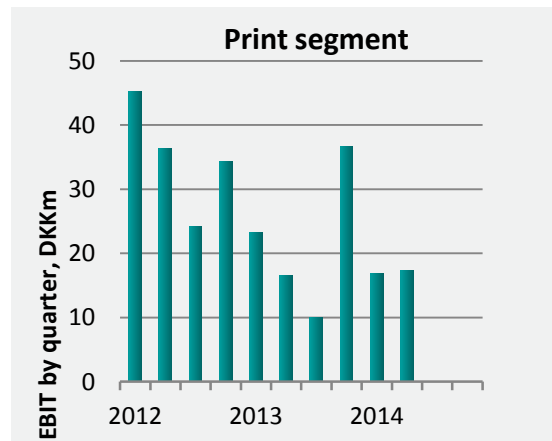
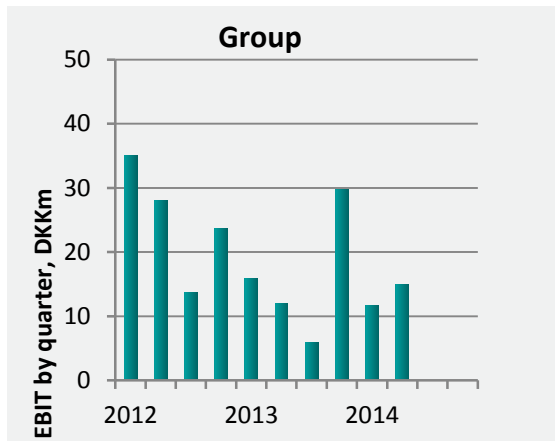
Group revenue for H1 2014 on a par with last year

- For H1 2014 revenue was DKK 535 million (+0%)
- Easter fell in Q1 of 2013, but in Q2 of 2014
- Print revenue was down by 1% in H1 2014 thanks to the local newspapers acquired, whereas FK Distribution's revenue was down by 8% due to fierce price competition and lower volumes
- Revenue for the primary activities of the Online segment went up by 11% in H1 2014 - overall, revenue for this segment grew by 6% in the period



Earnings development as expected

- H1 2014 saw EBIT of DKK 27 million realised (profit margin of 5.0% compared to 4.6% last year)
- Print: EBIT of DKK 34 million (profit margin of 7.0% compared to 7.4% last year). The drop in earnings for FK Distribution due to pressure on revenue is largely offset by increased revenue + synergies from the acquisition of the local newspapers
- Online: EBIT before special items of a negative DKK 7 million compared to a negative DKK 12 million last year. Improvement in Ofir's financial performance continues



Improved return on securities boosts net profit

(DKKm)	H1 2014	H1 2013
EBITDA	52	44
EBIT (before special items)	27	25
Special items (net)	-8	-7
EBIT	19	18
Financial income	8	1
Financial expenses	-6	-18
Associates	-2	-2
Profit/loss before tax	19	-1
Income tax	8	2
Profit for the year	11	-3

- Goodwill was written down to DKK 0, and the earn-out was reversed for Byggestart.dk/HentTilbud.dk as outlook is uncertain – entails special items of a negative DKK 8 million
- Net financials are up due to increases in securities portfolios

Financial resources improved significantly in H1 2014

(DKKm)	H1 2014	H1 2013
Assets		
Non-current, total	545	465
Current, total	388	379
Trade receivables	86	97
Securities	181	186
Cash	53	68
Equity and liabilities		
Equity	521	491
Non-current liabilities	201	177
Current liabilities	161	184
Net working capital	-44	-53
Free cash flow	50	49
ROIC	10.5%	12.4%

- Goodwill is down by DKK 22 million in 2014 due to the write-down of Byggestart.dk/HentTilbud.dk and ordinary amortisation relating to the acquisition of the local newspapers
- Investments of DKK 8 million – primarily in FK Distribution
- Cash flows of DKK 48 million from operations compared to DKK 50 million last year – earnings improvement is primarily driven by return on securities
- Financial resources are up by DKK 36 million in H1 2014 to DKK 234 million – net interest-bearing cash position is DKK 42 million

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Financial calendar for 2014

6 November 2014 Interim Management Statement for Q3 2014