

ANNUAL REPORT

2014

5 FEBRUARY 2015

Agenda

- 2014 in outline
- Focus and expectations 2015
- Financial development 2014
- Development of companies



Successful growth of No Ads+ is the most important strategic breakthrough of 2014

- Unrelenting pressure on traditional advertising media – volume decline, price competition and lower advertising effect.
- Consumer preferences are clearly shifting to on-demand solutions, where information and offers are combined based on individual needs and wishes.
- With new products such as No Ads+, North Media is instrumental in defining the standards of the future advertising and media market.



Strategic breakthrough for No Ads+. Lower revenue and earnings.



Market leader in municipal tenders in Denmark and evaluation of international opportunities.



Acquisition-driven earnings improvement and strategic position ensured, but breakeven not achieved.



Major progress for Employ, but weak growth in ad revenue. Significant reduction of loss.



BoligPortal.dk

Maintains position in rental housing. Disappointing growth rate in the immature self-sale market.



BYGGESTART.dk

After adopting a new strategy, unsatisfactory start to the year was turned around at year-end 2014.

Revenue and performance for 2014 on a par with last year, as expected

- Consolidated revenue in line with expectations – drop in FKD offset by improved revenue of newspaper activities, whereas online growth was below budget.
- EBITDA improved despite unchanged revenue – drop in performance of FKD offset by progress from acquisition of newspapers, and substantial fortification of the online performance by DKK 18 million.
- EBIT before special items on a par with 2013 despite greater amortisation/depreciation.

(DKKm)	Expected 2014	Realised 2014
Revenue (Group)	1,060-1,080	1,074 (-0 %)
Print	965-985	976 (-1 %)
Online	5-10 %	97 (+7 %)
EBITDA (Group)*	104-114	103
EBIT (Group)*	55-65	55
EBIT (Print)*	60-75	61
EBIT (Online)*	-5 to -10	-8

* Before special items

Capital resources earmarked for investments until certainty of earnings improvement is established

ÅRSRAPPORT 2014



Strengthening of competitiveness is a considerable strategic success parameter for ensuring future earnings potential.

- Requires development of new efficient solutions matching consumer behaviour and advertisement needs.
- Requires strong capital resources signalling strength towards customers and competitors.

The Board of Directors recommends that no dividend be paid for the financial year 2014. As in prior years, the Board strives to achieve business stability, establishing payment of dividend as a yearly recurring event.

FOCUS AND OUTLOOK 2015



Marketing and continued product development in 2015 set to ensure future earnings basis of the Print segment



- Fierce price competition and drop in volumes – ad tax and increase in “no thanks” expected in 2015.
- Massive investments in product development, advisory services and marketing of No Ads+ and minetilbud.dk.
- Revenue decline of 5-10% and increased investments affect earnings adversely.



- Growth in the municipal market must be accelerated, and the position as leading player solidified.
- Increased focus on internationalisation and continued investment in product development.
- Substantial revenue growth generating performance on a par with 2014 thanks to investments in development and expansion.



- Initiatives at year-end 2014 are set to ensure that newspaper activities once again out-perform the general market decline.
- Increase readership per newspaper and improve efficiency of sales focusing on ROI.
- Revenue and performance for 2015 expected to be on a par with 2014.

“No Ads+ is a new core product elevating FK Distribution from a necessary supplier to a valued partner.”

“Focus on municipal tasks and international expansion must boost growth.”

“Potential of increase in “no thanks” and higher prices on push-marketing must be capitalised on for growth.”

Growth expected to lead to EBIT breakeven for the Online segment by year-end 2015



- 2015 market growth on a par with that for 2014.
- Significant growth in ad sales and progress for Emply Hire.
- 20% revenue growth and further reduction of operating loss in 2015.
- EBIT break-even by H2 2016.

”Substantial fortification of ad sales based on integration with Emply Hire will reduce operating loss.”



- Fierce competition ups focus on business and product development.
- Massive investments in mobile solutions and social media.
- Increased marketing to ensure market leading position.
- Approx 10% revenue growth, but lower earnings due to greater investments in product development and marketing.

”Investments are upped to strengthen profile and position in all segments of the housing market.”



- Launch of new site at beginning of 2015.
- More valuable service to builders to increase the number of affiliated companies and mediated contacts significantly.
- Flat revenue curve in 2015 due to restructured business model.
- Earnings improvement despite increased marketing effort – EBIT breakeven by year-end 2015.

”New site and increased value for builders to help up the volume and generate breakeven by year-end 2015.”

Costs of development and marketing in 2015 and 2016 are set to improve performance as of 2017

Outlook for 2015

- **Revenue: DKK 1,010-1,050m (-4%)**
 - Print: DKK 910-940m (-5%)
 - Online: DKK 100-110m (+8%)
- **EBIT: DKK -20m to 5m**
 - Print: DKK -10m to 5m
 - Online: DKK -10m to 0m
- **Investments: DKK 20m**
- **Amortisation/depreciation: DKK 47m**

Outlook for 2016 and 2017

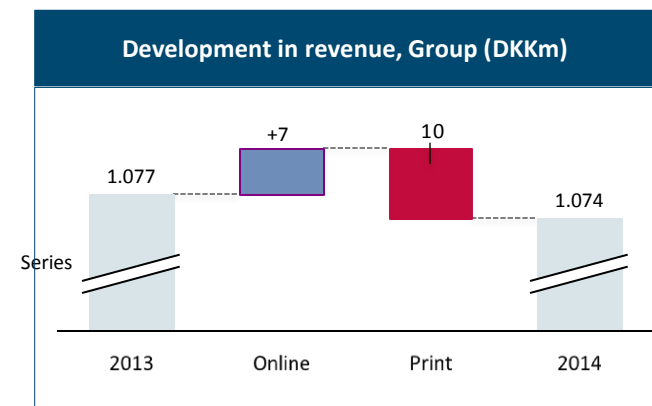
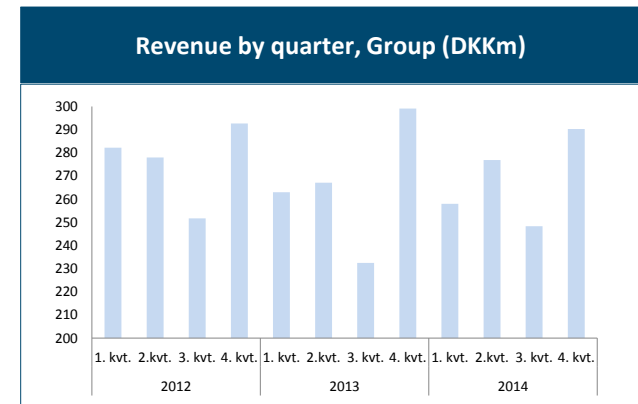
- 2016 will also be characterised by allocation of **resources for development and marketing** of No Ads+, minetilbud.dk and BoligPortal.dk.
- During 2016, **No Ads+ will become a core product of FKD and contribute to new revenue growth of FKD.**
- **Online profitable** at EBIT level as of 2016.
- Overall **performance improvement** as of FY 2017.

FINANCIAL DEVELOPMENT 2014



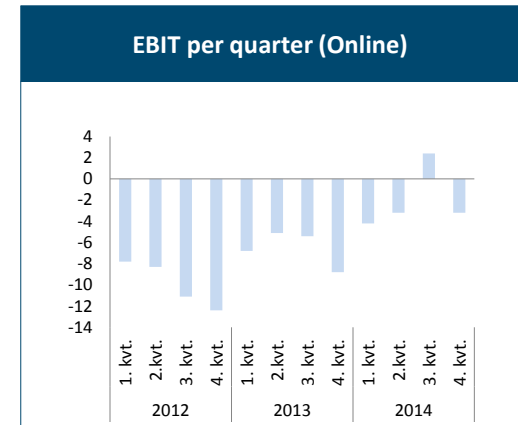
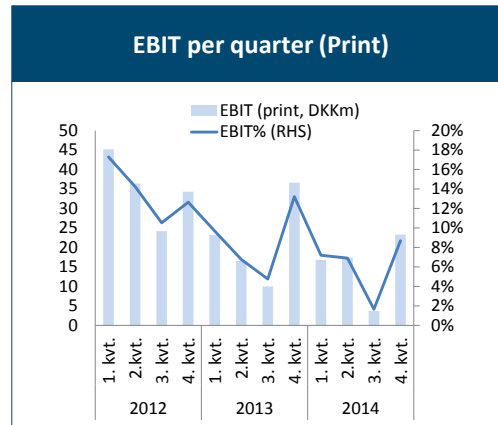
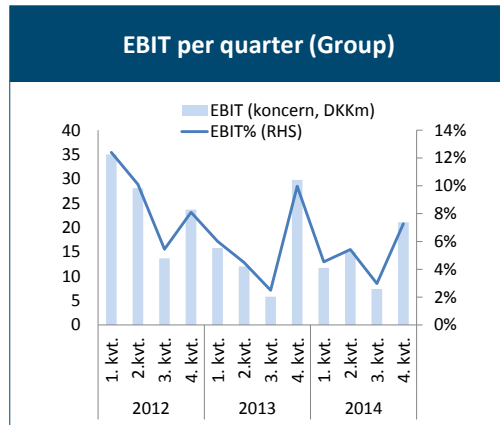
Group revenue for 2014 was on a par with 2013, as expected

- 4% revenue decline in Q4 2014 due to lower activity in the Print segment (total of 5%, 8% excluding newspapers acquired), Online on a par with last year.
- Continued low predictability and much uncertainty.
- Consolidated revenue of DKK 1,074 million for 2014 equivalent to revenue for 2013 .
- The Print segment's revenue went down by 1%, whereas the Online segment's revenue grew by 7%.



Group EBIT on a par with 2013, as expected – substantial improvement of Online

- EBITDA realised at DKK 103 million compared to DKK 94 million in 2013.
- EBIT before special items at DKK 55 million (EBIT margin 5.1%) – on a par with last year despite DKK 10 million increase in amortisation/depreciation in relation to newspaper acquisitions.
 - Print: EBIT of DKK 61 million (EBIT margin 6.3%) on DKK 81 million last year (EBIT margin 8.2%) – revenue decline of FKD reduces EBIT by more than 20%.
 - Online: EBIT of a negative DKK 8 million – improvement of DKK 18 million on last year thanks to significant earnings improvement of Ofir and Byggestart.dk.



Performance for FY 2014 slightly up on 2013 thanks to lower costs for special items

(DKKm)	2014	2013
EBIT (before special items)	55.2	57.6
Special items (net)	-7.5	-20.0
EBIT	47.7	37.6
Net financials	-6.7	-8.4
Associates	-1.4	-2.4
Profit before tax	39.6	26.8
Tax	16.9	11.1
Profit for the year	22.7	15.7

- Write-down of goodwill and reversal of earn-out related to Byggestart/HentTilbud ApS results in special items expense of DKK 7.5 million.
- Partial write-down of goodwill and acquisition price payable related to newspapers acquired in 2013 result in special items of DKK 0 million net.
- Net financials affected by considerable upturn in earnings from the securities portfolio – amongst other factors, costs relate to value adjustment (write-down) of investments in Emply.
- Effective tax rate of 41.4% due to write-downs.

Group capital resources were improved by DKK 79 million for 2014

(DKKm)	2014	2013
Assets		
Non-current, total	525.6	593.0
Current, total	363.0	329.0
Trade receivables	91.7	104.4
Securities	204.7	139.7
Cash	43.5	58.0
Equity and liabilities		
Equity	532.4	523.3
Non-current liabilities	182.4	207.6
Current liabilities	173.8	191.1
Net working capital	-43.2	-37.1
Equity interest	59.9%	56.8%

- Goodwill reduced considerably due to write-downs of DKK 29 million.
- Investments for the year total DKK 27 million, which is on a par with last year – most relate to FK Distribution.
- Net interest-bearing cash position of DKK 68 million and cash resources of DKK 248 million at year-end 2014.
- Cash flows from operating activities stand at DKK 83 million compared to DKK 80 million last year.

BACKGROUND – DEVELOPMENT OF COMPANIES



FK Distribution adjusted its business model and achieved a strategic breakthrough with No Ads+

- 7% revenue decline due to drop in volume, price competition and upped number of “no thanks” households – FKD upholds its market position.
- Successful campaign offensive solidifies No Ads+ position - more than 300,000 registered consumers and over 100 retailers/chains ensure that No Ads+ is well underway to becoming a future core product to optimise FKD’s marketing mix.
- Re-launch of minetilbud.dk ensures digital breakthrough – +900,000 downloads of apps, and new services rolled out.
- Heavy drop in earnings, but reasonable margin thanks to high efficiency and productivity.

Goals for 2014

Refinement and implementation of No Ads+, addressed and segmented distribution and digital services to fortify market position and counter negative performance development. ✓



BEKEY maintains progress and solidifies its market position in all segments

- Massive expansion of sales organisation, particularly internationally, where contracts have been landed with the first customers.
- System for apartment buildings now installed in 18,000 stairways.
- Introduction in the private door market implemented, but sales disappointed.
- 9 out of 11 municipal tenders won, but fewer tenders than expected, entailing that growth planned for BEKEY was not realised.
- Operating income was negative as expected due to high development and marketing costs.



Disappointing revenue for newspaper activities in 2014 postpone EBIT breakeven



Goals for 2014

- Realise planned operating and cost synergies ✓
- Continued improvement of efficiency and sales optimisation (✓)
- Improve performance and achieve EBIT breakeven. ÷

- 8% drop in revenue of Søndagsavisen in 2014 due to weak start in the year.
- Weaker market conditions and slower internal adjustment to advisory-based sales, declining readership and reorganisation reduced sales to small advertisers and reduced growth in sales to chains.
- Copenhagen newspapers fortify activities massively despite isolated revenue decline of 14% attributable to drop in housing ads and postponement of development projects as a result of the sales process and integration.
- Acquisition in November 2013 generates growth of 25% and earnings improvement – EBIT breakeven not achieved, however.

Very satisfactory growth in sales of Emplay Hire, but disappointing growth in ad sales

- Gradual improvement of market conditions and strong progress in sales of Emplay Hire, resulting in massive expansion of customer portfolio and upped market share.
- Unsatisfactory development in ad sales due to delayed integration with Emplay.
- In 2014, Ofir upped revenue by 20%.
- Greater efficiency and full bleed-through of earlier restructuring initiatives improve operating income considerably – EBIT breakeven by H2 2016.

Rekruttering med overskud

Spar tid og penge per rekruttering og sig farvel til gamle procedurer. Stråm din rekruttering i dag med vores enkle og fleksible rekrutteringssystem.

Få gratis demo eller Se funktioner

Emplay

EN UNIK KOMBINATION

Ofir jobunivers, Danmarks største medienetværk til jobannoncering, i unik kombination med Emplay Hire, et rekrutteringssystem i verdensklasse.

Goals for 2014

- Media selection page must be made available to all customers and contribute to revenue increase. (✓)
- High revenue growth and EBIT breakeven by Q2 2015. ÷

Growth focus upheld, and development accelerated at BoligPortal.dk

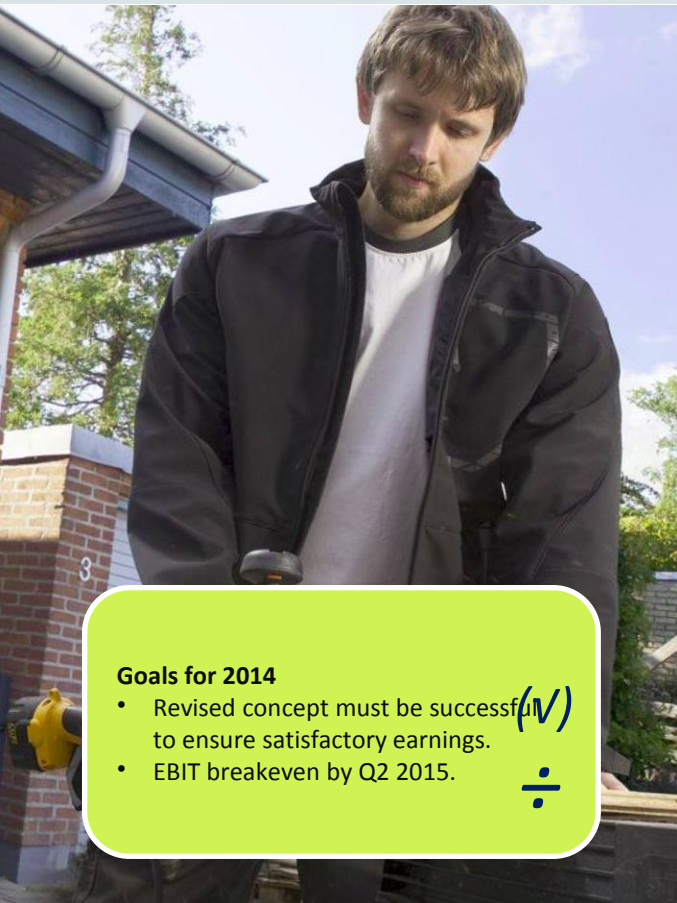
Goals for 2014

- Maintain position as market leader in rental housing ads. ✓
- Self-sale of co-operative and owner-occupied dwellings must elevate BoligPortal.dk to one of Denmark's largest and most efficient housing portals. $\frac{\cdot}{\cdot}$



- Favourable development in the housing market intensifies competition.
- Business model, products and tools under constant development – great success in introducing match function in the rental market and launch of new platforms for mobile apps.
- Developments in self-sale market proved weaker than anticipated. Players in the market are still working on finding the ideal business model.
- Revenue upped by 10% in 2014. Despite increase in costs for marketing and development, operating income was improved compared to 2013.

Unsatisfactory start to 2014 turned around thanks to new concept



Goals for 2014

- Revised concept must be successful to ensure satisfactory earnings. (✓)
- EBIT breakeven by Q2 2015. ÷

- Disappointing sales development at the beginning of 2014.
- Strategy shift in mid-2014, entailing halving of staff and adoption of a new business model matching developers to builders thanks to improved project description and recommendations.
- Implementation of new strategy in H2 2014 was satisfactory, generating increased revenue and improved operating income.
- Launch of new name – håndværker.dk – in February 2015.
- Breakeven expected at year-end 2015.

WWW.NORTHMEDIA.DK

Financial calendar for 2015

27 March 2015	Annual General Meeting
7 May 2015	Interim Management Statement for Q1 2015
6 August 2015	Interim Report for 2015
5 November 2015	Interim Management Statement for Q3 2015