PRESS RELEASE

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Roularta Media Group

RESULTS FOR THE FIRST HALF OF 2017

Radio and mobile did not adequately compensate for the investments in the launch costs of new digital initiatives and declining advertising revenue. This resulted in reduced profit for the first six months of the year.

The Roularta Media Group (RMG) 360° strategy continues unabated. RMG is omnipresent on TV, radio, in print and digitally with strong brands that are appreciated by viewers, listeners, readers, surfers and advertisers alike.

The revenue decrease (excluding the impact of acquisitions) of 5.0% (or € 12.1 million) on a combined basis is slightly better than the media sector average. Within the print segment, the decline was 6.4% or € 9.7 million, reflected mainly in the decline in advertising revenue and in printing orders from third parties. Within the audiovisual segment, including acquisitions, there was an increase of 1.4% or € 1.2 million, thanks to the mobile telecom products. There was a decrease of 2.9% or € 2.6 million before the impact of acquisitions, mainly due to TV advertising compared with the strong first half of 2016.

In the print segment, the gross margin percentage – revenue less raw materials, consumables and goods for resale remained stable. In the audiovisual segment, which enjoys good viewing ratings, investments were made in strong content for TV, which had a negative impact on the gross margin percentage.

The decline in revenue also had a direct impact on the Group's EBITDA for the print segment (-€ 7.6 million) and the audiovisual segment (-€ 4.6 million).

In the print segment, the investments in the launch costs for Storesquare and Proxistore are also included in the EBITDA. The audiovisual segment also invested heavily, with impact on the EBITDA, in a new digital platform for mobile telecom activities and in the joint data team formed between Medialaan and De Persgroep Publishing.

On the combined figures, there was an increase in depreciation of € 2.7 million compared to last year, mainly due to depreciation of the purchase cost of Mobile Vikings and CAZ, and the change of the expected life of some titles within the print segment from indefinite to definite, which was not a cash expenditure.

The slight increase in taxes in the print segment compared to June 2016 is related to the reversal of a deferred tax asset and therefore was not a cash expenditure. In the audiovisual segment, there was a sharp fall in taxes due to lower profits, but also due to an increase in deferred tax asset on acquisitions last year.

All of this resulted in a net profit for the RMG shareholder of € 1.3 million compared to € 14.7 million last year.

Note on combined and consolidated references

*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). However, to ensure continuity of information on underlying operational performance and in accordance with IFRS 8, the financial data by segment is given in the form of **'combined' figures**, including Roularta Media Group's pro rata share in the joint ventures, after elimination of intra-group elements, according to the proportionate consolidation method.*

1. FINANCIAL KEY FIGURES FOR THE FIRST HALF OF 2017

1.1 Consolidated key figures

in thousands of euros	30/06/17	30/06/16	Trend	Trend (%)
INCOME STATEMENT				
Sales	132,570	143,035	-10,465	-7.3%
Adjusted sales [1]	*132,570*	*143,035*	*-10,465*	*-7.3%*
EBITDA [2]	8,829	19,911	-11,082	-55.7%
EBITDA - margin	*6.7%*	*13.9%*		
EBIT [3]	3,383	16,206	-12,823	-79.1%
EBIT - margin	*2.6%*	*11.3%*		
Net finance costs	-2,427	-2,315	-112	4.8%
Income taxes	-455	30	-485	
Net result	**501**	**13,921**	**-13,420**	**-96.4%**
Attributable to minority interests	-780	-801	21	2.6%
Attributable to equity holders of RMG	1,281	14,722	-13,441	-91.3%
Net result attributable to equity holders of RMG - margin	*1.0%*	*10.3%*		
Number of employees at closing date [4]	1,323	1,331	-8	-0.6%

(1) Adjusted sales = sales on a like-on-like basis with 2016, 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 (Medialaan, Bayard etc.) not included.

Consolidated sales for the first half of 2017, which under IFRS 11 exclude joint ventures, such as Medialaan and Plus Magazine, declined by 7.3% from € 143.0 to 132.6 million. The decrease in advertising revenues for Local Media (-9.4%) and the magazines (-7.1%) was partially offset by the strong performance of internet advertising revenue (+15.1%) and subscription recruitment (+0.5%). Newsstand sales declined by 15.2%, due among others to the discontinuation of the publication Royals. Printing for third parties was down by 11.6%, mainly due to work for Altice and Idéat, the French activities divested in 2015.

The **EBITDA** declined due to falling revenue, decreased share in the result of associated companies and joint ventures (-€ 3.3 million June 2017 compared to June 2016), and launch costs for future digital activities such as the e-commerce and marketing platform Storesquare.be. The **EBIT** evolved in line with the EBITDA, increased by higher depreciation (+€ 0.9 million) for intangible fixed assets in June 2017 compared to June 2016. This mainly concerns depreciation on titles for which a change in accounting estimate was made, and the expected life span was changed from indefinite to fixed.

Taxes in June 2017 were a 'non-cash' item due to the reversal of a deferred tax asset in the HealthCare entity.

The decrease in the EBIT and higher taxes resulted in a decrease in the **net result** from € 13.9 million to € 0.5 million and a € 13.4 million lower net result for RMG shareholders of € 1.3 million.

Consolidated key figures	in euros	30/06/17	30/06/16	Trend (%)
EBITDA		0.70	1.59	-56.0%
EBIT		0.27	1.30	-79.2%
Net result attributable to equity holders of RMG		0.10	1.18	-91.5%
Net result attributable to equity holders of RMG after dilution		0.10	1.17	-91.5%
Weighted average number of shares		12,533,021	12,509,223	0.2%
Weighted average number of shares after dilution		12,628,287	12,606,876	0.2%

1.2 Combined key figures (applying the proportional consolidation method for joint ventures)

in thousands of euros	30/06/17	30/06/16	Trend	Trend (%)
INCOME STATEMENT				
Sales	232,703	240,947	-8,244	-3.4%
Adjusted sales (1)	*228,891*	*240,947*	*-12,056*	*-5.0%*
EBITDA (2)	16,451	28,639	-12,188	-42.6%
EBITDA - margin	*7.1%*	*11.9%*		
EBIT (3)	7,147	22,738	-15,591	-68.6%
EBIT - margin	*3.1%*	*9.4%*		
Net finance costs	-2,501	-2,394	-107	4.5%
Income taxes	-4,145	-6,423	2,278	-35.5%
Net result	**501**	**13,921**	**-13,420**	**-96.4%**
Attributable to minority interests	-780	-801	21	2.6%
Attributable to equity holders of RMG	1,281	14,722	-13,441	-91.3%
Net result attributable to equity holders of RMG - margin	*0.6%*	*6.1%*		
Number of employees at closing date (4)	1,806	1,799	7	0.4%

(1) Adjusted sales = sales on a like-on-like basis with 2016, 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 (Medialaan, Bayard etc.) included.

Combined revenue decreased slightly by 3.4%, due to a drop in revenue in the print segment. More details can be found in section 2.

The **EBITDA** decreased compared to last year due to further investments in future digital activities such as the e-commerce platform Storesquare.be and the Mobile Vikings platform, declining revenue, and higher content costs in the audiovisual segment.

The **EBIT** evolved in line with the EBITDA, increased by additional depreciation for intangible fixed assets (+€ 2.5 million). This mainly concerned purchase price allocations related to the acquisitions of Mobile Vikings and CAZ in 2016, and changes in the depreciation of some titles from an indefinite to a fixed expected life.

This decrease in the EBIT was partly offset by lower taxes compared to June 2016. However, the **net result** decreased from € 13.9 million to € 0.5 million, and the net result for the RMG shareholder declined by € 13.4 million to € 1.3 million.

For further clarification of these combined key figures, we refer to section 2.

2. ANALYSIS OF THE COMBINED FIGURES OF THE GROUP

2.1 Printed Media

in thousands of euros	30/06/17	30/06/16	Trend	Trend (%)
INCOME STATEMENT				
Sales	142,447	152,144	-9,697	-6.4%
Adjusted sales [1]	*142,447*	*152,144*	*-9,697*	*-6.4%*
EBITDA [2]	2,914	10,542	-7,628	-72.4%
EBITDA - margin	*2.0%*	*6.9%*		
EBIT [3]	-2,927	6,648	-9,575	-144.0%
EBIT - margin	*-2.1%*	*4.4%*		
Net finance costs	-2,393	-2,265	-128	5.7%
Income taxes	-703	-289	-414	143.3%
Net result	**-6,023**	**4,094**	**-10,117**	**-247.1%**
Attributable to minority interests	-779	-800	21	2.6%
Attributable to equity holders of RMG	-5,244	4,894	-10,138	-207.2%
Net result attributable to equity holders of RMG - margin	*-3.7%*	*3.2%*		

(1) Adjusted sales = sales on a like-on-like basis with 2016, 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.

Sales by the Printed Media division fell by 6.4%, from € 152.1 million to € 142.4 million.

Advertising
Adjusted sales (advertising) in the free newspapers of the department Roularta Local Media decreased by 9.4% compared with the first half of 2016. Advertising revenue at Krant van West-Vlaanderen decreased (-15.2%). The 7.5% decline in magazine advertising can largely be explained by a decline in the business magazines.

Revenues from the various internet sites continue to grow. Sales are up by 15.1% in the first half of 2017.

Readers' market
Revenue from the readership market (newsstand sales and subscriptions) slightly fell by 2.5% compared to the first half of 2016. Without taking Royals into account, the decrease is limited to 2%. Subscriptions grew slightly (+0.4%).

Typesetting and printing
Third party typesetting and printing fell by 12.1% compared with H1 2016. This is largely explained by the decline in print orders from the former French activities.

Other income
Adjusted sales from other income, the smallest segment, decreased by 9.2% compared with the first half of 2016, due among other things to the end of paper sales connected with the former French activities, declining sales of books (ancillary products) and the discontinuation of Inside Beleggen as a separate publication.

EBITDA decreased from € 10.5 million to € 2.9 million, mainly due to lower revenue and launch costs for Storesquare and Proxistore.

EBIT decreased from € 6.6 million to -€ 2.9 million, evolving in line with **EBITDA**, plus additional depreciation (+€ 1.0 million) for intangible fixed assets. This mainly represents depreciation under IFRS for changes from an indefinite to a fixed expected life.

The decline in the EBIT and higher taxes, and a reversal of a deferred tax asset at the HealthCare entity, resulted in a declining **net result** of -€ 6.0 million to € 4.1 million for the first half of 2017.

2.2 Audiovisual Media

in thousands of euros	30/06/17	30/06/16	Trend	Trend (%)
INCOME STATEMENT				
Sales	90,673	89,426	1,247	1.4%
Adjusted sales [1]	*86,861*	*89,426*	*-2,565*	*-2.9%*
EBITDA [2]	13,537	18,097	-4,560	-25.2%
EBITDA - margin	*14.9%*	*20.2%*		
EBIT [3]	10,074	16,090	-6,016	-37.4%
EBIT - margin	*11.1%*	*18.0%*		
Net finance costs	-108	-129	21	-16.3%
Income taxes	-3,442	-6,134	2,692	-43.9%
Net result	**6,524**	**9,827**	**-3,303**	**-33.6%**
Attributable to minority interests	-1	0	-1	0.0%
Attributable to equity holders of RMG	6,525	9,827	-3,302	-33.6%
Net result attributable to equity holders of RMG - margin	*7.2%*	*11.0%*		

(1) Adjusted sales = sales on a like-on-like basis with 2016, 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.

Sales by the Audiovisual Media increased by 1.4%, from € 89.4 million to € 90.7 million. Adjusted revenue, i.e. comparable with the consolidation scope in June 2016 and 2017, amounted to € 86.9 million, a decrease of 2.9%. The difference is mainly due to Mobile Vikings.

Advertising
Advertising revenue at the TV and radio stations declined in the first half by 2.9%, due to declining revenue for TV. Radio revenues grew by 2.6%.

Other adjusted income
Adjusted sales from other income-producing activities including line extensions, video on demand, rights and audiovisual productions increased by 14.8%. This is due to higher sales from distribution fees and telecom.

EBITDA decreased from € 18.1 million to € 13.5 million (+25.2%), thanks mainly to increasing broadcasting costs and investments in Mobile Vikings.

EBIT decreased from € 16.1 million to € 10.1 million (-37.4%). In addition to the falling EBITDA, there was the PPA depreciation (+€ 1.2 million) for the 2016 acquisitions.

The decrease in the EBIT was partly offset by lower taxes on the result. The **net result** of the Audiovisual Media division amounts to € 6.5 million compared to the € 9.8 million in H1 2016.

3. CONSOLIDATED BALANCE SHEET

Balance sheet	in thousands of euros	30/06/17	31/12/16	Trend (%)
Non-current assets		295,379	307,445	-3.9%
Current assets		143,701	135,756	+5.9%
Balance sheet total		439,080	443,201	-0.9%
Equity - Group's share		216,162	222,293	-2.8%
Equity - minority interests		3,013	1,762	+71.0%
Liabilities		219,905	219,146	+0.3%
Liquidity (1)		1.4	1.4	+0.0%
Solvency (2)		49.9%	50.6%	-1.4%
Net financial debt		59,240	57,443	+3.1%
Gearing (3)		27.0%	25.6%	+5.5%

(1) Liquidity = current assets / current liabilities.
(2) Solvency = equity (Group's share + minority interests) / balance sheet total.
(3) Gearing = net financial debt / equity (Group's share + minority interests).

Equity – Group's share at 30 June 2017 was € 216.2 million compared with € 222.3 million at 31 December 2016. The change on equity consists mainly of the profit for the first half of 2017 (€ 1.3 million) minus the dividend paid (€ 6.3 million) and the effect of the acquisition of a 25% minority interest by RMG in the 'Open Bedrijvendag' companies. This concerns a transaction between shareholders; these companies were already fully consolidated.

At 30 June 2017 the Group's **net financial debt position**[1] stood at € 59.2 million, compared with € 57.4 million at 31 December 2016, mainly explained by the dividend paid in 2017 in respect of the 2016 financial year (€ 6.3 million), investments and positive influence by the improvement in working capital.

[1] Net financial debt = Financial debts less current cash.

4. INVESTMENTS (CAPEX)

Total investments in the first half of 2017 amounted to € 2.7 million, of which € 0.2 million acquisitions, € 1.4 million investments in intangible assets (mainly software) and € 1 million in fixed assets (mainly machinery and office furniture).

5. HALF-YEARLY FINANCIAL REPORT

A full report on the half-year results can be found on our website www.roularta.be/en under Roularta on the stock market > Financial > Financial reporting > 30-06-2017 > Half-yearly financial report.

6. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2017 AND AFTER

- In January 2017, Roularta Media Group, along with Duval Union, started the Roularta Mediatech Accelerator programme for nine start-ups. The start-ups received 'Media for Equity', housing & infrastructure, are provided with 'knowledge and experience', complimentary membership to MediaNet, mentoring, access to data & technology, and € 25,000 in financing. In June we looked back on a successful first edition of this 18-week project.
- In March, a capital increase of € 5 million took place in Storesquare NV, with RMG subscribing for € 3.6 million, making the current participation percentage 71.18%.
- In April, RMG participated in a limited capital increase in Proxistore. RMG today holds 46% of the shares.
- Mrs Coralie Claeys replaced Mrs Caroline De Nolf in the Board of Directors of RMG.
- In June, RMG increased its shareholdership from 50% to 75% for the entities around the brand 'Open Bedrijvendag'. This additional percentage was acquired from Twice Entertainment NV on 01/06/2017. This did not result in any change to the consolidation scope. The remaining 25% is held by Voka CVBA.
- In June, RMG withdrew from the companies Twice Entertainment NV and Twice Technics BVBA, since they were no longer considered to be strategic.
- In June, the company Press Partners BV, a 100% subsidiary of Senior Publications Nederland BV, was sold in full to the Bayard Group, the joint venture partner for Plus Magazine Netherlands. This had no significant effect on the results.
- At the beginning of July 2017, Roularta Media Group acquired the two companies around the STERCK brand. This group is active in B2B 360° marketing solutions for the local business community in the provinces of Antwerp and Limburg, and reaches out to this community via events and STERCK magazine.
- At the end of July 2017, Roularta Media Group bought out the first contracts that expired related to the Econocom lease.

7. PROSPECTS

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

The advertising portfolio for the third quarter of 2017 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 new activities, like mobile telecommunications, Storesquare and Digilocal, ... are demanding additional investment and launch costs, which impact the Group net results.

Continuing attention is being paid to cost control.

8. AUDITOR'S REPORT

The consolidated interim financial information was subject to a review by the statutory auditor. The statutory auditor has issued a conclusion without qualifications and has confirmed that the financial information included in the press release corresponds with the consolidated interim financial information.*

* For a full version of the report on the limited review, we refer the reader to the interim consolidated financial statements (IAS 34), which are available on our website www.roularta.be/en under Roularta on the stock market > Financial > Financial reporting > 30-06-2017 > Half-yearly financial report (available as from 21 August 2017).

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