

8 May 2012

Company announcement no 06-12

INTERIM MANAGEMENT STATEMENT FOR Q1 2012 OF NORTH MEDIA A/S

Q1 2012 group results are satisfactory as expected.

FY 2012 expectations remain unchanged.

Q1 2012 reflects improvements at Søndagsavisen

- Group revenue stands at DKK 286.1 million, which is 1.6% up on last year. This development has been caused by improvements at Søndagsavisen and in online activities. FK Distribution sales saw a small decline due to pricing pressure and lower volumes in the market.
- Profit realised from ordinary operations (EBIT) stands at DKK 33.4 million against DKK 31.5 million in 2011. Profit margin for Q1 2012 is 11.7% compared to 11.2% last year. This earnings improvement is primarily attributable to improved results at Søndagsavisen, MatchWork and Lokalia.dk compared to last year.
- As part of the initiative of strengthening the online business foundation, North Media acquired the internet service providers, Byggestart A/S and HentTilbud ApS, in January and March 2012, respectively. In addition, in February the Group acquired a minority interest in eConscribi International ApS, which develops and sells an e-recruitment solution. Ofir is the sole distributor of this product in Denmark.
- A total of DKK 60 million was paid in dividend in Q1 2012. The Group has operating cash of DKK 62.8 million at the balance sheet date, to which should be added holdings of shares and bonds worth DKK 156.6 million. Mortgage debt comes to DKK 171 million. The Group's net interest-bearing cash position including securities totalled DKK 48.4 million.

FY 2012 expectations remain unchanged

- North Media is envisaging aggravated market conditions for FK Distribution in the coming quarters, and, as foreseen, this will affect results for those coming quarters.
- Expectations for the Group's revenue for 2012 are maintained at DKK 1,050 million to 1,150 million. Also, EBIT expectations for the Group remain at DKK 100 to 130 million.

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NORTH MEDIA CONTINUES TO IMPROVE ITS BUSINESS

Q1 2012 activities of the North Media group companies developed as expected. Despite difficult markets the Group has protected and improved its market position in the Print segment – partly through product development, partly by enhancing its competitive performance by way of high efficiency and cost control.

As for online activities, the implementation of Ofir's new strategy is progressing positively. Expectations are that the considerable effort put into the repositioning and marketing of the new Ofir will lead to improved results from the second half of 2012. Also, as announced in the 2011 Annual Report, the Group is in the process of launching a new shared online vision to make North Media – in selected online areas – Denmark's leading sales outlet between providers of goods and services and private buyers/consumers. The first steps in executing this new vision have been taken by acquiring Byggestart.dk and HentTilbud.dk, which arrange building services and proposals by acting as intermediary between builders and private developers.

CEO Lars Nymann Andersen says: "Our Q1 2012 performance is on a par with last year, and this is as estimated. But we have a difficult period ahead of us, particularly in distribution where we know that earnings will come under pressure in the rest of the year. To realise the strategic and financial targets for the Group's areas of business in 2012 we therefore need to remain focused. We have to execute the business development measures we have launched and regularly ensure cost restraint wherever possible".

FINANCIAL PERFORMANCE

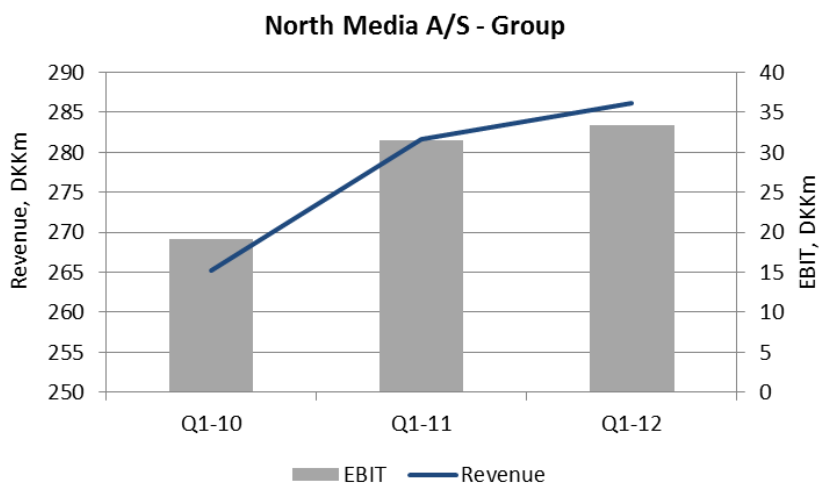
Difficult conditions in the distribution market reduce market growth as expected – other activities continue to make headway

North Media's Q1 2012 sales amount to DKK 286.1 million compared to DKK 281.6 million last year. The 1.6% rise is primarily attributable to Søndagsavisen, which with its growth rate of 27% continues the considerable growth realised in recent quarters in a declining market. FK Distribution's sales, however, took a slight fall. Q1 2012 sales from print activities are positively influenced by the Easter campaigns in 2012 having been effected in March while in 2011 they took place in April. Overall, the development in print activity sales is neutral. This development mirrors FK Distribution's aggravated sales conditions which will intensify further in the coming quarters. Conversely, Søndagsavisen continues to capture market shares in the printed ads market.

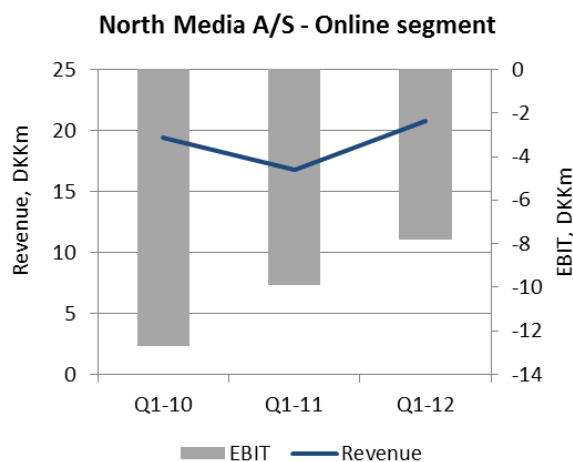
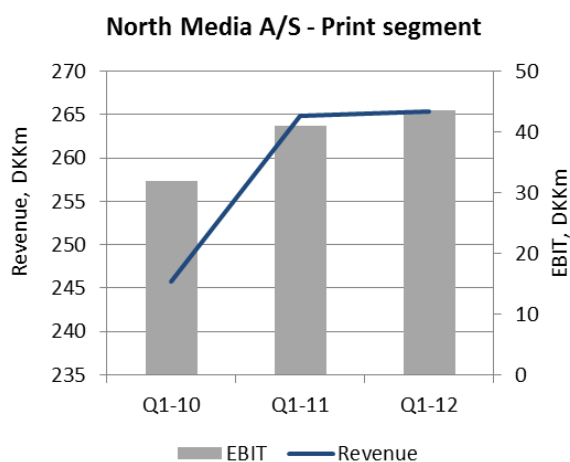
In online activities, sales have gone up by 24%, half of which comes from the acquisition of Byggestart.dk in January and HentTilbud.dk in March.

Improvement of results because of better performance at Søndagsavisen and for Online

Group profit from ordinary activities (EBIT) for Q1 2012 increased moderately to DKK 33.4 million from DKK 31.5 million last year. This development is as expected and results from the reduction of losses in the Online segment and a slight improvement of results in the Print segment. Unallocated costs, which consist of group-related activities not allocated on the operating activities, stand at DKK 2.4 million compared to income of DKK 0.4 million last year. Consequently, the Group has upped its profit margin to 11.7% from 11.2%, which is considered satisfactory.



Profit from ordinary operations in the Print segment has gone up by approximately 6% to DKK 43.6 million, primarily because the results of *Søndagsavisen* continue to improve, and this has increased the profit margin to 16.4% compared to 15.5% last year.



Performance-wise, the loss realised for the Online segment has been reduced from DKK 9.9 million last year to DKK 7.8 million this year. Among the reasons are the discontinuation of *Lokalia.dk* and the restructuring of *MatchWork* in 2011, but also a positive development in results for *BoligPortal.dk*. North Media continues to invest in large-scale marketing of *Ofir*, and as expected this has affected results adversely.

Positive net-interest bearing cash position safeguards a high level of financial manoeuvrability

In March, a dividend of DKK 3 per share was paid, or DKK 60 million. Over the four-year period from 2009 to 2012, North Media has paid a total of DKK 26 per share in dividend and remuneration to its shareholders.

At 31 March 2012, the Group's net interest-bearing cash position was DKK 48.4 million, consisting of DKK 219.4 million in cash and cash equivalents, bonds and shares as well as in DKK 171 million in mortgage loans on its properties.

Also in future, the Group's capital structure is designed specifically at enabling investments in business development as well as in securing a high rate of return for its shareholders.

DKK'm	Revenue							
	Q1 YTD		Q1	Q4	Q3	Q2	Q1	Year
	2012	2011	2012	2011	2011	2011	2011	2011
Print	265.3	264.8	265.3	327.3	258.5	296.5	264.8	1,147.1
<i>Index compared to the same period of last year</i>	100.2	107.7	100.2	108.5	103.8	108.6	107.7	107.3
Online	20.8	16.8	20.8	14.4	17.1	16.2	16.8	64.5
<i>Index compared to the same period of last year</i>	123.8	86.6	123.8	91.7	104.3	91.5	86.6	93.2
Group revenue	286.1	281.6	286.1	341.7	275.6	312.7	281.6	1,211.6
<i>Index compared to the same period of last year</i>	101.6	106.2	101.6	107.7	103.8	107.5	106.2	106.4

DKK'm	EBIT before special items							
	Q1 YTD		Q1	Q4	Q3	Q2	Q1	Year
	2012	2011	2012	2011	2011	2011	2011	2011
Print	43.6	41.0	43.6	72.0	41.3	61.6	41.0	215.9
<i>Profit margin</i>	16.4%	15.5%	16.4%	22.0%	16.0%	20.8%	15.5%	18.8%
Online	-7.8	-9.9	-7.8	-12.2	-14.5	-14.0	-9.9	-50.6
<i>Profit margin</i>	-37.5%	-58.9%	-37.5%	-84.7%	-84.8%	-86.4%	-58.9%	-78.4%
Un-allocated costs	-2.4	0.4	-2.4	-1.8	0.9	1.7	0.4	1.2
Group EBIT, continuing operations	33.4	31.5	33.4	58.0	27.7	49.3	31.5	166.5
<i>Profit margin</i>	11.7%	11.2%	11.7%	17.0%	10.1%	15.8%	11.2%	13.7%
Discontinuing operations, printing	0.0	-0.6	0.0	-0.7	-0.4	-0.6	-0.6	-2.3
Group EBIT	33.4	30.9	33.4	57.3	27.3	48.7	30.9	164.2

BUSINESS ACTIVITIES

The Group's Print segment consists of the distribution activities of FK Distribution, Bekey as well as the newspapers of Søndagsavisen, Helsingør Dagblad and Lokalavisen Nordsjælland, whereas the Online segment covers Ofir.dk, BoligPortal.dk, Bostadsportal.se, Søndagsavisen.dk, MinReklame.dk, Bygges-tart.dk, HentTilbud.dk and MatchWork.com.

Decent Q1 2012, but aggravated market conditions in store for FK Distribution

In Q1 2012, activities of FK Distribution have been moderately lower than for the same period last year. The volume of printed matter in the market has been lower, and increased price competition has put pressure on prices. Q1 2012 sales are, however, positively influenced by the Easter campaigns in 2012 having been effected in March while in 2011 they took place in April.

As a result, the competitive situation and market conditions have aggravated, and Management expects that increased pricing pressure and a further reduction in volume will impact adversely on FK Distribu-tion's sales and earnings in 2012.

Business development and optimisation as competitive parameters

Despite difficult market conditions, FK Distribution has been able to maintain its market share in Q1 2012. The reasons for this are the renewal of some important contracts with key customers in 2011 on one hand, and on the other the signing of a number of new minor contracts with customers from sec-tors that have not previously used this medium – both of which are attributable to FK Distribution's fo-

cus on and ability to enhance quality, achieve high productiveness and efficiency, which has improved the competitive position considerably in recent years.

Unresolved political agenda

Q1 2012 did not bring more clarity as to whether and how new political steps such as the introduction of a tax on printed advertising material or a “yes to ads” scheme will impact on the market for distribution of unaddressed printed matter. FK Distribution is persistent in its effort to influence the process by providing the political decision-makers with factual data.

Bekey continues the installation of electronic keys for door units and experiences increased interest in the system

The successful enhancement of the Bekey system and the step-by-step roll-out of it in 2011 have in Q1 2012 led to the sales pipeline being fortified with delivery firms and property companies.

At the balance sheet date, the system had been installed at more than 7,000 buildings in Copenhagen, and at financial year-end the Bekey unit is expected to have found its way to more than 15,000 stairway doors. The commercial launch will be accelerated in the second half of 2012. Overall, Bekey activities are thus expected to generate a larger loss in 2012 than in 2011.

Søndagsavisen boosts its market share and improves its earnings capacity

Søndagsavisen’s progress in the important printed ads market continued unabated in Q1 2012. Compared with Q1 2011, printed ads sales in 2012 are 34% higher, while the market for that period in general has gone down. The increased market share is the primary reason for growth, but also some Easter campaigns in March in 2012 and in April 2011 have had a positive effect in Q1.

The printed job advertisement market remains at a standstill, and Søndagsavisen’s sales in this business area have been lower in Q1 2012 than in the same period last year. However, as these sales now account for a very small portion of Søndagsavisen’s revenue, the decline only has a marginal bearing on results.

The path to profitability is followed

While strengthening its foundation of activities, Søndagsavisen’s regular focus on the adjustment of its cost structure and on efficiency enhancement has resulted in the operating profit having improved at the beginning of 2012 compared to the year before. Developments in Q1 2012 therefore bear out Management’s strategic focus and support the objective of Søndagsavisen being profitable at group level in Q1 2013.

New journalistic initiatives well-received

Early in 2012, Søndagsavisen launched a series of new journalistic initiatives. They involve more focus on matters such as private finances, housing economics and family. The strengthening of Søndagsavisen’s profile in these fields was well-received by both readers and advertisers. So the advertisement pipeline continue to rise.

Helsingør Dagblad and Lokalavisen Nordsjælland

As one of the very few local newspapers, Helsingør Dagblad has increased its circulation. Lokalavisen Nordsjælland on the other hand has been hit by the general decline in the printed ads market, for which reason its printed ads sales remain unchanged in Q1. Some steps will be taken in Q2 to bring the newspaper back on “growth track”.

Both local newspapers have started an editorial co-operation with Søndagsavisen that is to bring about synergy effects across their publications. The outcome is expected to be a higher profit margin for Helsingør Dagblad and Lokaltidningen Nordsjælland already in 2012.

More awareness of Ofir as a result of a new strategy and marketing efforts

The first phase of the implementation of Ofir's new strategy has just been completed. The strategy is based on the fact that the level of complexity of recruitments varies, with some being simple and others being complex, for which reason they require an extra effort. Using job title and location of workplace as points of reference, Ofir advises employers – by using a sophisticated recommendation tool – which type of advertisement should be used and in which media the advertisement should be published in order to achieve the optimal result – in terms of both recruitment and finance.

Once the employers have familiarised themselves with the new recruitment tool, Ofir expects that it will be a fast, easy and secure way for them to recruit new staff.

Acquisition of eConscribi.net

Ofir has a well-functioning e-recruitment system serving especially a large number of local government customers. The system will have to be upgraded within the next few years, and in that context the Group acquired a minority interest in eConscribi International ApS in Q1 2012. eConscribi International ApS has just completed its development of a novel and up-to-date e-recruitment solution which handles the process from the point in time when the need for a new employee arises until the time of signature of the contract with the new employee. Ofir is the sole distributor of the product in Denmark, and expectations are that the new system will replace Ofir's existing recruitment system and also support its new strategy.

Earnings performance reflects large-scale marketing campaign

As estimated, the large-scale marketing activities result in an operating loss exceeding that for Q1 2011 when those activities had not yet been launched. Expectations are that the implementation of the strategy will result in increased sales and a larger market share in the private job market segment from the second half of 2012.

BoligPortal.dk continues its success

Both BoligPortal.dk and the newly started BostadsPortal.se have continued their success in the first three months of 2012 and both have expanded their market position. This satisfactory development is the result of increased traffic and more advertisements.

Acquisition of online activities strengthens the business foundation

At the end of 2011, MinReklame.dk and Søndagsavisen.dk merged strategically and organisationally. The aim is to create a joint foundation for optimising the use and capitalisation of the Group's many online users.

In January and March 2012, the Group acquired Byggestart.dk and HentTilbud.dk, respectively, as part of its online vision. These businesses are online service providers that arrange building services and proposals by acting as intermediary between builders and private developers. Efforts are now being made to integrate, combine and develop the two businesses.

Break-even at MatchWork.com

Following a heavy scaling-down and adjustment of activities of MatchWork.com in 2011, the platform provider is at a break-even point in Q1 2012.

EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors and the Executive Board are not aware of any significant events having occurred since 31 March 2012 which would have a material impact on the financial position of the Group.

EXPECTATIONS FOR THE FINANCIAL YEAR 2012 UPHELD

The activities of North Media have developed as expected in Q1 2012. However, due to intensified price competition and less printed matter in the distribution market, both revenue and earnings for the rest of the year are estimated to be lower than for the same periods in 2011. The success of Søndagsavisen will only to a lesser extent be able to compensate for this, for which reason profit from ordinary activities (EBIT) in the Print segment is expected to be in the range of DKK 130 million to 160 million for 2012 compared to DKK 216 million for 2011.

In the Online segment, the roll-out of the Ofir strategy and the continuation of the development of business in this segment are generally expected to result in improved growth and results. Consequently, ordinary activities in the online activities are still estimated to generate a loss of approximately DKK 30 million for 2012 compared to a loss of DKK 51 million for 2011.

Overall, expectations for group activities and earnings remain unchanged with revenue between DKK 1,050 million and 1,150 million and EBIT between DKK 100 million and 130 million.

The above earnings forecast presupposes known market conditions in the Print segment and the Online segment.

This document is an unofficial translation of the Danish original. In the event of any inconsistencies the Danish version shall apply.