

2016

INTERIM MANAGEMENT STATEMENT FOR Q3



2.3 million letter boxes visited every week

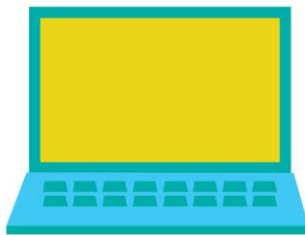
672,000

signed up for NoAds+

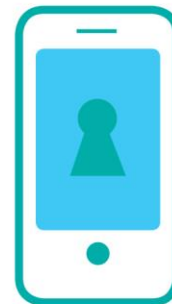


22,000

doors open with BEKEY every day



1.2 million downloads of minetilbud-app



7 million visits on websites and apps every month



1.3 million newspapers a week

This Interim Management Statement for Q3 2016 has been prepared in Danish and English. The Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

NORTH MEDIA A/S

3 November 2016

Company announcement no 11-16

The Group's earnings expectations for 2016 upheld and specified

In Q3 2016, developments in FK Distribution's revenue are still affected by the loss of Coop as a customer from 1 January this year, although efficiency measures and cost savings curb the adverse impact on performance.

At North Media Newspapers, the new Executive Board is concentrating fully on making *Søndagsavisen* more commercially oriented and on restoring profitability.

North Media Online's revenue growth is underperforming, although it is positive for future developments that BoligPortal succeeded in restoring its revenue growth in Q3.

BEKEY's revenue growth too is lower because customers have postponed project start-ups and tenders, yet BEKEY still holds a very strong position in the emerging electronic key systems market and now has products that are in operation or being tested in Denmark, Sweden, Norway, Finland and the USA.

All in all, the Group's revenue has not developed as expected this year, on the other hand the process of optimising the business segments has been successful. This is why we uphold and specify the Group's earnings expectations.

Group financial highlights from Q3 2016

- Group revenue reached DKK 208.0 million (2015: DKK 228.0 million), which is 9% down on last year.
- EBITDA was negative by DKK 2.4 million (2015: a negative DKK 1.2 million).
- EBIT before special items was a loss of DKK 11.8 million (2015: a loss of DKK 13.0 million).
- Securities yielded a positive return of DKK 6.2 million in Q3 2016. The Group's total portfolio of securities amounted to DKK 220.3 million at 30 September 2016.
- The Group's net interest-bearing cash position was DKK 91.8 million at the balance sheet date, and its capital resources amounted to DKK 269.4 million. Consequently, the Group's financial resources remain strong.

Earnings expectations for 2016 upheld

Expectations for group earnings and performance for the financial year 2016 are specified. In 2016, group revenue is expected to be realised between DKK 850 million and DKK 870 million. EBIT before special items is now expected to be a loss ranging between DKK 34 million and DKK 52 million. The operations divested and restructured in North Media Aviser A/S are expected to generate an income from net special items of around DKK 4.0 million for the financial year. The profit earned from divesting the Group's stake in A/S Vestsjællandske Distriktsblade totals DKK 27.2 million and is recognised as a share of profit/loss from associates.

FK Distribution in Q3 2016

- Revenue was DKK 141.7 million (2015: DKK 156.4 million), down 9%. Compared to last year, revenue has been ad-

versely affected by the loss of Coop as a customer from 1 January 2016, while general market conditions have kept steady.

- EBITDA reached DKK 9.1 million (2015: DKK 12.5 million).
- EBIT before special items was DKK 5.5 million (2015: DKK 6.8 million), thus producing a profit margin of 3.9% (2015: 4.3%).
- At 30 September 2016, 672,000 households had joined the NoAds+ arrangement. The number continues to go up although more slowly as marketing efforts are now targeting the No Ads Please households.

North Media Newspapers in Q3 2016

- Revenue was DKK 36.7 million (2015: DKK 43.7 million), down 16%.
- EBITDA was negative by DKK 8.0 million (2015: a negative DKK 8.3 million).
- EBIT before special items was negative by DKK 11.1 million (2015: a negative DKK 11.6 million).
- In Q2 2016, some local editions of *Søndagsavisen* were divested and a major reorganisation of North Media Newspapers took place. This has had a negative effect on developments in revenue. Gorm Wesing Flyvholm took up the position as Chief Executive Officer of North Media Aviser A/S from 1 September 2016. Focus is now on formulating a new strategy to restore profit from the Group's newspaper operations.
- A cooperation agreement was signed 3 November 2016 with *Politikens Lokalaviser A/S*.

North Media Online in Q3 2016

- Revenue was DKK 25.4 million (2015: DKK 24.0 million), up 6%.
- EBITDA was negative by DKK 1.0 million (2015: a negative DKK 3.6 million).
- EBIT before special items was negative by DKK 1.3 million (2015: a negative DKK 3.9 million).
- Revenue from online activities generally developed more weakly in Q3 2016 than expected, which is not satisfactory.

BEKEY in Q3 2016

- Revenue was DKK 4.2 million (2015: DKK 3.9 million), up 8%.
- EBITDA was negative by DKK 6.5 million (2015: a negative DKK 5.1 million).
- EBIT before special items was negative by DKK 6.5 million (2015: a negative DKK 5.2 million).
- Revenue developed more weakly than expected due to the postponed start-up of the contract won in Malmö, Sweden. Also, financial performance is adversely affected by DKK 3.0 million in partial write-down of inventories.

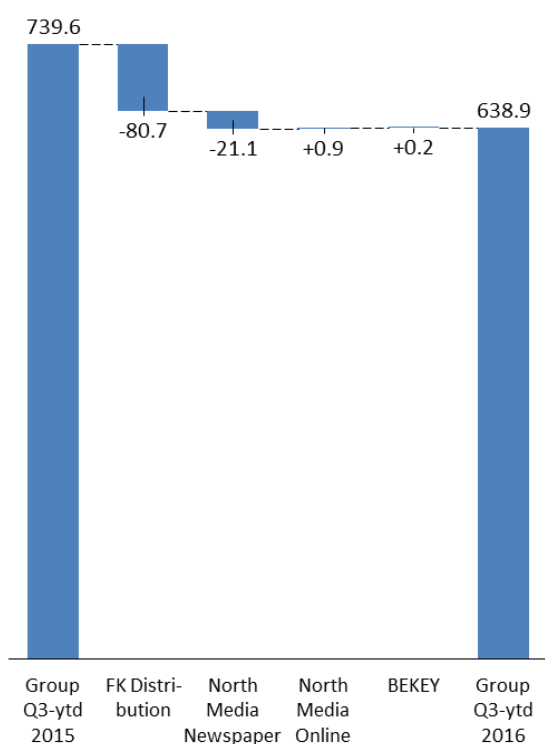
Management commentary

Lower revenue at FK Distribution. New Management at North Media Newspapers setting the course. BoligPortal restoring growth at North Media Online. BEKEY growth lower than expected

North Media's four business segments are operated and developed as separate and independent entities. However, these four segments share unique competencies that enable contact between and sharing of information with consumers and citizens on one side and retailers, e-traders and corporate sector on the other. This way, most of the Group's operations are in frequent contact with most Danes, and North Media is investing massively to develop the individual business segments in order to adapt the platforms to future demand and to develop and acquire new digital products and services that are to help restore long-term positive earnings. This is the pervading focus of the financial year 2016.

Group revenue went down from DKK 739.6 million for Q1 to Q3 2015 to DKK 638.9 million for Q1 to Q3 2016. The primary reasons for the 14% reduction are FK Distribution's loss of Coop as a customer, the divestment of newspaper editions and a general market contraction for North Media Newspapers. In Q3 2016, revenue did not fall just as much, namely 9%.

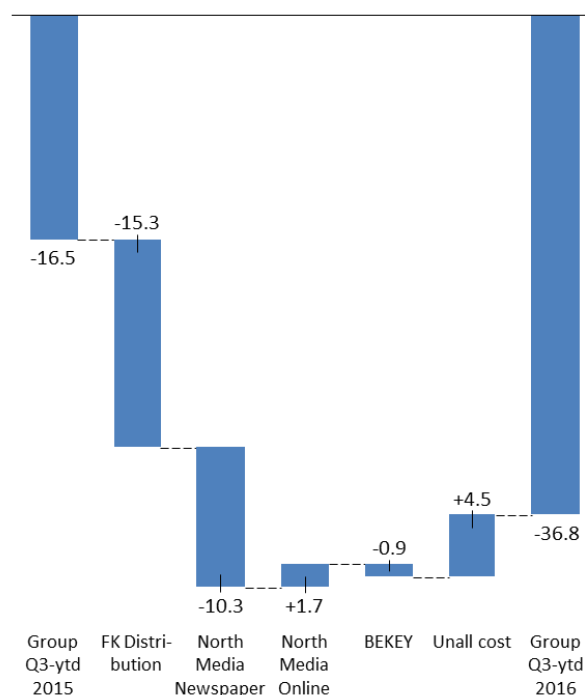
Group revenue development (DKK'm)



Group EBIT before special items went down from a negative DKK 16.5 million for Q1 to Q3 2015 to a negative DKK 36.8 million for Q1 to Q3 2016. Although Q3 2016 EBIT has

improved compared to last year, the year-to-date EBIT is heavily affected by the decline in revenue for both FK Distribution and North Media Newspapers. EBIT levels for North Media Online and BEKEY remain roughly unchanged.

Development in Group EBIT before special items (DKK'm)



FK Distribution's revenue affected due to the loss of Coop as a customer. Extensive efficiency measures implemented

FK Distribution – financial highlights

DKK'm	Q1-Q3 16	Q1-Q3 15	Development
Revenue	416.2	496.9	-80.7/-16%
EBIT before special items	9.7	25.0	-15.3

The trend towards stabilisation of prices for distributing unaddressed printed matter has continued in Q3. However, FK Distribution's revenue and market share are lower for Q1 to Q3 2016 compared to the same period last year, and the primary reason is the loss of Coop as a customer from 1

January 2016. FK Distribution's revenue has seen a year-to-date reduction of 16%. In Q3 2016, revenue declined by 9%, which is less than in the first two quarters of the year, however, the primary reason for this was timing differences.

At 30 September 2016, 672,000 households had signed up for the NoAds+ arrangement. The influx of households is satisfactory.

Efficiency measures and cost-cutting projects combined with a reduction in the promotion of NoAds+ help curb the earnings effect of the decline in revenue. So EBIT for Q1 to Q3 2016 stands at DKK 9.7 million (2015: 25.0 million), which is a decline of DKK 15 million despite a DKK 81 million decline in revenue.

For the rest of 2016, the spotlight will be on developing and introducing new products and services within print and online. Above all, activities will be targeted at NoAds+ and minetilbud.dk which provide advertisers with a unique access to high-spending consumers and which are therefore among the most effective advertising platforms for retailers.

Although the decline in revenue is expected to be greater in Q4 2016 than in Q3 2016, earnings expectations are up. Revenue is now expected to be realised between DKK 565 million and DKK 575 million and EBIT before special items is expected to be a gain ranging between DKK 10 million and DKK 20 million. Previously, revenue was expected to range between DKK 560 million and DKK 575 million and EBIT before special items to be between DKK 0 and DKK 15 million. In 2015, EBIT before special items of FK Distribution stood at DKK 56.3 million.

New Management of North Media Newspapers to focus commercially on restoring profitability and improving competitiveness

North Media Newspapers – financial highlights

DKK'm	Q1-Q3 16	Q1-Q3 15	Development
Revenue	134.3	155.4	-21.1/-14%
EBIT before special items	-30.0	-19.7	-10.3

Effective from 1 September 2016, Gorm Wesing Flyvholm was signed on as Chief Executive Officer of North Media Aviser A/S. Directly following this, the focus on boosting sales and reducing costs has been intensified.

For example, a project has been launched to centre particularly on churn. The starting point is to offer solutions that are to a higher extent tailored to customers and cater to their specific marketing needs.

Also, commercial management has been strengthened with respect to the Group's weekly newspapers in Copenhagen to generate growth.

In addition, North Media Newspapers will evaluate whether any editorial changes to the newspaper concepts should be made in order to boost relevance for readers and advertisers.

Alongside the work of formulating a new strategy plan, an ambitious cost-cutting project has been launched that is expected to be fully implemented in H2 2017.

In the last part of H1 2016, North Media Newspapers' revenue was affected by the divestment of newspaper editions, accounting for total revenue of DKK 27.9 million in 2015. Excluding this, revenue for Q3 2016 went down by 7% compared to the same quarter last year.

North Media Newspapers' revenue for Q1 to Q3 2016 has gone down by 14% on the same period last year. Exclusive of the above divestment of newspapers, revenue from the continuing newspapers has decreased by 10% during that period.

The weak revenue development has had an adverse effect on EBIT. EBIT before special items stood at a negative DKK 30.0 million for Q1 to Q3 2016 (2015: a negative DKK 19.7 million). Special items related to divestments and restructuring for the period total a net income of DKK 7.0 million, composed of sales proceeds of DKK 14.6 million and restructuring costs of DKK 7.6 million.

On 11 October 2016, the European Court of Justice delivered its judgment and did not allow Søndagsavisen's claim in the case where Søndagsavisen had disputed the Danish rules on media support. Søndagsavisen has decided not to appeal against the judgment.

Referring to Company announcement no 10-16 of 3 November 2016, North Media Aviser A/S has signed a cooperation agreement with Politikens Lokalaviser A/S on Søndagsavisen's editions in Jutland, Funen and parts of Zealand.

North Media Newspapers expects to realise revenue between DKK 170 million and DKK 175 million for the financial year 2016. Previously, revenue was expected to range between DKK 175 million and DKK 185 million. EBIT before special items is expected to be a loss ranging between DKK 33 million and DKK 37 million compared to previously a loss between DKK 30 million and DKK 35 million (2015: a loss of DKK 23.9 million).

North Media Online's revenue is not developing satisfactorily, although the trend in Q3 is that new initiatives in the housing area show impact

The strategic focus of all companies has intensified so that it will be on developing scalable and fully digital business models with an international potential.

The companies behind North Media Online did not progress as expected from Q1 to Q3 2016. During this period, revenue has only increased from DKK 72.7 million in Q1 to Q3 2015 to DKK 73.6 million this year, equalling a growth rate of 1%.

In Q3 2016, BoligPortal's and BostadsPortal's pricing and product strategy for rental housing has had effect and boosted sales. Also, a number of new functions have been launched that will increase the landlords' benefit from using BoligPortal and BostadsPortal.

North Media Online – financial highlights

DKK'm	Q1-Q3 16	Q1-Q3 15	Development
Revenue	73.6	72.7	+0.9/+1%
EBIT before special items	-6.3	-8.0	+1.7

håndværker.dk has successfully increased its focus on signing up with manufacturers of products which the builders install or use with their customers.

For example, contracts have been signed with manufacturers of steel roofing, tiled roofing, gas furnaces, heat pumps, insulation and paint. Often these manufacturers can arrange contact to some affiliated builders, and this has resulted in an inflow of some new builders and firms.

Expectations are that these initiatives can help bring builders closer to håndværker.dk and so reduce the number of opt-outs, increase the number of signed up builders and boost revenue growth. Revenue growth has not been satisfactory in the first three quarters of 2016.

Ofir has increased job advertisement sales by 15% in the period Q1 to Q3 2016. The revenue growth rate for the Empty Hire recruiting system, however, is lower, and therefore total revenue growth is not satisfactory.

North Media Online now expects revenue for 2016 to range between DKK 95 million and DKK 98 million. This is lower than previously announced when revenue was expected to range between DKK 100 million and DKK 105 million.

North Media Online's EBIT expectations before special items are lowered similarly to a loss between DKK 8 million and DKK 9 million compared to previously between DKK 0 and a loss of DKK 5 million. The downward adjustment has been caused partly by lower earnings expectations, partly higher costs. In 2015, EBIT before special items of North Media Online was negative by DKK 12.6 million.

BEKEY's revenue growth lower than expected. BEKEY products are now in operation or being tested in five countries

In 2016, BEKEY has formed partnerships in a number of countries and won several large contracts. However, the start-up of the projects and contracts won has been postponed several times, and this has a negative effect on revenue growth.

The growth rate for Q1 to Q3 2016 is 1%. BEKEY's revenue growth for the year 2016 was expected to range between 40% and 70%.

BEKEY – financial highlights

DKK'm	Q1-Q3 16	Q1-Q3 15	Development
Revenue	14.8	14.6	+0.2/+1%
EBIT before special items	-15.2	-14.3	-0.9

For Q1 to Q3 2016, BEKEY realised negative EBIT before special items of DKK 15.2 million (2015: a negative DKK 14.3 million). EBIT for 2016 is lower than expected and includes a partial write-down of inventories by DKK 3.0 million. In addition, the costs of developing fittings and Thumb Turn 2.0 have also been higher than expected.

2016 earnings expectations for BEKEY are lowered and revenue is now expected to be realised between DKK 20 million and DKK 22 million as opposed to previously between DKK 25 million and DKK 30 million. EBIT expectations before special items are lowered similarly to a loss ranging between DKK 18 million and DKK 20 million compared to previously between a loss of DKK 10 million and DKK 15 million.

In 2015, EBIT before special items stood at a negative DKK 19.4 million.

Net interest-bearing cash position ensuring financial latitude

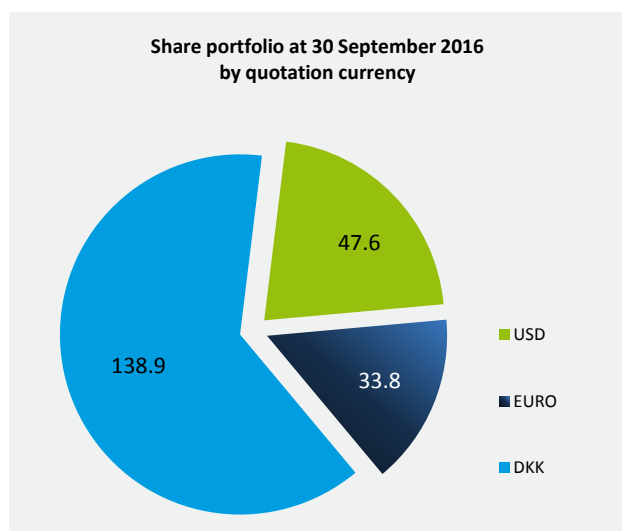
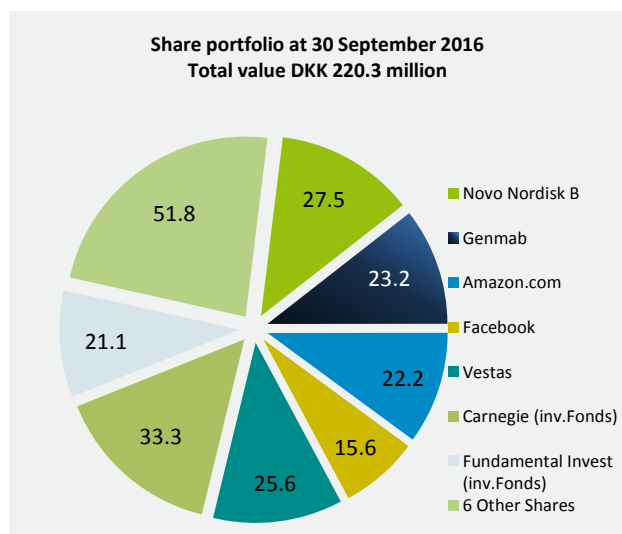
At 30 September 2016, the Group's net interest-bearing cash position came to DKK 91.8 million. This is DKK 22.0 million down on the amount at 31 December 2015 when it was DKK 113.8 million.

The net interest-bearing cash position consists of cash of DKK 49.1 million, ultra-liquid shares and investment funds in the amount of DKK 220.3 million, mortgage debt and interest rate swaps totalling DKK 158.5 million and acquisition price payable of DKK 19.1 million in total.

So at 30 September 2016, the Group's cash resources (exclusive of overdraft facility) stood at DKK 269.4 million while at year-end 2015 they were DKK 288.5 million.

Unchanged level of portfolio of securities

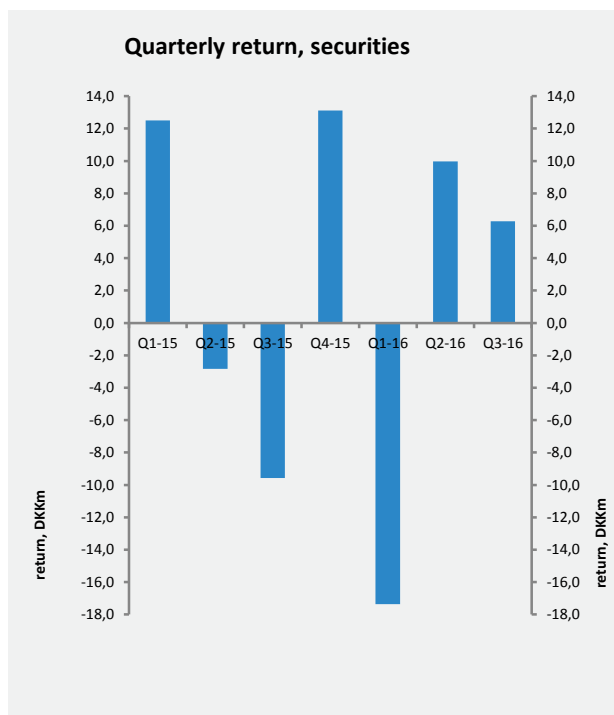
At the end of September 2016, the Group had invested in 13 different shares and share-based investment funds. The portfolio consists of listed shares and investment funds with high transferability such as OMXC20 shares or shares in similar international indexes.



Positive return on securities in Q3 2016

Q3 2016 yielded a positive net return on securities of DKK 6.2 million for the Group. The first nine months of 2016 have generated negative returns of DKK 1.2 million, or a negative 1.8%.

For the first nine months of 2015, the Group had realised a positive net return of DKK 0.1 million, or 0.0%. The quarterly returns in 2015 and 2016 are shown in the graph below.



At 30 September 2016, the share portfolio risk has been calculated at 15.4%. Risk has been calculated as the annualised standard deviation measured over the past 90 days of trading. "Value at risk", which reflects the maximum loss over a three-month period with a probability of 95%, was DKK 28.4 million.

The Group's earnings expectations for 2016 upheld and specified

Outlook for 2016

DKK'm	Revenue	EBIT before special items
FK Distribution	565 - 575	+10 to +20
North Media newspapers	170 - 175	-37 to -33
North Media Online	95 - 98	-9 to -8
BEKEY	20 - 22	-20 to -18
Unallocated income/costs	-	+4 to +5
Group	850 - 870	-52 to -34

The Group's earnings expectations for 2016 are adjusted and specified to now be realised between DKK 850 million and DKK 870 million while previous expectations ranged between DKK 860 million and DKK 895 million. FK Distribution upholds their earnings expectations whereas North Media Newspapers, North Media Online and BEKEY have lowered their expectations.

Expectations for group EBIT before special items are upheld and specified to now be a loss ranging between DKK 34 million and DKK 52 million. Previously, EBIT was expected to range between a loss of DKK 25 million and DKK 55 million. FK Distribution has upped their expectations whereas North Media Newspapers, North Media Online and BEKEY have lowered their EBIT expectations before special items for 2016.

Based on the operations divested and restructured in North Media Aviser A/S in H1 2016, the net amount of special items was expected to be an income of around DKK 7.0 million for the financial year. The profit earned from divesting the Group's stake in A/S Vestsjællandske Distriktsblade totals DKK 27.2 million and is recognised as a share of profit/loss from associates.

In Company announcement no 10-16 of 3 November 2016, North Media Aviser A/S has released the signing of a cooperation agreement with Politikens Lokalaviser A/S. This agreement involves special items such as costs related to, for example, the transfer of staff in the total amount of approx DKK 3.0 million.

Thus the Group's special items for the financial year 2016 are now expected to constitute an income of around DKK 4.0 million.

The Group's investments for 2016 are estimated to amount to approx DKK 10 million whereas ordinary amortisation and depreciation are estimated at approx DKK 37 million.

Events after the balance sheet date

As stated in Company announcement no 10-16 of 3 November 2016, North Media A/S has signed a cooperation agreement with Politikens Lokalaviser A/S effective from 15 November 2016. The Board of Directors and the Executive Board are not aware of any other significant events having occurred since 30 September 2016 which would have a material impact on the financial position of the Group.

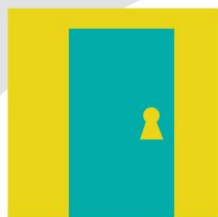
Contact

For further information, please contact:

- Kåre Wigh, Group Executive Director & CFO, mobile +45 25 65 21 45
- Mads Dahl Andersen, Chief Executive Officer of FK Distribution, mobile +45 20 42 09 85
- Gorm Wesing Flyvholm, Chief Executive Officer of North Media Aviser, mobile +45 25 45 67 74
- Henrik Løvig, Chief Executive Officer of North Media Online, mobile +45 61 79 94 31
- Søren Holmblad, Chief Executive Officer of BEKEY, mobile +45 25 65 21 30.

QUARTERLY SCHEDULE

DKK m	Revenue									
	Q3 ytd		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Year
	2016	2015	2016	2016	2016	2015	2015	2015	2015	2015
FK Distribution	416.2	496.9	141.7	137.2	137.3	194.5	156.4	175.6	164.9	691.4
<i>Index cp. same period last year</i>	83.8	92.2	90.6	78.1	83.3	93.0	89.9	91.9	94.8	92.4
North Media newspapers	134.3	155.4	36.7	48.1	49.5	52.7	43.7	55.3	56.4	208.1
<i>Index cp. same period last year</i>	86.4	94.9	84.0	87.0	87.8	94.3	94.2	92.9	97.6	94.8
North Media Online	73.6	72.7	25.4	24.0	24.2	22.0	24.0	24.1	24.6	94.7
<i>Index cp. same period last year</i>	101.2	96.8	105.8	99.6	98.4	98.7	95.2	96.0	99.2	97.2
BEKEY	14.8	14.6	4.2	5.3	5.3	3.6	3.9	6.1	4.6	18.2
<i>Index cp. same period last year</i>	101.4	256.1	107.7	86.9	115.2	138.5	144.4	469.2	270.6	219.3
Group revenue	638.9	739.6	208.0	214.6	216.3	272.8	228.0	261.1	250.5	1.012.4
<i>Index cp. same period last year</i>	86.4	94.4	91.2	82.2	86.3	94.0	91.8	94.3	97.0	94.3
DKK m	EBIT before special items									
	Q3 ytd		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Year
	2016	2015	2016	2016	2016	2015	2015	2015	2015	2015
FK Distribution	9.7	25.0	5.5	0.6	3.6	31.3	6.8	18.4	-0.2	56.3
<i>Profit margin</i>	2.3%	5.0%	3.9%	0.4%	2.6%	16.1%	4.3%	10.5%	-0.1%	8.1%
North Media newspapers	-30.0	-19.7	-11.1	-10.1	-8.8	-4.2	-11.6	-4.4	-3.7	-23.9
<i>Profit margin</i>	-22.3%	-12.7%	-30.2%	-21.0%	-17.8%	-8.0%	-26.5%	-8.0%	-6.6%	-11.5%
North Media Online	-6.3	-8.0	-1.3	-2.7	-2.3	-4.6	-3.9	-0.7	-3.4	-12.6
<i>Profit margin</i>	-8.6%	-11.0%	-5.1%	-11.3%	-9.5%	-20.9%	-16.3%	-2.9%	-13.8%	-13.3%
BEKEY	-15.2	-14.3	-6.5	-4.9	-3.8	-5.1	-5.2	-4.8	-4.3	-19.4
<i>Profit margin</i>	-102.7%	-97.9%	-154.8%	-92.5%	-71.7%	-141.7%	-133.3%	-78.7%	-93.5%	-106.6%
Unallocated income/costs	5.0	0.5	1.6	2.0	1.4	-1.6	0.9	-0.4	0.0	-1.1
Group EBIT before special items	-36.8	-16.5	-11.8	-15.1	-9.9	15.8	-13.0	8.1	-11.6	-0.7
<i>Profit margin</i>	-5.8%	-2.2%	-5.7%	-7.0%	-4.6%	5.8%	-5.7%	3.1%	-4.6%	-0.1%

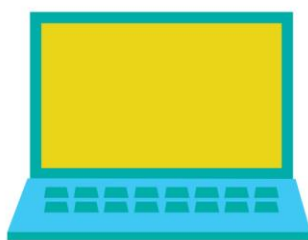


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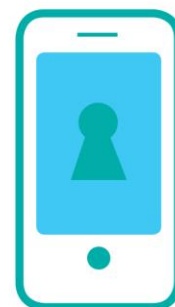
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