

PRESS RELEASE

30 JUNE 2020

Roularta 
MediaGroup

RESULTS FOR FIRST HALF OF 2020

The increase in subscription revenues and strict cost control limit covid-19 impact and result in a positive EBITDA.

Roularta maintains a strong cash position for the future and continues to roll out its investment plan.

The unexpected emergence of covid-19 is impacting business in Belgium and the rest of the world. The media sector, like most sectors, is being tested. After the solid results in the first months of the year, the impact of the pandemic is being clearly felt at Roularta. Thanks to our strategy of extreme focus on the reader, our brands were consulted more than ever during the lockdown. Roularta is in a privileged position given the Group's high-quality brands and strong balance sheet.

The Group's first priority remains the safety of all employees, customers and suppliers at the various sites. And indeed many measures have been taken to ensure the safety of all. The guidelines have been strictly followed, ensuring the continuity of our activities.

Revenue for the first half of the year amounted to € 120.6 million vs. € 147.9 million last year. This decrease of 18.5% is mainly reflected in the decline in advertising revenues and printed matter for third parties, and the cancellation of events and discontinuation of reader travel due to the pandemic.

Subscription revenues on the other hand have risen sharply (€ +2.9 million) compared to the same period last year. This is thanks to the successful implementation of the subscription strategy for the women's brands, the roll-out of the New Deal for the news & business brands, the desire of the people of Belgium for quality magazine brands during the lockdown, and the full consolidation of Senior Publications NV (*Plus Magazine*) since March 2020. A trend that will further be pursued in the second half of the year. More than ever, qualitative journalism responds to the needs in uncertain times.

The Group performed a covid-19 stress test and concluded that its status as a going concern is guaranteed. An impairment test was performed on all brands of the Group that show a value on the balance sheet. In addition, the Group has several brands, such as *Knack*, *Trends|Tendances*, *De Zondag*,... that are not expressed on the balance sheet.

Thanks to efficiency projects, already started in 2019, the Group has reduced the costs for services. The use of the temporary unemployment scheme also lowered personnel costs. In addition, the Group realised a capital gain through the sale of several buildings, bringing EBITDA to € 5.4 million vs. € 10.7 million last year, or 4.5% of turnover compared to 7.2% last year.

In the print shop, thanks to the efforts of employees, work largely continued during and after the lockdown period. Many external print orders were cancelled. We presently are seeing increased activity again, but not yet at 'pre-covid-19 levels'. In the summer of 2019, the Group decided to replace the oldest magazine printing press with a state-of-the-art Lithoman. covid-19 has had no impact on the installation of the new printing press, which will be operational from November 2020, as planned.

Thanks to strong teamwork, the editors were able to process our newspapers and magazines via home working, and these in-house print orders were always printed and put on the market on time. All news coverage also continued 24/7 online. The integration of *Plus Magazine* into the Group from March was not disrupted by the pandemic, as a result of which revenue and cost synergies are already visible.

Mediafin (50% Roularta - *De Tijd/L'Echo*) is also showing stronger revenues from the readership market compared to last year, but for the moment this is being offset by declining advertising revenues due to covid-19.

Roularta's strong balance sheet, both in terms of liquidity with a net cash position of € 93.1 million and solvency, ensures that Roularta is well-equipped for the future. This also ensures that a number of subsidiaries do not need to release funds for dividends and thus can use their resources to focus on their strategy and strengthen the balance sheet.

1. FINANCIAL KEY FIGURES FOR THE FIRST HALF OF 2020

1.1 Consolidated key figures

	in thousands of euros	30/06/2020	30/06/2019	Trend	Trend [%]
INCOME STATEMENT					
Sales		120,635	147,949	-27,314	-18.5%
Adjusted sales ⁽¹⁾		119,606	147,949	-28,343	-19.2%
EBITDA ⁽²⁾		5,438	10,713	-5,275	-49.2%
EBITDA - margin		4.5%	7.2%		
EBIT ⁽³⁾		-1,552	3,899	-5,451	-139.8%
EBIT - margin		-1.29%	2.6%		
Net finance costs		-83	-36	-47	130.6%
Income taxes		233	-70	303	-432.9%
Net result		-1,402	3,793	-5,195	-137.0%
Attributable to minority interests		-129	-342	213	-62.3%
Attributable to equity holders of RMG		-1,273	4,136	-5,409	-130.8%
Net result attributable to equity holders of RMG - margin		-1.1%	2.8%		-100.0%
Number of employees at closing date ⁽⁴⁾		1,191	1,248	-57	-4.6%

⁽¹⁾ Adjusted sales = sales on a like-on-like basis with 2019, excluding changes in the consolidation scope

⁽²⁾ EBITDA = EBIT + depreciations, write-downs and provisions

⁽³⁾ EBIT = operating profit, including the share in the result of associated companies and joint ventures

⁽⁴⁾ Joint ventures (Mediafin, Bayard etc.) not included

Consolidated revenue from the first half of 2020 declined by 18.5 %, from € 147.9 to € 120.6 million.

This decrease is almost entirely due to falling advertising income (-35.5%) and printing for third parties (-18.2%). The decrease is noticeable for all products. As a result of covid-19, advertising income decreased much more than the average trend line.

On the other hand, there was a historic increase in subscriptions (+8.4%) for the news and business magazines as well as for the women's magazines. Across the brands, newsstand sales remained more or less in line with 2019, with the exception of *Sport-Voetbal* magazine, whose publishing was interrupted for several months due to the suspended football season, and *Nest*, which was recently integrated into *Libelle* as a special section.

The Group estimates the total covid-19 impact on consolidated revenue at € 20.6 million.

EBITDA decreased from € +10.7 million to € +5.4 million. EBITDA amounted to 4.5% of revenue compared to 7.2% in the first half of 2019. The decline is the result of a decrease in EBITDA in the fully consolidated entities (€ -4.7 million) as well as the associates and joint ventures (€ -0.6 million). The decrease due to reduced revenue was partly offset by strict cost management resulting in lower costs for services and other goods, and reduced personnel costs thanks to the use of the temporary unemployment scheme.

EBIT evolved from € 3.9 million to € -1.6 million, in line with the decrease in EBITDA.

Net financing expenses are in line with the first half of 2019.

The **net result** amounted to € -1.4 million vs. € +3.8 million last year.

Consolidated key figures (€ per share)	in euro	30/06/2020	30/06/2019	Trend
EBITDA		0.43	0.85	-0.42
EBIT		-0.12	0.31	-0.43
Net result attributable to equity holders of RMG		-0.10	0.33	-0.43
Net result attributable to equity holders of RMG after dilution		-0.10	0.33	-0.43
Weighted average number of shares		12,550,800	12,544,690	6,110
Weighted average number of shares after dilution		12,557,458	12,600,426	-42,968

2. DISCUSSION OF THE SEGMENT RESULTS

2.1 Media Brands

	in thousands of euros	30/06/2020	30/06/2019	Trend	Trend [%]
INCOME STATEMENT					
Sales		104,750	129,185	-24,435	-18.9%
Gross margin		82,803	97,602	-14,799	-15.2%
<i>Gross margin on sales</i>		<i>79.05%</i>	<i>75.6%</i>		

The Media Brands segment refers to all brands that are marketed by RMG and its investments.

Revenue from the Media Brands segment decreased by 18.9% or € 24.4 million, from € 129.2 million to € 104.8 million.

Advertising

Covid-19 had a major impact on revenue from the Group's free press magazines, which were not published for several weeks when shops were required to close. Advertising revenue decreased by 48.8% compared to the first half of 2019.

Newspaper advertising revenue fell by 19.3% while magazine advertising revenue fell by 25.4%.

Advertising income from the various internet sites fell by 23.9%.

Readership market

Revenue from the readership market (newsstand sales and subscriptions) increased by 3.9% compared to the first half of 2019. In line with the government's request and the desire of our readers, all news, business and women's magazines continued to be published. All digital channels continued to provide 24/7 reporting. **Gross margin** increased from 75.6% to 79%. This increase is mainly due to a change in product mix (fewer free press titles) as a result of covid-19. In absolute value, gross margin decreased by € 14.8 million to € 82.8 million.

2.2 Printing Services

	in thousands of euros	30/06/2020	30/06/2019	Trend	Trend [%]
INCOME STATEMENT					
Sales		30,501	40,011	-9,510	-23.8%
Gross margin		16,480	20,103	-3,623	-18.0%
<i>Gross margin on sales</i>		<i>54.0%</i>	<i>50.2%</i>		

The 'Printing Services' segment refers to pre-press and print shop activities for internal brands and external customers.

Revenue from the Printing Services segment fell by € 9.5 million or 23.8%, from € 40.0 million to € 30.5 million.

€ 6.1 million of the decrease of € 9.5 million came from in-house printing, mainly due to free press titles, and € 3.4 million from external printing. In absolute value, gross margin decreased by € 3.6 million to € 16.5 million.

Gross margin in percent of revenue rose from 50.2% to 54%. This can mainly be explained by a drop in the price of paper.

3. CONSOLIDATED BALANCE SHEET

Balance sheet	in thousands of euros	30/06/2020	31/12/2019	Trend (%)
Non-current assets		183,220	182,720	0.3%
Current assets		157,610	170,695	-7.7%
Balance sheet total		340,830	353,414	-3.6%
Equity - Group's share		226,670	227,846	-0.5%
Equity - minority interests		449	578	-22.3%
Liabilities		113,711	124,990	-9.0%
Liquidity ⁽⁵⁾		1.6	1.6	2.8%
Solvency ⁽⁶⁾		66.6%	65%	3.1%
Net financial debt ⁽⁷⁾		-93,068	-95,936	-3.0%
Gearing ⁽⁸⁾		-41.0%	-42.0%	-2.4%

⁽⁵⁾ Liquidity = current assets / current liabilities

⁽⁶⁾ Solvency = equity (Group's share + minority interests) / balance sheet total

⁽⁷⁾ Net financial debt = financial debts minus current cash

⁽⁸⁾ Gearing = net financial debt/equity (Group's share + minority interests)

Equity – Group Share amounted to € 226.7 million on 30 June 2020 compared to € 227.8 million on 31 December 2019. The movement in equity mainly consists of the loss attributable to RMG shareholders in the first half of 2020 (€ 1.3 million). No dividend was paid on the 2019 result.

RMG remains free of any bank debts. As of 30 June, 2020 the **consolidated net financial cash position** (= current cash less financial debts) amounted to € 93.1 million vs. € 95.9 million as of December 2019, or a decrease of € 2.9 million. Cash was generated mainly from operational activities (€ 2.6 million) and from the sale of buildings (€ 1.6 million). In addition, € 6.4 million was invested in tangible and intangible fixed assets. Net cash flow from financing activities amounted to € -1.2 million and mainly comprises the repayment of the IFRS 16 lease liabilities.

4. INVESTMENTS (CAPEX)

Total consolidated investments in the first half of 2020 amounted to € 6.4 million (2019: € 2.8 million): mainly € 1.8 million in investments in new software (2019: € 1.4 million) and € 4.4 million in tangible fixed assets. The latter mainly concerns the installation of the new Lithoman printing press (advance payment of € 3.2 million in the first half of 2020). No investments were postponed as a result of covid-19.

5. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2020 AND THEREAFTER

- At the end of February, Roularta became 100% owner of *Plus Magazine Belgium* (Senior Publications NV) and sold the non-core German children's magazines (Sailer entities).
- Dilution of equity interest in Proxistore (from 24.9% to 14.0%) in February 2020 after a capital increase in which Roularta Media Group NV did not participate with new cash.
- Cessation of Storesquare activity on 28 February 2020.
- End of April 2020 sale of the loss making 50% stake in *Regionale Media Maatschappij*.

- In May 2020, the general meeting confirmed the decision not to pay a dividend.
- At the beginning of June 2020, Belfius made a binding offer for 30% of the shares of a new company to be established in which the activities of Immovlan and Vacancesweb will be incorporated. Subject to the approval of the competition authority of this transaction, Belfius, like Roularta (35%) and the Rossel group (35%), will become co-shareholder of the BV Immovlan in formation.
- In June 2020, Roularta made a binding offer on two French-language television magazines *Moustique* and *Télé Pocket*, but the purchase did not go through.
- Merger of Senior Publications NV with RMG on 1 July 2020.

6. PROSPECTS

These prospects do not take into account a possible second substantial covid-19 wave.

The prospects for the second half of the year remain positive in terms of subscription revenues. Roularta has succeeded in converting the desire of Belgians for high-quality magazine brands into long-term subscriptions. We expect the trend in newsstand sales to be in line with the current market.

Despite covid-19, the activities in the Printing Services segment largely continued thanks to the efforts of employees. For the second half of the year, we expect the number of print orders as well as the volume per print order to remain below the pre-covid-19 level, but higher than in the second quarter. On the positive side, Roularta was recently promised new print orders, thanks to our continuity and quality of service. We are confident that the replacement investment in a new Lithoman magazine press will become operational as planned in November, which should ensure the smooth continuation of in-house and external print orders.

Especially due to covid-19, advertising revenue will remain substantially lower and very volatile for printing activities, audiovisual media and internet activities. Large fluctuations from month to month and late bookings continue, resulting in insufficient visibility to make a further forecast for 2020.

In the second half of the year, the planned revenue and costs from events and travel largely disappeared and will depend on further decisions by the various authorities.

7. HALF-YEAR FINANCIAL REPORT

A full report on the half-year results can be found on our website www.roularta.be/en under Investor Info > Financial > Financial reporting > 30-06-2020 > Half-yearly financial report.

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ANNEXES

CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)

	in thousands of euros	30/06/2020	30/06/2019	Trend
Sales		120,635	147,949	-27,314
Own construction capitalised		1,239	1,113	126
Raw materials, consumables and goods for resale		-23,151	-32,538	9,387
Gross margin		98,723	116,524	-17,801
<i>% on sales</i>		<i>81.8%</i>	<i>78.8%</i>	
Services and other goods		-51,658	-56,489	4,831
Personnel		-45,036	-49,975	4,939
Other operating result		2,865	-474	3,339
Share in the result of associated companies and joint ventures		544	1,127	-583
EBITDA		5,438	10,713	-5,275
<i>% on sales</i>		<i>4.5%</i>	<i>7.2%</i>	
Depreciation, write-down and provisions		-6,990	-6,814	-176
<i>Depreciation and write-down of intangible and tangible assets</i>		<i>-6,260</i>	<i>-6,480</i>	<i>220</i>
<i>Write-down of debtors and inventories</i>		<i>-396</i>	<i>-10</i>	<i>-386</i>
<i>Provisions</i>		<i>-334</i>	<i>-323</i>	<i>-11</i>
Operating result - EBIT		-1,552	3,899	-5,451
<i>% on sales</i>		<i>-1.3%</i>	<i>2.6%</i>	
Interest income		49	81	-32
Interest expenses		-132	-116	-16
Income taxes		233	-70	303
Net result		-1,402	3,793	-5,195
<i>% on sales</i>		<i>-1.2%</i>	<i>2.6%</i>	
Attributable to:				
Minority interests		-129	-342	213
Equity holders of Roularta Media Group		-1,273	4,136	-5,409

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

ASSETS	in thousands of euros	30/06/2020	31/12/2019	Trend
Non-current assets		183,220	182,720	500
Intangible assets		54,776	54,734	42
Property, plant and equipment		61,494	59,894	1,600
Investments accounted for using the equity method		58,577	60,042	-1,465
Available-for-sale investments, loans and guarantees		2,701	2,402	299
Trade and other receivables		122	100	22
Deferred tax assets		5,550	5,548	2
Current assets		157,610	170,695	-13,085
Inventories		5,257	6,047	-790
Trade and other receivables		42,576	60,061	-17,485
Tax receivable		585	688	-103
Cash and cash equivalents		97,849	101,438	-3,589
Deferred charges and accrued income		11,343	2,460	8,883
Total assets		340,830	353,414	-12,584

LIABILITIES	in thousands of euros	30/06/2020	31/12/2019	Trend
Equity		227,120	228,424	-1,304
Group's equity		226,670	227,846	-1,176
<i>Issued capital</i>		80,000	80,000	-
<i>Treasury shares</i>		-23,594	-23,643	49
<i>Retained earnings</i>		165,336	166,610	-1,274
<i>Other reserves</i>		4,928	4,879	49
Minority interests		449	578	-129
Non-current liabilities		17,270	17,626	-356
Provisions		7,742	8,268	-526
Employee benefits		5,533	5,180	353
Deferred tax liabilities		199	142	57
Financial debts		3,509	3,748	-239
Other payables		287	287	-
Current liabilities		96,441	107,364	-10,923
Financial debts		1,272	1,754	-482
Trade payables		30,231	45,321	-15,090
Advances received		25,915	25,794	121
Employee benefits		17,019	16,513	506
Taxes		1,062	338	724
Other payables		8,836	10,884	-2,048
Accrued charges and deferred income		12,107	6,759	5,348
Total liabilities		340,830	353,414	-12,584

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)

Cash flow relating to operating activities	in thousands of euros	30/06/2020	30/06/2019
Net result of the consolidated companies		-1,402	3,793
Share in the results of associated companies and joint ventures		-544	-1,127
Dividends received from associated companies and joint ventures		1,250	5,530
Income tax expense / income		-233	70
Interest expenses		132	116
Interest income (-)		-49	-81
Gains (-) / losses (+) on disposal of intangible assets and property, plant and equipment		-1,308	-17
Non-cash items		6,016	6,835
<i>Depreciation of (in) tangible assets</i>		6,260	6,480
<i>Share-based payment expense</i>		49	21
<i>Increase (+) / decrease (-) in provision</i>		334	323
<i>Other non-cash items</i>		-627	10
Gross cash flow relating to operating activities		3,863	15,119
Increase / decrease in trade receivables		18,925	2,336
Increase / decrease in inventories		837	24
Increase / decrease in trade payables		-16,290	-2,935
Other increases / decreases in working capital (a)		-4,750	-2,500
Increase / decrease in working capital		-1,279	-3,075
Income taxes paid		83	-355
Interest paid		-131	-116
Interest received		50	82
NET CASH FLOW RELATING TO OPERATING ACTIVITIES (A)		2,586	11,656

(a) Changes in current other receivables, deferred charges and accrued income, provisions, employee benefits, other payables, advances received and accrued charges and deferred income.

Cash flow relating to investing activities	in thousands of euros	30/06/2020	30/06/2019
Intangible assets - acquisitions		-1,973	-1,390
Tangible assets - acquisitions		-4,422	-1,388
Tangible assets - other movements		1,638	21
Net cash flow relating to acquisition of subsidiaries and sector acquisitions		-299	-7,868
Net cash flow relating to disposal of subsidiaries and sector acquisitions		200	-
Net cash flow relating to loans to investments accounted for using the equity method		-175	-
Available-for-sale investments, loans, guarantees - other movements		17	32
NET CASH FLOW RELATING TO INVESTING ACTIVITIES (B)		-5,014	-10,593
Cash flow relating to financing activities			
Dividends paid		-	-6,273
Treasury shares		49	41
Proceeds from current financial debts		-	64
Redemption of current financial debts		-509	-
Repayment of leasing debt		-704	-700
Decrease in non-current receivables		3	119
NET CASH FLOW RELATING TO FINANCING ACTIVITIES (C)		-1,161	-6,749
TOTAL DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		-3,589	-5,686
Cash and cash equivalents, beginning balance		101,438	95,956
Cash and cash equivalents, ending balance		97,849	90,270
NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS		-3,589	-5,686