

2019

North Media A/S · Group Interim Report for Q1

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CUSTOMERS
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CUSTOMERS

Q1 2019 developments

Financial performance

Total revenue of the North Media Group companies amounted to DKK 263.9 million in Q1 2019. This is 5% down on Q1 2018. As expected, the revenue reduction is primarily caused by a decline in the revenue of FK Distribution and North Media Aviser due to a market decline and the fact that, in 2018, Easter revenue fell in Q1 whereas, in 2019, it will fall in Q2.

Group EBIT before special items came to DKK 25.3 million in Q1 2019. This is DKK 4.3 million down on the same quarter last year and in line with expectations. North Media Online realised a profit of DKK 1.2 million in Q1 2019, which is DKK 4.0 million up on Q1 2018.

Return on securities

The return on the Group's securities was high in Q1 2019. The return was DKK 57.7 million, equivalent to 22.4%.

Capital resources

The Group's net interest-bearing cash position comes to DKK 256 million at 31 March 2019, which is DKK 60 million up on the amount at 31 December 2018, despite the implementation of IFRS 16, which has increased interest-bearing debt by DKK 18 million.

On 3 April 2019, the Group completed the share buy-back programme for a total of 500,000 treasury shares at a total price of DKK 19.4 million.

Outlook for 2019

The expectations relating to revenue for the year and EBIT before special items are maintained and specified so that Group revenue is now expected to range between DKK 1,110 million and DKK 1,160 million (before: DKK 1.100-1.160 million), and EBIT before special items is expected to range between DKK 105 million and DKK 125 million. (before: DKK 95-125 million).

Contact

For further information, please contact Group Executive Officer & CFO Kåre Wigh, mobile +45 25 65 21 45.

Group financial highlights for Q1 2019 (Q1 2018), DKKm

Revenue	EBIT before special items*	EBIT
263.9	25.3	28.1
(278.1)	(29.6)	(25.4)

Better than expected

- Earnings of North Media Online better than expected due to growth in revenue in Lejebolig and cost reductions in Job.

As expected

- Decline in earnings of FK Distribution attributable to season and timing differences.
- Further development of minetilbud.dk has increased the number of users.
- Growth in revenue and earnings of Lejebolig and development of digital products for the servicing of lessors.
- Implementation of phase 1 of BEKEY's contract on services to the City of Copenhagen's Home Care Service.

Not as expected

- Optimisation and development of commercial sales activities in North Media Aviser.

For a definition of "EBIT before special items", please see note 3 to the Annual Report for 2018

Development in the Group's business segments and group profit

FK Distribution

- Continued adjustment and optimisation of the distribution business.
- Optimisation of the user experience on minetilbud.dk.
- A large part of the revenue reduction is caused by timing differences between Q1 and Q2, primarily relating to Easter.
- The decline in earnings is attributable to timing differences and increased costs for the development of digital platforms.

Q1 2019 (Q1 2018)

DKKm

Revenue

215

(227)

EBIT before special

items

30

(39)

North Media Aviser

- Gorm Wesing Flyvholm resigned as Chief Executive Officer on 28 February, and is on 1 May replaced by Steen Gede.
- Revenue development is negatively affected by the fact that, in Q1 2018, both weekend and mid-week newspapers were issued, whereas, in Q1 2019, only mid-week newspapers were issued.

Revenue

22

(27)

EBIT before special

items

-3

(-4)

North Media Online

- Lejebolig realised growth in revenue and earnings due to increased revenue from lessors and lessees
- Job increased its sales efforts towards potential Brandero customers and further reduced costs.
- Notable improvement in earnings in Q1 2019, and a profit of DKK 1.2 million. However, Q1 2018 was affected by relocation costs of DKK 1.5 million.

Revenue

21

(19)

EBIT before special

items

1

(-3)

BEKEY

- The implementation of phase 1 of the contract with the City of Copenhagen's Home Care Service has been completed as planned. Phase 2 is expected implemented in Q3.
- A number of new tenders were won and implemented in Norway.

Revenue

7

(5)

EBIT before special

items

-2

(-2)

Return on securities

- The return on the portfolio of securities is DKK 57.7 million (Q1 2018: DKK 15.3 million), equivalent to 22.4% (Q1 2018: 6.5%).
- Risk on the portfolio of securities has been calculated at 15.6% whereas "Value at risk" is DKK 42.4 million (DKK 35.5 million at the end of Q1 2018). See definition on page 6.
- The return in April amounts to DKK 19,9 million, equivalent to 6,3%.

Net profit for the period

- Net profit for Q1 2019 amounts to DKK 67.3 million (Q1 2018: DKK 30.2 million).

Earnings per share

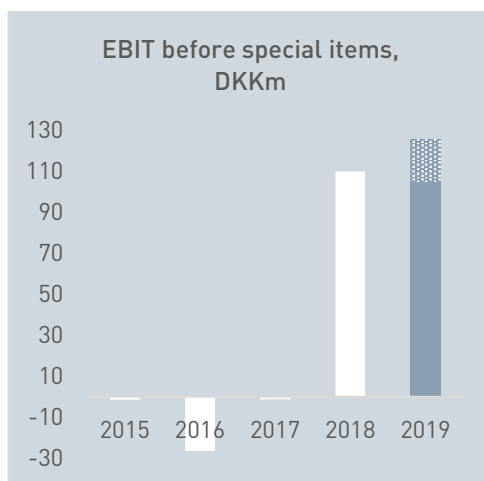
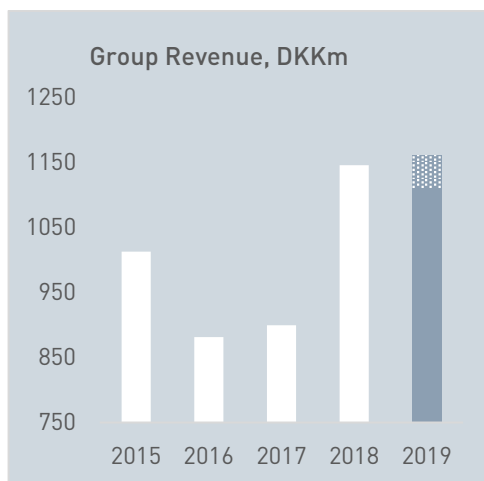
- Earnings per share (diluted) amount to DKK 3.5 for Q1 2019 (Q1 2018: DKK 1.6).
- For the entire year 2018, earnings per share amounted to DKK 3.0.

Other matters

- The Group's share buy-back programme was completed on 3 April 2019, and the portfolio of treasury shares at that date is 1,600,000.
- Cash resources at 31 March stood at DKK 403.8 million (DKK 300.8 million at 31 March 2018)
- At the beginning of April 2019, dividend of (net) DKK 55.4 million was paid to the shareholders.
- On 29 March 2019, Thomas Weikop took up the post as member of the Board of Directors of the Group's subsidiaries.
- On 1. May 2019, Steen Gede resigned from the Board of Directors of North Media A/S and joined the Executive Board of North Media A/S instead.

Group outlook for 2019

For 2019, a flat development in revenue and earnings is expected for the North Media Group. FK Distribution will continue to generate the main part of the profit. In 2019, also North Media Online is expected to generate positive earnings from operations.



Expected group financial highlights for 2019, DKKm

Revenue
1,110-1,160

Past expectations 1,100-1,160

EBIT before special items
105-125

Past expectations 95-125

FK Distribution

- FK Distribution is expected to generate largely unchanged revenue from 2018 to 2019 when price rises are expected to compensate for the decrease in volume.
- Resources are still being allocated to the development of digital products.
- Revenue is expected to range between DKK 910 million and DKK 940 million and EBIT before special items between DKK 115 million and DKK 125 million. Previously, revenue was expected to range between DKK 900 million and DKK 940 million and EBIT before special items between DKK 110 million and DKK 125 million.

North Media Aviser

- A decline in revenue is still expected. More efficient operating procedures and higher prices are expected to result in an unchanged earnings level.
- Revenue expectations are unchanged in the range of DKK 90 million to DKK 100 million, and EBIT before special items is expected to range between a negative DKK 6 million and a negative DKK 3 million. Previously, EBIT before special items was expected to range between a negative DKK 8 million and a negative DKK 3 million.

North Media Online

- Growth in revenue and earnings for both Lejebolig and Job.
- Revenue expectations are unchanged in the range of DKK 85 million to DKK 90 million, and EBIT before special items is expected to range between DKK 2 million and DKK 5 million. Previously, EBIT before special items was expected to range between DKK 0 and DKK 5 million.

BEKEY

- BEKEY's revenue is expected to increase by an unchanged 38% for its continued activities. Sales to the customer segments "Emergency calls" was closed down in Q1 2019, and therefore net revenue growth is expected at an unchanged approximately 11%. A plan has been made for the phasing out of the Construction segment. The plan has been announced to and accepted by all our Construction customers.
- Revenue expectations are unchanged in the range of DKK 25 million to DKK 30 million, and EBIT before special items is still expected to range between a negative DKK 10 million and a negative DKK 6 million.

Group financial highlights (DKKm)

Income statements	Q1		full year
	2019	2018	2018
Revenue	263.9	278.1	1,144.9
Gross profit	131.2	134.3	552.5
EBITDA before special items	32.9	36.2	137.2
Amortisation and depreciation	7.6	6.6	27.5
EBIT before special items	25.3	29.6	109.7
Special items, net	2.8	-4.2	-15.7
EBIT	28.1	25.4	94.0
Return on securities	57.7	15.3	5.2
Financials, net	0.5	-1.6	-27.0
Profit/loss before tax (EBT)	86.4	39.0	73.1
Tax for the period	19.1	8.8	17.3
Net profit for the period	67.3	30.2	55.8
Comprehensive income	67.3	31.0	66.1
Balance sheet, end period			
Total assets	921.2	850.1	825.4
Shareholders' equity incl. minorities	587.8	530.8	538.7
Net interest-bearing cash position	256.4	158.1	196.1
Net working capital (NWC)	-46.7	-26.7	-39.3
Invested capital	331.4	372.7	342.6
Investments in property, plant and equipment	3.5	9.4	26.1
Free cash flow before special items	36.7	15.4	108.3

Cash flow statement	Q1		full year
	2019	2018	2018
Cash flows from operating activities	38.1	22.0	104.7
Cash flows from investing activities	2.4	-6.4	-44.1
Cash flows from financing activities	-20.2	0.5	-30.2
Total cash flows for the year	20.3	16.1	30.4
Other information			
Average number of employees	528	572	575
Number of shares at end period, in thousand in denominations of DKK5	20,055	20,055	20,055
Treasury shares	1,576	1,100	1,100
Share price at year-end, DKK	39.0	41.9	33.5
Ratios			
Gross margin	49.7%	48.3%	48.3%
Profit margin (EBIT before special items)	9.6%	10.6%	9.6%
Equity ratio	63.8%	62.4%	65.3%
Return on equity (ROE)	11.9%	5.9%	10.8%
Return on capital employed before special items (ROIC)	7.5%	8.0%	30.8%
Earnings per share (EPS)	3.6	1.6	3.0
Diluted earnings per share (EPS-D)	3.5	1.6	3.0
Price/Earnings (P/E)	10.8	26.2	11.2
Price/Book Value (P/BV)	1.3	1.6	1.2
Cash flow per share (CFPS)	2.0	1.2	5.5

The ratios have been calculated in accordance with CFA Society Denmark's online version of "Recommendations & Ratios", with the following exceptions:

- Free cash flow is calculated before special items and tax
- Ratios which include equity are all calculated inclusive of minority interests.

Selected balance sheet items and capital resources

Return on securities

In Q1 2019, the Group realised a positive net return on securities of DKK 57.7 million, equivalent to 22.4%, whereas the return for Q1 2018 was DKK 15.3 million, or 6.5%.

Quarterly returns are shown in the following chart:



Capital resources

The Group's capital resources remain strong. At 31 March 2019, the Group's net interest-bearing cash position came to DKK 256.4 million. This is DKK 60 million up on the amount at 31 December 2018, despite the implementation of IFRS 16, which has increased interest-bearing debt by DKK 18.1 million. The net interest-bearing cash position comprises cash of DKK 91.0 million, liquid shares and investment funds in the amount of DKK 312.8 million and mortgage and leasing debt totalling DKK 147.4 million.

The Group's cash resources at 31 March 2019 amount to DKK 403.8 million and have increased by DKK 77 million since December 2018 when they were DKK 327.2 million.

At the end of March 2019, the Group has invested a large portion of its cash resources in 17 different shares and share-based investment funds. The portfolio consists of listed shares and investment funds with high transferability, such as C25 shares or shares in similar international indexes. At 31 March 2019, the portfolio consisted of the following shares with related market values (DKK million):

Amazon	47.1
SimCorp	32.1
MasterCard	29.6
Vestas	26.3
Ørsted	25.2
Netflix	23.7
Genmab	23.7
Facebook	20.2
9 other shares	84.9
Total	312.8

At 31 December 2018, the Group's portfolio of shares totalled DKK 256.5 million.

At 31 March 2019, risk has been calculated at 15.6%. 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 42.4 million.

The value of the portfolio of shares was DKK 348.3 million at 30 April 2019, and returns for April amounted to DKK 19.9 million, or 6.3%.

Properties and mortgaging

The Group owns a number of properties that are leased out to group enterprises and/or external lessees on an arm's-length basis. The operating profit from the property portfolio is included in the item "Non-allocated income/expenses". This item also includes group-related functions that are not passed on to the operating companies, such as Group directors' remuneration and parts of the group functions. The Group's properties at 31 March 2019 (DKK million):

	Carrying amount	Mortgaging
Gladsaxe Møllevej, Gladsaxe	99.5	64.8
Bredbjergvej, Taastrup	83.5	36.2
Blomstervej, Tilst	59.5	28.9
Klostermosevej, Elsinore	16.4	0.0
Energivej, Esbjerg	2.7	0.0
Total	261.6	129.9

Equity and portfolio of treasury shares

At 31 March 2019, the equity was DKK 587.8 million, which is DKK 49.1 million up on equity at the end of 2018. The increase in equity is attributable to the profit for the period, which is reduced by the purchase of treasury shares.

In Q1 2019, 476,000 treasury shares were bought in connection with the announced share buy-back programme (2018: 105,000 were sold).

At 31 March 2019, the Group's portfolio of treasury shares is 1,576,000, corresponding to 7.85% of the share capital of North Media A/S. At 3 April 2019, the Group's portfolio of treasury shares is 1,600,000, corresponding to 7.98% of the share capital.

QUARTERLY HIGHLIGHTS

DKKm	Revenue										
	Q1 2019	Q1 2018	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
FK Distribution	214.5	227.0	214.5	253.8	214.7	237.9	227.0	207.0	153.5	164.1	145.9
<i>Index cp. same period last year</i>	94.5	155.6	94.5	122.6	139.9	145.0	155.6	118.7	108.3	119.6	106.3
North Media Aviser	22.0	26.6	22.0	29.0	23.2	27.9	26.6	34.2	26.8	31.5	32.3
<i>Index cp. same period last year</i>	82.7	82.4	82.7	84.8	86.6	88.6	82.4	84.9	73.0	65.5	65.3
North Media Online	20.8	19.1	20.8	19.8	21.5	20.7	19.1	17.9	23.6	22.3	21.2
<i>Index cp. same period last year</i>	108.9	90.1	108.9	110.6	91.1	92.8	90.1	79.9	92.9	92.9	87.6
BEKEY	6.6	5.4	6.6	5.2	8.2	4.9	5.4	4.4	4.7	4.2	5.8
<i>Index cp. same period last year</i>	122.2	93.1	122.2	118.2	174.5	116.7	93.1	86.3	111.9	79.2	109.4
Group revenue	263.9	278.1	263.9	307.8	267.6	291.4	278.1	263.5	208.6	222.1	205.2
<i>Index cp. same period last year</i>	94.9	135.5	94.9	116.8	128.3	131.2	135.5	108.8	100.3	103.5	94.9
	EBIT										
FK Distribution	29.8	38.5	29.8	50.3	20.8	29.1	38.5	24.3	-1.5	8.9	5.0
<i>Profit margin</i>	13.9%	17.0%	13.9%	19.8%	9.7%	12.2%	17.0%	11.7%	-1.0%	5.4%	3.4%
North Media Aviser	-2.8	-3.8	-2.8	-0.3	-1.5	-3.1	-3.8	0.8	-4.3	-3.2	-2.2
<i>Profit margin</i>	-12.7%	-14.3%	-12.7%	-1.0%	-6.5%	-11.1%	-14.3%	2.3%	-16.0%	-10.2%	-6.8%
North Media Online	1.2	-2.9	1.2	-0.4	0.2	-1.0	-2.9	-2.4	-2.2	-4.5	-4.2
<i>Profit margin</i>	5.8%	-15.2%	5.8%	-2.0%	0.9%	-4.8%	-15.2%	-13.4%	-9.3%	-20.2%	-19.8%
BEKEY	-1.8	-2.0	-1.8	-3.5	-1.1	-3.6	-2.0	-5.2	-3.8	-4.7	-2.9
<i>Profit margin</i>	-27.3%	-37.0%	-27.3%	-67.3%	-13.4%	-73.5%	-37.0%	-118.2%	-80.9%	-111.9%	-50.0%
Unallocated income/cost	-1.1	-0.2	-1.1	-2.7	-2.5	-0.6	-0.2	1.1	-0.7	1.4	0.2
Group EBIT before special items	25.3	29.6	25.3	43.4	15.9	20.8	29.6	18.6	-12.5	-2.1	-4.1
<i>Profit margin</i>	9.6%	10.6%	9.6%	14.1%	5.9%	7.1%	10.6%	7.1%	-6.0%	-0.9%	-2.0%
Special items	2.8	-4.2	2.8	-2.2	0.0	-9.3	-4.2	4.9	0.0	-0.2	-5.1
Group EBIT	28.1	25.4	28.1	41.2	15.9	11.5	25.4	23.5	-12.5	-2.3	-9.2

Management's statement

The Board of Directors and the Executive Board have today considered and adopted the Group Interim Report of North Media A/S for the period 1 January to 31 March 2019.

The Group Interim Report, which has not been audited or reviewed by the auditors of the Company, was prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the Group Interim Report gives a true and fair view of the Group's financial position at 31 March 2019 and of its financial performance and cash flows for the period 1 January to 31 March 2019.

In our opinion, the management commentary contains a fair review of the development in the operations and financial circumstances of the Group, of the results for the period and of the financial position. Except for the matters described in the management commentary of the Interim Report, there have been no significant changes to the Group's risks and elements of uncertainty compared to the description in the Annual Report for 2018.

Søborg, 2 May 2019

Executive Board

Kåre Stausø Wigh
Group Executive Director & CFO

Lasse Ingemann Brodt
CEO, Forbruger-Kontakt A/S

Steen Gede
CEO, North Media Aviser A/S

Henrik Løvig Jensen
CEO, North Media Online A/S

Jannik Bray Christensen
CEO, BEKEY A/S

Board of Directors

Mads Dahl Møberg Andersen
Chairman

Richard Gustav Bunck
Vice-Chairman

Peter Rasztar

Ulrik Holsted-Sandgreen

Consolidated statement of comprehensive income

DKKm	Q1		full year
	2019	2018	2018
Revenue	263.9	278.1	1,144.9
Direct expenses	73.6	79.4	331.3
Direct staff costs	59.1	64.4	261.1
Gross margin	131.2	134.3	552.5
Staff costs	63.8	67.6	269.6
Other expenses	36.2	31.7	151.2
Amortisation and depreciation	7.6	6.6	27.5
Other operating income	1.7	1.2	5.5
EBIT before special items	25.3	29.6	109.7
Special items, net	2.8	-4.2	-15.7
EBIT	28.1	25.4	94.0
Share of profit/loss in associates	0.1	-0.1	0.9
Return on securities	57.7	15.3	5.2
Financial income	1.7	0.1	0.1
Financial expenses	-1.2	-1.7	-27.1
Profit before tax	86.4	39.0	73.1
Tax for the period	19.1	8.8	17.3
Net profit for the period	67.3	30.2	55.8

DKKm	Q1		full year
	2019	2018	2018
Net profit for the period	67,3	30,2	55,8
<i>Financial statement items that may later be reclassified to the income statement:</i>			
Translation adjustments, foreign companies	0,0	0,1	0,1
Fair value adjustment of hedging instruments	0,0	0,9	1,0
Tax, other comprehensive income	0,0	-0,2	-0,2
Interest rate swap settled, recycled to profit or loss	0,0	0,0	12,1
Tax on interest rate swap	0,0	0,0	-2,7
Other comprehensive income	0,0	0,8	10,3
Comprehensive income	67,3	31,0	66,1
Attributable, net profit/loss			
Shareholders in North Media A/S	67,3	30,4	56,4
Minority interests	0,0	-0,2	-0,6
	67,3	30,2	55,8
Attributable, comprehensive income			
Shareholders in North Media A/S	67,3	31,2	66,7
Minority interests	0,0	-0,2	-0,6
	67,3	31,0	66,1
Earnings per share, in DKK			
Earnings per share (EPS) - total	3,6	1,6	3,0
Diluted earnings per share (EPS-D) - total	3,5	1,6	3,0

Consolidated balance sheet

Assets

DKKm	31 Mar. 2019	31 Mar. 2018	31 Dec. 2018
Goodwill	39.1	39.1	39.1
Other intangible assets	12.1	15.2	12.4
Completed development projects, software	1.7	0.2	1.5
Intangible assets	52.9	54.5	53.0
Land and buildings	258.8	259.1	247.2
Investment property	16.6	0.0	16.6
Plant and machinery	48.8	57.3	51.2
Operating equipment, fixtures and fittings	12.0	9.2	7.4
Property, plant and equipment	336.2	325.6	322.4
Investments in associates	12.6	11.5	12.5
Other securities and investments	6.8	10.7	5.7
Deferred tax asset	0.0	1.8	0.0
Other receivables	2.0	2.6	1.9
Other non-current assets	21.4	26.6	20.1
Total non-current assets	410.5	406.7	395.5
Inventories	5.0	4.8	3.6
Trade receivables	79.9	122.6	83.0
Other receivables	1.0	1.2	1.9
Prepayments	21.0	14.0	14.2
Securities	312.8	244.4	256.5
Cash	91.0	56.4	70.7
Total current assets	510.7	443.4	429.9
Total assets	921.2	850.1	825.4

Liabilities

DKKm	31 Mar. 2019	31 Mar. 2018	31 Dec. 2018
Share capital	100.3	100.3	100.3
Treasury shares	-51.6	-33.1	-33.1
Hedging reserves	0.0	-9.6	0.0
Reserve, translation adjustments	-2.9	-2.8	-2.7
Retained earnings	542.0	475.9	474.2
Parent's share of shareholders' equity	587.8	530.7	538.7
Minority interests	0.0	0.1	0.0
Total equity	587.8	530.8	538.7
Deferred tax	4.6	0.0	4.7
Financial institutions	125.4	123.6	126.6
Fair value, interest-rate swap	0.0	9.7	0.0
Lease debt	12.0	0.0	0.0
Total non-current liabilities	142.0	133.3	131.3
Financial institutions	4.5	6.8	4.5
Lease debt	5.5	0.0	0.0
Trade payables	40.6	43.4	44.0
Fair value, interest-rate swap	0.0	2.6	0.0
Income tax payable	25.8	4.7	7.0
Contract liabilities	16.5	28.7	10.1
Other payables	98.5	99.8	89.8
Total current liabilities	191.4	186.0	155.4
Total liabilities	333.4	319.3	286.7
Total equity and liabilities	921.2	850.1	825.4

Consolidated statement of changes in equity

DKKm	Share capital	Treasury shares	Hedging reserves	Reserve, translation adjustments	Retained earnings	Parent's share of shareholders' equity	Minority interests	Total equity
Equity 1 January 2018	100.3	-35.3	-10.2	-2.8	445.4	497.4	0.3	497.7
Change in equity for the period								
Net profit for the period	0.0	0.0	0.0	0.0	30.5	30.5	-0.2	30.3
Fair value adjustment of hedging instruments	0.0	0.0	0.8	0.0	0.0	0.8	0.0	0.8
Tax, other comprehensive income	0.0	0.0	-0.2	0.0	0.0	-0.2	0.0	-0.2
Other comprehensive income after tax	0.0	0.0	0.6	0.0	0.0	0.6	0.0	0.6
Total comprehensive income	0.0	0.0	0.6	0.0	30.5	31.1	-0.2	30.9
Sale of treasury shares	0.0	2.2	0.0	0.0	0.0	2.2	0.0	2.2
Total changes in equity for the period	0.0	2.2	0.6	0.0	30.5	33.3	-0.2	33.1
Equity at 31 March 2018	100.3	-33.1	-9.6	-2.8	475.9	530.7	0.1	530.8
Equity at 1 January 2019	100.3	-33.1	0.0	-2.7	474.2	538.7	0.0	538.7
Change in equity for the period								
Net profit for the period	0.0	0.0	0.0	0.0	67.3	67.3	0.0	67.3
Translation adjustments, foreign companies	0.0	0.0	0.0	-0.2	0.0	-0.2	0.0	-0.2
Other comprehensive income after tax	0.0	0.0	0.0	-0.2	0.0	-0.2	0.0	-0.2
Total comprehensive income	0.0	0.0	0.0	-0.2	67.3	67.1	0.0	67.1
Purchase of treasury shares	0.0	-18.5	0.0	0.0	0.0	-18.5	0.0	-18.5
Share-based payment	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.5
Total changes in equity for the period	0.0	-18.5	0.0	-0.2	67.8	49.1	0.0	49.1
Equity at 31 March 2019	100.3	-51.6	0.0	-2.9	542.0	587.8	0.0	587.8

Consolidated cash flow statement

DKKm	Q1		full year
	2019	2018	2018
Net profit	67.3	30.3	55.8
Adjustments	-35.1	2.0	66.5
Changes in working capital	7.2	-7.1	5.2
Cash flow from operating activities before net financials	39.4	25.2	127.5
Interest received	0.1	0.0	0.1
Interest paid	-1.1	-1.7	-18.8
Cash flow from ordinary activities before tax	38.4	23.5	108.8
Income tax paid	-0.3	-1.5	-4.1
Cash flow from operating activities, total	38.1	22.0	104.7
Investments in software, property, plant and equipment	-3.7	-9.4	-26.1
Disposals of property, plant and equipment	0.6	0.0	0.4
Investment in securities, net	0.2	7.5	-15.5
Dividend from securities	1.2	4.2	5.1
Investment/sale and return from other non-current assets	4.1	0.4	1.1
Acquisition of companies including deferred payments	0.0	-7.6	-7.6
Investment in associates	0.0	-1.5	-1.5
Cash flow from investing activities, total	2.4	-6.4	-44.1
Borrowing of leasing debt	0.7	0.0	0.0
Repayment of non-current liabilities	-2.4	-1.7	-4.0
Purchase/sale of treasury shares	-18.5	2.2	2.2
Dividend paid	0.0	0.0	-28.4
Cash flow from financing activities, total	-20.2	0.5	-30.2
Total cash flows' for the period	20.3	16.1	30.4
Cash and cash equivalents at 1 January	70.7	40.3	40.3
Cash and cash equivalents at 31 March	91.0	56.4	70.7

Notes

1 Accounting policies

The Group Interim Report includes a summary of the Consolidated Financial Statements of North Media A/S for the period 1 January to 31 March 2019. The Group Interim Report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

With effect as from 1 January 2019, North Media A/S has implemented IFRS 16, Leases; for further details, see note 5. The Group has applied the modified retrospective approach in connection with the implementation of IFRS 16; consequently, the comparative figures have not been restated.

Furthermore, the Group has implemented those other standards and revised standards that are effective as from 1 January 2019. These have no, or no significant, effect on recognition and measurement or disclosure.

In the Group Interim Reports, corporation tax is calculated summarily at 22% of profit before tax.

Apart from this, the Group Interim Report has been prepared under the same accounting policies as the Annual Report for 2018.

As a result of the implementation of IFRS 16, the description of the accounting policy for leases has been changed as follows:

A lease asset and a corresponding lease liability are recognised in the balance sheet when a lease has been concluded and the lease asset has been made available to the Group.

The lease asset is initially recognised at cost equivalent to the value of the lease liability added any prepaid lease payments and restoration expenses recognised as a provision. The lease liability is initially measured at the net present value of future lease payments. The incremental borrowing rate of the group enterprise that has concluded the lease is applied as discount rate unless the interest rate implicit in the

lease can be immediately derived from the lease. Any service component in a lease is not recognised in the balance sheet.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The lease asset is depreciated on a straight-line basis over the lease term.

Leases with a term of less than 12 months are not recognised in the balance sheet. Lease payments on such leases are instead recognised in the income statement on a straight-line basis over the lease term.

When assessing the expected lease term, the non-cancellable lease term is identified. If the lease includes an extension option which Management is reasonably certain to exercise, this is added to the non-cancellable lease term.

2 Return on securities

DKKm	Q1		full year
	2019	2018	2018
Dividend	1.2	4.2	5.1
Net capital gains on shares	56.5	11.1	0.1
Total return on securities	57.7	15.3	5.2

All securities are stated at market value at the end of the quarter (level 1).

3 Special items

DKKm	Q1		full year
	2019	2018	2018
Gain on sale of shares in Emply ApS	-4.1	0.0	0.0
Termination benefit cost related to changes in the Executive Board of North Media Aviser	1.3	0.0	0.0
Termination benefit costs related to organisational change in North Media Aviser	0.0	0.0	10.5
Termination benefit cost related to changes in the Executive Board of FK Distribution	0.0	4.2	4.2
Termination benefit cost related to changes in the Executive Board of BEKEY	0.0	0.0	1.0
Total special items, net	-2.8	4.2	15.7

Special items include severance costs in connection with changes in the Executive Board of North Media Aviser as well as gain on sale of North Media Online's shares in Emply ApS.

In Q1 2018, special items consisted of severance costs in connection with changes in the Executive Board of FK Distribution.

For 2018, the main part of special items related to severance costs in North Media Aviser in connection with the dismissal of a large group of employees. Moreover, special items included costs relating to changes in the Executive Board of FK Distribution and BEKEY.

4 Segment information

DKKm	FK Distribution		North Media Aviser		North Media Online		BEKEY		Unallocated costs/ elimi.*)		Total	
	Q1-19	Q1-18	Q1-19	Q1-18	Q1-19	Q1-18	Q1-19	Q1-18	Q1-19	Q1-18	Q1-19	Q1-18
Segment revenue	216.7	230.6	22.0	26.6	20.8	19.1	7.4	6.1	0.0	0.0	266.9	282.4
Internal revenue	-2.2	-3.6	0.0	0.0	0.0	0.0	-0.8	-0.7	-	-	-3.0	-4.3
External revenue	214.5	227.0	22.0	26.6	20.8	19.1	6.6	5.4	0.0	0.0	263.9	278.1
Revenue recognition												
immediately	214.5	227.0	18.1	22.7	4.6	4.6	5.2	4.7	-	-	242.4	259.0
over time	-	-	3.9	3.9	16.2	14.5	1.4	0.7	-	-	21.5	19.1
External revenue	214.5	227.0	22.0	26.6	20.8	19.1	6.6	5.4	0.0	0.0	263.9	278.1
Gross profit	93.1	96.2	15.1	17.4	20.1	18.4	4.9	4.1	-2.0	-1.8	131.2	134.3
Amortisation and depreciation	3.9	3.5	0.7	0.6	0.7	0.3	0.1	0.1	2.2	2.1	7.6	6.6
EBITDA	33.7	42.0	-2.1	-3.2	1.9	-2.6	-1.7	-1.9	1.1	1.9	32.9	36.2
EBIT, before special items	29.8	38.5	-2.8	-3.8	1.2	-2.9	-1.8	-2.0	-1.1	-0.2	25.3	29.6
Special items, net	0.0	-4.2	-1.3	0.0	4.1	0.0	0.0	0.0	0.0	0.0	2.8	-4.2
EBIT	29.8	34.3	-4.1	-3.8	5.3	-2.9	-1.8	-2.0	-1.1	-0.2	28.1	25.4
Non-current assets	93.1	102.7	8.8	4.4	55.1	51.4	1.0	0.3	252.5	247.9	410.5	406.7
Current assets, excl cash and cash equivalents	75.4	103.9	13.4	22.2	5.4	5.0	8.6	8.1	4.1	3.4	106.9	142.6
Segment assets	168.5	206.6	22.2	26.6	60.5	56.4	9.6	8.4	256.6	251.3	517.4	549.3
Non-current liabilities	2.1	0.0	3.0	0.0	6.2	0.0	0.6	0.0	130.1	133.3	142.0	133.3
Current liabilities	99.8	118.1	23.6	21.7	17.9	16.7	8.7	5.6	41.4	23.9	191.4	186.0
Segment liabilities	101.9	118.1	26.6	21.7	24.1	16.7	9.3	5.6	171.5	157.2	333.4	319.3
Gross margin	43.4%	42.4%	68.6%	65.4%	96.6%	96.3%	74.2%	75.9%	-	-	49.7%	48.3%
Profit margin (EBIT)	13.9%	17.0%	-12.7%	-14.3%	5.8%	-15.2%	-27.3%	-37.0%	-	-	9.6%	10.6%

5 Reconciliation of IFRS 16 assets

The note explains the effect of the implementation of IFRS 16 which is recognised as from 1 January 2019. The Group has recognised lease assets and lease liabilities based on the modified retrospective approach as from 1 January 2019. Consequently, comparative figures have not been restated. Lease assets and lease liabilities have been calculated under this approach at 1 January 2019.

DKKm	2019
Leases and rental obligations as stated in the Annual Report 2018, note 33	12.2
+ adjustment due to expected option extension	6.5
- short-term lease agreements	-0.6
Leases and rental obligations recognized at 1. January 2019	18.1
New leases	0.7
Repayments on leases	-1.3
Leases and rental obligations recognized at 1. March 2019	17.5
of which	
non-current liabilities	12.0
current liabilities	5.5

The service component of the lease is not capitalised. The discounted value of lease liabilities is calculated on the basis of an incremental borrowing rate of 2%.

The value of the assets is calculated as follows:

DKKm	
Rental agreements are recognized in "Land and buildings"	13.8
Leasing cars are recognized in "Operating equipment, fixtures and fittings"	3.7
	17.5

The Group has a number of short-term leases (< 12 months), mainly depot facility leases. The exception in IFRS 16 of leaving out short-term leases has been applied for these leases. Instead, these leases are recognised in the income statement over the lease term. During the period, DKK 0.5 million has been recognised in the income statement (Q1-18: DKK 0.5 million), and remaining lease payments amount to DKK 0.6 million.

Equity at 31 March 2019 and profit before tax for Q1 2019 are not affected by the changed recognition, whereas operating income, expenses and balance sheet are affected as follows:

- Other expenses decreased by DKK 1.4 million in Q1 2019
- Depreciation increased by DKK 1.3 million in Q1 2019
- Financial expenses increased by DKK 0.1 million in Q1 2019
- Balance sheet total increased by DKK 17.5 million

6 Special risks and elements of uncertainty for the rest of 2019

The Group's activities are distinct high-volume enterprises subject to high start-up costs and subsequent low unit costs, for which reason revenue growth would support a profit margin increase. Conversely, a decline in revenue would have a negative effect on the profit margin as it is only possible to slightly reduce costs in the short run. Also, operations are conducted in markets characterised by massive structural changes, which contributes to increasing the uncertainty.

7 Related parties


Apart from ordinary remuneration of Management including severance payment, there have been no transactions with members of the Executive Board or the Board of Directors. By virtue of his holding company, Baunegård ApS, Richard Bunck is the Company's principal shareholder and is thus subject to the disclosure requirement applicable to related parties. No transactions were carried out with Richard Bunck in the period except for directors' remuneration. Transactions with associates consisted of ordinary sales and purchase transactions only.

8 Contingent liabilities and assets

The Group's contingent liabilities were reduced in connection with the implementation of IFRS 16 under which the main part of the liabilities are now recognised in the balance sheet. Apart from the changes following from IFRS 16, there have been no significant changes in the Group's contingent liabilities and assets in Q1 2019.

9 Subsequent events

The Board of Directors and the Executive Board are not aware of any significant events having occurred since 31 March 2019 which may materially affect the financial position of the Group.



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