

## **Hi-media: 172.3 million euros in sales, and a current operating profit of 16.5 million euros<sup>1</sup>**

- **Higher operating profit and net profit despite a difficult environment**
- **Operating profit guidance exceeded**
- **Successful integration of AdLINK Media**
- **International deployment of the payment business unit finalized**

**Paris, 17 March 2010** – The on-line media group Hi-media (ISIN code FR0000075988 - HIM, HIM.FR), the European leader in monetisation of the Internet audience, announces its earnings for the financial year ending on 31 December 2009.

### **Main consolidated figures**

<b>12 months ending, 31 December</b>	<b>2008</b>	<b>2009</b>	<b>Variation 09/08 %</b>
<b><i>In million euros</i></b>			
Sales	135.7	172.3	+27%
<b>Gross profit</b>	54.9	63.1	+15%
<i>Gross margin</i>	40%	37%	
<b>Current operating profit<sup>1</sup></b>	15.2	16.5	+9%
Operating profit	9.4	11.8	+26%
Net income before consolidated companies' tax	7.1	10.2	+42%
Taxes	0.7	3.3	+348%
<b>Net income of the consolidated companies</b>	6.4	6.9	+8%

*(The consolidated income statement, cash flow statement and balance sheet appear in an appendix to the present press release.)*

Commenting on the 2009 financial year results, Cyril Zimmermann, Hi-media group's founder and CEO, said that « 2009 was a key year for all Group activities. We were simultaneously able to effectively resist the crisis and consolidate the European market for advertising network activities and micropayments. This consolidation and expansion strategy was accompanied by efficient cost control, enabling the Group to rank among the few media players to post an increase in activity and earnings in 2009. We think we are in a position to deliver strong growth and profitability again in 2010. »

<sup>1</sup> Before stock based compensation

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## A year of conquest

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### Hi-media Advertising

	2008	2009	Variation
<b>Sales<sup>2</sup> (in million euros)</b>	<b>61.7</b>	<b>76.4</b>	<b>+24%</b>
<b>Gross margin<sup>2</sup></b>	<b>56%</b>	<b>50%</b>	

With the acquisition of AdLINK Media, the Group's online advertising business now covers the 9 main European markets with dedicated teams in each country. With 138 million unique users per month, the advertising network reaches more than half of the Internet users, representing a penetration rate of 56%<sup>3</sup>. The rapid integration of AdLINK Media resulted in the implementation of unified tools, offerings and teams with a unit dedicated to the pan-European budgets and sites (AirFrance/KLM, Renault, Alitalia, Qype, Viamichelin, Nasdaq, Hi5...).

The new consolidated business unit's gross margin remains highly satisfactory at 50%, after a downward weighting during the second half of the year because of the lower weight of the Group's own and operated sites in the new consolidated entity.

### Hi-media Payments

	2008	2009	Variation
<b>Sales<sup>2</sup> (in million euros)</b>	<b>74.0</b>	<b>95.9</b>	<b>+30%</b>
<b>Gross margin<sup>2</sup></b>	<b>28%</b>	<b>26%</b>	

The payments business unit (Allopass and Hipay) enjoyed a strong growth (+30%) with more than 8 million transactions per month. This growth was accompanied by numerous innovations: a new multilingual platform, expansion of the geographical coverage to 55 countries, a recent partnership with the 3 French mobile telephony operators to offer a new payment solution on the mobile Internet, and deployment of Hipay in 27 countries.

In addition, the year 2009 has seen the deployment of new teams in the United States, Scandinavia, Germany and the United Kingdom, thus making a total of 8 markets on which Hi-media Payments has a presence with sales and marketing forces. This geographical expansion should nourish the growth of this business in a substantial way in the coming years.

At 26.1%, the gross margin remains above the medium-term standard level, estimated at 25%.

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<sup>2</sup>We should point out that the consolidated sales and gross profit do not correspond to the addition of the three activities: publishing, on-line advertising and micropayments. The reason is that the sales and the gross profit from the Publishing activity are to be found to a great extent in the sales and margin generated by the micropayment and on-line advertising activities.

<sup>3</sup> Comscore, January 2010

## Hi-media Publishing

	2008	2009	Variation
<b>Sales<sup>2</sup> (in million euros)</b>	<b>15.1</b>	<b>15.4</b>	<b>+2%</b>
<b>Gross profit(in %)<sup>2</sup></b>	<b>100%</b>	<b>100%</b>	

The Group's Publishing segment posted a 2% increase in activity in 2009. The internet sites owned and operated by the Group were affected by the decline of the advertising market, but benefited from the revenue diversification that occurred in the last 2 years, with a 29% increase in sales generated through micropayments.

The Group sites' audience represents more than 53 million unique users per month, with record audiences for jeuxvideo.com and toutlecine.com (source: Google Analytics, December 2009).

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### A strong financial situation

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The Group consolidated gross margin remains satisfactory at 37% for the full year. This is slightly down compared to 2008 but perfectly in line with the Group's expectations because of the stronger relative weight of micropayments in the mix of the consolidated business and because of the AdLINK Media integration on September 1, 2009.

In parallel the cost structure has been under control. Thus while the activity grew by 27%, the payroll expenses and other operating costs increased only by 17% (excluding the AdLINK Media acquisition, the payroll was down by 6%).

#### *Sharp rise of the pre-tax earnings: up by 42%*

The group posted a consolidated current<sup>4</sup> operating profit of 16.5 million euros, above the announced target of 16 million euros and up by 9% compared to 2008.

This is explained by the excellent performance posted by the different activities of the Group within its initial perimeter and a break-even AdLINK Media current operating profit (-34K euros) for the last four months of the year (before implementation of the cost synergies related to the integration, which will start in 2010).

However, this integration generated some non-recurrent costs during the second half of the year.

In total the Group posted a non-current charge of 2.5 million euros, mainly relating to costs connected with restructuring or service contracts termination (premises, sites, marketing reports) in particular in relation with AdLINK Media integration.

Moreover, the stock based compensation cost of 2.2 million euros corresponds, in terms of IFRS accounting standards, to charges related to the value of the options and shares allocated to 91 executives and other employees in 2007, 2008 and 2009 subject to performance conditions, within the framework of the plans approved by the Shareholders' Meeting in 2005 and 2008 (having no effect on the cash position).

Finally, the negative financial income in an amount of 2.0 million euros, equivalent to 2008, is due to the debt arising from the various past acquisitions.

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<sup>4</sup>Before the cost of stock options and of free shares

Thus the net income before taxes for the full financial year 2009 comes to 10.2 million euros, up by 42%.

The tax charge increases by 4.5 times to 3.3 million euros (versus 0.7 million euros in 2008) with a tax rate coming close to the standard level (contrary to the previous years, during which the Group recorded some very significant tax losses carry forward). The 3.3 million euros in taxes recorded correspond to a current tax of 3.5 million euros partly offset by a variation of 0.3 million euros in deferred taxes.

After taking this high tax charge growth into account, the Group consolidated net income comes to 6.9 million euros, up by 8%.

### *Balance sheet strength*

Hi-media has a solid financial structure. The Group's long-term indebtedness (36.0 million euros, including the 12.2 million euros vendor loan related to the acquisition of AdLINK Media) remains very low compared to the shareholders' funds (155.6 million euros) and to the operating cash flow of 17.7 million euros generated in 2009. The cash position stands at 19.5 million euros as of 31 December 2009.

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## **Hi-media: The European leader in audience monetisation**

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The Group is now the European leader in audience monetisation with an advertising network and a micropayment platform that are the leaders in their respective domains.

This unique position enables the Group to start the year 2010 with confidence, being in a position to fully benefit from the development of the micropayment market and from the recovery of the advertising market, expected for the middle of year. The activity increase in 2010 will be all the more profitable for the Group as it will fully benefit from the cost synergies, amounting to five million euros, resulting from the integration of AdLINK Media.

Hi-media SA's consolidated and corporate financial statements were approved by Hi-media Board of Directors on 10 March 2010. An audit on the consolidated financial statement has been performed. A certification report is about to be issued.

All the financial information related to the full year 2009 financial statements is available on the Hi-media Group's website: <http://www.hi-media.com>, heading for Investors.

This press release does not constitute an offer to sell, or a solicitation of an offer to buy Hi-Media shares. If you wish to obtain further information about Hi-Media, please refer to our website [www.hi-media.com](http://www.hi-media.com). This press release may contain some forward-looking statements. Although Hi-Media considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements. Hi-Media operates in a continually changing environment and new risks emerge continually. Hi-Media does not undertake and expressly disclaims any obligation to update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

### **About Hi-media Group :**

Hi-media, the online media group, is one of the top Internet publisher in the world with more than 50 million unique visitors per month on its proprietary websites. Hi-media is also the leading European player in online advertising and electronic payment. Its business model relies thus on two different sources of revenues: online advertising via its dedicated ad network Hi-media Network and online content monetization via its micropayment platform Allopass. The group which operates in 9 European countries, USA and Brazil employs more than 500 people and posted in 2009 172 million euros in sales (consolidating AdLINK Media as of 1<sup>st</sup> of September 2009). Independent since its creation in 1996, the company is listed since 2000 on the Euronext

Eurolist Paris (Eurolist B) and is included in the SBF 250, CAC IT and CAC Small 90. ISIN code: FR0000075988. Hi-media qualifies for FCPI as it received the OSEO label of "innovating company".  
Site : [www.hi-media.com](http://www.hi-media.com)

### **Financial communication**

Sales figures and quarterly information for the first quarter of 2009: 4 May 2010, before the market opening.

Annual shareholder's meeting: 4 May 2010 at 2pm

Earnings for the first half of 2009: 31 August 2010, before the market opening

*Investor contacts:*

**Cyril Zimmermann**  
President and CEO.

**David Bernard**  
Chief Operating Officer  
Tel: (33) 1 73 03 89 00,  
Fax: (33) 1 73 03 89 54

E-mail: [infofin@hi-media.com](mailto:infofin@hi-media.com)

## Consolidated income statement

<i>in thousand euros</i>	31-Dec-09	31-Dec-08
Revenue	172 323	135 671
Charges invoiced by the media	-109 272	-80 747
<b>Gross profit</b>	<b>63 051</b>	<b>54 924</b>
Purchases	-19 571	-14 244
Payroll charges	-23 025	-21 404
Transfers to and write-backs from depreciation and provisions	-3 939	-4 120
<b>Current operating profit (before stock based compensation)</b>	<b>16 516</b>	<b>15 157</b>
Stock based compensation	-2 216	-3 411
Other non-current income and expense	-2 520	-2 379
<b>Operating profit</b>	<b>11 780</b>	<b>9 368</b>
Cost of indebtedness	-2 079	-2 028
Other financial income and charges	111	-240
<b>Net income of the consolidated companies</b>	<b>9 812</b>	<b>7 100</b>
Share in the earnings of the companies treated on an equity basis	372	51
<b>Earnings before tax of the consolidated companies</b>	<b>10 185</b>	<b>7 151</b>
Taxes	-3 265	-728
<b>Net income of the consolidated companies</b>	<b>6 920</b>	<b>6 423</b>
Including minority interests	425	344
<b>Including Group share</b>	<b>6 495</b>	<b>6 079</b>
	31-Dec-09	31-Dec-08
Weighted average number of ordinary shares	40 770 268	38 787 484
Earnings per share (in euros)	0,16	0,16
Weighted average number of ordinary shares (diluted)	43 045 166	41 148 747
Diluted earnings per share (in euros)	0,15	0,15

## Consolidated balance sheet

<b>ASSETS - in thousand euros</b>	<b>31-Dec-09</b>	<b>31-Dec-08</b>
Goodwill	170 005	134 740
Intangible fixed assets	13 298	12 455
Tangible fixed assets	2 803	3 135
Deferred taxes	10 744	9 664
Non-current financial assets	1 608	946
<b>Non-current assets</b>	<b>198 458</b>	<b>160 940</b>
Accounts receivable	69 918	46 769
Other current assets	14 400	10 719
Current financial assets	19	36
Cash and cash equivalents	19 485	18 830
<b>Current assets</b>	<b>103 822</b>	<b>76 354</b>
<b>TOTAL ASSETS</b>	<b>302 280</b>	<b>237 294</b>
<b>LIABILITIES - in thousand euros</b>	<b>31-Dec-09</b>	<b>31-Dec-08</b>
Share Capital	4 427	3 981
Premiums on shares and on conveyance	123 348	103 011
Reserves and retained earnings	22 435	21 581
Treasury shares	-1 916	-6 160
Consolidated net income	6 495	6 079
<b>Shareholders' equity</b>	<b>154 788</b>	<b>128 492</b>
Minority interests	824	813
<b>Shareholders' equity (after minorities)</b>	<b>155 612</b>	<b>129 305</b>
Long-term borrowings and financial liabilities	36 014	27 051
Non-current Provisions	982	776
Non current liabilities	897	791
Deferred taxes	628	687
<b>Total non-current liabilities</b>	<b>38 521</b>	<b>29 305</b>
short-term financial debts and bank overdrafts	15 202	14 945
Provisions	-	-
Accounts payable	69 058	36 203
Other current liabilities	23 887	27 536
<b>Total current liabilities</b>	<b>108 147</b>	<b>78 684</b>
<b>Total liabilities and equity</b>	<b>302 280</b>	<b>237 294</b>

## Consolidated statements of cash flows

<i>in thousand euros</i>	<b>31-Dec-09</b>	<b>31-Dec-08</b>
Net income	6 920	6 423
<i>Adjustments for:</i>		
Depreciation of the fixed assets	4 374	2 773
Losses of value	-	83
Investment products	-46	-94
Interest expenses	2 079	2 028
Non current expense on commercial conflict	-	1 717
Share in the earnings of the companies treated on an equity basis	-372	-51
Earnings from disposals of tangible fixed assets	48	200
Costs of payments based on shares	2 216	3 411
Tax income / charges	3 265	728
Operating profit with variation of the operating capital	18 484	17 217
Variation of working capital	5 253	-2 458
Cash coming from operating activities	23 737	20 948
Interest paid	-1 711	-2 028
Tax on earnings paid	-4 365	-2 207
<b>NET CASH COMING FROM OPERATING ACTIVITIES</b>	<b>17 661</b>	<b>16 713</b>
Fair value valuation of cash equivalents	89	94
Acquisition of subsidiary, after deduction of cash acquired	-8 500	-11 860
Acquisition of fixed assets	-5 380	-6 556
Variation of financial assets	-140	-276
Variation of suppliers of fixed assets	-440	523
Change in perimeter impact	-	-45
<b>NET CASH COMING FROM INVESTMENT ACTIVITIES</b>	<b>-13 557</b>	<b>-18 121</b>
Proceeds from share issues	22	-
Redemption of own shares	-	-2 948
New borrowings	6 016	23 825
Repayments of borrowings	-8 999	-9 789
Dividends paid	-391	-274
<b>NET CASH COMING FROM FINANCING ACTIVITIES</b>	<b>-3 352</b>	<b>10 815</b>
Exchange rate variation impact	-53	-52
<b>NET VARIATION OF CASH AND CASH EQUIVALENTS</b>	<b>699</b>	<b>9 355</b>
Cash and cash equivalents at beginning of year	18 786	9 431
<b>CASH AND CASH EQUIVALENT AT END OF PERIOD</b>	<b>19 485</b>	<b>18 786</b>