

Hi-media Group announces a 46% sales growth for the first half of the year 2010 at 109 million of euro

- **Advertising : reorganization and increased pace of product launches**
- **Payments : strengthening of the international activities**
- **Publishing : activity restructuring**
- **Full year 2010 current operating profit comparable to 2009**

Paris, 20 July 2010 – The on-line media group Hi-media (ISIN Code FR0000075988 - HIM, HIM.FR), the European leader in monetising the Internet audience, releases its sales figures for the first half of the year 2010.

Consolidated sales (in million of euros)

	Q2 2009	Q2 2010	Variation	Proforma variation	H1 2009	H1 2010	Variation	Proforma variation
Advertising	15.0	29.0	93.0%	-2.6%	28.2	52.8	87.1%	-2.4%
Payments	22.6	28.7	27.4%	27.4%	46.1	55.8	21.2%	21.2%
Total	37.7	57.7	53.2%	10.3%	74.3	108.6	46.3%	8.4%

Commenting on the 2010 first half of the year sales figures, Hi-media Group's founder and CEO Cyril Zimmermann declares:

« Our Group activity continues to demonstrate strong growth rate. The rises of new advertising inventory optimization technologies as well as the use of the mobile phone as an advertising channel and a payment tool participate to the promising new growth cycle of the various markets where Hi-media stands. Looking at the huge challenges and opportunities that faces the Group, it has been decided during the second quarter of the year to revise some elements of our current organization, which will incur immediate costs, in order to increase its efficiency and its profitability on a short term period. »

Hi-media Advertising

The advertising market seems to recover positive growth rate in France where Hi-media registered a 5% growth rate, but some other European countries show some delay in following a growth path. At the international level, Hi-media registered good growth performances in Italy and in Belgium, whereas the Netherlands and Germany posted very

disappointing results which led the Group to implement some management changes and a large reorganization process during the second quarter that negatively impacts the profitability of the two entities.

Overall, the Hi-media Group advertising activity strongly increased (+93% during the first half of the year 2010) due to the AdLINK Media acquisition impact. On a comparable perimeter basis, the advertising activity slightly decreases compared to the first semester of 2009.

The second semester of 2010 will be focused on accelerating the launch all over Europe of the performance marketing offer that has been successfully implemented in France in April. The necessary dedicated teams will be recruited in the different countries in order to benefit from the growth of this segment.

Hi-media Payments

The Group payment's activity posted growth acceleration (+21%) during the first half of the year. This progression rate is the best performance ever registered by the Group over the last 12 months. It results from a higher contribution of the international activities and the dynamism of the online video games segment which represents the main industry client of Hi-media Payments. Mobile payment (Premium SMS) was the most dynamic method of payment during the first half of the year.

With an offer that covers more than 66 countries in Europe, Asia, Africa and both American continents, Hi-media currently aims to address a global market of two billion banked or unbanked consumers that tend to buy more and more online content and services. The sales part generated from outside France is getting significant and represents more than two million transactions per month. Thus, even if this international expansion negatively impacts the profitability of the payments activity (the gross margin generated outside France being lower than the consolidated average gross margin), the Group decided to accelerate international developments by hiring larger teams than initially forecasted in the different countries in order to aggressively grab market shares.

Hi-media Publishing

In order to better focus on the advertising and payment activities, the Group decided to rationalize and reorganize its publishing business unit. Indeed, over the first half of the year, the Publishing activity posted a 6.1 million euro in sales, declining by 22% compared to the same period in 2009.

The vertical around video games continues to demonstrate audience growth and strong profitability. On the other hand, the other French speaking sites posted poor financial performances and went through a restructuring process. Moreover, Fotolog saw its audience slightly decreasing and its sales declining due to a lower level of sales generated via sponsored links and a difficult evolution of the Spanish advertising market. Fotolog team has been reduced during the end of the first semester and a transfer of the main responsibilities from the United States to France will be done during the second half of the year in order to leverage cost synergies.

Overall, the poor performance of this activity and its current repositioning could generate a significant depreciation of the value of the Publishing assets in the Group balance sheet.

Hi-media Group took those radical decisions in order to focus on the opportunities offered in the advertising and payment segments and thus significantly increase its profitability potential. On one hand the Group accelerated its company technology and international expansion and on the other hand, it restructured the less profitable activities, even if it has to incur additional costs on a short term basis. As a consequence, and on the basis of the information available today, management estimates that the following elements should negatively impact the full year 2010 results and that the Group should generate a current operating result comparable to the published 2009 one:

- Actions taken in the advertising segment to recover profitability in certain countries
- A more aggressive team deployment scheme for international payments activity and for performance marketing
- Poor financial performance of the Publishing activity and its restructuring

Results of the first half of the year 2010 will be released the 31st of August 2010, before stock market.

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About Hi-media Group :

Hi-media, the online media group, is one of the top Internet publisher in the world with nearly 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 Advertising and online content monetization via its micropayment platform Allopass. The group which operates in 10 European countries, USA and Brazil employs more than 500 people and posted in 2009 206 million euros in sales (proforma). 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".

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