

## 2012 Results: A Dedicated Investment Year to Start a New Growth Path in 2013

- Total sales of €195M (€198M proforma)
- EBITDA of €14.2M
- Current EBIT of €10.1M
- Net Result of €5.9M
- 5% activity growth expected in 2013

**Paris, March 14 2013, 7 AM** – The online media group Hi-Media (ISIN code FR0000075988 - HIM, HIM.FR), one of the European leaders in Internet audience monetization, announces its results for the full year 2012.

### Main consolidated data

Period from 1 January to 31 December 2012 - in €M	2012	2011
<b>Turnover</b>	<b>194.7</b>	<b>229.9</b>
Gross profit	66.9	75.5
<b>EBITDA<sup>1</sup></b>	<b>14.2</b>	<b>20.7</b>
Depreciation and amortization	4.0	3.1
<b>Current operating income<sup>2</sup></b>	<b>10.1</b>	<b>17.6</b>
Stock base compensation	-0.7	-1.2
Other non-current earnings and charges	-0.4	-0.3
<b>Operating income</b>	<b>9.1</b>	<b>16.0</b>
Financial result	-2.0	-1.8
Share in the income of the SMEs	-0.6	-
<b>Pre-tax earnings</b>	<b>6.5</b>	<b>14.3</b>
<b>Net income of the consolidated companies</b>	<b>5.9</b>	<b>11.3</b>

*Profit and loss statement, cash-flow statement and consolidated balance sheet provided in the appendix to this press release*

Commenting on the results for the first half of 2012, Cyril Zimmermann, founder and Chief Executive Officer of the Hi-Media Group, indicates: « **With a reinforced positioning over the four online Advertising growth segments: Ad-Exchange, video, mobile and special operations, as well as on the Payments activities organized around Allopass and the banking offer HiPay, the Group enjoys strong growth drivers and is confident to demonstrate activity growth in 2013.** »

<sup>1</sup> Current operating income before depreciation and amortization

<sup>2</sup> Before stock based compensation and non-current earnings and charges

## ANALYSIS OF THE ACTIVITY

Hi-Media generated a full year 2012 consolidated turnover of 195 million euros, down 6% on a pro forma basis (restated from carved out entities within the Advertising perimeter UK and Netherlands as well as from the termination of the free to play lotteries activity on the Payments side). The activity has been impacted by a very depressed Southern European advertising market where the Group generate 30% of its sales and also by a change in type of services provided by the payment activity.

### • Hi-Media ADVERTISING

	2012	2011	Var. <i>published</i>	Var. <i>proforma</i>
Sales (€M) <sup>2</sup>	88.1	104.9	-16%	-8%
Gross profit (€M) <sup>2</sup>	40.5	46.9	-14%	-7%
Gross margin (%) <sup>2</sup>	46%	45%	+1pt	+1pt

<sup>2</sup> According to the IFRS international accounting standards, in certain cases, the company books the gross volume of the sales of advertising spaces, while in other cases, it books the gross profit generated on the sale of spaces (notably in Sweden and on the Group's proprietary sites).

On 30 June, the Advertising activity amounted to €88 million, down 8%, considering the perimeter changes made in 2011, with a gross profit decreasing in the same proportion (-7%).

This decrease in Advertising activity is due to the weak performances in Southern Europe where the Group has three subsidiaries that did post brutal and important slowdown in activity during the year 2012. After the necessary cost structure adjustments made, the activity in these countries seems to be stabilized as of this beginning of the year 2013.

In parallel, the online Advertising market has encountered important structural changes with a significant decline of display advertising investments and the strong sustainable increase of the real time bidding investments (RTB) on ad exchange platforms, video advertising, mobile and special operations.

Hi-Media did anticipate this trend by launching over the last eighteen months a new set of services on each of these growing segments. For the full year 2012, these new business units (*adexchange.com*, the dedicated video ad network *Plein Ecran*, the dedicated mobile ad network *Mobvious* and the special operations network *Magic*) did represent more than 30% of the Group Advertising sales and increase by more than 50% compared to the previous year. Their increasing weight in the Group advertising product mix sustainably increases through the year and did contribute to the upturn of the Advertising segment after the lowest activity threshold reached in Q2. **This trend should continue and Hi-Media expects to follow a growth path in 2013 for its Advertising segment.**

- **Hi-Media PAYMENTS**

	2012	2011	Var. publié	Var. proforma
Volume of transactions €M	404	362	+12%	+14%
Turnover (€M) <sup>3</sup>	106.6	125.0	-15%	-4%
Gross profit (€M) <sup>2</sup>	26.4	28.6	-8%	+0.5%
Gross margin (%) <sup>2</sup>	25%	23%	+2pts	+1pt

<sup>3</sup> According to the IFRS international accounting standards the company books the gross volume of transactions in certain cases and only the gross profit on transactions in other cases (notably within the framework of banking payment activities).

Using pro forma data (taking into account the activities stopped at the end of 2011), the managed volume of transactions continues to increase at a sustained pace of +14% to reach 400 million euros over the 2012 year. The Payments activity's turnover decreased by 4%, and the gross profit slightly rose by 0.5%.

The increasing volume of transactions demonstrates the dynamism of the Group in the Payments segment especially driven by banking activity linked to the continuous ramp-up of the HiPay electronic wallet (+40% in 2012), from which more than half of the volume transactions of the Group are generated.

To capitalize on its market share gain in the banking tools over the micropayment positioning, Hi-Media invested in 2012 to launch a new set of services especially a new payment processing platform that aims to target e-merchants (third party processing). This offer, which is currently being launched, will generate its first sales during the second half of the year.

Similar to the Advertising segments, a new set of products and services is going to be a growth driver on top of the historical payment activities which have been impacted by the current depressed economic environment and the maturity stage reached by some of our online video game clients that use the Group micropayment solutions. Hi-Media expects to maintain the growth of its volume of transactions throughout the year 2013 and forecasts a return on a growth path in term of sales during the second half of the year.

## **ANALYSIS OF THE PROFIT AND LOSS STATEMENT**

### **A preserved net profitability**

In a context of profound Advertising and Payments markets mutation, the Group has been carrying out its focus on innovation and technological investments in order to launch a full set of new products and services which will fuel the return to a growth path in 2013.

In parallel, the Group gross margin has been maintained to a satisfactory level at 34%. It increased by two points on the Payments side and one point on the Advertising side notably due to the relative weight of the publishing activities as well the local sales ad network in Sweden.

The cost structure has been controlled with a stability of the purchases at 24.3 million euros and a decrease of 7% of the HR related expenses at 28.4 million euros.

The Group EBITDA amounts to 14.2 million euros. The current operating income is equal to 10.1 million euros (vs. 17.6 million euros in 2011) due to the sales contraction of over thirty million euros and depreciation and amortization that increased by 30% at 4.0 million euros taking into account the technological investments made by the Group these last two years.

The operating income amounts to 9.1 million euros including expenses related to stock options and free shares for 0.7 million euros, as well as non-current charges for 0.4 million euros.

The financial results that mainly consist of expenses relative to the Group's financial indebtedness are stable over the period at €-2.0 million versus €-1.8 million over the same period of the previous year.

Over the year the Group posted losses of 0.6 million euros linked to share in the earnings of the companies treated on an equity basis.

The tax expense is equal to €0.5 million, taking into account losses carried forward, resulting in net earnings after taxes of €5.9 million.

## **FINANCIAL SITUATION**

Hi-Media has a solid financial structure with long-term Group indebtedness (€20 million) that is limited relative to its shareholders equity (€116 million). The available cash position stands at €14.5 million as of December 31, 2012. The cash flow generated from operating activities has increased by nearly 50% compared to 2011.

## **PERSPECTIVES**

Hi-Media will continue to deploy its new sets of services in 2013.

The Group forecasts an increase in Advertising activity over the 2013 year, priority being focused toward four strategic pillars: the ad exchange, the video ad network, the mobile ad network and the special operations ad network.

With respect to the Payments activity, the sustainable growth of the banking solutions should continue ensuring thus a growth path during the second quarter.

Hi-Media expects a global activity increase which should be demonstrated quarter after quarter to generate overall a topline growth of 5% for the year 2013.

An audit has been performed by the Group auditors on the full year 2012 accounts from which the corresponding report will be issued. The full year accounts have been approved by Hi-Media SA's Board of Directors on March 12, 2013. The financial report relative to the financial statements closed on 31 December 2012 is available on the Company's Internet site, at the address [www.hi-media.com](http://www.hi-media.com) under the Corporate Information heading.

### **About the Hi-media Group**

Hi-Media is one of the leading European digital media groups. Its economic model is based on two revenue sources: online advertising via Hi-Media Advertising and content monetization via Hi-Media Payments. Present in 9 European countries, the group employs approximately 470 people and generated sales of 195 million euros in 2012.

Independent since its creation in 1996, the company is listed in the NYSE Euronext Paris compartment C, and is included in the CAC Small and CAC All-Tradable indices.

ISIN code: FR 0000075988 / Trading symbol: HIM

**More information on [www.hi-media.com](http://www.hi-media.com) and on our blog <http://blog.hi-media.com/>**

**Financial communication:** First quarter 2013 information: 2 May 2013, after the market closing.

### **Contact:**

**Citigate Dewe Rogerson**

Investor contact: Agnes Villeret: 01 53 32 78 95 - [agnes.villeret@citigate.fr](mailto:agnes.villeret@citigate.fr).

Press contact: Servane Taslé: 01 53 32 78 94 – 06 66 58 84 28 – [servane.tasle@citigate.fr](mailto:servane.tasle@citigate.fr)

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 more complete information about Hi-Media, please refer to our Internet site <http://www.hi-media.com> under the Corporate Information heading.

This press release may contain some forward-looking statements. Although Hi-Media considers that these statements are based on reasonable hypotheses on the publication date of this release, they are by their very nature subject to risks and uncertainties that could cause the actual results to differ from those indicated or projected in these statements. Hi-Media operates in a continually changing environment and new risks could potentially emerge. Hi-Media assumes no obligation to update these forward-looking statements, whether to reflect new information, future events or other circumstances.

**Consolidated Financial Statements for FY 2012 and 2011**

<i>in thousands of Euro</i>		<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Sales	<b>Erreur ! Source du renvoi introuvable.</b>	194 736	229 927
Charges invoiced by the media		-127 831	-154 467
<b>Gross profit</b>		<b>66 904</b>	<b>75 460</b>
Purchases		-24 292	-24 341
Payroll charges	<b>Erreur ! Source du renvoi introuvable.</b>	-28 441	-30 407
Depreciation and amortization		-4 040	-3 148
<b>Current operating profit (before stock based compensations)</b>		<b>10 132</b>	<b>17 564</b>
Stock based compensation		-669	-1 241
Other non-current income and charges	<b>Erreur ! Source du renvoi introuvable.</b>	-398	-288
<b>Operating profit</b>		<b>9 065</b>	<b>16 035</b>
Cost of indebtedness	<b>Erreur ! Source du renvoi introuvable.</b>	-1 685	-2 059
Other financial income and charges		-279	306
<b>Earning of the consolidated companies</b>		<b>7 100</b>	<b>14 282</b>
Share in the earnings of the companies treated on an equity basis		-638	15
<b>Earnings before tax of the consolidated companies</b>		<b>6 462</b>	<b>14 297</b>
Income Tax		-533	-3 034
Income Tax on non-recurring items		-	-
<b>Net income of the consolidated companies</b>		<b>5 930</b>	<b>11 263</b>
Including minority interests		446	474
<b>Including Group share</b>		<b>5 483</b>	<b>10 789</b>

**Consolidated Balance Sheets as at December 31, 2012 and December 31, 2011**

<b>ASSETS - in thousands of euro</b>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Net Goodwill	121 315	121 419
Net intangible fixed assets	10 873	9 828
Net tangible fixed assets	1 701	1 963
Deferred tax credits	7 362	5 605
Other financial assets	3 386	2 111
<b>Non-current assets</b>	<b>144 637</b>	<b>140 926</b>
Customers and other debtors	67 442	79 285
Other current assets	24 928	22 756
Current financial assets	15	15
Cash and cash equivalents	14 483	17 926
Assets held for sale and discontinued operations	1 529	-
<b>Current assets</b>	<b>108 396</b>	<b>119 982</b>
<b>TOTAL ASSETS</b>	<b>253 033</b>	<b>260 908</b>
<b>LIABILITIES - in thousands of euro</b>	<b>Dec 31. 2012</b>	<b>Dec 31. 2011</b>
Share capital	4 562	4 562
Premiums on issue and on conveyance	123 975	123 975
Reserves and retained earnings	-15 255	-24 718
Treasury shares	-3 537	-2 065
Consolidated net income (Group share)	5 483	10 789
<b>Shareholders' equity (Group share)</b>	<b>115 228</b>	<b>112 541</b>
Minority interests	1 237	1 074
<b>Shareholders' equity</b>	<b>116 466</b>	<b>113 615</b>
Long-term borrowings and financial liabilities	20 054	25 149
Non-current Provisions	1 246	1 335
Non-current liabilities	727	493
Deferred tax liabilities	496	552
<b>Non-current liabilities</b>	<b>22 522</b>	<b>27 530</b>
Short-term financial liabilities and bank overdrafts	19 910	22 680
Current provisions	-	-
Suppliers and other creditors	74 970	74 882
Other current debts and liabilities	19 164	22 201
<b>Current liabilities</b>	<b>114 045</b>	<b>119 763</b>
<b>TOTAL LIABILITIES</b>	<b>253 033</b>	<b>260 908</b>





**Table of Consolidated Cash Flows for FY 2012 and 2011**

<i>in thousands of euro</i>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
Net income	5 930	11 263
<i>Adjustments for:</i>		
Depreciation of the fixed assets	3 609	3 829
Value losses		-
Investment income		-
Cost of net financial indebtedness	1 685	2 060
Share in associated companies	638	-15
Net income on disposals of fixed assets	-529	-351
Costs of payments based on shares	<b>Erreur ! Source introuvable.</b>	1 241
Tax charge or proceeds	<b>Erreur ! Source introuvable.</b>	3 034
<b>Operating profit before variation of the operating capital need</b>	<b>12 535</b>	<b>21 060</b>
Variation of the operating capital need	6 820	-4 789
<b>Cash flow coming from operating activities</b>	<b>19 354</b>	<b>16 271</b>
Interest paid	-1 692	-2 427
Tax on earnings paid	-3 392	-4 151
<b>NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES</b>	<b>14 271</b>	<b>9 692</b>
Income from disposals of fixed assets	1	24
Valuation at fair value of the cash equivalents		-
Proceeds from disposals of financial assets	1	623
Disposal of subsidiary, after deduction of cash transferred		-
Acquisition of a subsidiary	-1 952	-107
Acquisition of fixed assets	-5 249	-6 321
Variation of financial assets	147	-101
Variation of suppliers of fixed assets	-18	
Effect of the perimeter variations		-33
<b>NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES</b>	<b>-7 070</b>	<b>-5 916</b>
Proceeds from share issues	-1	-
Repurchase of own shares	-2 332	27
New borrowings	<b>Erreur ! Source introuvable.</b>	36 203
Repayments of borrowings	-6 758	-39 783
Other financial liabilities variation	-3 065	3 355
Dividends paid to minority interests	-442	-414
<b>NET CASH FLOW COMING FROM FINANCIAL ACTIVITIES</b>	<b>-10 616</b>	<b>-612</b>
<b>NET VARIATION OF CASH AND CASH EQUIVALENTS</b>	<b>-3 425</b>	<b>3 169</b>
Effect of exchange rates variation	-10	4
Cash and cash equivalents on January 1	17 908	14 739

<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>14 483</b>	<b>17 908</b>