

Hi-Media: Recovery in advertising business and significant increase in profitability after the downturn observed in H2 2012

- Return to growth in advertising thanks to the success of new advertising solutions
- Progression in banking payment activities and launch of the HiPay TPP platform
- Gross margin of €34.1 million (+9% vs. H2 2012) on a like-to-like basis
- Current operating income of €4.4 million (+28% vs. H2 2012)

Paris, August 29, 2013, 7.45 AM – The online media group Hi-Media (code ISIN : FR0000075988 - HIM, HIM.FR), one of the European leaders in internet audience monetization, releases its results for the first half of 2013.

Main consolidated data

<i>In millions of euros</i>	H1 2013	H2 2012	H1 2012
Turnover	93.1	93.9	100.8
Gross profit	34.1	31.2	35.7
Current operating income¹	4.4	3.4	6.7
Stock based compensation	-0.3	-0.3	-0.3
Other non-current earnings and charges	-0.4	-1.1	0.7
Operating income	3.7	1.9	7.1
Financial result	-0.6	-1.0	-1.0
Share in SME income	-	-0.3	-0.3
Pre-tax earnings	3.0	0.7	5.8
Net income of the consolidated companies	2.2	0.5	5.5

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

Commenting on the results of the first half of 2013, Cyril Zimmermann, founder and CEO of Hi-Media Group, said: **"Despite a difficult month in May, the first half-year confirms the strong orientation of the Group's business, which, in the context of a sluggish economy, has managed to significantly improve its margins. Indeed, in a flagging European advertising market, the Group recorded an increase of 3% in its turnover through the relevance and the success of its new offerings (RTB, Video, Mobile, Special Operations). In Payment activities, the dynamism of banking payment activities has been confirmed and the warm welcome for the new payment platform HiPay TPP opens up good prospects for the end of the year."**

¹ Before stock based compensation and non-current earnings and charges

ANALYSIS OF THE ACTIVITY

In a lacklustre industry outlook, Hi-Media, in accordance with its roadmap, managed to stabilise its consolidated turnover compared with the second half of 2012, to €93.1 million, mainly thanks to the recovery of its advertising business.

- **HiMedia**

	H1 2013	H2 2012	H1 2012
Sales (€M) ²	45.0	43.7	44.4
Gross profit (€M) ²	21.3	19.5	21.0

² 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 June 30, 2013, Advertising activity amounted to €45.0 million, up by 3% compared with the second-half of 2012 despite the fact that the European advertising market continues to deteriorate in 2013, especially in Southern countries.

This performance was strongly driven by the team's mobilisation, the implementation of dedicated know-how and technologies, as well as the current deployment of new offers across the Group's geographical markets. The Ad-Exchange (RTB), video, mobile and special operations now represent 40% of the company's advertising activity vs. 25% a year ago.

Hence the company enjoys an ideal positioning to benefit from this structural shift in the market while waiting for a clear and sustainable upturn in advertising investments as a whole.

- **HiPay**

	H1 2013	H2 2012	H1 2012
Volume of transactions (€M)	219	198	207
Turnover (€M) ³	48.0	50.2	56.5
Gross profit (€M) ³	12.7	11.7	14.7

³ 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).

Over the first-half of 2013, the Payments activities business experienced contrasted development. In fact, the micropayment remains in a consolidation phase with an aging video-game generation, soon to be replaced by a new one. However, the global volume of transactions has increased by 11%, driven by the continuous growth of automated-payment transactions via HiPay electronic Wallet (observed in gross profit only). The banking payment activity of the first-half of 2013 appears to have grown by almost 20% compared with the second half of 2012.

Consequently, even though as a whole, Payments activities sales are down by 4% compared with the second half of 2012, the gross profit is simultaneously rising by 9%. During the second quarter, HiPay has launched a credit card offer: HiPay TPP (third party processing) which so far, has received a promising reception on the market and is thus expected to boost the Payments activities' dynamism.

Significant improvement in the gross margin and operating margin

In a context of stable activity, Hi-Media has managed to increase gross margins by around €3 million compared to the second half of 2012 (+9%) to €34.1 million. The consolidated gross profit margin (36%) improved by three points, raised by the two activities.

Current operating income rose by €1 million (+30% vs. H2 2012) to €4.4 million, due to higher technical and marketing costs related to the launch of new advertising and payment products.

Operating income amounted to €3.7 million against €1.9 million in the second half of 2012, up more than 90%. One-time charges related to the process of refocusing are now more limited. Financial income, mainly consisting of expenses related to the Group's debt, decreased over the period to -€0.6 million against -€1.0 million in the second half of 2012.

The tax charge of 0.8 million brings the net profit after tax at 2.2 million, compared to 0.5 million euros for the second half of 2012.

STRONG FINANCIAL SITUATION

Hi-Media has a solid financial structure with a long-term indebtedness (€17 million) limited relative to its shareholders equity (€117 million). The available cash position stands at €13.5 million as of June 30 2013.

2013 PERSPECTIVES

In a highly-pressurized advertising market which is undergoing large-scale transformation, traditional display devices are set to continue to suffer while new market segments will keep on growing. The Group, which is ideally positioned to benefit from undergoing structural changes, anticipates a further expansion of its advertising activities in the second half of the year.

We should see an encouraging pick-up in the payment area towards the end of the year, in large part as a result of the dynamism of banking activities (wallet and TPP) as well as the stabilization of micropayment activity.

A limited review has been performed by the Group auditors on the half year 2013 accounts from which the corresponding report has been issued. The half year accounts have been approved by Hi-Media SA's Board of Directors on August 26th 2013. The financial report relative to the financial statements closed on 30 June 2013 is available on the Company's Internet site, at the address www.hi-media.com under the Corporate Information heading.

About 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 HiPay. Present in 9 European countries, the group employs approximately 470 people and generated sales of 198 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 and on our blog <http://blog.hi-media.com/>

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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.

Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2013, 2012 second semester and 30 June 2012

<i>In thousands of euros</i>	H1 2013	H2 2012	H1 2012
Sales	93 075	93 897	100 839
Charges invoiced by the media	-59 007	-62 689	-65 142
Gross profit	34 067	31 208	35 696
Purchases	-13 182	-11 992	-12 300
Payroll charges	-14 391	-13 449	-14 992
Depreciation & Amortization	-2 126	-2 350	-1 690
Current operating profit	4 368	3 417	6 714
<i>(before stock based compensation)</i>			
Stock based compensation	-248	-346	-322
Other non-current income and charges	-425	-1 123	725
Operating profit	3 695	1 948	7 117
Cost of indebtedness	-678	-796	-889
Other financial income and charges	44	-172	-107
Earnings of consolidated companies	3 062	980	6 120
Share in the earnings of the companies treated on an equity basis	-21	-298	-340
Earnings before taxes of the consolidated companies	3 041	682	5 780
Income tax	-819	-212	-321
Income tax on non recurring items	0	0	0
Net income of the consolidated companies	2 222	470	5 459
Including minority interests	203	227	220
Including Group Share	2 019	244	5 240

Consolidated balance sheets as of 30 June 2013 and 31 December 2012

ASSETS - In thousands of euros	30 June 2013	31 Dec 2012
Net goodwill	121 995	121 315
Net intangible fixed assets	11 327	10 873
Net tangible fixed assets	1 475	1 701
Deferred tax credits	8 010	7 362
Other financial assets	3 647	3 386
Non-current assets	146 455	144 637
Customers and other debtors	59 933	67 442
Other current assets	25 609	24 928
Current financial assets	14	15
Cash and cash equivalents	13 527	14 483
Actifs non courants et groupes d'actifs destinés à être cédés	1 529	1 529
Current assets	100 613	108 396
TOTAL ASSETS	247 068	253 033
LIABILITIES - In thousands of euros	30 June 2013	31 Dec 2012
Share capital	4 562	4 562
Premiums on issue and on conveyance	123 975	123 975
Reserves and retained earnings	-9 500	-15 255
Treasury shares	-3 810	-3 537
Consolidated net income (Group share)	2 019	5 483
Shareholders' equity (Group share)	117 247	115 228
Minority interests	1 000	1 237
Shareholders' equity	118 247	116 466
Long-term borrowings and financial liabilities	17 239	20 054
Non-current provisions	1 330	1 246
Non-current liabilities	478	727
Deferred tax liabilities	434	496
Non-current liabilities	19 482	22 522
Short-term financial liabilities and bank overdrafts	20 257	19 910
Current provisions	-	-
Suppliers and other creditors	70 169	74 970
Other current debts and liabilities	18 913	19 164
Current liabilities	109 339	114 045
TOTAL LIABILITIES	247 068	253 033

Table of consolidated cash flows for financial year 2012 and for the half-years ending on 30 June 2013 and on 30 June 2012

<i>In thousands of euros</i>	30 June 2013	31 Dec 2012	30 June 2012
Net income	2 222	5 930	5 459
<i>Ajustments for :</i>			
Depreciation of the fixed assets	1 959	3 609	1 244
Value losses	-	-	-
Investment income	-	-	-
Cost of net financial indebtedness	678	1 685	889
Share in associated companies	21	638	340
Net income on disposals of fixed assets	2	-529	-348
Costs of payments based on shares	248	669	322
Tax charge or proceeds	819	533	321
Operating profit before variation of the operating capital need	5 948	12 535	8227
Variation of the operating capital need	931	6 820	3 054
Cash flow coming from operating activities	6 879	19 354	11 281
Interest paid	-705	-1 692	-912
Tax on earnings paid	-1 163	-3 392	-1 633
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES	5 012	14 271	8 737
Income from disposals of fixed assets	0	1	-
Valuation at fair value of the cash equivalents	-	-	-
Proceeds from disposals of financial assets	0	1	-
Disposal of subsidiary, after deduction of cash transferred	-	-	-
Acquisition of a subsidiary	-263	-1 952	-1 129
Acquisition of fixed assets	-2 454	-5 249	-2 716
Variation of financial assets	-231	147	13
Variation of suppliers of fixed assets	-125	-18	150
Effect of the perimeter variations			-
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES	-3 072	-7 070	-3 682
Proceeds from share issues	10	-1	-1
Redemption of own shares	-273	-2 332	-1 994
New borrowings	1 782	1 983	-
Repayments of borrowings	-3 669	-6 758	-3 236
Other financial liabilities variation	-554	-3 065	-4 227
Dividends paid to minority interests	-194	-442	-399
NET CASH FLOW COMING FROM FINANCING ACTIVITIES	-2 898	-10 616	-9 857
Effect of exchange rate variations	3	-10	-
NET VARIATION OF CASH AND OF CASH EQUIVALENTS	-955	-3 425	-4 802
Cash and cash equivalents on January 1	14 483	14 739	17 908
CASH AND CASH EQUIVALENTS AT THE END OF <small>THE PERIOD (1)</small>	13 527	14 483	13 106