

## HIMEDIA GROUP: A STRENGTHENED FINANCIAL PROFILE AND CONTINUED DEVELOPMENT

- **Advertising:**
  - The new products represent 50% of the revenue
  - Accelerated decline in the traditional display format (except RTB)
- **Payments:**
  - Growth recovery during the second quarter
  - Digital payments represent more than 30% of the gross profit
- **Net income group of €16 million**
- **€78 million of cash available end of June further to the sale of jeuxvideo.com**
- **Strategic roadmap for a profitable growth on both activities.**
- **Implementation of the share buyback program approved by the General Meeting\***

Paris, July 30, 2014, 7.45 AM - The online media group HiMedia Group (code ISIN: FR0000075988 - HIM, HIM.FR) releases its results for the first semester of 2014.

### Main consolidated data

<i>Period from 1 January to 30 June – in €M</i>	<i>H1 2014 Proforma**</i>	<i>H1 2013 proforma**</i>	<i>H1 2014 released</i>	<i>H1 2013 released</i>
<b>Group's turnover</b>	<b>83.8</b>	<b>92.0</b>	<b>85.9</b>	<b>93.1</b>
Gross profit	25.9	30.6	29.1	34.1
<b>EBITDA<sup>1</sup></b>	<b>-0.2</b>	<b>4.7</b>	<b>0.4</b>	<b>6.5</b>
Depreciation and amortization	-2.1	-1.9	-2.2	-2.1
<b>Current operating income<sup>2</sup></b>	<b>-2.3</b>	<b>2.8</b>	<b>-1.7</b>	<b>4.4</b>
Stock based compensation	-0.1	-0.2	-0.1	-0.2
Other non-current earnings and charges	24.0	-0.4	22.2	-0.4
<b>Operating income</b>	<b>21.6</b>	<b>2.2</b>	<b>22.2</b>	<b>3.7</b>
Financial result	-0.7	-0.7	-0.6	-0.6
Share in SME income	-	-	-	-
<b>Pre-tax earnings</b>	<b>20.9</b>	<b>1.5</b>	<b>21.5</b>	<b>3.0</b>
<b>Net income consolidated companies</b>	<b>15.4</b>	<b>1.2</b>	<b>15.9</b>	<b>2.2</b>

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

\*\*Proforma figures taking into account the sale of jeuxvideo.com

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

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

Commenting on results of the first semester of 2014, Cyril Zimmermann, founder and CEO of HiMedia Group, said: *“The recent sale of jeuxvideo.com provides us with new means to accelerate our development on both our activities in order to maintain their topline growth and improve their profitability. We are currently contemplating an ambitious organic growth path and potential tactical acquisitions while remaining cautious with the use of our cash available.”*

## ACTIVITY ANALYSIS

### HiMedia (online advertising)

<i>Proforma</i> **	<i>H1 2014</i>	<i>H1 2013</i>	<i>Var.</i>
Group's turnover (€M) <sup>3</sup>	38.1	43.9	-13%
Gross profit (€M) <sup>3</sup>	14.0	17.8	-22%
Gross margin (%) <sup>3</sup>	37%	40%	

\*\* *Proforma figures taking into account the sale of jeuxvideo.com.*

<sup>3</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).*

Taking into account the sale of jeuxvideo.com, the advertising activity has been decreasing by 13% during the first semester as it has been penalized by a still difficult market context, with a sharply contracting traditional display market (-30%).

The products launched by HiMedia over the past two years confirmed their breakthrough on the European advertising landscape, with a +20% growth. Video, mobile and RTB now represent almost 50% of the global revenue of the activity.

The gross margin (proforma) remains strong at 37%.

### HiPay (online payments)

<i>Released</i>	<i>H1 2014</i>	<i>H1 2013</i>	<i>Var.</i>
Volume of transactions €M	255	219	+16%
Turnover (€M) <sup>4</sup>	45.7	48.0	-5%
Gross profit (€M) <sup>4</sup>	11.8	12.7	-7%
Gross margin (%) <sup>4</sup>	26%	26%	

<sup>4</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).*

The volume of transactions managed by the Group keeps growing strongly over the semester (+16%). The electronic payment activity (ewallet and credit card acquisition) increased by almost 40% and now represents nearly 70% of total flows.

The gross profit, representative of all payment methods developed by the Group, declined by 7% over the first semester, yet with a positive turnaround during the second quarter. The electronic payment activity input keeps progressing and represents more than 30% of the payment gross margin (versus 20% over the same period in 2013).

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

Over the first semester 2014, HiMedia Group achieved a consolidated proforma turnover of €84 million euros (adjusted for the sale of jeuxvideo.com), a 9% dip, with a €26 million gross margin, down 15%. The gross margin amounted to 31% against 33% over the same period in 2013.

Operating expenses (purchases and HR expenses) are stable while depreciations increased by +10% (€200K), due to investments in technology, carried out over the past few years. Therefore, the current operating income amounted to -€2.3 million proforma, a €5 million decrease, compared to the first semester 2013, following the fall in activity.

Over the first semester, the Group recorded several non-recurrent elements, making extraordinary profit of €24 million (essentially linked to proceeds from the sale of jeuxvideo.com, impairment loss on goodwill in Spain and Germany and reorganization costs). Therefore, the operating income amounted to €21.6 million.

The financial result, mainly consisting of expenses related to the Group's debt is stable over the period at -€0.7 million. The income tax expense amounted to €5.5 million resulting from the non recognition of the deferred tax asset of €5.2 million. Thus, net income after tax released amounted to €16 million compared to €2.2 million for the first half of 2013.

## **STRONG FINANCIAL SITUATION**

HiMedia Group has an extremely sound and strengthened financial profile: €78 million of cash available as of June 30, 2014 and a limited long-term indebtedness (€9 million) compared to the shareholders equity (€137 million).

## **OUTLOOK**

On the advertising segment, many agreements were signed very recently and are being implemented – the sites of the Group Notre famille, from Webedia Group (Jeuxvideo.com, Allociné, 750g, PurePeople, PureTrend...) on all advertising channels ; Reworld (Télé Magazine) on the mobile or Yume and Tremor video on the video segment). These new agreements and the focus that HiMedia Group is willing to give to mobile advertising will contribute to the balancing of advertising activities in favor of the most dynamic market segments. Moreover, local partnerships are currently under study to strengthen the Group's market share and improve profitability in some countries.

Regarding payments, the commercial success of electronic payment products should keep supporting the activity growth. The group targets a volume flow record higher than €700 million every year. Profitability should improve gradually, especially thanks to this volume effect.

The Group benefits from new financial means to pursue its redeployment, support its growth and restore its profitability. On the short term, part of the cash available will be used cautiously to acquire complementary activities to both of the Group's businesses and to implement the share buyback program approved by the General Meeting of May 6, 2014. The rest of the financial means available will be held for future needs and opportunities.

The half-year accounts approved by HiMedia Group's board of July 29, 2014, have been subjected to a limited audit by the Group auditors, and the corresponding report has been issued. The financial report on the accounts closed as at June 30, 2014 is available on the company's internet site [www.himediagroup.com](http://www.himediagroup.com), in the section "Investors".

\*This program follows the authorization given by the General Meeting of May 6, 2014 and the implementation by the Board of July 29, 2014.

### About HiMedia Group

HiMedia Group guides advertisers, publishers and retailers on the development of their digital strategies. Operating in two business areas, digital advertising - HiMedia - and online payment - HiPay, its experts offer the solutions that are best adapted to boosting clients revenues.

Established in 8 European countries, the Group employs approximately 420 people and generated sales of €185 million in 2013. Independent since its creation in 1996, the company is listed on Euronext Paris (Compartment C) and is included in the CAC Small, CAC-All Tradable and CAC PME indices.  
Code ISIN: FR 0000075988 / Mnémo: HIM.

More information on [www.himediagroup.com](http://www.himediagroup.com) and on our blog <http://blog.himediagroup.com/>  
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**Next financial communication:** Quarterly results (3<sup>rd</sup> quarter 2014) published on the 4<sup>th</sup> of November 2014 after closing market.

### Contacts Citigate Dewe Rogerson :

Agnès Villeret (Investors Relations)  
0033 (0)1 53 32 78 95 - 0033 (0)6 66 58 82 61  
[agnes.villeret@citigate.fr](mailto:agnes.villeret@citigate.fr)

Audrey Berladyn (Press)  
0033 (0)1 53 32 84 76 – 0033 (0)6 68 52 14 09  
[audrey.berladyn@citigate.fr](mailto:audrey.berladyn@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 HiMedia Group, please refer to our Internet site [www.himediagroup.com](http://www.himediagroup.com) under the Investors heading. This press release may contain some forward-looking statements. Although HiMedia Group 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. HiMedia Group operates in a continually changing environment and new risks could potentially emerge. HiMedia Group 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 2014 and 30 June 2013

<i>In thousands of euro</i>	<b>30 June 2014</b>	<b>30 June 2013</b>
Sales	85 878	93 075
Charges invoiced by the media	-56 795	-59 007
<b>Gross profit</b>	<b>29 083</b>	<b>34 067</b>
Purchases	-14 443	-13 182
Payroll charges	-14 198	-14 391
Depreciation & Amortization	-2 158	-2 126
<b>Current operating profit</b>	<b>-1 716</b>	<b>4 368</b>
Stock based compensation	-74	-248
Other non-current income and charges	23 958	-425
<b>Operating profit</b>	<b>22 168</b>	<b>3 695</b>
Cost of indebtedness	-646	-678
Other financial income and charges	7	44
<b>Earnings of consolidated companies</b>	<b>21 529</b>	<b>3 062</b>
Share in the earnings of the companies treated on an equity basis	0	-21
<b>Earnings before taxes of the consolidated companies</b>	<b>21 529</b>	<b>3 041</b>
Income tax	-6 340	-819
Income tax on non recurring items	705	0
<b>Net income of the consolidated companies</b>	<b>15 895</b>	<b>2 222</b>
Including minority interests	-57	203
<b>Including Group Share</b>	<b>15 951</b>	<b>2 019</b>

Consolidated balance sheets as of 30 June 2014 and 31 December 2013

<b>ASSETS - In thousands of euro</b>	<b>30 June 2014</b>	<b>31 Dec 2013</b>
Net goodwill	86 447	121 997
Net intangible fixed assets	10 549	12 437
Net tangible fixed assets	790	1 449
Deferred tax credits	4 141	9 024
Other financial assets	926	3 417
<b>Non-current assets</b>	<b>102 854</b>	<b>148 325</b>
Customers and other debtors	49 517	52 928
Other current assets	27 320	23 470
Current financial assets	14	14
Cash and cash equivalents	77 721	10 207
Assets held for sale and discontinued operations	749	640
<b>Current assets</b>	<b>155 321</b>	<b>87 258</b>
<b>TOTAL ASSETS</b>	<b>258 174</b>	<b>235 583</b>

<b>LIABILITIES - In thousands of euro</b>	<b>30 June 2014</b>	<b>31 Dec 2013</b>
Share capital	4 511	4 511
Premiums on issue and on conveyance	128 215	128 215
Reserves and retained earnings	-13 183	-14 694
Treasury shares	-2 126	-2 254
Consolidated net income (Group share)	15 951	1 578
<b>Shareholders' equity (Group share)</b>	<b>133 368</b>	<b>117 357</b>
Minority interests	476	971
<b>Shareholders' equity</b>	<b>133 844</b>	<b>118 328</b>
Long-term borrowings and financial liabilities	8 620	12 933
Non-current provisions	1 092	907
Non-current liabilities	276	369
Deferred tax liabilities	34	438
<b>Non-current liabilities</b>	<b>10 021</b>	<b>14 647</b>
Short-term financial liabilities and bank overdrafts	8 686	8 659
Current provisions	0	5
Suppliers and other creditors	85 223	76 230
Other current debts and liabilities	20 400	17 715
<b>Current liabilities</b>	<b>114 309</b>	<b>102 609</b>
<b>TOTAL LIABILITIES</b>	<b>258 174</b>	<b>235 583</b>

Table of consolidated cash flows for financial year 2013 and for the half-years ending on 30 June 2014 and on 30 June 2013

In thousands of euro	30 June 2014	31 Dec 2013	30 June 2013
Net income	15 895	1 927	2 222
Depreciation of the fixed assets	3 184	3 708	1 959
Value losses	15 247	0	0
Other assets and liabilities without impact on the cash	10 478	0	0
Cost of net financial indebtedness	646	1 281	678
Share in associated companies	2 570	21	21
Net income on disposals of fixed assets	-56 761	839	2
Costs of payments based on shares	74	503	248
Tax charge or proceeds	5 635	1 004	819
Operating profit before variation of the operating capital need	-3 032	9 283	5 948
Variation of the operating capital need	647	694	931
Cash flow coming from operating activities	-2 384	9 977	6 879
Interest paid	-595	-1 311	-705
Tax on earnings paid	-524	-1 800	-1 163
<b>NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES</b>	<b>-3 504</b>	<b>6 866</b>	<b>5 012</b>
Income from disposals of fixed assets	0	10	0
Valuation at fair value of the cash equivalents	0	0	0
Proceeds from disposals of financial assets	0	0	0
Disposal of subsidiary, after deduction of cash transferred	81 540	0	0
Acquisition of a subsidiary	-104	-294	-263
Acquisition of fixed assets	-2 953	-5 190	-2 454
Variation of financial assets	-69	-185	-231
Variation of suppliers of fixed assets	49	-209	-125
Effect of the perimeter variations	0	0	0
<b>NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES</b>	<b>78 463</b>	<b>-5 868</b>	<b>-3 072</b>
Proceeds from share issues	1	22	10
Redemption of own shares	128	-87	-273
New borrowings	0	1 782	1 782
Repayments of borrowings	-4 386	-8 103	-3 669
Other financial liabilities variation	-2 968	1 579	-554
Dividends paid to minority interests	-225	-409	-194
<b>NET CASH FLOW COMING FROM FINANCING ACTIVITIES</b>	<b>-7 450</b>	<b>-5 216</b>	<b>-2 898</b>
Effect of exchange rate variations	5	-58	3
<b>NET VARIATION OF CASH AND OF CASH EQUIVALENTS</b>	<b>67 514</b>	<b>-4 276</b>	<b>-955</b>
Cash and cash equivalents on January 1st	10 207	14 483	14 483
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>77 721</b>	<b>10 207</b>	<b>13 527</b>