

## 2016 ANNUAL RESULTS

Paris, 15 March 2017, 5:45 PM – Digital marketing specialist HiMedia Group (ISIN code: FR0012821890 - HIM, HIM.FR), which will propose changing its legal name to AdUX in line with its trade name at the next Shareholders' Meeting, has published its results for full-year 2016.

- **Successful positioning for AdUX**
  - **2016 targets achieved, with a sharp improvement in results**
  - **Revenue growth and higher margins expected in 2017**

| (€m)                     | 2016  | 2015*  |
|--------------------------|-------|--------|
| Revenue                  | 59.2  | 64.7   |
| Gross profit             | 26.8  | 19.4   |
| EBITDA <sup>(1)</sup>    | 1.1   | (10.4) |
| Operating profit         | (0.7) | (38.8) |
| Net income               | (1.3) | (40.3) |
| Net income - Group share | (1.1) | (39.7) |

Commenting on the 2016 results, Cyril Zimmermann, Chairman and Chief Executive Officer of HiMedia Group (AdUX) said: *“Last year, we set ourselves the target of returning to positive EBITDA in 2016, which we achieved. Today, the Group provides a range of advertising products designed to combine effective advertising (Ad) and respect for the user experience (UX), under the new AdUX trade name. We are now firmly focused on 2017 and will confirm the success of our repositioning by returning to growth and increasing our margins.”*

\*In accordance with IFRS 5.33(a)(ii), the capital gain related to the deconsolidation of HiPay for €6,4m has been reclassified to Net income from discontinued operations instead of Other non-current income and charges.

<sup>(1)</sup> Earnings before interest, tax, depreciation and amortisation.

## 2016 INCOME STATEMENT AND BUSINESS OVERVIEW

| (€m)  | 2016         | 2015*         | Var.        | % Var        |
|---|--------------|---------------|-------------|--------------|
| Revenue   | 59.2         | 64.7          | (5.6)       | -9%          |
| <b>Gross profit</b>                             | <b>26.8</b>  | <b>19.4</b>   | <b>7.5</b>  | <b>38%</b>   |
| Purchases                                       | (8.9)        | (11.3)        | 2.4         | -21%         |
| Payroll charges                                 | (16.8)       | (18.4)        | 1.6         | -9%          |
| <b>EBITDA<sup>(1)</sup></b>                     | <b>1.1</b>   | <b>(10.4)</b> | <b>11.5</b> | <b>-111%</b> |
| Depreciation and amortization                   | (1.8)        | (1.3)         | (0.5)       | 39%          |
| <b>Current operating profit</b>                 | <b>(0.7)</b> | <b>(11.6)</b> | <b>11.0</b> | <b>-94%</b>  |
| Other non-current income and charges            | (0.0)        | (27.1)        | 27.1        | -100%        |
| <b>Operating profit</b>                         | <b>(0.7)</b> | <b>(38.8)</b> | <b>38.1</b> | <b>-98%</b>  |
| Financial result                                | (0.3)        | (0.7)         | 0.4         | -59%         |
| Income Tax                                      | (0.3)        | (4.6)         | 4.3         | -93%         |
| <b>Net income of the consolidated companies</b> | <b>(1.3)</b> | <b>(44.2)</b> | <b>42.9</b> | <b>-97%</b>  |
| Net income from discontinued operations         | -            | 3.9           | (3.9)       | -100%        |
| <b>Net income</b>                               | <b>(1.3)</b> | <b>(40.3)</b> | <b>39.0</b> | <b>-97%</b>  |
| Including minority interests                    | 0.2          | 0.4           | (0.2)       | -46%         |
| Minority interests from discontinued operations | -            | 0.2           | (0.2)       | -100%        |
| <b>Including Group share</b>                    | <b>(1.1)</b> | <b>(39.7)</b> | <b>38.6</b> | <b>-97%</b>  |

### Strong momentum in growth activities<sup>(2)</sup>

2016 revenue stabilised quarter-on-quarter, marking the first step on the road to achieving the recovery targeted by Management.

Strong momentum in growth activities (local and native advertising and operations launched in North America) gradually offset the decline in legacy activities. Growth activities now represent

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<sup>(1)</sup> Earnings before interest, tax, depreciation and amortisation.

<sup>(2)</sup> Growth activities correspond to native and local advertising (or community advertising for Spanish speakers in the United States) including the Admoove, Local Media, Himedia Sweden, Latam Digital Ventures and Quantum subsidiaries.

a significant share of total revenue (more than 50% since second-quarter 2016) and their growth is making an increasingly positive contribution to the overall business.

The Group saw a -13% decline in revenue at constant perimeter of consolidation in the first quarter of 2016, but its performance evened out over the remaining nine months to end down a slight -3% in the third quarter and -5% in the fourth. Consolidated revenue amounted to €59.2 million for the full year.

### **Recovery of gross profit**

Gross profit jumped 38% to €26.8 million, in particular thanks to the termination of guaranteed contracts which had previously weighed heavily on the sales margin.

### **Significantly lower costs**

The Company implemented rigorous cost cutting measures during the year, bringing down costs by €4 million. Payroll costs fell by €1.6 million or -9% and other operating costs by €2.4 million or -21%.

The Group was therefore able to achieve its 2016 targets, reporting positive EBITDA of €1.1 million for the full year.

Depreciation, amortization and provisions expense amounted to €1.8 million. After taking into account non-recurring items, the Group recognised an operating loss in an amount of -€0.7 million.

Net financial result came to €0.3 million and income tax expense to -€0.3 million.

After minority interests, a net loss was recognised in an amount of -€1.1 million.

### **FINANCIAL SITUATION**

The Group ended the year with €5.7 million in cash and cash equivalents and a transferable equity interest in HiPay valued at €3.2 million on the basis of the 31 December 2016 share price.

## 2017 OUTLOOK

The business has been repositioned such that the Group's legacy activities (which have been streamlined) are now separate from its growth activities (which are primarily focused on geolocalised and native advertising).

The geolocalised advertising offering was highly popular with mass retailers and commercial property operators in 2016. AdUX solutions are making it possible to identify leads and consumers on social media and generate footfall in "brick and mortar stores" in order to increase sales. These solutions are now grouped together under the Admoove brand and are set to be expanded worldwide in the second half of 2017.

The Group has already rolled out its native advertising offering in France, Italy, Belgium and Spain via its Quantum brand. It aims to continue broadening its international footprint in this segment by expanding into new countries in 2017. Demand for native advertising formats that are compatible with computers, smartphones and videos is rising as consumers opt to replace traditional display formats. Quantum has been very successful thanks to its differentiating focus on quality and technology.

The Group expects consolidated revenue to expand as of the second quarter, driven by sustained momentum in growth activities and a more modest contraction in legacy activities.

It is therefore forecasting growth in consolidated revenue and a further improvement in EDITBA in 2017.

Further out, the Group expects EBITDA margin levels to rise to above 10%.

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Press release

Closed by the Hi-Media SA board of directors on 14 March 2017, the annual and consolidated financial statements have been audited and the corresponding certification report is being prepared. The annual report on the financial statements closed on 31 December 2016 will be available on the Company's Internet site in the legal deadline, at the address [www.himediagroup.com](http://www.himediagroup.com) under the "Investors" heading.

A SFAF presentation meeting of results will be held on March 16<sup>th</sup>, 2017 at 9.30 am. The support file of the presentation will be available on Company's website, at the address [www.himediagroup.com](http://www.himediagroup.com) under the "Investors" heading.

**Investor calendar:**

- First-quarter revenue on 3 May 2017, after the markets close.



**About HiMedia Group:**

A pioneer in the sector, HiMedia (AdUX) is a European leader in digital marketing.

With operations in six European countries, the United States and Latin America, the Group reported revenue of €59.2 million in 2016. Independent since its creation, the company is listed on Euronext Paris, in compartment C, and is included in the CAC All-Tradable and CAC Small indices.

ISIN: FR 0012821890/Symbol: HIM

For more information, visit [www.himediagroup.com](http://www.himediagroup.com) or [www.adux.com](http://www.adux.com) or write to [infofin@hi-media.com](mailto:infofin@hi-media.com)

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*This press release may contain certain forward-looking statements. Although HiMedia Group believes that these statements are based on assumptions that were reasonable as of the date of this press release, they are by their very nature subject to risks and uncertainties that could cause actual results to differ from those indicated or projected in these statements. HiMedia Group operates in a continually changing environment and new risks may emerge. HiMedia Group assumes no obligation to update these forward-looking statements to reflect any new information, future events or other circumstances.*

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**Consolidated Financial Statements for FY 2016 and 2015**

| <i>in thousands of Euros</i>                                      | <b>31 Dec.2016</b> | <b>31 Dec.2015<sup>(1)</sup></b> |
|---|--------------------|----------------------------------|
| Sales   | 59 151             | 64 744                           |
| Charges invoiced by the media                                     | - 32 324           | - 45 373                         |
| <b>Gross profit</b>   | <b>26 827</b>      | <b>19 371</b>                    |
| Purchases   | - 8 882            | - 11 313                         |
| Payroll charges   | - 16 829           | - 18 423                         |
| <b>EBITDA</b>   | <b>1 116</b>       | <b>- 10 364</b>                  |
| Depreciation and amortization                                     | - 1 775            | - 1 276                          |
| <b>Current operating profit</b>                                   | <b>- 659</b>       | <b>- 11 640</b>                  |
| Stock based compensation  | - 37               | - 65                             |
| Other non-current income and charges                              | - 37               | - 27 099                         |
| <b>Operating profit</b>   | <b>- 734</b>       | <b>- 38 805</b>                  |
| Cost of indebtedness  | - 58               | - 110                            |
| Other financial income and charges                                | - 239              | - 616                            |
| <b>Earning of the consolidated companies</b>                      | <b>- 1 031</b>     | <b>- 39 530</b>                  |
| Share in the earnings of the companies treated on an equity basis | 48                 | - 62                             |
| <b>Earnings before tax of the consolidated companies</b>          | <b>- 983</b>       | <b>- 39 592</b>                  |
| Income Tax  | - 333              | - 4 638                          |
| Income Tax on non-recurring items                                 | -                  | -                                |
| <b>Net income of the consolidated companies</b>                   | <b>- 1 316</b>     | <b>- 44 230</b>                  |
| Net income from discontinued operations                           | -                  | 3 948                            |
| <b>Net income</b>   | <b>- 1 316</b>     | <b>- 40 283</b>                  |
| Including minority interests                                      | 224                | 415                              |
| Minority interests from discontinued operations                   | -                  | 208                              |
| <b>Including Group share</b>                                      | <b>- 1 092</b>     | <b>- 39 660</b>                  |

|  | <b>31 Dec.2016</b> | <b>31 Dec.2015</b> |
|--|--------------------|--------------------|
| Weighted average number of ordinary shares           | 2 886 088          | 2 959 558          |
| Earnings per share, Group share (in euro)            | -0,38              | -13,40             |
| Weighted average number of ordinary shares (diluted) | 2 886 088          | 2 959 558          |
| Diluted earnings per share, Group share (in euro)    | -0,38              | -13,40             |

<sup>(1)</sup> In accordance with IFRS 5.33(a)(ii), the capital gain related to the deconsolidation of HiPay for €6,4m has been reclassified to Net income from discontinued operations instead of Other non-current income and charges.

**Consolidated Balance Sheets as at December 31<sup>st</sup>, 2016 and December 31<sup>st</sup>, 2015**

| <b>ASSETS - in thousands of euros</b>            | <b>31 dec.2016</b> | <b>31 dec.2015</b> |
|--|--------------------|--------------------|
| Net Goodwill                                     | 20 860             | 20 860             |
| Net intangible fixed assets                      | 1 413              | 1 967              |
| Net tangible fixed assets                        | 1 319              | 1 533              |
| Deferred tax credits                             | 54                 | 69                 |
| Other financial assets                           | 1 484              | 10 348             |
| <b>Non-current assets</b>                        | <b>25 131</b>      | <b>34 777</b>      |
| Customers and other debtors                      | 26 101             | 36 506             |
| Other current assets                             | 13 988             | 13 804             |
| Current financial assets                         | 3 259              | 14                 |
| Cash and cash equivalents                        | 5 690              | 7 434              |
| Assets held for sale and discontinued operations | -                  | 640                |
| <b>Current assets</b>                            | <b>49 037</b>      | <b>58 397</b>      |
| <b>TOTAL ASSETS</b>                              | <b>74 168</b>      | <b>93 174</b>      |

| <b>LIABILITIES - in thousands of euros</b>           | <b>31 dec.2016</b> | <b>31 dec.2015</b> |
|--|--------------------|--------------------|
| Share capital  | 4 329              | 4 439              |
| Premiums on issue and on conveyance                  | 83 870             | 84 274             |
| Reserves and retained earnings                       | - 64 485           | - 22 694           |
| Treasury shares                                      | - 5 722            | - 4 314            |
| Consolidated net income (Group share)                | - 1 092            | - 39 660           |
| <b>Shareholders' equity (Group share)</b>            | <b>16 900</b>      | <b>22 045</b>      |
| Minority interests                                   | 375                | - 70               |
| <b>Shareholders' equity</b>                          | <b>17 274</b>      | <b>21 975</b>      |
| Long-term borrowings and financial liabilities       | 3 416              | 2 292              |
| Non-current Provisions                               | 696                | 753                |
| Non-current liabilities                              | -                  | -                  |
| Deferred tax liabilities                             | 264                | 646                |
| <b>Non-current liabilities</b>                       | <b>4 376</b>       | <b>3 691</b>       |
| Short-term financial liabilities and bank overdrafts | 480                | - 0                |
| Current provisions                                   | -                  | -                  |
| Suppliers and other creditors                        | 40 612             | 53 647             |
| Other current debts and liabilities                  | 11 425             | 13 861             |
| <b>Current liabilities</b>                           | <b>52 517</b>      | <b>67 508</b>      |
| <b>TOTAL LIABILITIES</b>                             | <b>74 168</b>      | <b>93 174</b>      |

**Table of Consolidated Cash Flows for FY 2016 and 2015**

| <b>in thousands of euros</b>                                    | <b>31 dec.2016</b> | <b>31 dec.2015</b> |
|---|--------------------|--------------------|
| Net income  | -1 316             | -40 283            |
| <i>Ajustments for :</i>   | -                  | -                  |
| Depreciation of the fixed assets                                | 1 757              | 1 469              |
| Value losses  | -                  | 21 528             |
| Other non-current without impact on the cash                    | -411               | -3 174             |
| Cost of net financial indebtedness                              | 58                 | 110                |
| Share in associated companies                                   | -48                | 62                 |
| Net income on disposals of fixed assets                         | -1 568             | 590                |
| Cash flow from discontinued operations                          | -                  | -2 485             |
| Cash flow from business to be divested                          | -                  | -                  |
| Costs of payments based on shares                               | 37                 | 34                 |
| Tax charge or proceeds  | 333                | 4 638              |
| Operating profit before variation of the operating capital need | -1 157             | -17 511            |
| Variation of the operating capital need                         | -4 247             | 1 290              |
| Cash flow coming from operating activities                      | -5 404             | -16 221            |
| Interest paid   | -58                | -81                |
| Tax on earnings paid  | -369               | -360               |
| <b>NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES</b>        | <b>-5 832</b>      | <b>-16 662</b>     |
| Income from disposals of fixed assets                           | -                  | -                  |
| Valuation at fair value of the cash equivalents                 | -                  | -                  |
| Proceeds from disposals of financial assets                     | -                  | -                  |
| Disposal of subsidiary, after deduction of cash transferred     | 6 303              | -                  |
| Acquisition of a subsidiary                                     | -1 767             | -2 062             |
| Acquisition of fixed assets                                     | -1 297             | -3 071             |
| Variation of financial assets                                   | 80                 | -917               |
| Variation of suppliers of fixed assets                          | -398               | -570               |
| Effect of the perimeter variations                              | -                  | -14 140            |
| <b>NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES</b>          | <b>2 922</b>       | <b>-20 761</b>     |
| Proceeds from share issues                                      | -50                | 170                |
| Redemption of own shares  | 97                 | -                  |
| New borrowings  | 1 576              | 28                 |
| Repayments of borrowings  | -                  | -                  |
| Other financial liabilities variation                           | -406               | -3 768             |
| Dividends paid to minority interests                            | -19                | -234               |
| <b>NET CASH FLOW COMING FROM FINANCING ACTIVITIES</b>           | <b>1 198</b>       | <b>-3 804</b>      |
| Effect of exchange rate variations                              | -31                | -73                |
| <b>NET VARIATION OF CASH AND OF CASH EQUIVALENTS</b>            | <b>-1 743</b>      | <b>-41 300</b>     |
| Cash and cash equivalents on January 1 <sup>st</sup>            | 7 434              | 48 733             |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>       | <b>5 690</b>       | <b>7 434</b>       |

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