

RETURN TO PROFIT IN FIRST-HALF 2016 SUCCESSFUL REPOSITIONING 2016 OBJECTIVE CONFIRMED

Paris, 28 July 2016, 8:40 a.m. – The digital marketing group HiMedia Group (ISIN FR0012821890 - HIM, HIM.FR) has published its results for the first half of 2016.

- **Momentum maintained in the growth activities⁽¹⁾ (local, native, North America) in Q2 2016**
 - Revenue generated by the growth activities rose by 78% in Q2 2016 vs. Q2 2015, based on constant perimeter⁽²⁾
 - Growth activities contributed 50% of total revenue in Q2 2016
- **Margin on traditional advertising activities continued to improve compared with 2015**
- **A second quarter performance that confirms the recovery in the Group's operating results**
 - Gross margin: €6.7m, up 313% in Q2 2016 vs. Q2 2015 based on constant perimeter⁽²⁾
 - EBITDA⁽³⁾: +€0.3m in Q2 2016 vs. €0m in Q1 2016
- **A return to profit in H1 2016**

(€m)	H1 2016	H1 2015
Sales	28.4	32.6
Gross profit	13.2	5.9
EBITDA ⁽³⁾	0.3	(9.4)
Operating profit (loss)	0.8	(25.0)
Profit (loss) for the period	0.2	(31.8)

Commenting on the Group's first half results, HiMedia Group's CEO, Cyril Zimmermann, said: *"As evidenced by its return to profit in the first half, our Group has staged a rapid recovery following the complete overhaul of the business undertaken since last summer. We have successfully repositioned the Group in higher value-added segments and shifted its centre of gravity towards growth activities (local advertising, native advertising and North America) which now contribute over the half of our total revenue."*

⁽¹⁾ Growth activities correspond to the native and local advertising (or community advertising for Spanish speakers in the United States) including Admoove, Local Media, Himedia Sweden, Latam Digital Ventures and Quantum subsidiaries.

⁽²⁾ Constant perimeter figures have been calculated by taking into account the exit from the perimeter of HiMedia Deutschland and they also took into account the inclusion within the perimeter of Quantum, Orange networks in Spain, the USA and Mexico.

⁽³⁾ Current operating income before allocations and reversals of depreciation, amortisation and provisions.

RAMP-UP OF GROWTH ACTIVITIES⁽¹⁾ ON THE SECOND QUARTER

(€m)		Q2 2016	Q2 2015	Var.	Q2 2015 Constant perimeter ⁽²⁾	Var. Constant perimeter ⁽²⁾
Group	Revenue	15.1	18.1	-16%	17.3	-12%
	Gross margin	6.7	2.3	+196%	1.6	+313%
	EBITDA ⁽³⁾	0.3	(5.6)	-	(5.9)	-
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(€m)		Q2 2016	Q2 2015	Var.	Q2 2015 Constant perimeter ⁽²⁾	Var. Constant perimeter ⁽²⁾
Growth activities⁽¹⁾	Revenue	7.6	4.0	+92%	4.3	+78%
	Gross margin	3.7	2.1	+80%	2.1	+73%
	EBITDA ⁽³⁾	0.4	0.1	+706%	(0.1)	-
Traditional advertising activities	Revenue	7.5	14.1	-47%	13.0	-42%
	Gross margin	3.0	0.2	-	(0.5)	-
	EBITDA ⁽³⁾	(0.1)	(5.7)	+98%	(5.8)	+98%

Since last summer, when the new strategy was launched, management is following two business segments namely “Growth activities” and “Traditional advertising activities”. HiMedia has focused on more high-tech businesses and higher value-added market segments, while at the same time scaling back its traditional advertising activities.

From one quarter to the next, the Group has built a new cluster of fast-growing businesses. These businesses increased their contribution to consolidated revenue by 78% in the second quarter of 2016 compared to the year-earlier period, based on constant perimeter⁽²⁾, accounting for over 50% of consolidated revenue and gross margin for the period vs. 42% in the first quarter. The investments needed to develop these businesses have, for the most part, already been made and their contribution to EBITDA is now positive.

Revenue from traditional activities and trading of advertising spaces has continued to decline, falling by 42% in the second quarter of 2016 compared to the year-earlier period (on a comparable scope basis), but their profitability has improved significantly, with gross margin shifting to a positive €3 million from a negative -€0.5 million over the same period (on a constant perimeter⁽²⁾). The margin improvement is attributable to the termination of guaranteed contracts since last summer and also to the stabilisation of advertising sales volumes. The combination of higher margins and lower costs helped the traditional activities to turn the page on a history of losses and to reach break-even in terms of EBITDA.

The focus of revenue has been rapidly shifting towards the growth activities, in relative and absolute value, which reported revenue up +35% in the second quarter of 2016 to €7.6 million from €5.6 million in the first quarter. Their momentum should gradually drive a return to growth in the Group's total revenue.

INCOME STATEMENT

(€m)	H1 2016	H1 2015	Var. H1 16 / H1 15	H1 2015 Constant perimeter ⁽²⁾	Var. H1 16 / H1 15 Constant perimeter ⁽²⁾
Sales	28.4	32.6	(4.2)	32.6	(4.2)
Gross profit	13.2	5.9	7.3	5.4	7.7
EBITDA ⁽³⁾	0.3	(9.4)	9.7	(10.0)	10.3
Depreciation and amortization	(0.9)	(1.0)	0.1	(1.0)	0.1
Current operating profit	(0.6)	(10.4)	9.8	(11.0)	10.4
Other non-current income and charges	1.4	(14.6)	16.0	(14.5)	15.8
Operating profit	0.8	(25.0)	25.8	(25.5)	26.3
Financial result	(0.2)	(0.3)	0.1	7.5	(7.7)
Income Tax	(0.4)	(4.0)	3.6	(4.0)	3.6
Net income of the consolidated companies	0.2	(29.3)	29.5	(22.0)	22.2
Net income from discontinued operations	-	(2.5)	2.5	(2.5)	2.5
Net income	0.2	(31.8)	32.0	(24.4)	24.7

Revenue for the first half of 2016 amounted to €28.4 million, a decline of 13% compared with the same period of 2015 both as reported and based on a constant perimeter⁽²⁾.

Gross margin totalled €13.2 million, up +124% as reported and +142% on a constant perimeter⁽²⁾.

Purchases were down 21% at €4.2 million versus €5.3 million. Depreciation, amortisation and provision expense was only slightly down at €0.9 million, reflecting investment in the development of digital platforms.

The recurring operating loss for the period before share-based payment plan costs (stock options and share awards) and other operating income and expenses amounted to -€0.6 million, representing a sharp improvement on the -€10.4 million loss reported in first-half 2015.

The Group ended the period with a net profit from continuing operations of €0.2 million versus a net loss of -€29.3 million in first-half 2015.

This amount breaks down as follows:

- current operating profit of -€0.6 million;
- non-recurring profit of €1.4 million, including the profit on the sale of HiPay Group shares, restructuring costs and the cost of managing exceptional claims;
- income tax expense of €0.4 million.

OUTLOOK

The Group's first-half results attest to its successful repositioning in growth activities that are set to become HiMedia's new centre of gravity. They are in line with the Group's target of reporting positive EBITDA in 2016.

Including the proceeds from the sale of HiPay Group shares and after financing working capital and purchases of treasury stock, at 30 June 2016 the Group had cash reserves of €5.2 million. In addition, the group has the possibility to continue monetising its remaining stake in HiPay Group of approximately 10% valued at €5.7 million and will pursue its global strategy of disposing of non-strategic non controlling interests.

The company has therefore the financial resources needed to pursue its repositioning as a digital marketing specialist focused on high value-added and fast-growing niches.

Next results announcement: Third-quarter results, on 8 November 2016 after market closing

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About HiMedia Group:

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

With operations in six European countries, the United States and Latin America, the Group reported revenue of €65 million in 2015.

Independent since its creation, the company is listed on NYSE Euronext Paris, in compartment C, and is included in the CAC Small, CAC All-Tradable and CAC SME indices. ISIN: FR 0012821890 / Symbol: HIM

For more information, visit: www.himediagroup.com/himedia and info@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 HiMedia shares. To obtain more detailed information about the HiMedia Group, visit the Investors section of our website <http://www.himediagroup.com>.

Closed by the Hi-Media SA board of directors on 25 July 2016, the interim consolidated financial statements have been subject to a limited review performed by the auditors and the corresponding report on interim information as of 30 June 2016 is dated 27 July

2016, and is available on 28 July 2016 on the Company's Internet site at the address www.himediagroup.com under the "Investors" heading.

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.

Consolidated income statements for the half-years ending on 30 June 2016 and 30 June 2015

<i>en milliers d'euros</i>	30 juin 2016	30 juin 2015
Chiffre d'affaires	28 415	32 616
Charges facturées par les supports	-15 261	-26 739
Marge brute	13 154	5 877
Achats	-4 214	-5 341
Charges de personnel	-8 632	-9 938
EBITDA ⁽¹⁾	309	-9 402
Dotations et reprises aux amortissements et provisions	-902	-989
Résultat opérationnel courant	-593	-10 391
Valorisation des stocks options et actions gratuites	-19	-10
Autres produits et charges non courants	1 386	-14 602
Résultat opérationnel	774	-25 003
Coût de l'endettement	-51	-127
Autres produits et charges financiers	-99	-145
Résultat des sociétés intégrées	624	-25 275
Quote-part dans les résultats des sociétés mises en équivalence	-	-
Résultat avant impôt des activités poursuivies	624	-25 275
Impôts	-381	-4 004
Résultat net des activités poursuivies	243	-29 279
Résultat net des activités cédées	-	-2 473
Résultat net	243	-31 753
Part des minoritaires des activités poursuivies	253	460
Part des minoritaires des activités cédées	-	-208
Dont Part du Groupe	495	-31 501

	30 juin 2016	30 juin 2015
Nombre moyen pondéré d'actions ordinaires	2 886 088	45 253 523
Résultat de base par action (en euros)	0,17	- 0,70
Nombre moyen pondéré d'actions ordinaires (dilué)	2 886 088	45 253 523
Résultat dilué par action (en euros)	0,17	- 0,70

⁽¹⁾ Current operating income before allocations and reversals of depreciation, amortisation and provisions.

Consolidated balance sheets at 30 June 2016 and 31 December 2015

ASSETS - In thousands of euro	30 June 2016	31 Dec 2015
Net goodwill	20 860	20 860
Net intangible fixed assets	1 523	1 967
Net tangible fixed assets	1 406	1 533
Deferred tax credits	68	69
Other financial assets	1 701	10 348
Non-current assets	25 558	34 777
Customers and other debtors	37 624	36 506
Other current assets	13 644	13 804
Current financial assets	5 735	14
Cash and cash equivalents	5 163	7 434
Assets held for sale and discontinued operations	640	640
Current assets	62 806	58 397
TOTAL ASSETS	88 364	93 174

LIABILITIES - In thousands of euro	30 June 2016	31 Dec 2015
Share capital	4 328	4 439
Premiums on issue and on conveyance	83 870	84 274
Reserves and retained earnings	-62 522	-22 694
Treasury shares	-5 786	-4 314
Consolidated net income (Group share)	495	-39 660
Shareholders' equity (Group share)	20 385	22 045
Minority interests	-167	-70
Shareholders' equity	20 219	21 975
Long-term borrowings and financial liabilities	2 303	2 292
Non-current provisions	773	753
Deferred tax liabilities	721	646
Non-current liabilities	3 797	3 691
Short-term financial liabilities and bank overdrafts	2	-0
Suppliers and other creditors	53 441	53 647
Other current debts and liabilities	10 905	13 861
Liabilities held for sale and discontinued operations	0	-
Current liabilities	64 348	67 508
TOTAL LIABILITIES	88 364	93 174

Table of consolidated cash flows for the half-years ending on 30 June 2016 and on 31 December 2015 and on 30 June 2015

In thousands of euro	30 June 2016	31 Dec 2015	30 June 2015
Net income	243	-40 283	-31 753
Depreciation of the fixed assets	919	1 469	1 764
Value losses	-	21 528	21 528
Other non-current without impact on the cash	-1	-3 174	-5 526
Cost of net financial indebtedness	51	110	127
Share in associated companies	-	62	-
Net income on disposals of fixed assets	-2 114	590	379
Cash flow from discontinued operations	-	-2 485	-2 485
Cash flow from business to be divested	-	-	-
Costs of payments based on shares	19	34	10
Tax charge or proceeds	381	4 638	4 004
Operating profit before variation of the operating capital need	-503	-17 511	-11 951
Variation of the operating capital need	-3 001	1 290	322
Cash flow coming from operating activities	-3 503	-16 221	-11 629
Interest paid	-45	-81	-74
Tax on earnings paid	-281	-360	-2
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES	-3 829	-16 662	-11 705
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	3 268	-	-
Acquisition of a subsidiary	-89	-2 062	-1 892
Acquisition of fixed assets	-515	-3 071	-2 734
Variation of financial assets	38	-917	-963
Variation of suppliers of fixed assets	-34	-570	1 119
Effect of the perimeter variations	-	-14 140	-14 105
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES	2 668	-20 761	-18 575
Proceeds from share issues	3	170	0
Redemption of own shares	33	-	-
New borrowings	14	28	14
Repayments of borrowings	-	-	-
Other financial liabilities variation	-1 126	-3 768	-2 705
Dividends paid to minority interests	-	-234	-234
NET CASH FLOW COMING FROM FINANCING ACTIVITIES	-1 076	-3 804	-2 925
Effect of exchange rate variations	-34	-73	-53
NET VARIATION OF CASH AND OF CASH EQUIVALENTS	-2 270	-41 300	-33 258
Cash and cash equivalents on January 1st	7 434	48 733	48 733
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5 163	7 434	15 475