



# Roularta in a new constellation

by Rik De Nolf, CEO

In 2006 Roularta Media Group took over the French media group Groupe Express-Expansion (GEE). This radically changes the scope of its business: Roularta now derives 35% of its sales from France, with the various activities of GEE and with Point de Vue, the Studio Press magazines and the A Nous group.

In interpreting the annual results for 2006 the reader should bear in mind that the financial results of Groupe Express-Expansion, of which Roularta Media Group acquired 100% of the shares on 26 September 2006, are included only from the fourth quarter onwards.

Selected financial highlights for 2006:

- **Sales** rose by 22.4% from EUR 497.7 million to EUR 609.2 million.
- *The earnings comparisons below omit the EUR 2.1 million capital gain in 2005 from the sale of the shareholding in Plopsaland.*
- **EBITDA** rose by 34.4% from EUR 53.9 million to EUR 72.5 million, giving a margin of 11.9% compared with 10.8% in 2005.
- **EBIT** increased by 40.2% from EUR 36.4 million to EUR 51.1 million. The EBIT margin was 8.4% (2005: 7.3%).
- **Net Group profit** increased by 23.4% from EUR 20.1 to 24.8 million, giving a margin of 4.1% compared with 4.0% in 2005.
- **Net current profit** rose by 53.3% from EUR 20.2 million to EUR 31.0 million.
- **Current cash flow** was up 33.3% from EUR 37.6 million to EUR 50.1 million.
- **Earnings per share** rose from EUR 2.29 in 2005 to EUR 2.32 in 2006. This limited increase reflects the extraordinary capital gain of EUR 0.22 per share in 2005 from the sale of the Plopsaland shareholding, and the dilutive effect of the capital increases.

With the borrowings for the acquisition of Groupe Express-Expansion and Point de Vue and EUR 25.4 million of lease debt at Roularta Printing to finance new rotary presses, net financial debt has grown to EUR 221.4 million, giving a gearing ratio of 74.4% of shareholders' equity.

## Division Printed Media

Sales by the Printed Media division rose by EUR 97.8 million from EUR 339.4 to 437.2 million (+28.8%). EUR 84.4 million of this increase is due, among other things, to the acquisitions of Point de Vue and Groupe Express-Expansion. On top of this sales of existing products increased by 4.0%.

Revenue from our freesheets rose by 13.2%, due to the new acquisitions of A Nous Paris and 't Fonteintje-De Wegwijzer and further growth of De Streekkrant/De Weekkrant, De Zondag and the Steps City Magazines in Belgium and abroad.

Advertising revenue at the Krant van West-Vlaanderen rose by 12%.

Magazine advertising income grew significantly by 39.1%, of which 38.9% from the acquisitions of Groupe Express-Expansion and Point de Vue, and 0.2% from growth of existing titles.

The readers' market advanced by 48.8%, 46.1% from acquisitions (Groupe Express-Expansion and Point de Vue) and 2.7% from growth of existing titles.

Operating profit (EBIT) rose by 27.0% from EUR 30.4 to 38.6 million, with an EBIT margin of 8.8% compared with 9.0% in 2005.

EBIT was impacted by EUR 4.1 million of restructuring costs at Groupe Express-Expansion, an impairment loss of EUR 2.3 million on titles, and goodwill amortization in respect of Point de Vue in an amount of EUR 1.2 million.

EBITDA grew by 27.3% from EUR 41.7 to 53.0 million. Net profit of the Group was EUR 17.4 million against EUR 17.1 million in 2005 (+ 2.1%).

Negatively impacting the net profit of Printed Media were a number of factors. On the one hand there are the higher financing costs attendant on the acquisitions of Point de Vue and Groupe Express-Expansion, partly offset by one-off financial income from a swap contract concluded prior to the US Private Placement in April 2006. On the other hand there is an over-proportional tax burden, due to tax losses that are not recoverable in the short-term, an extraordinary reversal of deferred tax assets (= additional cost) and the impairment loss on titles, on which no deferred tax assets are recorded.

## Division Audiovisual Media

Sales in the Audiovisual Media division rose from EUR 165.6 to 179.3 million (8.3%). Most of this increase came from Paratel and Vlaamse Media Maatschappij.

Vlaamse Media Maatschappij saw TV advertising income start to rise again in the fourth quarter (+ 9.2% in the Q4). On an annual basis, TV advertising income was down 2.4% on 2005. Radio Q-Music progressed significantly right through the year. The regional TV channels and Kanaal Z/Canal Z also continued to grow.

Leaving aside the EUR 2.1 million capital gain on the sale of Plopsaland in Q1 2005, EBIT rose from EUR 6.0 to 12.4 million (+ 106.8%). This includes EUR 1.8 million of restructuring costs at VMMA. EBITDA rose from EUR 12.3 to 19.4 million (+ 58.6%).

Net current profit rose from EUR 3.0 to 8.5 million (+183.1%). Current cash flow rose by 67.7% from EUR 9.3 to 15.5 million.

## Dividend

The board of directors will be proposing to the general meeting of 15 May 2007 that it declares a dividend of EUR 0.75 per share.



# A new milestone for Roularta Media Group

by Baron Hugo Vandamme, chairman of the board of directors

Roularta Media Group's mission as a multimedia company is to create value for its readers, viewers, listeners, advertising customers, employees and shareholders. In 2006 we again succeeded in creating added value for all stakeholders, and as Chairman I would like to thank everyone who has contributed in any way to this for their efforts and congratulate them on the results.

2006 was a new milestone in the history of Roularta Media Group. The multimedia company with its roots in West Flanders is now an international company. The extension into other markets – and in particular France – has been under way for a number of years already. And now with the complete takeover of the French Groupe Express-Expansion, the group has turned decisively international. Today Roularta Media Group generates a third of its sales in France. This internationalization will continue in the coming years.

France will doubtless play a key role in the further growth of Roularta Media Group. With Groupe Express-Expansion and Studio Press we are now active in many and wide-ranging fields. With L'Express we are one of France's leading news magazine publishers. With L'Entreprise, L'Expansion and Mieux Vivre Votre Argent we are at home in the entrepreneurial and financial worlds. L'Etudiant places the entire French student body within our reach, also as potential new readers for our other publications. With Lire, Classica, Studio Pianiste, etc. we are reaching book, film and music lovers. Lifestyle magazines Côté Ouest, Côte Sud and others reach not just French readers but are finding their way more and more into different countries. All this gives us a broad base from which to grow both in depth and breadth. And such diversity within our group can only encourage cross-pollination and the pooling of creative ideas.

International expansion is possible only if backed by excellent production apparatus, from order processing and prepress to printing and distribution. Roularta Media Group sees the integration of magazine and newspaper publishing and printing as one of its strengths. The resulting flexibility, cost management and quality control give our group a sharp competitive edge. We there-

fore began construction in 2006 on a new printing works on the existing site in Roeselare. The print works, warehouses and offices, are being extended by almost 26,000 m<sup>2</sup>. New newsprint presses with almost unlimited colour possibilities will be installed by the end of the year, followed in 2008 by the first new web-offset presses which will gradually take over printing of the French titles.

As a multimedia company Roularta Media Group will be intensifying its efforts on the internet. The Knack website is being extended as our Group's news and portal site. Information from all our newspapers and magazines will be available on Knack.be, single-click links to all other Group sites. Thanks to an integrated media approach of the Knack, Weekend Knack, Trends, Kanaal Z and other editing teams our website is set to become the reference site in Flanders. And of course we shall be developing similar initiatives with our French magazines and freesheets.

**Multimedia:** from freesheets, newspapers and magazines to websites, radio and TV...

**International:** from our Belgian home market to France, the Netherlands, Germany, Great Britain, Norway, Sweden and Slovenia...

These are the two pillars of our publishing house's strategic plan on which we shall be continuing to build in the coming years. With all our employees in the different countries we shall be working at meeting these challenges to make sure that 2007 not only provides attractive results, but also lays the foundations for successful and profitable growth in the years to come.

## 2007 is turning into a year of consolidation

In 2007 Roularta is building a new printing works at Roeselare, where it will be installing the new newsprint presses, which will permit magazine quality colour printing (heatset) on all pages (up to 128 page tabloid). This will represent in late 2007 a major advance for the freesheet division, which is currently struggling with a shortage of colour possibilities. The first new web-offset presses (72 and 16 pages) are also being installed, that from 2008 onwards can gradually take over the printing of the French titles.

Costs at Groupe Express-Expansion have begun to fall in 2007 with reorganizing and restructuring. Other synergies are being developed in the fields of prepress, photogravure, organization, etc.

At the start of 2007, the magazine advertising market is not particularly good. In France too the market is in a wait-and-see mood with the impending presidential elections.

The readers' market on the other hand, is progressing favourably, in terms of both subscription and newsstand sales. The L'Express weekly magazine in France is scoring particularly well here, with newsstand sales up 28% since spring 2006. The new team is providing a new impetus and taking advantage of the election atmosphere.

Radio and TV also got off to a pretty good start. Q-Music continues to grow, and Vlaamse Media Maatschappij is making the necessary cost adjustments.

Roularta continues to work hard on its internet activities, with a clear choice to expand its newssites, where all group editing teams have a role to play. For its classified ads sites in Belgium, Roularta has opted to cooperate with the French-language media group Rossel, which publishes, among others, the Vlan group of weekly freesheets.

# Roularta Media Group



## Technological innovator

As a multimedia group, Roularta Media Group is active in a number of high-tech sectors. Within its sectors, Roularta Media Group is always searching for new opportunities, giving it the reputation of being an important technological innovator. Roularta Media Group attaches a great deal of importance to Research and Development. These efforts naturally help the Group's internal working procedures, but they also quite often act as the motive force for far-reaching market developments.

In the area of print media, for example, Roularta Media Group did the spadework for a number of Belgian and international standards for describing digital media print preparation methodology and for the electronic exchange of accompanying order information. Standards of this type are fundamentally important in the prepress environment, since technological progress has made it possible to replace traditional analogue plate production via film with fully digital workflows. Extensive standardisation is essential for good quality control with digital workflows of this type. Roularta Media Group's role as a trailblazer in this area is shown by the following and other achievements:

As a founding member of Medibel+, the organisation that combines the Belgian advertising sector ([www.medibelplus.be](http://www.medibelplus.be)), Roularta Media Group ensured the **breakthrough of the PDF file format in the world of Belgian advertising** as a standard for the delivery of digital advertisements to magazines and newspapers. PDF is desirable in the graphics production workflow because the producer is independent and it has important technical advantages over other file formats. The first PDF standards of Medibel+, describing the specifications that must be met by PDF files to ensure trouble-free prepress processing were launched in February 2001. They were based on the results of a research project by Roularta Media Group, which had already been testing various software packages for the quality control of PDF files in an internal working group since 2000 and had determined recommended procedures for the creation, control and possible adjustment of delivered PDF files. By providing intensive personal support for its advertisers, Roularta Media Group has also made a significant contribution to raising awareness of PDF among a wider public. The PDF standards of Medibel+ are regularly updated.

In the prepress department of Roularta Media Group, 99% of all magazine and newspaper advertisements are now delivered in PDF format. Disciplined compliance with Medibel+ standards by advertisers has produced a high level of uniformity and **98% of the PDF files delivered are processed automatically without any editing** in the prepress stage. Roularta Media Group continues to act as a trailblazer within Medibel+: Erwin Danis (RMG Vice-President Premedia) is currently the Chairman of Medibel+.

Encouraged by Roularta Media Group, Medibel+ was present at the birth of **Ghent PDF Workgroup** (GWG, [www.gwg.org](http://www.gwg.org)) in 2002. This has now become an international organisation of graphics sector associations and suppliers from Europe and the United States that, just like Medibel+, has set itself the aim of stimulating digital co-operation in the PDF production workflow by preparing and disseminating practical specifications and working methods. GWG's work has included the development of international PDF standards for various printing processes. These standards are based on ISO standard PDF/X-1a, but set stricter quality requirements. They are therefore referred to as PDF/X Plus standards, which actually correspond to the Medibel+ PDF standards. Roularta Media Group also continues to accept its responsibilities within the international GWG group, where it plays a managerial role via Erwin Danis (General Chairman) and Peter Maes (Chairman Specifications Subcommittee).

Roularta Media Group is currently making a very timely contribution to the **development of the AdTicket method for digitising the order workflow** between

media centres, creative agencies that produce advertisements and publishers/printers. AdTickets make it possible to include information about a specific advertisement delivered in PDF format as metadata in the PDF file. This means that additional information does not need to be sent separately by fax and the client can be certain that the information remains inextricably linked to the PDF contents in the production workflow. Roularta Media Group and Medibel+ launched the first AdTicket in April 2005. Over 100 advertising agencies are already making use of it in Belgium. Roularta Media Group has an electronic form on its website that can be used to directly add the desired metadata during the uploading of PDF advertisements.

GWG, too, has introduced an AdTicket since 1 July 2006. It adopted the existing Medibel+ AdTicket, which is also fully interchangeable with the AdsML-standard, which is mainly popular in other countries. The globalisation of Medibel+ AdTicket is very useful, since the Belgian advertising agencies working with it can now deliver to foreign publishers using the same standard. This project is yet further evidence of Roularta Media Group's technical innovativeness, and the working methods developed by the Group are also being adopted outside Belgium.

On 1 July 2006, Roularta Media Group and Medibel+ launched the **first Belgian standard for delivering digital photographic material**. The purpose of this standard is to ensure that digitally supplied images for publication in magazines or newspapers are of a good basic standard quality. This is the first standard to provide clear instructions to digital photographers and it means that they do not have to manipulate images themselves in order to achieve the best possible print results. Standards have been established for 'News photography' and 'Shootings'.

Roularta Media Group is strongly committed to various research and standardisation projects to **optimise the rotation offset process**. Together with foreign partners in the Color Management Subcommittee of GWG, Roularta Media Group is working on the development of ISO-standardised ICC colour profiles for rotation offset printing and other projects. In Belgium, Roularta Media Group worked with Medibel+ to develop the NOdoG press profile, which is now used by all Belgian newspapers and guarantees advertisers a uniform quality of colour for their printed advertisements, regardless of the publishing title.

#### MEMBERS OF THE GHENT PDF WORKGROUP:

##### Associations of the graphic industry:

Cebuco (Netherlands); CITAGM (Spain); DDPFF (Denmark); ERA (Germany); Febelgra (Belgium); FESPA (United Kingdom); FICG (France); FTA (US); IDP Group (Netherlands); IPA (US); Medibel+ (Belgium); Nederlands Uitgeversverbond (Netherlands); PDFX-ready (Switzerland); PPA (United Kingdom); SICOGIF (France); TAGA Italia (Italy); VFG (Austria); VIGC (Belgium); VISKOM (Norway); VSD (Switzerland).

##### Vendor Members:

Adobe, Adstream, Agfa, Apago, Artwork Systems, Callas, Dalim Software, Enfocus, Esko, Global Graphics, Gradual Software, Heidelberg, OneVision, pub-specs, Quark, Screen Europe.