



Multimedia Newsroom

by Baron Hugo Vandamme, chairman of the board of directors

In 2007 we took further crucial steps in the expansion of Roularta Media Group. In France, Groupe Express-Roularta has taken shape under Marc Feuillée's leadership, and we are now busy innovating. We are also beginning to reap the fruits of our conversion from magazine publisher to multimedia organisation integrating print, internet and television. On top of this, the total modernisation of our third competitive advantage, our printing works, is nearly complete, and our newspapers are already resplendent in their new colours. With the many restructuring costs and goodwill impairment losses our 2007 result was not what we wanted. Despite the good performance of our broadcasting activity, our optical disk replication suffered severely from the changing market situation, dragging down our results. 2007 was a key year in the transformation of our Group, laying the basis for our future.

Groupe Express-Roularta, the new name of Groupe Express-Expansion, is rapidly expanding.

The group's flagship, weekly magazine *L'Express*, grew by 4%. *L'Express* is France's largest news magazine, and also the one that in France reaches the largest number of readers – 19 million – on an annual basis. *L'Express* has a net circulation in France of 451,000 copies and 2.4 million readers. Weekly magazine *Styles L'Express*, launched at the end of 2006, already reaches 1,081,000 female readers (+ 28.1%), overtaking *Madame Figaro*. *Point de Vue*, the group's other weekly magazine, has a net circulation in France of 201,000 copies and 734,000 readers. Net worldwide circulation is 270,000 copies. The monthly financial-economic magazines are also doing well: *L'Expansion* has 817,000 readers, *L'Entreprise* 1,061,000 readers and *Mieux Vivre Votre Argent* 1,066,000 readers. Among the 'homes' magazines, readership is growing at *Maisons Côté Sud* (+9.6%), *Côté Ouest* (+9%), *Maison Française* (+8.9%) and *Maison Magazine* (+17.6%). *Côté Ouest* has 1,183,000 readers, *Maison Française* 885,000 readers and *Maison Magazine* 1,652,000 readers. *Lire*, the monthly magazine for book lovers, is growing by 8.8% in terms of reach (542,000 readers). Taken together, the 14 major titles in the Groupe Express-Roularta reach (double counting removed), 10.6 million readers, an increase of 6.7% in 2007.

Crucial to the development of our Group is our Multimedia Newsroom. The Kanaal Z and Canal Z reporting teams are now integrated into the multimedia newsroom at the Brussels Media Centre (BMC) on the Raketstraat in Brussels. In this way cooperation is growing, both content-wise and technically (video content, recording facilities, etc.), between print, internet and TV editing teams. The BMC, the editing house where all Roularta group magazines are housed, has been transformed into a total newsroom, from where Roularta will be bringing readers, viewers and surfers even more news and comment in 2008. Internet activities too are being extended. Roularta's quality news sites today reach more than 1.4 million unique visitors a month. The central news desk, with its coordinating and controlling function, can call on the expertise of a unique team of over 300 journalists, including medical experts, engineers, historians, economists, all providing background information for news magazines and specialist newspapers. The editors provide rapid, direct reporting via different Roularta newssites: trends.be, knack.be, levif.be etc. Once the news is important enough, TV commentary, interviews, video reports and images are put out on the internet sites (through the day) and on the Kanaal Z/Canal Z TV newscasts.

At the start of 2008 we saw the first fruits of our major investments in the printing works. First of these is our new colour newsprint press, with which we are completely relooking our weekly newspapers and local freesheets. Two new magazine presses will also shortly be coming into service, enabling us to print nearly all our own magazines ourselves. We will then also have most of our total EUR 100 million investment programme behind us. This not only puts us on a very strong footing for the future, but also gives us a competitive advantage that we can rapidly adapt to changing market circumstances.

2008 is going to be an exciting year, in which Roularta will continue moving ahead as an international multimedia group.

Hugo Vandamme
25 March 2008

Ready for the future

2007 was a transitional year, in which EUR 13 million of extraordinary charges, write-downs and restructuring charges were recorded. In 2008 the effects of the restructuring and reorganisation at Groupe Express-Roularta should become visible. Both sales and reach figures according to the latest OJD (net distribution) and AEPM (reach) studies are very good.

The Belgian printing activities continue to evolve positively with new initiatives on the freepress division level. The magazine advertising market remains, however, uncertain.

The new printing infrastructure will deliver its first results in 2008 in the form of greater productivity and unlimited colour printing possibilities for newspapers and freesheets.

In the audiovisual field, radio continues to grow with Q-Music and the relooked 4FM. In the TV area, digital income is growing from, among other things, video on demand, JIM mobile is growing, and there are plans to launch a children's station.

Internet activities are beginning to provide additional sales revenue.



2007, the year in which RMG integrated Groupe Express-Roularta

by Rik De Nolf, CEO

2007 was for Roularta Media Group the year in which it integrated Groupe Express-Roularta (formerly Groupe Express-Expansion), which has been part of Roularta Media Group since 26 September 2006. Much effort has been put into developing various synergies in organisation, prepress, printing, editing, selling advertising space and elsewhere. A number of reorganisations were carried out within Groupe Express-Roularta.

In this sense 2007 was a transitional year.

In 2007, the Group also invested heavily in a new printing works at Roeselare. The building work will be completed in the second half of 2008. The first newsprint presses were installed at the end of 2007, permitting magazine quality (heatset) colour printing on all pages (up to 128 pages tabloid). These presses – a MAN installation that is unique in the world – have recently come into operation. The first of the new magazine presses (72 pages) has also been installed and will become operational in the course of the second quarter.

Roularta also worked hard in 2007 in the area of internet, extending the news sites on which all group editing teams cooperate. The 'integrated newsroom' at the Brussels Media Centre in Evere is now a reality.

In comparing the 2007 annual results with those of 2006 the reader should bear in mind that the financial results of Groupe Express-Roularta, of which Roularta Media Group acquired 100% of the shares on 26 September 2006, are included only from the fourth quarter of 2006 onwards.

Selected financial highlights for 2007:

- **Sales** rose by 25.9% from EUR 609.2 million to EUR 766.8 million.
- **EBITDA** increased by 10.2% from EUR 72.5 million to EUR 79.8 million. The EBITDA margin was 10.4% (2006: 11.9%).
- **EBIT** was down 3% from EUR 51.1 million to EUR 49.6 million, with an EBIT margin of 6.5% (2006: 8.4%).
- **Net Group profit** fell by 35.7% from EUR 24.8 million to EUR 15.9 million, giving a margin of 2.1% compared with 4.1% in 2006.
- **Net current profit** fell by 25.4% from EUR 31.0 million to EUR 23.1 million.
- **Current cash flow** was down 5.9% from EUR 50.1 million to EUR 47.1 million.
- **Profit per share** was down from EUR 2.32 in 2006 to EUR 1.49 in 2007.

Division Printed Media

In analysing the comparative figures the reader should bear in mind that Groupe Express-Roularta was acquired at the end of September 2006. This group's figures are included in full in 2007 and only for the fourth quarter of 2006.

Sales by the Printed Media division rose by EUR 155.4 million from EUR 437.2 to 592.7 million (+35.6%). EUR 145.3 million of this increase comes from the new acquisitions – EUR 136.7 million from Groupe Express-Roularta and EUR 8.6 million from the new titles Datanews, Texbel, Ciné Live, De Tandartsenkrant, De Apothekerskrant, Plus Zweden and Effect. On top of this sales of existing products increased by 2.3%.

Revenue from our freesheets rose by 4.1%, of which 0.7% can be ascribed to the acquisition of Effect and the increase of our shareholdings in A Nous Province and Algo Communication in the fourth quarter of 2007. De Streekkrant/De Weekkrant, De Zondag and the Steps city magazines grew by another 3.6%.

Advertising revenue at the Krant van West-Vlaanderen rose by 3.6%. Magazine advertising revenue rose by 51.3%, of which 53.1% from the newly acquired magazines and -1.6% from existing titles.

Advertising markets in both Belgium and France were under pressure right through 2007.

The readers' market advanced by 51.2%, 45.9% through acquisitions and 5.4% from internal growth of existing titles.

EBITDA grew by 3.2% from EUR 53.0 to 54.7 million, with a margin of 9.2% compared with 12.1% in 2006. Operating profit (EBIT) was down 13.8% from EUR 38.6 to 33.3 million, giving an EBIT margin of 5.6% compared with 8.8% in 2006. The net profit of the Group's printing activities amounted to EUR 8.8 million compared with EUR 17.4 million in 2006.

A number of factors negatively impacted the margins and net profit of the Printed Media division by EUR 8.8 million:

- EUR 1.3 million of restructuring costs were charged at Groupe Express-Roularta in 2007 as part of the further integration. Additional write-offs and provisions totalling EUR 1.3 million were recorded in respect of the planned relocation of subsidiary Editions Génération/L'Etudiant in 2008.
- With the winding up of SA Cyber Press Publishing on 7 June 2007, an impairment loss of EUR 1.8 million was recorded on this participation to bring its carrying value to zero.
- EUR 1.1 million of impairment losses were recorded on titles and goodwill.
- With the publishing of an option plan for senior managers at the start of 2007, an additional personnel cost of EUR 1 million was recorded, as required by IFRS 2.
- EUR 11.5 million higher financing costs reflect the new borrowings for the acquisition of Groupe Express-Roularta and the building of the new printing works at Roeselare, and fluctuations in the market value of a number of swap contracts covering outstanding loans (EUR 2.3 million) (IAS 39).
- Tax pressure continues to be influenced by tax losses that are not recoverable in the short term and the fact that no deferred tax assets are recorded on impairment losses.

Division Audiovisual Media

Sales by the Audiovisual Media division rose from EUR 179.3 to 181.3 million (+1.1%). The new participating interest in 4FM radio represents an increase of 1%, whilst existing activities grew slightly by 0.1%.

EBITDA grew by 29% from EUR 19.4 to 25.1 million, with a margin of 13.8% compared with 10.8% in 2006. Operating profit (EBIT) rose by 30.7% from EUR 12.4 to 16.3 million, with an EBIT margin of 9% compared with 6.9% in 2006.

This better result reflects a slight increase in sales, but also better cost control, especially at Vlaamse Media Maatschappij.

On the other hand an impairment loss of EUR 3.4 million was charged on the goodwill of Vogue Trading Video and EUR 0.8 million of deferred tax assets were reversed.

Vogue Trading Video (DVD replication) is struggling with adverse market circumstances.

Net profit of the Group's audiovisual media activities was EUR 7.1 million as against EUR 7.4 million in 2006 (-3%).

Net current profit rose 23.9% from EUR 8.5 to 10.6 million and current cash flow rose by 2.9% from EUR 15.5 to 16.0 million.

Division internet

In 2007, EUR 12.7 million were spent on extending and improving the Group's internet sites. Total internet advertising revenue in Belgium and France amounted also to EUR 12.67 million. The websites are also becoming a very important channel for generating subscriptions to Group magazines and newspapers.

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), 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 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. Roularta Media Group continues to act as a trailblazer within Medibel+: Erwin Danis (RMG Director 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) 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 200 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. 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.

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'. This standard has also been adopted by GWG and is in such a way promoted all over the world.

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.

In 2007 Roularta Publishing, the premedia company of Roularta Media Group, was one of the five finalists in the 'Best Innovator 2007' awards. This prestigious competition organised annually by Strategy Consultants AT Kearney involves ten European countries. Roularta Publishing was nominated due to its unceasing commitment to innovation in the development and implementation of standardised working practices in preparing digital files for printing. These working practices not only led to an improvement in internal efficiency but also benefited the graphic print industry as a whole.

MEMBERS OF THE GHENT PDF WORKGROUP:

Associations of the graphic industry:

AIDO (Spain); BPIF (United Kingdom); BVDM (Germany); CMBO (The Netherlands); CITAGM (Spain); DDPPF (Denmark); ERA (Germany); Febelgra (Belgium); FESPA (United Kingdom); FTA (US); IDP Group (The Netherlands); IPA (US); Idealliance (US); Medibel+ (Belgium); Nederlands Uitgeversverbond (The Netherlands); NHP Grafisk (Norway); PDFX-ready (Switzerland); PPA (United Kingdom); SICOGIF (France); TAGA Italia (Italy); VFG (Austria); VIGC (Belgium); VSD (Switzerland).

Vendor Members:

Adobe, Adstream, Agfa, Callas, CGS, Dalim, Enfocus Software, Esko-Artwork, Global Graphics, GMG, Gradual Software, Heidelberg, HP, ICS, Kodak, OneVision, Quark, Screen, Specl.