

REPORT ON OPERATIONS

CEO

RAPID GROWTH IN BELGIUM AND ABROAD

Roularta is back to its normal levels of profitability, growth and innovation, despite the difficult economic environment.



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In 2003 Roularta Media Group increased its turnover by 2.9%. Operating income rose by 4.1%. Leaving aside the additional turnover generated in 2002 by contract printing and paper trading (in connection with the MPG printing concentration in which Roularta was still involved in the second half of 2002), **turnover grew by 7%**. Disregarding also Vogue Trading Video (optical disks), group turnover increased in 2003 by no less than 9.2%, 4.4% from organic growth and 4.8% from acquisitions.

The advertising market gradually began to improve in 2003, whilst the readers' market also showed slight gains. At the same time costs remained under control and structural solutions were applied in the regional TV and printing areas.

All this provided particularly good earnings results:

Current cash flow increased from 33.4 to 40.2 million euros (+20.2%). **Net current profit** increased from 14.0 to 23.9 million euros (+69.9%).

Cash flow grew from 32.6 to 41.0 million euros (+26.1%). **Consolidated profit (group's share)** rose five-fold from 3.2 to 16.0 million euros, after taxes of 13.3 million euros.

PRINTED MEDIA

The Printed Media division (freesheets and magazines) failed to meet the net 10% EBIT margin owing to one-off restructuring costs of the French take-overs. **Operating income** rose by 8% from 258.4 to 278.9 million euros and **operating profit** by 48.3% from 16.9 to 25.1 million euros. **Net profit** grew by 42.9% from 7.8 to 11.1 million euros.

2003 saw strong growth figures from both De Zondag and Steps City Magazine. These two phenomena have rapidly

occupied a major place on Belgium's media market. Particular attention was paid to building up a network of distribution points: 4,000 bakeries for De Zondag and gradually several thousand distribution points for the Steps City Magazines in shopping centres, parking lots, cinemas, restaurants, brasseries, top cafés and upmarket boutiques. This new form of freepress distribution, together with the door-to-door deliveries of De Streekkrant/De Weekkrant, guarantees 100% coverage.

The group's Belgian magazines performed well in 2003 with some exceptional performances: net sales of Plus Magazine increased by 17,500 copies, and Nest achieved a net distribution of over 100,000 copies after six editions. The various titles achieved good CIM results, even if it is clear that the CIM survey tells us more about how well-known a particular title is than how many people actually read it. Net sales figures of the other magazines remained stable in 2003.

The foreign magazine activities are gradually gaining in size and significance. Our senior citizens' magazines in the Netherlands, Norway and Germany are doing very well. The merger of Lenz and Frau im Leben (Germany) has reduced RMG's shareholding to 25%, but the monthly magazine has grown to 400,000 copies and is now profitable.

In France, turnover from the various magazines is approaching EUR 30 million (Roularta's share) following the acquisition of the Aguesseau Group magazines and of the cinema monthly Studio Magazine.

TV & RADIO

The audiovisual activities achieved the 10% EBIT margin target, with **operating income** up 7.2% from 127.8 to 137 million euros. **Operating profit** grew by 25.8% from 11 to 13.8 million euros and **net profit** by 53.2% from 4.3 to 6.7 million euros.

Turnover of Vlaamse Media Maatschappij (50% Roularta Media Group) with VTM, KANAALTWEE, JIMtv and radio Q-Music, grew by 9.3% in 2003 from 199.3 to 217.9 million euros and **operating income** from 214.9 to 231.6 million euros, with a better profit than in 2002: 17.3 million euros as against 16.8 million euros (+ 3%). Despite a certain downward pressure on viewer figures, the TV stations increased advertising income and kept costs under control. Radio station Q-Music is now launched, with 10.6% market share in its 18-44 year target group, and ended the year close to breakeven.

Plopsaland (50% VMMA) beat all records with over 700,000 visitors, achieving a **net profit** of 1 million euros on **operating income** of 15.5 million euros. Paratel (100% VMMA), the specialist for SMS applications linked to the TV programmes, recorded an attractive **net profit** of 0.8 million euros in 2003 on **operating income** of 10.5 million euros.

Roularta Media Group's regional TV activities operated at breakeven in 2003. The national advertising sales office RTVM posted slightly lower figures owing to falling govern-

ment communication expenditure, but the new agreement with the cable companies provides a structural solution to the financial problems of the regional broadcasters, that are cooperating in the field of interactive TV, in return for 1.50 euros per subscriber.

The cooperation between Focus TV and WTV within the Regionale Media Maatschappij (RMM) produced a positive result in 2003.

Business broadcaster Kanaal Z/Canal Z achieved a much improved result in 2003, but remains with a 1.5 million euros shortfall.

INDUSTRIAL ACTIVITIES

Roularta Printing had in 2003 for the first time a full year of working to its traditional pattern of 60% operating for its own magazines and newspapers, and 40% for other domestic and foreign periodicals publishers. This produced positive earnings figures. Together with the optical disc business (VTV), this division produced a 5.7% growth in **operating income** from 94.9 to 100.3 million euros with a **net profit** of 1.6 million euros, compared with a net loss of - 4.7 million euros in 2002, and an EBIT of 3.3 million euros (2002: - 0.4 million euros). ■

ROULARTA MEDIA GROUP IN 2004

RMG continues to work on building its multi-media future.

Until now our growth has come from a constant stream of self-generated initiatives. Since the 1950s Roularta has launched itself most of the weekly newspapers in the De Streekkrant group, as well as the new De Zondag press phenomenon, has created the various Belgian news magazines and a series of specific niche magazines, and has provided much of the initiative for launching TV stations VTM, KANAALTWEE, JIMtv, Kanaal Z/Canal Z and the first regional TV stations in Dutch-speaking Belgium.

Growth has not come from take-overs or mergers. Roularta is the fruit of the initiatives of a team of enthusiastic people, all of them creative and enterprising in their own fields.