

Strong Growth for BookBeat

BOOKS. The year 2018 kicked off well for digital book service BookBeat, with 130 percent growth over the previous year.

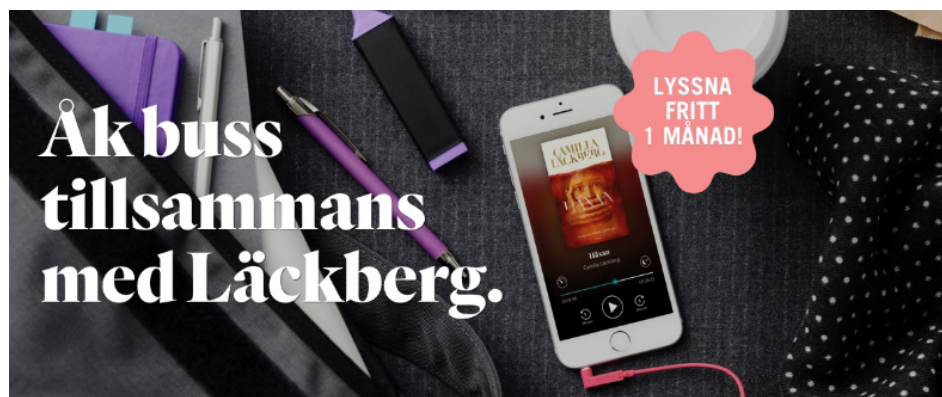


PHOTO: BOOKBEAT

DIGITAL BOOK SERVICE BookBeat has grown significantly since its launch in 2016. During the first quarter of 2018, strong growth from 2017 continued, with revenues increasing 130 percent compared to the first quarter in 2017. It also started to turn a profit in both the Swedish and Finnish markets.

“The goal is to contribute to a positive development of the entire book industry during the coming decade,” says BookBeat CEO Niclas Sandin. “That we’ve already created a business that’s sustain-

able through the value chain over the long term positions us strongly to continue this work.”

THE MAJORITY of revenues come from the Swedish market; the Finnish business increased its share of revenues, with a strong start to the year. The German business had its first major ad campaign, which started to bring in revenues as well. In the U.K., a broad launch will come once more publishers join in adding books to the service.

Bonnier Partners with Tata

ICT. Bonnier has signed a contract with Tata Consultancy Services (TCS) to provide information and communications infrastructure.

TATA CONSULTANCY SERVICES will support Bonnier subsidiaries in the Nordic region with telephony networks, operations and maintenance, databases and

support. The five-year contract will be phased in during 2018-2019.

The contract will provide more efficient infrastructure and allow for better digital collaboration tools and platforms among the group’s different business areas and companies. And new regulations like GDPR and external cyber threats are creating new demands that can be resolved more easily with more coordinated IT for the group that the contract provides.



PHOTO: TCS

During the first four months of 2018, we continued to focus on our transformation to a digital media group, growing our digital revenues from our products and services, including digital subscriptions for our journalism and making several divestments.

AND THE YEAR started off with good news from our own organic startup BookBeat, which reported that it grew 130 percent compared to the first quarter of 2018 and turning a profit in Sweden and Finland.

NOT ONLY did digital-first publisher Bonnier Bookery release its first books in January, but Swedish social publisher KIT launched its innovative online publishing tool Story Engine, which had been available in a beta version and is now for sale with new features.

BONNIER VENTURES, the investment arm for Bonnier, participated in several funding rounds in exciting new digital companies, including Blok. A Finnish digital-first real-estate broker that has had a strong first year, Blok was started up by former Slush Conference team members and applies technology to help people sell their homes.

TO HELP US continue in our work to become a digital media powerhouse, we have begun collaborating with Tata Consulting Services to provide common IT and telecom solutions for Bonnier across our Nordic companies. With a rollout planned for 2018-2019, the collaboration is now being put into place across different companies in Sweden.



PHOTO: PETER JONSSON

Spoon acquires London-based content agency Southerly

CONTENT. Spoon enters the British market by acquiring London content agency Southerly.

The Southerly team with Spoon CEO Anders Ribba and Johan von Hedenberg of Bonnier Ventures at right.



PHOTO: SPOON

"TO ESTABLISH Spoon in the U.K. has been on our wish list for quite some time, but it wasn't until we met Southerly that we found the perfect match," says Spoon's CEO, Anders Ribba.

Southerly is a London-based boutique content agency that has been providing high-quality creative services for nearly 10 years, working with clients such as Shell, Philips and Royal Bank of

Scotland. The agency also runs a successful marketing and communications blog that has won a UK Blog Award several years in a row.

"WE SHARE a strong belief in the power of authentic and story-driven communications," says Ribba. "We're similar in many ways and I'm convinced that we can develop together, both in the Nordics and in the U.K. We will exchange specialist knowledge and resources with each other from day one."

Spoon currently has offices in Stockholm, Gothenburg, Malmö, Oslo and Helsinki.

Filmtegration now has 1,800 teacher subscribers

CSR. Strong takeoff for initiative from C More that helps in teaching Swedish.

IN SEPTEMBER 2017, Swedish subscription TV service C More launched Filmtegration, which allows SFI (Swedish for Immigrants), the government sponsored learning program, to use Swedish films for instruction. Since then, 1,800 teachers have registered for the service and tens of thousands of students.

"It's obvious that Swedish films have attracted a lot of attention within the SFI world, the response to Filmtegration was as fast as it was big," says Johan Gustafsson, head of communications for C More. "Several hundred

teachers registered already on the first day and the number continues to grow. To continue to develop the service, we've followed up with how the content is used."

EACH FILM in the new set comes with accompanying educational material. Plus material for the first set of films has been updated based on feedback from the teachers.

The initiative is made possible by financing from Bonnier Social Impact, a fund within Bonnier for projects that contribute to social well-being.



Sydsvenskan Celebrates 170 Years

ON MAY 8, 1848, the first edition of *Snäll-Posten* came out in Malmö, Sweden, published by schoolmaster Bernhard Cronholm. Now known as *Sydsvenskan*, the news daily celebrated its birthday with a special edition of the paper, among other things.



Kit's Story Engine Launches

Swedish social publisher KIT has launched its Story Engine publishing tool, following an extended period with a beta version.

STORY ENGINE, which KIT has developed from scratch, helps publishers put out stories in the best format for the best channel. With powerful data supporting decisions, Story Engine focuses on how to publish content and now even helps in creating content, with a video publishing tool, Video Studio. Story Engine has been tested with a wide range of companies, including banking, retail and the public sector, among others.

AMONG ITS FIRST customers are *The Times* and *Sunday Times* in the U.K. and *Popular Science* magazine in the U.S.

STORY ENGINE is particularly well-suited to marketing departments at bigger companies. "We want to reduce the number of demanding work tasks and let journalism and communication come to the fore with the best content possible," says Peder Bonnier, CEO for KIT.



First Releases From Bonnier Bookery

BOOKS. The digital-first book publisher launched its first five titles in January.

Authors Jonas Bonnier, Anna Jansson, Johan Theorin and Malin Persson Giolito.

IN 2017, Swedish book publishing group announced a brand-new initiative for digital book lovers: Bonnier Bookery. The new publisher focuses on audiobooks and e-books, written directly for the format.

THE FIRST BOOKS out were five novellas from some of Sweden's most popular authors: Johan Theorin, with the dark relationship drama *Swedish Love – Film Weekend*; Katarina Wennstam, with an addition to her series



on the attorney Shirin, *Shirin's First Case*; and three books about terrorism: Malin Persson Giolito's *The Process*; Jonas Bonnier's *Stockholm*

Odenplan; and Anna Jansson's *For Those I love*.



PHOTOS: BONNIERBOOKERY



The Blok team

PHOTO: BLOK

Bonnier Ventures invests in Blok

INVESTMENT. Finnish real-estate startup Blok to expand business with money from investment round.

BONNIER VENTURES has joined previous investors in a new investment round for Blok, a digital-first real-estate startup that offers a new home-selling experience to match the high expectations set by today's tech-savvy consumers.

Founded by former Slush Conference team members Rudi Skogman, Olli Gunst,



Samu Hautala and Juha Jokela, Blok applies technology paired with human assistance to handle all steps of a residential real-estate transaction.

"We are very excited about supporting the team," says Victor Bodin, Investment Director at Bonnier Ventures. "They bring a customer-centric technology approach to the real-estate brokerage market – a large industry that we think is poised to undergo significant change over the coming years."

→ Bonnier Magazines & Brands sells portfolio of crossword titles to Dutch magazine publisher **Keesing**.

→ Bonnier Ventures sold its shares in **United Screens** to the **RTL Group** in January. Prior to the transaction, Bonnier Ventures' ownership stake in the company was 47 percent.

→ Bonnier has sold **Evoke Gaming** to **Mr Green**. Among Evoke Gaming's sites include Redbet, Vinnarum casino, Bertil and MamaMia.



Viveka Hansson

PHOTO: TV4

→ TV4's **Viveka Hansson** new chair for Swedish publishers' organization Utgivarna



→ Bonnier Ventures invests in digital funeral agency **Lavendla**



Lena Malm Stark

PHOTO: FASTIGHETSNYTT

→ **Lena Malm Stark** new CEO for Fastighetsnytt

ENT.

→ Talent network **ENT** moves from TV4 to **Bonnier Magazines & Brands** influencer talent network

Four Month Report

EBITA amounted to SEK -151 million, which was SEK 46 million better than previous year. Positive deviation derived mainly from Broadcasting, but also from Bonnier Ventures and Film Studios. Bonnier continues to invest in our digital transformation, which in turn affects profit levels. Besides this, we have also invested in IT infrastructure. Organic growth in total revenues was +0.4 %. Growth in revenues from Sweden was strong (+4%), however revenues from U.S., Denmark and U.K. contributed negatively.

EARNINGS before tax (EBT) were SEK -118 million, which was SEK 149 million better than previous year. The improved EBT was mainly driven by capital gains from the divestment of the crossword magazine titles in Sweden.

NET DEBT was SEK 8.8 billion, which was SEK 1.2 billion higher compared to end of April 2017. Net debt growth was driven by negative cash flow after acquisitions and dividends combined with a negative effect from other comprehensive income. The gearing ratio was 2.20 (1.19), which was negatively affected by equity effects from asset write-downs but also by increased net debt. Included in net debt are pension liabilities of SEK 2.5 billion, which were SEK 0.2 billion higher compared to end of April 2017.

CASH FLOW before dividends and acquisitions was SEK -145 million, which was SEK 297 million better than previous year, primarily driven by recovery in working capital but also lower capital expenditures in film and production rights.

CASH and unutilized committed credit facilities were SEK 6.2 billion, which was SEK 0.3 billion lower than at the end of April 2017.

EARNINGS	JAN-APR		MOVING ANNUAL		JAN-DEC	
	2018	2017	APR 18	APR 17	2017	2016
SEK M	2018	2017	APR 18	APR 17	2017	2016
Net Sales	7 929	7 735	25 934	25 361	25 740	25 492
EBITA	-151	-197	672	653	625	731
Operating Profit	-37	-214	-1 246	613 *	-1 423	630 *
Net Financial Items	-81	-53	-240	-234	-212	-239
Profit/loss before tax	-118	-267	-1 486	379 *	-1 635	391 *
Profit/loss for the year	-73	-202	-2 110	273 *	-2 239	276 *

NET SALES BY BUSINESS AREA	JAN-APR		MOVING ANNUAL		JAN-DEC	
	2018	2017	APR 18	APR 17	2017	2016
SEK M	2018	2017	APR 18	APR 17	2017	2016
Books	1 611	1 551	6 334	6 087	6 274	6 064
E-Commerce	668	597	2 074	1 879	2 002	1 775
Broadcasting	2 538	2 418	7 617	7 391	7 497	7 397
Film Studios	388	376	1 400	1 292	1 389	1 334
Bonnier Ventures	127	115	415	386	402	457
Magazines	962	1 125	3 292	3 723	3 455	3 799
Business to Business	359	346	1 143	1 112	1 130	1 111
News	1 627	1 537	4 980	4 659	4 890	4 679
Other/elim/divested	-350	-329	-1 320	-1 168	-1 299	-1 124
Bonnier AB total	7 929	7 735	25 934	25 361	25 740	25 492

EBITA BY BUSINESS AREA	JAN-APR		MOVING ANNUAL		JAN-DEC	
	2018	2017	APR 18	APR 17	2017	2016
SEK M	2018	2017	APR 18	APR 17	2017	2016
Books	-224	-183 *	33 *	320 *	74 *	380
E-Commerce	-38	-7	0	43	31	47
Broadcasting	274	76	621	344	423	373
Film Studios	-21	-32	-3	-45	-14	-29
Bonnier Ventures	-10	-38	-65	-126	-93	-175
Magazines	-7	15	147	265	168	265
Business to Business	10	22	119	147	131	164
News	32	89	246	281	303	294
Other	-168	-141 *	-425 *	-575 *	-397 *	-589
Bonnier AB total	-151	-197	672	653	625	731

EBITA MARGIN BY BUSINESS AREA	JAN-APR		MOVING ANNUAL		JAN-DEC	
	2018	2017	APR 18	APR 17	2017	2016
%	2018	2017	APR 18	APR 17	2017	2016
Books	-13.9 %	-11.8 % *	0.5 % *	5.3 % *	1.2 % *	6.3 %
E-Commerce	-5.7 %	-1.1 %	0.0 %	2.3 %	1.6 %	2.7 %
Broadcasting	10.8 %	3.1 %	8.2 %	4.6 %	5.6 %	5.0 %
Film Studios	-5.3 %	-8.5 %	-0.2 %	-3.5 %	-1.0 %	-2.2 %
Bonnier Ventures	-7.5 %	-32.9 %	-15.7 %	-32.7 %	-23.2 %	-38.2 %
Magazines	-0.7 %	1.3 %	4.5 %	7.1 %	4.9 %	7.0 %
Business to Business	2.7 %	6.4 %	10.4 %	13.2 %	11.6 %	14.8 %
News	2.0 %	5.8 %	4.9 %	6.0 %	6.2 %	6.3 %
Other	n/a	n/a *	n/a *	n/a *	n/a *	n/a
Bonnier AB total	-1.9 %	-2.6 %	2.6 %	2.6 %	2.4 %	2.9 %

NET SALES BY COUNTRY	JAN-APR		MOVING ANNUAL		JAN-DEC	
	2018	2017	APR 18	APR 17	2017	2016
SEK M	2018	2017	APR 18	APR 17	2017	2016
Sweden	4 795	4 571	15 154	14 485	14 930	14 418
Finland	899	890	2 930	2 986	2 921	3 048
Norway	343	363	1 082	1 126	1 102	1 137
Denmark	417	451	1 411	1 500	1 446	1 536
USA	320	446	1 379	1 654	1 504	1 750
Germany	661	526	2 155	1 918	2 020	1 918
Other markets	493	488	1 823	1 691	1 818	1 684
Bonnier AB total	7 929	7 735	25 934	25 361	25 740	25 492

CASH FLOW	JAN-APR		MOVING ANNUAL		JAN-DEC	
	2018	2017	APR 18	APR 17	2017	2016
SEK M	2018	2017	APR 18	APR 17	2017	2016
Internally generated funds	1 026	1 064 *	4 115 *	4 279 *	4 153 *	4 346 *
Change in working capital	209	-17	-541	53	-767	-178
Net investments in operations	-1 380	-1 489	-4 017 *	-4 707	-4 127	-4 522
Free cash flow	-145	-442	-443	-374	-740	-354
Net acquisitions/divestments, shareholdings and participations	141	275	-250	445	-116	128
Cash flow after acquisitions and divestments	-4	-167	-693	70	-856	-226
Dividends, group/shareholders contribution, etc.	-47	-94	-333	-380	-380	-286
Revaluation derivatives	-8	14	-6	-38	16	0
Adj. other comprehensive income	-46	37	-193	-15	-109	-34
Translation difference etc.	-150	-14	16	-401	152	-218
Change in net debt	-256	-225	-1 208	-765	-1 177	-763

Operating capital, SEK M	18-04-30		17-04-30		2017	
	2018	2017	APR 18	APR 17	2017	2016
Property, plant and equipment and intangible assets excl. goodwill	4 365	4 013	4 365	4 013	4 020	3 898 *
Working capital, incl. taxes	-295	-177 *	-295	-177 *	-115 *	-122 *
Other financial assets	959	695	959	695	889	688
Goodwill	7 791	9 106	7 791	9 106	7 680	8 828
Operating capital	12 820	13 991 *	12 820	13 991 *	12 473 *	13 292 *
Net debt	8 809	7 601	8 809	7 601	8 553	7 376
Equity including non-controlling interests	4 011	6 391 *	4 011	6 391 *	3 921 *	5 916 *
Financing of operating capital	12 820	13 991 *	12 820	13 991 *	12 473 *	13 292 *
Gearing, net debt/equity ratio	2.20	1.19 *	2.20	1.19 *	2.18 *	1.25 *
Cash and unutilized committed credit facilities	6 246	6 516	6 246	6 516	6 356	5 148

* The comparative figures have been adjusted due to a reevaluation of the group's accounting of intangible assets and inventory relating to development costs and publishing rights, and correction of errors.