



SCHIBSTED
MEDIA GROUP

Q2 2018 INTERIM REPORT

JANUARY-JUNE 2018

EMPOWERING
PEOPLE IN THEIR
DAILY LIFE



COMMENTS FROM THE CEO



ROLV ERIK RYSSDAL
CEO



Schibsted's positive development continued in Q2, with an all-time high EBITDA result of NOK 895 million; 29% higher than in the same period last year. At the same time, we reduced our capital investments and increased our cash flow.

We continued to grow our Marketplaces division as planned, and the revenue was 16 percent higher than in Q2 last year, adjusted for currency fluctuations. The EBITDA of the division increased by 33 percent. Professional verticals are the main growth drivers, and our key markets France, Norway, Spain and Brazil all contributed well to the achievement. The losses of our investment phase operations decreased considerably.

In our Publishing business, the digital revenues continued to grow well in Q2. This is driven by both digital advertising and growth in digital subscriptions. Editorial products with high quality and important contribution to society combined with a healthy, sustainable financial development is the priority for the publishing division. A continued high pace of innovation and digital product development is essential to secure long term viable and profitable business models.

Schibsted Growth has developed into an important value driver for Schibsted. The most significant asset is the personal finance company Lendo, which continues to grow well, and had an EBITDA margin of 41 percent in Q2. We see an exciting potential for Lendo also outside the current geographies.

In all our operations we continued to strengthen our product and tech efforts to speed up the development and streamline coordination of the initiatives. The organizational adjustment that we announced late last year is completed, which means that we will be able to realize scale benefits and at the same time move swiftly in order to adapt rapidly to market demand and take advantage of local opportunities.

SCHIBSTED MEDIA GROUP – HIGHLIGHTS

Alternative performance measures (APM) used in this report are described and presented in the section Definitions and reconciliations at the end of the report.

KEY FIGURES FOR SCHIBSTED MEDIA GROUP

Second quarter (NOK million)				First half year		Year
yoy %	2017	2018	SCHIBSTED MEDIA GROUP	2018	2017	2017
6 %	4,327	4,602	Operating revenues	8,959	8,327	16,943
29 %	694	895	EBITDA	1,506	1,128	2,606
16 %	19 %		EBITDA margin	17 %	14 %	15 %
38 %	(182)	(113)	EBITDA Investment phase	-256	-411	-676
15 %	877	1,008	EBITDA excl. Investment phase	1,762	1,539	3,282
21 %	23 %		EBITDA margin excl. Investment phase	20 %	19 %	20 %
-65 %	1,805	623	Operating profit (loss) - EBIT	1,040	2,033	3,315
-77 %	1,383	315	Profit (loss)	484	1,426	2,186
-80 %	6.07	1.24	Earnings per share (EPS)	1.90	6.20	9.36
84 %	0.96	1.76	Adjusted earnings per share (EPS)	2.48	1.10	3.43
-7 %	215	200	CAPEX	372	413	865
Operating revenues - segments						
15 %	1,932	2,214	Marketplaces	4,224	3,653	7,512
0 %	2,084	2,083	Publishing	4,107	4,048	8,160
-3 %	470	455	Schibsted Growth	911	906	1,835
56 %	119	186	Other and headquarters	371	229	568
-20 %	(279)	(336)	Eliminations	-653	-509	-1,133
6 %	4,327	4,602	Group	8,959	8,327	16,943
EBITDA - segments						
30 %	608	789	Marketplaces	1,391	1,018	2,297
-24 %	216	165	Publishing	277	373	795
44 %	84	121	Schibsted Growth	222	163	392
17 %	(214)	(178)	Other and headquarters	-385	-426	-879
29 %	694	895	Group	1,506	1,128	2,606

Note: The effect of new revenue recognition in IFRS 15 implementation on Operating revenues and EBITDA for Group is NOK -8 million in Q2. Adjusted for this effect, Group revenues is 4,610 million, adjusted EBITDA is NOK 904 million.

HIGHLIGHTS OF Q2 2018

- **Marketplaces: Revenues continue to grow, and profits increase**
 - Revenues up 16%*; EBITDA margin up 5%-points to 35%*
 - France, Spain, Norway and Brazil with strong development in Q2.
 - Lower margin in France due to acquisitions and increased marketing – *Leboncoin.fr* EBITDA margin in Q2 58 percent
 - Investment phase losses are declining
- **Publishing: Digital continues to grow**
 - Stable revenue development with solid digital growth and 8% EBITDA margin
- **Schibsted Growth: Continues to expand**
 - Revenues up 12% to NOK 455 million. EBITDA margin increased to 26%.
 - Lendo is growing well, looking into new market opportunities

*) Including proportionate share of JVs, adjusted for currency

OPERATIONAL DEVELOPMENT

MARKETPLACES

Second quarter (NOK million)			First half year		Year	
yoy %	2017	2018	MARKETPLACES	2018	2017	2017
15 %	1,932	2,214	Operating revenues	4,224	3,653	7,512
46 %	83	121	Proportional revenues from JVs	227	158	358
16 %	2,015	2,335	Operating revenues incl. JVs	4,450	3,811	7,870
30 %	608	789	EBITDA	1,391	1,018	2,297
14 %	816	931	- of which Developed phase	1,706	1,480	3,077
38 %	(182)	(113)	- of which Investment phase	(256)	(411)	(676)
	31 %	36 %	EBITDA-margin	33 %	28 %	31 %
>100 %	(1)	18	Proportional EBITDA from JVs	34	(11)	(21)
33 %	608	806	EBITDA incl. JVs	1,425	1,007	2,276
14 %	826	939	- of which Developed phase	1,722	1,498	3,105
47 %	(193)	(103)	- of which Investment phase	(238)	(439)	(725)

The effect of new revenue recognition in IFRS 15 implementation on Operating revenues and EBITDA for Marketplaces is NOK -8 million in Q2.

Operating revenues in Marketplaces grew 15 percent in Q2 compared to Q2 last year. Including JVs, the growth rate was 16 percent. Marketplaces including JVs, adjusted for currency effects and IFRS 15 implementation, grew 16 percent compared to Q2 last year. The revenue growth rate was driven by solid performance in core markets in France, Norway, Spain and Brazil.

Developed phase

France

Second quarter			(EUR million)	First half year		Year	
yoy %	2017	2018	France	developed phase	2018	2017	2017
21 %	65	78	Operating revenues		152	127	259.8
44 %	25	36	Operating expenses		68	49	107.3
6 %	40	42	EBITDA		83	77	152.5
	61 %	54 %	EBITDA-margin		55 %	61 %	59 %

No effect from IFRS 15 implementation in Q2

Operating revenues in France grew by 21 percent in Q2. The revenue growth was driven by positive results from monetization efforts in jobs and continued growth in the verticals real estate and motor.

EBITDA-margin is down from Q2 last year due to diluting effect from acquired assets and higher marketing expenses compared to last year. *Leboncoin.fr* EBITDA margin was 58% in Q2.

Norway

Second quarter			(NOK million)	First half year		Year
yoy %	2017	2018	Norway developed phase	2018	2017	2017
16 %	435	503	Operating revenues	911	827	1,628
11 %	242	268	Operating expenses	504	479	940
21 %	193	235	EBITDA	407	347	688
	44 %	47 %	EBITDA-margin	45 %	42 %	42 %

Adjusted for IFRS 15 implementation revenue growth was 17%

Operating revenues in Norway increased by 17 percent in Q2, adjusted for IFRS 15-implementation. The growth rate was boosted by a strong start of the quarter as the effects of early Easter and the cold winter recovered. We continue to see a strong underlying development in the verticals jobs, cars and real estate.

Spain

Second quarter			(EUR million)	First half year		Year
yoy %	2017	2018	Spain developed phase	2018	2017	2017
17 %	35	40	Operating revenues	78	67	138
3 %	27	27	Operating expenses	56	54	103
61 %	8	13	EBITDA	22	13	35
	23 %	32 %	EBITDA-margin	29 %	19 %	25 %

No effect from IFRS 15 implementation in Q2

Operating revenues in Spain increased by 17 percent in Q2. We continue to see a good underlying development in the verticals jobs and cars. In real estate, we see good growth in traffic and improved revenue growth.

The EBITDA-margin in Spain is improved from last year due to limited growth in the cost base and good revenue growth.

Sweden

Second quarter			(SEK million)	First half year		Year
yoy %	2017	2018	Sweden developed phase	2018	2017	2017
-5 %	277	264	Operating revenues	492	519	1,035
1 %	124	125	Operating expenses	249	235	458
-9 %	153	139	EBITDA	244	283	577
	55 %	53 %	EBITDA-margin	49 %	55 %	56 %

Adjusted for IFRS 15 implementation revenue decline was 4%

Operating revenues in Sweden decreased by 4 percent in Q2, adjusted for IFRS 15-implementation. We continue to see a good underlying development in the jobs vertical while car revenues are stable from Q2 last year. Revenues from professional car customers increased, driven by premium products. Display advertising revenues continue to decrease, in June also slightly negatively affected by GDPR.

The EBITDA-margin is down from last year due to lower revenues.

Investment phase

The Investment phase portfolio continued to develop strongly in Q2 both in terms of revenue and traffic growth. The consolidated, currency adjusted revenue growth was 25 percent compared to Q2 2017. Including Joint Ventures, the revenue growth rate was 45 percent in Q2.

The consolidated EBITDA of operations in Investment phase amounted to NOK -113 million in Q2 (-182 million). The negative EBITDA from Shpock was NOK -77 million in Q2 (-132 million). In Q2, as in Q1, the EBITDA from JVs was positive due to positive contribution from OLX Brazil. The total Investment phase losses including proportionate share of JVs ended up at NOK -103 million, a 47 percent improvement from last year.

Brazil

OLX.com.br in Brazil, which is a 50 percent owned joint venture, was profitable in Q2 2018. This was due to limited cost increase and continued strong revenue growth. The revenue growth was mainly driven by professional revenues in classifieds, due to monetization efforts launched last year, with listing fees for car dealers and real estate agents. The EBITDA-margin in Brazil was 14 percent in Q2 2018, somewhat lower than Q1 2018 (18%) due to higher marketing expenses.

PUBLISHING

Second quarter (NOK million)			First half year			Year
yoy %	2017	2018	PUBLISHING	2018	2017	2017
0 %	2,084	2,083	Operating revenues	4,107	4,048	8,160
13 %	690	779	- online	1,494	1,314	2,734
-6 %	1,394	1,304	- offline	2,612	2,734	5,427
3 %	1,868	1,918	Operating expenses	3,829	3,675	7,365
-24 %	216	165	EBITDA	277	373	795
10 %	8 %		EBITDA-margin	7 %	9 %	10 %

In Publishing, the online growth is offsetting the decline in print, delivering a flat revenue development in Q2. The EBITDA-margin is down from last year.

VG (Verdens Gang)

Second quarter (NOK million)			First half year			Year
yoy %	2017	2018	VG (Verdens Gang)	2018	2017	2017
5 %	439	459	Operating revenues	902	870	1,746
18 %	216	255	- online	490	420	863
-9 %	224	204	- offline	413	450	882
7 %	352	377	Operating expenses	740	695	1,407
-6 %	87	82	EBITDA	162	176	339
20 %	18 %		EBITDA-margin	18 %	20 %	19 %

VG showed a solid revenue development in Q2 compared to Q2 last year. Online revenues continued to improve in Q2 2018, with a growth of 18 percent, driven by advertising and strong traffic numbers during the FIFA World Cup.

The number of subscribers to the premium digital subscription product VG+ was growing steady, and total subscriptions passed 154,000 in Q2.

The EBITDA-margin is down from last year due to increased costs.

Aftonbladet

Second quarter (NOK million)			First half year			Year
yoy %	2017	2018	Aftonbladet	2018	2017	2017
-8 %	470	434	Operating revenues	848	889	1,830
1 %	226	228	- online	443	415	887
-15 %	244	206	- offline	405	474	943
-5 %	400	381	Operating expenses	760	787	1,568
-25 %	70	53	EBITDA	88	102	262
15 %	12 %		EBITDA-margin	10 %	12 %	14 %

Aftonbladet revenues were down 8 percent compared to Q2 2017 (-3% currency adjusted). Online revenues had a flat development in Q2, negatively affected by GDPR on digital advertising, while print revenues were down 15 percent in the quarter.

Operating expenses are reduced from last year. EBITDA-margin is down due to revenue decline.

Subscription based newspapers

Second quarter (NOK million)			First half year			Year
yoy %	2017	2018	Subscription newspapers	2018	2017	2017
-2 %	902	886	Operating revenues	1,745	1,769	3,525
9 %	211	230	- online	448	411	840
-5 %	691	656	- offline	1,297	1,358	2,685
1 %	819	825	Operating expenses	1,654	1,645	3,272
-27 %	83	61	EBITDA	91	124	253
9 %	7 %		EBITDA-margin	5 %	7 %	7 %

In Subscription newspapers, operating revenues declined by 2 percent in Q2 compared to last year. The positive trend in subscriptions, in particular in pure digital subscriptions, continued in Q2. Advertising revenues are declining as the negative trend in print continues.

The EBITDA-margin is slightly down from last year.

SCHIBSTED GROWTH

Second quarter (NOK million)			First half year			Year
yoy %	2017	2018	GROWTH	2018	2017	2017
-3 %	470	455	Operating revenues	911	906	1,835
-13 %	387	334	Operating expenses	689	743	1,443
44 %	84	121	EBITDA	222	163	392
18 %	27 %		EBITDA-margin	24 %	18 %	21 %

Schibsted Growth consists of a portfolio of web-based growth companies, mainly in Norway and Sweden. Total revenue was down 3 percent in Q2 2018. Excluding Hitta (divested Q3 2017), the growth rate was 12 percent.

The EBITDA-margin improved from last year.

Lendo

Second quarter (NOK million)			First half year			Year
yoy %	2017	2018	Lendo Group	2018	2017	2017
26 %	165	208	Operating revenues	423	312	704
18 %	104	124	Operating expenses	244	197	411
40 %	60	84	EBITDA	179	115	293
37 %	41 %		EBITDA-margin	42 %	37 %	42 %

Lendo Group is present in Sweden, Norway and Finland with services within consumer finance. Lendo is an important driver of the revenue and EBITDA growth in the Schibsted Growth segment. The growth rate of Lendo Group was 26 percent compared to Q2 2017, driven by higher volumes.

The EBITDA-margin improved from last year.

GROUP OVERVIEW

PROFIT AND LOSS

OPERATING PROFIT

Group consolidated revenues increased 6 percent in Q2. Consolidated operating expenses increased by 2 percent in Q2 and consolidated Gross operating profit (EBITDA) increased by 29 percent.

Share of profit (loss) of joint ventures and associates was improved to NOK 30 million (-11 million), positively affected by sale of operations in Thailand. Impairment loss in Q2 was NOK -125 million and is mainly related to refocusing of product development projects after reorganization of the product and technology organization last year. Other income and expenses in Q2 2018 was NOK -2 million (1.286 million). Note that Other income and expenses in Q2 2017 was positively affected by revaluation of Yapo in Chile and sale of assets in Asia. Impairment loss and Other income and expenses are disclosed in note 4 to the Condensed financial statements.

Operating profit in Q2 2018 amounted to NOK 623 million (1,805 million). Please also refer to note 3 to the Condensed consolidated financial statements.

NET PROFIT AND EARNINGS PER SHARE

Net financial items are disclosed in note 5 to the Condensed financial statements.

The underlying effective tax rate was stable around 30 percent. The reported tax rate is 47 percent in the second quarter of 2018, compared to 20 percent in the same period in 2017. Generally, Schibsted reports a high effective tax rate which is primarily related to losses for which no deferred tax benefit is recognized. Reduced net investment spend through increased monetization and reduced marketing spend may reduce future effective tax rates.

Basic earnings per share is NOK 1.24 compared to NOK 6.07 in Q2 2017. Adjusted earnings per share is NOK 1.76 compared to NOK 0.96 in Q2 2017.

CASH FLOW AND CAPITAL FACTORS

CASH FLOW

Net cash flow from operating activities was NOK 885 million for the first half-year of 2018, compared to NOK 351 million for the first half-year of 2017. The increase is primarily related to increase in gross operating profit and reduced tax payments.

Net cash outflows from investing activities was NOK 370 million for the first half-year of 2018, compared to NOK 4,161 million in the first half-year of 2017. The decrease is primarily related to reduction in acquisition and sales of subsidiaries, joint ventures and associates. Similarly, the change in net cash flow from financing activities, from a cash inflow of NOK 3,018 million to a cash outflow of NOK 436 million, is primarily related to the financing of those investing activities.

EQUITY AND DEBT

The carrying amount of the Group's assets decreased by NOK 1,525 million to NOK 26,092 during the first half-year of 2018 primarily from foreign currency translation. The Group's net interest-bearing debt decreased by NOK 81 million to NOK 2,533 million. The Group's equity ratio was 54% at the end of the second quarter of 2018, compared to 55% at the end of 2017.

Schibsted ASA has a well-diversified loan portfolio with loans from both the Norwegian bond market and the Nordic Investment bank. In addition, Schibsted has a revolving credit facility of EUR 300 million which are not drawn. There are no changes to the loan portfolio during second quarter. The cash balance is higher than normal due to the B-share issue in Q4 2017.

IFRS 15 AND IFRS 16 IMPLEMENTATION

As disclosed in note 1 to the condensed financial statements, Schibsted has implemented the accounting standard IFRS 15 Revenue recognition from 1 January 2018. The application of the new accounting standard has reduced operating revenue and EBITDA in Q2 2018 by NOK 8 million in the Marketplaces division compared to what would have been reported under the formerly applicable accounting standards. Comparable figures for 2017 are not restated applying the new accounting standard.

The reduction in revenue and EBITDA comes from certain classifieds revenues being recognized over a longer period than previously. As revenue is seasonally lower in March compared to June, the effect on Q2 revenues and EBITDA is negative. The effect in Q3 to Q4 is expected to be minor.

Schibsted is going to adopt the new financial reporting standard for leasing, IFRS 16, from 1 January 2019. As disclosed in the Group's annual financial statements for 2017, Schibsted reported operating lease expense of NOK 507 million in 2017. The effect of the new standard will depend on the lease agreements actually in force on implementation. There may also be deviations in the contracts being included in operating leases in 2017 and those being included under the new standard, but the operating lease expense as reported in 2017 should provide a reasonable indication of the positive effect on EBITDA following the implementation of the new standard. Refer to Group's annual financial statements for 2017 for further details.

DATA PRIVACY

Schibsted is committed to be a trusted digital partner, contributing and sharing best practices within data privacy and security, creating intuitive and seamless solutions that empower our customers. We believe in being transparent in how we work, and have an ongoing dialogue with our customers about what they need. We also have a close dialogue with data protection and other relevant authorities, and engage in legislative processes both on a national and international level.

Schibsted has spent considerable resources on implementation of EU's General Data Protection Regulation (GDPR). GDPR involves major changes when it comes to user empowerment. Automated solutions and flexible user options will be an important part of meeting customer needs when it comes to data and privacy. Continuous feedback from users will be key in the development of our data and privacy solutions.

OUTLOOK

MARKETPLACES

Schibsted sees continued revenue growth potential and inherent operational leverage for its portfolio of developed online classifieds sites, on the back of the strong brand positions and traffic leadership in a range of markets and verticals. On a medium- to long-term horizon, the target for annual revenue growth remains at 15-20 percent, driven by increased monetization – particularly within verticals – and structural growth in online markets.

Our strategy of building online classifieds traffic and brand leadership positions will continue as long as it is considered to create long-term shareholder value. The positive trend in terms of profitability development in Brazil is expected to continue, and we expect OLX Brazil to grow well and show profitability in 2018. Full year investment phase losses are expected to be in the range EUR 40-50 million in 2018, compared to EUR 78 million in 2017.

The reduction in investment phase losses are driven by all assets on the back of increased monetization combined with reduced need for extraordinary marketing spending. Several sites are approaching break-even in 2018, some assets have been divested in 2017 and the spending level in Shpock will be lower in 2018 compared with 2017. The exact level of the investment phase losses will, among other things, depend on the pace of monetization growth and the competitive situation in each market.

Note that the investments are affecting profit and loss, and that the impact is split between consolidated companies (EBITDA) and joint ventures and associates.

PUBLISHING

The publishing operations of the media houses in Schibsted will continue the transformation into world-class digital media houses based on strong editorial products.

Overall, the structural digital shift and the transformation process are expected to continue. Schibsted will remain focused on digital product development combined with cost adaptations, aimed at producing continued healthy cash flows and operating margins. With a continued weak trend for print advertising, some margin contraction is likely during 2018. We expect the EBITDA in Publishing in H2 2018 flat to around the same level as H1 2018.

INVESTMENTS IN TECHNOLOGY AND ONLINE PRODUCT DEVELOPMENT

Schibsted intends to leverage the strong local operations by utilizing the size of our international footprint by developing scalable components and over time converge towards common platforms. During 2018, the negative EBITDA of the HQ/Other segment, where the central product & tech resources are included, is expected to be stable or slightly reduced in 2018 compared to 2017. Correspondingly, the Group CAPEX is expected to be stable or slightly reduced in 2018 compared to 2017.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

Second quarter			First half-year		Year
2017	2018		2018	2017	2017
4,327	4,602	Operating revenues	8,959	8,327	16,943
(110)	(101)	Raw materials and finished goods	(203)	(217)	(432)
(1,606)	(1,661)	Personnel expenses	(3,366)	(3,152)	(6,317)
(1,917)	(1,945)	Other operating expenses	(3,884)	(3,830)	(7,588)
694	895	Gross operating profit (loss)	1,506	1,128	2,606
(156)	(175)	Depreciation and amortisation	(347)	(301)	(634)
(11)	30	Share of profit (loss) of joint ventures and associates	24	(69)	(113)
(9)	(125)	Impairment loss	(130)	(9)	(49)
1,286	(2)	Other income and expenses	(13)	1,283	1,505
1,805	623	Operating profit (loss)	1,040	2,033	3,315
(70)	(30)	Net financial items	(58)	(82)	(171)
1,735	593	Profit (loss) before taxes	982	1,952	3,144
(352)	(277)	Taxes	(497)	(526)	(958)
1,383	315	Profit (loss)	484	1,426	2,186
		Profit (loss) attributable to:			
10	20	Non-controlling interests	31	23	55
1,373	295	Owners of the parent	454	1,403	2,130
		Earnings per share in NOK:			
6.07	1.24	Basic	1.90	6.20	9.36
6.06	1.24	Diluted	1.90	6.20	9.35
0.96	1.76	Basic - adjusted	2.48	1.10	3.43
0.96	1.76	Diluted - adjusted	2.48	1.10	3.43
226,219	238,331	Weighted average number of shares outstanding (1,000)	238,276	226,148	227,529
226,416	238,515	Weighted average number of shares outstanding - diluted (1,000)	238,504	226,408	227,804

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Second quarter			First half-year		Year
2017	2018		2018	2017	2017
1,383	315	Profit (loss)	484	1,426	2,186
-	-	Remeasurements of defined benefit pension liabilities	0	(7)	(333)
-	-	Income tax relating to remeasurements of defined benefit pension liabilities	(0)	2	77
-	-	Share of other comprehensive income of joint ventures and associates	(2)	-	(3)
-	-	Items not to be reclassified subsequently to profit or loss	(2)	(6)	(259)
399	(579)	Exchange differences on translating foreign operations	(1,146)	534	717
(31)	27	Hedges of net investments in foreign operations	84	(38)	(55)
7	(6)	Income tax relating to hedges of net investments in foreign operations	(19)	9	13
(5)	-	Share of other comprehensive income of joint ventures and associates	-	(2)	(8)
371	(558)	Items to be reclassified subsequently to profit or loss	(1,082)	503	667
371	(558)	Other comprehensive income	(1,083)	497	408
1,754	(243)	Comprehensive income	(599)	1,923	2,593
		Comprehensive income attributable to:			
19	15	Non-controlling interests	18	32	61
1,735	(258)	Owners of the parent	(617)	1,891	2,533

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2018	31 December 2017
Intangible assets	16,284	16,983
Property, plant and equipment and investment property	885	988
Investments in joint ventures and associates	3,947	4,514
Other non-current assets	373	364
Non-current assets	21,488	22,850
Trade receivables and other current assets	2,916	3,141
Cash and cash equivalents	1,688	1,626
Current assets	4,604	4,767
Total assets	26,092	27,617
Equity attributable to owners of the parent	13,730	14,793
Non-controlling interests	272	261
Equity	14,001	15,054
Non-current interest-bearing borrowings	3,855	4,212
Other non-current liabilities	2,376	2,586
Non-current liabilities	6,231	6,798
Current interest-bearing borrowings	366	28
Other current liabilities	5,494	5,736
Current liabilities	5,860	5,764
Total equity and liabilities	26,092	27,617

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Second quarter			30 June 2018	2017	Year 2017
2017	2018				
1,735	593	Profit (loss) before taxes	982	1,952	3,144
165	300	Depreciation, amortisation and impairment losses	477	309	685
13	4	Net effect pension liabilities	(66)	(74)	(91)
30	(5)	Share of loss (profit) of joint ventures and associates, net of dividends received	1	87	134
(347)	(217)	Taxes paid	(411)	(525)	(828)
(1,310)	0	Sales losses (gains) non-current assets and other non-cash losses (gains)	(7)	(1,310)	(1,697)
(94)	(123)	Change in working capital and provisions	(90)	(88)	(57)
192	550	Net cash flow from operating activities	885	351	1,290
(215)	(200)	Development and purchase of intangible assets and property, plant and equipment	(372)	(413)	(865)
(628)	0	Acquisition of subsidiaries, net of cash acquired	(8)	(1,094)	(1,279)
4	2	Proceeds from sale of intangible assets and property, plant and equipment	14	8	23
172	-	Proceeds from sale of subsidiaries, net of cash sold	-	172	380
(2,820)	(27)	Net sale of (investment in) other shares	(28)	(2,832)	(2,929)
0	14	Net change in other investments	24	(2)	124
(3,486)	(212)	Net cash flow from investing activities	(370)	(4,161)	(4,546)
(3,295)	338	Net cash flow before financing activities	515	(3,811)	(3,256)
3,693	(8)	Net change in interest-bearing loans and borrowings	(5)	3,685	1,772
(217)	-	Change in ownership interests in subsidiaries	13	(217)	(228)
-	-	Capital increase	-	-	2,491
3	2	Net sale (purchase) of treasury shares	7	8	17
(455)	(446)	Dividends paid	(450)	(459)	(493)
3,024	(451)	Net cash flow from financing activities	(436)	3,018	3,558
15	(5)	Effects of exchange rate changes on cash and cash equivalents	(18)	18	55
(256)	(118)	Net increase (decrease) in cash and cash equivalents	62	(774)	357
751	1,805	Cash and cash equivalents at start of period	1,626	1,268	1,268
495	1,688	Cash and cash equivalents at end of period	1,688	495	1,626

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent	Non-controlling interests	Equity
Equity as at 1 January 2017	10,235	305	10,540
Comprehensive income	2,533	61	2,593
Transactions with the owners	2,025	(105)	1,921
<i>Capital increase</i>	2,494	7	2,501
<i>Share-based payment</i>	29	(0)	29
<i>Dividends paid to owners of the parent</i>	(396)	-	(396)
<i>Dividends to non-controlling interests</i>	12	(98)	(86)
<i>Change in treasury shares</i>	17	-	17
<i>Business combinations</i>	-	7	7
<i>Loss of control of subsidiaries</i>	-	(16)	(16)
<i>Changes in ownership of subsidiaries that do not result in a loss of control</i>	(127)	(5)	(132)
<i>Share of transactions with the owners of joint ventures and associates</i>	(5)	-	(5)
Equity as at 31 December 2017- as previously reported	14,793	261	15,054
Change in accounting principle IFRS 2 (note 1)	13	-	13
Change in accounting principle IFRS 15 (note 1)	(58)	(2)	(59)
Equity as at 1 January 2018	14,749	260	15,008
Comprehensive income	(617)	18	(599)
Transactions with the owners	(402)	(6)	(408)
<i>Share-based payment</i>	24	-	24
<i>Dividends paid to owners of the parent</i>	(417)	-	(417)
<i>Dividends to non-controlling interests</i>	-	(33)	(33)
<i>Change in treasury shares</i>	7	-	7
<i>Business combinations</i>	-	0	0
<i>Loss of control of subsidiaries</i>	-	-	-
<i>Changes in ownership of subsidiaries that do not result in a loss of control</i>	(14)	27	13
<i>Share of transactions with the owners of joint ventures and associates</i>	(2)	-	(2)
Equity as at 30 June 2018	13,730	272	14,001

Equity as at 1 January 2017	10,235	305	10,540
Comprehensive income	1,891	32	1,923
Transactions with the owners	(488)	(80)	(568)
<i>Capital increase</i>	-	7	7
<i>Share-based payment</i>	25	-	25
<i>Dividends paid to owners of the parent</i>	(396)	-	(396)
<i>Dividends to non-controlling interests</i>	12	(63)	(51)
<i>Change in treasury shares</i>	8	-	8
<i>Changes in ownership of subsidiaries that do not result in a loss of control</i>	(137)	(24)	(161)
Equity as at 30 June 2017	11,638	257	11,895

NOTES

NOTE 1 CORPORATE INFORMATION, BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

The condensed consolidated interim financial statements comprise the Group and the Group's interests in joint ventures and associates. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements are unaudited. All numbers are in NOK million unless otherwise stated. Tables may not summarize due to roundings.

The accounting policies adopted in preparing the interim condensed financial statements are consistent with those followed in preparing the Group's annual financial statements for 2017 except for the adoption of new standards and amendments to standards effective as of 1 January 2018 as disclosed below.

IFRS 15 Revenue from contracts with customers

Schibsted has implemented IFRS 15 Revenue from contracts with customers. IFRS 15 supersedes IAS 11 Construction contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to

which the entity expects to be entitled in exchange for those goods or services.

The recognition of the majority of the revenue of Schibsted is not affected by the new standard. This applies to brand advertising revenues being recognised as the ads are displayed, subscription revenue recognised over the subscription period and casual sales recognised upon delivery.

The policy change from the implementation of IFRS 15 that primarily affects Schibsted is related to the period over which certain revenue streams from online classifieds operations are recognised. Revenue from certain listing fees and premium products were up and until 31 December 2017 recognised when the ad was initially displayed or when the premium products were initially activated. From 1 January 2018 listing fees in contracts entitling the customer to have an ad displayed for a defined maximum period of time is recognised over that period, reflecting the normal pattern of views of such ads. Revenue from premium products that are active for a defined maximum period is recognised over that period. Revenue from other premium products benefiting the customer in a pattern similar to that of a listing fee is recognised over the applicable period similar to listing fees.

The new standard is implemented retrospectively applying the modified retrospective method. The cumulative effect of initially applying IFRS 15 of NOK 59 million (net of related tax effect) is recognized as a reduction to the opening balance of equity at 1 January 2018. Below is presented the effects of applying IFRS 15 compared to the amounts that would have been reported applying the former accounting policies:

	30 June 2018	1 January 2018
Statement of financial position		
Decrease in Investments in joint ventures and associates	(5)	(5)
Decrease in total assets	(5)	(5)
Increase in Other current liabilities	101	73
Decrease in Deferred tax liabilities	(27)	(19)
Decrease in Equity attributable to owners of the parent	(76)	(58)
Decrease in Non-controlling interests	(3)	(2)
Decrease in equity and liabilities	(5)	(5)
	Second quarter 2018	First half-year 2018
Income statement		
Decrease in Operating revenues	(8)	(30)
Decrease in Gross operating profit (loss) / Operating profit (loss) / Profit (loss) before taxes	(8)	(30)
Decrease in Taxes	2	8
Decrease in Profit (loss)	(6)	(21)
Decrease in Profit (loss) attributable to non-controlling interests	-	(1)
Decrease in Profit (loss) attributable to owners of the parent	(6)	(20)

IFRS 9 Financial instruments

Schibsted has implemented IFRS 9 Financial instruments which addresses classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 Financial

instruments replaces IAS 39 Financial instruments; recognition and measurement. The new standard is implemented retrospectively except for the requirements related to hedge accounting that are implemented prospectively. Comparative information is not restated.

The policy change from the implementation of IFRS 9 that is expected to affect Schibsted is related to the classification of equity instruments and the recognition of changes in fair value of such instruments. Up and until the end of 2017, the Group's equity instruments have been classified as financial assets available-for-sale measured at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses recognised in profit or loss. On derecognition, accumulated changes in the fair value recognised in other comprehensive income were reclassified to profit or loss.

Under IFRS 9, equity instruments are measured at fair value with changes in fair value through profit or loss unless an irrevocable election is made at initial recognition to present subsequent changes in fair value in other comprehensive income. Such an election will be made on an instrument-by-instrument basis. At 1 January 2018, Schibsted held equity instruments with a carrying amount of NOK 17 million, and all of these instruments were upon implementation of IFRS 9 classified as financial instruments at fair value through other comprehensive income. Accumulated changes in the fair value of such equity instruments will not be reclassified to profit or loss on derecognition.

IFRS 2 Share-based payment

Schibsted has implemented amendments to IFRS 2 Share-based Payment. The amendment relates to share-based payment transactions with a net settlement feature for withholding tax obligations.

Up and until 31 December 2017, Schibsted has classified the component of a share-based payment transaction reflecting the obligation to pay tax withholdings on behalf of employees in cash to the tax authorities as a cash-settled share-based payment transaction. The component reflecting the obligation to issue equity instruments to the employee has been classified as an equity-settled share-based payment transaction. From 1 January 2018, if Schibsted is obligated by tax laws to make and settle tax withholdings for an employee's tax obligation associated with a share-based payment transaction, the transaction is classified as an equity-settled share-based payment transaction in its entirety.

In equity-settled share-based payment transactions, the services received are measured at grant date with reference to the fair value of the equity instruments granted. In cash-settled share-based payment transactions, the services received are measured at fair value at the reporting date. The change in accounting policy will lead to reduced volatility in the share-based payment expense.

The amendments to IFRS 2 are implemented prospectively. A payment liability of NOK 13 million recognised at 31 December 2017 related to unvested share-based payment transactions is reclassified to equity at 1 January 2018.

Standards not yet implemented

Schibsted will implement IFRS 16 Leases from its mandatory date 1 January 2019. IFRS 16 will replace IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for

all leases under a single on-balance sheet model recognising lease liabilities and related right-of-use assets.

The implementation of IFRS 16 will have a significant effect on the Group's income statement and statement of financial position, primarily related to leases of office space and other premises. Reference is made to note 2 in the annual report 2017 for quantification of potential effects.

Schibsted expects to apply the modified retrospective approach when implementing IFRS 16. Under this method, the cumulative effect of initially applying the standard will be recognised as an adjustment to equity at 1 January 2019 and comparable figures for 2018 will not be restated. Schibsted will provide information enabling users of the financial statements to bridge the reported 2019 and 2018 financial numbers. Under the modified retrospective approach, right-of-use assets may at the implementation date be measured, on a lease-by-lease basis, at either an amount equal to the lease liability or at its carrying amount had IFRS 16 been applied since the commencement date of the lease. Schibsted expects to use both alternatives for its leases, with significant leases being measured using the latter alternative. For such significant leases, the right-of-use asset will be measured at an amount lower than the lease liability resulting in a decrease in reported equity.

NOTE 2 CHANGES IN THE COMPOSITION OF THE GROUP

Business combinations 2018

During the first half-year of 2018, Schibsted has invested NOK 8 million related to acquisition of businesses (business combinations). The amount comprises cash consideration transferred reduced by cash and cash equivalents of the acquiree. The purchase price is allocated primarily to intangible assets.

Other changes in the composition of the Group 2018

Schibsted has in the first half-year of 2018 received NOK 13 million related to decreased ownership interests in subsidiaries.

NOTE 3 OPERATING SEGMENT DISCLOSURES

Schibsted's operating segments are Marketplaces, Publishing, Growth and Other/Headquarters. As a consequence of the new organisational model, operating segments were changed from 1 January 2018, and restated retrospectively to give comparable information.

Marketplaces comprises online classified operations in Norway, Sweden, France and Spain as well as several other countries.

Publishing comprises news operations in Norway and Sweden.

Growth is a portfolio of web-based growth companies including Lendo, Prisjakt, Servicefinder, Mittanbud, Let's Deal and other companies.

Other / Headquarters comprises operations not included in the other reported operating segments, including the Group's headquarter Schibsted ASA and centralised functions including Product and Technology.

Eliminations comprise intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

The operating segments corresponds to the management structure and the internal reporting to the Group's chief operating decision maker, defined as the CEO.

Information about operating revenues and profit (loss) by operating segment:

Second quarter 2018	Marketplaces	Publishing	Growth	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	2,180	1,963	453	7	-	4,602
Operating revenues from other segments	35	120	3	179	(336)	0
Operating revenues	2,214	2,083	455	186	(336)	4,602
Gross operating profit (loss) excl. Investment	901	165	121	(178)	-	1,008
Gross operating profit (loss)	789	165	121	(178)	-	895
Operating profit (loss)	735	125	88	(325)	-	623

First half-year 2018						
Operating revenues from external customers	4,156	3,886	904	12	-	8,959
Operating revenues from other segments	68	220	6	359	(653)	-
Operating revenues	4,224	4,107	911	371	(653)	8,959
Gross operating profit (loss) excl. Investment	1,647	277	222	(385)	-	1,762
Gross operating profit (loss)	1,391	277	222	(385)	-	1,506
Operating profit (loss)	1,273	176	170	(579)	-	1,040

Second quarter 2017						
Operating revenues from external customers	1,882	1,976	468	1	-	4,327
Operating revenues from other segments	51	108	2	118	(279)	0
Operating revenues	1,932	2,084	470	119	(279)	4,327
Gross operating profit (loss) excl. Investment	791	216	84	(214)	-	877
Gross operating profit (loss)	608	216	84	(214)	-	694
Operating profit (loss)	1,810	147	51	(203)	-	1,805

First half-year 2017						
Operating revenues from external customers	3,574	3,839	903	11	-	8,327
Operating revenues from other segments	79	209	3	217	(509)	-
Operating revenues	3,653	4,048	906	229	(509)	8,327
Gross operating profit (loss) excl. Investment	1,428	373	163	(426)	-	1,539
Gross operating profit (loss)	1,018	373	163	(426)	-	1,128
Operating profit (loss)	2,103	254	116	(441)	-	2,033

Year 2017						
Operating revenues from external customers	7,349	7,735	1,828	31	-	16,943
Operating revenues from other segments	163	425	7	537	(1,133)	-
Operating revenues	7,512	8,160	1,835	568	(1,133)	16,943
Gross operating profit (loss) excl. Investment	2,973	795	392	(879)	-	3,282
Gross operating profit (loss)	2,297	795	392	(879)	-	2,606
Operating profit (loss)	3,279	615	509	(1,088)	-	3,315

Operating revenues by category:

Second quarter			First half-year		Year
2017	2018		2018	2017	2017
173	208	Circulation revenues online	412	334	709
805	745	Circulation revenues offline	1,495	1,601	3,185
983	1,021	Advertising revenues online	1,953	1,865	3,809
320	258	Advertising revenues offline	526	614	1,178
1,444	1,712	Classifieds revenues	3,264	2,749	5,616
601	659	Other operating revenues	1,310	1,163	2,447
4,327	4,602	Operating revenues	8,959	8,327	16,943

NOTE 4 OTHER INCOME AND EXPENSES AND IMPAIRMENT LOSS

Second quarter			First half-year		Year
2017	2018		2018	2017	2017
(16)	0	Restructuring costs	(17)	(16)	(170)
821	-	Gain (loss) on sale of subsidiaries, joint ventures and associates	-	821	1,066
-	(0)	Gain (loss) on sale of intangible assets, property, plant and equipment and investment property	7	-	-
		Gain from remeasurement of previously held equity interests in business combinations achieved in stages	-	490	506
(1)	-	Gain (loss) on amendment of pension plans	-	(1)	123
0	-	Acquisition-related costs	(0)	(3)	(8)
(8)	(2)	Other	(2)	(8)	(12)
1,286	(2)	Total other income and expenses	(13)	1,283	1,505

Impairment loss of NOK -130 million consists primarily of impairment of internally generated intangible assets.

NOTE 5 NET FINANCIAL ITEMS

Second quarter			First half-year		Year
2017	2018		2018	2017	2017
(19)	(27)	Net interest income (expenses)	(52)	(32)	(94)
(48)	(4)	Net foreign exchange gain (loss)	(4)	(42)	(60)
(3)	0	Net other financial income (expenses)	(3)	(8)	(16)
(70)	(30)	Net financial items	(58)	(82)	(171)

STATEMENT BY THE BOARD OF DIRECTORS AND CEO

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half-year of 2018 has been prepared in accordance with IAS 34 Interim Financial Statements, as endorsed by the EU, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group taken as a whole.

To the best of our knowledge we confirm that the interim management report includes a fair review of important events during the accounting period, and their impact on the financial statements for the first half-year, together with a description of the principal risks and uncertainties that the company is facing during the next accounting period and any major transactions with related parties.

Oslo, 17 July 2018
Schibsted ASA's Board of Directors

Ole Jacob Sunde
Chair

Marianne Budnik

Philippe Vimard

Ingunn Saltbones

Finn E. Våga

Orla Noonan

Birger Steen

Eugénie van Wiechen

Christian Ringnes

Thorbjörn Ek

Rolv Erik Ryssdal
CEO

DEFINITIONS AND RECONCILIATIONS

Schibsted's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the company presents alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below:

<i>Measure</i>	<i>Description</i>
EBITDA	Gross operating profit (loss)
EBITDA margin	Gross operating profit (loss) / Operating revenues
EBIT	Operating profit (loss)
Revenues and operating expenses adjusted for currency fluctuations	Growth rates adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.
Adjusted for IFRS 15 implementation	Effects from implementation of IFRS 15, see note 1.
Equity ratio	Equity / Total assets
CAPEX	Development and purchase of intangible assets and property, plant and equipment recognised in statement of financial position.
Earnings per share	Profit (loss) attributable to owners of the parent / Average number of shares outstanding
Diluted earnings per share	Profit (loss) attributable to owners of the parent / Average number of shares outstanding (diluted)

Marketplaces - Developed phase and Investment phase

Marketplaces - Developed phase

Consolidated subsidiaries

France: Leboncoin, MB Diffusion, Kudoz and Avendrealouer
 Norway: Finn
 Sweden: Blocket and Bytbil
 Spain: Coches, FotoCasa, Vibbo, Milanuncios, InfoJobs, Habitacalia
 Italy: Subito
 Ireland: Daft, Done Deal and Adverts
 Hungary: Hasznaltauto
 Colombia: Fincaraiz

Joint ventures and associates

Malaysia: Mudah (until Q2 2017)
 Austria: Willhaben

Marketplaces - Investment phase

Consolidated subsidiaries

Finland: Tori
 Hungary: Jofogas
 Italy: Infojobs
 Brazil: Infojobs
 Chile: Yapo (as subsidiary from Q3 2017)
 Mexico: Segundamano
 Belgium: Kapaza (until Q2 2017)
 Belarus: Kufar
 Tunisia: Tayara
 Morocco: Avito
 Dominican Republic: Corotos
 Portugal: Custo Justo
 Shpock in all markets: Austria, Germany, United Kingdom, Norway, Sweden and Italy

Joint ventures and associates

Chile: Yapo (as 50% JV until Q2 2017)
 Brazil: OLX (increased ownership from 25% to 50% from Q3 2017)
 Vietnam: Cho Tot (until Q2 2017)
 Indonesia: OLX
 Thailand: Kaidee
 Bangladesh: Ekhanei (until Q2 2017)

Operations in investment phase are defined as operations in growth phase with large investments in market positions, immature monetization rate and sustainable profitability has not been reached.

Second quarter		<i>Reconciliation of Operating revenues and EBITDA excl. Investment phase and in accordance with financial statements</i>	First half-year		Year
2017	2018		2018	2017	2017
4,213	4,462	Operating revenues excl. Investment phase	8,689	8,116	16,465
114	140	Operating revenues Investment phase	269	211	478
4,327	4,602	Operating revenues	8,959	8,327	16,943
877	1,008	EBITDA excl. Investment phase	1,762	1,539	3,282
(182)	(113)	EBITDA Investment phase	(256)	(411)	(676)
694	895	Gross operating profit (loss)	1,506	1,128	2,606

Second quarter		<i>Underlying tax rate</i>	First half-year		Year
2017	2018		2018	2017	2017
1,735	593	Profit (loss) before taxes	982	1,952	3,144
11	(30)	Share of profit (loss) of joint ventures and associates	(24)	69	113
255	289	Other losses for which no deferred tax benefit is recognised	644	552	1,000
(763)	-	Gain on sale and remeasurement of subsidiaries, joint ventures and associates	-	(763)	(1,023)
-	125	Impairment losses	130	-	3
1,238	977	"Adjusted" tax base	1,732	1,810	3,237
352	277	Taxes	497	526	958
28.4 %	28.4 %	Adjusted effective tax rate	28.7 %	29.1 %	29.6 %

	30 June	31 December
	2018	2017
Liquidity reserve		
Cash and cash equivalents	1,688	1,626
Unutilised drawing rights on credit facilities	2,853	2,952
Liquidity reserve	4,541	4,578

	30 June	31 December
	2018	2017
Net interest-bearing debt		
Non-current interest-bearing borrowings	3,855	4,212
Current interest-bearing borrowings	366	28
Cash and cash equivalents	(1,688)	(1,626)
Net interest-bearing debt	2,533	2,614

Second quarter		<i>Earnings per share - adjusted</i>	First half-year		Year
2017	2018		2018	2017	2017
1,373	295	Profit (loss) attributable to owners of the parent	454	1,403	2,130
(1,286)	2	Other income and expenses	13	(1,283)	(1,505)
9	125	Impairment loss	130	9	49
121	(2)	Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	(5)	121	106
216	420	Profit (loss) attributable to owners of the parent - adjusted	591	249	780
0.96	1.76	Earnings per share – adjusted (NOK)	2.48	1.10	3.43
0.96	1.76	Diluted earnings per share – adjusted (NOK)	2.48	1.10	3.43

Second quarter		<i>Currency rates used when converting profit or loss</i>	First half-year		Year
2017	2018		2018	2017	2017
0.9674	0.9246	Swedish krona (SEK)	0.9455	0.9564	0.9680
9.3699	9.5541	Euro (EUR)	9.5931	9.1779	9.3301

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Financial calendar

Q2 report 2018	17 July 2018
Q3 report 2018	26 October 2018

For information regarding conferences, roadshows etc., please visit www.schibsted.com/en/ir/Financial-calendar/
