

Press Release - Priority

With PLT and new headquarters, Mediaworks is embarking on a new era

Next priority: to reshape business model of Népszabadság

On 30 September 2016, Mediaworks acquired PLT. The company is now a truly regional publisher with a strong national foothold in sports and magazines. These days, the company's Budapest operation is moved to a newly refurbished and cost-efficient headquarters in Bécsi út 122-124, Budapest (the Népszabadság building), which has more than 400 work places. This promises to provide stable economic conditions, which is the best guarantee for journalistic excellence.

Despite revenue growth and management's cost-cutting measures, Népszabadság has so far been unable to achieve economic success, and management's priority must be to resolve this, finding the best future business model.

Operating under its current business model, Népszabadság is adversely affecting the performance of the whole group and will continue to do so in the long term, unless it is put on a completely new footing. The long-term future of the group and of more than 1,000 employees, as well as the group's publications, depend on the editorials, readership and economic success.

Népszabadság has lost 74% of its sold circulation in the past 10 years, corresponding to more than 100,000 copies. Consequently, since 2007, it has produced more than HUF five billion in losses. So far this year, this business segment has again generated a considerable net loss.

In order to preserve Népszabadság for the future, Mediaworks management will focus on finding the best business model for the paper, in line with the current trends in the industry, and will start consultations in order to best secure future development.

In order to achieve and concentrate fully on this priority task, all operations of Népszabadság (including print and online) will as of today be suspended until the new form is decided and can be implemented. As a result of the above, employees and contractors engaged by the relevant business unit will be temporarily exempted from work and services, respectively. Although the Editorial Statutes of Népszabadság are no longer applicable since the reorganization of the operation in 2015, consultations will start with various stakeholders.

Mediaworks truly values its subscribers and, as in the past, will treat them with the utmost care and diligence. To this end, Mediaworks will contact subscribers as a matter of high priority in the coming days. They will be offered a choice of alternative subscriptions from Mediawork's portfolio or full reimbursement of the paid subscription for the period in which the operation is suspended. A hotline for subscribers (mail and telephone) is available; (telephone: 06 40 510-510; e-mail: ugyfelszolgalat@mediaworks.hu).

Mediaworks has appointed Viktor Katona as acting CEO, who - in addition to his previous responsibilities as CFO and COO - will take over the duties of Balázs Rónai, who voluntarily stepped down from his position.

With a currently expected turnover of approximately HUF 25 billion per annum and nearly 1,150 employees, Mediaworks and PLT have regional newspapers in 12 counties (Bács-Kiskun, Baranya, Békés, Heves, Komárom-Esztergom, Jász-Nagykun-Szolnok, Somogy, Tolna, Fejér, Vas, Veszprém and Zala). The regional newspapers are the largest source of revenue for the company, with a share of more than 50%. Approximately 75% of the sold daily newspaper

circulation of Mediaworks-PLT are regional dailies. In addition, the group publishes national daily newspapers and magazines.