



Storytel's third-quarter 2018 earnings outpace expectations

During the third quarter of 2018, Storytel averaged 720,900 paying subscribers, an increase of nearly 100,000 paying subscribers compared to the preceding quarter, slightly below the previously presented forecast of 725,000 paying subscribers. Despite this, streaming revenues for the third quarter of 2018 exceeded expectations and totaled approximately 280 MSEK, compared with forecasted 275.5 MSEK, and amounting to 42.3% in annual income growth. The increase was fuelled by a higher ARPU and favorable currency exchange rates.

In Sweden the subscriber-base averaged 336,200 users during the third quarter of 2018, on average 2,800 fewer subscribers than expected, yet still a robust increase over the second quarter this year. Swedish streaming revenue totaled approximately 136 MSEK during Q3, 2018, above expectations by one million SEK and put Storytel Sweden's yearly turnover at more than 500 million SEK (rolling 12 months).

Storytel CEO Jonas Tellander says, "Based on this week's decision from the EU, we expect the value-added tax rate on our service to be lowered from 25% to 6%, which will allow a more attractive offer to customers. By the end of the year we'll also be announcing Storytel's family solution, with user experiences for the whole family."

The international subscriber-base during the third quarter of 2018 totaled 384,700, slightly lower than previously presented forecast, yet still an increase of approximately 78,200 paying subscribers compared to Q2, 2018. International streaming revenue totaled approximately 144 MSEK during the third quarter of 2018, which was 3.5 MSEK higher than the forecast. This growth was mainly thanks to strong summer performances in higher-priced markets, as well as favorable currency exchange-rates.

"Our international expansion is clearly succeeding, and is becoming an increasingly important part of our growth curve. One of our goals for the year was to increase our international streaming revenues to over 50% of total streaming revenues. We reached this goal in the third quarter — slightly more than 51% of our total streaming revenues come



from markets outside of Sweden, as compared to 43% during the third quarter of 2017,” says CEO Jonas Tellander.

Key numbers for Streaming and Print Publishing

Currency: thousand SEK	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Streaming Total						
Revenue	167 008	197 881	209 225	222 133	239 139	280 000
Contribution Profit ¹	27 847	27 784	30 277	24 079	25 045	
Contribution Margin	16,7%	14,0%	14,5%	10,8%	10,5%	
Paying Subscribers	423 200	503 900	533 400	577 900	621 200	720 900
ARPU ² (SEK/Month)	132	131	131	128	128	129
Streaming Sweden						
Revenue	101 365	113 709	118 038	122 046	125 759	135 986
Contribution Profit	31 257	32 872	38 501	43 067	35 763	
Contribution Margin	30,8%	28,9%	32,6%	35,3%	28,4%	
Paying Subscribers	255 800	282 300	292 700	305 100	314 700	336 200
ARPU (SEK/Month)	132	134	134	133	133	135
Streaming International³						
Revenue	65 643	84 172	91 187	100 087	113 380	144 000
Contribution Profit	-3 410	-5 088	-8 224	-18 988	-10 718	
Contribution Margin	-5,2%	-6,0%	-9,0%	-19,0%	-9,5%	
Paying Subscribers	167 400	221 600	240 700	272 800	306 500	384 700
ARPU (SEK/Month)	131	127	126	122	123	125

1. Contribution Profit is defined as streaming revenue minus costs for content (licensed content and in-house productions) and marketing. Storytel Reader is not included in Streaming.

2. ARPU = Average Revenue Per User (Subscriber) per month

3. Storytel Norway included in figures @ 100%. In the consolidated group accounts Norway is reported according to the principle of proportional consolidation.

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About Storytel

The Storytel group consists of two divisions, Streaming and Publishing. The Streaming division currently offers a subscription service for audio books and e-books under the brand names Storytel and Mofibo in Sweden, Norway, Denmark, Finland, Iceland, The Netherlands, Poland, Russia, Spain, India, the United Arab Emirates, Turkey and Italy. The Streaming division also publishes audio books and Storytel Originals, mainly through the audio-book publisher Storyside. The Publishing division consists of the publishers Norstedts, Massolit, Printz Publishing, the Danish People's Press, Storytel Publishing, Rabén & Sjögren and B. Wahlströms, as well as Norstedts Kartor.