

13 May 2011

Result for the first quarter of 2011

Compared to the first quarter of 2010: Recurring EBITA result decreased from € 10.7 million to € 9.4 million. Recurring EBITA margin was 6.9 % (first quarter of 2010: 7.6%). Revenues declined by € 3.6 million (2.6%) to € 136.9 million. Internet revenues rose by € 6.0 million (58%) to € 16.4 million. Operating expenses were € 138.0 million and were € 1.0 million lower. Cash position was over € 34.5 million as at 31 March 2011.

TMG publishes its interim management statement over the first quarter of 2011.

TMG's activities are subject to seasonal fluctuations. During the second and the fourth quarter of the year, advertising revenues are higher than during the remainder of the year. The fourth quarter is the most important quarter for advertising revenues. The single-copy sales of De Telegraaf and Keesing Media Group's publications are significantly higher in the third quarter.

Financial

The consolidated statement of comprehensive income (see Appendix) is presented on the basis of total operations.

The operations of the Hyves social network were acquired in November 2010 and have since been consolidated. The Hyves operations were therefore not included in the results for the first quarter of 2010.

The **recurring EBITA result** declined by € 1.3 million to € 9.4 million in the first quarter of 2011 in comparison to the same period of the previous year, primarily due to lower advertising revenues.

The returns achieved in the first quarter by Hyves were in accordance with projections. Hyves has more than 5 million active users each month, whose time spent on Hyves accounts for 8% of total time spent online in the Netherlands. With almost 9 million unique visitors to one or more TMG sites per month, TMG is one of the leading internet players in the Netherlands.

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Result for the first quarter of 2011



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Revenues

Period

Period

<i>Amounts in millions of euros</i>	1/1 - 31/3/2011	1/1 - 31/3/2010
Advertisements	57.0	61.0
Circulation	65.8	67.3
Printing for third parties	0.8	0.8
Distribution	2.6	4.0
Other revenues	10.7	7.4
Total	136.9	140.5

Advertising revenues on balance declined by € 4.0 million (6.6%). In particular, the advertising revenues from national brands and services were under pressure for the print titles as well as radio activities. Internet activities grew by € 6.0 million (58%) to € 16.4 million, primarily due to the acquisition of Hyves and the growth of revenues achieved by Telegraaf.nl and via e-commerce.

Circulation revenues declined modestly by € 1.5 million, partially the effect of the discontinuation of the De Telegraaf Sunday edition. Furthermore the single copy sales of puzzle magazines in France and the Netherlands declined.

The costs of **raw and auxiliary materials** declined by € 3.0 million, primarily due to the lower consumption of paper and lower unit costs. In the coming quarters the unit costs of paper will rise.

Personnel costs in the first quarter increased by € 1.2 million (2.2%) to € 53.0 million due to an increase in the number of fulltime jobs. The number of full time jobs rose on balance by 27 to 2,822, as a result of the Hyves acquisition. In addition, TMG was faced with higher pension costs.

Other operating costs rose by approximately € 0.9 million, primarily due to higher IT and selling costs. Distribution costs declined by € 1.5 million in the first quarter of 2011 due to the joint distribution of dailies with Wegener and NDC, and the termination of the transport activities.

Financial income and expenses declined from € 3.5 million in the first quarter of 2010 (including the result on the sale of Keesing Reference Systems in the amount of € 1.7 million) to € 2.0 million in the first quarter of 2011.

The results of the participation in ProSiebenSat.1 Media

AG (ProSiebenSat.1) improved sharply. TMG's share in the result for the first quarter of 2011 was € 2.3 million and rose by € 1 million in comparison to the first quarter of 2010. The book value of the participation as at 31 March 2011 was € 201,6 million or € 15,36 per (ordinary) share in ProSiebenSat.1.

Cash Position

The cash position declined by € 5.0 million in the first quarter of 2011, to € 34.5 million. An initial payment of € 5.0 million was made in the first quarter of 2011 concerning the investment in greater flexibility in full colour printing for the printing plant in Amsterdam. In addition, approximately € 7 million in redundancy payments were made. The payments were primarily offset by operating cash flows.

The dividend of € 0.45 per share will be paid during the second quarter of 2011. This represents an cash outflow of € 21.5 million.

Outlook

If the pressure on advertising revenues in the first quarter of 2011 persists for the remainder of the year, a limited decline in the recurring EBITA margin in comparison to 2010 must be taken into account for 2011.

The Ministry of Economic Affairs, Agriculture and Innovation recently extended the FM licenses for seven national commercial radio broadcasters, including Sky Radio and Radio Veronica by six years effective September 2011. The fees for the licenses to be paid to the government by these stations have been adjusted downward.

[Appendices:](#)

- Consolidated Statement of Comprehensive Income first quarter 2011.
- Recurring EBITA first quarter 2011.

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