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Telegraaf Media Groep to sell stake in Wegener

Telegraaf Media Groep (TMG) and Mecom Group plc (Mecom) have reached an agreement on Mecom's acquisition of TMG's interest in Wegener of nearly 24% for an amount of € 158.9 million.

TMG's interest consists of 10,594,763 depositary receipts for ordinary shares, each with a nominal value of € 0.30, representing a stake of 23.9%. The price agreed between the parties amounts to € 15 per depositary receipt. In addition, Wegener's dividend distributions for the year 2006 will accrue to TMG, while under certain circumstances TMG may be able to claim a maximum premium of € 1 per depositary receipt.

In conformity with the IFRS principles, the interest has been valued on TMG's part at 'fair value' (market value), being € 116.4 million (€ 10.99 each, price as at 31 December 2006).

Ad Swartjes – CEO of TMG: "We have owned the interest in Wegener for decades, originally as a strategic interest. Realising sufficient scale in the Dutch newspaper industry is becoming increasingly relevant. However, since the introduction of the Competitive Trading Act in the Netherlands in 1998, it is clear that a strong increase in Wegener is impossible under competition law.

Furthermore, the current rules of the Media Act precludes a participation in a commercial broadcasting organisation of more than 33.3% in case of a market share in the paid newspaper market in excess of 25%. Therefore a possible takeover of Wegener by TMG is not only no longer an option since the late 1990s, but would also restrict TMG in its efforts to develop from a newspaper company into a multimedia business."

Subject to the approval of Mecom's shareholders and the German Bundeskartellamt, the conclusion of the final agreement is expected to take another six to eight weeks.

Apart from the depositary receipts for ordinary shares, TMG also owns 2,593,030 depositary receipts for

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cumulative preference shares in Wegener with a nominal value of € 0.30 (market value approximately € 18 million). From 1 January 2006, the financing preference shares carry an interest rate of 5.33% per annum. The sale of these depositary receipts requires the consent of Wegener's Executive Board. TMG will shortly consult the Board on this point.

From 2007, the ordinary and financing preference shares together represent a stake of 25.0%.

[TO THE TOP](#)

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