

12 November 2010

## TMG 2010 Third Quarter Result

Compared to the third quarter of 2009:

- Recurring EBITA result increases from € 8.5 million to € 15.0 million.
- Recurring EBITA margin increases from 5.8% to 10.7%.
- Revenues decline by € 5.5 million (3.8%) to € 139.4 million.
- Internet revenues increase by € 0.6 million (6%) to € 10.1 million.
- Operating expenses decrease by € 11.8 million (8.1%).
- Cash position as per 30 September rose to more than € 64 million.

*TMG publishes its interim management statement over the third quarter of 2010. 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 continued operations. The result from discontinued operations is presented separately for the third quarter of 2009. The result from discontinued operations in 2010 is insignificant.

Despite modestly lower revenues from advertising and circulation, TMG improved the **recurring EBITA** by 77% from € 8.4 million in the third quarter 2009 to € 15.0 million in the same period of 2010. Lower distribution costs because of the discontinuation of the Sunday edition of De Telegraaf newspaper effective December 2009, lower paper costs, and the cost reductions realised under the 2008-2010 cost reduction programme contributed

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significantly to the improvement.

## Revenues

<i>Amounts x € 1 million</i>	Period 1/7-30/9 2010	Period 1/7-30/9 2009
Advertisements	56.2	59.1
Circulation	73.0	74.8
Print third parties	0.8	0.7
Distribution	3.4	4.1
Other revenues	6.0	6.2
<b>Total</b>	<b>139.4</b>	<b>144.9</b>

**Revenues from advertising** declined by € 2.9 million (-4.9%): 5% lower revenues from print-advertising were partly offset by a 2% increase in revenues from internet advertising. The trend in advertising revenues over the past four consecutive quarters compared to the same period in the previous year is as follows: -12%, -6%, -2% and -5%. This reversal in the third quarter of 2010 continues in October.

**Internet revenues** are exhibiting a positive trend and rose by € 0.6 million to € 10.1 million in the third quarter. Growth in revenues was realised with E-Commerce (webshop) and with news websites.

The limited decline in **revenues from circulation** activities was caused by the discontinuation of the Sunday edition of De Telegraaf and slightly lower single copy sales of puzzle booklets in the Netherlands.

The costs of **raw and auxiliary materials** declined by € 3.1 million, primarily due to a drop in the cost of paper.

**Personnel costs** in the third quarter declined by 2.8% to € 51.9 million due to a modest decrease in the number of fulltime jobs. The workforce for continued operations was reduced by 63 FTEs in comparison to 30 September 2009 to 2,810 FTEs. As a result of the positive development of the EBITA result, € 0.9 million (2009: nil) of employee profit sharing has been accrued in the third quarter. The cost of hiring temporary personnel decreased by € 0.4 million.

**Other operating expenses** declined by € 6.5 million as a result of lower distribution costs due to the discontinuation of the Sunday edition of De Telegraaf and the realisation of further cost savings in the distribution network.

The **financial income and expenses** increased from € 0.9 million to € 2.9 million, mainly due to higher results of ProSiebenSat.1 Media AG (ProSiebenSat.1). TMG's 6% share in the result of ProSiebenSat.1 increased from € 5.7 million to € 7.7 million. The book value of the stake in ProSiebenSat.1 is € 144.4 million per 30 September 2010 or € 11.00 per ordinary share ProSiebenSat.1. The share price of the listed preference shares was € 17.43 at the same date.

The result from **discontinued operations** amounted to negative € 0.6 million in the third quarter of 2009 due to the disposal of Media Librium and the liquidation costs of the former operations in Sweden and Ukraine.

### **Cash Position**

The cash position increased by € 11.3 million in the third quarter of 2010 to € 64 million, primarily as a result of the positive developments in EBITA. Approximately € 3.9 million was paid out in severance payments. In the fourth quarter the purchase price of 100% of the stock of Hyves is paid from this cash balance. The Central Works Council recently advised positively with respect to this acquisition. The transaction will be closed today.

### **Outlook**

The following factors will have a positive impact on the **operating result** for the full year 2010 in comparison with 2009:

- Continued effect of the cost measures implemented earlier;
- Discontinuation of the Sunday edition of De Telegraaf;
- Decreased cost of paper;

Furthermore the acquisition of social network Hyves will positively add to TMG's results.

The projected decline in newspaper advertising revenues, salary increases pursuant to the collective labour agreement together with inflation will impact TMG's results negatively.

Given the improvement in EBITA result over the third quarter and despite expected further pressure on advertising revenues in the fourth quarter, the recurring EBITA margin for all of 2010 is expected to be at least 10%. Earlier guidance for the full year mentioned a margin of at least 9%.

Furthermore, the share in the result of ProSiebenSat.1 Media AG positively influences the 2010 **net result**.

The tax credit of € 5 million pursuant to the expected liquidation of Expomedia Group Plc may be postponed to 2011.

The extension for the period beyond 31 August 2011 of the FM licences held by the commercial radio stations in the Netherlands should have been set before 1 September, 2010. However, due to the change of the Dutch cabinet decision making has been postponed. This week the Minister of Economic Affairs, Agriculture and Innovation announced his intent to renew the licences until 2017. A licence fee at fair value will have to be paid. In the next six weeks the Minister will consult the relevant stakeholders. The Department announced that final decisions regarding the renewal will be made by January 2011.

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