

22 April 2010

TMG improves result in first quarter through cost reductions

During the Annual General Meeting of TMG (Telegraaf Media Groep N.V.) it was announced that the operating result (recurring EBITA) increased sharply in the first quarter of 2010 as compared to the same period in 2009. The increase in the operating result is mainly due to the measures taken earlier to reduce the costs. Revenues declined.

Reporting year 2009

As announced earlier, the recurring EBITA result fell primarily as a result of the crisis from € 62.0 million in 2008 to € 49.6 million in 2009. The corresponding EBITA margin decreased from 9.1% to 8.1%. Revenues including other operating income fell by approximately € 70 million. The decrease was mainly due to a decline (in line with the market) in the advertising revenues and was largely compensated by cost reductions. Excluding restructuring costs which were approximately € 47 million lower, the operating expenses declined by approximately € 58 million.

The net result of € 69.3 million for 2009 includes a reversed impairment loss of the interest in ProSiebenSat.1 Media AG of € 56 million.

The 'Cost reduction programme 2008-2010' that aims to realise a structural annual cost reduction of € 40 million to € 50 million is ahead of schedule. The objectives arising from the programme: structurally lower annual operating expenses (including a reduction of the workforce by 500 FTEs by mid 2010), disposal/discontinuation of nonperforming and underperforming activities, outsourcing of non-core activities, other cost savings and growth in digital activities, were all realised. The objective for growth in recurring EBITA margin was not achieved in 2009; in line with the current objectives, this margin must markedly rise in 2010. For the longer term, TMG has the ambition of achieving a margin of 15%.

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Shareholder decisions

- The financial statements have been adopted and the proposed dividend of € 0.35 per depositary receipt for shares was approved by the shareholders. The dividend will be made payable on 29 April 2010.
- Mr D.H.H.D. Ropers was appointed member of the Supervisory Board of TMG.
- Deloitte Accountants was appointed as external auditor for the year 2010.

First quarter 2010

Publication of the final results for the first quarter of 2010 will take place on 12 May 2010. The preliminary figures indicate that revenues have declined by approximately € 6 million as compared to the same period of last year, to just over € 140 million, primarily as the result of a drop of more than 6% in advertising revenues. Thanks to the effect of the measures taken earlier, the operating expenses fell by almost € 12 million. The recurring operating result consequently rose from approximately € 4.5 million in the first quarter of 2009 to just over € 10.7 million in 2010; the corresponding margins were approximately 3.1% and 7.6% respectively.

Outlook

The sharp increase of the result of the first quarter cannot be automatically projected on the rest of the year. A number of important measures were already implemented in the course of 2009. Therefore, the impact of the cost reductions will decrease over the coming quarters in comparison with last year.

For the full year 2010 an increase in recurring EBITA margin is expected from 8.1% over 2009 to more than 9% over 2010 mainly because of the measures taken earlier. This improvement is conditional to a decrease in advertising revenues not lower as experienced in the first quarter.

Audio Webcast

For a complete report on TMG's Annual General Meeting we refer you to the audio webcast (Dutch spoken) of the Annual General Meeting.

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