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Newsroom

TMG takes further steps in third quarter to implement its new strategy

- Rollout of the strategy is gaining momentum.
- Online activities (including video production) show 3% revenue growth.
- Advertising market remains under severe pressure.
- Acquisitions of Metro and Megastar keep revenues flat and result in increasing circulation revenues.
- Autonomous operating expenses decline by 4.2% as a result from cost reductions.
- Recurring EBITDA result declined by 28%; decline has slowed.

The rollout of the strategy presented at the end of 2011 is now gaining momentum. Online activities, including video production, show growth in revenues; the strategic Metro and Megastar acquisitions are keeping revenues flat and the cost reduction programmes are resulting in lower autonomous operating expenses. Due to the impact of the persistently weak advertising market, the recurring EBITDA continues to decline (-28% compared to the third quarter 2011). However, the decline is less pronounced than it was in the first half of the year (-48%).

TMG continues to invest in the development of online products. Among others mobile applications for De Telegraaf and Speurders have been redeveloped in recent months. Following the recent acquisition of Metro, TMG is keeping all strategic options open in relation to new acquisitions in the online market as well as in print.

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Financial results

Revenues		
<i>Amounts in € millions</i>	Period 1/7 - 30/9 2012	Period 1/7 - 30/9 2011

Circulation	77.1	72.6
Advertising	48.0	54.7
Printing for third parties	0.7	0.8
Distribution	2.5	2.7
Other revenues	10.7	10.2
Total	139.0	141.0

Result and Margin		
<i>Amounts in € millions</i>	Period 1/7 - 30/9 2012	Period 1/7 - 30/9 2011
Recurring EBITDA	9.7	13.4
Recurring EBITDA margin	7.0%	9.5%
Net result	7.0	22.5

The decline in net result is mainly a consequence of the lower result derived from TMG's stake in ProSiebenSat.1 Media AG (a book profit regarding the disposal of the activities in the Netherlands and Belgium was realised in 2011).

Herman van Campenhout, CEO of TMG: 'The cross-media strategy is yielding its first results. It is clear that we nevertheless continue to be plagued by the unprecedented crisis on the print-advertising market which is greater than we projected last year. The effects are not expected to change very quickly because print is our major activity.'

Business highlights

In terms of **print activities**, De Telegraaf leveraged multi-media to the maximum possible extent at the Olympic Games by being the first Dutch medium to provide the general public with news via newspapers, online, mobile, radio and video. In addition, the newspaper benefited from advertising related to the national elections held in September. The published election edition of the newspaper was well received by readers.

Free newspaper Metro was acquired effective 1 September. With this acquisition, TMG now owns the top three Dutch newspapers. This makes the company the undisputed number one on the Dutch newspaper market and also allows achieving further synergies and economies of scale. The integration process is in full swing.

The first steps have been taken in terms of the joint distribution of dailies with De Persgroep. Joint delivery was effected in September in the Rotterdam area. This joint initiative will be further rolled out in other regions in the near future.

Revenues from **online activities** (including video production) grew by almost 3% in spite of a decline in revenues at Hyves. Excluding Hyves, online revenues increased by 20%. To benefit from the online expertise of Hyves work has started to merge all online initiatives within TMG at the Hyves' location. A key starting point is the acceleration of online growth by putting greater focus on product development for portals, classifieds and e-commerce. Multiple development teams have been merged in order to achieve greater speed and economies of scale. Mobile applications for De Telegraaf and Speurders were renewed. In addition, the further development of Dichtbij.nl is ongoing.

Recently TMG captured a market leader position in production and sales of online video in the Netherlands by acquiring a majority stake in Zoomin.TV Netherlands.

At **Sky Radio Group**, the listening figures for the key radio stations, Sky Radio and Radio Veronica, once again increased. However, due to the ongoing pressure on media spending in the radio market (-10.9% compared to third quarter 2011), this increase in listener figures did not effectively translate into additional revenues for the time being. The My Radio iPhone/iPad app has been launched. MyRadio now enables listeners to listen to their personal online radio station at any time, from anywhere, fully in line with the online strategy.

Keesing Media Group, including Megastar, realised approximately 50% growth in revenues in the third quarter and also realised a fine result. Operating results in the Netherlands, Belgium and Denmark were stable. A significant improvement was realised in the third quarter in France. The initial synergy effects of the acquisition in France are becoming evident in the results. In line with the growth strategy further steps have been taken in the digital area. The number of downloads from Denksport's iPad app are steadily rising. As one of Microsoft's launching partners, Keesing Media Group has now launched the app for Windows 8 as well.

Other financial

The net financing position, excluding the future licensing fees owed by the Sky Radio Group, as at 30 September 2012 amounted to almost € 79 million. This represents an increase of over € 74 million compared to 30 September

2011, primarily due to acquisitions and investments. As a subsequent event, existing short-term credit lines for working capital and investments were replaced by a three-year € 125 million committed credit facility.

In the context of the current share buy-back programme, 29,507 (depository receipts for) shares were bought back during the third quarter. The average purchase price per share was € 7.91, producing an cash out flow of € 0.2 million. On balance, 1,343,028 (depository receipts for) shares were bought back up to and including 30 September 2012 as part of the buy-back programme. This represents 2.81% of the issued capital.

TMG recognises 6% of ProSiebenSat.1 Media AG's (ProSiebenSat.1) net result in its own results. This quarter this amounted to € 3.7 million, an increase of € 2.9 million in comparison to the continued operations of ProSiebenSat.1 in same period last year. The share price of the preference shares in ProSiebenSat.1 as at 30 September 2012 was € 19.61 per share. The book value of TMG's interest at 30 September 2012 amounted to € 224.8 million or € 17.13 per share.

Outlook

TMG intends to transform itself into a leading cross-media company over the coming years by accelerating online growth. In addition to the operation of its puzzle activities, TMG is focusing on the print, online and radio platforms, bundling strengths within the portfolio, effecting acquisitions in print and online, and reducing costs. In this respect the year 2012 was designated as a transition year in which, in addition to the transformation of the organisation, due consideration must be given to the start-up costs of new online activities and the impact of the current difficult economic conditions. Due to the uncertainty concerning the further development of advertising revenues in the fourth quarter – a quarter that is critical in terms of the annual result – it is impossible to make any pronouncements concerning all of 2012.

TMG publishes its interim management statement over the third quarter of 2012. 'Under normal circumstances' 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 as well as the single-copy sales of Keesing Media Group's publications are significantly higher in the third quarter.

The cash flow is highest in the fourth quarter when, in

addition to quarterly subscription fees, semi-annual and annual subscription fees are also received and advertising revenues are relatively high.

In comparison to 2011, the results of Megastar (publisher of puzzle magazines in France) and Groupdeal.nl (Dutch collective purchasing platform that offers products and services at attractive prices) were consolidated effective January 2012 and the results of Metro Nederland were consolidated effective September 2012.

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