

Amsterdam, 22 July 2016

Strategic Partnership TMG with Talpa (Radio, TV and OTT)

During the past few months, Talpa and TMG conducted intensive negotiations regarding the intended strategic partnership that was announced on 15 January 2016. Both parties set out the following agreements in a contract:

- TMG and Talpa will be merging their radio activities (Radio 538, Sky Radio, Radio Veronica and Radio 10[1]) and Talpa's controlling interest in One Media Sales into a joint radio company.
- The radio spots sales of both Sky Radio and Radio Veronica will be transferred to One Media Sales as per 1 January 2017.
- TMG has the option of taking a 15% interest in Talpa Broadcasting - which also provides an indirect interest in SBS.
- As a result of the negotiations for the total agreement, the previously announced one-off cash investment of TMG (EUR 27 mln) has lapsed.
- Talpa and TMG expect to complete all transactions by late August; the transaction is still subject to the approval of the authorised Supervisors and the advice of TMG's Works Council.
- On Wednesday 22 June, TMG announced taking a first step into OTT Television with the Telegraaf TV App on Apple TV. In October this year, the full programming will be announced during TMG's 24/7 event.

Geert-Jan van der Snoek, CEO TMG:

"On 15 January 2016, we announced the intended strategic partnership with Talpa. This enabled us to specify the strategic direction announced earlier within a broader team of top players in the media market. I am very pleased about the result of the negotiations: All starting points defined in January were realised without the one-off cash investment of EUR 27 million that was announced earlier. Talpa's collaboration with TMG presents the opportunity of serving Dutch consumers at

Contact



**TMG Corporate
Communicatie**

(uitsluitend voor journalisten)

corporatecommunicatie@t...

+31 88 824 0800

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*any time of the day with high-end, personalised, relevant content and serving advertisers with high-end propositions and reach. The partnership with Talpa enhances our range for consumers and in particular for advertisers. This partnership offers a wide array of opportunities for our radio stations too. Enriching the music range, investment in distribution through new channels and development of an even better range for business partners.**

Pim Schmitz, CEO Talpa:

“Talpa believes in building innovative, strong and versatile media businesses. The joint radio company will offer a comprehensive high-quality range of Dutch radio brands. This better enables us to add value in a broad business approach for local business partners. For them, in addition to extensive expertise and the best service, this creates a huge reach for all possible target groups.”

New radio company offers comprehensive high-quality range of Dutch radio brands

Relating to radio, TMG and Talpa will increase the consumer and advertising reach by merging into a single radio and music entertainment company. The Dutch radio stations involved, Radio 538, Sky Radio, Radio Veronica and Radio 10, are complementary and have a huge and differentiated joint reach. All four stations formed the basis of the current rich radio landscape, jointly reaching a weekly average of 7.2 million unique listeners, listening to the radio on a daily basis for an average of over 3 hours and 20 minutes. NLO 10+, Mon-Sun 06-24u, YTD May 2016). Within a single portfolio, the profiles of these stations can be further specified. The brands and stations can adopt more complementary positions, further distinguishing their ‘sound and feel’, music programming and activities programmes. For the business partners, in addition to extensive expertise and the best service, this creates a huge reach and impact for all possible target groups.

Innovation

Merging into a single radio business will enable more focus on innovation. Digitising content and distribution will play a leading role. Radio brands will evolve into ‘interactive music brands’ retaining their distinctly Dutch signature. Listeners are increasingly looking for interactive experiences, customised content in audio, video, online, mobile, social and events. Radio is a significant driver of multi-media use; the radio stations have high brand awareness and trust. Business partners and advertisers offer the brands relevant reach and the opportunity of deeper activation and interaction with a specific target group via brand partnerships.

Cross-media business and brand partnerships

The new radio company will have the brands, platforms and content to potentially offer any Dutch person a valuable listening experience on all different devices, 24/7. This will result in major benefits for both listeners and

business partners.

Share ratios

Based on the outcome of the due diligence completed, Talpa Holding has a 77.15% interest and TMG has a 22.85% stake in the new radio company. Under commercial conditions, TMG's interest may be increased to a maximum of 25%. The transaction is subject to the advice of the relevant Works Councils, who were further informed today.

The first outlines of the new radio stations group will become visible after the summer, when the new organisation plan will be disclosed. Sky Radio and Radio Veronica will be moved into the building at Bergweg in Hilversum, the current 538Group building, as soon as possible, and subject to the advice of the Works Councils.

One Media Sales

The new radio company will hold a controlling interest in One Media Sales (OMS). OMS is the ultimate sales organisation for commercial radio stations in the Netherlands, currently responsible for selling the spots for the following radio stations: Radio 538, 100% NL, Sublime FM, SLAM!, Radio 10 and the digital radio stations of The Media Exchange. The stations Sky Radio and Radio Veronica will be added as per 1 January 2017.

TV/ Over-the-Top Television (OTT)

On Wednesday 22 June, TMG announced taking a first step into OTT Television with the Telegraaf TV App on Apple TV. In October this year, the full programming will be announced during TMG's 24/7 event. In January 2017, TMG expects to be able to offer its clients the first fully operational OTT channels (Sports & News). Talpa will develop and build the OTT platform for TMG. Relating to TV, TMG has an option of taking a 15% interest in Talpa Broadcasting if Talpa Broadcasting expands its stake in SBS to a controlling interest. This would allow TMG to gain an indirect interest in SBS. SBS operates four TV stations: SBS6, SBS9, NET5 and Veronica.

[1] On 3 May, Talpa announced that SLAM! was on the market and that Radio 10 was added to its portfolio.

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CONTACT

Postadres

Postbus 376

1000 EB Amsterdam

+31 88 824 2222

Bezoekadres

Basisweg 30

1043 AP Amsterdam