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11 March 2011

Considerable growth in margin

Highlights of the 2010 results (in comparison with 2009): Recurring EBITA increased by 30% to almost € 65 million. Recurring EBITA margin increased from 8.1% to 10.9%. Revenues declined by 3% to € 592 million. Operating expenses decreased by 8% to € 570 million. Net result increased by 37% to almost € 81 million. Dividend proposal per share € 0.45 (2009: € 0.35).

Thanks to higher revenues and lower operating expenses the recurring EBITA turned out to be higher than indicated in a press release on 6 January 2011.

The 2010 and 2009 annual figures have been prepared in accordance with the IFRS guidelines applicable in 2010. The consolidated statement of comprehensive income is presented on the basis of continued operations.

The result from operations already discontinued or held for sale has been presented separately for 2009. The operations concerned are the activities in Sweden and Ukraine and, in the Netherlands, several magazine titles, the narrowcasting activities of Media Librium and DataWire Sport. In January 2010 Keesing Reference Systems has been disposed. As there was no significant impact from this disposal, this has not been presented separately in 2010.

Results

TMG successfully closed the year 2010 with a growth in margin from 8.1% to 10.9%, despite a declining advertising market. The growth in online revenues continued unabated with an increase of 22% to € 51.2 million. This includes Hyves' revenues effective 1 November 2010 (€ 5 million). Costs were significantly reduced due to the effects of reorganisations, the discontinuation of the De Telegraaf Sunday edition and the lower cost of paper.

In addition, TMG's share in the net result of ProSiebenSat.1 Media AG (ProSienbenSat.1) rose sharply from € 8.7 million to € 18.8 million. The result from this participation, including an impairment reversal in the

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amount of € 43.8 million, amounted to € 62.6 million in 2010.

BUSINESS UNITS
The business units made demonstrable progress in 2010 in terms of collaboration and synergy.

Revenues generated by **Telegraaf Media Nederland** declined modestly due to lower revenues from circulation as well as advertising. Revenues from digital activities rose. In the past year, this business unit actively focused on a number of areas, including the continued development of the digital market with a focus on local markets and e-commerce, and on the establishment of its own video media unit.

Because primarily the advertising markets were adversely affected, the **Keesing Media Group** was barely affected by the economic uncertainties with respect to its traditional puzzle magazines.

The **Sky Radio Group** achieved improved results on limitedly lower revenues.

The social network **Hyves** was acquired in November 2010 and became part of TMG. Hyves occupies the number 1 position on the Dutch internet: over 9.1 million citizens in the Netherlands have a Hyves account of which 5.2 million are considered active users. TMG has high expectations of Hyves, both on a stand-alone basis, as well as in terms of its collaboration with other TMG media.

Mobillion in 2010 revised its strategy and specialised services in the marketing and communication via social media market.

Progress was made by the printing, distribution and ICT **production units**, as well as the **Shared Service Center**, in both the areas of quality and cost control.

REVENUES
Revenues in 2010 on balance decreased by € 19.5 million to € 592.3 million.

Advertising revenues in 2010 exhibited an unpredictable pattern across the various media types, as well as over the months of the year. This applies to TMG, as well as the media sector in general. This is caused by various factors: changes in the media landscape, fierce competition, events and most certainly economic conditions in the Netherlands. Advertising revenues on balance declined by € 12.0 million (4.3%) despite of events such as the 2010 FIFA World Cup, the Olympic Games and SAIL 2010.

Revenues from **paid circulation** declined marginally by € 5.3 million, due to the discontinuation of the Sunday edition of De Telegraaf and marginally lower revenues from puzzle magazines in the Netherlands. The transition from De Telegraaf weekend subscriptions to three-day subscriptions went well and the decrease in revenues due to the discontinuation of the Sunday newspaper turned out to be limited.

The revenues from **distribution activities** for third parties decreased by € 2.6 million in 2010 as a result of the termination of still remaining in-house transportation activities effective in December and the termination of less profitable distribution contracts.

Of the total revenues in 2010, € 36.5 million was realised **abroad**. Revenues abroad amounted to € 36.8 million in 2009. Revenues outside the Netherlands primarily concern circulation activities related to the daily newspaper De Telegraaf in Europe/Southern Europe and the single copy sales of puzzle magazines in France, Belgium, Denmark and Sweden.

Internet revenues rose by € 9.3 million to € 51.2 million. The increase is primarily due to the growth in e-commerce activities (including the Web shop), the Hyves acquisition and the higher revenues from display advertising on news-related websites.

Other operating income declined by € 2.5 million, primarily due to the lower book profit from the sale of properties.

OPERATIONAL EXPENSES
The Sunday edition of De Telegraaf was discontinued in December 2009. This resulted in a significant decrease in operating expenses, primarily related to distribution. The transition from weekend subscriptions to three-day subscriptions went well. The lower cost of paper combined with a modestly lower volume resulted in a € 8.4 million decrease in **paper costs**.

Personnel costs declined by € 12.4 million in comparison to 2009, despite over € 3 million in charges in relation to the employee profit sharing scheme and the IFRS charges for employee benefits. Expenditures related to temporary personnel declined by almost € 3.4 million.
The number of employees in continued operations rose from 2,808 FTEs at year-end 2009 to 2,851 FTEs at year-end 2010, primarily due to the acquisition of Hyves in November 2010.
The average number of FTEs in 2010 was 2,806, a decrease of 182 FTEs in comparison to the previous year. The average **added value** per employee rose from € 103,000 in 2009 to € 111,000 in 2010.

The **other operating expenses** were € 15.9 million lower than in 2009. Distribution costs in 2010 were significantly lower, primarily due to the discontinuation of the Sunday edition of De Telegraaf, the optimisation of distribution activities and the outsourcing of transportation activities effective December 2010. The costs associated with outsourced work declined due to the discontinuation of the Sunday edition of De Telegraaf and lower external printing costs.

Depreciation declined by € 2.3 million, primarily due to the sale of properties and the full depreciation of the printing presses of Drukkerij Noordholland.

An amount of € 37.7 million in **amortisation expenses** was recorded in 2010 (2009: € 37.6 million). Hyves was acquired in 2010. Its subsequent amortisation had a marginal impact on the total amortisation expenses. Due to the economic situation, impairment losses totalling € 8.6 million were recognised in 2009, as a result of which the total amount of amortisation and impairment losses was € 46.2 million.

The result from **associates** totalled € 65.1 million in 2010 (2009: € 63.8 million). Aside from the result of the 6% interest in ProSiebenSat.1 in the amount of € 18.8 million (2009: € 8.7 million), a revaluation in the amount of € 43.8 million was recognised (2009: € 56 million) due to the structurally improved future cash flow projections. The devaluation of the associate ProSiebenSat.1 in the amount of € 99.8 million at year-end 2008 was therefore fully recovered at year-end 2010.

The **financial income and expenses** are inclusive of the results from associates, which primarily include the effects of the associate ProSiebenSat.1, and the proceeds from the sale of Keesing Reference Systems, Mobillion's SMS activities and the activities of 402Events. In addition, the interest rate impacts associated with the liquidity position in 2010 are recognised as part of the financial income and expenses.

ProSiebenSat.1, a leading European radio and television company, in which TMG holds a 6% strategic interest (13.127.832 common shares) and a seat in the Supervisory Board, closed the financial year 2010 with a successful performance. ProSiebenSat.1 Group increased consolidated revenues by 8.7% to EUR 3.0 billion and increased the recurring EBITDA with 30% to more than € 900 million. The market price of the preference shares climbed from € 8,06 at the end of 2009 to € 22,50 at the end of 2010. TMG's book value of its interest amounted to € 15,18 per share as per 31 December 2010.

The corporate income **tax** amounted to € 6.2 million in 2010 (2009: € 0.9 million). The effective corporate income tax amounted to 7.1% in 2010 compared to 1.5% in 2009.

The **net cash flow** in 2010 was € 18.7 million negative, primarily due to the acquisition of Hyves (2009: € 22.2 million positive). The net cash flow from operating activities improved by € 10.3 million to € 59.6 million due to an improved result and lower redundancy payments. The cash flow from investment activities amounted to € 49.2 million negative, primarily due to acquisitions, including Hyves. The negative cash flow from financing activities totalled € 29.2 million due to dividend payments of € 16.7 million and the repayment of long-term liabilities, including the annual FM licence payments by Sky Radio Group. The approach that will be used for extending the FM licenses should become clear during 2011.

SHAREHOLDERS' EQUITY

At year-end 2010, shareholders' equity attributable to TMG's shareholders had risen to € 531.1 million compared with € 466.0 million at year-end 2009. Comprehensive income attributable to shareholders of TMG for 2010 total € 81.8 million, while dividends totalling € 16.7 million were paid for 2009. Equity per share totalled € 11.12 at year-end 2010, compared with € 9.76 at year-end 2009. The dividend to be paid for 2010 is not yet reflected in the shareholders' equity as at 31 December 2010.

SHARES

There are 47,750,000 ordinary shares and 960 priority shares of € 0.25 nominal value in issue. Of the ordinary shares, 29,176,077 had been converted into depositary receipts as at 31 December 2010, amounting to 61.1% (year-end 2009: 60.9%).

INVESTMENTS

The total net amount invested in 2010 was € 49.2 million (2009: divestment of € 2.6 million). In 2010, this primarily relates to the acquisition of Hyves and software investments. In 2009, the divestments primarily related to the sale of cars when the car fleet was outsourced.
In 2010 it was decided to invest approximately € 20 million in expanding the colour printing capacity of the printing presses in Amsterdam. This will provide greater flexibility in terms of colour printing options, among other things. The investment is essential in view of market developments and the goal of remaining market leader.

CHALLENGES

The Dutch economy is characterised by periods of growth and decline. This is influenced by many factors, including government incentive schemes and cost reduction measures. Due to the nature of its activities, TMG as a company is sensitive to economic cycles. Advertising markets especially move along with the rise and fall of the Dutch economy. As became apparent in 2010, this does not, for that matter, apply to all media types to the same degree or at the same point in time. Television in the Netherlands experienced marked growth during the past year, especially on the advertising side. In addition, consumption and expenditures related to digital media are growing notably. TMG's ability to optimally anticipate these developments – in addition to achieving farther reaching synergy among its business units – is its greatest challenge, greater even than the challenge presented by political and economic developments.

OUTLOOK

TMG is projecting stable circulation revenues in 2011. A key question is whether advertising revenues will recover from the decline experienced in recent years. The projections included in the New Year's speech still assumed a modest decline in newspaper advertisements and a limited rise in radio advertising. However, advertising revenues derived from print and radio markedly declined in the first two months of this year in comparison to the same period in 2010. Revenues from digital activities exhibited further growth as projected, autonomously as well as due to the acquisition of Hyves. In total there was a modest decline in the Group's revenue in the first two months of this year. Due to reorganisation measures, the rollout of collaboration in the area of newspaper delivery and the lower cost of paper, there was a decline in costs. On balance, there was a marginal improvement in the recurring EBITA.

As stated, TMG is projecting stable circulation revenues for the full year. It is impossible to predict to what extent the advertising trends in print and radio in the first two months of 2011 will be representative for the remainder of the year. Revenues from digital activities, in part due to the full-year effect of the Hyves acquisition, are projected to exhibit strong growth. In terms of costs, aside from inflation, TMG will be faced with the effect of the increases pursuant to the collective labour agreement (CAO), the higher cost of paper, effective in the second half of 2011, and higher pension premiums. This is offset by further cost reductions, including the collaboration with Wegener and NDC concerning the distribution of daily newspapers.

If the pressure on advertising revenues in the first two months of 2011 persists for the remainder of the year, a limited decline in margin must be taken into account. Earlier projections called for an improvement in margin accompanied by a modest increase in revenues.

In view of the successful fiscal year 2010, ProSiebenSat.1 proposes for a resolution by the Annual General Meeting of 1 July 2011 a dividend payment for 2010 of EUR 1.14 per preferred share and EUR 1.12 per common share. TMG holds 13,127,832 common shares.

DIVIDEND POLICY
The dividend is normally set within a range of 15% to 30% of the cash flow, with cash flow being defined as the sum of net result and depreciation. A cash dividend payment of € 0.45 per share is proposed. On a total of 47,750,000 outstanding shares and depositary receipts for shares, this equates to a payout of € 21.5 million. The dividend for 2009 was € 0.35 per share.

APPENDICES:

1. Consolidated Statement of Comprehensive Income 2010.

2. Consolidated Statement of Financial Position as at 31 December 2010.

3. Consolidated Cash Flow Statement for 2010.

4. Recurring EBITA 2010.

5. Consolidated Statement of Comprehensive Income for the fourth quarter of 2010.

6. Recurring EBITA fourth quarter 2010.

The financial figures included in the appendices 1 to 3 to this press release have been extracted from the 2010 Financial Statements. The Financial Statements have been released for publication. The Financial Statements have not yet been published and still require adoption from the General Meeting of Shareholders. In accordance with Section 2:393 of the Dutch Civil Code, Deloitte Accountants B.V. has issued an audit opinion on the Annual Report, which will be published on 14 March 2010.

The Annual General Meeting of Shareholders will be held on Thursday 28 April 2011 in Amsterdam.

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