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TMG 2011 Third Quarter Result

Compared to the third quarter of 2010:

- Revenues increased by € 1.5 million (1.1%) to € 141.0 million.
- Internet revenues increased by € 6.4 million (59.8%) to € 17.1 million.
- Operating expenses were € 138.6 million and increased by € 5.0 million. Autonomously the costs were lower.
- Recurring EBITA result decreased from € 15.0 million to € 10.8 million.
- TMG's share in the result of ProSiebenSat.1 Media AG was € 18.2 million higher.
- TMG's net result increased from € 7.3 million to € 22.5 million.

TMG publishes its interim management statement over the third quarter of 2011.

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.

2011 Third Quarter results

The consolidated statement of comprehensive income (see Appendix) is presented on the basis of total operations.

The operations of the Hyves social network were acquired in November 2010 and have since been consolidated. The Hyves operations were therefore not included in the results for the third quarter of 2010.

Including Hyves, revenues in the third quarter of 2011 rose by € 1.5 million. Online revenues rose by almost 60%; the Hyves acquisition as well as organic growth form the basis for this result. Advertising revenues in the newspaper sector declined by 12%. Circulation revenues remained virtually stable. Due to the consolidation of Hyves, the

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TMG 2011 Third Quarter Result



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increased cost of paper and the costs of the Dichtbij.nl rollout, costs were generally higher in comparison to the third quarter of 2010. The recurring EBITA result consequently declined by € 4.2 million to € 10.8 million. The recurring EBITA margin over the first nine months declined from 10.1% to 8.6%.

Due to a € 18.2 million increase in TMG's share in the result of ProSiebenSat.1 Media AG, the net result increased by € 15.2 million to € 22.5 million during the third quarter of 2011. The net result increased from € 22.4 million to € 35.8 million during the first 9 months.

Operational Performance

Developments of the business segments in the third quarter:

Telegraaf Media Nederland (TMnl)

TMnl was faced with a 12% decline in advertising revenues from print operations, which continue to represent a significant portion of revenues. The national brands and services segment in particular were under pressure at the De Telegraaf, as well as Sp!ts. Circulation revenues exhibited a limited decline. In the meantime, plans have been developed to further reduce costs in this segment.

TMnl achieved over 23% higher revenues in comparison to last year with its online operations (Telegraaf.nl, Dichtbij.nl, Relatieplanet.nl, Habbohotel.nl, Bohil.nl, Jaap.nl, etc.). Following the rollout of a large number of platforms in the western part of the Netherlands (Randstad), Dichtbij.nl, TMG's hyper-local network, opened four sites in the Province of Brabant (South) (and a franchise in Maastricht, Arnhem and Groningen) in the third quarter. Dichtbij.nl will subsequently undertake a phased roll out of sites in eight medium to large cities in the rest of the Netherlands, while a basic version of Dichtbij.nl is available in other areas of the Netherlands that will be enhanced with additional functionalities at a later stage. Start-up losses amounting to a total of approximately € 3 million have been provided for in 2011 for this project.

Telesport broke all records during the Tour de France this year with De Telegraaf's sports website (www.telesport.nl), the Telesport & Hyves Tour pool and the special Tour app. In the month of July, Telesport's digital platforms had over 60 million page views on Telesport.nl, more than 130,000 downloads of the app and over 85,000 participants in the Tour pool. Furthermore, TMnl has signed a multi-year agreement with Eredivisie N.V. (Premier Soccer League) for the purpose of creating intensive and cross media collaboration in the area of content exchange, communication and interaction with all football enthusiasts in the Netherlands. De Telegraaf and Hyves in this respect provide for the highest possible reach and interaction with consumers.

DFT.nl, De Financiële Telegraaf's website was the first

Dutch financial news site to launch an iPhone app with real time stock exchange rates. Streaming is furthermore used to display the rates. The app contains a free and a premium segment.

July was also a record month for De Telegraaf's e-commerce activities. A total of more than 12,000 items were sold 'over the counter'.

The number of online videos viewed is steadily increasing. Research shows that 4 of 5 Dutch citizens view online videos from time to time. This trend is also evident from the four-fold increase in the number of video views on Telegraaf.nl's network: the number of views rose from 1.9 million views in July 2010 to 8.4 million in July 2011.

AdAudience was launched in August 2011. AdAudience enables advertisers to purchase effectively campaigns within and external to TMG's online network on the basis of their own targets.

Sky Radio Group

The Sky Radio broadcasting station is and remains number 1 among women in the Netherlands. The market share in the 'women 10 years and older' target group rose to 10.5% in August/September. This enabled Sky Radio to reinforce its position as the most popular broadcasting station among women. This contributed to stabilising revenues in the third quarter in comparison to the third quarter of last year after earlier declines in the first and second quarters of this year.

The extension of the FM licensing period to 2017 went into effect as of September. Since then Sky Radio Group pays a lower fee for the FM frequencies and amortisation expenses have consequently declined by € 2.2 million per year as a result. Nonetheless, Sky Radio Group has initiated legal proceedings concerning the level of the licensing fees charged for the Veronica broadcasting station.

Keesing Media Group

Keesing Media Group experienced increased circulation revenues: the single copy sales of puzzle magazines were significantly higher in the third quarter in France and Belgium in comparison to the third quarter of last year. Apps were developed for the iPad and iPhone that enable online puzzling in, moreover, various languages. Online casual gaming activities are not yet making a positive contribution to the result.

Hyves

Despite the sharp growth of other social networks in the Netherlands, Hyves had 2.3 million unique visitors daily and 7.1 million unique visitors per month at the end of the third quarter of 2011. Although Hyves operates in a highly competitive international playing field, the number of minutes spent each month is 1.6 billion or approximately 7% of the total time spent on the internet in the Netherlands.

Increased synergy is continuously being achieved between Hyves and other activities of TMG. For example, Hyves has been collaborating with the free paper Sp!ts since September to provide input from the news feed to the most discussed Hyves items. In August, Hyvers were given the exclusive opportunity of establishing the Top 500 RockHits list which was free to air broadcasted by Radio Veronica in September. Furthermore, Hyves Hit Radio is initiated in collaboration with Sky Radio Group, whereby the play list is compiled based on reactions of Hyvers.

Financial Performance

The breakdown of **revenues** is as follows:

Revenues	Period 1/7-30/9 2011	Period 1/7-30/9 2010
<i>Amounts x € 1 million</i>		
Advertisements	54.7	56.2
Circulation	72.6	73.0
Print third parties	0.8	0.8
Distribution	2.7	3.4
Other revenues	10.2	6.0
Total	141.0	139.4

Advertising revenues declined by € 1.5 million (2.6%) to € 54.7 million: the approx. 12% lower advertising revenues from print products were partially offset by a 51% increase in advertising revenues from internet activities. Advertising revenues from radio operations remained stable. Total advertising revenue trends over the last three quarters were as follows: -7%, -4% and -3%.

Total **internet revenues** (including Hyves and e-commerce), reported under the headers advertising revenues and other revenues, rose by 59.8% to € 17.1 million.

Revenues from **circulation** declined by € 0.4 million (0.5%) to € 72.6 million. The decline is due to a limitedly lower number of De Telegraaf subscriptions. This was partially offset by a significant increase in single copy sales of the Keesing Media Group's publications, primarily in France and Belgium.

Income from **distribution** declined by € 0.7 million due to the outsourcing of transportation activities.

The costs of **raw and auxiliary** materials increased by € 1.2 million (12.4%), due to the higher cost of paper. This was partially offset by a reduction in consumption.

Personnel costs increased by € 3.2 million (6.2%) in the third quarter due to a net marginal increase in the number of FTEs and higher pension premiums. The growth in FTEs arising from new operations (particularly Hyves and Dichtbij.nl) was offset by a reduction in costs and the number of staff members engaged in existing operations, primarily due to the joint distribution of dailies with NDC and Wegener and the termination of transportation activities.

Amortisation charges were € 0.5 million lower due to the fully amortised valuation of the Sky Radio Group's FM licenses as of September. Furthermore, the extended licensing period went into effect on 1 September at a lower fee than paid to the Dutch government up until that point in time.

Other operating expenses rose on balance by approx. € 1.6 million due to the start-up costs of Dichtbij.nl and the consolidation of Hyves. This increase was partially offset by savings realised as a result of the joint distribution of dailies with NDC and Wegener. The joint distribution of dailies by TMG, NDC and Wegener was successfully expanded in the third quarter to include all targeted areas. The savings to TMG appear to be higher than originally thought.

Financial income and expenses increased by € 16.9 million to € 19.8 million, mainly due to improvement in the results realised by ProSiebenSat.1 Media AG (ProSiebenSat.1) and due to the book profit realised by ProSiebenSat.1 on the sale of operations in the Netherlands in July 2011. TMG's 6% share in the net cumulative result of ProSiebenSat.1 over the period January to September inclusive, rose from € 7.7 million in 2010 to € 30.5 million in 2011. The book value of the participation in ProSiebenSat.1 as at 30 September 2011 was € 219.0 million or € 16.68 per (ordinary) share in ProSiebenSat.1. The share price of the preference shares in ProSiebenSat.1 quoted at the stock exchange was € 13.31 as at 30 September 2011.

The **net result** in the third quarter was € 22.5 million, primarily due to TMG's share in the increased result of ProSiebenSat.1. This represents an increase of € 15.2 million over the 2010 third quarter result.

Cash flow

The cash position declined by € 5.7 million to approx. negative € 4 million in the third quarter of 2011, primarily due to the FM licence payments made by Sky Radio Group (€ 7.7 million) and the buyback programme of TMG shares (€ 7.7 million). As at 30 September 778,392 shares and depositary receipts for shares have been bought back representing 1.63% of the issued capital.

Outlook

As far as the annual results are concerned, TMG is maintaining what was communicated when the second quarter results were published, namely that for the entire year 2011 a significantly lower recurring EBITA margin than the margin achieved in 2010 is to be expected.

Integration of regional and local media

TMG is announcing the integration of TMG's local and regional media. The instigation for this is the pressure on the revenues of the free local papers (distributed door-to-door). This integration furthermore involves a reduction of 85 FTEs.

Strategy

As indicated earlier work is underway on TMG's strategy. The results of this process will be presented on 7 December.

Appendices

Click here for the [Appendices](#):

- Consolidated statement of comprehensive income third quarter 2011
- Recurring EBITA result third quarter 2011

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