

TMG Semi-Annual Financial Statements 2016



Semi-Annual report 2016

Consolidated statement of profit and loss

<i>In thousands of euros</i>	Note	Period 1/1 - 30/6 2016	Period 1/1 - 30/6 2015
Continued operations			
Revenues	6,7	206,940	222,736
Other operating income		12	-
Total income		206,952	222,736
Raw and auxiliary materials		10,734	15,420
Personnel costs		81,870	85,492
Depreciation, amortisation and impairment losses		7,480	16,465
Other operating expenses		106,277	105,655
Total operating expenses		206,361	223,032
Operating result	6	591	-296
Result from associates	10	55	39
Financial income	10	23	162
Financial expenses	10	-602	-436
Financial income and expenses		-524	-235
Result from continued operations before tax		67	-531
Income tax	11	602	-434
Net result from continued operations for the period		-535	-97
Discontinued operations			
Net result from discontinued operations after tax	9	3,669	-2,360
Net result for the period		3,134	-2,457
Net result attributable to:			
Shareholders of Telegraaf Media Groep N.V.		3,134	-2,004
Non-controlling interest		-	-453
Net result for the period		3,134	-2,457
Earnings per share			
Result attributable to shareholders of ordinary shares Telegraaf Media Groep N.V.		3,134	-2,004
Weighted average number of ordinary shares		46,350,000	46,350,000
Basic and diluted earnings on continued operations per share (EUR)		-0.01	0.00
Basic and diluted earnings per share (EUR)		0.07	-0.04

The figures shown in this report have not been audited

Consolidated statement of comprehensive income

<i>In thousands of euros</i>	Note	Period 1/1 - 30/6 2016	Period 1/1 - 30/6 2015
Net result for the period		3,134	-2,457
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive income net of tax		-	-
Total comprehensive income for the period		3,134	-2,457
Result attributable to:			
Shareholders of Telegraaf Media Groep N.V.		3,134	-2,004
Non-controlling interest		-	-453
Total comprehensive income for the period		3,134	-2,457

The figures shown in this report have not been audited

Consolidated statement of financial position

<i>In thousands of euros</i>	Note	30/6 2016	31/12 2015
ASSETS			
Non-current assets			
Intangible assets		183,341	237,432
Property, plant and equipment	12	46,184	49,726
Investments in associates		374	24
Deferred tax assets		41,336	38,397
Other receivables		1,061	1,077
Total non-current assets		272,296	326,656
Current assets			
Inventories		1,530	1,859
Tax receivables		-	623
Trade and other receivables		58,262	73,811
Cash and cash equivalents		7,664	42,928
Assets classified as held for sale	13	63,324	62
Total current assets		130,780	119,283
Total assets		403,076	445,939
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		11,588	11,588
Other reserves		217,605	223,592
Attributable to equity holders Telegraaf Media Groep N.V.		229,193	235,180
Non-controlling interests		-	-7,974
Total shareholders' equity	14	229,193	227,206
Liabilities			
Interest-bearing loans and borrowings	16	386	472
Post-employment benefit liabilities		4,889	5,183
Provisions	15	9	216
Deferred tax liabilities		11,525	18,023
Total non-current liabilities		16,809	23,894
Interest-bearing loans and borrowings	16	6,116	25,546
Accounts payables and other current liabilities		114,033	131,943
Provisions	15	8,139	36,209
Tax payables		689	1,141
Liabilities classified as held for sale	13	28,097	-
Total current liabilities		157,074	194,839
Total liabilities		173,883	218,733
Total equity and liabilities		403,076	445,939

The figures shown in this report have not been audited

Consolidated statement of cash flows

<i>In thousands of euros</i>	Note	Period 1/1 - 30/6 2016	Period 1/1 - 30/6 2015
Cash flow from operating activities			
Net result for the period		3,134	-2,457
Adjustments for:			
Depreciation of property, plant and equipment		3,873	4,888
Amortisation of intangible assets		3,607	10,165
Impairment losses on property, plant and equipment	12	-	6,900
Net financing costs	10	717	773
Gain on sale of property, plant and equipment		-12	-
Result from associates		-55	-39
Income tax		1,622	-1,199
		12,886	19,031
Change in inventories		329	3,270
Change in trade and other receivables		5,216	-267
Change in accounts payable and other current liabilities		-10,237	-10,793
Change in provisions and post-employment benefit liabilities		-28,572	-10,502
		-20,378	739
Interest received		11	150
Interest paid		-633	-504
Income taxes paid		-3,142	-2,159
Net cash from operating activities		-24,142	-1,774
Cash flow from investing activities			
Dividends received		63	142
Investments in intangible assets		-3,253	-1,602
Investments in property, plant and equipment	12	-2,268	-3,679
Acquisition of subsidiaries, net of cash acquired		58	-
Acquisition of associated companies		-414	-
Divestments of intangible assets		-	23
Divestments of property, plant and equipment		4,480	-
Net cash used in investing activities		-1,334	-5,116
Cash flow from financing activities			
Dividends paid	14	-7,416	-
Proceeds of borrowings	16	5,000	-
Redemption of borrowings		-1,669	-770
Change in non-controlling interests	14	-5,700	-
Net cash used in financing activities		-9,785	-770
Net decrease in cash and cash equivalents		-35,261	-7,660
Cash and cash equivalents as at 1 January		42,928	41,260
Change in cash and cash equivalents for assets held for sale		-3	1,096
Cash and cash equivalents as at 30 June		7,664	34,696

The figures shown in this report have not been audited

Consolidated statement of changes in equity

<i>In thousands of euros</i>	Attributable to equity holders of Telegraaf Media Groep N.V.					Non- controlling interests	Total shareholders' equity
	Note	Issued capital	Other reserves	Total			
Balance as at 1 January 2015		11,588	247,131	258,719	-8,018	250,701	
Net result for the period		-	-2,004	-2,004	-453	-2,457	
Total comprehensive income for the period		-	-2,004	-2,004	-453	-2,457	
Balance as at 30 June 2015		11,588	245,127	256,715	-8,471	248,244	
Net result for the period		-	-20,756	-20,756	-426	-21,182	
Other comprehensive income for the period		-	-661	-661	-	-661	
Total comprehensive income for the period		-	-21,417	-21,417	-426	-21,843	
Acquisition of non-controlling interests	14	-	-118	-118	923	805	
Balance as at 31 December 2015		11,588	223,592	235,180	-7,974	227,206	
Net result for the period		-	3,134	3,134	-	3,134	
Total comprehensive income for the period		-	3,134	3,134	-	3,134	
Dividends paid to shareholders	14	-	-7,416	-7,416	-	-7,416	
Change in non-controlling interests	14	-	-1,705	-1,705	7,974	6,269	
Balance as at 30 June 2016		11,588	217,605	229,193	-	229,193	

The figures shown in this report have not been audited

Notes to the consolidated Semi-Annual Financial Statements

1. Corporate information

Telegraaf Media Groep N.V. (the “Company”) is domiciled in Amsterdam, the Netherlands. Its activities are primarily the publication of print media and the operation of, and participation in, digital media and radio. The Company’s certificates shares are listed on the NYSE EuroNext in Amsterdam.

The Company’s consolidated semi-annual report for the first six months of 2016 comprises the Company, its subsidiaries and entities over which the Company has joint control (together referred to as Telegraaf Media Groep) and its interests in associates.

The consolidated financial statements for the financial year 2015 are available upon request at the Company’s postal address, P.O. Box 376, 1000 EB Amsterdam, or digitally via www.tmg.nl

The interim report, unaudited, was approved by the Executive Board and the Supervisory Board for publication on 28 July 2016.

2. Statement of compliance

The consolidated semi-annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and as adopted by the European Union, and the interpretations of these standards by the IASB.

The consolidated semi-annual financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The report does not contain all the information required for complete financial statements and should be read in combination with the consolidated financial statements of Telegraaf Media Groep for 2015.

3. Basis for preparation

The principles applied by Telegraaf Media Groep in these consolidated interim financial statements are the same as the accounting policies applied in the consolidated statements for the year 2015 and are in accordance with the International Financial Reporting Standards (IFRS) approved by the European Commission, with the exception of the application of new standards and interpretations effective as of 1 January 2016. As required by IAS 34, the nature and the effect of these changes are disclosed below:

[Amendments to IFRS 11 Joint arrangements: Accounting for acquisition of interests](#)

The amendments require that accounting for a joint operation that constitutes a business, entities must apply the relevant IFRS 3 Business Combinations principles.

[Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of Depreciation and Amortisation](#)

The amendments clarify that a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

[Amendments to IAS 1 Disclosure Initiative](#)

The amendments clarify the materiality requirements in IAS 1. They also clarify that entities can be flexible as to the order in which they present the notes to the financial statements.

[Annual improvements 2012-2014 cycle](#)

The improvements relate to specific parts of IFRS 5, IFRS 7, IAS 19 and IAS 34.

These changes to IFRS standards have for now no influence on the accounting policies and principles applied, nor retroactively. Where necessary, changes in the presentation and disclosure notes are made in accordance with changes to IFRS.

4. Critical accounting estimates and judgements

In the process of compiling interim reports, management has made judgements, estimates and assumptions that affect the application of the accounting principles, the reported value of assets and liabilities, and the amounts of income and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results. Interim results are not necessarily indicative for full-year results. Unless stated otherwise, the estimates made by the management in applying the accounting principles of Telegraaf Media Groep and the principal estimate sources used are identical to the judgements and sources that were applied for the consolidated financial statements 2015.

5. Financial risk management

Risk categories and factors affecting the financial position of Telegraaf Media Groep have been reported in the financial statements 2015. In the first six months of 2016, no significant changes with regard to risk occurred, as a result of which this report merely refers to the 2015 financial statements.

Economic developments have a particularly negative effect on net media spending, which is cyclical. Furthermore, media use is changing structurally, as a result of which traditional media is under pressure and new media and new technologies are seeing growing consumer use.

For further information on market conditions, see the notes to the semi-annual results 2016.

6. Segment reporting

<i>In thousands of euros</i>	TMG Landelijke Media		TMG Digital	
	2016	2015	2016	2015
Continued operations				
Revenues from third-party transactions	97,397	109,474	17,961	16,408
Intercompany transactions	-	-	-	-
Total income	97,397	109,474	17,961	16,408
Segment result before depreciation, amortisation and impairment losses	26,272	33,911	1,854	1,322
Total depreciation, amortisation and impairment losses	166	901	481	2,030
Operating result	26,106	33,010	1,373	-708
Result from associates	-	-3	55	42
Financial income	6	-	10	3
Financial expenses	-	-	-	-
Income tax	-6,542	-8,371	-361	280
Net result for the period	19,570	24,636	1,077	-383
Segment assets	26,796	31,722	13,992	13,352
Investments in associates	-	24	374	-
Total assets as at 30 June 2016 / 31 December 2015	26,796	31,746	14,366	13,352
Segment liabilities	44,095	57,972	4,623	5,367
Total liabilities as at 30 June 2016 / 31 December 2015	44,095	57,972	4,623	5,367
Segment investments	294	1,176	24	271
Total investments	294	1,176	24	271
Restructuring costs	303	-	-	-
Impairment losses on property, plant and equipment	-	-	-	-
Other material non-cash items	303	-	-	-
Average number of FTE	507	605	122	113

Operating segments

Telegraaf Media Groep N.V. comprises the following main operating segments:

- **TMG Landelijke Media:** The publishing of national newspapers, magazines, print-related internet activities and video productions.
- **TMG Digital:** The digital activities include, among others, Geenstijl, Groupdeal, Dumpert, Gaspedaal and Relatieplanet.
- **Holland Media Combinatie:** The publishing of regional newspapers, free door-to-door papers and print-related internet activities.
- **Keesing Media Group:** The publishing of puzzle booklets within Europe.
- **Facilitating Services:** Other activities include, among others, the printing and distribution of newspapers, the provision of office space and related facilities, primarily for the segments TMG Landelijke Media, TMG Digital and Holland Media Combinatie.
- **Head Office and Other/Eliminations:** Head Office includes the corporate departments and the continued Classic FM and MyRadio activities, previously part of the now discontinued segment Sky Radio Group.

Holland Media Combinatie		Keesing Media Group		Facilitating services		Headoffice & Other		Total	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
47,336	52,548	35,044	33,054	8,883	10,831	331	421	206,952	222,736
-	-	102	30	35,422	38,787	-35,524	-38,817	-	-
47,336	52,548	35,146	33,084	44,305	49,618	-35,193	-38,396	206,952	222,736
12,132	14,772	10,076	8,718	-16,600	-18,275	-25,663	-24,279	8,071	16,169
321	715	2,340	2,104	2,731	10,495	1,441	220	7,480	16,465
11,811	14,057	7,736	6,614	-19,331	-28,770	-27,104	-24,499	591	-296
-	-	-	-	-	-	-	-	55	39
-	-	7	146	-	-	-	13	23	162
-	-	-52	-44	-	-	-550	-393	-602	-436
-2,963	-3,525	-2,357	-1,920	4,833	5,460	6,788	8,510	-602	434
8,848	10,533	5,334	4,796	-14,498	-23,310	-20,866	-16,369	-535	-97
20,643	21,582	153,493	153,112	54,476	56,745	133,302	169,402	402,702	445,915
-	-	-	-	-	-	-	-	374	24
20,643	21,582	153,493	153,112	54,476	56,745	133,302	169,402	403,076	445,939
21,699	25,783	33,136	33,921	4,757	25,030	65,573	70,660	173,883	218,733
21,699	25,783	33,136	33,921	4,757	25,030	65,573	70,660	173,883	218,733
13	95	486	460	1,891	2,948	2,854	364	5,562	5,314
13	95	486	460	1,891	2,948	2,854	364	5,562	5,314
27	-	10	-288	-574	-	537	-	303	-288
-	-	-	-	-	6,900	-	-	-	6,900
27	-	10	-288	-574	6,900	537	-	303	6,612
437	510	274	266	304	443	159	131	1,803	2,068

As of January 2016, non-title-related digital activities have been part of the new business unit TMG Digital. The comparative figures have been adjusted for this change accordingly. Additionally, for centralisation purposes, some internal departments have been moved to Facilitating Services and Head Office (IT). The comparative figures 2015 have been adjusted to reflect these changes to the various segments.

7. Seasonality of business activities

A part of the business operations of Telegraaf Media Groep is subject to seasonal influences. During the first and third quarters of the year, advertising revenues are normally lower than during the remainder of the year. The single-copy sales of De Telegraaf and the Keesing Media Group's publications are significantly higher in the third quarter. The fourth quarter is normally the most important quarter for advertising revenues.

Cash flow is the strongest in the fourth quarter because, in addition to quarterly subscriptions, annual subscriptions are also received in advance.

8. Business Combinations

On 28 April 2016, TMG Landelijke Media B.V. acquired 100% of the shares in International Fashion Week B.V. (organiser of Amsterdam Fashion Week among other things) and its subsidiaries. TMG has recognised 907 as goodwill. This is mainly attributable to synergies expected to arise from the integration of the companies with existing operations of TMG. Other than goodwill, no intangible assets were identified in this transaction.

9. Discontinued operations

In the first half of 2016, TMG entered into a strategic partnership with Talpa, as a result of which the radio stations Sky Radio and Radio Veronica, among other things, will be transferred to a newly established radio company. TMG will acquire a minority interest in this new company. In anticipation of the final agreement, these activities are considered to be discontinued. The Sky Radio Group segment has therefore lapsed.

<i>In thousands of euros</i>	Period 1/1 - 30/6 2016	Period 1/1 - 30/6 2015
Result from discontinued operations		
Revenues	13,922	14,206
Wages and salaries	2,383	2,385
Social charges and pension charges	618	581
Other personnel costs	139	268
Restructuring costs	-	432
Amortisation	-	5,263
Depreciation	-	225
Other operational costs	5,955	7,678
Total operating expenses	9,095	16,832
Operating result from discontinued operations	4,827	-2,626
Financial income and expenses	-138	-499
Income tax	1,020	-765
Result from discontinued operations, net of tax	3,669	-2,360
Average number of employees (FTE)	88	94
Earnings and diluted earnings on discontinued operations per share (EUR)	0.08	-0.05
Cash flows from discontinued operations		
Net cash from operating activities	4,772	3,097
Net cash used in investing activities	-39	-198
Net cash used in financing activities	-	-
Total net cash flow from discontinued operations	4,733	2,899

10. Financial income and expenses

<i>In thousands of euros</i>	Period 1/1 - 30/6 2016	Period 1/1 - 30/6 2015
Result from associates	55	39
Result from associates	55	39
Financial income	23	162
Financial expenses	-602	-436
Total	-524	-235

11. Income tax

The income tax is based on the best estimate for the expected 2016 average tax rate attributable to result before tax for the first six months of 2016. Due to higher statutory tax rates abroad and non-deductible costs, the effective tax rate in the first half year of 2016 was above the nominal tax rate in the Netherlands.

12. Property, plant and equipment

In 2015, an impairment loss of 6,900 was recognised in Property, plant and equipment.

13. Assets held for sale

Assets held for sale involve the business premises of Holland Media Combinatie and the discontinued activities of Sky Radio Group, which will become part of the new radio company. See [note on Discontinued operations](#).

14. Shareholders' equity

During the first half year of 2016, TMG paid out a dividend of € 0.16 (2015: nil) per share (or depositary receipt of a share), charged to retained earnings, for a total amount of 7,416 (2015: nil).

The movements in non-controlling interests in 2016 concern the acquisition of the remaining shares in Sienna Holding B.V., resulting in an increase of the share in Sienna Holding B.V. from 90% to 100%. In 2015, the movement was due to the dilution of non-controlling interests in Classic FM v.o.f.

15. Provisions

Restructuring provision

In the first half of 2016, severance costs were paid to the amount of 27,905 (2015: 13,281).

16. Interest-bearing loans and borrowings

The decline in interest-bearing loans and borrowings is due to the acquisition of the 10% minority interest of V-Ventures B.V. in Sienna Holding B.V. and the related shareholder loan. In addition, the liability licences of Sky Radio Group have been reclassified to liabilities held for sale.

In the first half of 2016, TMG used 5,000 of the existing credit facilities to deal with seasonality effects in the cash flow. The interest payable for the facility is the 3-month Euribor rate, with a premium of 1.50%.

17. Related parties

In the first six months of 2016, Telegraaf Media Groep paid a premium of 4,829 (first six months 2015: 4,939) to Stichting-Telegraafpensioenfonds 1959. Including employees' contributions, the premium amounted to 7,244 (first six months 2015: 7,404).

18. Subsequent events

On 22 July 2016, TMG published further information regarding the intended strategic partnership with Talpa 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 10¹), as well as Talpa's controlling interest in One Media Sales, into a joint radio company.
- The radio spot sales of Sky Radio and Radio Veronica will be transferred to One Media Sales as of 1 January 2017.
- TMG will have the option of taking a 15% interest in Talpa Broadcasting, which would also lead to an indirect interest in SBS.
- As a result of the negotiations for the total agreement, TMG's previously announced one-off cash investment (27,000) 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 councils.

On 29 July 2016, TMG announced several organisational changes in order to continue its focus strategy at the same pace and to anticipate further shrinking revenues from print ads. The main changes are:

- The centralisation of essential TMG activities in Amsterdam will be maximised in order to reduce the number of locations;
- The activities of Holland Media Combinatie (HMC) and Telegraaf Landelijke Media (TLM) will be combined in Amsterdam: the HMC head office will move from Alkmaar to Amsterdam, and the office in Alkmaar will be closed;
- The weekly portfolio will be reconsidered;
- Sourcing and outsourcing of non-core activities (including support activities) will be researched and options considered;
- New competencies will be acquired and developed to speed up the transition to new business models.

In addition, TMG will align the sales organisation with the needs of the market, and the fixed costs within this department will be lowered and brought in line with advertising revenues. The reorganisation of the sales organisation is expected to result in the loss of approximately 75 jobs.

With the organisational changes now announced, TMG is taking a first step, with the ultimate aim of reducing the cost base by at least 20% in 2018 (compared to 2015). On 29 July, the works councils involved will be asked to prepare their advice on the proposed restructuring and its consequences for employees. In the coming weeks, the measures announced will be worked out in more detail. During the next Investor Relations Day at the end of September, among other things, these proposed organisational changes will be elaborated on further.

¹ On 3 May 2016, Talpa announced that it will offer SLAM! for sale and add Radio 10 to its portfolio.

Key figures by year

	2015	2014 ¹	2013	2012 ²	2011	2010	2009	2008	2007	2006
Shareholders' equity x € 1,000 ³	235,180	258,719	298,786	424,760	465,828	531,075	465,962	411,576	866,815	498,041
TMG equity as a percentage of total equity and liabilities	52.7%	54.4%	53.7%	53.1%	55.6%	66.7%	61.1%	54.0%	70.3%	47.8%
Current ratio	0.61:1	0.72:1	0.7:1	0.45:1	0.50:1	0.72:1	0.78:1	0.7:1	2.64:1	1.04:1
Current gearing	1.12:1	1.19:1	1.16:1	1.13:1	1.25:1	2.00:1	1.57:1	1.17:1	2.37:1	0.91:1
Revenue TMG x € 1,000	481,333	512,701	542,230	555,850	577,200	592,297	611,840	684,204	738,795	784,460
Cash flow from operating activities x € 1,000	16,312	24,129	-15,465	21,977	17,485	59,569	49,252	64,962	62,130	60,195
Net result x € 1,000 **	-22,760	-33,806	177,597	-10,602	-32,590	81,826	70,505	-359,988	400,097	49,599
Net result TMG as a percentage of total revenues	-4.7%	-6.6%	32.8%	-1.9%	-5.6%	13.8%	11.5%	-52.6%	54.2%	6.3%
Operating result as a percentage of total revenues	-4.4%	-6.1%	-1.9%	2.9%	-14.3%	3.8%	-0.5%	-5.4%	-3.8%	-2.1%
Average total revenues per employee (FTE)	227,366	219,009	209,760	204,658	204,536	207,751	204,743	207,272	201,590	188,981
Personnel end of year (FTE)	2,049	2,259	2,459	2,745	2,940	2,851	2,988	3,278	3,594	3,782
Return on equity	-9.7%	-13.1%	59.4%	-2.5%	-7.0%	15.4%	15.1%	-87.5%	46.2%	9.9%
Pay-out ratio	p.m.	p.m.	169.6%	p.m.	p.m.	26.3%	23.7%	p.m.	11.9%	50.0%
Per TMG share with a nominal value of € 0.25										
(rounded to whole euro cents):										
Shareholders' equity	5.07	5.58	6.45	9.16	9.99	11.12	9.76	8.62	17.43	9.96
Cash flow from operating activities	0.35	0.52	-0.33	0.47	0.37	1.25	1.03	1.35	1.24	1.20
Net result	-0.49	-0.73	3.83	-0.23	-0.69	1.71	1.48	-7.49	8.00	0.99
Dividend	0.00	0.00	6.50	0.00	0.47	0.45	0.35	0.35	1.00	0.50
Lowest closing share price	3.60	5.61	7.92	6.60	9.10	14.52	8.95	8.86	19.69	19.00
Highest closing share price	6.49	9.11	14.85 ⁴	10.49	16.45	16.45	14.80	24.86	26.87	23.00
Closing share price as at 31 December	3.75	6.09	9.11	8.00	9.95	14.95	13.14	12.45	25.00	19.85

1 Excluding Relatieplanet.nl (held for sale in 2014 and 2013)

2 Adapted for IAS19R.

3 Attributable to shareholders of Telegraaf Media Groep N.V.

4 Before interim dividend payment of € 6.00.