

TMG Semi-Annual Report 2017



Key figures

	1/1 - 30/6 2017	1/1 - 30/6 2016
<i>In thousands of euros</i>		
Total income	155,997	171,908
Operating result	-24,089	-7,043
Financial income and expenses	493	-479
Result before tax	-23,596	-7,522
Income tax	-6,028	-1,755
Result from discontinued operations after taxes	6,175	8,901
Net result for the year	-11,393	3,134
EBITDA, excl. supernumerary employees, acquisition costs and book losses	-6,147	-1,611
EBITDA margin	-3.9%	-0.9%
Per share in €		
Result	-0.25	0.07
Cash flow from operating activities	-0.55	-0.52
Employees (FTE) at period end	1,289	1,497

The 2017 semi-annual accounts have been prepared in accordance with the IFRS-EU guidelines applicable in 2017. The results are presented on the basis of continued operations. The results of discontinued operations and/or operations held for sale are presented separately. These concern the radio activities of Sky Radio Group transferred in 2016 to the new radio company set up in collaboration with Talpa and the activities of Keesing Media Group with a view to the announced upcoming sale.

Under normal economic conditions, TMG's business operations are subject to seasonal fluctuations. Advertising revenues are higher in the second and fourth quarters of the year than in the remainder of the year. This is due to the public holidays occurring during these periods. The single-copy sales of De Telegraaf and Keesing Media Group's publications are higher in the third quarter due to the summer holiday period.

Key points

Declining advertising revenues and extraordinary items affect TMG's result in first half 2017

The results of Telegraaf Media Groep ('TMG') for the first half of 2017 were significantly lower than those for the first half of 2016. This development was already visible when the results for the first four months of 2017 were reported on 26 May. Excluding extraordinary and one-off items (particularly restructuring charges and the costs related to the two public offers), in the first half of 2017, TMG reported a negative EBITDA of € 6.1 million, compared to a negative EBITDA of € 1.6 million in the first half of 2016. This is mainly the result of the further decline in advertising revenues, which was also due to portfolio rationalisations. The above-mentioned EBITDA development relates to continuing operations and therefore excludes the results of Keesing Media Group ("Keesing") with a view to the announced upcoming sale and it also excludes the results of the entities contributed to the radio partnership with Talpa. Upon completion, the sale of Keesing will lead to a significantly positive cash position.

TMG has recently entered a new phase. As of 2 July, Mediahuis holds the majority (64.66%) of the shares in the company. On 21 June, Marc Vangeel (CEO) and Koos Boot (CFO) were appointed to the new Executive Board, and the new Supervisory Board was also appointed on that date (see <https://www.tmg.nl/en/management-structure>). Together with Mediahuis, TMG will resume building a media company with a solid market position, quality editorial boards and strong brands. Under the leadership of the new Executive Board, the focus now lies on TMG's core activities and brands. In the third quarter, the new Executive Board will present its plans to make TMG a strong and leading media company again.

On 18 July, TMG announced that the shares in Keesing will be sold to a partnership to be formed with Ergon Capital Partners, which is subject to approval of the shareholders and the advice of the works councils. TMG will take a 30% stake in this new partnership. The valuation agreed in this regard for 100% of the Keesing company amounts to € 150.0 million (enterprise value, debt and cash free). The net cash flow from the transaction is expected to amount to approximately € 130.0 million (taking into account a reinvestment for the 30% stake and the envisaged level of funding of the partnership, and assuming the bank balance of Keesing as at 30 June). The net cash flow from the transaction will be used to fully settle the credit facilities with the banks. In addition, it will enable the financing of normal operations, as well as the future plans with regard to TMG's core activities and brands.

Financial results H1 2017

Revenues

<i>In thousands of euros</i>	Period	Period	%
	1/1-30/6 2017	1/1-30/6 2016	
Continuing business activities¹			
B2C Subscriptions	84,580	87,571	-3.4%
B2B Advertisements	38,951	49,519	-21.3%
Other revenues	32,466	34,818	-6.8%
Total revenues	155,997	171,908	-9.3%
Personnel costs	65,353	71,583	-8.7%
Other costs	96,791	101,936	-5.0%
Total costs	162,144	173,519	-6.6%
EBITDA, excl. supernumerary employees, acquisition costs and book losses	-6,147	-1,611	
EBITDA-margin	-3.9%	-0.9%	
Supernumerary employees, acquisition costs and book losses	-12,805	-293	
EBITDA, incl. supernumerary employees, acquisition costs and book losses	-18,952	-1,904	
EBITDA-margin	-12.1%	-1.1%	

¹ These figures exclude the results of Keesing and the entities entered into the radio partnership with Talpa in 2016.

- Total revenues, including the effect of portfolio rationalisations, decreased by 9.3%, from € 171.9 to € 156.0 million, mainly due to lower print advertising revenues (-27.0%). Excluding the effect of portfolio rationalisations, total revenues decreased by 7.7%, while print advertising revenues decreased by 22.4%.
- Total costs, normalised for restructuring charges, a book loss following the sale of the free local papers, and one-off consultancy costs relating to the two public offers (including the procedures before the Enterprise Chamber), declined by 6.6%, from € 173.5 million to € 162.1 million. This decline was the result of restructuring and other cost-saving measures.
- Normalised for restructuring charges, one-off consultancy costs and the book loss, a negative EBITDA was realised of € 6.1 million, compared to a negative EBITDA of € 1.6 million last year.
- The restructuring charges and the book loss (together € 4.6 million) relate mainly to the sale of the local free papers and severance payments made to the Executive Board and members of Senior Management.
- In the first half of 2017, the one-off consultancy costs relating to the public offers (including the procedures before the Enterprise Chamber) amounted to € 8.2 million and mainly concerned the costs of financial and legal advisers.
- The EBITDA result, including restructuring charges, one-off consultancy costs and the book loss, declined from € 1.9 million negative to € 19.0 million negative.
- Given the appointment of a new Board and considering the result developments and the pending sale of Keesing, the goals as presented on the Investor Relations Day of 27 September 2016 will be redetermined.

Notes to the financial results

The decline in revenues was mainly due to the decline in total print advertising revenues from € 49.5 to € 39.0 million (-21.3%), including the effect of portfolio rationalisations (the discontinuation of Dichtbij, the partial discontinuation of activities in Rotterdam/Utrecht, and the sale of free local papers as of 1 June). Excluding the effect of portfolio rationalisations, total advertising revenues declined by 19.2%. This concerns a combination of a decline in print advertising revenues by 22.4% and an increase in digital advertising revenues by 2.4%. Besides the portfolio rationalisations, the main causes are the declining market of print advertising and the detrimental effect of restructuring implemented at the sales and marketing departments.

The revenues from subscriptions decreased slightly, from € 87.6 million to € 84.6 million (-3.4%), with the decline in revenues due to fewer subscriptions being partly offset by price increases. The decline in the number of subscriptions is mainly visible at De Telegraaf and to a lesser degree at the regional dailies.

Costs, excluding restructuring charges, the book loss and one-off consultancy costs, declined from € 173.5 million to € 162.1 million (-6.6%). This cost decrease was mainly related to a decline in personnel costs following the restructuring implemented in 2016 and 2017 at, among other entities, the printing plants (the first quarter of 2016) and the sales and marketing departments (end of 2016, beginning of 2017). In addition, the transport and distribution costs decreased as a result of portfolio rationalisations and portfolio optimisation, as well as lower circulation. The costs of external advisers (excluding the one-off consultancy costs relating to the public offers and the procedures before the Enterprise Chamber) were also clearly lower. On the other hand, at approximately € 5.0 million, the start-up costs of the new online video platform Telegraaf VNDG clearly added to the costs in the first half of 2017.

The EBITDA result, including exceptional items, decreased from € 1.9 million negative to € 19.0 million negative.

The restructuring charges for the first half of 2017 amount to € 3.7 million (2016: € 0.3 million) and mainly relate to the restructuring of the Operations department following the sale of the free local papers and severance payments made to the Executive Board and members of Senior Management. The costs relating to the public offers (including the procedures before the Enterprise Chamber) amount to € 8.2 million and concern costs of financial and legal advice. In total, these one-off consultancy costs in 2016 and the first half of 2017 amount to approximately € 10.0 million.

The result from discontinued operations after taxes amounts to € 6.2 million (2016: € 8.9 million) and in 2017 relates only to the results of Keesing. In 2016, the results of the radio entities contributed to the partnership with Talpa (Sky Radio and Radio Veronica) were also included in this item in the amount of € 3.7 million. Keesing's revenues rose from € 35.0 million to € 35.4 million (+1.1%), partly as a result of an increase in the number of issues compared to last year. The costs incurred by this business unit decreased by 4% from € 25.1 million to € 24.1 million, mainly due to process optimisations and other cost saving measures. This resulted in an increase in Keesing's EBITDA by € 1.3 million, from € 10.0 million to € 11.3 million (+13.0%).

TMG's net result decreased from a profit of € 3.1 million to a loss of € 11.4 million. As described above, the main reasons for this decrease were the revenue decline, high one-off consultancy costs, and start-up expenses related to Telegraaf VNDG.

As of 30 June 2017, TMG's net cash position is € 20.1 million negative (this concerns the revolving current account facility of € 22.1 million minus € 2.0 million cash position) compared to a positive net cash position of € 14.5 million at year-end 2016. This decline is largely due to the negative EBITDA, restructuring charges paid, and the payment of the revalued Radio Veronica licence for the period 2011-2017 (€ 14.7 million including interest). In addition, there is the effect of recognising Keesing as 'held for sale', as a result of which Keesing's bank balance is part of the assets held for sale (€ 4.7 million).

Adequate agreements were made with the banks about the financing of TMG for the current state of affairs and before and after the sale of Keesing. The net cash flow from the sale of Keesing will be used to fully settle the credit facilities with the banks. In addition, it will enable the financing of normal operations, as well as the future plans with regard to TMG's core activities and brands.

Outlook

Following the advice of the works councils and after approval of the Extraordinary Meeting of Shareholders on 31 August, 2017, the sale of Keesing is expected to be completed shortly thereafter.

Revenues from advertising and circulation are expected to remain under pressure in the second half of 2017. We will be able to partly offset the effect of this development by cost-savings.

During the Investor Relations Day in September 2016, goals were formulated for 2019, which also formed the basis of the goals for the current year. This was reported in TMG's Annual Report for 2016. Given the appointment of the new Board and considering the actual result developments and the pending sale of Keesing, these goals will be redetermined.

The new Executive Board will announce its plans for the future of TMG in the third quarter.

Statement of Responsibility

In compliance with Section 5:25d, subsection 2c of the Financial Supervision Act (Wft), the Executive Board declares that, to the best of its knowledge:

1. The 2017 semi-annual accounts reliably reflect the assets, liabilities, financial position and the profit and/or loss of Telegraaf Media Groep N.V. and the companies jointly included in the consolidation; and
2. The semi-annual report reliably reflects the financial position as at 30 June 2017, Telegraaf Media Groep N.V.'s performance during the first half of 2017, and that of its affiliated companies, whose information has been included in the semi-annual report, as well as the trends expected for the second half of 2017.

Amsterdam, 28 July 2017

Executive Board, Telegraaf Media Groep N.V.

TMG Semi-Annual Financial Statements 2017



Semi-Annual report 2017

Consolidated statement of profit and loss

<i>In thousands of euros</i>	Note	Period	Period
		1/1 - 30/6 2017	1/1 - 30/6 2016
Continuing operations			
Revenue	6,7	155,997	171,896
Other operating income		-	12
Total revenue		155,997	171,908
Raw materials and consumables		9,257	10,734
Employee benefits		69,045	71,876
Depreciation, amortisation and impairment losses		5,137	5,139
Other operating expenses		96,647	91,202
Total operating expenses		180,086	178,951
Operating result	6	-24,089	-7,043
Result from associates	10	879	55
Financial income		-	16
Financial expense		-386	-550
Financial income and expense		493	-479
Result from continuing operations before tax		-23,596	-7,522
Income tax	11	-6,028	-1,755
Result for the year from continuing operations		-17,568	-5,767
Discontinued operations			
Result from discontinued operations after tax	9	6,175	8,901
Result for the year		-11,393	3,134
Earnings per share			
Result for the year attributable to shareholders of ordinary shares in Telegraaf Media Groep N.V.		-11,393	3,134
Weighted average number of ordinary shares		46,350,000	46,350,000
Basic and diluted earnings per share from continuing operations (EUR)		-0.38	-0.12
Basic and diluted earnings per share (EUR)		-0.25	0.07

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 2017	Period 1/1 - 30/6 2016
Result for the period		-11,393	3,134
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains and losses on defined-benefit plans		258	-
Income tax		-74	-
Other comprehensive income for the year, net of income tax		184	-
Total comprehensive income for the period, attributable to shareholders of Telegraaf Media Groep N.V.		-11,209	3,134

The figures shown in this report have not been audited

Consolidated statement of financial position

<i>In thousands of euros</i>	Note	30/6 2017	31/12 2016
ASSETS			
Non-current assets			
Intangible assets		66,094	181,969
Property, plant and equipment	12	30,235	26,767
Investments in associates		46,675	48,143
Deferred tax assets		51,003	44,636
Other receivables		835	719
Total non-current assets		194,842	302,234
Current assets			
Inventories		856	1,175
Tax assets		-	46
Trade and other receivables		35,386	58,256
Cash and cash equivalents		2,009	19,485
Assets classified as held for sale	13	148,411	15,848
Total current assets		186,662	94,810
Total assets		381,504	397,044
EQUITY AND LIABILITIES			
Equity			
Issued capital		11,588	11,588
Other reserves		204,588	215,797
Attributable to equity holders of Telegraaf Media Groep N.V.		216,176	227,385
Liabilities			
Post-employment benefit liabilities		2,776	4,722
Deferred tax liabilities		511	10,190
Total non-current liabilities		3,287	14,912
Interest-bearing loans and borrowings	16	22,687	6,200
Trade and other payables		93,589	131,593
Provisions	15	12,744	16,113
Tax payable		88	841
Liabilities classified as held for sale	13	32,933	-
Total current liabilities		162,041	154,747
Total liabilities		165,328	169,659
Total equity and liabilities		381,504	397,044

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 2017	Period 1/1 - 30/6 2016
Cash flow from operating activities			
Net result for the period		-11,393	3,134
Adjustments for:			
Depreciation of property, plant and equipment		3,808	3,873
Amortisation of intangible assets		3,999	3,607
Impairment losses on intangible assets		140	-
Impairment losses on property, plant and equipment		433	-
Reversal of impairment losses on property, plant and equipment	12	-998	-
Net financing costs	10	414	717
Gain on sale of property, plant and equipment		10	-12
Share of result from investments recognised using the equity method		-796	-
Result from associates		-	-55
Income tax		-3,227	1,622
		-7,610	12,886
Change in inventories		-128	329
Change in trade and other receivables		7,012	5,216
Change in accounts payable and other current liabilities		-18,206	-10,237
Change in provisions and post-employment benefit liabilities		-3,203	-28,572
		-22,135	-20,378
Interest received		2	11
Interest paid		-338	-633
Income taxes paid		-3,001	-3,142
Net cash from operating activities		-25,472	-24,142
Cash flow from investing activities			
Dividends received		1,575	63
Investments in intangible assets		-3,991	-3,253
Investments in property, plant and equipment	12	-1,250	-2,268
Acquisition of subsidiaries, net of cash acquired		-	58
Acquisition of associated companies		-145	-414
Divestments of property, plant and equipment		-	4,480
Net cash used in investing activities		-3,811	-1,334
Cash flow from financing activities			
Dividends paid	14	-	-7,416
Proceeds of borrowings	16	17,093	5,000
Redemption of borrowings		-606	-1,669
Change in non-controlling interests	14	-	-5,700
Net cash used in financing activities		16,487	-9,785
Net decrease in cash and cash equivalents		-12,796	-35,261
Cash and cash equivalents as at 1 January		19,485	42,928
Change in cash and cash equivalents for assets held for sale		-4,680	-3
Cash and cash equivalents as at 30 June		2,009	7,664

The figures shown in this report have not been audited

Consolidated statement of changes in equity

<i>In thousands of euros</i>	Note	Attributable to equity holders of Telegraaf Media Groep N.V.			Non- controlling interests	Total shareholders' equity
		Issued capital	Other reserves	Total		
Balance as at 1 January 2016		11,588	223,592	235,180	-7,974	227,206
Net result for the period		-	3,134	3,134	-	3,134
Other comprehensive income for the period		-	-	-	-	-
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		-	-1,705	-1,705	7,974	6,269
Balance as at 30 June 2016		11,588	217,605	229,193	-	229,193
Net result for the period		-	-1,576	-1,576	-	-1,576
Other comprehensive income for the period		-	-232	-232	-	-232
Total comprehensive income for the period		-	-1,808	-1,808	-	-1,808
Balance as at 31 December 2016		11,588	215,797	227,385	-	227,385
Net result for the period		-	-11,393	-11,393	-	-11,393
Other comprehensive income for the period		-	184	184	-	184
Total comprehensive income for the period		-	-11,209	-11,209	-	-11,209
Balance as at 30 June 2017		11,588	204,588	216,176	-	216,176

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 2017 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 2016 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 27 July 2017.

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 presented in euros, rounded to the nearest thousand.

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 2016.

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 2016 and are in accordance with the International Financial Reporting Standards (IFRS) approved by the European Commission.

As far as relevant, all IFRS standards and interpretations, including the amendments effective as of 1 January 2017, have been applied by TMG as of 1 January 2017. These changes do not affect the financial position and accounting policies and also have no retrospective effect.

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 2016.

5. Financial risk management

Risk categories and factors affecting the financial position of Telegraaf Media Groep have been reported in the financial statements 2016. In the first half year of 2017, no significant changes with regard to risk occurred, as a result of which this report merely refers to the 2016 financial statements.

In recent years, there has been a structural change in media usage, 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 2017.

6. Segment reporting

In thousands of euros

Continuing operations

Revenues from third-party transactions

Intercompany transactions

Total revenue

Segment result before depreciation, amortisation and impairment losses

Total depreciation, amortisation and impairment losses

Operating result

Share of result of associates

Financial income

Financial expense

Income tax

Result for the year from continuing operations

Result from discontinued operations after tax

Net result for the period

Segment assets

Investments in associates

Total assets as at 30 June /31 December

Segment liabilities

Total liabilities as at 30 June / 31 December

Segment capital expenditure

Total capital expenditure

Restructuring costs

Impairment losses on intangible assets

Impairment losses on property, plant and equipment

Other material non-cash items

Average number of employees (FTE)

Operating segments

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

- **TMG Media:** The publishing of national newspapers, regional newspapers, free door-to-door papers, magazines, print-related internet activities and video productions (for example Telegraaf VNDG).
- **TMG Digital:** The digital activities include, among others, GeenStijl, GroupDeal, Dumpert, GasPedaal and Relatieplanet.
- **Facilitating Services:** Other activities include, among others, the printing and distribution of newspapers, the provision of office space and related facilities, primarily for the TMG Media segment.
- **Head Office and Other/Eliminations:** Head Office includes the corporate departments and the continued Classic FM and MyRadio activities. In addition, intercompany eliminations are included.

TMG Media		TMG Digital		Facilitating services		Headoffice & Other		Total	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
131,965	144,733	15,522	17,961	8,296	8,883	214	331	155,997	171,908
-	-	-	-	32,155	35,422	-32,155	-35,422	-	-
131,965	144,733	15,522	17,961	40,451	44,305	-31,941	-35,091	155,997	171,908
30,854	38,404	-11	1,854	-15,763	-16,600	-34,032	-25,562	-18,952	-1,904
-492	487	369	481	2,929	2,731	2,331	1,440	5,137	5,139
31,346	37,917	-380	1,373	-18,692	-19,331	-36,363	-27,002	-24,089	-7,043
-	-	-	55	-	-	879	-	879	55
-	6	-	10	-	-	-	-	-	16
-6	-	-1	-	-1	-	-378	-550	-386	-550
-7,940	-9,505	101	-361	4,585	4,833	9,282	6,788	6,028	1,755
23,400	28,418	-280	1,077	-14,108	-14,498	-26,580	-20,764	-17,568	-5,767
-	-	-	-	-	-	6,175	8,901	6,175	8,901
23,400	28,418	-280	1,077	-14,108	-14,498	-20,405	-11,863	-11,393	3,134
47,694	47,655	12,932	12,100	49,662	51,954	224,541	237,192	334,829	348,901
-	-	374	374	-	-	46,301	47,769	46,675	48,143
47,694	47,655	13,306	12,474	49,662	51,954	270,842	284,961	381,504	397,044
65,041	72,464	3,071	1,511	5,590	-2,965	91,626	98,649	165,328	169,659
65,041	72,464	3,071	1,511	5,590	-2,965	91,626	98,649	165,328	169,659
431	307	282	24	23	1,891	4,608	3,372	5,344	5,594
431	307	282	24	23	1,891	4,608	3,372	5,344	5,594
1,046	330	26	-	1,154	-574	1,466	537	3,692	293
-	-	140	-	-	-	-	-	140	-
-681	-	4	-	112	-	-	-	-565	-
365	330	170	-	1,266	-574	1,466	537	3,267	293
797	944	127	122	260	304	178	157	1,362	1,527

In the first half of 2017, the activities of TMG Landelijke Media and Holland Media Combinations were merged into the new business unit TMG Media. Comparative figures have been modified for this structure change.

Assets and liabilities of Keesing Media Group are presented as 'held for sale', and results are presented as discontinued operations.

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 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

In the first half year of 2017, TMG did not make any acquisitions. On 28 April 2016, TMG Landelijke Media B.V. acquired 100% of the shares in International Fashion Week B.V.

9. Discontinued operations

On 26 June 2017, the Board of Directors and the Supervisory Board decided to initiate the process of selling Keesing Media Group. Over the past few years, as part of TMG, Keesing Media Group has shown strong growth in revenue and profitability. It is the opinion of the Board of Directors and Supervisory Board that a sale will enable Keesing Media Group to further develop its international growth. Pending this sale, this activity is considered as discontinued.

On 15 January 2016, TMG entered into a strategic partnership with Talpa. As a result, the radio stations Sky Radio and Radio Veronica, among others, were transferred to a newly established radio company. TMG has sold Sky Radio Group to Radio Newco B.V. and in exchange gained an interest of 22,85% in Radio Newco B.V. (per 30 June 2017 an interest of 23%). On 30 September 2016, the sale was completed. This activity is presented as a discontinued operation in the period of 1/1 - 30/6/2016.

<i>In thousands of euros</i>	Notes	Period 1/1 - 30/6 2017	Period 1/1 - 30/6 2016
Result from discontinued operations			
Total revenue		35,434	48,966
Wages and salaries		6,786	9,172
Social security contributions and pension costs		2,137	2,793
Other personnel costs		363	1,321
Other employee benefits		61	10
Amortisation		1,550	1,740
Depreciation		695	600
Other operating expenses		14,755	20,868
Total operating expenses		26,347	36,504
Operating result from discontinued operations		9,087	12,462
Result associated companies		-83	-
Financial income and expense		-28	-184
Income tax	11	2,801	3,377
Result from discontinued operations after tax		6,175	8,901
Gain on sale of discontinued operations		-	-
Income tax on gain on sale of discontinued operations		-	-
Result for the year		6,175	8,901
Average number of employees (FTE)		259	363
Basic and diluted earnings per share from discontinued operations (EUR)		0.13	0.19
Cash flows from discontinued operations			
Cash flows from operating activities		8,950	9,310
Cash flows from investing activities		-805	-439
Cash flows from financing activities		-	-
Net cash flow from discontinued operations		8,145	8,871

10. Financial income and expenses

The share in the result of associates (879) concerns TMG's share in the result of Radio Newco B.V. in the first half year of 2017.

11. Income tax

The income tax is based on the best estimate for the expected 2017 average tax rate attributable to the result before tax for the first half year of 2017. The deviation from the effective tax burden in the first half year of 2017 compared to the Dutch nominal tax rate was due to non taxable results of associates and non-deductible expenses.

The effective tax burden on discontinued operations is higher than the Dutch tax rate due to a higher tax burden on some foreign entities of Keesing Media Group.

12. Property, plant and equipment

At the end of 2016, it was decided to hold the office buildings and car park in Amsterdam for sale, along with certain regional properties of Holland Media Combinatie (in total 15,510 end of 2016). At that time, there was an appraisal of the expected proceeds less costs to sell. This led to an impairment of certain properties (2,073). In the first half year of 2017, TMG decided to revoke the decision to sell the office buildings and car park in Amsterdam, partly in view of the intended sale of Keesing Media Group. As a consequence, the office buildings and car park in Amsterdam have been reclassified to assets in use and they are again subject to depreciation.

13. Assets held for sale

Assets held for sale comprise the business unit Keesing Media Group and the office buildings and printing presses of Holland Media Combinatie in Alkmaar (5,616 as of 30 June 2017). The expected return value of the office building in Alkmaar is estimated to be higher, and part of the previously booked impairment losses have therefore been reversed (998). On the other hand, a further impairment (429) has taken place on the printing presses.

14. Shareholders' equity

During the first half year of 2017, TMG paid out no dividend to its shareholders (the first half year of 2016: 7,416).

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%.

15. Provisions

Restructuring provision

In the first half year of 2017, severance costs were paid to the amount of 7,148 (2016: 27,905).

16. Interest-bearing loans and borrowings

In the first half year of 2017, TMG used 17,093 of its existing credit facilities to deal with severance payments, acquisition costs and seasonal effects in the cash flow. The total credit facility mid 2017 is 22,093. The interest payable for the facility is 3-month Euribor, with a premium of 1.50%.

17. Related parties

In the first half year of 2017, Telegraaf Media Groep paid a premium of 3,728 (first half year of 2016: 4,829) to Stichting-Telegraafpensioenfonds 1959. Including employees' contributions, the premium amounted to 5,593 (first half year of 2016: 7,244).

18. Subsequent events

On 18 July 2017, TMG announced the sale of Keesing Media Group to form a partnership with Ergon Capital Partners III ('Ergon'). The agreed valuation of 100% of Keesing is EUR 150 million (enterrprise value, debt and cash fee). TMG takes a 30% stake in the new partnership. The net cash flow from the transaction is used to fully settle the credit facilities with the banks. It also provides capacity to finance operations and future plans for TMG's key brands. The transaction is subject to approval by the shareholders of TMG and advice from TMG's works councils, and is expected to be completed in September.

Key figures by year

	2016 ¹	2015	2014 ²	2013	2012 ³	2011	2010	2009	2008	2007
Equity x € 1,000 ⁴	227,385	235,180	258,719	298,786	424,760	465,828	531,075	465,962	411,576	866,815
TMG's equity as a percentage of total equity and liabilities	57.3%	52.7%	54.4%	53.7%	53.1%	55.6%	66.7%	61.1%	54.0%	70.3%
Current ratio	0.61:1	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
Gearing	1.34:1	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
TMG's revenue x € 1,000	420,370	481,333	512,701	542,230	555,850	577,200	592,297	611,840	684,204	738,795
Cash flow from operating activities x € 1,000	-2,851	16,312	24,129	-15,465	21,977	17,485	59,569	49,252	64,962	62,130
Result for the year x € 1,000 **	1,558	-22,760	-33,806	177,597	-10,602	-32,590	81,826	70,505	-359,988	400,097
TMG's result for the year as a percentage of total revenue	0.4%	-4.7%	-6.6%	32.8%	-1.9%	-5.6%	13.8%	11.5%	-52.6%	54.2%
Operating result as a percentage of total revenue	-2.0%	-4.4%	-6.1%	-1.9%	2.9%	-14.3%	3.8%	-0.5%	-5.4%	-3.8%
Average total revenue per employee (FTE)	234,844	227,366	219,009	209,760	204,658	204,536	207,751	204,743	207,272	201,590
Employees at year-end (FTE)	1,766	2,049	2,259	2,459	2,745	2,940	2,851	2,988	3,278	3,594
Return on equity	0.7%	-9.7%	-13.1%	59.4%	-2.5%	-7.0%	15.4%	15.1%	-87.5%	46.2%
Pay-out ratio	p.m.	p.m.	p.m.	169.6%	p.m.	p.m.	26.3%	23.7%	p.m.	11.9%
Per TMG share with a nominal value of € 0.25 (rounded to whole euro cents):										
Equity	4.91	5.07	5.58	6.45	9.16	9.99	11.12	9.76	8.62	17.43
Cash flow from operating activities	-0.06	0.35	0.52	-0.33	0.47	0.37	1.25	1.03	1.35	1.24
Earnings	0.03	-0.49	-0.73	3.83	-0.23	-0.69	1.71	1.48	-7.49	8.00
Dividend	0.00	p.m.	0.00	6.50	0.00	0.47	0.45	0.35	0.35	1.00
Lowest closing share price	3.36	3.60	5.61	7.92	6.60	9.10	14.52	8.95	8.86	19.69
Highest closing share price	5.00	6.49	9.11	14.85 ⁵	10.49	16.45	16.45	14.80	24.86	26.87
Closing share price as at 31 December	4.75	3.75	6.09	9.11	8.00	9.95	14.95	13.14	12.45	25.00

1 Excluding Sky Radio Group

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

3 Adapted for IAS19R.

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

5 Before interim dividend payment of € 6.00.

Telegraaf Media Groep N.V.

Visiting address

Basisweg 30, Amsterdam

Postal address

PO Box 376, 1000 EB Amsterdam, the Netherlands

Telephone +31 (0)88 824 0800

E-mail

corporatecommunicatie@tmg.nl



Our Semi-Annual Reports are available online at www.tmg.nl.

This Semi-Annual Report is a translation of the Dutch Semi-Annual Report, which is the official version. Please note that in case of any discrepancies, the Dutch version will prevail.

If you have any comments on or questions about this Semi-Annual Report, please do not hesitate to contact us.