

Wegener

Press Release

Operating result lower for first-half 2008

Koninklijke Wegener NV, the Dutch media group, realised an operating result of EUR 25.4m (million) for the first half of 2008, compared with EUR 37.8m in the comparable period of 2007. The operating result before exceptional items for the first half was EUR 40.7m, up from EUR 38.9m in the 2007 period.

Exceptional items in first-half 2008 primarily related to reorganisation costs.

Total group revenue in first-half 2008 was EUR 355.5m, an increase of 3.0% over the level for the previous first half year. The revenue from recruitment advertisements in total was almost equal compared with the first half of 2007. However, revenue from this segment in the daily newspapers showed a further decline. Revenue from advertising of national brands and services has also come under pressure. This has been offset by growth in the local advertising market, in both the group's daily newspapers and for its free door-to-door newspapers.

Excluding exceptional items, costs were at a level comparable to that for the first half of 2007. Cost base efficiencies have been offset by increased outsourcing costs due to printing activities in connection with the construction of a new printing plant in Best and higher distribution costs, principally due to an increase in the number of editions.

Group net profit amounted to EUR 13.9m, compared with EUR 23.8m in the same period of 2007. The net result exclusive of exceptional items and after deduction of the preference dividend - cash earnings - was EUR 24.5m, against EUR 21.8m for first-half 2007.

On 25 October 2007 it was announced that Mecom Group plc of London had declared its public bid for the outstanding shares of Wegener to be unconditional. Since that date Mecom has held 86.4% of the Wegener ordinary shares. The other outstanding (depository receipts for) ordinary shares are listed on Euronext Amsterdam stock exchange.

## Activities

In the first half of 2007 Wegener's regional dailies were transformed into compact tabloid format. The positive reactions both from readers and from the local advertising market continued in the rest of that year as well as in the first half of 2008.

Subscription revenue has increased by 3.2%. Primarily due to the high volume of paid trial period subscriptions in connection with the introduction of the tabloid format in 2007, paid circulation volumes have declined by an average of 4.0% in 2008. Excluding this effect, circulation was 2.0% lower for the 2008 first half.

The advertising market for the daily newspapers of Wegener NieuwsMedia was volatile, with large differences in the course of the first half year. However, the general trend is a decline in the volume of advertisements for recruitment and national brands and services, while local advertisers are placing more advertisements. Overall, first-half advertising revenue from the Wegener dailies was EUR 93.6m, down by 1.7%.

In addition to this revenue, Wegener NieuwsMedia concentrated with increased vigour on generating a new source of income by offering a wide range of consumer products and services to readers of the daily newspapers. The outcome was a relatively strong increase in this revenue in first-half 2008, although they are still a modest fraction of the revenue total.

At AD NieuwsMedia, the joint venture with PCM Uitgevers, in which Wegener holds a 37% economic interest reflected in the group's consolidated figures, the increase in the operating result that occurred in 2007 were not be sustained in the first half of 2008. This is due to, inter alia, the less favourable developments on the advertising market and to the initial losses incurred by the sports newspaper AD Sportwereld Pro, introduced in April of this year. Development of paid circulation showed substantial improvement compared to the same period last year and is now in line with the market average. Circulation revenues increased, thanks in part to the introduction of the sports paper, by 4.3%.

Wegener Huis-aan-huisMedia, the group's free door-to-door newspapers unit, maintained the trend of increasing advertising revenue during the first six months of 2008. Advertising revenue, mainly national brands and recruitment, increased by 5.4% to EUR 89.6m. In January 2008 Wegener Huis-aan-huisMedia expanded its distribution area by introducing new free door-to-door newspapers in the provinces of Friesland and Groningen and by entering into a collaborative venture with Boom Regionale Uitgevers in the Drenthe region. The digital platform "deweekkrant.nl" has also been launched.

The ongoing growth of internet revenue for the newspapers and digital publisher Wegener MediaVentions continued in the first half of 2008: internet revenue was up by 21.2% to EUR 8.8m. A significant portion of this increase was realised by AutoTrack and JobTrack websites. The two sites introduced in autumn of 2007, travel site ReisRadar and business site deOndernemer, could not yet fulfil expectations. As a result, the results of Wegener MediaVentions were under pressure in the first half of 2008.

At Wegener NieuwsDruk, the group's printing unit, there was much attention on the renewal and replacement of the presses in Best. The project is on schedule; the first new presses will be operational this autumn. The external market for printing newspaper-like products remains highly competitive. However, thanks in part to the expansion of activities for AD NieuwsMedia, there was a small increase of 4.0% in this unit's revenue, to EUR 22.4m.

In the first half of 2008 investments in property, plant and equipment almost doubled to an amount of EUR 21.4 million compared to the same period in 2007. Most of these investments relates to the new printing plant in Best.

At the end of the first-half 2008, Wegener's Management Board announced the outline of a comprehensive reorganisation plan. Aspects of this plan include joining together the three publishing units into a single entity, Wegener Media, and merging all supporting and staff services into a single integrated back office. Additionally it is planned to restructure the editorial departments of the daily newspapers to allow journalists to work independent of the medium. These plans will be developed further in the second half of the financial year. It is expected that the financial benefits will not be felt until 2009.

## Financial

The half-year report was drawn up on the basis of IFRS and in accordance with IAS 34. The accounting principles and standards are the same as those used in the 2007 annual accounts. The results of Wegener Fieldmarketing were reported in 2007 as discontinued operations. The book result realised with the sale is also included in those figures. Due to changed circumstances, since March 2008, the 49% interest in ilocal Holding BV is no longer recognised as a joint venture, but as an associated company.

The explanatory notes to the half-year figures give information on the special items in the income statement. The annual accounts for 2007 gave an explanation of the terms used by Wegener with regard to profits: "operating result before exceptional items" and "net profit after preference dividend before exceptional items and after tax (cash earnings)". The

definition of exceptional items was changed in the first half year of 2008. Previously, in the event of restructuring only the costs of major reorganisations were reported as exceptional items. Because it is difficult to distinguish reorganisations on the criterion of size, all costs of reorganisations and redundancy programmes are dealt with under this heading. The comparative figures in 2007 have been adjusted.

The appropriation of profits proposed in the 2007 Annual Report was approved unchanged by the General Meeting of Shareholders on 8 May 2008. The dividend on (depository receipts for) financing preference shares was paid out in May.

Net interest-bearing debt declined from EUR 165.8m at 2007 year-end to EUR 159.5m at 30 June 2008.

The auditors have issued a review report regarding this half-year report.

#### Outlook

Based on current expectations, Wegener's Management Board continues to expect, as expressed earlier this year, an improvement in group operating margin (before exceptional items) in 2008.

Apeldoorn, The Netherlands, 20 August 2008

Management Board

Koninklijke Wegener NV