CONSOLIDATED KEY FIGURES

In thousands of euros	**2013**	2012[1)]
Revenues	**542,230**	555,850
Operating result	**-10,346**	16,222
Financial income and expense	**225,929**	13,269
Result continued operations before tax	**215,583**	29,491
Income tax	**-4,985**	-3,998
Result discontinued operations after tax	**-42,694**	-44,692
Net result for the year	**177,874**	-11,203
Minority interes	**277**	-601
Result attributable to shareholders of Telegraaf Media Groep N.V.	**177,597**	-10,602
Proposed result appropriation (not included in the financial statements)		
Deducted/Released from reserves	**p.m.**	-10,602
Dividend payment (2012: from reserve)	**p.m.**	21,915
Pay-out ratio	**p.m.**	p.m.
Cash flow from operating activities	**-15,465**	21,977
Per share in €		
Result	**3.83**	-0.23
Cash flow from operating activities	**-0.33**	0.47
Dividend	**p.m.**	0.47
Employees continued operations (fte) at year end	**2,459**	2,745

1) Restated by adoption of IAS 19 (R)

The 2013 and 2012 annual figures have been prepared in accordance with the IFRS-EU guidelines applicable in 2013. The significant accounting policies are included in the consolidated financial statements. The consolidated statement of profit and loss is presented on a going-concern basis.

The result of terminated activities or those held for sale are presented separately in 2013. This concerns the activities of Keesing Games, Mobillion, Relatieplanet, Hyves social network, Moviebites and Nobiles. The comparative 2012 figures have been adjusted accordingly.

CONSOLIDATED FINANCIAL INFORMATION

financial performance

- The recurring EBITDA result for 2013 was € 60.1 million and as such is € 10.8 million higher than the previous year. The increase is primarily due to the impact of the cost reductions;
- Due to a provision of € 37 million for restructuring costs the EBIT result declined from € 16.2 million positive in 2012 to € 10.3 million negative in 2013.
- The revenues in the amount of € 542.2 million were € 13.6 million lower than they were in 2012 due to the declining revenues from advertising and circulation, but were in part offset by revenues from digital activities and revenue from distribution for third parties;
- The revenues from digital activities (including video) rose by 11.6% to € 69.2 million (2012: € 62.0 million). The increase was primarily due to an increase in e-commerce and Dichtbij.nl;
- The 2012-2016 cost reduction programme was increased by € 50 million during 2013 as a result of which the total programme now amounts to € 120 million and is slated to be completed by the end of 2014. A total of 700 jobs are eliminated under the programme. In 2013, an additional € 37 million in restructuring costs were recognised. The number of FTEs for continued operations declined by 286 to 2,459 at year-end 2013;
- The interest in ProSiebenSat.1 Media AG was sold for over € 390 million (following the receipt of a net dividend of over € 61 million). The net result of € 177.9 million includes the result on the sale of the equity interest in ProSiebenSat.1 Media AG in the amount of € 218.3 million in relation to the valuation of the shares at the time they were listed on the stock exchange;
- During 2013, Telegraaf Media Groep distributed an interim dividend to shareholders on two occasions in the amount of € 0.50 and € 6.00, respectively, per share or depositary receipt for a share.

results

recurring EBITDA

In thousands of euros	**2013**	2012
Revenues	**542,230**	555,850
Other operating income	**88**	20
Raw and auxiliary income	**-42,656**	-46,325
Personnel costs	**-231,454**	-203,241
Other operating costs	**-247,162**	-256,359
EBITDA	**21,046**	49,945
Normalisations		
Restructuring costs	**37,008**	386
Other	**2,012**	-1,050
Total normalisations	**39,020**	-664
Recurring EBITDA	**60,066**	49,281
Depreciation	**-10,612**	-10,614
Amortisation	**-18,080**	-17,896
Impairment loss property plant and equipment	**-2,700**	-5,213
EBIT	**-10,346**	16,222
Recurring EBITDA margin	**11.1%**	8.9%
Number of fte at year end	**2,459**	2,745

The advertising and circulation income are under pressure, although the advertising revenues of the free local papers (distributed door-to-door) showed fragile recovery during the last months of 2013. The total revenues from continued operations declined by € 13.6 million in 2013.

The cost savings in 2013 were sufficient to offset the decline in revenues. Due to the declining revenue from print activities as a result of structural as well as economic cyclical trends a focus on cost control remains crucial.

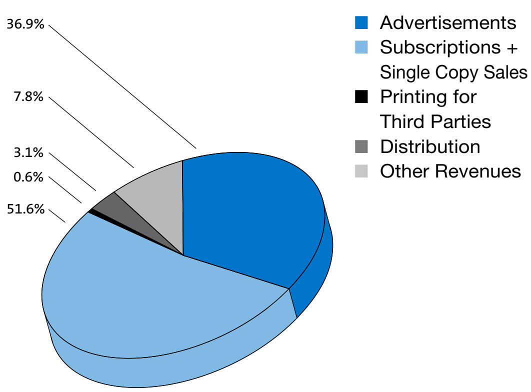
The recurring EBITDA result amounted to € 60.1 million in 2013 (11.1% of revenues) compared to € 49.3 million in 2012 (8.9% of revenues).

In 2013, a restructuring provision of € 37.0 million (2012: € 0.4 million) was made due to the additional FTE reduction. As a result, the operating result (EBIT) was negative € 10.3 million compared to positive € 16.2 million in 2012.

The segment online activities has been terminated in 2013. All non print related online activities are either sold, discontinued or classified as held for sale. The result after tax of these activities is negative € 42.7 million (2012: negative € 44.7 million). This includes € 29.1 million (2012: € 36.5 million) in impairments concerning intangible assets.

The net result realised in 2013 was € 177.9 million. The financial income and expenses includes the result of the ProSiebenSat.1 participating interest up until 19 August in the amount of € 12.2 million. The shares in ProSiebenSat.1 were sold on 6 September 2013. The realised result on the sale in comparison to the valuation as at 19 August was € 218.3 million.

revenues



The economic slump persisted unabated in 2013, as a result of which consumer and producer confidence in the Netherlands remained low. Media spending by advertisers continued to be under pressure as well, and a shift in media spending, from print to online, has been perceptible for a number of years. These trends combined with TMG's sensitivity to cyclical economic movements have resulted in a decline of advertising and circulation income from print operations.

TMG's total revenues fell by € 13.6 million to € 542.2 million. The decline in advertising and circulation income, respectively, was € 15.2 million and € 10.6 million.

Advertising revenues from print activities declined by 15.5% and were partially offset by revenues from digital activities and revenue from distribution for third parties. On a percentage basis, the decline was highest for the regional dailies (-22.5%) and the free local papers (distributed door-to-door) (-13.5%). The decline was evident in virtually all sectors (national, regional and personnel) and, in addition, in the free local papers (distributed door-to-door) segment was also due to removing a number of titles from the market. The decline for the national dailies, relatively speaking, was not as high (-13.0%). De Telegraaf clearly remains the market leader in terms of circulation.

The restyling of the Sky Radio 101 FM (new programming and marketing campaign) in 2012 resulted in a rise in listener figures in 2013. As a result advertising income increased by € 3.8 million, representing a net increase of 11.4% (2012: -1.2%). The Sky Radio Group's market share of the advertising market increased in 2013. Sky Radio won the 2013 Best Broadcasting Station Marconi Award and Radio Veronica initiated a renewal of its format in 2013.

The revenues from digital activities (including video) rose by 11.6% to a total of € 69.2 million. Telegraaf.nl on an average day attracts more than 2.1 million unique visitors (source: DDMM) and as such remains one of the top Dutch news sites. Revenues from e-commerce increased by € 5.0 million (28%) in 2013. Dichtbij.nl showed an increase of € 2.4 million (32%).

Circulation revenues fell by € 10.6 million to € 280.1 million. For print activities this is primarily due to the lower consumer confidence and the migration of particularly younger consumers to digital media. In relation to other daily newspapers, De Telegraaf's drop in circulation was high; the above-referenced trend has hit the market leader hardest. Increasingly more consumers are accessing the news via tablets and smartphones. Single copy sales abroad consequently declined as well. A promotion concerning the sale of two-year subscriptions combined with an iPad was initiated in the fourth quarter. Paid premium content subscriptions have also been introduced for regional media. This initiative is meeting with success.

Of the total revenues in 2013, € 59.9 million was realised abroad (2012: € 63.6 million). The decline abroad is primarily caused by a decline in advertising income and in the sale of single copy issues. Revenue from subscriptions has remained reasonably stable. The revenues abroad concern the international activities of the Keesing Media Group in Denmark, Sweden, Belgium, France, Spain and Germany. Aside from this, De Telegraaf primarily maintains circulation operations in Southern Europe.

segmentation of revenues

X € 1 million	2013		2012	
National media				
National newspapers	**217.0**	**40.0%**	233.5	42.0%
Magazines	**19.8**	**3.7%**	22.3	4.0%
Internet	**56.7**	**10.5%**	52.3	9.4%
Other	**0.1**	**0.0%**	-	0.0%
	293.6	**54.1%**	308.1	55.4%
Local and Regional media				
Regional newspapers	**78.6**	**14.5%**	85.2	15.3%
Free local papers	**30.6**	**5.6%**	35.3	6.4%
Internet	**11.8**	**2.2%**	9.2	1.7%
	121.0	**22.3%**	129.7	23.4%
Sky Radio Group				
Radio	**39.5**	**7.3%**	35.2	6.3%
Internet	**0.7**	**0.1%**	0.5	0.1%
	40.2	**7.4%**	35.7	6.4%
Keesing Media Group				
Puzzle magazines	**67.0**	**12.4%**	68.5	12.3%
	67.0	**12.4%**	68.5	12.3%
Facilitating services				
Third party printing	**3.2**	**0.6%**	3.2	0.6%
Third party distribution	**16.8**	**3.1%**	10.2	1.8%
Other	**0.1**	**0.0%**	0.2	0.0%
	20.1	**3.7%**	13.6	2.4%
Headoffice				
Other	**0.3**	**0.1%**	0.3	0.1%
	0.3	**0.1%**	0.3	0.1%
Total	**542.2**	**100.0%**	555.9	100.0%

operating expenses

Operating expenses rose by € 13.0 million to € 552.7 million in 2013. One-time restructuring costs in the amount of € 37.0 million were recognised in 2013 as a result of the initiated cost reduction programme. Recurring, without exceptional income and expenses, operating expenses declined by € 26.7 million. Due to the extensive cost reduction programme that by the end of 2014 is to produce annual cost savings in the amount of € 120 million (in comparison to 1 January 2012), cost savings have been realised in all categories.

The costs of **raw and auxiliary materials** declined by € 3.7 million due to the € 1.7 million lower cost of paper and the reduced circulation of newspapers. By printing Metro using TMG's printing presses starting in 2013, a large part of the printing capacity was allocated and the lower newspaper volume was partly offset. The stock of raw and auxiliary materials maintained at the end of 2013 was valued at € 5.6 million (2012: € 8.8 million).

Pursuant to the announcement made in August 2013 of an additional 350 FTE reduction, an additional € 37.0 million in restructuring costs was recognised in the fourth quarter. **Personnel costs**, excluding restructuring costs, declined by € 8.4 million in 2013. In 2013, the number of FTEs (including discontinued activities) declined by 410 FTEs. Excluding discontinued activities, the number of FTEs declined by 286. Wages, social security contributions and other personnel costs were € 10.5 million lower in comparison to 2012. By contrast, the cost of temporary agency personnel rose by € 1.7 million to € 12.6 million. The costs of the pension schemes rose by € 0.5 million. In 2013, the amended IAS19 for employee benefits went into effect as a result of which regular movements are recognised via shareholders' equity. In 2012, a supplementary pension guarantee scheme was frozen for a part of the personnel.

The number of FTEs declined from 2,745 at year-end 2012 to 2,459 at year-end 2013. The decline in the number of FTEs is evident throughout the Company, but in particular was effected through means of reduced management, and the integration of local and regional media, of the free daily newspapers and of the national media with online activities. Metro and Zoomin Nederland were acquired in the second half of 2012 and the activities of Dichtbij.nl, among others, were expanded.

added value per employee*

	Added value value (x € 1 million)	Average number of fte	Average added value per employee (x € 1.000)
2009**	314.4	2,988	105
2010**	315.7	2,806	113
2011**	298.0	2,822	106
2012	281.6	2,716	104
2013	**278.6**	**2,585**	**108**

** Excluding restructuring costs*
*** Including discontinued activities in 2013*

The average added value per employee, excluding restructuring costs, increased from € 104,000 in 2012 to € 108,000 in 2013.

Other operating expenses declined by € 9.2 million, in spite of the impact of a full year of operations for Metro and Zoomin. TV Nederland on the results. The costs of outsourced work declined by € 5.2 million due to the lower circulation of newspapers and magazines, and fewer video productions. In part due to the continued integration of business operations, fewer employees and general austerity measures, automation costs declined by € 2.1 million, while housing costs dropped by € 1.3 million. Selling costs fell by € 0.8 million compared to last year. Where in 2012, campaigns were conducted in the context of the European Football Championship in Poland and the Ukraine, and the Olympic Games, and there was a retention programme for De Telegraaf daily newspaper subscribers, additional promotion costs in 2013 were primarily related to the Sky Radio Group's radio stations (including My Radio) and the iPad promotion of the De Telegraaf daily newspaper. The cost of sales increased by € 5.8 million primarily due to an increase in e-commerce and the costs of the iPad promotion. The other general costs decreased by € 4.5 million.

Depreciation charges in 2013, in the amount of € 10.6 million, are virtually the same as in 2012. In 2014, the conversion of the printing presses at the Amsterdam Campus will be completed. In April 2013, the printing presses in Alkmaar were fully commissioned with the migration of the regional dailies to tabloid format. As soon as the presses in Amsterdam are commissioned, the depreciation charges will show a limited increase.

Amortisation expenses totalled € 18.1 million in 2013 (2012: € 17.9 million). Amortisation expenses normally decline due to depreciation and impairments. However, in 2013, there was a change in the accounting estimate for the amortisation period for the trademarks of Sky Radio and Radio Veronica to 20 years (was 50 years), as a result of which amortisation in 2013 was € 1.9 million higher than in 2012.

The result from **discontinued operations** concerns the sale of Mobillion and the activities of Keesing Games, among others. In addition, the operations of Nobiles, Moviebites and Hyves social network were terminated in the second half of the year. The Relatieplanet dating site is being held for sale. The net result, including the write-offs of intangible assets, was negative € 42.7 million (2012: negative € 44.7 million) which includes € 22.3 million (2012: € 26.6 million) in impairments concerning goodwill and € 6.8 million (2012: € 9.9 million) in relation to trademark and publishing rights. The effect of the sale of terminated activities before tax amounts to negative € 5.6 million on the sale of Keesing Games and Mobillion. Total impairments, including property, plant and equipment, of terminated activities amounts to € 31.8 million (2012: € 36.5 million).

THE ADDED VALUE PER EMPLOYEE INCREASED FROM € 104,000 TO € 108,000

The **financial income and expenses** include TMG's 6% interest in the ProSiebenSat.1 Media AG (ProSiebenSat.1) associate. The interest is recognised in accordance with the equity method. A € 12.2 million (2012: € 17.7 million) share in the result of ProSiebenSat.1 was recognised in 2013. In 2013, the share in the result was only reported up to 19 August 2013.

During the July General Meeting of Shareholders of ProSiebenSat.1, a dividend of € 5.63 (2012: € 1.15) per share was adopted for the shares with voting rights for 2012. TMG at that time owned 13,127,832 of such shares. The distributed dividend, including the refund of income tax deducted at source in 2012 (€ 5.5 million), amounted to € 66.7 million and was deducted from the value of TMG's interest in ProSiebenSat.1. In addition, TMG received a € 4 million refund of the tax deducted at source over the 2011 dividend.

As at 19 August 2013, the carrying value of TMG's interest amounted to € 172.3 million or approximately € 13.12 per share with voting right.

On 19 August 2013, the shares with voting rights were converted to listed shares, as a result of which the interest was valued at fair value (share price) effective from that date. The change in value is reflected in the consolidated statement of recognised income and expense. TMG sold the listed shares on 6 September at € 30.00 per share. The share price on 6 September was € 30.77 per share. A total of € 390.6 million was received after the deduction of transaction costs. The realised result on the sale since 19 August amounts to € 218.3 million on the equity interest valued at fair value.

A TOTAL OF € 390.6 MILLION WAS RECEIVED FOR THE STAKE IN PROSIEBENSAT.1 MEDIA AG

In September – due to the sale of the interest – Mr F.Th.J. Arp, TMG's CFO, stepped down as member of the Supervisory Board and as a member of the Remuneration Committee of ProSiebenSat.1.

The **tax** item in 2013 showed a credit balance of € 5.0 million (2012: € 4.0 million) on continued operations. The effective tax burden was -6.8% in 2013 (2012: 48.0%). At year-end 2013, the tax-offsettable losses amounted to approximately € 91 million.

cash Flow

The **net cash flow from operating activities** declined by € 37.4 million to € 15.5 million. The redundancy payments of € 34.6 million were relatively high due to the FTE reduction in 2013 and the other items of the working capital on balance decreased by € 2.8 million.

The **cash flow from investments** in 2013 amounted to € 438.6 million (2012: negative € 34.4 million). The dividend distributed by ProSiebenSat.1 over the 2012 reporting year was received in August 2013. Including the refund of the tax deducted at source for 2011 and 2012, the amount received totalled € 70.7 million. The proceeds of the sale of the shares in ProSiebenSat.1 amounted to € 390.6 million. This was offset by investments in the conversion of the printing presses in Amsterdam, changes to the facilities of the Sky Radio Group and the acquisition of new software by TMG Regional/Local Media and by TMG National Media. The phased conversion of the printing presses and colour units in Alkmaar was completed in 2013. The conversion in Amsterdam is expected to be completed in 2014.

In 2012, investments amounting to € 19.6 million were made in new operating activities concerning Metro, Zoomin.TV and GroupDeal. In addition, the remaining shares held by the management of Dichtbij.nl were acquired.

The **cash flow from financing activities** was negative € 390.2 million (2012: positive € 6.5 million). From the dividend received from ProSiebenSat.1 in 2013 plus the proceeds from the sale of its equity interest in ProSiebenSat.1, TMG has distributed an interim dividend to its shareholders totalling € 301.3 million. In 2012, a dividend of € 21.8 million was paid out for the 2011 reporting year. No TMG shares were repurchased in 2013 (2012: € 2.5 million). In 2012, TMG negotiated a new bank financing facility for a period of 3 years for a total value of € 125 million for the purpose of financing acquisitions, converting the printing presses and redeeming the short-term loan with the Rabobank. Of this loan, € 50 million was concluded for three years with interim repayment obligations. The entire credit facility (including the long-term loan) was redeemed in the second half of 2013.

The annual FM licence payments by Sky Radio Group in the amount of € 7.7 million are included under the repayment of long-term liabilities.

shareholders' equity

At year-end 2013, shareholders' equity attributable to the shareholders of TMG had declined by € 126.0 million to € 298.8 million in comparison to the previous year, primarily due to the dividend payment. The net result attributable to the shareholders of TMG for 2013 amounted to € 177.6 million (2012: negative € 10.6 million). In 2013, TMG distributed interim dividends amounting to € 301.3 million. In 2012, TMG distributed dividends totalling

€ 21.8 million for the 2011 reporting year. The shareholders' equity per share outstanding at year-end 2013 was € 6.45 compared to € 9.16 at 31 December 2012 (after adoption regarding IAS19R) .

shares

As at 31 December 2013, there are 46,350,000 ordinary shares and 960 priority shares of € 0.25 nominal value. Of the ordinary shares, 28,987,774 had been converted into depositary receipts as at 31 December 2013, amounting to 62.5% (year-end 2012: 61.2%). No shares were repurchased in 2013. The € 1.4 million in shares of Telegraaf Media Groep repurchased in previous years have been withdrawn in accordance with the resolution adopted by the General Meeting of Shareholders of 25 April 2013.

dividend policy and proposal

In recent years the operating result has been under pressure due to lower advertising and circulation revenues and high restructuring costs. The amount of the dividend was primarily determined by the relatively stable income from puzzle activities and the receipt of the ProSiebenSat.1 Media AG (ProSiebenSat.1) net dividend. The interest in ProSiebenSat.1 was sold in September 2013. Therefore an adjustment in the dividend policy is needed. Accordingly, a motion will be submitted to the General Meeting of Shareholders to be held on 24 April requesting the shareholders to set the dividend effective from the 2014 financial year dependent on the recurring operating cash flow, i.e. the recurring EBITDA of the total operations (continued operations and operations terminated that year) subject to the deduction of the license fees owed by the Sky Radio Group (cash out), taxes, interest and the deduction of replacement investments.

The basic principle will be to pay out 30% - 40% of this net operating cash flow. If this dividend policy had been applied this past year, the normal dividend payment over 2013 would have been approximately € 0.30 (excluding the ProSiebenSat.1 result). In view of the fact that in 2013 an interim dividend amounting to € 6.50 was already paid pursuant to the sale of the participation in ProSiebenSat.1 effective in September 2013 and the dividend received from this participation, and furthermore, given the high severance payments expected for the coming financial year, it is proposed that the final dividend payment for 2013 will be passed.

outlook

A further decline in advertising and circulation revenues is expected for 2014 relative to 2013. This applies to the national as well as regional daily newspapers due to the structurally changed market in which media companies operate. Revenues from radio-related activities are expected to remain stable. Revenues from digital activities are expected to continue to grow. Puzzle activities are expected to experience a slight decline in revenues.

To tap new growth opportunities, approximately € 5 million will be invested in digital initiatives in 2014 and an additional budget will be freed up for a circulation drive for national and regional daily newspapers. The projected lower revenues are offset by major cost reductions resulting from the € 120 million cost reduction programme, of which € 52 million will be realised in 2014/2015.

CONSOLIDATED INFORMATION

corporate affairs

IN 2013 THE ORGANISATION STRUCTURE HAS BEEN CHANGED AND SIMPLIFIED. AFTER AN INTENSIVE EMPLOYEE PARTICIPATION PROCESS AND A POSITIVE RECOMMENDATION OF THE CENTRAL WORKS COUNCIL, WORK ON STRUCTURING THE NEW ORGANISATION WAS STARTED. AS AT 1 JANUARY 2014 THE NEW LEGAL STRUCTURE WAS ALSO COMPLETED.

CLA developments

The first discussions concerning the Framework CLA for the Publishing Business were held with the trade unions at the end of 2013. The Framework CLA is to replace the Newspaper Publishers CLA, the Newspaper Journalists CLA, the Book and Magazine Publishers CLA, the General Interest Magazine and Opinion Magazine Journalists CLA and the Trade Journal Journalists CLA. It is not yet clear whether the Free Local Papers Journalists CLA will also join the Framework CLA. Negotiations concerning the content of the Framework CLA will be continued at the beginning of 2014.

In the run-up to the negotiations on the Framework CLA, a number of CLAs was re-extended in 2013.

The term of the Newspaper Publishers and the Newspaper Journalists CLA was from 1 January 2013 to 31 December 2013 inclusive. Neither CLA includes a provision for a structural salary increase. Due to the elimination of the early retirement (VUT) contribution, the net income of employees has improved.

The term of the General Interest Magazine and Opinion Magazine Journalists CLA was from 1 April 2013 to 31 December 2013 inclusive. A CLA increase of 0.5% was granted effective 1 July 2013. The term of the Book and Magazine Publishers CLA was from 1 July 2012 to 31 December 2013 inclusive. Here too a CLA increase of 0.5% was granted effective 1 July 2013.

Agreement was reached for the Free Local Papers Journalists CLA at the end of 2013, thereby extending this CLA up to and including 31 March 2014. While the CLA does not provide for a salary increase, the elimination of the early retirement contribution (VUT) for this group of Telegraaf Media Groep (TMG) employees means that their net income will improve.

The Grafimedia CLA, which falls outside the Framework CLA, expired on 1 August 2013. Negotiations with the trade unions concerning the extension and modernisation of this CLA did not yet produce any results at year-end 2013.

excessive salaries

Negotiations with the Dutch Association of Journalists and the Central Works Council (CWC) concerning the issue of excessive salaries for journalists in 2013 resulted in an agreement concerning the Daily Newspaper Journalists CLA, the General Interest Magazine and Opinion Magazine Journalists CLA and the Free Local Papers Journalists CLA. This agreement was implemented on 1 December 2013.

An appeal was filed on 16 October 2013 in the legal proceedings instituted by the FNV Kiem and CNV trade unions. The Rotatiedrukkerij Voorburgwal Works Council and the Central Works Council once again joined as parties to this legal action. The ruling is expected over the course of 2014.

employability and new talent

In relation to structuring the new organisation, a great deal of attention was devoted to assigning employees to new positions. A lot of time and energy was devoted to the process of assigning the right employee to the right position on the basis of development assessments and other means. These development assessments are followed up with individual and collective development programmes. Two professional parties were hired to guide employees leaving the organisation to go from 'work-to-work'.

THE RIGHT EMPLOYEE TO THE RIGHT POSITION

absence due to illness

The absence due to illness rate was 3.5% in 2013 compared to 3.8% in 2012.

pension

In recent years pension costs have further increased due to factors such as the further decline of interest rates and the amendment of the life expectancy tables. Having adjusted the current pension scheme in a number of areas in recent years, a project group was initiated in 2013 for the purpose of developing a new and more modern pension scheme. The basic principles underlying the new scheme are affordability in the future, uniformity within TMG and greater flexibility for employees. Meetings with the employee representation bodies concerning the new scheme will commence at the beginning of 2014.

HR projects

Projects designed to make a contribution to professionalising the HR domain were defined in 2013. These projects contribute to further simplification and cost reductions. The projects are primarily concerned with the terms and conditions of employment and job profiles.

report of the Central Works Council (CWC)

There was a turnaround within Telegraaf Media Groep (TMG) this past year. At the beginning of 2013, work was proceeding at full tilt on the implementation of a change programme under the leadership of the CEO at that time. The CWC clearly expressed its hesitation about these plans at the time. In mid-April 2013, there was a change in executive management and interim CEO Cees van Steijn was appointed. A programme was developed within a short period of time in which the brands and the journalistic relevance, rather than the publishing platforms, were once again given priority. Since the beginning, the CWC has supported the new top executive Cees van Steijn in his resolve to also limit the number of management layers and to simplify the organisation structure.

The organisation that has largely been implemented by the end of 2013 enables the Group to act more decisively. And this is sorely needed. TMG cannot continue to reorganise and introduce cost reductions without tapping new revenues on a large scale as well. The preference is for this latter to be effected by our own organisation and with the already existing portfolio. However, if necessary, resources for making acquisitions are also available. The CWC will continue to critically review any future acquisitions.

In 2013, the Group had to let go of hundreds of employees; most through internal reorganisations and several tens of employees through the disposal of business units. Major restructuring plans are still on the agenda for 2014 as well. The CWC considers it of major importance that employees are well trained so that they can find suitable work elsewhere – preferably internally, but if this is not possible, externally. For employees forced to leave the Company, the CWC considers a good social plan that is consistent with TMG as a good employer, indispensable.

2014 must primarily become a year of entrepreneurship. The Company has focused inwards for too long and, until recently, the number of management layers only kept increasing. The CWC considers it very important that promising initiatives and entrepreneurship are given room; this is the only way for TMG to become the leading media enterprise of the future.

In addition to all the changes implemented within TMG, there were changes within the CWC as well. Ans Kramp, Chairman since 2004, left the CWC and TMG. John Hagens took over the reins. A number of experienced members also left the CWC. The CWC would like to thank everyone for their employee participation efforts and wishes John Hagens lots of success!


Appeltje voor de lezers
30.04.2013
De Telegraaf
LEVE
DE KONING
30.04.2013
Appeltje van Oranje
30 april 2013
De Telegraaf

TMG NATIONAL MEDIA

TELEGRAAF MEDIA GROEP IS MAINLY FOCUSED ON STRENGTHENING ITS KEY BRANDS AND ITS EXPLOITATION OF THESE BRANDS. DUTCH CONSUMERS ARE REACHED VIA PRINT, ONLINE, VIDEO, MOBILE AND RADIO. WHICH CHANNELS ARE USED WHEN IS NOT RELEVANT. THE MANNER IN WHICH THIS IS DONE IS MUCH MORE IMPORTANT. THE BRANDS AND THEIR JOURNALISTIC RELEVANCE ARE THE HEART OF THE COMPANY. IN THE MEDIA BUSINESS OF THE FUTURE, THE KEY WILL BE THE COMBINATION OF BRAND AND CONTENT AND THE ADDED VALUE THAT THIS PROVIDES TO CONSUMERS AND ADVERTISERS.

By extension of this, various national print and online brands and activities of Telegraaf Media Groep (TMG) were integrated into TMG National Media over the course of 2013. The emphasis in this business unit therefore was on the implementation of a new organisation structure and, in addition, on the development of a programme in support of the additional cost reductions of approximately 50 million announced by TMG in August 2013 that are to be implemented by the end of 2014. A key part of these savings will have to be realised by TMG National Media due to the declining revenue from print activities, which, as it was in previous years, continued to be under pressure as a result of structural as well as economic cyclical trends.

Based on the order of the basic underlying principles: inspiring and prompting - reaching - capitalising, TMG National Media was divided into three main components after the organisational change, namely the Editorial Board, the Consumer Market and the Business-to-Business Market. The national editorial board is responsible for the journalistic content of the various brands on the various platforms. Within the Consumer Market component, the brand managers are responsible for the further development of the brands and products, increasing the reach and targeting the consumer markets. Within Commerce – which is the central point for the sale of advertisements for the national products – several advertising sales departments have since been integrated.

The advertising revenues of TMG National Media decreased by € 10.9 million (-13.0%) in 2013. Subscription revenues decreased by € 5.6 million (-4.2%) due to the fact that price increases did not fully offset the decline in circulation. The decrease in the sale of single copy issues was limited to € 2.2 million (-6.6%) in part due to the many news items related to the Royal House and showbiz. Digital income rose by € 4.4 million (8.4%) due to the growth in digital advertising revenues and revenues from e-commerce. The later in spite of the termination of various activities. The growth in digital revenues was however insufficient to offset the decline in print. On balance, revenues decreased by € 14.5 million (-4.7%).

daily newspaper market

In the consumer market, the Dutch daily newspapers are represented by products that are different in nature, scope and publication frequency and that are furthermore segmented by region and by free or paid newspapers. The Dutch circulation market in 2013 (fourth quarter 2012 to third quarter 2013, inclusive) consisted of approximately 3.75 million copies per day, a decline of 6.5% (source: HOI).

The overall circulation of paid Dutch daily newspapers in 2013 (fourth quarter 2012 to third quarter 2013, inclusive) declined by 4.9% to 3.1 million copies per day (2012: 4.1% decline and 3.2 million copies). The paid national daily newspapers declined by 4.6% (2012: 3.4%) and the regional daily newspapers by 5.2% (2012: 4.9%) (source: HOI).

Within the Dutch net advertising market, the portion related to daily newspapers declined by 15.4% to € 425 million in 2012 (2011: € 502 million). There was a decrease of 16.7% in the first half of 2013 in comparison to the same period in the previous year. It is estimated that the advertising market declined by 18% to € 348 million in 2013 (source: Nielsen).

De Telegraaf

The declining trend in revenues experienced by the advertising and circulation market for daily newspapers print titles persisted in 2013. Advertising revenues of the De Telegraaf daily newspaper declined by € 13.5 million (-22.6%) in comparison to 2012. Subscription revenues declined slightly (-4.2%) and revenues from single copy sales stayed virtually the same.

De Telegraaf Editorial Board

The De Telegraaf's editorial board, which also covers the brands Privé, Vrouw, Autovisie, DFT, and Telesport, last year reinforced the synergy between the different media types print, online and video. Reporters and editors increasingly more often develop story lines for several of these platforms. An additional dimension in this respect is that since November 2013, certain parts of the content of Telegraaf.nl are only available as paid content. A key step in realising online income from the consumer market and the movement towards working 'web first'. The rollout of the Telegraaf

Video 2.0 Project was accompanied by the start-up of an initiative designed to further professionalise editorial online video. The latter had resulted in significantly higher viewing figures, and perhaps just as important, significantly longer viewing times.

The 2013 news year started off with the announcement of Queen Beatrix' abdication. The period up to the investiture of Crown Prince Willem-Alexander resulted in considerably thicker newspapers and a number of historical commemorative issues.

2014 is and will be a challenging year, most definitely for the editorial board. First, the Sochi Olympic Winter Games were reported 24 hours per day in text, picture and sound. In addition to the regular newspaper pages, online videos were produced several times per day for Telesport.nl. The videos contained items such as the latest news, interpretation by our own experts and interviews with the leading players and medallists. These programmes were also broadcasted via television by Fox Sport Centraal thanks to the collaboration with Fox Sports. Three sports bulletins were broadcasted every day by Radio Veronica. In addition, Telesport set up its own online radio station, Telesport Radio, that broadcasted the latest news framed with music that listeners could adapt to their own tastes (personalised online radio). Furthermore, the 'Premium Sochi Edition' was published in the De Telegraaf HD app for tablet and smartphone each evening for paying readers. This edition each day covered the background stories, columns and a portrait of a sports hero, 'the day in pictures' and 'the day tomorrow'. With all of these options, sports enthusiasts did not need to miss anything and everyone always had a front row seat.

The conversion of the printing presses in Amsterdam will be completed in 2014, after which there will be more colour options available for the De Telegraaf daily newspaper in particular. This provides greater editorial as well as commercial options. As a result, TMG was recently able to announce that the De Telegraaf, in terms of its paper edition, would be migrating to the smaller tabloid format in the fourth quarter of 2014. The tabloid format is half the size of the current broadsheet format. Parts of the newspaper were already being printed in the new format for some time, but the rest of the newspaper will now follow suit.

In addition, TMG recently announced that the De Telegraaf will be publishing a digital Sunday edition. This edition will first be published on Sunday, 27 April. The De Telegraaf had a printed Sunday newspaper from 2004 to 2009, but was forced to terminate its publication due to high printing and distribution costs.

De Telegraaf Circulation

The circulation of the printed version of the De Telegraaf in 2013 (source HOI; measured during the fourth quarter 2012 to the third quarter 2013, inclusive) on average was 544,000 copies per day compared to 596,000 copies per day a year earlier. The 8.7% decline was higher than the average decline of 4.9% experienced by the overall paid dailies market. As such the De Telegraaf's share of the market for paid subscriptions fell from 18.5% in 2012 to 17.8% in 2013.

A positive trend is the strong growth in the number of weekend subscriptions, although that increase naturally is partly at the expense of the number of weekly subscriptions. Another positive development was the start-up of the sale of two-year subscriptions combined with the delivery of an iPad in the fourth quarter of 2013.

REALISING ONLINE INCOME FROM CONSUMER MARKET IS IMPORTANT TOWARDS WORKING 'WEB FIRST'

Due to the migration of print to (free) digital news platforms, the printed circulation of paid dailies in general have been under pressure for some time. The persisting economic crisis has hit the circulation of the De Telegraaf especially hard in 2013. Consumers continued to be extremely cautious last year and generally kept their hands on their purse strings. In comparison to other national newspapers, the De Telegraaf has significantly more subscribers that also subscribe to a regional daily newspaper. This is why the De Telegraaf is harder hit than other national daily newspapers in terms of consumer cutbacks on newspaper spending. The broad availability of WiFi combined with the strong growth in the number of persons owning a tablet has furthermore resulted in a significant drop in single copy sales abroad.

The De Telegraaf's subscription rates were on average increased by 3.2% effective 1 July 2013.

At year-end 2013, more than half of Dutch residents 13 years and older had a tablet and two in three persons had a smartphone. The De Telegraaf anticipates this trend with news, entertainment and replica apps for tablets and smartphones, with an increased focus on paid access. All of the De Telegraaf's news apps are now available for the Android operating system as well.

In addition to free content, the De Telegraaf also introduced premium content on its digital news platforms in the fourth quarter of 2013. Part of the articles on its website or accessible via the app is exclusively available to (digital) subscribers or at a daily fee. New and flexible subscription and payment forms are being investigated and tested with an eye on maintaining customer relations.

The De Telegraaf in 2013 naturally devoted a great deal of attention to the abdication of Queen Beatrix and the investiture of Crown Prince Willem-Alexander. To be able to demonstrate their solidarity with the new royal couple, almost a million De Telegraaf readers received an Appeltje van Oranje pin. Premier Rutte was the first person to have the pin pinned on.

The De Telegraaf published an exclusive investiture book on the occasion of the crowning. 'Op de Troon' (On the Throne) went across the counter on almost 12,000 occasions.

An archive app was launched on the occasion of the De Telegraaf's 120th anniversary. All of the De Telegraaf's editions that have been published since it first appeared on 1 January 1893, can be downloaded via this app. The app consequently provides access to almost 40,000 complete newspapers, in total comprising more than 1 million pages. During the year of its anniversary, the De Telegraaf, for the benefit of its subscribers, successfully collaborated with a number of other companies celebrating their anniversary. This and other promotions once again clearly demonstrated the De Telegraaf's power of response.

De Telegraaf Advertising market

Several advertising sales departments were integrated into TMG National Media's Commerce department this past year. This department is responsible for the central advertising sales for national brands. The objective of this integrated sales organisation is to operate with a maximum customer-oriented focus and with a focus on cross-media and multimedia propositions. The sales organisation is subdivided into segments, whereby print and digital are integrated. At the time of the integration, the department was also reorganised in order to lower the total costs of the sales organisation. Initiatives such as self-service, automated trading and the standardisation and simplification of processes are to contribute to lowering sales costs.

There is a perceptible growth of video, mobile and tablets within the online products advertising market. In addition, there is a shift of revenues from standard display to automated trading.

digital media

National net media spending on the internet in 2012 amounted to approximately € 1,158 million (2011: € 1,068 million). The size of the market in the first half of 2013 amounted to € 619 million (first half of 2012: € 585 million). It is estimated that spending increased to approximately € 1.2 billion for the full year in 2013 (source: Nielsen).

The internet market is subdivided as follows: Search, Display and a Classifieds, Directories and Listings category. Over half of media spending on the internet falls within the Search category. That market accounted for € 625 million in 2012 and is projected to continue to grow to € 675 million in 2013. The Display market declined from € 338 million in 2012 to € 331 million in 2013. The Classifieds, Directories and Listings category accounted for € 195 million in 2012 and is projected to decline to € 187 million in 2013 (source: Nielsen). The growth in net media spending on the internet in 2103 was therefore limited to the Search category.

The digital revenues of TMG National Media, including video productions, increased from almost € 52.3 million in 2012 to € 56.7 million in 2013. Especially e-Commerce realised a strong growth in revenues.

Telegraaf.nl & channels

Telegraaf.nl has had a successful year. In spite of the shift in use from fixed to mobile internet, Telegraaf.nl is also managing to maintain, as well as grow, its reach to the desktop. The daily reach has risen to an average of almost 1.5 million unique visitors per day versus 1.4 million unique visitors per day in 2012.

In 2013, almost 185 million videos were retrieved via desktops versus 110 million in 2012. Total viewing time has risen from 128 million minutes in 2012 to almost 167 million minutes in 2013. The rise in video viewing time via mobile devices at plus 78% to 228 million viewing minutes is perhaps even more impressive. The tripling of in-house video productions in part lies at the basis of this success.

A strong growth is also evident in all respects on the mobile internet for the De Telegraaf's sites and apps. For example, the number of pages retrieved from the mobile website has doubled and the site now has more than 1.8 million active users. The number of downloads of the renewed iPhone and iPad apps is also impressive. Various apps were launched in 2013 for the

Android operating system, for smartphones, as well as tablets. This means that the De Telegraaf's complete digital bundle is now accessible to Apple as well as Android users. The De Telegraaf has since launched an app for Windows 8 as well.

Metro and Sp!ts

The total circulation of free national daily newspapers in the Netherlands in 2013 (fourth quarter 2012 to third quarter 2013, inclusive) consisted of approximately 0.7 million copies per day, a decline of 13% compared to 2012 (source: HOI).

Following TMG's takeover of Metro in 2012, 2013 was devoted to integrating the Metro organisation. Various projects were initiated in order to achieve the maximum possible synergy. The synergy proved to be greater than expected, especially from a cost perspective. Effective February, the entire Metro print order was brought in-house to TMG's own printers and Metro is now being distributed by TMG Distributie.

To reduce the overlap between Metro and Sp!ts readers, work on repositioning both daily newspapers was initiated in February by adjusting the formulas and the distribution. Sp!ts now focuses more on the target group interested in entertainment and Metro more on the target group interested in regional and 'hard' news. In addition, new products were launched, such as Metro Mode and Wonen. Following a period of close collaboration between the two editorial boards, a decision was taken in the summer of 2013 to establish a joint editorial board. In addition to job savings, this has also resulted in an efficient and effective journalistic organisation. All other Metro departments were integrated into the various TMG departments on a phased basis, or were closed down. The full integration was completed in December.

FROM COST PERSPECTIVE SYNERGY METRO AND SP!TS GREATER THAN EXPECTED

magazines

The Dutch advertising market for general interest magazines has experienced some very difficult years. The market fell from € 258 million in 2011 to € 223 million in 2012 and is estimated to continue to drop to approximately € 192 million in 2013 (source: Nielsen).

VROUW

In addition to the pages in the newspaper, the glossy weekly magazine VROUW and Vrouw.nl were also published under the Vrouw (Woman) brand. The focus of the VROUW brand remains on optimal reporting across the various publishing platforms. Due to the decline in circulation of the De Telegraaf, the reach of VROUW Magazine fell by 9% to 1,362,000 readers per week in 2013. VROUW has built up a permanent reader base of satisfied readers over a period of 5.5 years. In terms of reach, VROUW is in third place in the weekly women's magazine segment. Compared to 2012, 24% fewer advertising pages are placed in weekly women's magazines (cumulative to November, inclusive). At a cumulative decrease of 19%, VROUW is performing better than average (source: NMR).

In 2013, combined De Telegraaf newspaper and VROUW Glossy magazine subscriptions were offered for the first time. The result is that the number of VROUW Glossy subscriptions has more than doubled. As a result of the positive VROUW Glossy results, the magazine will be expanded from four to six editions per year in 2014. This will give the glossy more of a permanent face among magazines in the single copy sales market. The events VROUW in Concert and VROUW Weekend for Women were repeated with success.

Privé

Due to the many events related to the Dutch and other royal houses and show business, single copy sales showed a better trend than expected. A special additional edition was published on the occasion of Queen Beatrix' abdication. This Royal Edition went on to become the best sold edition in 2013. The General Interest Magazines Group (GPT), which has been awarding the Mercurs Quality Award in the general interest magazines sector in the Netherlands since 1998, nominated Privé's Royal Edition for the 'Magazine Reporting of the Year 2013' award.

The total circulation of Dutch gossip magazines in 2013 (fourth quarter 2012 to third quarter 2013) declined by 6.7%. Privé outperformed the market with a decline in circulation of 4.4% (source: HOI). Privé's reach declined by 3% in relation to the previous NOM measurement (2011-2012) to an average of 1,371,000 readers per edition and as such outperformed the market, which fell by 5%.

In 2013, a Privé app was launched that now makes it possible to read Privé in digital format as well. The app has been downloaded 21,000 times since August 2013.

ROYAL EDITION OF PRIVÉ THE BEST SOLD EDITION IN 2013

Autovisie

The total circulation of Dutch automotive magazines in 2013 (fourth quarter 2012 to third quarter 2013) fell by 6.5%. Autovisie outperformed the market with a decline in circulation of 5.9% (source: HOI). The magazine, as well as the website and the pages in the De Telegraaf are exploited under the Autovisie brand. In 2013, various events were organised, including the Nationale Auto8Daagse (National 8-Day Automotive Media Event), which saw its first début this year.

other national brands and activities

GroupDeal

GroupDeal is a promotion-based e-commerce platform that offers products and services of advertisers and brands at attractive prices. GroupDeal was initiated at the beginning of 2010 and has since then experienced strong growth. Revenues almost doubled in 2013. As such GroupDeal is TMG's fastest growing business unit. GroupDeal achieved a high growth in yield in 2013 and is expected to experience strong growth in 2014 as well. TMG has a 60% interest in GroupDeal B.V. with the option of acquiring 100%.

E-commerce

Activities conducted via webshops have grown rapidly in recent years; however yield has lagged. In 2013, it was decided to apply greater focus as a result of which the Heimweewinkel and A&C sieraden webshops were divested. This puts the focus on a smaller segment primarily involving promotion-based products. Revenues declined somewhat as a result of constraining operations. To achieve a better cost/revenue ratio, cost reductions were implemented in 2013, including the downsizing of the involved e-commerce team.

Upcoming

The new title Upcoming.nl was successfully launched at the beginning of 2013. Upcoming gathers the most popular images, videos and tweets and other internet trends to create its own lists. Using this format, Upcoming has grown to 750,000 unique visitors per month under its own strength. Last summer, Upcoming also launched an Android and iPhone app, which has since been downloaded over 50,000 times. In August, a revenue model related to native advertising was initiated involving the publication of lists sponsored by brands. In addition, a pilot was initiated with a German version of the site. The innovative technology underpinning Upcoming was developed by the Hyves Product Development Team and has since been used for other TMG titles as well. The development team was added to TMG National Media and has since been working on the further development of TMG National Media's digital products and brands and on the development of new products.

Hyves Games

Hyves Games has also been integrated into TMG National Media. Hyves Games started out as part of the Hyves social network, which was closed down at the end of 2013 due to the strongly deteriorating results. In 2013, Hyves Games negotiated agreements with key game developers, as a result of which it is no longer dependent on the external party with whom it was collaborating. The average number of unique visitors is around 400,000 per month, putting Hyves Games among the top gaming portals in the Netherlands. Another gaming portal was launched on and in collaboration with Vrouw.nl in 2013.

Bohil Media

The persisting poor market conditions were responsible for a further decline in media spending in the boating and camping segment in 2013. Revenues and the result have declined in spite of the fact that the broad portfolio of magazines, sites and a television programme have increased reach. Bohil Media's strategy is focused on further reinforcing and expanding its market leadership position in the water sport and camping market.

AutoTeKoop.nl
Autotekoop.nl met expectations for the past year and devoted effort to the further organisational and technical integration with Gaspedaal.nl.

Gaspedaal.nl
Gaspedaal.nl experienced stable growth in terms of visitors. Gaspedaal at the end of the year launched a new business model that is unique to the automotive market: the option of purchasing advertisements on the basis of click listings on the site. The initial results from the implementation of this model are promising.

Jaap.nl and Huizenzoeker.nl
In spite of the fact that the residential market remained bogged down in 2013, Jaap.nl has experienced a year in which visitor numbers stayed the same and revenue rose considerably. The Jaap.nl proposition 'Sell Your Own Home' has grown to such an extent that it has since become a more important source of income than advertising revenue.

Speurders.nl
Speurders.nl successfully completed the redevelopment of its platform in 2013 and has started to roll out new business models. Revenue from the Speurders.nl 'daily offers platform' has risen and has since become responsible for a significant part of the revenues. Furthermore, Speurders.nl has launched its own auction platform and a platform for second hand clothing.

News Media
The GeenStijl brand celebrated its 10th anniversary in 2013. In their own words, 'news facts, scandalous revelations and journalistic investigations appear interchangeably with airy topics and slightly eccentric nonsense' on GeenStijl. GeenStijl was among the top 10 most often visited news sites in the Netherlands in 2013. Dumpert, after YouTube, is the largest Dutch video platform. The number of video views on this site continued to grow in 2013. The significant growth in mobile use stands out in this respect. In total, Dumpert's apps (IOS and Android) were downloaded more than 2 million times. The young Glamorama entertainment title achieved healthy growth in reach and revenues. In addition, a new business title, Das Kapital, was launched in 2013. The initial feedback received from this initiative is positive.

Video/TV Production
In 2013, Telegraaf Video Media merged the production houses Telegraaf Video Media and Pylarczyk Mediagroep, while Moviebites' activities were divested. The volume of video material produced for television and online use continued to increase in 2013. The viewing figures for the television programme 'Vandaag de Dag' (The Day Today)' stayed the same in 2013 and its customer, the public broadcaster WNL, was satisfied with the result. Unfortunately, WNL decided to produce the weekly Sunday morning programme itself, starting in September 2013. Aside from this, for instance the Fix this Kitchen programme was produced for the third season. Video productions for Telegraaf.nl rose sharply: 60% of the video content on this site is in-house productions. The De Telegraaf's editorial board uses increasingly more videos which are partly produced at the studio of Telegraaf Video Media, and partly at the studio located on the editorial department.

IN USAGE HYVES GAMES IS AMONG THE TOP GAMING PORTALS IN THE NETHERLANDS

TMG REGIONAL/ LOCAL MEDIA

Work on the formation of the TMG Regional and Local Media segment started in 2013. The cluster consolidates the regional dailies (HDC Media B.V.), the free local papers (distributed door-to-door) (Holland Combinatie B.V.) and the local website (Dichtbij B.V.). The back-offices of these companies were integrated over the course of the year, and the local editorial boards and sales were transformed into a single organisation. Holland Combinatie and HDC Media now serve customers from their joint product portfolio. The portfolio consists of the dailies and the free local papers, specials, theme pages, magazines, websites, apps, trade fairs, activities for third parties and events. In 2014, HDC Media and Holland Combinatie were legally merged into a single company operating under the name Holland Media Combinatie B.V. The integration of Dichtbij into this new company is a key step in further growth in a future in which print and the internet will become increasingly interwoven.

A new advertising system has since been implemented as a replacement of four separate information system; this is resulting in cost savings. With the flexibility of a web-based system, the company is now ready for the future.

regional daily newspapers

The total daily circulation of regional daily newspapers in the Netherlands in 2013 (fourth quarter 2012 to third quarter 2013, inclusive) declined by 5.3% (2012: 4.6%) (source: HOI). The total advertising volume of regional daily newspapers in the Netherlands declined by 15% in 2013 (source: ASS).

TMG Regionale/Lokale Media's regional daily newspapers (Noordhollands Dagblad, Haarlems Dagblad, IJmuider Courant, Leidsch Dagblad, De Gooi- en Eemlander and Almere Vandaag) experienced a clear decline in revenues in 2013, primarily caused by a drop in advertising revenues. The number of paid subscriptions decreased by 4.4% (2012: 5.2%). It was not possible to fully offset the loss of subscription income through means of an increase in subscription rates and the acquisition of promotional subscriptions.

The necessary personnel reduction among the editorial boards of the daily newspapers occurred without forced redundancies. In spite of this further reduction in personnel and other cost reductions, it proved impossible to prevent a significant decline in the result. The organisation's result trend requires the implementation of strong cost control measures in 2014 as well.

The regional daily newspapers of Holland Media Combinatie switched to the more compact tabloid format in April 2013, requiring the formula and production to be adjusted accordingly. The target set for acquiring new subscribers during the transition to a tabloid were amply met and the acquisition of new subscribers continues to be successful. In the meantime, new subscription propositions have also been formulated that involve the offer of a mix of print and digital with premium content. The number of subscribers who receive the printed newspaper once a week and the digital version on remaining days is steadily increasing. An acquisition campaign was initiated at the end of 2013, coupled with a longer than usual, two-year, subscription period. The subscription comes with an iPad. The two-year subscription period gives the publisher time to build up and reinforce its relationship with the subscriber. In the area of e-commerce, the tests with premium items on the website of the Haarlems Dagblad were successful. It was decided to roll out this approach on a phased basis to the other daily newspaper websites.

The website GerichtopPrint.nl (Focused on Print) was launched on the advertising market in the context of customer loyalty in the first quarter of 2013. This service enables advertisers to easily create and modify their own internet advertisements.

THE REGIONAL DAILY NEWSPAPERS OF HOLLAND MEDIA COMBINATIE SWITCHED TO TABLOID FORMAT

The Alphen.cc title was a compact and comprehensive newspaper whose yield significantly lagged forecasts due to the crisis and market trends in 2013. Originally this title was reduced from four to three publication days with the objective of realising a structural improvement in the result. However, it was concluded that the latter is nowhere in sight, after which it was decided to shut down the Alphen.cc's operations.

Effective in January 2013, the Associated Press Services (GPD), the news agency for regional dailies, closed its doors. After almost eighty years, the curtain finally fell on this partnership. In terms of national copy, the dailies will now be supplied by Wegener's Press Office.

free local papers (distributed door-to-door)

In spite of an important drop in advertising revenues, the recurring result of the free local papers (distributed door-to-door) is significantly higher than last year due to clear production and personnel cost reductions. The drop in advertising income applies to the entire free local papers market. The negative market trends and the crisis have a direct impact on spending by advertisers, but are especially evident in the revenues of non-national advertisers. The result of free local papers unfortunately is remaining negative, as a consequence of which further cost reductions will also be necessary in 2014.

The product portfolio in the large urban areas (Amsterdam, Rotterdam and Utrecht) was adjusted. Holland Combinatie's editorial board is now intensively working together with Dichtbij.nl's editorial board and is working in accordance with the 'web first' principle.

Dichtbij.nl

Dichtbij.nl is the Telegraaf Media Groep's local online platform and works in close collaboration with the free local papers (distributed door-to-door) of TMG Regional and Local Media. Dichtbij helps people achieve their local objectives and offers opportunities for communicating on matters they consider relevant. Dichtbij.nl, in addition to local news, also contains going out tips and events, restaurants, job openings and available homes. Dichtbij's strength is that the local resident or entrepreneur can participate by entering news, photos or feedback on the site him/herself. Dichtbij.nl operates throughout the Netherlands. The core regions are located in the provinces of Noord-Holland, Zuid-Holland, Utrecht, Flevoland and Brabant. In Maastricht and several other cities in the Province of Limburg Dichtbij is published by local entrepreneurs on the basis of a franchise-like concept. Dichtbij.nl's internet website, as well as its mobile versions were completely revamped and new revenue models were introduced in 2013. The key to increased engagement and a growing number of display pages is and remains the hyper-local news.

Dichtbij.nl's reach rose by 25% in 2013. Revenue grew by 32% and personnel and other costs were reduced by 10%. On balance, the result in 2013 still remained slightly negative, but there was significant improvement in comparison to 2012

SKY RADIO GROUP

IN SPITE OF THE ECONOMIC PROBLEMS, A RECOVERY WAS EVIDENT ON THE DUTCH RADIO ADVERTISING MARKET IN 2013. AT A SIZE OF ALMOST € 227 MILLION, THE RADIO ADVERTISING MARKET GREW BY 2.3% COMPARED TO 2012 WHEN THE ADVERTISING MARKET WAS € 222 MILLION IN SIZE (SOURCE: RADIO ADVIES BUREAU).

Sky Radio Group (SRG) is the largest commercial radio company in the Netherlands in terms of market share and reach with popular radio stations such as Sky Radio, Radio Veronica, Classic FM, various online radio stations and MyRadio. In spite of the arrival of a new competitor on the airwaves at the old 'Arrow Classic Rock' FM lot, SRG has managed to achieve a good result in the listening market in 2013. SRG on average reached 5,124,000 Dutch residents per week in 2013; this is an increase of 5% in relation to the year before. The market share in the '10 years and older' target group was 17.3% in 2013 (2012: 17.0%) and in the commercially important '20 to 49 years' target group SRG achieved an almost stable result with a 19.2% market share (2012: 20.3%) (source: NLO/Intomart GfK, January 2013 - November 2013, inclusive).

SRG's advertising revenue rose by 13% to € 40 million in 2013. With this increase, SRG has outperformed the radio advertising market, with a higher market share as a result.

Sky Radio has continued to rejuvenate its music mix in 2013 and has aligned its marketing focus accordingly.

Radio Veronica was repositioned in the listening market in 2013. The listening market share and the reach were under pressure in 2013 due to the increased competition. The station has introduced a refined music mix with greater variation and has been given an adjusted DJ line-up. In addition, the design was adjusted and the branding was refreshed.

2013 was a successful year for Classic FM. Classic FM modernised its programming in 2013 and achieved a positive result.

MyRadio, the first radio station in the Netherlands to completely attunes itself to its listeners' wishes, completed its first full year of operations. The technical development of MyRadio was continued in 2013 and a large-scale promotional campaign was held at the end of November 2013.

In 2013, the commercial stations collectively began broadcasting their programmes via DAB+. This was part of the agreement negotiated by the government when the FM licenses were extended. In addition to Sky Radio and Radio Veronica, SRG also broadcasts Classic FM programmes and a seasonally adjusted Sky Radio programme via DAB+.

Radio Veronica in 2011 received an FM license, whereby objections were immediately raised against the level of the FM license fee. In legal proceedings initiated by SRG, the court ruled against Radio Veronica. SRG has lodged an appeal against the ruling. The expectation is that the Trade and Industry Appeals Tribunal will hear the appeal in 2014. A ruling is only expected in 2015.

KEESING MEDIA GROUP

THE TELEGRAAF MEDIA GROEP (TMG) REVIEWED THE AVAILABLE STRATEGIC OPTIONS FOR THE KEESING MEDIA GROUP (KMG) THIS PAST YEAR. THE CONCLUSION IS THAT AT THE PRESENT TIME IT IS BEST FOR KMG, AS WELL AS TMG, THAT IT CONTINUES TO OPERATE UNDER TMG'S WING. TMG WILL CONTINUE TO SUPPORT KMG'S STRATEGY, FOUNDED ON INTERNATIONAL GROWTH AND CONTINUED DIGITISATION.

The European magazines market in general has been under pressure for some time, but developments in the puzzle market continue to be relatively stable. KMG's revenues from single copy sales in the Netherlands, as well as in other key countries slightly declined last year, primarily due to the economic crisis and a drop in the number of sales outlets. KMG considers itself well-positioned to be able to withstand the challenging market conditions in the consumer print market. Market share is projected to show further growth over the coming years and significant cost reduction measures will be implemented.

In France, Sport Cérébral's market share rose, while Megastar's market share declined somewhat. The joint market share remained the same at approximately 70%. Because the French market is more attractive for puzzle magazines than the market for general magazines, several large publishers came out with a number of new puzzle titles in 2013. This put KMG's result in France somewhat under pressure in 2013. The expectation is that this phenomenon will be of a temporary nature. In mid-2013, an agreement was reached with the trade unions in France, concerning the closure of KMG's printing plant in Naintré at the end of March 2014. From that time onward, all of Megastar's printing will be outsourced, which is expected to result in considerable cost savings.

Keesing Nederland experienced a decline in single copy sales, while Denksport's market share improved somewhat. As a result of trends on the magazine market, not only the number of sales outlets declined; some supermarket chains reduced the available magazine shelf space, which had a negative effect on the sale of puzzle magazines. Keesing Nederland's result consequently decreased in 2013. To restore return, a reorganisation was implemented at the end of 2013. At KMG the number of jobs decreased by 18 FTEs due to continued digitisation and process optimisation.

Revenues in Belgium stayed up to par until the last quarter, but the last months of 2013 were disappointing so that total revenues nevertheless declined slightly. Revenues in Spain and Germany increased due to the expansion of the portfolios. Because of the associated start-up costs, the positive effects on the result will only be evident at a later stage.

The offer of digital tablet products was significantly expanded in 2013 to include almost all puzzle segments and nine languages. An expansion to include Android and Windows 8 is planned for 2014. The sales and associated revenues showed a positive trend and the revenue and profitability projections are positive for the longer term.

Keesing Games was sold at the end of 2013, because the type of games (dexterity) was not consistent with KMG's puzzle games.

FACILITATING SERVICES AND ICT

FACILITAIR BEDRIJF WAS ESTABLISHED IN 2013 FOR THE PURPOSE OF CARRYING OUT ALL ACTIVITIES IN SUPPORT OF THE PUBLISHERS AS EFFICIENTLY AS POSSIBLE. IN ORDER TO SERVE THE TMG INTEREST, FACILITAIR BEDRIJF MANAGES THE PRINTING AND DISTRIBUTION AND THE INTERNAL SHARED SERVICES ON A STRATEGIC, TACTICAL AND OPERATIONAL LEVEL. TO INCREASE EFFICIENCY WITHIN THE DIFFERENT BUSINESS UNITS AND DEPARTMENTS IT WAS DECIDED TO REDUCE THE SEPARATE MANAGEMENT BOARDS AND TO MANAGE THE COMPANIES, TELEGRAAF DRUKKERIJ GROEP, TMG DISTRIBUTIE, THE SHARED SERVICE CENTRE AND THE CHAIN COORDINATION DEPARTMENT, DIRECTLY FROM THE FACILITAIR BEDRIJF'S MANAGEMENT BOARD.

Telegraaf Drukkerij Groep (TDG)

The conversion of the printing presses at the Drukkerij Noordholland was completed in 2013 and this printing plant now has access to nine printing towers and three folding machines, that are used to print 100% full-colour. The Holland Media Combinatie dailies have been printed in tabloid format since April 2013. The conversion of the printing presses at the Rotatiedrukkerij Voorburgwal in Amsterdam is on schedule and will be completed according to plan by the end of 2014. At that time this printing plant will have 23 printing towers and 7 folding machines that are also capable of printing 100% full-colour. Metro has been fully printed in-house since February 2013. A key objective within the printing plants is the continuous optimisation of print capacity. This concerns the availability of presses, as well as the number of employees. As at year-end 2013, the number of TDG employees declined by 10 FTE in order to align demand and capacity.

TMG Distributie

In 2013, as a follow-up to the previously initiated combined distribution of dailies partnership with Wegener and NDC, a partnership was established with the Persgroep. TMG Distributie delivers its own dailies, as well as those of the Persgroep, in the larger part of the provinces of Noord-Holland and Limburg, and in part of Flevoland. The Persgroep is responsible for the larger part of the provinces of Zuid-Holland and Utrecht. This has resulted in clear cost reductions in 2013. As of mid-2013, TMG's titles are always distributed with other dailies throughout all of the Netherlands. This is the precursor to the creation of a national distribution organisation, whereby the back-office systems of the various distribution companies will also be integrated. The joint distribution organisation can only be implemented after the other distribution companies also have achieved full collaboration.

In 2013, TMG Distributie reduced its own organisation by approximately 40% in terms of the number of FTEs. In spite of all these developments, delivery quality remained stable in 2013 compared to 2012. In partnership with NDP Nieuwsmedia, the Dutch dailies distribution companies have brought the effects of the Foreign Nationals (Employment) Act, in particular the implications of the vicarious tax liability, to the attention of the Dutch government. The latter also applies to the specific consequences of the Minimum Wage Act that will apply to companies who make use of freelancers, starting in 2014. Of course, the laws themselves are not open to debate, the primary concern is to prevent dailies distribution companies from incurring disproportionately high costs due to the unintended and unreasonable side effects from these laws.

Chain Coordination

Chain Coordination was established in 2013 and its purpose is to collect, bundle and share knowledge from within a single department and to subsequently apply it efficiently, so that all publishers can optimally benefit from this. It forms the connecting link between the publishers and the various (external) chain partners such as printers and distribution companies, and on behalf of the publishers provides the coordination required to optimally synchronise all chain processes.

Shared Service Centre

The Shared Service Centre was established in order to improve service quality, reduce costs and manage integral costs, achieve a coordinating function between the TMG organisation and relevant market parties, and achieve synergy of similar internal business activities. For example, in 2013, cost savings were realised in the area of office space by optimally reorganising available office space.

Telegraaf Media ICT

The agreement to outsource the management of workplace automation and data centres was extended in 2013. The workplaces will be modernised in the first half of 2014, and the data centre for business applications will be moved from Amsterdam to Eindhoven. The ICT toolkit was further simplified in 2013, in part through means of the implementation of a new advertising system. Further information security measures were implemented in line with increasing requirements in this domain. The operational reliability of ICT facilities has further increased and ICT costs were further reduced. The ICT organisation will be further adjusted in 2014, in part by establishing a CIO position and an ICT Shared Service Centre.

PARTICIPATING INTERESTS

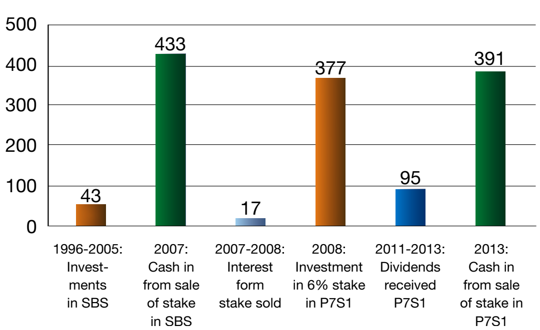
ProSiebenSat1 Media AG

history and result

In the nineties of the previous century, Telegraaf Media Groep (TMG) pursued a strategy of diversification and wanted to take a position in the television industry. However, in the Netherlands, due its market share of the daily newspaper market, cross-ownership legislation prohibited TMG from taking an interest greater than one third in a commercial radio or television station. In 1996, TMG therefore acquired an interest of 30% for approximately € 25 million in the commercial television broadcaster SBS6, which was starting up at the time. SBS6 was later expanded to include Net5 (1999) and V8 (2001). The last station was converted to Veronica (2003) when the Veronica Association joined SBS Nederland.

In 2005, TMG exchanged its SBS Broadcasting B.V. (SBS Nederland) equity interest at the time, increased by a one-time cash investment of approximately € 18 million, for a 20% interest in SBS Broadcasting S.à.r.l, which was held by funds advised by Permira and Kohlberg Kravis Roberts & Co. L.P (KKR). At that point in time, TMG's total outgoing cash flow therefore amounted to € 43 million.

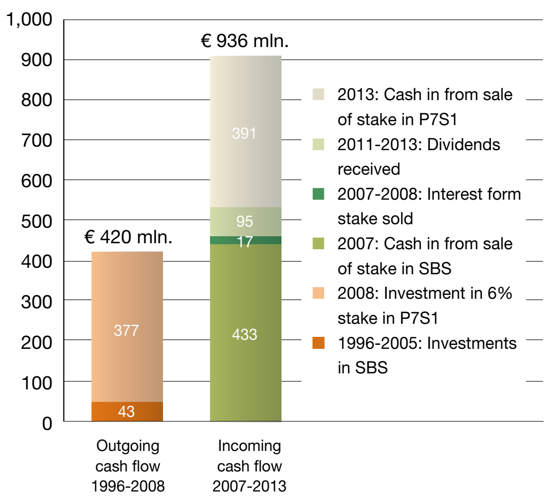
chronological statement of incoming and outgoing cash flows in € millions



The Dutch cross-ownership regulations were finally relaxed in June 2007; however, by that time SBS Broadcasting S.à.r.l. had already been sold to ProSiebenSat.1 Media AG (ProSiebenSat.1). The sale of the interest in SBS gave TMG an incoming cash flow of € 433 million, which, during the year that the amount was outstanding, produced approximately € 17 million in interest. At the same that the SBS interest was sold, a call/put option contract was acquired on the basis of which TMG in 2008 obtained a 6% (12% voting right) interest in ProSiebenSat.1 for an amount of € 377 million. The reasons for making this investment were strategic. On the one hand, it was becoming evident that television broadcasting was more and more becoming an international business and the acquisition of this interest gave TMG the opportunity to also participate in the strong international growth and synergy opportunities of the new combination ProSiebenSat.1 - SBS, in addition to its position in the Netherlands. On the other hand, this step should also be considered in the context of TMG's internationalisation and multimedia strategy. In practical terms this meant that TMG - albeit indirectly - continued to derive income from the television market during the period up to and including 2013.

In the period up to and including 2013, TMG received a total of € 95 million in dividends, with the key portion being received in 2013 as a result of the super-dividend of € 5.63 per share. In August 2013, shares with voting rights owned by TMG were converted to listed shares. Not long after this TMG sold its interest with a resulting incoming cash flow of approximately € 391 million. Of the super-dividend received in 2013 and the proceeds received from the sale of the interest, TMG shareholders in 2013 were paid interim dividends in the amount of€ 0.50 and € 6.00 per share or depositary receipt for a share, totalling over € 301 million. Furthermore, all of TMG's bank debts were redeemed and payments/provisions were made in relation to the ongoing reorganisations.

statement of total incoming and outgoing cash flows in € millions



In summary, TMG's interest in various television companies over the period 1996 - 2013 produced very positive results. The total outgoing cash flow during that period amounted to € 420 million and the incoming cash flow amounted to € 936 million. As a result TMG earned significant income from its (indirect) presence in the television market.

The free-to-air television market is currently undergoing significant changes as well. For publishers such as TMG it is no longer about the 'television market', the 'TV landscape' or 'television' in this respect, but rather it is all about the necessary shift towards the production of video, in addition to the other content that is already being produced. The way in which this video content is distributed has become of secondary importance. It is no longer relevant whether the distribution of video occurs via TV sets or (other) devices that are connected to the (mobile) internet. TMG is working hard on realising its ambition of becoming a leading party in the world of video as well.

RISK MANAGEMENT

introduction

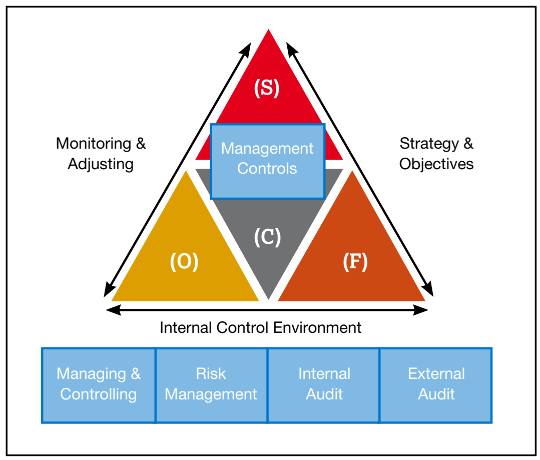
RISK MANAGEMENT PLAYS A KEY ROLE IN THE REALISATION OF THE COMPANY'S OBJECTIVES AND STRATEGY. TO BE ABLE TO MANAGE THESE RISKS TO THE MAXIMUM POSSIBLE EXTENT, THE TELEGRAAF MEDIA GROEP (TMG) APPLIES A RISK MANAGEMENT METHODOLOGY FOCUSED ON INCREASING RISK AWARENESS WITHIN THE COMPANY AND ON ACQUIRING BETTER INSIGHT INTO AND CONTROLLING OPERATING RISKS.

description of TMG's internal risk management and control system

Risk management is an integral part of the day-to-day operations. The internal risk management and control system is described in TMG's Risk Management Policy and in the TMG Code of Conduct. TMG's objective in this respect is to identify and manage the events (opportunities and threats) that can affect the realisation of the strategy and objectives. TMG has subdivided its risks into 4 risk categories in accordance with the well-known COSO Enterprise Risk Management Framework (COSO ERM), as follows:

- **Strategic Risks (S)** The strategic risks are identified each year by the Management Teams of the business units, Corporate Staff and the Executive Board on the basis of TMG's strategy and objectives. Actions are then identified to manage the risks.
- **Operational Risks (O)** A Risk Self-assessment of TMG's primary and secondary processes is conducted each year in accordance with a fixed schedule. The process managers twice a year update the risk control matrices that contain the risks, control measures and actions. In addition, they conduct audits every six months to determine whether the control measures are effective.
- **Financial & Reporting Risks (F)** The audits conducted by the process managers every six months are, among other things, focused on testing the control measures concerning the most significant items in the financial statements.
- **Compliance Risks (C)** The responsible Compliance Officer is responsible for policies focused on compliance with laws and regulations. Changes in laws and regulations and amended policies are regularly discussed with the Management Teams of the business units and are communicated to employees.

The internal management environment forms the foundation for TMG's internal risk management and control system. In this respect, hard controls (policy, processes and systems) as well as soft controls are assessed, whereby the tone set by management, integrity and culture are important aspects.



The risk management activities are anchored throughout the entire business operation:

- **Management:** each manager is responsible for managing his/her risks. Twice a year the Management Team reports on the progress of the control activities of its most important strategic and operational risks and conducts audits of the operation of the control measures related to the most important risks.
- **Risk Management:** facilitates the risk management activities, for example through means of Risk Self-assessments and by monitoring key control audits.
- **Internal Audit:** conducts operational, financial and project audits and provides assurance concerning the management of risks associated with business units, processes and projects.
- **External Auditor:** audits the financial statements and in this respect relies on the risk management activities carried out.

supervision and monitoring
The management of risks is a continuous process and forms part of TMG's planning & control cycle. Monitoring and adjustments take place on a regular basis. The most important risks and risk management progress is regularly reported and discussed with the Executive Board and the Supervisory Board's Audit Committee.

RISK MANAGEMENT IS AN INTEGRAL PART OF THE DAY-TO-DAY OPERATION

Audit Committee
The Supervisory Board in June 2013 established a separate Audit Committee as a result of which there is more specific supervision of the quality of the internal risk management and control system.

impact of strategy change on the risk management and control system
TMG has made a number of successive strategy changes with impact on a large number of processes and systems over a short period of time. The risk management and control system must be adjusted in accordance with these changes. This involves the reallocation of responsibilities. Furthermore, a new advertisement system was implemented for TMG Regional and Local Media and for TMG National Media and a plan has been created for organising IT Governance within TMG. Management controls will be re-evaluated and a number of risk analyses were carried out on an accelerated basis. Renewed attention will be devoted to creating risk awareness within TMG in various ways, for example by organising workshops on integrity-related topics. A start was made on these adjustments at the end of 2013. This will continue to be pursued in 2014.

evaluation of the risk management and control system
TMG each year evaluates its internal risk management and control system. The internal risk management and control system, as well as the management controls were tested in 2013. In 2013, specific attention was devoted to risk management in relation to information security, for example by testing and conducting risk analyses and creating increased risk awareness among employees. On the basis of horizontal oversight, there is coordination between TMG and the Dutch tax authorities concerning the evaluation of the existence and operation of internal control measures implemented by TMG. Fraud reporting and monitoring operates in accordance with the Fraud Policy. Fraud is included as a specific topic in the 2014 risk awareness programme. TMG's contingency plan was reviewed at the beginning of 2013. Due to the organisational changes, this plan will be re-updated in 2014. Furthermore, an integrated audit/risk management plan will be used in 2014.

identified strategic risks for 2013

Five strategic risks and mitigating measures were identified for 2013. Part of the planned measures have been implemented. The measures were partially adjusted to the strategic change in direction.

strategic Risks	implemented Measures
The inability to offset the declining return related to traditional activities on a timely basis by organic (growing) digital activities (the translation of new technology to business).	The strategy was adjusted in 2013. Advertising and circulation revenues dropped lower than expected. A more severe cost reduction programme was introduced at increased speed. The new strategy is focused on TMG's brands, whereby print and online are jointly deployed. New revenue models and products are being developed within the brands. Examples of this are the implementation of the 'payment wall' for digital content, digital subscriptions, the development of new apps, new websites such as Upcoming and the growth of GroupDeal.
Organisational delays due to differences in insight among the various business units.	The organisational structure was drastically changed. This has resulted in a flatter organisation with fewer management layers. Shorter lines facilitate faster decision-making. The print and online organisation in support of the national titles have been merged within TMG National Media. The print and online organisation in support of the local and regional titles have been merged within TMG Regional and Local Media. Work is performed on the basis of a common goal with the TMG brands as the key theme. The consolidation of different business units and different cultures has the attention of the Executive Board and the Management Teams.
The inability to attract and retain talented and highly qualified people on the job market.	TMG stimulates entrepreneurship within the organisation and among its employees. Employees are given more space for working out their ideas and taking initiative. Management Teams realise that the necessary organisational changes have a great deal of impact on employees. Transparency and clear communication about changes is very important.
The obstruction of the growth of deployed or newly deployed and/or still to be developed revenue models due to laws and regulations.	New revenue models are tested against laws and regulations ahead of time. New revenue models are further developed within the limits of the law.
The insufficient ability to guarantee a stable ICT environment (hacking and/or crash) in terms of the continuity of business operations.	In 2013, a number of obsolete application environments and servers was replaced and updated, including the implementation of a new advertising system and financial system, and the replacement of the telephone switch. Various websites were subjected to tests and adjusted on the basis of the findings. ICT has initiated an awareness campaign on information security.

identified risks for 2014

TMG has identified its key risks for 2014, taking the continuously changing media environment, economic trends and the changing job market into account. The key risks from 2013 reappear in 2014. Mitigating measures were initiated in 2013 and will continue to be applied in 2014. The key identified risks are subdivided into strategic, operational, financial and compliance risks.

strategic Risks	measures
declining Market The inability to offset the declining return related to traditional activities (on advertising and subscription sources of income) on a timely basis by organic (growing) digital activities.	The measures introduced in 2013 will be continued in 2014. The focus on strong brands will result in more focused and effective marketing. Budgeted cost reductions are continuously monitored and the cost reduction programme that has been introduced will be completed.
innovative Capacity Insufficient capacity to develop new profitable business models for journalistic content and online propositions.	A restructuring of the organisation, processes and procedures will take place within the editorial boards of the national dailies. A new editorial system will furthermore be implemented in 2014. The brand managers within TMG are responsible for the continued development of medium-type-independent (new) products, platforms and concepts associated with the brand. Brand Managers, the Editorial Board and Commerce are working together on the basis of the brand.
retaining and attracting properly qualified personnel and entrepreneurial competencies. Insufficient capacity to retain or attract the right employees.	TMG's current market demands more entrepreneurship and greater disposition to change. By reintroducing entrepreneurship into the organisation through means of greater flexibility within existing procedures and internal regulations, and faster decision-making through means of a flatter organisation structure, TMG expects to realise the required changes. TMG offers employees the opportunity to develop and implement creative ideas. The Executive Board and the Management Teams are working on the necessary cultural turnaround. Greater flexibility will be incorporated into the terms and conditions of employment, which will stimulate greater freedom of movement.

operational Risks	measures
process Efficiency Insufficient capacity to further optimise complex business processes.	Changes in the media world are occurring in rapid succession. TMG anticipates these changes by adjusting its strategy and organisation structure. Processes need to be adjusted in accordance with these changes. Where possible, processes will be further automated, for example, the self-service within the advertising process. The content management system will be replaced, making it easier to serve multiple publishing platforms. The circulation process will be migrated to a single system. In addition, greater use will have to be made of automated controls.

operational Risks	measures
ICT-Transformatie The insufficient ability to guarantee a stable ICT environment in terms of the continuity of business operations in the context of the ICT transformation.	Due to the reorganisation, ICT activities have been fragmented throughout the organisation. The ICT organisation will be restructured in 2014. By merging activities greater insight into and focus on ICT assets and ICT Risk Management will be created. The CIO, responsible for restructuring the ICT organisation and the TMG-wide ICT policy started in 2014. In 2014, the office automation system will be replaced and applications will be further rationalised.

financial risks	measures
working Capital Insufficient capacity to manage the outstanding receivables within the current economic climate.	Outstanding receivables are carefully monitored. Customers are more critically assessed in terms of their financial position. Regular debtor meetings are taking place during which key ratios are managed.

compliance Risks	measures
data Legislation Insufficient capacity to manage data quality within the applicable laws and regulations..	A plan, designed to comply with laws and regulations and at the same time ensure data quality, will be developed and implemented. The current use of data will be tested against current legislation and where necessary measures will be implemented.

The Executive Board is aware that it is not possible for any risk management and control system to provide an absolute guarantee for achieving the enterprise's objective, nor can this system prevent errors, fraud or violations of laws and regulations.

management Letter

Each year the external auditor reports to TMG's Audit Committee on his findings related to the administrative organisation and the internal controls. The external auditor recommended in the management letter on the reliability and continuity of IT systems especially on IT Governance, logical acces control and change management. TMG employs an internal control framework that identifies the potential risks together with relevant and proper internal control measures. The key control measures are tested by independent employees within TMG during the reporting year. The current situation includes various manual internal control measures. The current systems will be replaced. This creates an opportunity for converting manual control measures into automated control measures.

financial risks

market, credit, liquidity, foreign exchange and interest rate risks.

For a more detailed description and quantification of the above-mentioned financial risks and the management of these risks, see page 91-93 of the financial statements.

STATEMENT OF RESPONSIBILITY

Executive Board – statement of responsibility/in control statement

in compliance with Section 5:25c subsection 2c of the Financial Supervision Act (Wft), the Executive Board declares that:

1. the financial statements provide a true and fair view of the assets, liabilities, financial position and the profit or loss of the publishing institution and the companies jointly included in the consolidation; and
2. the annual report presents a true and fair view of the position on the balance sheet date, the performance during the financial year of the publishing institution and that of its affiliated companies, the figures of which are included in its financial statements, and that the annual report describes the material risks facing the publishing institution.

in compliance with best practice provision II.1.5 of the Code, the Executive Board declares that:
the Executive Board is of the opinion that the internal risk management and control systems as described in this annual report provide a reasonable degree of assurance that the financial reporting does not contain any material misstatements and that these systems functioned as expected during the reporting year.

Amsterdam, 11 March 2014

Executive Board of Telegraaf Media Groep N.V.
C.J.J. van Steijn - CEO ad interim
F.Th.J. Arp – CFO