





De Telegraaf

6,923,000  
via print and digital<sup>1</sup>  
24,423,000  
video views every  
month<sup>4</sup>  
4,776,000  
digital reach<sup>4</sup>



telesport

91,214,000  
page views every  
month<sup>3</sup>



VROUW

2,639,000  
via print and digital<sup>1</sup>  
1,172,000  
digital reach<sup>4</sup>



DFT  
DE FINANCIËLE TELEGRAAF

39,386,000  
page views every  
month<sup>3</sup>  
1,648,000  
digital reach<sup>4</sup>



2,200,000  
users every month<sup>3</sup>



PRIVE

3,488,000  
via print and digital<sup>1</sup>  
2,811,000  
digital reach<sup>4</sup>



autovisie

1,172,000  
via print and digital<sup>1</sup>



/AUTOBAHN

1,100,000  
users every month<sup>3</sup>



metro

6,216,000  
via print and digital<sup>1</sup>  
2,150,000  
digital reach<sup>4</sup>



De Telegraaf  
Aanbiedingen

1,024,000  
subscribers<sup>2</sup>



Denksport

16,000,000  
editions<sup>6</sup>



Haarlems Dagblad

(incl. IJmuider Courant)  
316,000  
via print and digital<sup>1</sup>  
297,000  
digital reach<sup>4</sup>



Noordhollands Dagblad

999,000  
via print and digital<sup>1</sup>  
618,000  
digital reach<sup>4</sup>



Leidsch Dagblad

257,000  
via print and digital<sup>1</sup>  
154,000  
digital reach<sup>4</sup>



De Gooi- en Eemlander

272,000  
via print and digital<sup>1</sup>  
117,000  
digital reach<sup>4</sup>



RADIO 10

1,417,000  
listeners every week<sup>5</sup>



GEENSTIJL

1,860,000  
users every month<sup>3</sup>



DUMPERT

150,800,000  
video views every month<sup>3</sup>  
7,925,000  
users every month<sup>3</sup>



UPCOMING

1,191,000  
users every month<sup>3</sup>



groupdeal.nl

1,973,000  
subscribers<sup>2</sup>  
853,000  
subscribers in Belgium<sup>2</sup>



1,000,000  
users every month<sup>3</sup>



MEGASTAR

42,000,000  
editions<sup>7</sup>



JAAP.NL

500,000  
users every month<sup>3</sup>



SkyRadio

3,258,000  
listeners every week<sup>5</sup>



VERONICA RADIO

1,350,000  
listeners every week<sup>5</sup>



CLASSIC fm

629,000  
listeners every week<sup>5</sup>



radio 538

3,507,000  
listeners every week<sup>5</sup>

Sources:

<sup>1</sup> NOM Mediamerken 2016-I (2015-II t/m 2016-I), 13+

<sup>2</sup> Internal reporting by TMG Digital

<sup>3</sup> Google Analytics, period: December 2016

<sup>4</sup> Online analysis NOBO, monthly reach December 2016

<sup>5</sup> NLO/GfK, Mon-Sun 6am-12am / 2015 annual average / 10 years and older

<sup>6</sup> Keesing Media Group: the Netherlands and Belgium

<sup>7</sup> Keesing Media Group: France, Belgium, Germany, Italy, Spain, Austria and Switzerland

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All sections marked with an \* are a part of the Management Report as referred to in article 2:391 of the Dutch Civil Code.



## Foreword

TMG published its provisional annual figures on 8 March. Recent events concerning the group, as reported in our press releases and the stakeholders' letter of 15 March that have been published on our website, created the exceptional situation that publication of the full, audited financial statements and annual report had to be postponed. We have worked hard to prepare the final documents for publication as quickly as possible and, following a careful process, we have finalised the annual report; the figures have not changed compared with the first publication on 8 March.

After TMG had received a bid from Mediahuis and VP Exploitatie for the acquisition of all issued and outstanding TMG depositary receipts and shares, TMG, Mediahuis and VP Exploitatie reached a conditional agreement on that bid on 5 March 2017.

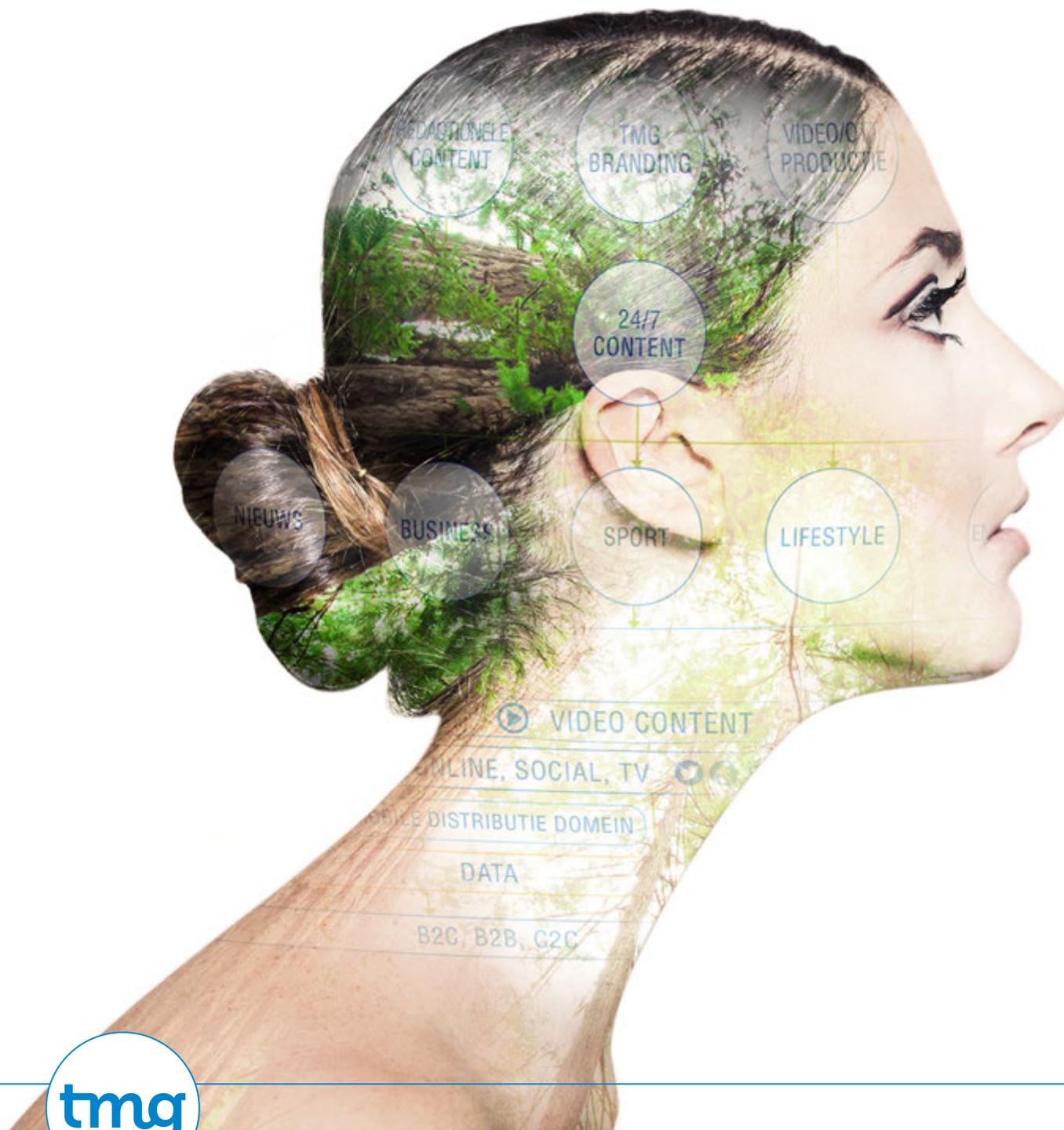
The Supervisory Board resolved to suspend both members of the Executive Board with immediate effect on 5 March 2017. In accordance with TMG's articles of association, the Supervisory Board is temporarily performing the executive functions. Although they were both in office until the end of the 2016 financial year, in view of their suspension, the members of the Executive Board have not signed the financial statements.

On behalf of the Supervisory Board, which is temporarily charged with managing TMG, I am pleased to present TMG's annual report for 2016, including the audited and approved financial statements.

Jan Nooitgedagt  
Interim Chairman of the Supervisory Board and interim  
Chairman of the acting Executive Board

*This release is a translation of the original text in Dutch. In the event of a discrepancy between the two versions, the Dutch version prevails.*

# About TMG



To develop high-quality propositions for consumers and advertisers, relevance and clout are needed. In 2016, TMG lined up a distinctive media ecosystem to strengthen exactly those aspects. With online video and an advanced data layer, we increase our relevance.

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A distinctive media eco system

# Company profile

**Telegraaf Media Groep N.V. (TMG) is one of the largest media companies in the Netherlands. We provide consumers with high-quality, personalised and relevant content, 24 hours a day, 7 days a week, with a focus on news, sports, lifestyle and entertainment. We do this through all possible media and platforms: online, mobile, video, print, radio and events.**

The greatest power of a media company is its ability to create and share valuable stories. Through more than 60 trusted brands and a strong journalistic focus, TMG knows how to reach Dutch consumers like no other. In words, images and videos, via all possible channels – and always with the consumer at the heart.

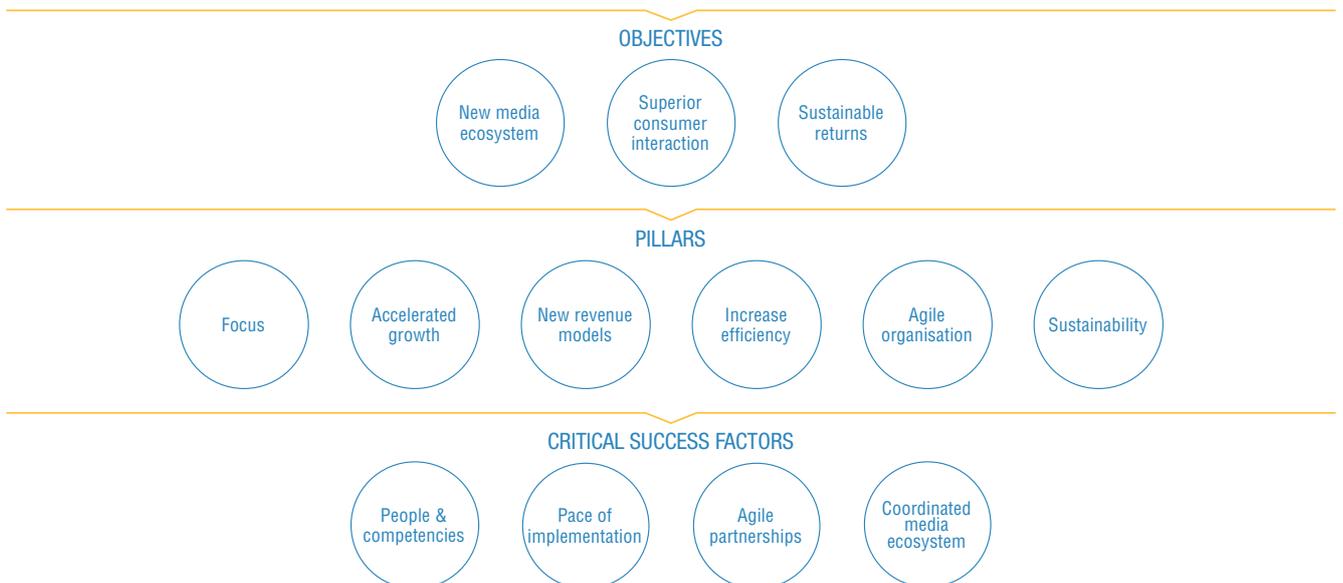
What are consumers looking for? This is the question that guides us. In the growing stream of information, we aim to interpret and connect, through our strong brands, our strong positions in content domains and the rich data of the millions of consumers we reach every day. This makes us an attractive partner for advertisers, marketers, content makers and distributors. Together with them, we create value throughout the chain, in a socially responsible way.

In 2016, TMG's revenue amounted to € 421.0 million and the company employed an average of 1,790 FTEs. TMG's head offices are located in Amsterdam.

## Our brands connect millions of people

TMG connects millions of people, with strong brands such as De Telegraaf, DFT, Telesport, Metro, Autovisie, Privé and VROUW; regional dailies such as Noordhollands Dagblad and De Gooi- and Eemlander; digital brands such as GeenStijl, Dumpert and Gaspedaal; Classic FM and – through a strategic partnership – national radio stations Sky Radio, Radio Veronica, Radio 538 and Radio 10. In addition, we have dozens of other brands and titles that focus on the provision of local news, entertainment and e-commerce, such as GroupDeal. Through Keesing Media Group, we are market leader in Europe in puzzle magazines and digital puzzles.

Strategy: we provide Dutch-speaking consumers with relevant content 24/7



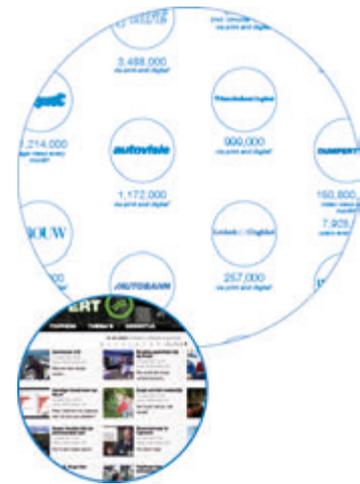
## Important developments in 2016

The 24/7 strategy formed the guideline for all our activities in 2016. The main highlights, categorised by the six pillars of our strategy, are described below.

### Focus

In 2016, TMG successfully focused on further developing its brands in order to expand the reach in their market segments:

- De Telegraaf and Metro have a strong brand reach in the Dutch dailies market. In 2016, De Telegraaf had a total brand reach of 6,923,000 in print and digital<sup>1</sup>. Metro achieved a total brand reach of 6,216,000<sup>1</sup>;
- VROUW realised a total brand reach of 2,639,000<sup>1</sup>, with substantial growth in online reach;
- Dumpert booked 150,800,000 video views per month<sup>2</sup>;
- Noordhollands Dagblad achieved a total brand reach of 999,000 in print and digital<sup>1</sup>.



### Accelerated growth

To realise growth in reach and impact, the range of content of the various brands has been expanded and renewed, including:

- VRIJ, a new 80-page weekend supplement of De Telegraaf, with inspiring content on home living, travel, mobility, cooking, technology and healthy lifestyle;
- Privé's new multi-platform app offers 24/7 access to Privé's latest showbiz and entertainment news; Privé's new royalty special: Privé-Royal;
- Autobahn.eu launched by TMG Digital;
- Metro Lifestyle, a renewed monthly supplement;
- children's puzzle booklets published by Keesing Media Group in collaboration with Viacom, and new editions in countries other than the Netherlands: a total of around 200 new titles in 11 countries.



<sup>1</sup> Source: NOM Mediamerken, 2015-II - 2016-I, m/v 13+

<sup>2</sup> Source: Google Analytics, December 2016

## New revenue models

With regard to the development of new revenue models, the brands extended their digital position:

- the new responsive platform [Vrouw.nl](http://Vrouw.nl) was launched. The majority of the users visit the site using a mobile device;
- with its new website [telesport.nl](http://telesport.nl), Telesport launched a dynamic sports platform, which focuses on top-level sports news, background stories and statistics, 24/7;
- De Financiële Telegraaf (DFT) launched a completely new website: [dftkennis.nl](http://dftkennis.nl), in collaboration with knowledge partners such as SingularityU The Netherlands and Nyenrode Business University. DFT also launched a renewed app with the latest stock exchange and business news;
- the renewed [De Gooi- en Eemlander website](http://De Gooi- en Eemlander website) kicked off TMG's regional brands with a more customised online news offer;
- Keesing Media Group introduced new mobile apps, including Sudoku, Tectonic and word search and crossword puzzles, which enable puzzlers to solve puzzles on their mobile phones as well as on their tablets.



## Improved efficiency

In 2016, the organisation was streamlined further. This included:

- the successfully completed outsourcing of printing activities;
- physically combining the offices of TMG Landelijke Media and Holland Media Combinatie;
- the centralisation and bundling of other activities in Amsterdam (e.g., the move of Relatieplanet.nl) and the reduction in the number of locations;
- substantial gains of Keesing Media Group in its core markets France, the Netherlands, Belgium and Denmark.



## Flexible organisation

To ensure flexibility in the changing entertainment and media market, TMG not only develops in house, but also aims for strategic collaboration with other companies. In 2016, the following partnerships were established:

- the partnership with Talpa in the field of radio and OTT;
- the acquisition of Amsterdam FashionWeek, now part of TMG Landelijke Media;
- the partnership between Keesing Media Group and Eye to Eye Media and Viacom;
- the partnership between Holland Media Combinatie and game platform XGN.



## Corporate Social Responsibility

TMG's Corporate Social Responsibility policy was rolled out further, with the following results in the year under review:

- in order to further develop our employees' knowledge and skills in line with TMG's strategy, various talent and development programmes were initiated;
- CO<sub>2</sub> emissions were further reduced;
- as of 2016, TMG is officially ISO-14001 certified;
- a multi-stakeholder dialogue took place;
- transparency improved further (better score on transparency benchmark and Tax Transparency Benchmark);
- the business units undertook various CSR initiatives, with a focus on knowledge sharing, development and charities.



## Facts and figures 2016

	2016	2015
Total income	<b>421,039</b>	452,408
Operating result	<b>-8,407</b>	-16,742
Financial income and expenses	<b>-29</b>	-979
<b>Result before tax</b>	<b>-8,436</b>	-17,721
Income tax	<b>-2,621</b>	1,907
Result discontinued operations after tax	<b>7,373</b>	-4,011
<b>Net result for the year</b>	<b>1,558</b>	-23,639
Minority interest	-	-879
<b>Result attributable to shareholders of Telegraaf Media Groep N.V.</b>	<b>1,558</b>	-22,760
<b>EBITDA, excluding restructuring costs</b>	<b>22,007</b>	34,687
<b>EBITDA margin</b>	<b>5.2%</b>	7.7%
<b>Per share in €</b>		
Result	<b>0.03</b>	-0.49
Cash flow from operating activities	<b>-0.06</b>	0.35
Employees (FTE) at period end	<b>1,766</b>	1,953

 € 421.0 million total revenue	 € 1.67 million spent on employee development	 100% CO <sub>2</sub> -neutral electricity used in our offices and printing plants
 € 22.0 million EBITDA, excluding restructuring charges	 43% revenue B2C-subscriptions as % of total revenue	 26% Absolute CO <sub>2</sub> emission reduction of own activities (scope 1 and 2)
 1,766 employees (FTE) at year-end	 27% revenue B2C-transactions as % of total revenue	 95% of our direct residual materials is recycled
 41% female employees	 24% revenue B2B-advertising as % of total revenue	 100% of the paper used for our production is certified as sustainable
 44.5 years average age of permanent staff	 6% other revenues as % of total revenue	 100% use of green electricity in the external data centres hosting our online products

The 2016 and 2015 annual accounts have been prepared in accordance with the IFRS-EU guidelines applicable in 2016. The significant accounting policies are included in the consolidated financial statements. The consolidated statement of profit and loss is presented on the basis of continued operations.

# The world around us

**In the entertainment and media market, digitalisation and the transition from textual to visual content are unstoppable. This is the dynamic world in which TMG operates.**

## A market in motion

The media industry has been experiencing strong consolidation: due to the fast growth of digital media and changing media consumption and consumer behaviour, media companies started looking into opportunities for upscaling, synergies and cost savings in order to successfully leverage the drastic changes in the market.

On the 2016 playing field, publishers, media companies, TV companies, telecom and internet providers are all vying for the attention and budgets of consumers and advertisers.

## Consumers: 24/7 online, autonomy and convenience

The Netherlands is one of the countries with the highest broadband and mobile data network coverage in the world. At the end of 2015, households had on average more than 3.7 devices at home. The average Dutch consumer can be online 24/7. They mainly use mobile devices and increasingly consume media through visual rather than textual content.

Convenience and autonomy are key words: the consumer decides what he or she wishes to consume when and where, and via which device. Clear 'demand patterns' are visible during the day:

### Moments of relevance

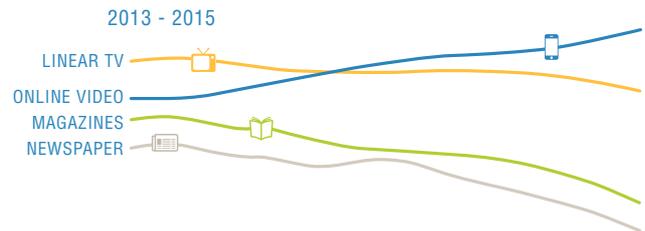


Source: Reuters Institute Digital News Report 2016, Telegraaf qualitative and quantitative internal research, 2016

In part thanks to ever growing data speeds, online video is proving more popular than linear alternatives. At the same time, consumers are consuming content more often and for longer.

Instead of content 'à la carte', consumption preferences are shifting to an 'all you can eat' buffet, with viewing behaviour that is increasingly non-stop over a longer period of time (what is known as 'binge-watching').

### Development of consumption preferences



Source: Media:Tijd 2015 research and ZenithOptimedia report 2015

Consumers are no longer passive in their media consumption: they take control over their own content offer and are selective in their choices. Access to media is more important than possessing it. Consumers choose the brands with which they can identify; only those are 'admitted'. They are also willing to pay for these *trusted brands*. But they do expect something in return: instant access to a broad and up-to-date content 'library'<sup>3</sup>.

## Advertising market: shift to online and video

The traditional advertising market for print, radio and TV has been under pressure for a while. To reach consumers, advertisers are shifting their budgets to online. This shift is reflected in the advertising spending figures: newspapers and magazines are the only segments in the Dutch advertising market that are shrinking; online is booming. The TV advertising market is flat, while radio advertising is on the decline<sup>4</sup>. This trend will continue unabated in the coming years: in 2019, online advertising will be responsible for about half of the advertising market and as of 2020 it will become dominant and continue to grow<sup>5</sup>. The video and mobile segments in particular are growing fast.

<sup>3</sup> Reuters Institute Digital News Report 2016, Telegraaf qualitative and quantitative internal research, 2016

<sup>4</sup> Source: Nielsen net media spend report 2015

<sup>5</sup> Source: Entertainment and Media Outlook for the Netherlands 2015-2019, PwC

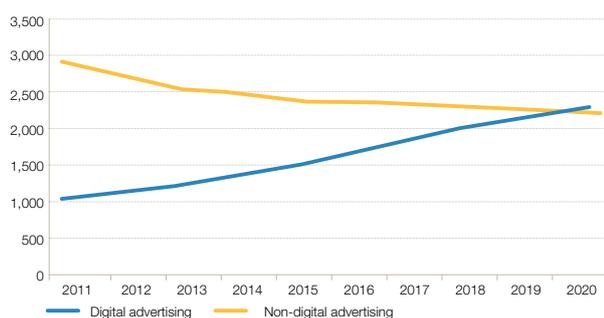
For advertisers, the main challenge is to continue to reach consumers online, as streaming services often offer advertising-free alternatives. At the same time, the explosive growth of OTT content and video offers opportunities for new forms of advertising.

This means that advertising is moving into the content space: personalised and customised ads on the basis of personal preferences. Content generates the real connection with consumers: a successful campaign is no longer exclusively measured in terms of absolute reach, but also in terms of the time consumers spend watching it. Continuously improved data intelligence enables advertisers to communicate with their target groups in even more targeted ways.

## Challenge for traditional print media

Competition is growing, the consumer is in control, and advertisers are shifting their budgets. Various trend reports indicate that only as of 2020 will revenues from digital media be able to offset the decline in print sales. This is a serious challenge, particularly for traditional print media companies. At the same time, these companies have unique advantages. The time consumers spend reading a printed newspaper may have gone down, but the decline seems to have stabilised over the past five years. What is more, the paper version of the newspaper arrives directly on people's doormats, a constant value in a hectic media world<sup>5</sup>.

### Entertainment & Media spending - advertising (€ millions)



Source: PwC, Ovum

News media companies also have an important distinctive quality that is part of their DNA: they specialise in making and distributing topical content, day in day out, leveraging the media and content demands of their customers. What is more, TMG has a very strong brand portfolio that reaches and connects millions of people, which generates a wealth of data.

# Strategy

**In the Dutch media market, TMG occupies a unique position, with strong, accessible brands that reach and connect millions of people. With our distinctive media ecosystem, we create value for all our stakeholders.**

End 2014, TMG's new strategy was established: we put consumers at the heart of everything we do and offer 24/7 relevant content via all possible channels and devices. To this end, we are building a new, future-proof and modern media ecosystem, aimed at high-quality consumer interaction and sustainable results. With this media ecosystem, we are leveraging the opportunities offered by the changing media landscape. Complementary to the linear connection with consumers from the core of our company – the journalistic heart – the media ecosystem also offers interactive connections between brands and consumers and between consumers and advertisers. Online video and data are crucial layers in this respect. With the completion of its media ecosystem, TMG anticipates the continuing consolidation in the media market. In this environment, the winning players will be able to offer cross-media and cross-brand propositions, via all channels and modalities: print, online, social and TV/OTT/ video.

24/7 content, based on editorial input, the power of the brands and online video, forms the heart of the TMG media ecosystem. Within the five main domains, news, business, sports, lifestyle and entertainment, content finds its way to consumers and advertisers via various modalities and channels. The data layer in between is enriched by two flows: both top-down and bottom-up, based on the use and the

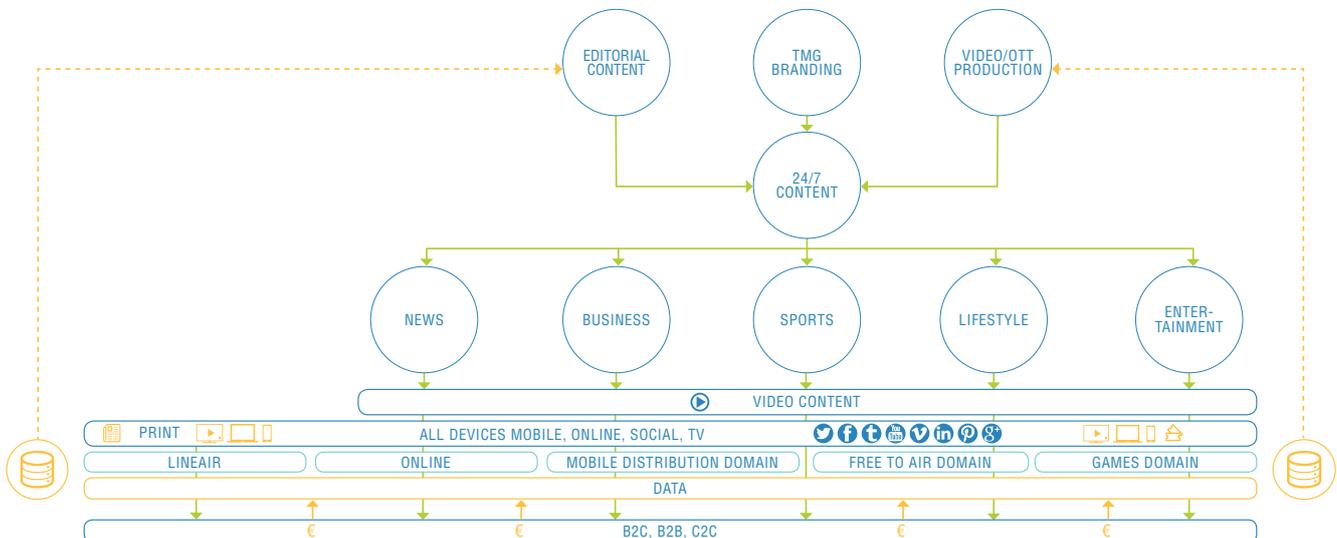
media preferences of consumers. This contributes to new revenue streams and revenue models.

In 2016, work was carried out on completing this ecosystem. Important results include:

- Further expansion and improvement of the content of our brands, with new editions and supplements, visual and textual;
- The preparation of the new online video platform Telegraaf VNDG, which is to be launched in 2017 and which elaborates on the large video reach of the TMG brands;
- Strengthening the digital propositions and visibility of the brands, with renewed websites and apps;
- The development of an accelerator process by TMG Digital, which accelerates the speed at which new concepts can be developed and launched;
- The creation of new connection platforms for specific target groups, such as the recently acquired Amsterdam FashionWeek platform;
- New strategic partnerships, including with Talpa;
- The setup and start of TMG Datalab;
- The completion of the outsourcing of our printing activities;
- Combining the activities of TMG Landelijke Media and Holland Media Combinatie;
- Modernising our IT infrastructure and making it more flexible.

These results are explained in more detail elsewhere in this Annual Report.

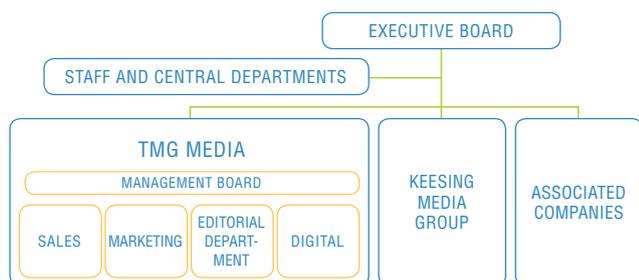
## TMG Media eco system



## An agile organisation

The various reorganisations that were focused on improving efficiency and creating a more agile organisation, have led to changes in TMG's organisation chart as of 1 January 2017, as shown below. For more information, see our [corporate website](#).

### Organisation chart



## Value creation

To be successful and to safeguard our continuity, we are in continuous dialogue with our stakeholders. In 2016, as announced earlier, we held a multi-stakeholder dialogue. On the basis of this dialogue, and on the basis of ongoing stakeholder dialogues, the most important drivers with which we create value for our stakeholders have been updated. They are:

- Access to information;
- Social involvement;
- Privacy and data security;
- Financial performance (EBITDA, cost reduction and dividend payment percentage);

- Share in revenue of digital;
- Development of employees;
- Transparency;
- Responsible purchasing.

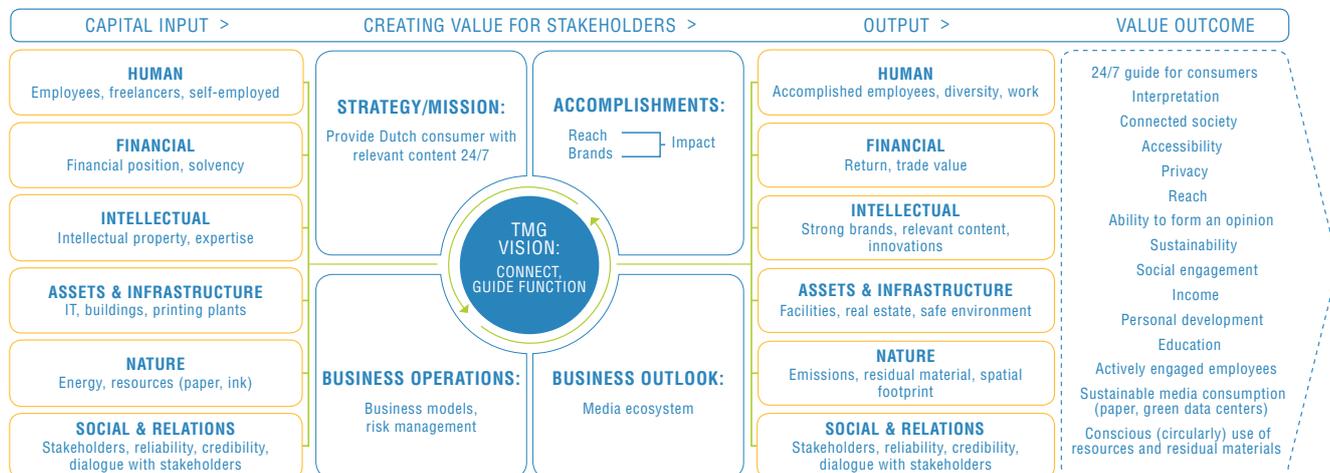
More information about our stakeholders, our dialogue with them and the latest materiality matrix is included as an [annex to this Annual Report](#).

On the same basis, we have also updated our value creation model:

The importance of media companies such as TMG is increasing in our rapidly changing information society. By excelling in our core activities; creating unique (journalistic) content, we are able to add value. Not only for consumers, but for all stakeholders in our supply chain and for society as a whole.

Our value creation flow starts with the input of six different forms of 'capital'. These represent the principal social, economic and environmental resources that we use to create value. Using the power of our company, we are in a particularly good position to play a guiding role in society and to connect. Based on this vision, by means of our media ecosystem, business operations, revenue models, strategy and the impact and reach of our brands, we add value to the six capitals (output). This output has added value for our different stakeholders (outcome). The diagram 'Value creation model' shows this value creation flow.

### Value creation model



## Revenue models

TMG's basic revenue model consists of:

- B2C subscriptions: readers' subscriptions for print and digital;
- B2C transactions: single-copy sales and e-commerce;
- B2B advertisements: advertisements in print and digital.

In line with the development of the media ecosystem, TMG is expanding these revenue models, particularly for digital, including through e-commerce conversion, online ads (video), data propositions and digital video, offering new opportunities for advertisers, content partners and e-commerce parties.

This transition of the TMG business model is the perfect moment to get a better grip on our value drivers and KPIs, and thus on the financial reporting and management information. In 2016, we therefore started a large-scale programme to arrive at a limited set of main KPIs and operational KPIs based on the business models and standardised for all brands and business units. Group Control is working on this together with the business; completion and implementation are expected in the course of 2017.

## Strategic risk management

Risk management is an integral part of TMG's daily business operations. TMG's internal risk management and control system is promoted by top-level management and is designed to ensure that the strategic, operational, financial and compliance risks run by the company are transparent and controlled. TMG sees a properly functioning internal risk management and control system as an essential management tool in enabling it to achieve its strategic goals. For more information about risk management activities in 2016, see [Risk management](#).

## Responsible business

We create value for our stakeholders and achieve our ambitions and targets in a responsible way. As one of our strategic pillars, responsible business is an integral part of our business operations. In 2015, we set out our policy on responsible business under the theme 'TMG actively engaged, every day'. In 2016, the focus was on making the policy objectives more concrete and on embedding the policy in the organisation. Our financial results are explained in more detail in the chapters on business performance (general and per business unit). The development of people, transparency, the environment and social engagement are the most important non-financial aspects of responsible business. Results and developments with regard to these aspects are explained in more detail in the chapters [Our people](#) and [Responsible business](#).

# Organisation



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Our people make our media

The power of our content, the relevance and impact of our journalism, the reach of our brands: it is our people who make our media. In 2016, we invested more on training and development, particularly to enhance the knowledge and skills that fit in with our strategic goals.

# Our people

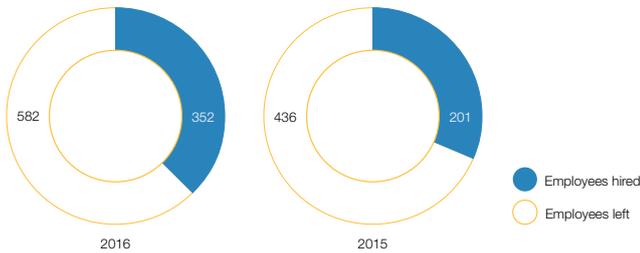
**Our people play a crucial role in TMG's new media ecosystem. We find it important that employees at all levels within the organisation are continuously working on their own sustainable employability. In 2016, we focused on the further development of knowledge and skills that contribute directly to our strategic goals.**

## Our people in figures

The average number of FTEs in 2016 was 1,790, compared to 2,023 FTEs in 2015. The average age of TMG employees is 44.5.

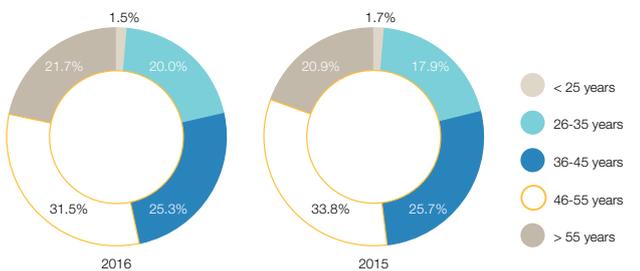
In 2016, 32% of our employees worked part-time. Of these, 26% were male (with an average part-time percentage of 77%), and 74% were female (with an average part-time percentage of 71%). Part-time employees, or those with a temporary contract, enjoy the same working conditions within TMG as employees with a full-time permanent contract.

### Employee turnover (year-end)<sup>1</sup>



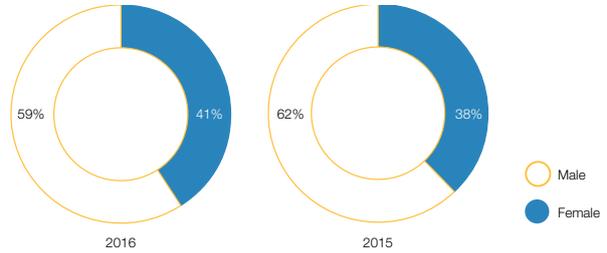
1 Excluding the foreign activities of Keesing Media Group.

### Composition of workforce by age (year-end)<sup>1</sup>



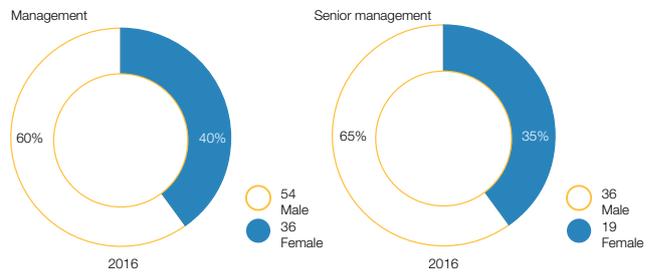
1 Excluding the foreign activities of Keesing Media Group.

### Composition of workforce by gender (year-end)<sup>1</sup>



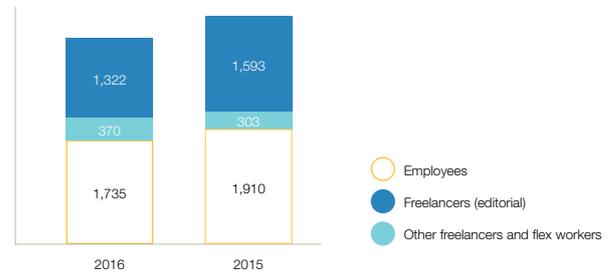
1 Excluding the foreign activities of Keesing Media Group.

### Composition (senior) management by gender (year-end)<sup>1</sup>



1 Excluding the foreign activities of Keesing Media Group.

### Composition of workforce in permanent and flexible employees (year-end)<sup>1,2</sup>



1 Excluding the foreign activities of Keesing Media Group.

2 Active freelancers with a contract and a recent active contribution.

## Training and development

### Coping with change

The far-reaching changes within TMG ask a lot of our people. In 2016, managers were trained to be able to cope with the changing organisation, both for themselves and for their teams. These training sessions strengthened our managers' change leadership and coaching skills. In addition, a coaching pilot was started with a specially selected agency, in order to provide our leaders with the right tools that enable them to better coach and motivate their teams in daily practice.

Several training programmes and workshops were initiated during the reporting year in the areas of technology, innovation and entrepreneurship, in line with the new TMG culture.

### M3 programme continued

The development programme *Mensen Maken Media* (M3, *People Make Media*) that started in 2015 was continued in 2016. The aim of this programme is to develop leadership and management skills in line with the company's strategy. All new managers underwent a development assessment. During four leadership sessions, management received updates on the strategy and ongoing organisational changes. Two of these sessions included an interactive programme to provide inspiration and stimulate company-wide collaboration. The same group also participated in the TMG 24/7 customer event. In addition, in consultation with everyone involved, it was decided to change the Executive Leadership programme of TMG and Nyenrode Business University that started in 2015. The new set-up kicked off in January 2017.

### Talent development

In May 2016, the selection process for the TMG Talent Development programme for potential managers and specialists kicked off. In July 2016, the programme started. The programme consists of training modules and coaching; in addition, the participants collaborate on TMG's brand plans, supported by an internal mentor. Learning on the job is the basis of the Talent Development programme.

### Training policy adjusted

TMG stimulates sustainable employability. In mid 2016, the company-wide training policy was adjusted with this in mind. The rules for repayment of training costs after resigning have been relaxed, the spending budget for training has been raised, and the application procedure has been automated. Because the training budget was raised and the number of employees decreased, the available training budget per employee increased. In 2016, employees did indeed apply for more training programmes than in previous years. In total, we invested € 1.67 million in training and development (2015: € 1.5 million). In addition, 137 trainees gained work experience within TMG. In 2016, to facilitate quicker and more efficient knowledge sharing and to enhance people's skills, we bought e-learning software, so that TMG can create its own training modules for employees. On the basis of the software, a training portal is being set up, which enables employees to find their way in the internal and external training offer.

## Reorganisations within TMG

In 2016, HR fully supported the management and team leaders in the preparation, implementation and after-care related to all organisational changes that were initiated and completed. That applied, among other things, to the outsourcing of printing activities, the changes in the structure and portfolios of all business units and TMG corporate departments and the move of Holland Media Combinatie employees from Alkmaar to Amsterdam. In this, HR fulfilled both a strategic and a facilitating role.

### Succession planning improved

For the entire organisation, succession planning has been made more transparent. This included a thorough review, in preparation of succession planning for positions becoming available in the near or more distant future within all echelons. In addition, preparations were made for an online succession tool, which employees can use to enter their personal details (e.g., regarding assessments, talents, skills, knowledge, ambitions and performance management results). On the basis of these details, career development opportunities and development needs can be made visible. This contributes significantly to TMG's strategic personnel planning.

### Fine-tuned selection process

In 2016, partly on the basis of input from the various reorganisation project groups, the selection process was fine-tuned. The TMG media ecosystem requires new employees with different competencies and skills. Recruitment monitors competency-oriented interviewing, the uniformity of the process and the structural deployment of assessments, which, besides competencies, also take capabilities and agility into account.

Message  
from the  
COR

## ‘Issues are getting more complex’

For TMG's Central Works Council (Dutch acronym: COR), 2016 was a turbulent year, with many far-reaching changes following, among other things, the restructuring of TMG in the publishing companies. Collaboration between the various works councils within TMG was – and is – more important than ever.

As a result, the works councils now more often work in committees, such as for the move from Sky Radio Group to the new radio company to be set up together with Talpa.

### Complex issues

The topics dealt with by the COR are complex. The reorganisation programmes, such as the combination of TMG Landelijke Media and Holland Media Combinatie, are intensive. The committees involved therefore meet on a weekly basis. Interests of the company and those of employees are thoroughly assessed and weighed up. Many employees are affected by the plans, either directly or indirectly. The COR fully understands that something needs to be done to enhance TMG's profitability. Because the issues are getting increasingly complex, the COR regularly calls in the advice of external consultants.

The COR always strives to have a representative at information meetings for personnel. It is important for the COR to know what is going on in the workplace.

The COR sees itself as a critical partner of the Executive Board, but also thinks along with the Board in terms of content. Besides formal meetings, the daily management of the COR and the Executive Board meet in weekly informal sessions. The insights provided by the COR, obtained among other things through discussions with people on the workfloor, are taken into consideration by the Executive Board in its plans and decision-making.

### New pension scheme

The approval process around the adjustment of the TMG pension scheme, which makes it less generous, was

completed in 2016. New and existing employees will be given a choice in the future with regard to their pension. In addition, adjustments were made that brings the scheme more in line with changes in society. Besides all the changes, the new pension scheme results in a cost reduction for the employer. That this change knows no winners was clear to the COR from Day 1.

On 14 December 2016, it was announced that Mediahuis/VP Exploitatie is interested in taking over TMG, and later (23 January 2017) Talpa also showed interest in an acquisition. The COR has prepared for this and has examined its role and position in a possible acquisition procedure.

### Change in composition

The composition of our council has changed: we have a new COR Chair and the seats of Noord-Holland printing plant and Sky Radio Group have been discontinued.

The COR consists of:

#### *Daily management*

- Ria (M.J.P.) Mul-Dielis, Chair
- Ilonka (I.A.) Middelberg, Vice-Chair
- Henk Jan (H.J.) den Ouden, Elected Secretary

#### *Members*

- Michiel (M.J.H.) van den Busken
- Giselle (A.G.) Kersten
- Peter (P.) Leijen
- Chantal (C.) Luitjes
- Edwin (E.D.J.) van der Schoot
- Sharon (S.N.F.) Tjon-A-Njoek
- Maureen (M.) Weijzig
- Bas (S.B.) van der Weijden
- Margreet (M.) van Donselaar, Administrative Secretary

## Other current themes

### Absenteeism and reintegration policy

In 2016, absenteeism was 4.0%<sup>6</sup> (2015: 4.2%). The external support for complex and prolonged cases of absenteeism was continued in 2016. In a number of cases, this extra support accelerated reintegration or led to a stage in which the employees in question were supported in finding a different job. This approach reduces the risk of employees becoming incapacitated for work in the sense of the Dutch WGA Act and shortens the period of absence. In 2016, 2 accidents were reported, which is equal to 2015.

The absenteeism policy and protocol are under review; implementation is expected in 2017. The basis of the new policy and protocol will be stronger central management and monitoring of absenteeism. Internal capacity will be made available for this in 2017.

### New Social Plan

In August 2016, agreement was reached on a new Social Plan for TMG to deal with the consequences of the reorganisations. The emphasis in the Social Plan lies on stimulating employees who have been made redundant to find new jobs. The Social Plan applies to reorganisations for which the advice was requested from the relevant employee representative bodies before 1 July 2017, and which advice was given no later than 1 September 2017.

### CLA developments

In 2016, the transfer of journalists working for door-to-door newspapers to the Collective Labour Agreement (CLA) for the publishing industry as of 1 January 2016 was completed.

Together with other large newspaper printing plants, we aim to transfer those employees who currently fall under the CLA for the graphic arts industry to the CLA for the publishing industry. We have therefore terminated TMG's membership of KVGGO. A total of 1,265 TMG employees are covered by a CLA.

### Personal flex budget (PKB)

As of January 1, 2016, the personal flex budget ('Persoonlijk keuzebudget') was introduced for employees falling under the CLA for the publishing industry. This makes it possible to apply a number of labour conditions flexibly, of employees' own choice. As of 1 January 2017, a personal flex budget will also be introduced for employees who do not fall under this CLA.

### Pension scheme

In 2016, agreement was reached with the COR concerning the adjustment of TMG's pension scheme as of 1 January 2017. TMG's adjusted pension scheme consists of a hybrid pension scheme and a voluntary Defined Contribution (DC) scheme. In 2016, an extensive communication programme was rolled out to inform employees about the changes. As of 1 January 2017, the proposed pension scheme enables new TMG employees to opt for the DC scheme right from the start. This flexible scheme offers employees the choice as to whether they wish to contribute towards the premium themselves and how much they wish to contribute (up to the fiscal maximum). As of 2018, all employees who were already employed by TMG in 2016 and will still be employed in 2018 will also be given the choice to opt for the DC scheme. A dispensation request relating to this voluntary DC scheme has been submitted to the Dutch Publishers Association (Nederlands Uitgeversverbond, NUUV).

### DBA Act

In May 2016, the DBA Act, which aims to regulate flexible labour, came into force in the Netherlands. For various business units, TMG drafted model agreements in order to ensure compliance with this new legislation.

### Security remains key focus area

In 2016, security was still high on the agenda. As a media company, TMG is planted firmly in the heart of society, and the nature of our activities forces us to be vigilant at all times. Our focus on security also concerns the security of information and data. In 2016, our Information Security (Dutch acronym: IB) policy was fine-tuned, including stricter checks on the clean-desk rules already in place. More than 50 internal IB ambassadors have been appointed for half a day a week to support a sustainable behaviour and culture change.

<sup>6</sup> Excluding the foreign activities of Keesing.

Erik  
Nanninga

## ‘Employing people who are distanced from the labour market is not easy’

**Many companies say they are positive about employing people who are distanced from the labour market. But few actually take action. Erik Nanninga, director and owner of Onbegrensd Talent: ‘In practice, it’s not so easy.’**

Onbegrensd Talent advises and supports employers in taking on people who are distanced from the labour market. This may be due to a physical disability or to long-term unemployment, and anything in between.

To start with, Onbegrensd Talent focused exclusively on secondment. ‘That’s when we discovered that companies find it difficult to make jobs available for this group of workers,’ says Erik Nanninga. ‘Recent research has shown that more than 90% of companies are positive about employing these people, but only 10% actually do it. This means that 80% say “yes”, but act “no”.’

Onbegrensd Talent is actively looking for those 10%, in order to convince others with their success stories. ‘That’s very necessary. Team leaders often experience employing our

target group as a risk. They’re afraid that it’s too much hassle or that these employees are more likely to fall ill. But that’s an ingrained prejudice. When filling a vacancy, companies tend to play safe and take the easy route they know. This also applies to HR and recruiters. This special group of applicants requires a different selection process. Don’t just go for the best of the best, but connect with the unique qualities of the candidate and find out what *is* possible.’

### Committed

Nanninga is pleased that, despite the large-scale reorganisation, TMG is paying attention to recruiting people who are distanced from the labour market. ‘TMG’s recruiters are very committed, which is a great basis for success when it comes to this kind of recruitment policy. TMG wants to have a workforce that reflects society. It would be very helpful, for instance, if particular kinds of jobs would be reserved for “our” specific target group. But given the current dynamics within TMG, that’s going to be difficult. Hopefully, commitment at the top will remain high, as there’s still a lot to gain for this group of motivated workers.’

### Social responsibility

TMG Recruitment entered into a collaboration with Onbegrensd Talent in order to develop a sustainable policy on creating jobs for people who have become distanced from the labour market. This collaboration is part of our socially responsible HR policy and our goal of having a workforce that reflects society.

In 2016, we focused on developing a process that recognises jobs that would be suitable for job-seekers who are distanced from the labour market. Through discussions with managers, team leaders and recruiters, we have created more awareness with regard to this part of our socially responsible recruitment policy. This is now the foundation on which we will build to take the next step in terms of concrete jobs. Also see the [Quantitative targets table](#) under Supplementary information.

# IT

**In the year under review, much attention was paid to the further improvement of our IT infrastructure and rationalisation of the application landscape, with more efficiency, less complexity and better cost control as main objectives. Another focal point was further digitisation of the product portfolio to maximise the contribution to the realisation of the 24/7 strategy. Quality, security, efficiency and facilitating digitalisation are the key words here.**

## Infrastructure improved

In the year under review, all workstations were replaced by Apple workstations. This enables employees to work 24/7, wherever they are. Support for users has been improved by setting up an in-house TMGeniusbar, where users can get answers to all their IT related questions.

At the same time, an application rationalisation was implemented, which led to significant reduction in complexity. The move to a new datacenter was the first step towards rationalisation of the infrastructure.

## Architecture delivered

In 2016, new architecture principles were delivered. New and existing applications are now built and adjusted in accordance with these standardised principles. This makes them more future-proof and reduces costs, particularly management costs.

## Sourcing policy determined

IT has taken steps to become a 'coordinating' organisation. Current contracts have been reviewed and fine-tuned and our sourcing policy has been adjusted with more focus on using external resources to fulfil TMG's IT service requirements.

## Information security and cyber security

In the context of the Information Security policy, IT has drawn up a data classification policy for information: what data can be stored where? At the same time, TMG has opted for external secure cloud-based data storage for all employees.

In addition, TMG took measures in 2016 to increase TMG employees' cyber resilience. This included an awareness campaign. In addition, in the context of current laws and regulations and responsible business, relevant technological and organisational measures were rolled out in the IT environment in order to further increase information security and keep it at a sufficiently high level.

## Expanding the role of IT

Our IT specialists actively participate in TMG projects and innovation programmes. Besides taking on an advisory role, IT also supports the business wherever possible, even in cases that are not primarily IT's responsibility, for example, in order to solve process disruptions more quickly.

## Digital product development

IT modernised the digital product portfolio significantly in 2016. For a number of brands, new products were introduced (websites for Telesport, Amsterdam FashionWeek and DFT Kennis; a digital magazine app for Privé). For other brands, outdated digital products were replaced by modern new versions (website of De Gooi- en Eemlander, apps for DFT). A redesign with a focus on video was implemented for De Telegraaf, as well as a paywall for De Telegraaf's website and apps. Due to the introduction of the My Media tool, registered consumers can now use a single TMG account to log into all the digital TMG channels. An online community was created for the brand VROUW and the first digital challenges involving members of that community have been organised. Furthermore, technology was implemented that allows data collection across all brands. This makes it possible to display more relevant advertisements and, thus, increase the advertising value.

## IT board set up

A special IT board was set up during the reporting year, the members of which include the CIO, the CFO and the Managing Director of TMG Media. The aim of this board is to analyse, discuss and approve important IT issues and plans before they are submitted to the Executive Board for approval. Furthermore, the IT board is responsible for IT planning and prioritisation and monitoring of the progress of projects, thereby making a significant contribution to the overall control of IT.

# Corporate responsibility

**Corporate responsibility is one of the pillars of our strategy. In 2016, our policy in this regard was worked out in more detail. Important non-financial milestones were the further development of our employees (as elaborated on in the chapter Our people), the reduction of our CO<sub>2</sub> emissions, our ISO14001 certification, activities in the field of transparency, and the support we gave to social initiatives.**

During the multi-stakeholder dialogue held in May 2016, extensive discussions were held with external stakeholders about corporate responsibility. Parties such as advertisers, financial institutions, shareholders and NGOs thought along with us about themes like talent development, accessibility of information, privacy and responsible sourcing. More on this can be found in the annex [TMG Stakeholders](#). Besides the development of people, these stakeholders mainly see the improvement of environmental performance, transparency and social engagement as corporate responsibility items that are relevant to TMG.

## Improving environmental performance

The most important raw materials that TMG uses are paper and energy. That is why, in improving our environmental performance, we focus on energy reduction, CO<sub>2</sub> reduction and the use of paper that is certified as sustainable.

### Reduction of energy consumption

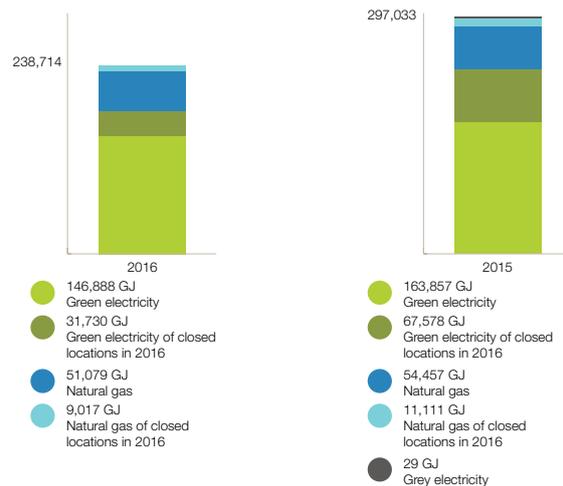
Since 2012, TMG participated in the long-term agreement (LTA3) on energy efficiency which the graphics sector had entered into with the Dutch government for the period 2012-2016. This LTA3 terminated at the end of 2016. In consultation with the relevant authority and the implementing government agency for entrepreneurs in the Netherlands (RVO), TMG has decided to also join the LTA3 MJA3 2017-2020.

In the light of this, we renewed our Energy Efficiency Plan (EEP) in 2016. This plan describes new, cost-effective energy-saving measures that will be implemented in the coming years in order to achieve a cumulative reduction in energy consumption of 8% in the period 2017-2020. In addition, agreements regarding energy monitoring methods and execution have been laid down.

Thanks to the EEP measures we took in the period 2013-2016 (e.g., the installation of LED lamps, movement sensors, the roll-

out of new, more economical IT equipment, more efficient usage of the floor space in building and of cooling machines), compared to the 2012 baseline measurement, energy consumption in Amsterdam declined by 9.2% (the actual total consumption declined by 31.1%). Because the printing plant in Alkmaar was closed and, at the end of the year, Holland Media Combinatie moved to Amsterdam, not all EEP measures planned were carried out in Alkmaar. Nevertheless, compared to the 2012 baseline measurement, Alkmaar consumed 7.8% less energy. The actual total consumption in Alkmaar declined by 63.8% compared to 2012. TMG's total energy consumption (gas and electricity) declined by 19.6% compared to 2015<sup>7</sup>. More information about energy consumption can be found in the annex [Quantitative targets table](#).

### Energy consumption in GJ



### Reduction of CO<sub>2</sub> emissions

TMG aims to make its impact on the environment transparent. To this end, we measure and publish the CO<sub>2</sub> emissions of office buildings, the printing plant and in-house-managed transportation (Scopes 1 and 2 as defined in the international Greenhouse Gas Protocol guideline), as well as the CO<sub>2</sub> emissions from business flights. We aim for a reduction of 20% of the absolute CO<sub>2</sub> emissions at the end of 2018 compared to 2014. In 2016, our CO<sub>2</sub> emissions fell by 26% compared to 2014. This decline was mainly due to the closure of the printing plant in Alkmaar, the closure of part of the printing plant in Amsterdam, and the closure of some other premises in the country. The combination of these locations at Basisweg has not led to an increase in energy consumption or CO<sub>2</sub> emissions at Basisweg.

<sup>7</sup> Consumption December is an estimate.

Our LPG forklift trucks have been replaced by electric models, which contributed to reductions. The fact that our leased-car fleet shrank by 73 cars also led to a decrease in our CO<sub>2</sub> emissions. In addition, TMG limits the environmental impact of its lease cars by making it obligatory for employees to choose a car with an A, B or C environmental label, and setting a CO<sub>2</sub> upper limit per label.

To further limit the impact of TMG's energy consumption, we have been using renewable electricity since 2011. We do this in the form of Guarantees of Origin (GOs) as issued by CertiQ, originating from wind energy generated by a windmill park in Sweden. In 2016, 100% of the electricity we used was certified as sustainable. All our offices in the Netherlands and abroad make use of CO<sub>2</sub>-neutral electricity, as a result of which our CO<sub>2</sub> emissions in scope are nil. We aim for our annual electricity consumption to be 100% certified as sustainable.

### Total direct CO<sub>2</sub> emission in kton



Besides our direct CO<sub>2</sub> emissions, we aim to make TMG's climate impact in the chain more transparent (Scope 3 as defined in the international Greenhouse Gas Protocol guideline). In 2016, we started a programme to gain more insight into the energy efficiency (low Power Usage Effectiveness values, PUE) and CO<sub>2</sub> performance of our external data centres that host our online products. In 2017, we will take criteria related to this into account in the tender process, in order to enable the hosting of our online products in energy-efficient external data centres. In addition, in 2016, we entered into negotiations with our paper suppliers about the possibilities of making the climate impact of our print titles in the chain transparent. This will be worked out further in 2017.

### Sustainable data centres

At year-end 2016, 100% of the external hosting of our online products made use of sustainable electricity. This concerns qualified data centres contracted by TMG as product/service for the housing of physical server infrastructure. Data centres that are used by suppliers as non-specified part of contracted managed LaaS, PaaS and SaaS cloud services are not included in this scope. For these data centres it can generally be specified regionally, but not specifically, from which data centre(s) and using which specific servers a cloud service is delivered.

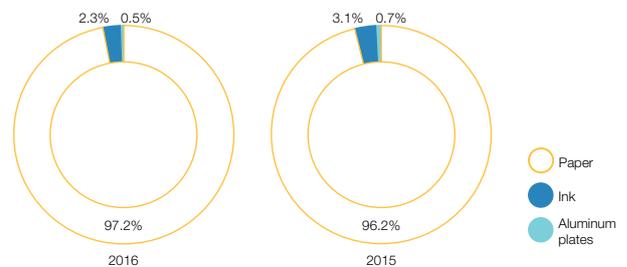
Within the above-mentioned scope, TMG aims to gain more insight into the energy efficiency (low PUE values) and CO<sub>2</sub> performance of our external data centres that host our online products.

### Circular use of raw materials

Paper is another important raw material. To produce paper, wood pulp is used. The origin of the wood pulp we use is an important environmental factor in the light of responsible forestry. In 2016, 100% of all the newsprint we procured consisted of paper that was certified as sustainable. This means we have achieved our ambition to ensure that at least 95% of the newsprint we procure annually is certified (PEFC, FSC or equivalent).

The use of wood (virgin fibre) remains indispensable in paper production, because paper can eventually be recycled six or seven times, after which it can no longer be used for printing newspapers. We deal with this in a responsible and conscious manner, so that it does not necessarily have a negative effect on the environment (see also below: 'Virgin fibre indispensable in paper recycling'). In 2016, we used 40% recycled paper in our production, thereby achieving our target of 40%. For 2017, we stick to our target of at least 40%.

### Circular use of raw materials

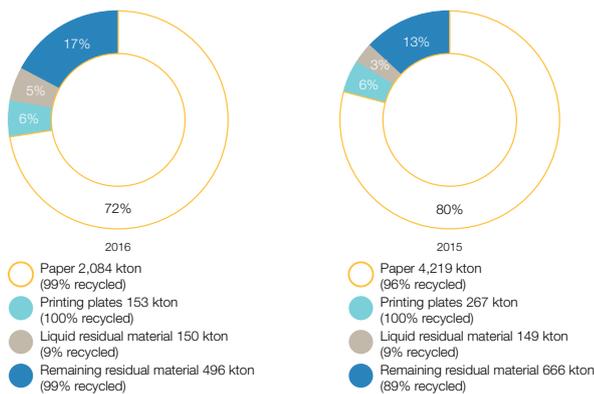


Following the QI technology pilot in 2015, this technology was implemented on all of TMG's printing presses. This has

resulted in significant environmental advantages, as less paper is wasted when the presses are started up. Moreover, the technology reduces the use of water and ink.

The total volume of residual materials declined by 46% from 5,299 kilotons in 2015 to 2,883 kilotons in 2016, of which 95% was recycled. This decline was mainly due to the closure of the printing plant in Alkmaar. At 72%, paper continued to be the largest residual flow, of which 99% was recycled. This mainly concerns paper used in the set-up of the printing presses. The printing plates are manufactured in such a way that the aluminium of the used printing plates can be fully reused by suppliers. The figure below gives an overview of the groups of residual materials within TMG and the percentages that are recycled.

### Residual materials recycled



We aim to recycle 90% of our residual materials on an annual basis. By 2018, we aim to recycle 100% of our paper waste.

### ISO14001 certificate

In 2016, the environmental management system ISO14001 was implemented, and TMG received the ISO 14001 certificate, which shows that TMG:

- is in control with regard to possible environmental risks;
- manages all relevant environmental aspects;
- complies with all legal obligations.

### Transparency

We believe in transparent business. By being open about our actions, we aim to remain a reliable partner for consumers, advertisers, suppliers and other business partners. Important topics that contribute to our transparency include securing

corporate responsibility, tax compliance, responsible content creation, privacy, information and data security, and responsible procurement. TMG participates in various benchmarks to provide stakeholders with the necessary insights and to further improve our performance in this area.

### Securing corporate responsibility

As a strategic pillar, corporate responsibility is an integrated part of our business operations. It should contribute to a firm and responsible basis for TMG, now and in the future, with a maximally positive impact on people, the environment and society. Our approach, which is based on our corporate responsibility policy, contributes to our reliability and our credibility as a leading media company, our innovation power and our anchoring in society. As part of our corporate responsibility policy, we endorse the principles of the UN Global Compact, the OECD Guidelines and the Fundamental Principles and Rights at Work as formulated by the International Labour Organization (ILO).

The responsibility for the corporate responsibility policy lies with the Executive Board of TMG. The CEO has the overall responsibility for the performance with regard to the commitment laid down in the policy document 'TMG actively engaged, every day'. This can be found on [our website](#).

All employees are responsible for corporate responsibility in their daily work. In 2016, specific objectives were formulated for various business owners in the field of people, the environment and transparency. Within TMG's Corporate Development department, the Corporate Responsibility Manager is responsible for:

- translating the corporate responsibility strategy into tactical/operational objectives;
- alignment with the Executive Board;
- providing support, pointing out potential issues and suggesting adjustments in the operational execution of the corporate responsibility strategy.

At the end of 2015, a Corporate Responsibility Steering Group was formed. This group consists of the CEO (Chair), the Head of Corporate Development, the Corporate Responsibility Manager and a professor in the field of sustainable business. This Steering Group meets twice a year. In addition, an Actively Engaged Steering Group was set up. This group consists of employees from various departments and brands: a cross-section of our entire organisation. They bring in ideas and initiatives to engage and energise employees.

John  
Sanderson

## ‘Virgin fibre indispensable in paper recycling’

**UPM is one of TMG's most important paper suppliers. Besides producing recycled paper, this international sustainable company is also involved in energy and biorefinery. John Sanderson, Head of Environment in the UK and Ireland and one of the environmental specialists within UPM, responds to TMG's strategic choice not to use 100% recycled paper all the time.**

‘UPM aims for an optimal level of recycling and reuse, like with the paper we produce,’ says Sanderson. ‘We make many different kinds of paper, using raw materials that vary from 100% recycled to 100% virgin fibre, and every combination in between.’

‘You only need a little technical knowledge of paper to understand that companies that use 100% recycled paper are not necessarily doing what is best for the environment. Technically, recycling of paper is actually down-cycling. Because what’s often forgotten is that the wood fibres in the paper get weaker during each cycle of deinking and reuse. The fibres lose a little bit of their quality every time, which is why the quality of the paper decreases. On average, a wood fibre can be recycled some six times before it gets too weak or too short

for further use in paper. On a global scale: without the introduction of virgin fibre to replace these "spent" fibres, all fibres in the worldwide paper cycle would be used up in about six months. So, the reuse of paper can only be sustainable in the long term thanks to the use of virgin fibre. A sustainable paper cycle needs both types of fibre.

That is the reason why Sanderson finds TMG's choice to use approximately 40 to 50% recycled paper for its newspapers, and virgin fibre in various compositions for its magazines, a logical and sustainable one – and not just because of the balance within the paper cycle. ‘There are also technical requirements that paper needs to meet. In addition, aesthetic considerations play a role: consumers expect a different quality of paper for a magazine than for a newspaper. What's more, a publisher like TMG also needs to consider other performance objectives, such as the transportation costs of paper and the related CO<sub>2</sub> emissions. 100% recycled paper may then not always be the best choice. In other words: you can't just say that companies that use 100% recycled paper are also the best performing companies in the field of sustainability. That's too simplistic. Environmental leadership is about finding the right balance.’

The accountability with regard to our organisation's management and financial performance in 2016 is discussed in the sections [Performance](#) and [Corporate Governance](#).

### Tax compliance

TMG considers it important that it correctly applies the relevant tax laws and international standards (e.g., the OECD guidelines). TMG strives to fully comply with these laws and international standards as to their object and purpose. In general, taxes follow from operational activities at TMG, and results are taxed where value is created.

Group Tax Affairs is responsible for TMG's tax policy TMG and secures compliance with tax laws and regulations. The Tax policy is an integral part of TMG's Risk Management policy and

also forms part of the In Control Statement. Group Tax Affairs actively informs TMG's departments (e.g., Commerce and Finance) about changes in tax laws and regulations, and regularly consults the departments about the tax issues involved in this. In addition, there is a policy for special transactions or occurrences that mandate consultation with Group Tax Affairs.

TMG is committed to an open dialogue with the Dutch tax authorities, based on mutual respect and trust. In parts, covenants have been agreed to with the Dutch tax authorities, in which binding agreements have been made about TMG's methods, internal auditing and tax position. TMG has made these agreements to obtain confirmation of its views on tax-related issues based on complete openness and transparency

regarding the facts and circumstances. TMG's Tax Control Framework has also been shared and discussed with the tax authorities. In addition, TMG entered into a dialogue with a few fiscal experts from an NGO. Considering TMG's moderate tax-related activities, TMG was supported in the way in which tax matters are organised within the organisation.

### Privacy

TMG is committed to the careful and confidential management of privacy-sensitive information, such as databases and other information relating to its customers (including subscribers) and employees. For this purpose, we developed a Personal Information Code of Conduct in 2015. Employees must act in accordance with the applicable privacy laws and this Code of Conduct. The aim is to treat personal information with care and within the legal frameworks in order to make optimal use of this information, while preventing any damage or infringement of privacy.

The Privacy Statement for customers includes the purposes for which TMG processes the personal information of its customers, the instances in which they may provide this information to third parties, and the way in which customers may gain access to their personal information and object to the processing of their details. A link to TMG's Privacy Statement is placed on most of TMG's websites. For a number of websites, an adjusted privacy statement is applicable because it better suits the nature of the services. The adjusted privacy statement can be found on the relevant site. Of course, we also pay attention to the security of our systems and customer information (for more information, see the section on [IT](#)).

### Responsible procurement

Group Procurement has segmented suppliers on the basis of risks. Procurement weighs corporate responsibility on the basis of the risks involved, combined with the corporate responsibility topics that are material to TMG. This is also shown in the annex [TMG Stakeholders](#). Once suppliers have been classified by Procurement as low risk and high availability, they have to agree to our Supplier Code of Conduct before they are given an assignment.

In 2016, the KPIs for responsible procurement were updated, and the target percentage of codes of conduct signed by suppliers was changed. Up to 2016, the number of centrally contracted suppliers was taken as point of departure. In 2016, Procurement started working with a new system for its contracts. This included a system clean-up. The current system reveals that, in 2015, 73.0% of the centrally contracted

suppliers had signed our Code of Conduct. In 2016, this was 73.4%.

As of 2017, we take total spend with suppliers as our point of departure for the target percentage. It is our ambition that in 2020 80% of our spend will be qualified by our Code of Conduct or an equivalent thereof. In 2016, this was 42%; in 2017, our target is 50%. Also see the [Qualitative targets table](#) under Supplementary information.

In addition, we have set as a target that, in 2020, corporate responsibility will be taken into account in 100% of the tender procedures as part of the award process. This target was included in the set-up of a new purchase-to-pay system, which went live in 2016. Our target for 2017 is 60%.

### Responsible content creation

TMG wants to offer consumers unconditional, independent information and entertainment in various forms; information should be available and accessible anywhere, anytime. We strive to not be influenced under any circumstances by charitable or political interests, groups or lobbies. The integrity, independence and neutrality of TMG's products and services should always be ensured. The editorial staff's own responsibility and independence have been laid down in editorial statutes. These mainly serve to guarantee the journalistic independence of the editorial staff within a commercial organisation. To TMG it is obvious that all statutes must have freedom of expression as their basic value.

### Consumer complaints: opportunity for improvement

For our national and regional dailies and magazines, customers who have a complaint can contact our customer service through various channels. All complaints are registered. Customer satisfaction surveys following the contact with the customer are one of the ways in which the quality of complaint settlement is monitored, and adjustments are made where necessary.

### Benchmarks

In order to assess TMG's performance, it is important for us to participate in leading initiatives in the field of sustainability, such as the Global Reporting Initiative (see our [GRI table](#)), and benchmarks such as the Transparency Benchmark and the Carbon Disclosure Project (CDP).

The Transparency Benchmark, set up by the Dutch Ministry of Economic Affairs, assesses companies on their level of transparency in their reporting, including their CSR reporting. In 2016, TMG scored 160 points, 7 more than in 2015. In 2018,

Bart Krul

## ‘Responsible procurement increasingly based on intrinsic motivation’

**More and more companies in the Netherlands are working on responsible procurement. Social Enterprise NL links social enterprises to companies looking for socially responsible suppliers. The collaboration between TMG and Closing the Loop for the recycling of used mobile phones is seen as an inspiring example.**

Bart Krull is a business developer at Social Enterprise NL. ‘As advocate of social entrepreneurship, we survey our members each year. There are now 400 of them. They are social companies that give social value high priority; for these companies making money is a means, and not an end in itself. For more than a quarter of them, finding customers is the greatest barrier to having more impact. At the same time, 80% believe that public awareness has increased among customers. From being a duty, something you have to do, responsible procurement is now becoming something you want to do, based on intrinsic motivation. But taking the actual step is still difficult in practice.’

Why is that? Krull: ‘Large companies, particularly those that have their procurement set up in a solid, structured way, sometimes find it difficult to change. They have often worked with the same partners and suppliers for years. You don’t just terminate working arrangements like that.’

But responsible procurement is worthwhile. ‘It can enhance the company’s image in a positive way. Staff are really proud that their company is socially involved. Another advantage is that social enterprises often have an innovative view of the world; by working with them, you can bring an innovative dynamic to your business. And in the labour market, you see that especially the younger generations view their employer’s social commitment as an important, almost obvious prerequisite.’

### Growing offer

Recent research by McKinsey shows that the social enterprises sector is growing. In the Netherlands alone, there are 5,500 companies and institutions active in this field. ‘For the purchase of gifts, catering, you name it. Companies can start small. The offer is there,’ says Krull. In that respect, he sees the collaboration between TMG and Closing the Loop as an excellent example, which has produced great results: used phones get a second life, and waste is reduced. ‘I understand that in 2016, TMG took the necessary steps to get started with responsible procurement. Given the growing number of responsible suppliers, there’s always room for new initiatives. And it’s worth remembering that even a small project can have a big impact.’

we would like to score more than 170 points; the maximum score is 200 points. Also see the [Qualitative targets table](#) under Supplementary information.

The Tax Transparency Benchmark, set up by Vereniging van Beleggers voor Duurzame Ontwikkeling (VBDO, Association of Investors for Sustainable Development) and PwC, assesses to what extent organisations provide clear insight into their tax policy and taxes paid. In the overall ranking of the Tax Transparency Benchmark 2016, TMG was No. 10. In 2015, we were No. 51, which means we made significant progress.

The Carbon Disclosure Project (CDP) is an independent non-profit organisation that strives for a global reduction of CO<sub>2</sub> emissions (emissions of gases, including CO<sub>2</sub>) and a sustainable use of water by companies as well as cities. In

2016, TMG maintained its C status. TMG’s reports can be viewed on [www.cdp.net](http://www.cdp.net) under ‘Data and Insights’.

## Social engagement

TMG operates in the heart of society and, from a journalistic point of view, has been socially engaged for many years. By means of social initiatives and engagement, we strengthen and broaden the connection that TMG already has with society through its core activities. In the sections on the business units, a selection of the many initiatives undertaken in 2016 are highlighted.

An important theme in this regard is providing access to our content for groups for whom this is not self-evident, such as those with visual or hearing impairments, people who do not speak Dutch, and people living in poverty. In 2016, we started a pilot to make our content more easily accessible to people with low literacy. We aim to explore a new initiative within this theme every year.

### Collaboration with Oranje Fonds

In 2016, TMG supported an Oranje Fonds talent school project that helps children from a disadvantaged background improve their language skills and participate in society more successfully. The amount donated was raised by selling old company telephones, which, in collaboration with social enterprise Closing The Loop, were disposed of in a responsible way in 2016 (see also the box 'Responsible procurement increasingly based in intrinsic motivation').

Phones that were in a good state were sold, and defective phones were repaired or refurbished in a sheltered workshop, in order to give them a second life. TMG selected the talent school project due to the close match with TMG's core activities. Our brands are committed to making content accessible 24/7 to as many people as possible, including those for whom this is not self-evident. The support given to this project contributes to this.



The power of our journalism

From the front page of De Telegraaf, which determines what everybody is talking about that day, to TMG's hyperlocal apps; we offer consumers the possibility to closely follow the news and current international, national, regional and local developments.

# The power of our journalism

“Our headlines are often the talk of the town”

De Telegraaf is one of the most important news brands and opinion makers in the Netherlands. We have impact: what we reveal, what we put on the agenda and what we believe. This is not only thanks to our reach, but also because De Telegraaf always stays close to the reader. We're a popular newspaper, of the people.

Content at De Telegraaf finds its way to the news consumer through various platforms: via print and online, and soon also through the 24/7 online news channel Telegraaf VNDG. In terms of reach, De Telegraaf's website is one of the most visited in the Netherlands and with regard to the development of online video we're in the lead.

Nevertheless, the power of news brand De Telegraaf still mainly derives from its printed daily. Our headlines on the front page are often the talk of the town. Everyone wants to know what the country's most popular newspaper is saying. That's why the print edition needs to be cherished. It serves as a springboard and is crucial for our impact as a news brand.

The challenge will be to build on this leading position further in words and images. If De Telegraaf wants to stay as big as it is now, we will need to hang on to the power we now have as a news brand and innovate from there. In my view, we will need to take along our loyal readers in this rapidly changing world while also tapping into new target groups as a cross-media company. If we do that sensibly, beautiful years lie ahead for our media company.

**Paul Jansen - Editor in Chief De Telegraaf**



## Quackery, corrupt customs officers and a spending spree

Our team of investigative journalists come up with sensational stories. Joris Polman and Eva Gabeler painted a revealing picture of the German quack Klaus Ross, who is suspected of sending several cancer patients to their death. Thanks to Mick van Wely and Joris Polman, there will be an investigation into money wasting by the Central Works Council of the police force – who managed to spend more than two million euros in just a couple of years. Mick van Wely and John van den Heuvel also exposed how corrupt customs officers let containers full of cocaine enter the Port of Rotterdam. It led to a major inquiry into crime and corruption.

Mick van Wely: 'The best thing about my work is its "watchdog" function. To get to the bottom of a case, I have to network a lot. For my Port of Rotterdam stories, for instance, I was walking among the containers every week. I prefer to get the news out online as soon as possible. For example, we had the outcome of a closed Police Central Works Council meeting on our website within fifteen minutes – even before the police chief himself knew. Nice for our readers and also a signal to the organisations we write about: watch out, we know absolutely everything!'

These three stories were submitted to De Tegel, the most important journalism award in the Netherlands.



## Geert Wilders breaks silence

The day after the verdict in his 'Fewer Moroccans' ruling, Geert Wilders, spoke exclusively to De Telegraaf. The PVV leader told Wouter de Winther, our parliamentary editor, that he had been swamped by encouraging reactions from people who are furious about his conviction. But more importantly, Wilders said, for the first time in the election campaign, that he wanted to head the next government. 'I'm going to be fighting for all those people and, if possible, make a clean sweep in the Netherlands after the elections. As Prime Minister.'

Wouter de Winther: 'That Wilders told his story to us was special. De Telegraaf is one of the few media to still have access to the PVV leader. We distinguish ourselves by not casting the man as a pariah, but by giving him room to tell his story. In addition, of course, we question him critically where necessary.'



## Max Verstappen's spectacular Formula 1 season

Max Verstappen's Formula 1 season was spectacular. With an in-season promotion from Toro Rosso to Red Bull Racing, a historic victory in Spain, a serious crash, a number of controversial overtakes and a memorable race in a downpour, the Limburg racing talent unleashed a hype. Telesport editor-in-chief Jaap de Groot, along with colleague Frank Woestenburg, reported on this historic racing season for all Telegraaf platforms and for months were witness to Max Mania from close up.

Jaap de Groot: 'The strength of Max Verstappen is the combination of talent, discipline and intelligence. As a result, he inspires all generations, young and old. By following Verstappen closely, we're attracting more and more young visitors, particularly online. Max symbolizes the new media era. In his sport, data, technology and innovation are crucial. Just as they are for Telesport.'



## How the pensions rip-off affects people

Ever since the credit crisis in 2008, when stock prices plummeted, it's been raining pessimistic stories about pension funds. Just when it looks like it can't get any worse, it does. It is especially the historically low and still declining interest rates that are affecting the financial position of pension funds. The less they earn on savings, the more the pension funds are being obliged by the regulator to set aside for future distributions. De Telegraaf has been devoting considerable attention to the pension crisis through a series of stories about how this is affecting people, and what can be done about it.

Martin Fisher, a columnist for De Financiële Telegraaf (DFT): 'The pension crisis is affecting our readers directly. Everyone thought our pensions were more or less guaranteed. Now we're having our noses rubbed in the dirt: that "guarantee" was just an illusion. So what now? The pension system has become so incredibly complicated. A generation gap between young and old makes it very complex to modernise the system. Our task is to clarify this complex subject for our readers.'



## ‘Cuddly criminal’ Holleeder further unmasked

In 2016, John van den Heuvel continued his mission to track down and unmask ‘cuddly criminal’ Willem Holleeder. The crime reporter revealed that, in an exercise yard at the maximum-security prison in Vught, the country’s most notorious criminal managed to give orders to two fellow prisoners to kill his own sisters. Shortly afterwards, sister Astrid Holleeder told De Telegraaf about her life in the shadow of her dangerous brother, from abuse within the family to secret eavesdropping missions, when Willem Holleeder confessed to several murders.

John van den Heuvel: ‘2016 was a special crime year. Many crimes had a major impact on society. The Holleeder case is an example of this, as are the beheading of Nabil Amziel and the new confessions made by Joran van der Sloot in prison in Peru. Our readers see crime as very important, because it is part of our society. People may themselves be victims of crime, or they see crimes happening around them, so they want to read all about it.’



## Terrorist attacks close to home

Unfortunately, 2016 was also the year of terrorist attacks in Europe. In March, 31 people were killed in attacks in and around Brussels. In Nice, a few months later, an 18-year-old IS supporter drove a big truck into crowds on the famous Promenade des Anglais, leaving 86 people dead. In Munich, an 18-year-old German-Iranian caused a massacre, shooting nine people dead. These were major news events, and people wanted to know all about them as soon as possible.

Foreign Editor Frank van Vliet: ‘Brussels was the first major Islamic terrorist attack so close to home. People wanted to be kept up to date about every detail. Our correspondent was quickly on the spot, closely followed by a team of reporters, photographers and a film crew. Eyewitness accounts, videos, photos – everything was put online as quickly as possible. For the paper, we focused on background information. We analysed and answered questions such as: Could the attack have been prevented? Who were the perpetrators? Is the Netherlands at any additional risk?’



## “Go where others don't, every day”

The power of regional news within TMG is that we go where others don't, every day. In our local area, we're always more quickly at the scene than anyone else. This has both advantages and disadvantages: because we're so close to the action, we can see the detail, but we may overlook the big picture. It is my ambition for the coming years to achieve both: tell the local story and share the big picture.

Regional journalists are the 'feelers' in people in the region, inform and entertain them, and give them a voice. Their tangible presence in the region results in charming stories that supplement the national news. Making good regional news doesn't happen by itself. It takes years of investment in the regional network to get to a unique local or regional story.

The physical newspaper remains important, as it is a friend of the family for our readers. Readers are 'members' of our newspapers, not 'subscribers'. Their relationship with their local daily often goes back decades. In early 2017, we received more than two thousand postcards, showing, often in a moving way, how much readers are attached to 'their' newspaper. Unfortunately, it is exposed to the same economic forces as other products, and it will therefore need to make smart use of the resources available – for example, by making use of all other TMG platforms and exchanging content in order to engage new audiences – but without compromising our own perspective.



### Arjan Paans - General Editor in Chief Regional brands TMG



## Waddenzee ill-prepared for oil spill

The Wadden Sea seems ill-prepared for an oil spill. As the area cannot be closed off, any cleaning work would need to be done in just one tide. Oil recovery ships can hardly be used, because the sea is too shallow. Reporter Rien Floris reports on the chilling tale sketched by international oil-spill expert Wierd Koops. The Wadden Sea had just been voted the most beautiful nature reserve in the Netherlands. Only two weeks later, the bad news was announced at a symposium on dealing with oil spills.

Rien Floris: 'I got the story thanks to my long-term acquaintance with Wierd Koops, who lives in the village of Anna Paulowna. He's a modest, passionate man and the country's foremost international expert on oil spills. Koops warns that the Wadden Sea is in danger. It could go very badly wrong there. He works with students to develop systems that will enable oil to be cleaned up quickly, if necessary, in places that are inaccessible for vessels.'

The story was published in all of TMG's regional dailies and was taken up by Omroep Fryslân, among others.



## The doctor is a woman

Until a few years ago, GPs were usually men. No longer. Reporter Rien Floris saw it coming – the tipping point when women GPs would outnumber male GPs. Anticipating the future, he asked NIVEL, the Dutch Institute for Health Services Research, to follow the case and chart developments. This story was regionally enriched by interviews with male and female GPs. Additionally, we commissioned our own opinion poll, held by Regiopeil.nl. A total of 2,264 people took part in the poll, enough to make the results highly reliable. And there's more news: 15% of people changed their GP on the grounds that they prefer a female or a male GP.

The story appeared in all regional editions and was partly taken up by the Reformatorisch Dagblad.



## Summertime 2016

In the summer of 2016, a well-known song by Ramses Shaffy ('Sing, fight, cry, pray, laugh, work and admire') was chosen as the theme for Summertime, the regional newspapers' weekend supplement. Every week, suitable content was produced to link up with one of these words – which was given a summery feel, of course.

Theme & Supplements Editor Nanska van de Laar: "When deciding on how to divvy up the sections in Summertime, we made sure there was variety between in-depth and light-hearted pieces. Readers also got their own spot – for example, a travel contest and an opportunity to present self-written stories inspired by the theme. A particularly special part of Summertime 2016 was the Choir series: every week a choir from our regional distribution area was featured, both in the magazine and online. This year's Summertime ended with the world record Shaffy Sing-in, in Middenbeemster on 21 August. More than 800 readers turned up and joined, despite the rain, in singing Shaffy's song. Dutch singer and actress Liesbeth List, who frequently sang together with the late Shaffy, also joined the festivities.'



## Malpractices in welfare support

In the Netherlands, a social security benefit is the last financial safety net provided by the government. To receive this benefit, people need to comply with the new Participation Act, which regulates employment and job-application obligations. In the course of 2016, reporter Bart Vuijk of Noordhollands Dagblad (Kennemerland edition) began to hear rumours of whistle-blowers complaining about malpractices in welfare support. After extensive research (twice submitting requests under the terms of the Open Government Act), it turned out that, because of the Participation Act, almost 700 people on benefits were having their benefits reduced, by in total €140,000, even though this legislation was supposed to encourage people to find work, not to punish them more. The topic is now on the political agenda in the municipalities around IJmond, and questions are being asked in Parliament about working conditions in the organisation responsible for implementing the Participation Act.

Bart Vuijk: 'For the first time, the negative consequences of the Participation Act for the unemployed became clear. At the same time, we revealed that the outgoing director of the social employment agency in question was given a farewell bonus of €215,000 – a painful contrast, which led us to conclude that there are clearly two different types of unemployed.'

The story appeared in all of TMG's regional dailies.



## 'Building Site Noordwijk' series

In a historical, cultural and financial investigation that was unique in its depth for regional newspapers, Leidsch Dagblad outlined the interplay of politics, the hospitality industry and the real-estate sector in seaside town Noordwijk. The six-part series painted a shocking picture of the functioning of local democracy, such as a real-estate consultant who was using his former position as alderman to gain advantages in real-estate deals. The final part of the series contained a number of constructive proposals for improving integrity in municipal real-estate policy. Leidsch Dagblad published six abbreviated versions of the articles, the full versions of which were posted simultaneously on [www.leidschdagblad.nl](http://www.leidschdagblad.nl). Together, they formed the 'Building Site Noordwijk' file.

Freelance investigative journalist Peter Olsthoorn describes working with his colleagues on the series. 'In the newsroom at Leidsch Dagblad, I immediately felt people's enthusiasm. Just what we needed. Deputy Editor-in-Chief Hugo Schneider and TMG's legal department showed backbone when the publications encountered major legal opposition.'

The series was submitted as nomination for De Tegel in the category of Investigative Journalism.



## Poelenburg: local becomes national

In the first week of September, Dagblad Zaanstreek published a story about Poelenburg, a district in Zaandam. A young vlogger, Ismail Ilgün, had put videos online showing local youths loitering in the neighbourhood supermarket and harassing residents and the police. The newspaper was tipped off by a residents' committee, who were shocked about what was going on, and urged the local authority to finally to do something about the problems.

Reporter Rob Swart: 'We've been writing for years about Poelenburg as a problem area where young people hang out, so for our readers, the subject was certainly relevant. I watched the videos and the next day I went out there. I spoke with the manager of the supermarket where the group hang out, and with Councillor Juliette Rot. Later that week, Ilgün and his friends appeared on TV in the Pauw news show. The next morning, the whole country was talking about Poelenburg. All the national media pounced on the Zaandam district, and politicians in The Hague seized on the situation to reinforce their points of view. Over the next two weeks, Poelenburg continued to dominate the media. In Dagblad Zaanstreek and the other publications of Holland Media Combinatie, developments were followed closely. Fellow reporter Sam Trompet began a live blog in the Poelenburg neighbourhood. In the end, it all led somewhere: in February 2017, an action plan for Poelenburg was approved by the local council, with a good knowledge of Dutch being a condition for getting benefits. The council also wants to make the neighbourhood more diverse, both culturally and in terms of income.'

The word 'Treitervlogger' (bully vlogger) was named Word of the Year by the main Dutch dictionary, Van Dale. Ismail Ilgün signed a management contract with Top Notch. The live blog attracted around 20,000 visitors during the week of publication. Several articles on [Noordhollandsdagblad.nl](http://Noordhollandsdagblad.nl) were read 10,000 times.



# Performance



A wealth of data

TMG Datalab is tapping the wealth of data collected by TMG's brands, taking into account the necessary privacy guidelines and legislation to protect consumers. We deploy data, analyse it and make new connections through various e-commerce channels, such as GroupDeal and Telegraaf Aanbiedingen. We offer consumers richer content and advertisers even more targeted reach and more conversion opportunities.

# Company performance

## TMG General

- **Net profit of EUR 1.6 million, compared to a loss of EUR 23.6 million in 2015.**
- **Revenues down by 6.9% to EUR 421.0 million, mainly due to lower advertising revenues from print media (2015: -6.8%).**
- **Envisaged cost measures on schedule.**
- **EBITDA improved to EUR 9.0 million (2015: EUR 7.7 million).**
- **EBITDA excluding restructuring charges falls to EUR 22.0 million (2015: EUR 34.7 million).**
- **The strategic partnership with Talpa (Sky Radio Group) results in book profit of EUR 4.3 million.**

The conversion from print to digital use of content continues unabated. This trend translates into a further decline in the advertising and subscription revenues from print. The revenues from combi-subscriptions and digital subscriptions are on the rise. Advertising revenues from print have decreased, affected by the negative development in the Dutch print advertising market. Total revenues, including normalisations, amounted to € 421.0 million (2015: € 452.4 million). Due to various product rationalisations, cost savings and a decline in the costs of permanent staff (the effect of the reorganisations that were implemented), costs excluding restructuring charges show a strong decline of € 18.7 million. This means TMG is on schedule in achieving its cost reduction target of € 90 million in 2019 compared to 2015, excluding the effect of cost increases due to new initiatives. This eventually resulted in EBITDA of € 9.0 million, compared to € 7.7 million in 2015. Excluding restructuring charges, EBITDA decreased from € 34.7 million to € 22.0 million. The result for the year improved strongly from a loss of € 23.6 million in 2015 to a profit of € 1.6 million in 2016 due to lower restructuring charges and impairment of non-current assets, a book profit on the sale of Sky Radio Group and tax income compared with a tax charge in the previous year.

## Revenues

<i>x € 1 million</i>	<b>2016</b>	2015	%
Print-only subscriptions	<b>61.3</b>	95.4	-35.7
Combi-subscriptions	<b>114.4</b>	86.4	32.4
Digital-only subscriptions	<b>4.0</b>	3.3	21.2
<i>B2C - subscriptions</i>	<b>179.7</b>	185.1	-2.9
Single copy sales	<b>91.8</b>	92.1	-0.3
Other revenues (E-commerce)	<b>22.7</b>	21.1	7.6
<i>B2C- transactions</i>	<b>114.5</b>	113.2	1.1
Print advertisements	<b>69.9</b>	86.1	-18.8
Digital advertisements	<b>27.3</b>	27.7	-1.4
<i>B2B - advertisements</i>	<b>97.2</b>	113.8	-14.6
Distribution and printing	<b>16.9</b>	17.5	-3.4
Other revenues	<b>10.0</b>	11.0	-9.1
<i>Continuing</i>	<b>418.3</b>	440.6	-5.1
Normalisations	<b>2.7</b>	11.8	-77.1
<b>Total</b>	<b>421.0</b>	<b>452.4</b>	<b>-6.9</b>

### B2C subscriptions

Revenues from B2C subscriptions can be split into revenues from print subscriptions, digital-only subscriptions and combi-subscriptions (both print and digital access). A shift is clearly visible here from print-only to combi-subscriptions, and to a lesser degree to digital-only subscriptions. This shift is largely due to the conversion of print-only subscriptions into combi-subscriptions at De Telegraaf, which gives subscribers the benefit of automatic access to premium content and the digital news archive. This is part of the policy to stimulate subscribers to make more use of our content. The decline in subscription revenues is mainly visible at De Telegraaf; the regional dailies show a slight decline of 0.7%.

### B2C transactions

#### *Single-copy sales (print)*

Revenues from single-copy sales (print) show a slight decline. This concerns a decline at De Telegraaf that is almost entirely set off by an increase in the single-copy sales at Keesing Media Group (+3.2%).

*Other (E-commerce)*

Other revenues from B2C transactions rose from € 21.1 million to € 22.7 million, an increase of 7.6%. In 2016, of this revenue flow, € 21.8 million concerned e-commerce revenues. The increase is driven by growing revenues at GroupDeal.

**B2B advertising revenues**

Advertising revenues excluding normalisations, consisting of revenues from print and digital advertising, decreased due to a market-wide trend of lower advertising revenues, particularly from print. This development primarily affected De Telegraaf and Metro and, to a lesser degree, the regional titles. Revenue from digital advertisements decreased slightly, mainly due to a shift from desktop (i.e. [www.telegraaf.nl](http://www.telegraaf.nl)) to mobile (De Telegraaf app), for which lower rates apply. Advertising revenues from the discontinued activities of Dichtbij.nl, the collaboration with DUIC in Rotterdam and Utrecht, and the Sunday newspapers have been included under normalisations.

**Other revenues**

Other revenues decreased from € 11.0 million in 2015 to € 10.0 million in 2016. This decrease is due to lower revenues from video productions, mainly as a result of the cessation of the production of Vandaag de Dag, and a lower book profit on the sale of buildings, and was set off, in part, by the revenue generated by the FashionWeek event.

**Normalisations**

These concern activities that were discontinued in 2015 or 2016 and which are presented separately for the benefit of a representative comparison. The revenues here concern the categories B2B advertising (2016: € 2.4 million, 2015: € 7.9 million) and production (2016: € 0.3 million, 2015: € 3.9 million).

The activities in collaboration with 'De Utrechtse Internet Courant' in Rotterdam and Utrecht were partly discontinued at the end of July due to disappointing results. The Rotterdam print edition was taken off the market, while in close collaboration with METRO, the digital activities in Rotterdam were continued. In addition, at the end of 2015, the activities of Dichtbij.nl were partly suspended and at the end of 2016, it was decided to discontinue all its activities. And finally, following the reduction in the number of printing presses announced in 2015, in early 2016, commercial printing activities for third parties were discontinued. In 2015, the revenues from production for third parties still amounted to € 3.9 million (2016: € 0.3 million).

**Operating expenses**

x € 1 million	2016	2015	%
Raw materials and consumables	<b>20.7</b>	28.9	-28.4
Transport and distribution costs	<b>65.7</b>	70.4	-6.7
Subcontracted work and technical production costs	<b>41.3</b>	32.8	25.9
Personnel costs	<b>175.9</b>	194.8	-9.7
Sales costs	<b>20.1</b>	22.8	-11.8
Other operating expenses	<b>88.3</b>	95.0	-7.1
<b>Operating expenses<sup>1</sup></b>	<b>412.0</b>	444.7	-7.4

<sup>1</sup> Operating expenses before depreciation, amortisation and impairment losses

Operating expenses before depreciation, amortisation and impairment losses decreased by € 32.7 million. Excluding a lower restructuring charge of € 14.0 million, operating expenses decreased by € 18.7 million. This means that TMG is on schedule with respect to achieving its objective to have reduced its costs by € 90 million in 2019 compared to 2015, excluding the effect of cost increases as a result of new initiatives. In connection with achieving this objective, the restructuring of the printing plants and editorial board of TMG Landelijke Media was completed in 2016 and several processes were optimised. The restructuring of the sales and marketing departments of TMG Landelijke Media and Holland Media Combinatie and the editorial board of Holland Media Combinatie was announced at the end of 2016, just like the combination of TMG Landelijke Media and Holland Media Combinatie at the Basisweg location in Amsterdam.

**Raw materials and consumables**

The costs of raw materials and consumables decreased by € 8.2 million. This decline is mainly due to lower newspaper circulations and the more or less complete discontinuation of commercial printing for third parties following the closure of printing plants.

**Transport and distribution costs**

The decline in transport and distribution costs was mainly due to lower newspaper circulations and optimisations implemented during the year.

### Outsourced work and technical production

The costs of outsourced work and technical production increased mainly because part of the print run was printed externally after six printing presses had been discontinued. The savings achieved as a result of this shift are reflected in lower personnel costs and partly in the lower costs of raw materials and consumables.

### Personnel costs

Personnel costs decreased by € 18.9 million in 2016.

Excluding restructuring charges (2016: € 13.0 million, 2015: € 27.0 million), personnel costs decreased by € 4.9 million.

Wages and social charges decreased by € 11.9 million. This decrease is mainly due to the reorganisations. Pension costs increased by € 1.2 million, due to a one-off gain in 2015 of € 2.4 million related to the phasing out of the contribution to medical expenses of retirees. Other personnel costs increased by € 5.8 million. This mainly concerns an increase in the costs of temporary staff due to various projects that were initiated, including Telegraaf VNDG and TMG Data Platform. In addition, costs increased due to vacancies being filled by temporary staff.

The average number of FTEs decreased from 2,023 in 2015 to 1,790 in 2016. This decline was particularly visible at TMG Landelijke Media following the reorganisation of the editorial board at De Telegraaf and at Facilitating Services following the reorganisation of the printing plants.

The restructuring charges of € 13.0 million mainly relate to reorganisations at Sales & Marketing following the combination of TMG Landelijke Media and Holland Media Combinatie and to the reorganisation of the editorial board at Holland Media Combinatie.

### Sales costs

The decline in sales costs by € 2.7 million is mainly due to fewer marketing partnerships, lower subscriber recruitment costs and lower expenses relating to events (e.g., Sail in 2015).

### Other operating expenses

Other operating expenses have decreased by € 6.7 million. This decline is mainly due to the release from the provision for legal disputes, a decline in housing costs following the closure of the printing plants, as well as lower automation costs. The latter relates in part to the transition to new workstations and the insourcing of IT management, which has led to lower external IT management costs.

### EBITDA contributed by business units

<i>x € 1 million</i>	<b>2016</b>	2015	%
TMG Landelijke Media	<b>52.3</b>	61.2	-14.5
TMG Digital	<b>2.9</b>	2.7	7.4
Holland Media Combinatie	<b>20.3</b>	28.1	-27.8
Keesing Media Group	<b>21.5</b>	20.6	4.4
Facilitating services	<b>-36.9</b>	-57.1	35.4
Head Office / Eliminations	<b>-51.1</b>	-47.8	-6.9
<b>EBITDA</b>	<b>9.0</b>	7.7	16.9

**EBITDA** increased from € 7.7 million to € 9.0 million. Excluding restructuring charges, EBITDA decreased by € 12.7 million, from € 34.7 million to € 22.0 million. Further details on the EBITDA development of the business units TMG Landelijke Media, TMG Digital, Holland Media Combinatie and Keesing Media Group have been included in separate sections per business unit.

**Facilitating Services** shows a strong improvement of EBITDA by € 20.2 million thanks to the continuous implementation of efficiency and operational excellence measures. Of the EBITDA improvement realised, € 27.8 million was thanks to lower personnel costs, of which € 17.2 million lower restructuring charges. The completion of the reorganisation at the printing plants has contributed to a large extent to the decrease in personnel costs. This decline is offset by an increase in the costs of outsourced work by € 7.1 million and the loss of revenues from printing work for third parties, resulting in a decline of € 3.6 million. The other operating expenses at Facilitating Services also decreased, by € 2.4 million, mainly due to lower lease costs following the reorganisations and due to lower energy, rental, maintenance and distribution costs. The Real Estate team is also working on the sale of regional buildings (the old HMC headoffices and the adjacent printing offices in Alkmaar), and is exploring sale and lease back scenarios for housing in Amsterdam.

The increase in the costs of **Head Office & Other**, which includes the central IT department, was mainly due to higher personnel costs. This mainly concerns an increase in temporary staff for the benefit of various ongoing strategic projects, including the video platform Telegraaf VNDG, the TMG Data Platform and the supervision of various reorganisations. In addition, the 2015 figures include a one-off gain of € 2.4 million related to the phasing out of the contribution to medical expenses of retirees.

The business units Facilitating Services and Head Office & Other more or less fully support the business units TMG Landelijke Media and Holland Media Combinatie and, to a lesser degree, TMG Digital and Keesing Media Group. As the passing on of charges was discontinued in 2015, the results of the business units Facilitating Services and Head Office & Other were strongly negative.

The segment structure was revised with effect from 2016. TMG Digital, which was part of TMG Landelijke Media until 2016, is now managed as a separate segment. In addition, the IT departments and activities of the various segments have been centralised in the Head Office segment. The comparative figures for 2015 have been restated.

## Depreciation, amortisation and impairments

### Depreciation and amortisation

Depreciation and amortisation were € 15.1 million, compared to € 17.6 million in 2015. The decline is mainly due to the fact that in 2015, a catch-up depreciation was included of € 1.5 million on the assets of Relatieplanet, due to the reclassification of Relatieplanet from 'assets and liabilities held for sale' to 'continued operations'. In addition, depreciation and amortisation decreased because some assets were fully depreciated, and because buildings were classified as 'held for sale' in 2016, as a result of which depreciation was discontinued.

### Impairments

Impairments amounted to € 2.3 million, of which € 2.1 million relates to a downward revaluation of buildings and land, for which offers were received that were below the carrying amount.

In 2015, impairments amounted to € 6.8 million and related to a downward revaluation of printing presses and buildings in connection with the decision to reduce printing capacity.

## Financial income and expenses

On balance, financial income and expenses in 2016 were nil (2015: € 1.0 million negative). This result includes a result from participations of € 0.7 million, which mainly concerns the share of TMG in the result of Radio Newco B.V. relating to the fourth quarter of 2016.

Interest charges amounted to € 0.9 million and mainly concerned interest paid on the current account facility.

## Result from discontinued business operations

The result from discontinued business operations of € 7.4 million (2015: loss of € 4.0 million) includes both the transaction result on the sale of Sky Radio Group (€ 4.3 million) and the regular result for the period 1 January 2016 up to and including 30 September 2016. The regular net result amounted to a profit of € 3.1 million (2015: loss of € 4.0 million). This improvement was mainly due to the lower costs of depreciation following the discontinuation of depreciation following the classification of Sky Radio Group as 'held for sale'. The share of TMG in the new radio company Radio Newco B.V. was 22.85% when the agreement was entered into. By partly financing the takeover of RadioCorp B.V. by Radio Newco B.V. with shares, this interest was diluted to 22%. After realisation of part of the additional earn-out agreements, an extra 1% share in the new radio company can be acquired, which will eventually bring TMG's interest up to 23%.

## Income tax and tax position

Income tax amounted to a credit balance of € 2.6 million for 2016 (2015: debit balance of € 1.9 million), mainly due to an addition to the tax-deductible loss as a result of the tax loss in 2016 of the fiscal unity in the Netherlands. The income tax paid in 2016 amounted to € 6.1 million (2015: € 5.0 million) and mainly concerned income tax paid in France and Belgium, where the activities of Keesing Media Group are profitable.

The tax-deductible losses as at 31 December 2016 amounted to € 161.7 million (2015: € 111.4 million) and are mainly related to the Dutch fiscal unity. The balance increase is due, on the one hand, to losses of the Dutch fiscal unity in 2016 (due in part to restructuring provisions taken), and, on the other hand, to the elimination of the temporary difference on the restructuring provision. Up to 2016, restructuring charges were taken as a tax loss at the moment of payment. In 2016, the tax treatment was aligned with the commercial treatment of the restructuring provisions. In the coming years, TMG is expecting to generate sufficient taxable profit to compensate the tax-deductible losses and therefore takes a full-valuation approach with regard to these losses (€ 40.4 million). A part of the losses carried forward can be compensated by the possible sale and lease-back of buildings and sites in Amsterdam, as well as by

the contribution to the result of various commercial initiatives (such as the online video platform Telegraaf VNDG), cost-saving measures and the sale of regional real estate.

## Net result

The net result for the year was € 1.6 million (2015: € 23.6 million loss). The improvement is mainly attributable to the previously mentioned lower restructuring charges, a lower impairment of non-current assets, the book profit on the sale of Sky Radio Group and a tax income compared to a tax charge in the previous year.

## Development of the balance sheet

The balance sheet total strongly decreased by € 48.9 million, mainly due to the deconsolidation of Sky Radio Group. As a result, the solvency ratio, calculated as the percentage of the equity (attributable to shareholders of Telegraaf Media Groep N.V.) of the balance sheet total, improved from 52.7% to 57.3%.

Working capital (i.e., current assets excluding cash and assets held for sale less the short-term liabilities, excluding interest-bearing loans and borrowings and liabilities held for sale) decreased from € 93.0 million negative to € 89.1 million negative, due to a decrease in short-term provisions of € 20.1 million. However, the accounts payable and other current liabilities as at 31 December 2016 include a liability relating to the new value determined for the Radio Veronica licence of € 14.7 million (31 December 2015: nil). At the end of 2016, licence terms already paid were paid back by the Ministry (€ 15.0 million including interest), and an invoice was received for the new value of the licence (€ 14.7 million including interest), which was paid at the beginning of 2017. TMG has appealed against the new value determined by the Minister, and will also appeal against the interest decision.

## Cash flow development

### Cash flow from operating activities

Net cash flow from operating activities in 2016 amounted to € 2.8 million negative compared to € 16.3 million positive in 2015. This decrease was mainly due to higher restructuring charges paid (€ 9.2 million more than in 2015) and a decline in EBITDA (excluding restructuring charges) by € 12.7 million. This was partly offset by a stronger improvement in working

capital in 2016 than in 2015. The improvement in 2016 can be attributed to the receipt of the terms already paid for the Radio Veronica licence in 2016. The working capital improvement in 2015 was mainly related to the reduction of stocks of raw materials and consumables by € 4.8 million.

### Cash flow from investing activities

Cash flow from investing activities amounted to € 6.2 million negative (2015: € 10.1 million negative). Here a shift is clearly visible from investments in tangible fixed assets, such as buildings and printing presses, to investments in intangible fixed assets, such as the development of websites and apps and software for business applications and IT infrastructure. The cash flow from investing activities in 2016 included the proceeds from the sale of buildings of € 5.1 million (2015: € 1.4 million) and an interim dividend payment received from the participation in Radio Newco B.V. of € 1.1 million.

### Cash flow from financing activities

Cash flow from financing activities amounted to € 14.4 million negative (2015: € 5.6 million negative). This includes a payment of dividend of € 7.4 million (2015: nil), the purchase of the shares in Sienna Holding B.V. that were not yet held by TMG for € 5.7 million (2015: nil) and the payment of the annual FM licence to the Telecom Agency by Sky Radio Group with regard to Lot A1 (€ 4.3 million). In addition, in 2016, € 5.0 million was drawn on the current account facility.

On balance, the cash flow in 2016 was € 23.4 million negative (2015: € 0.6 million positive), mainly due to the significant payments relating to restructuring charges of € 29.9 million, and the high negative cash flow from financing activities, partly due to the payment of dividend.

## Financing

A letter of intent was signed at the end of December 2016 to amend certain points of the €70 million revolving credit facility agreed with a consortium of two banks in July 2015. The amendments were made in part to allow a possible sale and leaseback of property and are chiefly the extension of the facility by 20 months to 10 March 2020, the reduction of the maximum amount that can be drawn to €50 million and the provision of collateral such as pledges of receivables, IP rights and shares in Keesing Media Group B.V. and a positive mortgage pledge on certain properties. The facility will be reduced to € 30 million after a possible sale and leaseback has been completed.

On 13 March 2017, all the conditions for entering into the loan agreement have been met and the amendments have been realised. Until this date (and at 31 December 2016), the terms and conditions agreed in July 2015 remained in force.

At the end of 2016, € 5 million was drawn on the facility. The conditions imposed by the banks were met as at 31 December 2016 .

## Dividend

It is proposed that the result for 2016 will be added to the reserves and that no dividend will be paid.

## Outlook

TMG-wide, 2017 will be characterised by an unabated focus on digital renewal and growth and a further optimisation of our print activities. The foundation for this was laid in 2016. We will continue to develop apps and improve the websites of our main brands. The growth of a number of sites will be accelerated, through collaborations or acquisitions. Furthermore, focus areas are the application of data and the expansion of e-commerce-activities, as well as combining these successfully with publishing activities, in order to enrich content.

Further efficiency improvement remains high on the agenda. The activities of TMG Landelijke Media and Holland Media Combinatie were combined in Amsterdam at the end of 2016. It is expected that the restructuring of the sales and marketing departments of these entities as well as the restructuring of the editorial board of Holland Media Combinatie will be completed in 2017. In accordance with the announcement of 23 March 2017, the insufficiently profitable weekly magazines will be sold in 2017. These measures that will be implemented in 2017 are a further step towards achieving the cost reduction objective.

This outlook relates to the situation as it stands at the moment of publication of the annual report and the financial statements.

TMG, Mediahuis and VP Exploitatie entered into a conditional agreement on 5 March 2017 in connection with the proposed bid by Mediahuis and VP Exploitatie for TMG. Mediahuis and VP Exploitatie have submitted a bid notice for approval by the Netherlands Authority for the Financial Markets on 8 March 2017. The bid will be made by publishing the approved bid notice. The bid will be conditional on certain requirements

being met. TMG will announce its position with respect to the bid in a reasoned submission during an Extraordinary General Meeting of Shareholders in connection with the bid, that will be combined with the Annual General Meeting of Shareholders on 1 June 2017. It is expected that the bid will be finalised in the second or third quarter of 2017.

In connection with the conditional agreement that TMG, Mediahuis and VP Exploitatie entered into on 5 March 2017, Talpa Beheer B.V. and Dasy Investments II B.V. applied to the Enterprise Chamber of the Amsterdam Court to take immediate relief measures, to institute an investigation into the course of events at TMG and to appoint an independent supervisory director. The Enterprise Chamber made a provisional judgement on 21 March 2017, ruling that there were no valid grounds to doubt proper policy-making or the course of events at TMG. It dismissed all requests to impose immediate measures. The request submitted by the suspended members of the Executive Board of TMG to lift their suspension was also dismissed by the Enterprise Chamber. The date of the session during which the request to order an inquiry will be addressed, has not yet been determined.

On 14 March 2017, the Supervisory Board appointed Mr Hans Bakker as interim Executive Director of TMG with immediate effect. In this position, Mr Bakker will be responsible for the daily management of the company. He will continue to hold this position until a new Executive Board has been appointed.

# TMG Landelijke Media

**With strong brands such as De Telegraaf, Privé, VROUW, Autovisie, DFT, Telesport and Metro, TMG Landelijke Media offers digital, printed and cross-media content, with a focus on news, business, entertainment, sports and lifestyle. High-quality content and a large national multi-media reach make each of these brands an attractive partner for advertisers and content makers.**

**At year-end 2016, the total number of TMG Landelijke Media's employees (FTEs) was 498. The head office is located in Amsterdam.**

## Results 2016

x € 1 million	2016	2015	%
B2C subscriptions	<b>117.8</b>	122.9	-4.1
B2C transactions	<b>22.7</b>	25.1	-9.6
B2B advertisements	<b>55.3</b>	68.3	-19.0
Other revenues	<b>6.1</b>	6.5	-6.2
<i>Total revenues</i>	<b>201.9</b>	222.8	-9.4
<i>Operating expenses</i>	<b>149.6</b>	161.6	-7.4
<b>EBITDA</b>	<b>52.3</b>	61.2	-14.5
<b>EBITDA excl. restructuring costs</b>	<b>57.7</b>	71.8	-19.6

Revenues were down from € 222.8 million in 2015 to € 201.9 million in 2016 (down 9.4%). This was mainly due to the decline in traditional revenue from print activities. Thanks to a strong decrease in costs, the decline of EBITDA was limited to € 8.9 million. Excluding restructuring charges, EBITDA decreased by € 14.1 million.

Revenues from **B2C subscriptions** have decreased by € 5.1 million (down 4.1%), especially at De Telegraaf. Here we clearly saw a shift from print-only subscriptions to combi-subscriptions (both print and digital access) and to a lesser degree to digital-only subscriptions. The combi-subscriptions (access to print and digital) showed an increase of € 28.4 million (up 92.2%). This was mainly due to the transition from fixed print-only subscriptions to combi-subscriptions. At De Telegraaf, the weighted average number of fixed subscriptions decreased by 7.4% (2015: down 5.5%).

Revenues from **B2C transactions**, mainly consisting of revenues from single-copy sales, showed a decline of € 2.4 million (down 9.6%). This decline was visible both in the Netherlands and abroad and more or less the same as last

year. The decline in volume could only partly be offset by higher prices.

Revenues from **B2B advertisements** decreased from € 68.3 million in 2015 to € 55.3 million in 2016, mainly due to the continuing decline in advertising revenues from print as a result of shifts to other media. This development was mainly visible for the titles of De Telegraaf and Metro. Revenues from digital advertising decreased slightly, which was mainly due to a shift from desktop (e.g., www.telegraaf.nl) to mobile (De Telegraaf app), where rates are lower. The number of page views across all channels and brands rose in 2016 by 19%.

**Other revenues** have decreased by € 0.4 million. This concerned a decline due to lower revenues from video productions following the discontinuation of the Vandaag de Dag production. This was partly offset by revenues from events organised by Amsterdam FashionWeek, acquired in 2016.

TMG Landelijke Media managed to reduce its **operating expenses** by € 12.0 million (down 7.4%). Excluding restructuring charges, operating expenses have decreased by € 6.8 million (down 4.5%). The decline was mainly due to lower costs of transportation, distribution and outsourced work (down € 7.4 million) as a result of a lower average circulation and lower costs of paper and ink. Personnel costs also decreased significantly (down € 7.3 million), mainly as a result of restructuring charges being € 5.2 million lower. The other decline in personnel costs concerned a combination of a decline in wages and social charges following a decrease in the average number of FTEs by 75 and an increase in the costs of temporary staff. Other operating expenses increased by € 3.7 million. This was mainly due to costs related to events of the acquired Amsterdam FashionWeek and to the higher consultancy costs related to various strategic projects, including the joining together of the business units TMG Landelijke Media and Holland Media Combinatie.

## Reach

The combined print and online figures issued by NOM (National Multimedia Research) on the second half of 2015 up to and including the first half of 2016 show that the Telegraaf brand is a leader in total brand reach compared to other dailies in the Netherlands. In the period measured, De Telegraaf reached 6,923,000 people. In addition, De Telegraaf achieved 24.4 million<sup>8</sup> video views per month, among other things. The other main brands of TMG Landelijke Media also achieved a large

<sup>8</sup> Source: Google Analytics, December 2016

total brand reach in 2016. A few examples: in the period measured, VROUW achieved a total reach of 2.6 million, Privé had a total reach of 3.5 million, and Metro a total reach of 6.2 million<sup>9</sup>.

## Important non-financial developments in 2016

In the year under review, the brands of TMG Landelijke Media have strengthened, mainly due to the improvement of the digital activities. The reorganisations started in 2015 within TMG Landelijke Media were largely completed. The combining of activities with Holland Media Combinatie was prepared and partly implemented, which lays the foundation for further quality improvement and increased efficiency.

### News and content renewal

In 2016, the editorial board of De Telegraaf again enjoyed many important and sensational scoops, including:

- The Klaus Ross case: a series of impressive revelations of the shadowy world of alternative natural healers who use legal loopholes to rip off desperate patients.
- A series on the pensions rip-off: a low-threshold, clear explanation of the complex issues surrounding pensions and the negative developments for participants in pension schemes.
- The 'sorry' interview with the Prime Minister: in 2016, Mark Rutte responded to the promises he made in De Telegraaf in 2012 and in an interview with De Telegraaf he said sorry for the promises he did not keep.
- Tackling 'bully vloggers' in Zaandam: an agenda-setting series that showed how a small group of bully vloggers managed to hijack and sabotage society – regional news with national impact.

A common theme in these and other journalistic products is that De Telegraaf presents things from the perspective of the reader, questioning malpractices and showing the impact on society. For more information, please see the chapter "[The power of our journalism](#)".

### Campaigns: 'Altijd vanuit het hart' and 'Achter ons nieuws'

The advertising campaign 'Altijd vanuit het hart' ('Always from the heart') kicked off on 18 November, with the aim of attracting new subscribers by emphasising De Telegraaf's unique power. This campaign shows in 30-second-commercials what De Telegraaf stands for as a brand.

The online campaign 'Het verhaal achter ons nieuws' ('The story behind our news') that kicked off in 2016 is reaching a large audience. In online videos, viewers get a glimpse behind the scenes in the newsroom and learn what the profession of journalism involves. Various editors and journalists explain how the news that appears in the paper is made. On [Telegraaf.nl](#) there were on average 5,000 views per episode. On YouTube, some of the 'mini documentaries' were viewed more than 350,000 times.

### New supplements De Telegraaf and Metro

In 2016, De Telegraaf launched its new Saturday magazine VRIJ, which replaces the 'Weekeinde' and 'Reizen/Varen/Wonen' sections. After the launch, a readers' survey was held, on the basis of which the content was brought more in line with subscribers' expectations. Metro's monthly supplement 'Mode' was renewed: the first 'Metro Lifestyle' came out in May 2016.

### Strengthening digital

#### Telegraaf VNDG: 24/7 online video

In 2016, the development of Telegraaf VNDG was put forward: a 24/7 online video channel, with a mix of news, sports and entertainment, from a typical Telegraaf world view.

#### First improvement phase De Telegraaf website

The main set-up of the website of De Telegraaf was improved in 2016. The number of video positions was expanded and visually better aligned with the general look and feel of the newspaper. In December 2016, a start was made on the second phase: the complete overhaul of De Telegraaf's digital portfolio, particularly the website. Besides a far-reaching re-design and a significant improvement of ease of use, new consumer propositions will be launched.

#### Telesport, DFT and Privé renewed

In October, the new website of Telesport was launched: [telesport.nl](#), suitable for mobile, tablet and desktop. The website is based on the editorial pillars of football, Formula 1 and motorsport, bicycle racing, skating, tennis and darts, and is dedicated 24/7 to top-level sports news, backgrounds and statistics. The website offers a lot of video, in addition to written content offering more in-depth background stories. Logged-in users have access to premium content.

De Financiële Telegraaf (DFT) launched a whole new knowledge website, [dftkennis.nl](#), developed together with knowledge partners such as SingularityU The Netherlands and

<sup>9</sup> Source: NOM Mediamerken 2016-I (2015-II/2016-I)

Nyenrode Business University. In addition, DFT launched a new app for the latest stock market and business news.

At the end of October, Privé launched a multi-platform app that gives subscribers 24/7 access to Privé's latest showbiz and entertainment news. In addition, in early October, the first edition of Privé's new royal family special was launched: Privé-Royal.

### **VROUW reaches millions**

In early 2016, [the new website](#) of VROUW was successfully launched. After three months, the website had 2.1 million unique users. Up to and including December 2016, the average number of unique visitors per month was 1.8 million<sup>10</sup>. Besides reach, the focus was on engagement, both on VROUW's own platform and on social media, as well as on expanding commercial propositions. During the year, various new features were added, such as an online payment module, which makes it easy for consumers to pay for products and services (e.g., to participate in challenges) within the VROUW environment.

### **Metro successful on social media**

Metro performed well on social media. In 2016, the number of Facebook 'likes' for Metro Holland increased by 82,000 to more than 344,000. The Instagram account grew from 5,000 to almost 17,000 followers. In addition, Metro was mentioned in various leading rankings of brands that understand how you should use Snapchat. The number of views per Snapchat story rose explosively last year.

### [Strategic collaborations and new initiatives](#)

#### **Amsterdam FashionWeek strengthens national power of media**

The acquisition of Amsterdam FashionWeek strengthened the brand portfolio, content and reach of TMG. Twice a year, the trend-setting live highlight takes place: the Mercedes-Benz FashionWeek, the ultimate platform for the Dutch and Flemish fashion industry. One of the first spin-offs of the takeover is the completely renewed online platform [Fashionweek.nl](#), which was officially launched at the end of November 2016. This platform offers advertisers an opportunity to reach their target groups not just around and during the event, but 365 days a year, for example, through native content. In addition, FashionWeek's presence on social media was activated, showing impressive growth figures.

### **TMG Natives**

At the beginning of 2016, TMG Natives was launched, a new department that develops creative content and concepts for customers' marketing and communication issues. On the basis of an ingenious strategy, conversion targets, a creative concept and in-depth target group analyses, TMG Natives produces content, if desired in close collaboration with Data Platform [TMG Datalab](#). The content tells stories that enhance consumers' engagement with the brand, optimising the balance between the communication need from the customer's point of view and the added value of the content for the consumer. As part of TMG, if desired, TMG Natives can deploy a broad brand package, such as [VROUW](#), [Metro](#), [DFT.nl](#), [Autovisie](#), [Dumpert.nl](#), and [Amsterdam Fashionweek](#), through all possible channels. With this new service, TMG competes with independent content marketing agencies, distinguishing itself with the very strong benefit of the millions reached by TMG's brands.

### **TMG Datalab**

[TMG Datalab](#) is the new point of contact for advertisers and media agencies that focuses on achieving maximum conversion on the basis of data. Through the intensive use of the platforms of all our brands, TMG has access to a wealth of data. These data give insight into consumers' interests and preferences. By combining data with information from various external sources (e.g., social-demographic data and data generated by social media networks such as Facebook), we can create more specific and richer segments. TMG Datalab's data analysts, data scientists, developers and marketeers help advertisers to increase their impact and return on investment and to identify new opportunities. Name and address details of consumers are never passed on to advertisers. The data made available to advertisers can never be traced back to an identified or identifiable person.

### [Streamlining of organisation and processes](#)

#### **Reorganisation of editorial board De Telegraaf completed**

The reorganisation of the editorial board of De Telegraaf and its sub-brands that was started in 2015 was completed in 2016. The competencies of the editorial board have been further aligned with the digitalisation of the news offer. In order to be able to leverage topical occurrences even more directly, a 'hit & run' editorial board was set up. This team is mainly concerned with big and small news events in the country: from a terrorist threat at Schiphol to the massive interest in rutting deer in the Veluwe nature reserve. The implementation of the central editorial system CCI Newsgate has been completed.

<sup>10</sup> Source: Google Analytics, monthly average 2016

The magazines of TMG Landelijke Media now also make use of this. Editorial boards can work more efficiently thanks to the new system; it has become easier to use the same content on different platforms.

### **Attracting and retaining subscribers**

Based on the concept of 'consumers at the heart' and accelerated digitalisation, in 2016, there were three focus areas with regard to attracting and retaining subscribers:

- Retaining existing subscribers (print)
- Digitalising existing subscribers: guiding them to our digital propositions
- Reactivating former subscribers and activating new subscribers with new propositions, including digital.

Retaining and digitalising existing subscribers can be achieved by adding value and 'stacking' propositions, such as by adding extra supplements to the newspaper or the weekend edition. The longer a subscriber has been a customer and the more they buy, the higher the discount and the number of extras. As a result of the more and more personal approach, for example through VIP subscriptions, combination subscriptions (online and print, national and regional) and member-get-member actions, subscribers will increasingly experience being 'members' of the Telegraaf community. To this end, the subscription systems have been partially modernised in 2016. This process will be continued after 2016.

### **Streamlining of editorial boards and marketing and sales organisation**

At the end of 2016, Holland Media Combinatie moved from Alkmaar to Amsterdam, in order to make a next big step in realising the new media ecosystem. The aim is to achieve maximum efficiency and quality improvement in the combined organisations of TMG Landelijke Media and Holland Media Combinatie. Adjustments to the editorial boards and the marketing and sales organisations were announced and initiated in 2016. The sales organisations of TMG Landelijke Media and Holland Media Combinatie were joined together in 2016 and reorganised. A new management team has been appointed, the organisation has been downsized, competencies have been fine-tuned and processes streamlined. For marketing and the editorial organisation, changes were announced at the end of 2016 which will be implemented in 2017.

## **Social engagement**

In 2016, TMG Landelijke Media organised various events in order to bring target groups together and to make complex knowledge understandable and accessible to a larger audience. Together with Business University Nyenrode, two series of lectures were set up. In partnership with SingularityU, DFT Kennis organised the successful tech event Get into the Future, where more than 550 participants listened to experts talking about the application of new exponential technologies and were also able to experience the technologies first-hand. In addition, DFT organised a series of online seminars about topical personal finance issues, such as investments, health insurance and pensions. In total, more than 9,000 people logged in to watch the series.

Telesport was involved as a media partner in the Amsterdam City Swim, a charity event collecting money for research into underexposed diseases.

NS and Metro have started a pilot to stimulate the reuse of newspapers on the train by collecting papers people have finished reading.

In September, on the occasion of breast cancer month, the VROUW team created the Pink Ribbon Magazine, with moving and inspiring stories by and for women, as well as items on fashion and personal care. The print run was 75,000 copies; more than 50% of the net results went to Pink Ribbon.

In that same month, VROUW organised the VROUW Steps Challenge, aimed at encouraging women to take more exercise. Each participant received access to a personal page on the website. The challenge ran the whole month of October. Halfway through, participants could also join in the Amsterdam City Walk. At the end of 2016, this was followed by the 'Lekker in je vel' challenge.

# TMG Digital

**Dumpert, GeenStijl, GroupDeal, Relatieplanet, Gaspedaal and Autobahn are well-known brands of TMG Digital: the business unit that covers all primary online platforms and activities since 1 January 2016. Besides further developing these platforms, their content and online communities, TMG Digital plays a crucial part in the further digitalisation of TMG's new media ecosystem, as well as in the accelerated development of new business models. At the end of 2016, TMG Digital, located in Amsterdam, had 133 employees (FTEs).**

## Results 2016

x € 1 million	2016	2015	%
B2C subscriptions	2.2	2.1	4.8
B2C transactions	22.1	20.1	10.0
B2B advertisements	9.8	9.6	2.1
Other revenues	0.9	1.1	-18.2
Total revenues	35.0	32.9	6.4
Operating expenses	32.1	30.2	6.3
<b>EBITDA</b>	<b>2.9</b>	<b>2.7</b>	<b>7.4</b>
<b>EBITDA excl. restructuring costs</b>	<b>3.2</b>	<b>2.7</b>	<b>18.5</b>

Revenues at TMG Digital increased from € 32.9 million in 2015 to € 35.0 million in 2016, an increase of 6.4%. Operating expenses increased by € 1.9 million, as a result of which EBITDA rose by € 0.2 million (+ 7.4%) to € 2.9 million.

Revenues from **B2C transactions**, mainly consisting of e-commerce revenues, rose by € 2.0 million. This concerned GroupDeal revenues, where the average order value per transaction was noticeably higher than in 2015.

The increase of € 0.2 million in the revenues from **B2B advertisements** concerned a combination of a decline in print advertisements at Bohil, due to the focus on online, and an increase in digital advertisements. This increase can mainly be attributed to a better performance at Gaspedaal.

The increase in **operating expenses** were mainly due to higher purchase value of GroupDeal goods and higher personnel costs due to an increase in the number of FTEs. This trend was visible for virtually all parts of TMG Digital.

## Reach

With a variety of titles in its portfolio, TMG Digital has a large reach within several domains. TMG Digital has a significant reach among highly-educated young men, with 150.8 million video views per month on Dumpert and 1.9 million users of Geenstijl per month. On social media, too, Dumpert has a significant position, with 1.6 million likes on Facebook and 1.2 million followers on Instagram. In 2016, the new website Autobahn.eu was added to the automotive domain in the portfolio. At the end of 2016, 1.1 million users per month were visiting this website. Through the e-commerce newsletters of GroupDeal and Telegraaf Aanbiedingen, new offers reach 3.2 million Dutch people every day. With 1 million visitors a month, Gaspedaal has been one of the biggest second-hand car websites in the Netherlands for three years<sup>11</sup>.

## Important non-financial developments in 2016

In 2016, TMG Digital operated as an independent business unit for the first time. The focus was mainly on identifying synergy opportunities between the various platforms, standardising processes and ways of working, and scaling up the mature platforms.

### More synergy

The various titles within TMG Digital started working together more closely in 2016, including Relatieplanet, which moved from Groningen to Amsterdam at the end of 2016. Where possible, synergy advantages are realised, including with regard to sales, online marketing, product development and customer service.

In 2016, the website [Autobahn.eu](http://Autobahn.eu) was started by Dumpert. At the end of 2016, this website had 1.1 million unique users per month. In collaboration with TMG Landelijke Media, TMG Digital is examining how the three online automotive platforms [Gaspedaal.nl](http://Gaspedaal.nl), [Autobahn.eu](http://Autobahn.eu) and [Autovisie.nl](http://Autovisie.nl) can strengthen each other, in terms of content and reach. For example, the two Cars & Coffee automotive events in 2016 were extensively promoted and were very well attended, with 1,000 cars and 4,000 participants.

<sup>11</sup> Source: Google Analytics, monthly average 2016

Dumpert

## ‘Dumpert grew fast in 2016’

[Dumpert.nl](#) – the ultimate brand for young men aged 18 to 35 – is fully committed to mobile, social media and video, and achieved tremendous growth doing so in 2016. In the year under review, a new app was launched (native iOS and Android); this app alone was good for more than 100 million video views per month. On social media the reach of

Dumpert.nl rose to 1.6 million likes on Facebook and 1.2 million followers on Instagram. In addition, with DumpertTV, [Dumpert.nl](#) launched its own video productions, including the hit ‘Dumpert Reeten’ and ‘Dumpert filmt je werkplek’. With this unique content, in 2016 DumpertTV realised an average of 5 million video plays per month.

In the year under review, it became clear that the platforms of TMG Digital are a valuable addition to TMG's brand portfolio and media mix: several Dumpert videos posted by TMG Landelijke Media's advertisers went viral.

### Scaling up platforms

In 2016, as announced, TMG Digital further scaled up Gaspedaal, Dumpert and GroupDeal. For Gaspedaal, a cost-per-click model was implemented; at the end of 2016, more than 1,400 dealers had joined. With more than 1 million visitors per month, it has been one of the largest second-hand car websites in the Netherlands for three years.

Dumpert introduced its own content, including ‘Dumpert filmt je werkplek’. These online video's were viewed by some 350,000 people per episode. The Dumpert app was renewed and improved. At the end of 2016, the app had, on average, 900,000 users; per month, there are 100 million video views in the app.

E-commerce platform [GroupDeal](#) achieved sound revenue growth in the Netherlands and Belgium. Back-office processes were improved further.

### E-commerce rolled out further

TMG Digital focuses on online publishing (including [Dumpert](#)), supply and demand (including [Gaspedaal](#)) and e-commerce ([GroupDeal](#)). Expertise in these three fields enables TMG to move along the sales funnel and expand its advertising business model based on CPM with, for example, pay per click (CPC), per lead (CPL) or even per transaction (CPS). On video platform [Dumpert.nl](#), a transaction model was implemented in 2016 (DealDumpert), where relevant deals are offered to the target group every day, in a way that fits in with the brand and that appeals to the Dumpert target group. On the basis of this

vision, TMG Digital will develop more e-commerce-activities in 2017 using TMG's brands. For this purpose, the GroupDeal infrastructure will be used to process the transactions and to align the e-commerce-propositions seamlessly with each individual brand and its visitors, readers and fans.

### Relatieplanet again dating website of the year

In December 2016, for the eighth time in a row, Relatieplanet was voted the best website of the year in the Dating category. There were successful ‘offline’ events, including a successful speed dating world record attempt during the renowned four-day walking event in Nijmegen.

### Accelerator process set up

In the year under review, TMG Digital set up an accelerator process, which enables new and renewed digital concepts to be developed, tested and, if feasible, made ready for launch in just 100 days.

### Social engagement

TMG Digital has entered into a pilot partnership with Tunga: the first freelance platform in the world set up as a social network. If extra capacity is needed for programming assignments, TMG Digital can hire qualified African programmers through Tunga. In 2016, Tunga's first assignment concerned the new [Gaspedaal.nl](#) apps. The test versions of these apps were delivered in 2016 to the full satisfaction of everyone involved. In the first quarter of 2017, they will be completed by Tunga, after which they will be released.

# Holland Media Combinatie

**Noordhollands Dagblad, Haarlems Dagblad, IJmuider Courant, De Gooi- en Eemlander, Leidsch Dagblad, De Echo and Witte Weekbladen are well-known brands of Holland Media Combinatie, both online and in print. In the provinces of North and South Holland, Flevoland and Utrecht, Holland Media Combinatie publishes a large number of specials and magazines, including the weekend magazines Vrij and PLUS. Holland Media Combinatie also organises regional trade fairs and events. At the end of 2016, Holland Media Combinatie employed 418 FTEs.**

## Results 2016

x € 1 million	2016	2015	%
B2C subscriptions	55.6	56.0	-0.7
B2C transactions	2.5	2.3	8.7
B2B advertisements	34.0	43.3	-21.5
Other revenues	1.0	0.7	42.9
Total revenues	93.1	102.3	-9.0
Operating expenses	72.8	74.2	-1.9
<b>EBITDA</b>	<b>20.3</b>	<b>28.1</b>	<b>-27.8</b>
<b>EBITDA excl. restructuring costs</b>	<b>25.1</b>	<b>28.8</b>	<b>-12.8</b>

Total revenues decreased from € 102.3 million in 2015 to € 93.1 million in 2016 (down 9.0%), particularly driven by a decline in advertising revenues from print due to a declining market trend, as well as disappointing results and partial cessation of operations at Dichtbij.nl and the print activities in the Rotterdam/Utrecht area. Operating expenses decreased by € 1.4 million (down 1.9%). Normalised for restructuring costs, however, the decline was € 5.5 million (down 7.5%) resulting in a € 3.7 million lower EBITDA (down 12.8%) excluding restructuring costs.

Revenues from **B2C subscriptions** show a slight decline of € 0.4 million (down 0.7%), with the decline in subscriptions virtually entirely offset by a price increase. The decline in circulation at the regional dailies was between 2.5% and 4.5%, a strong improvement compared to the decline in 2015.

Revenues from **B2B advertisements** decreased by € 9.3 million, which was mainly due to the discontinuation of the aforementioned activities. Excluding the effect thereof, the decline was € 3.8 million (down 10.7%), particularly due to the

continuing decline in advertising revenues from print following the shift in advertisers' spend to other media. Revenues from digital advertisements increased significantly (up 75%), although in absolute figures they are still moderate (€ 0.7 million).

**Operating expenses** declined by € 1.4 million in 2016 compared with 2015 as a result of an increase in restructuring cost of € 4.1 million, in combination with a decline of € 5.5 million in other operating expenses compared with 2015. The decline in other operating expenses is mainly attributable to a decline in the costs of transport, distribution and outsourced work by € 3.2 million as a result of lower circulations and portfolio rationalisations. In addition, personnel costs decreased by € 2.3 million due to a decline in the average number of FTEs by 53, mainly due to reorganisations implemented in 2015 at Commerce and Dichtbij.nl. The restructuring costs of € 4.8 million (2015: € 0.7 million) relate to reorganisations of the editorial board and Dichtbij.nl.

## Reach

With its strong and trusted daily newspaper brands, Holland Media Combinatie reaches more than 1.8 million people in the region<sup>12</sup>. The combined average reach of our print media (regional newspapers and door-to-door papers) is 72% of local, regional residents<sup>13</sup>. Digital access to our brands is also increasing. On average, the number of pageviews per month of the regional newspapers via the online platforms is nearly 12 million<sup>14</sup>. The strong brands of Holland Media Combinatie are indispensable to residents in our distribution areas.

## Important non-financial developments in 2016

In 2016, Holland Media Combinatie focused on strengthening successful activities and preparing the combination of activities with TMG Landelijke Media.

### Regional news and content renewal

In 2016, the reporters and editors of Holland Media Combinatie were committed to collecting, interpreting and sharing local and regional news. The media of Holland Media Combinatie go where others do not. This resulted in articles reporting on, among other things:

- the increase in the number of female GPs;

<sup>12</sup> Source: NOM Mediamerken 2016-I (2015-II/2016-I)

<sup>13</sup> Source: Dagbladen NOM Print Monitor 2016-I (2014-II 2016-I), Huis aan Huiskranten, NOM HAH-kranten Monitor 2016

<sup>14</sup> Source: Google Analytics, monthly average 2016

- the potentially disastrous consequences of an oil spill in the Waddenzee nature reserve;
- developments within the real-estate market in the seaside town of Noordwijk;
- malpractices in the imposition of sanctions against welfare recipients.

Just as the Summer supplement, with its own theme, many articles had a social impact. More about this can be found in the section '[The power of our journalism](#)'.

Finally, Holland Media Combinatie entered into a partnership with game platform XGN. This platform enriches the content in the regional dailies, with weekly news about games and gadgets, appealing to a younger target group.

### Digital further strengthened

#### **Gooi- en Eemlander website first to be renewed**

The [De Gooi- en Eemlander website](#) was completely renewed. The website provides users with a customised online news offer. Registered visitors can enter their personal preferences with regard to the type of news they wish to see. Paying playlist subscribers also have access to selections of articles about specific topics or themes. Alongside the renewed website, which was launched in October 2016, new types of subscriptions are being implemented. The other regional websites will follow this example and will be relaunched in 2017.

#### **Change of course for hyper-local**

The pilot with the hyper-local news platform that kicked off in 2015 in Rotterdam and Utrecht was discontinued because it proved less successful than anticipated. On the basis of all digital assets and experiences, a new concept was developed. At a relatively low cost, the new hyper-local apps have now been launched for Amsterdam, Almere, Alkmaar and Leiden. Other cities will follow in 2017. To find content and create awareness, associations, companies, municipalities and educational institutions in the regions are approached proactively.

#### **Dichtbij discontinued**

Due to disappointing results, all activities of Dichtbij were discontinued in 2016, thus eliminating the negative effect of these activities on the result as of 2017. This type of news provision is continued though the local and hyper-local (digital) initiatives within the main brands.

### Activities Holland Media Combinatie moved to Amsterdam

In the context of the further implementation of the TMG media ecosystem and the creation of an agile organisation, in mid 2016, it was announced that the activities of Holland Media Combinatie will be combined with those of TMG Landelijke Media. The employees of the HMC head office in Alkmaar moved to Amsterdam in December. The sales organisation of HMC has been combined with the sales team of TMG Landelijke Media, and changes in the editorial and marketing organisation of HMC have been announced. The building at the Edisonweg in Alkmaar is no longer used and has been offered for sale.

### ProMille Media up to strength

As of 1 January 2016, Koninklijke BDU, NDC mediagroep, Media Groep Limburg and Holland Media Combinatie have a single point of contact for the national advertising market for regional dailies and door-to-door papers: ProMille Media. ProMille Media offers advertisers the convenience and the expertise to achieve the best results with regional and local target groups. The sales team of ProMille Media was brought up to strength in 2016. Besides print advertisements, as of 2017, ProMille Media will be marketing the digital reach of the partners.

### Holland Media Combinatie No. 1 in Adformatie Christmas Report

In the Adformatie Christmas Report 2016, advertisers and media agencies voted Holland Media Combinatie the No. 1 media operator in the field of door-to-door papers, and No. 2 in the field of daily newspapers, following on the heels of Persgroep.

### Online training programs

All account managers of Holland Media Combinatie followed various online sales training programs to align their competencies with the TMG strategy and improve their commercial results.

### Social engagement

In 2016, Holland Media Combinatie became media partner of the Dam tot Dam Weekend. With 85,000 participants, this is the largest sports event in the world. A large part of the participants and visitors are from the province of North Holland: the heart of Holland Media Combinatie's distribution area. Via print and online, these people are now even more closely

involved in this sports event and the HMC brands in this area.

## Keesing Media Group

**Denksport, 10 voor Taal, Jan Meulendijks, Win!, Sport Cérébral, Megastar and Tankesport are the strong brands of Keesing Media Group, publisher of puzzle magazines and digital puzzles. Keesing Media Group is active in the Netherlands, Belgium, France, Denmark, Sweden, Germany, Spain, Norway, the United Kingdom, Hungary and Italy. At the end of 2016, Keesing Media Group employed 272 FTEs. The head office is located on Basisweg in Amsterdam.**

### Results 2016

<i>x € 1 million</i>	2016	2015	%
B2C subscriptions	4.0	4.0	-
B2C transactions	67.4	65.2	3.4
B2B advertisements	0.2	0.2	-
Other revenues	1.5	1.7	-11.8
<i>Total revenues</i>	<b>73.1</b>	71.1	2.8
<i>Operating expenses</i>	<b>51.6</b>	50.5	2.2
<b>EBITDA</b>	<b>21.5</b>	20.6	4.4
<b>EBITDA excl. restructuring costs</b>	<b>22.1</b>	21.0	5.2

In 2016, revenues at Keesing Media Group increased by € 2.0 million (+2.8%). With operating expenses increasing by € 1.1 million, this resulted in an increase in EBITDA of € 0.9 million (+ 4.4%). Excluding restructuring costs, the increase was € 1.1 million (+ 5.2%).

The increase in revenues was fully attributable to higher revenues from **B2C transactions**, consisting of single-copy sales of puzzle magazines. This increase is mainly due to expansion of the product portfolio, such as the introduction of puzzle booklets for children in collaboration with Viacom.

The increase in **operating expenses** was mainly due to an increase in personnel costs by € 1.2 million due to an increase in the number of FTEs. In addition, the costs of temporary staff were higher due to vacancies being filled by temporary staff. Restructuring costs were € 0.6 million, an increase of € 0.2 million compared to 2015.

### Market development and reach

With its range of digital and print brands, including the Denksport volume of 16 million in the Netherlands and Belgium and the Megastar volume of 42 million in France, Belgium,

Germany, Italy, Spain, Austria and Switzerland, Keesing Media Group is market leader in the European puzzle market.

In France, the puzzle market declined slightly in 2016. Revenues and market share of the brands Sport Cérébral and Megastar both grew. In the Netherlands, revenues also declined slightly; by publishing more issues, the decline in average sales could be partly offset.

In Belgium and Germany, Keesing Media Group realised more revenue growth thanks to the growth in the number of issues.

The activities in Spain grew strongly, mainly due to growth in the number of issues, but also due to the expansion of sales and promotion activities.

In Denmark and Sweden, revenues grew despite a decline in the number of issues, thanks to adjustments in the product portfolio, with successful new titles being launched to replace titles that performed less well.

In Italy, the portfolio of colouring books was optimised and the portfolio was expanded by adding Sudoku titles.

### Important non-financial developments in 2016

In 2016, Keesing Media Group focused on:

- growth in new markets;
- strengthening the digital offer;
- product innovation;
- improving efficiency in the core countries of France, the Netherlands, Belgium and Denmark;
- a new retail strategy with more focus on new channels.

#### Growth in new markets and core countries

In Spain, Keesing Media Group achieved further revenue growth and market share growth. This was driven by better conditions with respect to distribution, the expansion of the sales force, and promotion and expansion activities relating to the product portfolio. Thanks to portfolio adjustments, further growth was also achieved in Germany and Sweden. In Norway, Keesing Media Group switched to a different distributor, which provides a good basis for further growth. In Italy, the portfolio was expanded by adding Sudoku titles and promotion activities were tested. In Hungary, a start was made on a collaboration with regard to colouring book and Sudoku titles.

In 2015, Keesing Media Group started a collaboration with Eye to Eye Puzzles in the UK. In 2016, this collaboration was given more structural shape by Keesing Media Group taking a 39.3% minority interest in Eye to Eye Puzzles Ltd.

### Strengthening the digital offer

In 2016, besides the existing tablet apps, Keesing Media Group launched various apps for mobile. The offer currently consists of apps for Sudoku, Tectonic, Woordzoekers and Kruiswoord on mobile devices. This is besides the digital puzzles that are available to B2B customers. In that field, too, there have been developments, for example by making these puzzles responsive for various devices. It is expected that these innovations will lead to revenue growth in the coming years.

### Product innovation

In 2016, some 200 new titles were launched in 11 countries in total, not just in the 'new' countries, such as Italy, Hungary and the UK, but also in existing markets. The focus here is on growth in the children's segment. For new children's titles, Keesing Media Group has entered into a partnership with Viacom, known for brands such as Dora, Spongebob and Teenage Mutant Ninja Turtles.

### Improving efficiency in core countries

In the year under review, important steps have been taken to further improve efficiency in the core countries (France, the Netherlands, Belgium and Denmark). In France, the process of puzzle production was further automated. In the Netherlands, customer service was insourced as of September, to increase the quality of customers contacts. In Denmark, a switch was made to a different distributor, mainly in order to further increase the availability of titles.

The main processes within Keesing Media Group were further streamlined and harmonised, mainly with a view to improving the efficiency and scalability of the organisation, as well as the possible expansion of activities in Europe.

In addition, a reorganisation was implemented whereby the organisation was adjusted from a smart matrix structure into a functional structure, with the aim of realising more synergies between the countries. In order to increase collaboration and knowledge sharing, various international consultation structures were set up. This has resulted in, among other things, a new retail strategy. The number of FTEs was reduced.

The senior management team was made smaller. The TMG culture programme was continued, with a particular focus on

strengthening the second management layer, to increase decisiveness.

## Social engagement

Keesing Media Group donated 50,000 colouring and puzzle books in Dutch, French and English to the Dutch Central Agency for the Reception of Asylum Seekers (COA), in order to provide people in the reception centres with some relaxing entertainment.

Together with Hersenstichting, Denksport published a booklet: Hersencoach (Brain Coach). Of each copy sold, 50 cents go to Hersenstichting.

# Investor Relations and the TMG share

## Investor Relations

**TMG aims to optimally inform investors about its strategy, activities and financial position. In order to further improve its Investor Relations policy, in the course of 2016, TMG had a perception study carried out by a specialised external party. As part of this study, feedback received in personal meetings with investors was analysed. The results of the study will be used in the coming years to add to and improve the IR policy.**

As a direct result of this perception study, in 2016 TMG organised a dialogue meeting on Corporate Social Responsibility. In addition, on 27 September, an Investor Relations Day was organised for sell-side analysts and institutional investors. During this day, TMG's strategy and outlook for the coming three years was explained further and discussed. This Investor Relations Day could also be followed via an audio webcast. In addition, TMG held an information meeting for members of the Dutch Investors' Association VEB. During the year, investors were kept up to date as much as possible about strategic and other developments through press releases, the semi-annual and annual reports, and the corporate website. The information provided included results achieved, new strategic partnerships, developments at our brands, and adjustments made to our organisation.

On our corporate website [www.tmg.nl](http://www.tmg.nl) all public information can be found with respect to our strategy, performance and activities. When the Executive Board holds a presentation for analysts, investors and other interested parties, such as on the occasion of the publication of the (semi) annual accounts, this presentation will be audio or video broadcast live on this website. The audio and videocasts and associated presentations can also be consulted after the event, and a replay of the audio webcasts is available.

### Outlook 2019

During the Investor Relations Day on 27 September 2016, TMG gave an update on its 24/7 strategy and presented the outlook up to and including 2019. In addition, the Executive Board presented the progress made with regard to the organisational adjustments that had been announced when the semi-annual results were published in July 2016. The 24/7 strategy focuses on creating and distributing relevant content for all consumers in the way they prefer (anywhere, always, via all possible forms of distribution) and on further increasing the reach of the most important brands of TMG, making use of all

available data. The roll-out of this strategy follows a strict time line and is a continuous process. This will enable us to adjust to an ever changing media and consumer market in the Netherlands. TMG carries out its strategy on the basis of three pillars: focus, recovery of core activities and making the organisation future-proof.

The following information was presented during Investor Relations day:

In the context of TMG's strategy and the organisational transformation, we will certainly continue to invest in the expansion of our digital activities and reach, both autonomously and by means of strategic and other collaborations. In 2019, these measures combined will result in:

1. Continuing EBIT margin<sup>15</sup> double digit (1.3% in 2015, >4% in 2017, >10% in 2019).
2. Reduction of costs by € 90 million (2017 € 40 million)<sup>16</sup>.
3. Growth of the share of digital in total revenues of >25% (13% in 2015, >16% in 2017).
4. Recovery of the dividend payment percentage of 35% of the operational cash flow.

## The TMG share

TMG is listed on the Euronext Amsterdam stock exchange and is part of the small-cap index (AScX). As at 31 December 2016, TMG's issued and paid-up share capital consisted of 46,350,000 ordinary shares and 960 priority shares, with a collective market value of € 220.16 million. The number of ordinary shares remained unchanged in 2016. The ISIN code is NL0000386605.

### Distribution of share ownership and protection of control

In connection with the disclosure of major holdings in listed companies, the register maintained by the Netherlands Authority for the Financial Markets (AFM) contains details of the following investors with direct interests of over 3% as at 31 December 2016:

#### Ordinary shares

	31-12-2016	31-12-2015
Bech N.V. (VP Exploitatie N.V.)	33.9%	33.9%
Stichting Administratiekantoor van Aandelen Telegraaf Media Groep N.V.	63.6%	63.6%

<sup>15</sup> Operating result (excluding the operating result from discontinued operations) corrected for restructuring charges, excluding one-time expenses and including the result from associates, as a percentage of revenue.

<sup>16</sup> Excluding the effect of increases in costs resulting from new initiatives.

Telegraaf Media Groep N.V. Share Administration Trust holds the shares for the purpose of administration. The following holders of depositary receipts for shares within the Trust have reported to hold an interested of more than 3%:

#### Depositary receipts

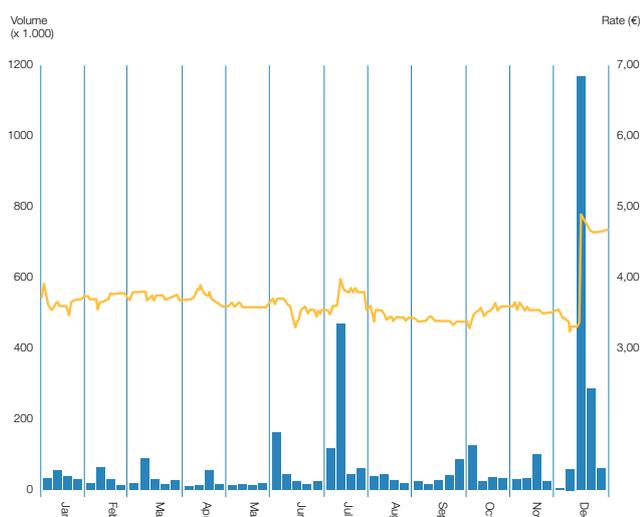
	31-12-2016	31-12-2015
Bech N.V. (VP Exploitatie N.V.)	7.4%	7.4%
Dasym Investment Strategies B.V.	20.1%	20.1%
Delta Lloyd	7.1%	7.1%
Navitas	5.0%	5.0%
Tweedy Browne Company LLC	4.7%	4.7%
Tweedy Browne Fund Inc	4.1%	4.1%
J. Paarlberg	3.35%	3.35%

For an overview of all outstanding and potentially available defensive measures, see 'TMG Preference Shares Trust' and 'TMG Priority Share Management Trust' under [Corporate Governance](#).

#### Share price trends and key figures per share

The TMG share closed the year at a price of € 4.75. This was 27% higher than the share price on 31 December 2015 (€ 3.75). The total volume traded of the TMG share on Euronext Amsterdam in 2016 was 16.5% higher than in 2015. On 14 December 2016, the highest closing price of 2016 was reached: € 5.00. This was the day on which the receipt of the first bid from Mediahuis and VP Exploitatie was announced.

#### Share price trends and trading volume 2016 of TMG shares



#### Key figures per ordinary share

	2016	2015
Dividend	€ 0.00	€ 0,16
Earnings per share	€ 0.035	-€ 0.49
Highest price	€ 5.00	€ 6.49
Lowest price	€ 3.36	€ 3.60
Closing price	€ 4.75	€ 3.75

#### Dividend policy

Regarding the dividend policy, it was determined in 2014 that the payment of dividend was made dependent on the normalised operating cash flow, i.e., normalised EBITDA of total operations (continued operations and discontinued operations in the year) subject to the deduction of the annual licence fees owed by Sky Radio Group, taxes, interest and replacement investments. The basic principle is a payout of 30%–40% of this net operating cash flow.

#### Financial calendar 2017

	Date
Closing date for registration for AGM/EGM	4 May 2017
AGM/EGM	1 June 2017
Semi-annual results 2017	28 July 2017

# Governance



From words to images

When consuming media, consumers increasingly prefer visual content. Online video is growing explosively: consumers are watching more often, and for longer. All this is possible thanks to better data speeds and mobile technology. TMG serves consumers who 'dictate' this trend, among other channels through Telegraaf VNDG. In this way, new propositions are created for consumers and commercial parties, while TMG expands its business model.

# Composition of the Supervisory Board

## Michiel (M.A.M.) Boersma (1947), Chairman

Michiel Boersma (Dutch nationality), Chairman of the Supervisory Board, was Chairman of the Executive Board of Essent N.V. and President of Shell Global Solutions International B.V.

- First term of appointment: 2011-2015
- Second term of appointment: 2015-2019

Key supervisory board/ancillary positions: Chairman of the Supervisory Board of PostNL, Chairman of the Supervisory Board of Avantium, member of the Supervisory Board of Electrica S.A. (Romania) and Nynas A.B. (Sweden) and member of the Fugro Protective Preference Shares Trust. Furthermore, Mr Boersma is professor by special appointment in Corporate Governance for utility companies at the TIAS School for Business and Society.

Michiel Boersma is Chairman of the Selection and Appointment Committee and member of the Remuneration Committee.

*For health reasons, chairman of the Supervisory Board Michiel Boersma, is temporarily unable to perform his tasks for Telegraaf Media Groep N.V. (TMG). During his absence, vice chairman Jan Nooitgedagt, shall be the acting chairman of the Supervisory Board of TMG.*



## Jan (J.J.) Nooitgedagt (1953), Vice-Chairman

Jan Nooitgedagt (Dutch nationality), Vice-Chairman of the Supervisory Board, was CFO and member of the Executive Board of Aegon N.V. from April 2009 to May 2013. Prior to this he occupied various positions at Ernst & Young, including Managing Partner for the Netherlands and Belgium.

- First term of appointment: 2013-2017

Key supervisory board/ancillary positions: Chairman of the Foundation Board of Nyenrode, Chairman of the Executive Board of VEJO, Vice-chairman of the Supervisory Board of BNG Bank N.V. and member of the Supervisory Board of Robeco Institutional Asset Management (RIAM) and Rabobank, member of the Management Board of the Kasbank Share Administration Trust, member of the AFM's Financial Reporting and Accountancy Committee and member of the Audit Committee of the Ministry of Security and Justice.

Jan Nooitgedagt is Chairman of the Audit Committee and of the Remuneration Committee, and member of the Selection and Appointment Committee.



## Guus (A.R.) van Puijenbroek (1975), Secretary

Guus Van Puijenbroek (Dutch nationality), Secretary of the Supervisory Board, is Director of VP Exploitatie N.V., Havep Holding B.V. and Bech N.V.

- First term of appointment: 2012-2016
- Second term of appointment: 2016-2020

Key supervisory board/ancillary positions: member of the Supervisory Board of Batenburg Techniek B.V., member of the Supervisory Board of Billboard Technology Industries N.V. and member of the Supervisory Board of Koninklijke Van Puijenbroek Textiel.

Guus van Puijenbroek is member of the Audit Committee, the Remuneration Committee, and the Selection and Appointment Committee.



## Annelies (A.G.) van den Belt (1965)

Annelies van den Belt -Jansen (Dutch nationality) is director and founder of Anhalt Media. She held positions as CEO of [Findmypast.com](#) and of SUP Media, Managing Director of ITV Broadband, Chief Digital Director of Telegraph Media Group Limited, Director Digital at News international, London, UK and Publisher of Independent Press Moscow Russia.

- First term of appointment: 2014-2018.

Key supervisory board/ancillary positions: non-executive director at CultureWhisper and director at Waterside point.

Annelies van den Belt is member of the Audit Committee and, in connection with the absence of Michiel Boersma since 1 February 2017, (acting) member of the Remuneration Committee and the Selection and Appointment Committee.



## Simone (S.G.) Brummelhuis (1965)

Simone Brummelhuis (Dutch nationality) is Director of TheNextWomen (Crowd Fund). Prior to this she occupied various positions, including at Europe Astia (Vice President), IENS (Director) and the Loeff Claey's Verbeke law firm.

- First term of appointment: 2014-2018.

Key supervisory board/ancillary positions: member of the Supervisory Board of Stern N.V., Non-executive Director Annona Investment Fund, member of the Advisory Council of Lendahand BV, Storecove BV, Augeo and the Erasmus Centre for Entrepreneurship (ECE) at Erasmus University, Supervisory Board Innovation Sessions Knowledge Partner Hemingway Programme.

Simone Brummelhuis is member of the Audit Committee, the Remuneration Committee, and the Selection and Appointment Committee.



## Composition of the Executive Board

In the year under review, the Executive Board consisted of Messrs G-J.E. van der Snoek (CEO) and L.N.J. Epskamp (CFO), who were responsible for the daily management of the company. On March 5, 2017, the Executive Board was suspended; this suspension is explained in detail in the [Report of the Supervisory Board](#).

## Corporate Governance

**Telegraaf Media Group (TMG) is a company and that has what is known as a two-tier Board, consisting of the Executive Board and the Supervisory Board. The Executive Board and the Supervisory Board are responsible for the company's corporate governance structure. This section provides an overview of the corporate governance structure. The Executive Board and the Supervisory Board endorse the principles of the Dutch Corporate Governance Code (the Code).**

### Corporate Governance Code

The 'Corporate Governance statement', including TMG's comprehensive 'comply or explain' summary with regard to the Code, is available at [www.tmg.nl](http://www.tmg.nl). The following principle is not fully adhered to for the reason mentioned:

#### Principle IV.1

TMG does not allow shareholders to vote remotely in the General Meeting of Shareholders. In principle, shareholders should attend the meeting in order to be able to discuss matters with other shareholders present and thus form an opinion.

### Executive Board

The Executive Board is appointed by the Supervisory Board. The General Meeting of Shareholders is informed of any planned appointments. A member of the Executive Board is not dismissed by the Supervisory Board before the General Meeting of Shareholders has been consulted about the planned dismissal and the member of the Executive Board has been given the opportunity to answer to the General Meeting of Shareholders.

Unless specified otherwise in the provisions of the articles of association, the Executive Board is responsible for the management of the Company, which includes responsibility for the realisation of the company's objectives, strategy and policy, and the development of the results arising from this. The Executive Board may comprise one or more members. The number of members is determined by the holders of priority shares.

The members of the Executive Board of TMG are employed on the basis of a four-year engagement contract (in accordance with the Code's provisions), which can be terminated early by either party, subject to three months' notice. They are

appointed as statutory directors of TMG for coinciding four-year periods.

The engagement contract each time terminates by operation of law upon the expiry of a four-year period. At least six months prior to the expiry of the aforementioned four-year term, TMG shall inform the Executive Board member by e-mail or in some other written form as to whether or not the engagement contract will be continued after the expiry of the four-year period. In the event that such notice is not provided, the engagement contract will not be continued after the expiry of the four-year period.

### Supervisory Board

The Supervisory Board supervises the Executive Board's policies and the general course of affairs of the company. Furthermore, the Supervisory Board assists the Executive Board with advice, both at the request of the Executive Board and on its own initiative.

The Supervisory Board comprises at least three natural persons who are appointed by the General Meeting of Shareholders on the recommendation of the Supervisory Board. The recommendations are based on a publicly available profile prepared by the Supervisory Board concerning its size and composition. The profile takes into account the nature of the company, its activities and the desired expertise and background of the Supervisory Board members. The General Meeting of Shareholders and the Central Works Council can recommend individuals for nomination as member of the Supervisory Board. The Central Works Council has an 'enhanced right of recommendation' for a third of the members of the Supervisory Board.

The number of supervisory board memberships of each Supervisory Board member is restricted by law and cannot be more than five. Chairmanship of a supervisory board counts as two memberships. This number of five pertains to 'large' companies having their seat in the Netherlands. Membership on the Supervisory Board or the Executive Board of a foreign company does not count towards this number.

### Annual General Meeting of Shareholders (AGM)

The AGM is held within 6 months after the end of the financial year. The AGM's agenda includes the Annual Report, the

adoption of the Financial Statements, the dividend policy and the policy on reserves, and a proposal concerning the appropriation of profit. In addition, the meeting will vote on granting discharge to the members of the Executive Board and to the members of the Supervisory Board. Shareholders or holders of depositary receipts for shares that represent at least one percent (1%) or a value of at least € 50 million or more can request that an item be added to the agenda. Such requests shall be granted, provided that they are submitted in writing and are received by the Executive Board or the Supervisory Board no later than on the sixtieth day prior to the AGM and there is no compelling reason for TMG for not doing so. Extraordinary meetings of shareholders are convened as often as considered desirable by the Executive Board or the Supervisory Board.

Every shareholder and holder of depositary receipts for shares can attend the AGM and speak at this meeting. Every shareholder with voting rights and every usufructuary of shares having voting rights is authorised to attend the AGM, speak at this meeting and exercise their voting rights.

The principal powers of the AGM are to:

- appoint the members of the Supervisory Board on the recommendation of the Supervisory Board;
- recommend individuals to the Supervisory Board for nomination as member of the chair of the Supervisory Board;
- set the remuneration of the members of the Supervisory Board;
- pass a resolution of no confidence in the Supervisory Board;
- grant discharge to the members of the Executive Board and to the members of the Supervisory Board;
- adopt the Financial Statements;
- approve resolutions of the Executive Board concerning a key change to the identity or character of TMG;
- grant authority to the holders of priority shares to issue shares and to restrict or exclude the preferential right of shareholders;
- adopt the remuneration policy for the Executive Board;
- appropriate the profit after payment of the dividend on any outstanding preference shares and on the priority shares, and after a decision has been taken by the Executive Board and the Supervisory Board, subject to approval by the priority shareholders, concerning the transfer of the profit or a part thereof to reserves.

## Share Capital

TMG's share capital consists of ordinary shares, priority shares and preference shares.

All issued priority shares are held by the Telegraaf Media Groep N.V. Priority Share Management Trust. See the 'Telegraaf Media Groep N.V. Priority Share Management Trust' section below for additional information on its key rights and powers.

In 1984, TMG entered into an agreement to grant a call option to the Telegraaf Media Groep N.V. Preference Shares Trust under which the Trust has the right to acquire preference shares in TMG at any time. See the 'Telegraaf Media Groep N.V. Preference Shares Trust' section below for a detailed description of this right.

Depositary receipts for shares have been issued for 63.6% of TMG's outstanding ordinary shares with the co-operation of TMG. The Telegraaf Media Groep N.V. Share Administration Trust administers the ordinary shares for which convertible bearer depositary receipts have been issued and exercises the rights, including the voting rights, attaching to them. Holders of depositary receipts may obtain a voting proxy for the duration of a General Meeting of Shareholders from the Board of this Trust. Consequently, the issue of depositary receipts for shares does not constitute an anti-takeover measure for TMG. [The Annual Report of the Telegraaf Media Groep N.V. Share Administration Trust](#) is presented under [Other Information](#).

## Issue of shares/Pre-emptive rights

The General Meeting of Shareholders can designate the body made up of the priority shareholders as the competent body authorised to issue shares and exclude pre-emptive rights. The AGM of 21 April 2016 designated the priority shareholders as the competent body authorised to decide on the issue of shares excepting pre-emptive rights, including the granting of rights to acquire shares. This authority has been granted until 21 October 2017 and covers all unissued ordinary shares up to a maximum of half of the authorised capital, now or at some future date. If the authority to issue shares and exclude pre-emptive rights is not granted to the priority shareholders, the General Meeting of Shareholders can only resolve to issue shares or designate another body competent to issue shares on the recommendation of the priority shareholders.

## Repurchase of shares

The company's own shares can only be repurchased if the General Meeting of Shareholders has authorised the Executive Board accordingly in compliance with the provisions in the articles of association. The AGM of 21 April 2016 authorised the Executive Board to repurchase company shares or depositary receipts for shares on the stock exchange or otherwise, for a period of eighteen months. The authorisation is limited to at most one tenth of the share capital in issue on the date of the AGM in 2016 at a price not lower than the nominal value and not higher than 10% above the average closing prices of the depositary receipts for ordinary shares published in Euronext Amsterdam Official List in the five consecutive trading days prior to the date of purchase.

## Dividend

Each year the Executive Board determines, subject to the approval of the Supervisory Board and the priority shareholders, the part of the profit that will be transferred to the reserves. Profit is distributed after the adoption of financial statements showing that the distribution is permissible in compliance with all applicable laws and regulations. If preference shares are in issue, a preference dividend is paid from the profit remaining after the transfer to the reserves as specified in Article 33.2 of the articles of association of TMG. A dividend of 5% of the nominal value of their shares is then paid to the priority shareholders (the nominal value of a priority share is €0.25). The profit then remaining is at the disposal of the General Meeting of Shareholders. No additional dividend may be paid from this amount on the priority shares and the preference shares.

If a loss is incurred in any one year, no dividend is paid for that year. In addition, a dividend may only be paid in subsequent years after sufficient profit has been made to cover the loss. The General Meeting of Shareholders may, however, resolve, on a proposal by the priority shareholders, to extinguish a loss against the freely distributable portion of equity or to make a dividend payable from the distributable portion of equity.

The Executive Board, subject to the approval of the Supervisory Board and the priority shareholders, may resolve to pay an interim dividend in accordance with the provisions of Article 33.9 of the articles of association of TMG.

## Amendment of the Articles of Association, legal merger or demerger

The General Meeting of Shareholders may resolve, on a proposal by the priority shareholders, to amend the articles of association or to undertake a legal merger or demerger by a simple majority.

## TMG Priority Share Management Trust

The TMG Priority Share Management Trust ('Priority Trust') holds all of the issued priority shares in the capital of TMG. The object of the Priority Trust is to acquire and manage the priority shares in TMG and, partly on this basis, to ensure continuity in the management of TMG, ward off any influences on the management that could affect TMG's independence in conflict with its interests and to promote sound policy in the interests of TMG. The Management Board of the Priority Trust consists of Guus van Puijenbroek, Arend Vos, Michiel Boersma and Jan Nootgedagt. The Priority Trust's Management Board appoints its own members. In principle, only holders of a 5% interest in TMG and affiliated persons are eligible for a seat on the Management Board. The Management Board may grant an exemption from this qualification criterion. If the shareholders with delegates on the Management Board no longer represent more than 30% of the ordinary share capital of TMG, only members of the Executive Board and the Supervisory Board of TMG can serve as members of the Management Board of the Priority Trust.

As the holder of all issued priority shares, the Priority Trust has various rights and powers in the following categories:

1. powers of exclusion;
2. resolutions that may only be taken on its recommendation;
3. resolutions that may only be taken subject to its approval;
4. resolutions that may only be taken after it has been consulted; and
5. rights to make non-binding recommendations.

The key rights and powers, in addition to those referred to above in this section, are that:

- a General Meeting of Shareholders can only resolve to make distributions charged to the non-statutory reserves to the holders of ordinary shares on the recommendation of the Priority Trust;
- the Executive Board requires the approval of the Priority Trust to resolve to issue and repurchase TMG shares, reduce capital, dispose of shares/depositary receipts for shares in TMG, transfer all or virtually all of the TMG

enterprise, or acquire or dispose of a participating interest in the capital of TMG of at least 1/3 of the amount of the assets stated on TMG's balance sheet;

- the Priority Trust can make a non-binding nomination for a maximum of two members of the Management Board of the Telegraaf Media Groep N.V. Preference Shares Trust;
- the Priority Trust can make a non-binding nomination for two members of the Board of the Telegraaf Media Groep N.V. Share Administration Trust after consulting the Supervisory Board and Executive Board of TMG.

## Telegraaf Media Groep N.V. Preference Shares Trust

The object of the Telegraaf Media Groep N.V. Preference Shares Trust ('TMG Preference Shares Trust') is to protect the interests of TMG and its affiliated companies, including taking such measures as required to protect to the maximum possible extent against influences that could threaten continuity, independence or identity. It also has the object to protect against the influence of third parties that could affect editorial independence and the principles that serve as the basis on which the opinion-forming publications of the companies within the TMG group are edited.

The Management Board of the TMG Preference Shares Trust met three times during the year under review. During these meetings, the CEO and the CFO provided information on the current state of affairs, financial reporting and the relationships with shareholders of TMG. During the two-month period up to the end of the year under review, the TMG Preference Shares Trust obtained regular information on developments at TMG.

In 1984, TMG entered into an agreement to grant a call option to the TMG Preference Shares Trust which sets out the conditions under which the call option can be exercised. The TMG Preference Shares Trust is entitled to exercise this option in whole or in part at any time. To do this, the TMG Preference Shares Trust has the right to acquire at most as many preference shares in the capital of TMG that correspond to 50% of the total number of ordinary shares in TMG in issue. Once the preference shares have been issued to the TMG Preference Shares Trust, it has the right to require TMG to submit a proposal to the General Meeting of Shareholders to withdraw all the preference shares held by the TMG Preference Shares Trust. Any such withdrawal of preference shares does not affect the right of the TMG Preference Shares Trust to exercise the call option again after the withdrawal.

On 28 March 2008, TMG granted the TMG Preference Shares Trust the authority to submit a request for an inquiry pursuant to Section 2:346(1)(e) of the Netherlands Civil Code. The TMG Preference Shares Trust determines independently, in accordance with its objects and in compliance with the applicable law, if, when and to what extent it will exercise the call option. The Management Board of the TMG Preference Shares Trust currently comprises: Hessel Lindenberg (chairman), Harry Bruijniks (vice-chairman), Jan Pieter Witsen Elias (secretary) and Carla Sieburgh.

## Takeover Directive

The Decree of 5 April 2006 to implement Article 10 of Directive 2004/25/EC of the European Parliament and the Council of the European Union of 21 April 2004 on takeover bids imposed additional regulations on the content of annual reports pursuant to the Takeover Directive. The prescribed information and where it can be found in the annual report and the responses relating to the requested information are listed below. See the [Corporate Governance section on our corporate website](#) for further information on this subject.

**Information required under the "Takeover Directive"**

Requirement	Section of the annual report
a. The capital structure of the company, the different classes of shares and associated rights and obligations and the percentage of the issued capital represented by each class.	See <a href="#">Investor Relations and the TMG share</a>
b. Any restrictions by the company on the transfer of shares or depositary receipts for shares issued with the co-operation of the company.	See <a href="#">Corporate Governance</a>
c. Holdings in the company for which a reporting obligation exists pursuant to <a href="#">Sections 5:34, 5:35 and 5:43 of the Financial Supervision Act</a> .	See <a href="#">Investor Relations and the TMG share</a>
d. Special control rights attaching to shares and the names of the entitled parties.	See <a href="#">Corporate Governance</a>
e. The system of control of any scheme granting employees the right to subscribe to or acquire shares in the capital of the company or a subsidiary where the control is not exercised directly by the employees.	TMG has not granted employees the right to subscribe to or acquire shares in the capital of the company or a subsidiary where the control is not exercised directly by the employees.
f. Any restrictions on voting rights, the deadline for exercising voting rights and the issuing of depositary receipts for shares with the company's co-operation.	See <a href="#">Corporate Governance</a>
g. Any agreements with a shareholder which are known to the company that may result in restrictions on the transfer of shares or depositary receipts for shares issued with the co-operation of the company or restrictions on voting rights.	As far as TMG is aware, TMG's shareholders are not party to an agreement that may result in restrictions on the transfer of shares or depositary receipts for shares issued with the co-operation of the company or restrictions on voting rights.
h. The rules governing the appointment and replacement of members of the Executive and Supervisory Boards and amending the articles of association.	See <a href="#">Corporate Governance</a>
i. The powers of the directors, in particular the power to issue and buy back shares in the company.	See <a href="#">Corporate Governance</a>
j. Significant agreements to which the company is a party and which take effect, alter or terminate on a change of control of the company following a takeover bid as meant by <a href="#">Section 5:70 of the Financial Supervision Act</a> , and the effects of such agreements, unless the agreements or their effects are such that their disclosure would be seriously prejudicial to the company.	TMG is not a party to agreements which take effect, alter or terminate on a change of control over TMG following a takeover bid.
k. Any agreements between the company and a director or employee that provides for compensation upon termination of service resulting from a takeover bid as meant by <a href="#">Section 5:70 of the Financial Supervision Act</a> .	TMG has not entered into agreements with the members of the Executive Board or other employees that could grant those persons rights to compensation upon termination of service after settlement of a takeover bid for shares in TMG.

# Report of the Supervisory Board

**The Supervisory Board of TMG supervises the policies of the Executive Board of TMG and the company's general state of affairs. Furthermore, the Supervisory Board assists the Executive Board with advice, at the request of the Executive Board, as well as on its own initiative. In this report, the Supervisory Board accounts for the manner in which it exercised its task as internal supervisor.**

**The Supervisory Board resolved to suspend both members of the Executive Board with immediate effect on 5 March 2017. In accordance with TMG's articles of association, the Supervisory Board is temporarily performing the executive functions.**

## Composition

The Supervisory Board consists of Michiel Boersma (Chairman), Jan Nooitgedagt (Vice-chairman), Guus van Puijenbroek (Secretary), Annelies van den Belt and Simone Brummelhuis. As such the composition to the Supervisory Board meets the provision that at least 30% of board members must be male and at least 30% must be female.

The Supervisory Board also complies with the independence criteria of Best Practice Provision III 2.1 of the Corporate Governance Code. Mr Guus van Puijenbroek is considered a non-independent supervisory director in accordance with the aforementioned criteria.

During the Annual General Meeting of Shareholders held on 20 April 2016, Guus van Puijenbroek, Secretary of the Supervisory Board, was reappointed for a second term. The term of Jan Nooitgedagt expires in 2017. Jan Nooitgedagt is available for reappointment.

## Areas of focus of the Supervisory Board in 2016

Last year, the Supervisory Board, together with the Executive Board, devoted a great deal of attention to the company's continued focus on and implementation of the 24/7 strategy. The 24/7 strategy focuses on developing and distributing relevant content for all consumers as they would like to have it (everywhere, always, all conceivable distribution channels) and on further increasing the reach of TMG's main brands. By focusing on these brands and reinforcing their reach, and at the same time moving towards more multi-cross-media

revenue models, the company responds to the changing media consumption patterns. The Supervisory Board, together with the Executive Board, held separate extensive strategy sessions on these subjects in June and September 2016.

In addition, in the first half of 2016, the Supervisory Board devoted a great deal of attention to the strategic partnership with Talpa relating to radio activities. The relaxation of restrictions on the ownership of national commercial radio stations effective 1 January 2016, created an opportunity for exploring a partnership with Talpa. On 30 September 2016, this resulted in a merger of TMG's Sky Radio and Veronica radio stations with Talpa's Radio 10 and Radio 538 radio stations. By means of its minority interest and its seat on the Supervisory Board, TMG remains closely involved in this new radio and music entertainment company and this way benefits from the increased reach among the different target groups. The other strategic partnership with Talpa concerns the construction and development of an OTT (over-the-top) platform as a means of improving TMG's position relating to OTT content channels and developing an independent digital revenue model this way. This partnership is in line with TMG's 24/7 strategy and the Supervisory Board also explored this subject in-depth.

The Supervisory Board paid a great deal of attention to the persistent declining advertising revenue trend in 2016. To better prepare the organisation for the future requires a recovery of core activities and further cost reductions and organisational restructurings. In 2016, the restructuring of the printing facilities initiated in 2015 was completed and various new restructuring initiatives were started up and announced, including the restructuring of the B2B sales departments, the B2C marketing and product development departments, and the move (and closing) of the HMC head office to Amsterdam. Many jobs were lost during these reorganisations. It goes without saying that the Supervisory Board devoted a great deal of care, time and attention to this.

Other key items that were prominent on the Supervisory Board's agenda were risk management, performance management, the status of the ICT environment and sustainability.

## Bid of Mediahuis and VP Exploitatie

On 14 December 2016 and on 23 January 2017, TMG announced that it received an unsolicited, non-binding and conditional proposal from Mediahuis and VP Exploitatie, and

Talpa Holding N.V., respectively, for the acquisition of all issued and outstanding depositary receipts and shares of TMG.

The Supervisory Board and the Executive Board, together with their financial and legal advisors, assessed the proposals with the utmost care in comparison to the independent strategy and any potential strategic alternatives. The Supervisory Board and the Executive Board regularly met outside regular meetings to discuss these proposals, both in the presence and in the absence of their financial and legal advisors. In addition, the Supervisory Board also met in the absence of the Executive Board. In this respect the Board always specifically took the interests of all stakeholders, including the shareholders, into account.

Supervisory Board member Guus van Puijenbroek is also Director of VP Exploitatie, which together with Mediahuis is preparing a bid for TMG. In view of this cumulation of interests, in 2016, from the moment that TMG became aware of the preparation of an intended bid, Guus van Puijenbroek no longer participated in the meetings of the Supervisory Board and its committees with the exception of one meeting (where he did not participate in the deliberations relating to the intended bid). At the end of December 2016, Guus van Puijenbroek continued to participate in the meetings of the Supervisory Board and its committees, with the exception of any deliberations and decision-making processes relating to potential bids for TMG.

Ultimately, the Supervisory Board was forced to take an exceptional measure in the form of the suspension of the members of the Executive Board. Although we regret this exceptional decision, we believe that, in the interest of TMG, it was inevitable. During the process, it became apparent that there was a clear difference of opinion between the Executive Board and the Supervisory Board about what course should be taken. The Executive Board's failure to comply with a number of agreements endangered the negotiations regarding the offer made by Mediahuis and VP Exploitatie. As a consequence, the Supervisory Board lost absolute confidence in the Executive Board and felt obliged to initiate the suspension.

TMG, Mediahuis and VP Exploitatie entered into a conditional agreement on 5 March 2017 in connection with the proposed bid by Mediahuis and VP Exploitatie for TMG. Mediahuis and VP Exploitatie have submitted a bid notice for approval by the Netherlands Authority for the Financial Markets on 8 March 2017. The bid will be made by publishing the approved bid notice. The bid will be conditional on certain requirements

being met. TMG will announce its position with respect to the bid in a reasoned submission during an Extraordinary General Meeting of Shareholders in connection with the bid, that will be combined with the Annual General Meeting of Shareholders on 1 June 2017. It is expected that the bid will be finalised in the second or third quarter of 2017.

In connection with the conditional agreement that TMG, Mediahuis and VP Exploitatie entered into on 5 March 2017, Talpa Beheer B.V. and Dasy Investments II B.V. applied to the Enterprise Chamber of the Amsterdam Court to take immediate relief measures, to institute an investigation into the course of events at TMG and to appoint an independent supervisory director. The Enterprise Chamber made a provisional judgement on 21 March 2017, ruling that there were no valid grounds to doubt proper policy-making or the course of events at TMG. It dismissed all requests to impose immediate measures. The request submitted by the suspended members of the Executive Board of TMG to lift their suspension was also dismissed by the Enterprise Chamber. The date of the session during which the request to order an inquiry will be addressed, has not yet been determined.

On 14 March 2017, the Supervisory Board appointed Mr Hans Bakker as interim Executive Director of TMG with immediate effect. In this position, Mr Bakker will be responsible for the daily management of the company. He will continue to hold this position until a new Executive Board has been appointed.

## Meetings of the Supervisory Board

During the past year, the Supervisory Board met nine times with the Executive Board during regularly planned meetings, one of which was by phone. In addition to the regularly planned meetings, there were three additional meetings with the Executive Board, one of which was by phone. The percentage of attendance at meetings of the Supervisory Board was 95%.

In addition, the Supervisory Board met eight times in the absence of the Executive Board. These meetings generally took place either before or after the end of the regular meeting of the Supervisory Board. Generally, the purpose of these meetings was to briefly review the agenda and to establish the key areas of focus. In addition, the meetings focused on the composition and performance of the Executive Board and the Supervisory Board, as well as the implementation of the strategy.

## Committee Meetings

### Audit Committee

The Audit Committee is a permanent and preparatory Committee of the Supervisory Board. The Audit Committee consists of Jan Nooitgedagt (Chairman), Guus van Puijenbroek, Annelies van den Belt and Simone Brummelhuis. The Audit Committee held six regular meetings with the Executive Board, the external auditor Deloitte and TMG's staff heads of Internal Audit, and Corporate Finance and Administration. One of these meetings was conducted by phone. The Audit Committee also met with the external auditor Deloitte in the absence of the Executive Board. Following the end of the regular meetings, the Audit Committee met six times in the absence of the Executive Board. Attendance at these meetings was 96%.

The non-exclusive list of topics discussed during these meetings included the annual, semi-annual and quarterly figures of TMG, press releases, the strategic partnership with Talpa, the internal risk management and control system and its implementation, the status of the operational and strategic risk management (also see the chapter on Risk Management), the audit results and the follow-up of earlier audits, the management letter, the internal audit findings and the follow-up on noted areas for improvement, the cash flow forecast and the 2017 budget estimate. In addition, the lack of sufficient automated controls and the In Control Statement were discussed. Specific topics that were also discussed during these meetings were the adjustment of the bank financing, the realisation of tax-deductible losses and the possible impairments of good will, intangible assets and the fiscal risks. The fiscal risks refer to fiscal compliance, status, risk & control and the fiscal strategy.

### Remuneration Committee

The Remuneration Committee is a permanent and preparatory Committee of the Supervisory Board. The Remuneration Committee consists of Jan Nooitgedagt (Chairman), Michiel Boersma, Guus van Puijenbroek and Simone Brummelhuis. The Remuneration Committee met six times in 2016. Attendance at these meetings was 96%. The non-exclusive list of topics discussed during the meetings included the remuneration of the Executive Board for 2016, the objectives for the variable short-term remuneration component for the collective Executive Board and the individual members of the Executive Board for 2016. For additional information about the activities of this Committee please see the Remuneration Policy of TMG.

### Selection and Appointment Committee

The Selection and Appointment Committee is a permanent and preparatory Committee of the Supervisory Board. The Selection and Appointment Committee consists of Michiel Boersma (Chairman), Jan Nooitgedagt, Guus van Puijenbroek and Simone Brummelhuis. The Committee met three times in 2016. Attendance at these meetings was 80%. During the meetings, the Committee extensively focused on top management and succession planning within TMG. During this review an assessment was made to determine which persons could potentially qualify for various key positions within TMG. In addition, attention was devoted to the competencies employees should have in view of the developments within TMG, the appointment/reappointment of Guus van Puijenbroek, the regular evaluation of the individual Supervisory Board members and the members of the Executive Board.

## Evaluations

Each year, the Supervisory Board evaluates its performance and the performance of the separate Committees of the Supervisory Board. The performance of the individual Supervisory Board members was also evaluated. In this evaluation, due consideration was given to the supervisory vision formulated by the external consultant in 2015, and the recommendations that arose from it. The general conclusion was that the performance of the Supervisory Board and its committees is satisfactory.

During the year under review, in the absence of the Executive Board, the Supervisory Board discussed the performance of the Executive Board as a collegial body, as well as the performance of the individual members of the Executive Board. The conclusions of the evaluation were discussed with the Executive Board.

## Contacts within the organisation

In 2016, members of the Supervisory Board attended two consultative meetings between the Executive Board and the executive board of the Central Works Council (CWC). Topics for discussion among others included the figures, the current and expected reorganisations, and the general state of affairs. During the year under review, several informal meetings were held between a member or members of the Supervisory Board and the Chairman or executive board of the CWC.

At the request of the Supervisory Board, the Executive Board invites the management of one of the business units to a meeting of the Supervisory Board. The management gives a presentation about its business unit and after this is available for discussion and questions. In 2016, among others, there were presentations about the IT environment, OTT, the Sales organisation, the way in which TMG handles data, the editorial board and sustainability.

In addition, the Chairman and the Vice-chairman of the Supervisory Board and the other members regularly informally meet with the CEO and CFO, as well as with specific staff heads, such as the Head of Internal Audit, the Head Legal Affairs and the Head of IT.

## Permanent education of the Supervisory Board

The Supervisory Board is actively kept informed of the latest trends in the media world, particularly in the digital domain, and the Supervisory Board also contributes topics for discussion and knowledge relating to these areas. In addition, during the past year, members of the Supervisory Board completed various courses and seminars on topics that are relevant to TMG or to the performance of their activities as Supervisory Board members.

## Word of thanks and presentation of the Annual Report

2016 once again was a year with challenging market conditions and with many changes to the organisation designed to better prepare TMG for the future. That has required a great deal of effort by many. We would like to thank the employees of TMG for the manner in which they performed their duties in 2016.

We hereby present the report, the balance sheet as at 31 December 2016 and the income statement for 2016 with explanatory notes, as compiled by the Supervisory Board, also temporarily charged with the executive functions. The financial statements have been audited and approved by Deloitte Accountants B.V. in Amsterdam, as stated in the auditor's report included in this annual report.

We discussed the financial statements at the annual meeting with the auditor, after which we signed the financial statements

to comply with our legal obligation pursuant to Article 2:101 paragraph 2 of the Dutch Civil Code.

We recommend that:

1. The 2016 financial statements be adopted as set out in the documents presented.
2. The Executive Board be granted discharge for the policies pursued in 2016.
3. The Supervisory Board be granted discharge for the supervision exercised in 2016.

At the beginning of 2017, Michiel Boersma was prevented from carrying out his task as Chairman of the Supervisory Board due to illness. His role as Chairman of the Supervisory Board is temporarily being assumed by the Vice-chairman of the Supervisory Board, Jan Nooitgedagt. His role as member of the Remuneration Committee and the Selection and Appointment Committee is temporarily taken over by Annelies van den Belt.

Amsterdam, 31 March 2017

On behalf of the Supervisory Board, temporarily charged with the management of TMG,

Jan Nooitgedagt, interim Chairman of the Supervisory Board and interim Chairman of the acting Executive Board

# Remuneration policy

**The remuneration policy and the long-term variable component were adopted during the Annual General Meetings of Shareholders in 2014 and 2015, respectively. This section contains an overview of the key aspects of the remuneration policy and the way in which it was put into practice in the past financial year.**

## Remuneration policy

The remuneration policy for the senior management of TMG focuses on attracting, retaining and motivating experienced and qualified managers and experts who focus on setting and achieving strategic goals, and on achieving operational objectives, with due consideration to market and social trends.

### Remuneration policy for the Executive Board

The AGM adopts a policy relating to the remuneration of the members of the Executive Board, with due consideration to the provisions of the applicable laws. The Supervisory Board submits a proposal concerning the remuneration in the form of shares and/or rights to shares, for approval by the AGM. Since the adoption of the remuneration policy at the AGM of April 2014 and the adoption of the change to the long-term variable component at the AGM of 23 April 2015, there have been no changes to the remuneration policy.

The remuneration and the additional terms and conditions of employment for every member of the Executive Board are determined by the Supervisory Board, following consultation with the priority shareholders and with due consideration to the remuneration policy.

The remuneration of the members of the Executive Board comprises a fixed and a variable component. Each year, the Supervisory Board decides on any adjustment and/or indexation of the fixed remuneration component. In terms of the (short-term and long-term) variable component, the Executive Board each year formulates draft objectives for the next financial year and submits these to the Supervisory Board for approval. These objectives in part focus on the long-term objectives of TMG and its affiliated companies, and are in accordance with the company's risk profile. In addition to the fixed and variable components, the Supervisory Board may decide to award an additional bonus and shall render account of any such award at the AGM. The additional bonus is paid in cash.

In setting the remuneration of the individual members of the Executive Board, the Supervisory Board takes various factors

into account within the framework of the general remuneration policy, such as the required competences, skills and responsibilities of the relevant director. In addition, the potential impact on the pay ratios within the company are taken into account.

### Fixed component

The fixed component ('basic salary') consists of the annual salary, including the vacation allowance, paid in 12 equal instalments.

### Variable short-term component

The variable short-term component consists of a maximum of 50% of the basic salary, 60% of which is determined on the basis of the degree to which the collective objectives of the Executive Board are realised and 40% on the basis of the degree to which the individual objectives of the relevant member of the Executive Board are realised.

The collective objectives of the Executive Board for 2016 were financial and strategic in nature, and were also related to the elaboration of the new organisation structure. In addition to the above-referenced collective objectives, the individual objectives for 2016 for Mr Van der Snoek consisted of sustainability, HR, and brands and product development. The individual objectives for Mr Epskamp were related to risk management, realisation of the outsourcing of printed matter and performance management; once again over and above the above-referenced collective objectives.

In the opinion of the Supervisory Board, Messrs Van der Snoek and Epskamp achieved 50% of the collective and individual objectives for 2016. For 2016, this translates into a short-term variable remuneration of € 114,188 for Mr Van der Snoek and € 95,156 for Mr Epskamp.

### Variable long-term component

In outline, the long-term variable component is as follows: The long-term variable component is conditionally awarded in advance for the entire four-year performance period. The performance period runs from 1 January 2015 through to 1 January 2019. The long-term variable component is awarded in the form of monetary units that reflect the value of the TMG share ('Phantom Shares'). A Phantom Share in fact is a monetary unit that reflects the value of the TMG share. Settlement is in cash and furthermore the holders of Phantom Shares do not have any voting rights or meeting rights, nor are they entitled to receive any dividend.

The Phantom Shares can be immediately awarded conditionally by the Supervisory Board at the start of the performance period. The number of Phantom Rights to be awarded conditionally is calculated as follows: four times 25% of the basic salary at the start of the performance period divided by the average TMG share price in the last quarter of 2014. On the basis of this calculation method, 74,013 Phantom Shares were conditionally awarded to Geert-Jan van der Snoek and 61,678 Phantom Shares were conditionally awarded to Leo Epskamp.

The definitive award of the number of Phantom Shares takes place at the end of the performance period. Award takes place on the basis of the performance criteria agreed on at the start of the performance period. The performance criteria apply to the full performance period. At the end of the performance period, the Supervisory Board determines to what extent the targets set for the performance criteria have been achieved. Of the performance criteria, 70% consist of financial criteria and 30% consist of non-financial criteria.

#### Performance criteria

<b>Financial criteria</b>	70%
• Relative TSR score compared to a benchmark	30%
• EBITDA margin (over 2018 financial year)	25%
• Revenue (over 2018 financial year)	15%
<b>Non-financial criteria</b>	30%
• CO <sub>2</sub> emission reduction	15%
• Innovative strength (Talent Management Programme)	15%
<b>Total</b>	<b>100%</b>

The maximum achievable unconditional award is 100% of the number of conditionally awarded Phantom Shares.

Per 31 December 2016, the fair value of the conditionally allotted phantom shares amounts to € 4.75 per share. At the end of 2016, the obligation amounts to € 145,020. The amount of employee benefits recognised in the statement of profit and loss is € 68,362.

#### Severance payment

The engagement contract of the members of the Executive Board includes a provision concerning a severance payment in the event of the interim termination of the engagement contract by TMG and/or in the event that the engagement contract is not continued after the agreed four-year period. This payment is equal to no more than one time the gross fixed annual salary and is calculated using the neutral sub-district court formula, as modified in 2008, in which factor B equals

one gross fixed monthly salary. A severance payment of this nature shall not be owed in the event the interim termination is due to imputable acts or omissions on the part of the member of the Executive Board.

#### Pension scheme

The pensionable age of new members of the Executive Board is the State Pension (AOW) age and members of the Executive Board are entitled to participate in the Stichting-Telegraafpensioenfond 1959 (Telegraaf Pension Fund Foundation). This pension scheme is an average-salary pension scheme with a surviving dependants' pension on an accrual basis.

#### Loans

TMG does not provide any personal loans, guarantees and the like to members of the Executive Board unless this forms part of the company's normal conduct of business and then subject to the same conditions that apply to the entire personnel complement and after approval by the Supervisory Board.

**Remuneration of the Executive Board**

	<b>Fixed remuneration</b>	<b>Variable remuneration</b>	<b>Deferred remuneration</b>	<b>Phantom shares</b>	<b>Other short-term remuneration<sup>1</sup></b>	<b>Total 2016</b>
G-J.E. van der Snoek	<b>€ 456,750</b>	<b>€ 114,188</b>	<b>€ 14,937</b>	<b>€ 37,288</b>	<b>€ 89,268</b>	<b>€ 712,431</b>
L.J.N. Epskamp	<b>€ 380,625</b>	<b>€ 95,156</b>	<b>€ 14,937</b>	<b>€ 31,074</b>	<b>€ 70,929</b>	<b>€ 592,721</b>

<sup>1</sup> Relates to: lease expenses, expense allowances and maximisation of the pension contribution.

For additional information on the Executive Board remuneration see [Note 10](#) of the explanatory notes to the Company Financial Statements.

**Remuneration of the Supervisory Board**

	<b>2016</b>	2015
<b>Supervisory Board</b>		
Chairman	<b>€ 45,722</b>	€ 45,450
Members	<b>€ 35,562</b>	€ 35,350
<b>Audit Committee</b>		
Chairman	<b>€ 6,604</b>	€ 6,565
Members	<b>€ 5,588</b>	€ 5,555
<b>Remuneration Committee, Selection and Appointment Committee</b>		
Chairman of the Remuneration Committee	<b>€ 6,096</b>	€ 6,060
Chairman of the Selection and Appointment Committee	<b>€ 6,096</b>	€ 6,060
Members	<b>€ 5,080</b>	€ 5,050

The amounts approved by the AGM of April 2015 were increased by 0.6% in 2016 (this percentage is based on the CPI index).

## In Control Statement

TMG's Executive Board is responsible for the risk management and internal control systems. In the [Strategy](#) and [Risk Management](#) sections of the Annual Report, the Executive Board describes how it has structured the supervision and monitoring system for this purpose. The results of the risk management and internal control system, as well as the findings of Internal Audit and the external auditors, are regularly discussed by the Audit Committee in the presence of Internal Audit and the external auditor. The Supervisory Board is kept informed of these discussions.

During 2016, TMG took various steps to increase the maturity of TMG's internal controls, including the follow-up to the 2015 management letter and the development of the new 'IT Key Controls for the Provision of Information Control Framework'. For this purpose, an IT Control Framework was developed using a structured approach and attention was devoted to information security, one of the spearheads of the former 'IT in Control' project. In 2016, in addition to developing a new IT Control Framework, TMG also devoted attention to increasing awareness relating to information security and security tests were conducted by an external party.

In spite of the above-referenced improvement actions, shortcomings in the IT environment were once again observed this year. As a result, it was not possible to fully rely on the internal control environment and data-oriented controls by the external auditor were necessary. The above-referenced shortcomings were related to a number of systems that are lacking the function separation enforced by the technical system, as well as other automated controls. These shortcomings primarily relate to obsolete systems and will be mitigated once these systems are replaced. However, the turnaround time required to replace obsolete systems is negatively affected by organisational changes.

In addition, TMG currently has a relatively large number of (manual) detective controls (after-the-fact). However, in general it is more efficient and effective to implement automated or preventive controls (in advance) to cover the identified risks, since manual after-the-fact controls generally are not sufficiently detailed and accurate enough to effectively cover the relevant risks.

In short, in spite of the increased quality of the internal controls, there continues to be a number of recurring findings of a relatively high priority.

The Executive Board is of the opinion that in accordance with Best Practice Provision II.1.5 of the Corporate Governance

Code, the internal risk management and control systems – with due consideration to the above-referenced observations – provide a reasonable degree of assurance that the financial reporting does not contain any material misstatements and that the risk management and control systems – keeping in mind the above-referenced observations – functioned as expected during the reporting year.

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

1. the financial statements reliably reflect the assets, liabilities, financial position and the profit or loss of the issuing 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 issuing 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 issuing institution.

Amsterdam, 31 March 2017

### Executive Board

In connection with the suspension of the Executive Board per 5 March 2017, this In Control Statement is signed by the Supervisory Board, which is temporarily charged with this executive task in accordance with TMG's articles of association.

### Supervisory Board, temporarily charged with the management of TMG:

Jan Nooitgedagt, Vice Chairman and acting Chairman  
Guus van Puijenbroek, Secretary  
Annelies van den Belt  
Simone Brummelhuis

As, for health reasons, Michiel Boersma is temporarily unable to perform his tasks, his role, including the signing of this annual report, is being fulfilled by vice-chairman Jan Nooitgedagt.

# Risk Management

## Introduction

Risk management is an integral part of TMG's day-to-day management. TMG's internal risk management and control system is disseminated by top management and deployed to gain insight into and manage the strategic, operational, financial and compliance risks. TMG considers a well-functioning internal risk management and control system an essential management tool for achieving its strategic goals.

## TMG's Internal Risk Management and Control System

TMG's objective is to identify, evaluate and manage the events (opportunities and threats) that can affect the realisation of the strategy and objectives. The internal risk management and control system is described in TMG's Risk Management Policy. This policy is evaluated by the Executive Board each year and adjusted if necessary.

The internal risk management and control system is based on the COSO ERM framework, distinguishing between strategic, operational, financial and compliance risks.

TMG's risk appetite is a key factor in the context of risk management. Pursuant to COSO, this means the following for TMG: *'The degree of risk, on a broad level, that TMG is ready to accept in its pursuit of value. It reflects TMG's risk management philosophy and influences the performance culture and style. Risk appetite determines the allocation of resources and helps TMG in providing direction to the organisation, people and processes in designing the infrastructure required to effectively respond to and monitor risks.'*

The acceptance of an acceptable level of risk enables TMG to optimise its allocation of resources. This is in part desirable in the context of the development the organisation is experiencing. TMG makes well-considered choices on the basis of objectives, risks and resources. These considerations take place on a daily basis throughout the entire organisation. In this respect, the strategy defined by the Executive Board, including the associated risk appetite, serves as a guide.

In its internal risk management and control system, TMG makes a distinction between strategic, operational, financial and compliance risks as shown in the overview 'Risk appetite' that reflects the risk appetite for each type of risk.

The internal management and control system forms part of the planning and control cycle, where risk management is a continuous process rather than a standalone function. The three-year cycle used by TMG up until the end of 2017 has been replaced by an annual risk-based approach. This means that an entirely new plan is prepared each year, and that the cycle whereby each risk analysis must be followed by an audit and each audit by a follow-up audit has been dropped. This provides more flexibility in terms of the annual planning and results in a more effective use of available resources. Effective 1 January 2017, the risk analyses will be planned in accordance with the principle of exhaustiveness: each business unit in the audit universe must complete a risk analysis once every three years. This relatively high frequency is desirable given the number of organisational changes as a result of which departments and responsibilities are regularly subject to change and therefore have to be re-evaluated.

### Risk appetite

Risks	Focused on	Objectives	Risk appetite
<b>Strategic</b>	Achieving strategic objectives	Key position in the domains in which our brands are located, increased consumer reach, sustainable return	Low to high, depending on the long-term benefits
<b>Operational</b>	Achieving operational objectives, including effectiveness and efficiency	Partnerships and flexible ICT	Low to average (the latter in terms of partnerships)
<b>Financial</b>	Managing guidelines relating to the financial statements	Compliant with financial reporting laws and regulations (including tax legislation)	Low
<b>Compliance</b>	Management of compliance guidelines and legislation	Leadership Compliant with legal, laws and regulations	Low

## Supervision and monitoring

The risk management and control system falls under the supervision of the Supervisory Board's Audit Committee. The most important risks and risk management progress are regularly reported and discussed with the Executive Board and the Audit Committee.

## Evaluation and adjustment of the risk management and control system

TMG each year evaluates its internal risk management and control system and assesses how it can be further improved.

In 2016, a great deal of attention was devoted to the importance of the internal risk management and control environment. Key developments:

- In 2016, two **Strategic Risk Management Workshops** were conducted. In these workshops, the key strategic risks are formulated by the Executive Board, Business Unit directors and the heads of staff departments. Control measures and other measures were defined for each of these risks and action owners were appointed. Progress is monitored on a quarterly basis and the results are reported twice a year to the Executive Board and the Audit Committee. The outcome of the most recent workshop is described further up in this section.
- In 2016, new employees completed an **e-Learning Module** concerning the rules of conduct. This training forms part of the new employee familiarisation programme. Furthermore, in 2017, additional in-depth e-Learning modules will be rolled out for specific subjects, such as fraud, corruption and privacy.
- A process has been developed and implemented designed to create a more extensive **In Control Statement**. The In Control Statement concerns financial and non-financial components. The objective of the In Control Statement is as follows:
  - a) to increase existing insight into the quality and effectiveness of the internal risk management and control system by management and the Executive Board.
  - b) to strengthen the rationale for the Executive Board's In Control Statement in the annual report.
  - c) to clarify the usefulness and the functionality of the existing management tools and increase awareness among managers of available management tools.
  - d) to increase insight into the areas for improvement and the implementation of improvement actions. The In Control

Statement must be submitted every six months by the management boards of the Business Units.

- The **Compliance Officer** and **Data Protection Officer** positions have been filled within the Legal Affairs department. Furthermore, in 2016, the department organised training sessions on Privacy Legislation and Competition.
- The Information Security topic was specifically added to the Risk Management Cycle. The associated risk analyses are performed by the IT Risk & Information Security Management department.
- In October 2016, the **IT Assurance Framework** was formalised. This is a reference framework for providing supporting guarantees relating to the quality aspects reliability (integrity, correctness, timeliness, completeness, authenticity), availability (continuity) and exclusivity (confidentiality, privacy) of the (automated) information provision facilities required for the primary business processes.

The internal risk management and control system was evaluated and a number of improvements were implemented:

- The Internal Audit and Risk Management department was given an additional FTE, primarily for the purpose of conducting regular monitoring meetings that form part of the current risk framework. During the year, a quarterly survey is conducted during which not only the developments of outstanding observations (Internal Audit, Risk Management and External Auditor) are discussed, but also those pertaining to the strategic and tactical risks (top three). The relevant control measures and the implemented mitigating measures are subsequently included in the regular evaluation of the identified risks. This approach improved the discussions and resulted in a dynamic approach. The results were reported to the Executive Board and the Audit Committee.
- In 2016, the merger of Internal Audit and Risk Management was evaluated and it was decided to continue the merger. Internal Audit and Risk Management has a facilitating role in support of the risk analyses. Where necessary, Internal Audit's independent role is safeguarded.
- In 2016, there was coordination between TMG and the Dutch Tax and Customs Administration concerning the evaluation and the existence and operation of the internal control measures relating to the fiscal monitoring performed by TMG.

## Identified strategic risks for 2016 and 2017

For 2016 and 2017, mitigating measures were identified for the most important risks identified during the Strategic Risk Management workshops. The table below included three types of top risks:

- Key risks identified for 2016, as well as 2017;
- New key risks for 2017;

- Key risks for 2016 that are no longer classified as a key risk for 2017.

The risks below are linked to one of the COSO risk categories (strategic, operational, financial and compliance) and to the three strategic objectives. The explanatory notes to the consolidated financial statements include the description, quantification and control of the identified financial risks.

## Key risks 2016 and 2017

### 1. Stability of the IT environment

#### The risk

Insufficient ability to guarantee an unambiguous and stable ICT environment in terms of the continuity of business operations.

- COSO link: **operational**
- Objectives link: **consumer reach**

#### 2016 and 2017 control and other measures

The ICT sourcing policy and architectural principles were recalibrated in 2016 and form the basic principles for the provision of ICT services. In 2016, most of the TMG workstations were replaced by an Apple workstation. As such, the Windows XP workstations and the risks arising from this platform are a thing of the past. The CCI editorial system was put into operation in 2016. The implementation of the CRM/subscription system was deferred to the end of 2017.

An IT Assurance Framework was developed in the context of process management with the objective of providing a supporting guarantee for the reliability, availability and exclusivity of the (automated) information provision facilities required by the primary business processes. The framework is based on international standards, including the ISO 27002 (code for Information Security). Work on the implementation of this framework was started in 2016. This will be continued in 2017 and 2018, with the objective of completing the implementation by the end of 2018.

At the end of 2016, the 'Resourcing Hosting Infrastructure and Data Centres' programme was introduced with the objective of outsourcing the internal hosting to an external party and an external location. In addition, the current internal data centres will be closed or reduced in size. The focal point of the work will be in 2017, with the full disassembly/downscaling of the data centres occurring in the first half of 2018.

In the digital domain, the apps and the web portfolio for virtually all main brands were subject to new development and renewal. In addition, the future architecture will be defined with the objective of safeguarding the technology choices. In 2017, the aim is to create more stable development teams and cooperation with business partners, so that the focus can be placed on optimizing business value.

## 2. Data legislation

### The risk

Insufficient ability to secure data and manage data quality within the applicable laws and regulations.

- COSO link: **compliance**
- Objectives link: **sustainable return**

### 2016 and 2017 control and other measures

As a result of the technical risk assessments conducted in the first half of 2016, the 'Rationalisation of Websites and Domain Names' project was implemented for the purpose of cleaning up the websites and domain names that do not comply with laws and regulations or that contain technical vulnerabilities. In 2017, further steps will be taken in rationalising applications and systems.

In 2016, the organisation acquainted itself with a 'Security Operations Centre' designed to provide insight into and continuously monitor TMG's online threats. The Centre makes it possible to anticipate attacks and to take action to avert these attacks at the earliest possible stage. In 2017, the Centre will structurally be given 2016 control and other measures (actions undertaken throughout 2016) and 2017 control and other measures (actions to be taken in 2017 to manage/mitigate risks) form and substance. At the end of 2016, Box was implemented to store data securely and in a structured way. This significantly reduces the local storage of data and provides TMG with access to an unlimited secure storage capacity with an audit trail.

In addition, in 2016 there was a strong focus on personnel awareness. As part of this initiative, various policy documents were developed, including a renewed information security policy and a data classification policy. In July 2016, the top 50 at TMG attended a privacy awareness training session. In addition, the ICT Service Desk, where any initial reports of a possible data leak may arrive, was trained. The Data Protection Officer (DPO) position was formalised. TMG's cookie wall was standardised and will be rolled out group-wide.

In 2017, further attention will be devoted to business continuity and the requirements to be met by suppliers. In relation to the increased outsourcing of ICT services, the effective coordination of suppliers is becoming increasingly more important. In addition, an e-learning awareness training course will be rolled out and custom training sessions will be given by the DPO to specific employees who often work with data.

### 3. Change in culture

#### The risk

(Innovative) Culture: the insufficient ability to generate the required (innovative) cultural change, norms and values, and leadership.

- COSO link: **strategic**
- Objectives links: **strong brands, improved domain positions** and **sustainable return**

#### 2016 and 2017 control and other measures

Due to coordination with the strategy and the Leadership initiative, preparations for the Culture Project were started up in the fall of 2016. Three success factors were defined with the Human Resources team to charge the central theme 'Entrepreneurship':

1. Be flexible; adopt a flexible attitude and adapt to the continuously changing environment.
2. Give feedback; enter into discussion with each other and support one another's development.
3. Demonstrate ownership; be an active part of the organisation and take responsibility.

The current and desired behaviour has been mapped out for these three factors. In the near future, the desired behaviour will be expressed in the form of success factors. This will subsequently be discussed with the Human Resources Business Partners and an action plan will be developed. One of the first actions is the application of the theme and the success factors in the leadership session to be held at the beginning of 2017. This also represents the operational start of this project.

Through means of various innovative initiatives (for example, OTT) and the presentation of innovative developments, for example during the 24/7 presentation in the fall of 2016 and in January 2017, awareness of the desired and required innovation has increased.

#### 4. Ability to respond to market trends

##### The risk

Insufficient ability to speed up the development and realisation of new business models for the purpose of counteracting the decline in traditional revenues.

- COSO link: **strategic**
- Objectives link: **strong brands and improved domain positions**

##### 2016 and 2017 control and other measures

TMG identified 35 initiatives focused on TMG's brands. A distinction was made between running business initiatives, line extensions and new business initiatives. The brand plans are key in this respect. In 2016, a number of key sites/apps were completed: Telesport.nl; GooienEemlander.nl; Privé magazine app, DFT app. TMG entered into a partnership with Singularity University. Effective 30 September, Radio Veronica, Radio 10, Sky Radio and Radio 538 officially joined forces, resulting in the new Talpa and TMG radio company. The OTT plans were completed and linked to Telegraaf 2.0.

Speeding up the implementation of new initiatives continues to be an area for improvement. To put greater pressure on fast and effective product development, the marketing organisation will be organized differently. The marketing request for advice for this purpose was submitted in Q4. For the already completed initiatives it is evident that in particular capitalising on greater reach and quality reach continues to be an area of focus. There is a need for a dedicated sales team that can sell the new propositions. This will be given substance in the new Sales organisation. Preparations were made for this in Q4.

The 2017 brand plans include current and new initiatives. The brand teams (publisher – editorial board – commerce incl. controlling) collectively prepared their draft plans and presented them to the Management Board. All brand plans and initiatives devote attention to the five strategic TMG themes: OTT/video, data, digital, events, natives. The Executive Board approved the brand plans and the budget estimates in Q4.

Innovation is encouraged within Digital X by engaging in 100-day sprints. This has resulted in various initiatives, such as plans for TMG Games and Speurders.nl that are included in the 2017 budget estimates. Various vision/strategy and conceptual inspiration sessions have been organised. The Talent Programme was initiated in Q3. Innovation and digital development form an important part of this programme.

## New key risk 2017

### 5. Business continuity

#### The risk

Insufficient ability to resume business operations in a timely manner after they are affected or interrupted by unexpected incidents.

- COSO link: **operational**
- Objectives links: **consumer reach** and **sustainable return**

#### 2017 control and other measures

TMG supplies products and services to various stakeholders. To be able to also supply these products and services in the event of emergencies that have a major impact on the (physical) organisation – for example a fire as a result of which the building and the ICT resources are no longer functional – it is important to have a well-organised business continuity management (hereinafter: BCM) function. In 2016, it was decided to re-evaluate and further operationalise the various contingency plans. The objective is to enable processes to continue to operate as 'business as usual' as possible under abnormal circumstances, naturally with due consideration to the human factor.

During 2017, effort will be devoted to the further organisation of the BCM in line with the TMG strategy and organisation. The tasks and responsibilities of the various crisis teams will be described and assigned. Business Impact Analyses will be conducted for the most critical processes. In addition, various scenarios will be evaluated and elaborated. The effects of the BCM measures taken will be tested in the second half of 2017.

## Key risks 2016

### 6. Cost control

#### The risk

Insufficient ability to make costs flexible in areas where competitors are able to do so.

- COSO link: **operational/financial**
- Objectives link: **sustainable return**

#### 2016 control and other measures

Various measures were taken in 2016 in order to control costs, make costs flexible and ultimately reduce them:

- At the beginning of 2016, the reorganisation of the printing facilities was completed, as a result of which part of the printed matter is now outsourced. This included a shift from fixed to variable costs. This provides TMG with the possibility of immediately reducing costs in the event of declining volumes. The aim here is to use the company's own capacity to the maximum possible extent.
- In the 2016 semi-annual report, TMG announced plans to reduce the 2015 cost base by at least 20%. During the investors' day at the end of September 2016, this was further refined to at least € 90 million (excluding the effect of cost increases due to investments in new initiatives or business models). At the same time a number of measures were announced, including a reorganisation and FTE reduction of the Sales department, the centralisation of the activities in Amsterdam, the closure of the Alkmaar office and a reduction in the number of locations, the review of the weekly newspapers portfolio, and the investigation and consideration of the outsourcing/ sourcing of non-core and supporting activities.
- In August 2016, a new Social Plan was agreed upon with the trade unions that in particular provides for supporting employees in finding new work.
- At the end of 2016, a new order system was implemented, which makes it possible to more effectively make purchases at ultimately lower costs than under the existing system, particularly by giving employees better insight into contractual agreements with suppliers and by providing access to the catalogues of preferred suppliers. Furthermore, there are better advance controls over expenditures instead of controls after-the-fact.

During 2016, TMG on multiple occasions consulted with the different works councils and trade unions and included them in the development of the further cost reduction plans in order to create support for these plans.

## 7. Partnerships with external parties

### The risk

Insufficient ability to partner with external parties as a result of which (strategic) projects cannot be realized on time and the results are insufficiently secured.

- COSO link: **strategic/operational**
- Objectives link: **strong brands and improved domain positions**

### 2016 control and other measures

In 2016, a number of strategic partnerships were entered into. An example of this is the partnership with Apple concerning the continued development of an OTT channel on Apple TV.

The transaction with Talpa concerning Sky Radio Group was approved by the Works Council in Q3 and the closing has taken place. The strategic partnership between Talpa and TMG relating to radio, TV and the internet is increasingly taking shape (for example, cooperation in the area of OTT). Other examples of partnerships entered into are: KNRM and Singularity University. Solid progress is also being made in other areas and further preparations are being made in achieving (strategic) partnerships.

The reorganisation of the printing facilities was completed at the beginning of 2016. The most efficient method of outsourcing printed matter and/or parts of the financial administration is now monitored on a continuous basis. This involves a constant consideration between insourcing/retention or outsourcing, with due consideration to the associated costs, including distribution costs.

A separate department will be set up within the new TMG organisation with responsibility for the existing and future TMG participations. The management of, for example, Radio and ProMille Media will take place here.

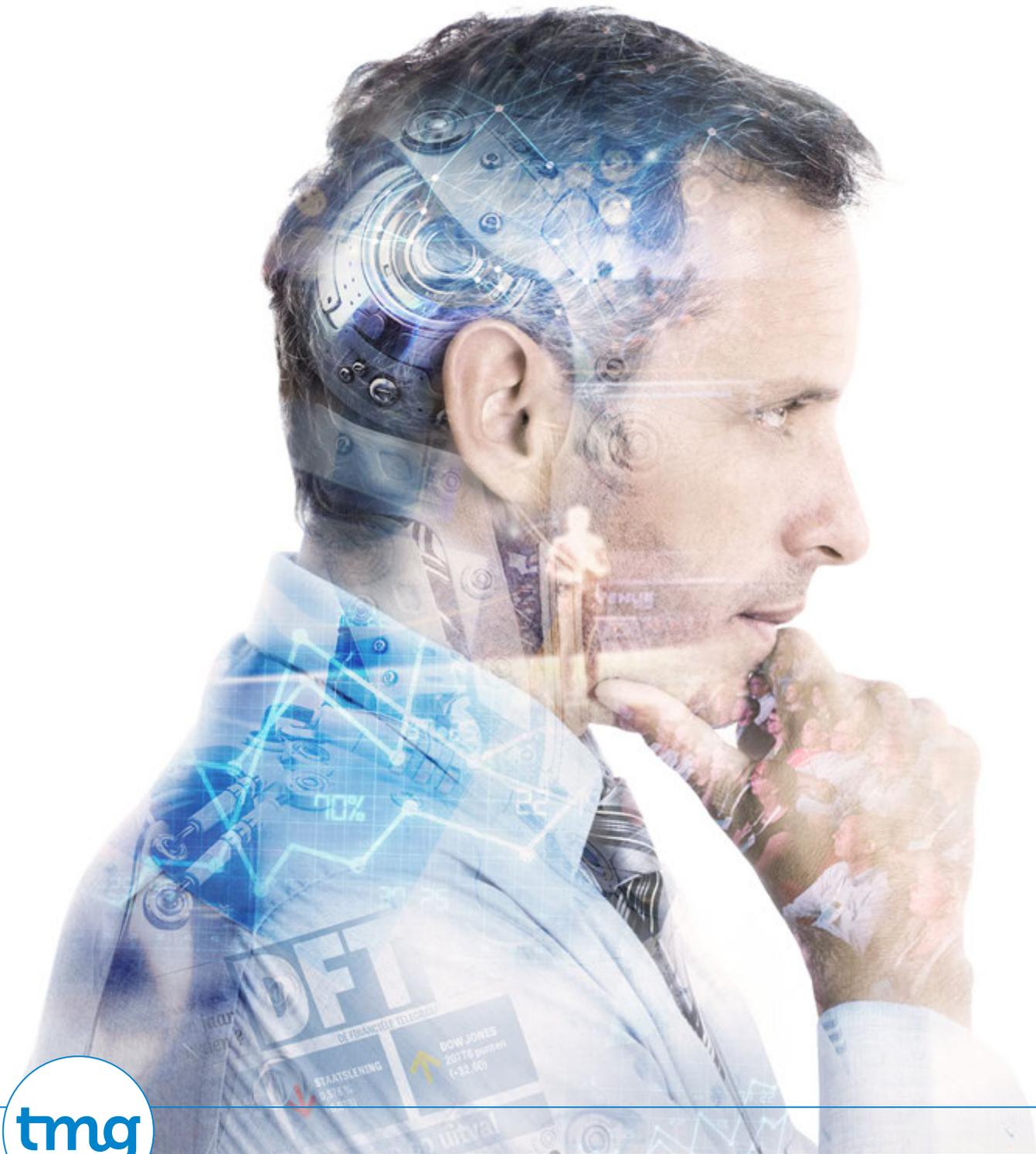
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The Executive Board is aware that it is not possible for any risk management and control system to provide an absolute guarantee for achieving the enterprise's objective, nor can this system prevent errors, fraud or violations of laws and regulations.

## Management letter

Each year, the external auditor reports to TMG's management boards and the Audit Committee on its findings related to the administrative organisation and the internal controls. 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 employees within TMG during the reporting year. Within TMG there are a significant number of manual detective control measures instead of more preventive and automated control measures. While improvements were made in this area during 2016, it will require additional attention in 2017. The above-referenced process and system projects will devote explicit attention to this.

# TMG financial statements 2016



Inspiring and connecting

With around 60 strong brands and a multi-million reach, TMG is particularly able to inform specific target groups, transfer knowledge and connect. Successful events such as the sharing of knowledge by DFT in collaboration with Nyenrode Business University also contribute to this.

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## Consolidated statement of profit or loss

<i>In thousands of euros</i>	Note	2016	2015
<b>Continuing operations</b>			
Revenue	4	<b>420,370</b>	451,409
Other operating income	5	<b>669</b>	999
<b>Total revenue</b>		<b>421,039</b>	452,408
Raw materials and consumables	6	<b>20,732</b>	28,879
Employee benefits	7	<b>175,912</b>	194,756
Depreciation, amortisation and impairment losses	8	<b>17,388</b>	24,460
Other operating expenses	9	<b>215,414</b>	221,055
<b>Total operating expenses</b>		<b>429,446</b>	469,150
<b>Operating result</b>		<b>-8,407</b>	-16,742
Result from associates	10	<b>714</b>	-40
Financial income	10	<b>160</b>	273
Financial expense	10	<b>-903</b>	-1,212
<b>Financial income and expense</b>		<b>-29</b>	-979
<b>Result on continuing operations before tax</b>		<b>-8,436</b>	-17,721
Income tax	11	<b>-2,621</b>	1,907
<b>Result for the year on continuing operations</b>		<b>-5,815</b>	-19,628
<b>Discontinued operations</b>			
Result from discontinued operations after tax	13	<b>7,373</b>	-4,011
<b>Result for the year</b>		<b>1,558</b>	-23,639
<b>Result for the year attributable to:</b>			
Shareholders of Telegraaf Media Groep N.V.		<b>1,558</b>	-22,760
Non-controlling interest		-	-879
<b>Result for the year</b>		<b>1,558</b>	-23,639
<b>Earnings per share</b>			
Result for the year attributable to shareholders of ordinary shares in Telegraaf Media Groep N.V.	24	<b>1,558</b>	-22,760
Weighted average number of ordinary shares	24	<b>46,350,000</b>	46,350,000
Basic and diluted earnings per share from continuing operations (EUR)		<b>-0.13</b>	-0.42
Basic and diluted earnings per share (EUR)		<b>0.03</b>	-0.49

## Consolidated statement of comprehensive income

<i>In thousands of euros</i>	Note	<b>2016</b>	2015
<b>Result for the year</b>		<b>1,558</b>	<b>-23,639</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gains and losses on defined-benefit plans	27	<b>-328</b>	-881
Income tax		<b>96</b>	220
<b>Other comprehensive income for the year, net of income tax</b>		<b>-232</b>	-661
<b>Total comprehensive income for the year</b>		<b>1,326</b>	-24,300
<b>Result attributable to:</b>			
Shareholders of Telegraaf Media Groep N.V.		<b>1,326</b>	-23,421
Non-controlling interests		-	-879
<b>Total comprehensive income for the year</b>		<b>1,326</b>	<b>-24,300</b>

# Consolidated statement of financial position

at 31 December

<i>In thousands of euros</i>	Note	2016	2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	14	181,969	237,432
Property, plant and equipment	15	26,767	49,726
Investments in associates		48,143	24
Deferred tax assets	29	44,636	38,397
Other receivables	17	719	1,077
<b>Total non-current assets</b>		<b>302,234</b>	<b>326,656</b>
<b>Current assets</b>			
Inventories	18	1,175	1,859
Tax assets	12	46	623
Trade and other receivables	19	58,256	73,811
Cash and cash equivalents	20	19,485	42,928
Assets classified as held for sale	21	15,848	62
<b>Total current assets</b>		<b>94,810</b>	<b>119,283</b>
<b>Total assets</b>		<b>397,044</b>	<b>445,939</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital		11,588	11,588
Other reserves		215,797	223,592
<b>Attributable to equity holders Telegraaf Media Groep N.V.</b>	22	<b>227,385</b>	<b>235,180</b>
Non-controlling interests	25	-	-7,974
<b>Total shareholders' equity</b>		<b>227,385</b>	<b>227,206</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	26	-	472
Post-employment benefit liabilities	27	4,722	5,183
Provisions	28	-	216
Deferred tax liabilities	29	10,190	18,023
<b>Total non-current liabilities</b>		<b>14,912</b>	<b>23,894</b>
Interest-bearing loans and borrowings	26	6,200	25,546
Trade and other payables	30	131,593	131,943
Provisions	28	16,113	36,209
Tax payable	12	841	1,141
<b>Total current liabilities</b>		<b>154,747</b>	<b>194,839</b>
<b>Total liabilities</b>		<b>169,659</b>	<b>218,733</b>
<b>Total equity and liabilities</b>		<b>397,044</b>	<b>445,939</b>

## Consolidated statement of cash flows

<i>In thousands of euros</i>	Note	<b>2016</b>	2015
<b>Cash flow from operating activities</b>			
<b>Result for the year</b>		<b>1,558</b>	-23,639
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	15	<b>7,817</b>	9,498
Amortisation of intangible assets	14	<b>7,317</b>	19,143
Impairment losses intangible assets	14	<b>182</b>	-
Impairment losses on property, plant and equipment	8	<b>2,073</b>	6,117
Impairment losses financial assets		-	691
Net financing costs	10	<b>636</b>	1,758
Gain on sale of property, plant and equipment	5	<b>-671</b>	-999
Share of result from investments recognised using the equity method	10	<b>-721</b>	-
Result from associates	13	<b>-4,284</b>	40
Income tax	11	<b>514</b>	841
		<b>14,421</b>	13,450
Movement in inventories		<b>684</b>	4,792
Movement in trade and other receivables		<b>7,534</b>	514
Movement in trade and other payables		<b>2,336</b>	-79
Movement in provisions and post-employment benefits		<b>-21,183</b>	3,362
		<b>3,792</b>	22,039
Interest received		<b>144</b>	244
Interest paid		<b>-736</b>	-923
Income taxes paid		<b>-6,051</b>	-5,048
<b>Net cash from operating activities</b>		<b>-2,851</b>	16,312
<b>Cash flow from investing activities</b>			
Dividends received		<b>1,163</b>	142
Investments in intangible assets	14	<b>-7,043</b>	-3,966
Investments in property, plant and equipment	15	<b>-4,447</b>	-7,640
Acquisition of operations, net of cash acquired	3	<b>58</b>	-
Acquisition of associates		<b>-1,106</b>	-153
Disposals of associates and other financial assets		<b>11</b>	106
Disposals of operations, net of cash disposed of		<b>-3</b>	-
Disposals of intangible assets	14	<b>27</b>	-
Disposals of property, plant and equipment		<b>5,128</b>	1,406
<b>Net cash flow from investing activities</b>		<b>-6,212</b>	-10,105
<b>Cash flow from financing activities</b>			
Dividend paid	23	<b>-7,416</b>	-
Proceeds from borrowings	26	<b>5,000</b>	-
Redemption of borrowings		<b>-6,264</b>	-5,635
Movement in non-controlling interests	22	<b>-5,700</b>	-
<b>Net cash used in financing activities</b>		<b>-14,380</b>	-5,635
<b>Net decrease in cash and cash equivalents</b>		<b>-23,443</b>	572
Cash and cash equivalents as at 1 January		<b>42,928</b>	41,260
Movement in cash and cash equivalents in assets held for sale		-	1,096
<b>Cash and cash equivalents at 31 December</b>		<b>19,485</b>	42,928

## Consolidated statement of changes in equity

Attributable to equity holders of Telegraaf Media  
Groep N.V.

<i>In thousands of euros</i>	Note	Share capital	Other reserves	Total	Non-controlling interests	Total equity
Balance as at 1 January 2015		11,588	247,131	258,719	-8,018	250,701
Result for the year		-	-22,760	-22,760	-879	-23,639
Other comprehensive income for the year, net of income tax		-	-661	-661	-	-661
<b>Total comprehensive income for the year</b>		-	<b>-23,421</b>	<b>-23,421</b>	<b>-879</b>	<b>-24,300</b>
Acquisition of minority interests	25	-	-118	-118	923	805
Change in non-controlling interests		-	-	-	-	-
<b>Balance as at 31 December 2015</b>		<b>11,588</b>	<b>223,592</b>	<b>235,180</b>	<b>-7,974</b>	<b>227,206</b>
<b>Result for the year</b>		-	<b>1,558</b>	<b>1,558</b>	-	<b>1,558</b>
<b>Other comprehensive income for the year, net of income tax</b>		-	<b>-232</b>	<b>-232</b>	-	<b>-232</b>
<b>Total comprehensive income for the year</b>		-	<b>1,326</b>	<b>1,326</b>	-	<b>1,326</b>
<b>Dividends paid to shareholders</b>	23	-	<b>-7,416</b>	<b>-7,416</b>	-	<b>-7,416</b>
<b>Acquisition of minority interests</b>	25	-	<b>-1,705</b>	<b>-1,705</b>	<b>7,974</b>	<b>6,269</b>
<b>Balance as at 31 December 2016</b>		<b>11,588</b>	<b>215,797</b>	<b>227,385</b>	-	<b>227,385</b>

# Notes to the consolidated financial statements

## 1. Accounting policies

### General information

Telegraaf Media Groep N.V. (the Company) has its registered office in Amsterdam, the Netherlands. Its primary activities are the publication of printed media and the operation of, and participation in, digital media and radio. The Company's shares are listed on the NYSE Euronext in Amsterdam.

The Company's consolidated financial statements for the year ended 31 December 2016 incorporate the Company and its subsidiaries (together referred to as TMG), jointly-controlled entities and TMG's interests in associates.

The financial statements have been prepared by the Executive Board. They were signed by the Executive Board and the Supervisory Board on 7 March 2017.

### Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Commission and interpretations of these standards by the IFRS Interpretations Committee (IFRIC).

### Basis of preparation

The financial statements are presented in euros, rounded to the nearest thousand. Following a change in the law, public interest entities are no longer permitted to present an abridged statement of profit or loss in the company financial statements (as previously permitted pursuant to Section 402 of Book 2 of the Netherlands Civil Code). This change has only a small impact given the limited activities within Telegraaf Media Groep N.V.

### Changes in accounting policies

The accounting policies presented in these consolidated financial statements have been applied consistently in 2016 and 2015 except as stated below. Various changes in IFRS standards have been in force since January 2016 and their nature and impact are as follows:

- IAS 19 Employee Benefits – Defined benefit plans: employee contributions, effective for financial statements starting on or after 1 January 2016.
- IAS 16 and IAS 38 Property, plant and equipment and intangible assets – Clarification of acceptable methods of depreciation and amortisation (effective for financial statements starting on or after 1 January 2016).
- IFRS annual improvements cycle 2010-2012 (effective for financial statements starting on or after 1 January 2016).
- IFRS annual improvements cycle 2012-2014 (effective for financial statements starting on or after 1 January 2016).
- IAS 1 Presentation of Financial Statements – Disclosure initiative (effective for financial statements starting on or after 1 January 2016).

The changes do not currently impact TMG's financial position or accounting policies. Where necessary, disclosures and presentation will be amended in accordance with the changes in IFRS.

### Changes in presentation

Certain comparative figures have been restated in line with the current presentation. The revenue categories have been changed compared to 2015 to provide a better view of the revenue per business unit; the comparative figures for 2015 have been restated.

### Critical accounting estimates and judgements

When preparing the financial statements, management made judgements, estimates and assumptions which affect the application of the accounting policies and amounts recognised in the financial statements. The estimates and the related assumptions are based on historical experience and other factors that are believed to be reasonable in the circumstances. The outcomes of these form the basis for the evaluation of the carrying amount of assets and liabilities where this is not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The items where estimates may have a material effect on the amounts recognised are:

- intangible assets (useful life, discount rate and impairment: see [note 14](#));
- property, plant and equipment (useful life and impairment: see [note 15](#));
- investment in associates (measurement at fair value as initial measurement at cost: see [note 16](#));
- trade receivables (impairment: see [note 19](#));
- post-employment benefits (discount rate and growth of obligations: see [note 27](#));
- restructuring provision (amount of severance payments and form of redundancy: see [note 28](#));
- provision for legal disputes (probability and amount: see [note 28](#));
- deferred tax assets and liabilities (rate and term and utilisation of carry-forward losses: see [note 29](#)).

See the note referred to for individual items for the judgements and assumptions made by management when preparing the financial statements.

### Basis of consolidation

The consolidated financial statements incorporate the financial information of TMG and its subsidiaries. The consolidation uses the parent company's accounting policies.

### Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity such that it is exposed, or has rights, to variable returns from its involvement and has the ability to use its power to affect its returns. The financial statements of subsidiaries are incorporated in the consolidated financial statements from the date that control commences until the date that control ceases. Material substantive potential voting rights are taken into account in assessing whether control exists.

Profit and loss and each component of other comprehensive income are attributed to the owners of the subsidiary and its non-controlling interests.

### Joint arrangements

A joint operation is an agreement under which the Company exercises joint control and has rights to the assets and obligations for the liabilities. The following are recognised for joint operations where there is joint control:

- rights to the assets and obligations for the liabilities; and
- associated rights to revenue and obligations for the related expenses.

Joint ventures where joint control is exercised are recognised using the equity method and initially measured at cost. Cost includes transaction costs. Subsequently, the consolidated financial statements recognise the Company's share of the realised and unrealised results using the equity method until there is no further significant influence or joint control. Changes in the value of joint ventures as a result of dilution are recognised through profit or loss as share of result of associates.

### Associates

Associates are those entities over which TMG exercises significant influence, but not individual or joint control, over the financial and operating policies. Subsidiaries and joint arrangements are not associates. The consolidated financial statements include TMG's share of the total result of associates using the equity method from the date that significant influence commences until the date that significant influence ceases. Changes in the value of associates as a result of dilution are recognised through profit or loss as share of result of associates.

Goodwill identified on acquisition is recognised in the carrying amount of the investee net of any accumulated impairment. TMG's consolidated financial statements include its share of the revenue and expenses and equity movements of investees, after adjustment to align the accounting policies with those of TMG. Impairment is recognised immediately through profit or loss. If TMG's

share of losses exceeds its interest in the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that TMG has incurred legal or constructive obligations or made payments on behalf of an associate.

### Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated in proportion to TMG's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. The results of the subsidiaries acquired or disposed of during the financial year are recognised in the consolidated financial statements from or until the share transfer date. If necessary, the figures of subsidiaries are adjusted to align them with the accounting policies with those of TMG.

### Foreign currency

#### Foreign currency transactions

Transactions denominated in foreign currencies are translated into euros at the exchange rate ruling at the date of the transaction.

The statement of financial position consists of monetary and non-monetary items. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the reporting date at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies measured at fair value are translated into euros at the exchange rate ruling at the date the fair value was determined.

#### Assets and liabilities of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the exchange rate ruling at the reporting date. Revenues and expenses of foreign operations are translated into euros at the date of the transaction. Foreign exchange differences arising on translation are recognised directly in a separate component of equity. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to the statement of profit or loss.

### Intangible assets

#### Goodwill

Goodwill represents amounts arising on the acquisition of a subsidiary, associate or joint arrangement.

The consideration for a subsidiary, associate or joint arrangement is equal to the amount paid for the acquisition of the interest. If the consideration is higher than the share of the fair value of the identifiable assets, liabilities and contingent liabilities on the acquisition date, the excess is recognised as goodwill. Goodwill is stated at cost less any accumulated impairment. Goodwill is attributed to cash generating units and is not amortised. Instead, it is tested annually for impairment (see impairment accounting policy). The carrying amount of goodwill for associates and joint arrangements is recognised in the carrying amount of the investee. When an interest in a subsidiary, associate or joint arrangement is disposed of, the corresponding goodwill is included in the determination of the result of the transaction. Negative goodwill that arises during an acquisition is recognised directly in the statement of profit or loss. Acquisitions of non-controlling interests are accounted for as transactions between shareholders within equity and therefore no goodwill is recognised as a result of these transactions.

#### Other intangible assets

Other intangible assets are licences, internally-developed information systems and trademarks and publishing rights with a finite life. The other intangible assets acquired by TMG are measured at cost less accumulated amortisation and impairment (see impairment accounting policy). Expenditure for development activities where the research results are applied to a plan or design

for the production of new or substantially improved products and processes are capitalised if the product or process is technically and commercially feasible and can be separately identified, if the expenses can be measured reliably and if TMG has sufficient resources to complete the development.

The capitalised costs comprise the cost of materials, direct labour and the directly-attributable proportion of overheads. A statutory reserve is formed for the amount capitalised. Other development expenditure is recognised in the statement of profit or loss as an expense when incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment.

### **Subsequent expenditure**

Subsequent expenditure on capitalised intangible assets is recognised in the statement of profit or loss unless it increases the future economic benefits embodied in the specific asset to which it relates. In that case, the costs are capitalised insofar as they increase the economic benefits.

### **Borrowing costs**

Borrowing costs relating to acquisitions or specific internally-developed assets, are capitalised.

### **Amortisation**

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful life of an intangible asset unless such life is indefinite. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

- trademarks and publishing rights 5 - 20 years
- licences 6 years
- software 2 - 5 years

The amortisation method and estimated useful lives are assessed annually.

### **Leases**

Leases under which TMG has substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is initially recognised at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequently, the asset is recognised in accordance with the applicable accounting policy. Other leases are operating leases and the assets are not recognised in TMG's statement of financial position.

## **Property, plant and equipment**

### **Owned assets**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment (see impairment accounting policy). Property, plant and equipment under construction is stated at the cost of the new building, machinery or equipment.

### **Subsequent expenditure**

TMG recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to TMG and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss as an expense when incurred.

### **Borrowing costs**

Borrowing costs relating to acquisitions or specific internally-developed assets, are capitalised.

### **Depreciation**

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

- buildings 8 - 25 years
- machinery and equipment 5 - 10 years
- other assets 3 - 5 years

The depreciation method, estimated useful lives and residual values are assessed annually.

### Investment in associates

On acquisition, an associate is initially recognised at cost (being the fair value when the shares are acquired plus expenses directly attributable to the transaction). Subsequently, associates are recognised using the equity method, under which the carrying amount of the associate is increased or decreased by the share of the result and movement in equity less dividends received from the associate. Any off-balance sheet liabilities relating to associates for which TMG may be held liable are disclosed in the note on off-balance sheet assets and liabilities (note 32).

### Other receivables

Prepaid operating leases comprise the purchased ground rents for the land of the campus in Amsterdam. These are amortised on a straight-line basis over the duration of the leaseholds concerned. Non-current receivables are initially recognised at cost less attributable transaction costs and subsequently measured at amortised cost, with a difference between the cost and the redemption amount using the effective interest method being recognised in the statement of profit or loss over the duration of the receivables.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling expenses. The cost of the inventories is based on the 'first in, first out' (fifo) method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

### Securities

#### Investments in debt and equity instruments

Financial instruments held for trading are classified as current assets and stated at fair value, with any gain or loss recognised in the statement of profit or loss.

If TMG has the positive intent to hold financial instruments to maturity, they are stated at amortised cost less impairment. Other financial instruments held by TMG are classified as being available for sale and are measured at fair value with any resulting gain or loss being recognised in the equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the accumulated gain or loss recognised directly through equity is recognised in the statement of comprehensive income.

### Financial instruments

TMG does not use derivative financial instruments to hedge interest rate risk exposures and does not apply hedge accounting.

### Trade and other receivables

Trade and other receivables are initially recognised at fair value. Subsequently they are recognised at amortised cost less impairment.

### Cash and cash equivalents

Cash comprises cash and bank balances and call deposits.

### Impairment

The carrying amount of TMG's assets is reviewed at each reporting date to determine whether there is an indication of impairment. If such indication exists, the asset's recoverable amount is estimated (see the policy for the calculation of recoverable amount).

The recoverable amount of goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit it belongs to exceeds the recoverable amount.

Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised for cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (or groups of units) and then to reduce the carrying amount of the other assets in the unit (or groups of units) on a pro rata basis.

When a reduction in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of profit or loss, even though the financial asset has been derecognised. The accumulated loss that is recognised in the statement of profit or loss is the difference between cost and the current fair value less any impairment loss on that financial asset previously recognised in the statement of profit or loss.

#### **Calculation of the recoverable amount**

The recoverable amount of TMG's investments in securities held to maturity and receivables measured at amortised cost is calculated as the present value of the expected future cash flows, discounted at the original effective interest rate (i.e. the effective interest calculated at the time when the financial assets were initially recognised). Receivables with a short residual term are not discounted to present value. The recoverable amount of other assets and associates is the higher of realisable value and the value in use. When determining the value in use, the present value of the estimated future cash flows is calculated using a pre-tax discount rate that reflects both the current market valuations of the time value of money and the specific risks related to the asset. The realisable value of an asset that generates no cash receipts which are significantly independent of those of other assets is determined for the cash generating unit to which the asset belongs.

#### **Reversal of impairment**

An impairment loss on a security held to maturity or a receivable carried at amortised cost is reversed if the subsequent increase, after recognising that loss, in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **Equity**

#### **Issued capital**

The issued capital is the nominal amount of shares in issue.

#### **Other reserves**

Other reserves are the accumulated amount of annual comprehensive income attributable to the shareholders and changes in non-controlling interests less dividends distributed.

#### **Non-controlling interests**

Non-controlling interests are the portion of the profit or loss and net assets of a subsidiary attributable to equity interests of third parties. In the event of both a written put and a call option on shares, those shares will be included in TMG's economic interest and not classified as a minority interest. The remaining interest is classified as a liability, based on the most realistic estimate.

### Changes in non-controlling interests

Changes in TMG's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the carrying amount of the non-controlling interest and the transaction price is recognised directly in equity as a transaction between shareholders.

### Repurchase of shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs and net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a separate deduction from equity. The amount received for repurchased shares classified as treasury shares that are sold or reissued subsequently is recognised as an increase in equity and the resulting surplus or deficit on the transaction is transferred to/from retained earnings. Repurchased shares are deducted from issued capital at nominal value and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

### Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less costs relating to the loan or borrowings. Subsequently, interest-bearing loans and borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the loans and borrowings on an effective interest basis.

### Employee benefits

#### Pension plans

TMG has established various pension plans, some administered under its own management through Stichting-Telegraafpensioenfonds 1959 and some placed with external parties such as industry-wide pension funds and insurance companies.

#### a. Defined-benefit plans

TMG's net obligation in respect of defined-benefit plans is calculated separately for each plan by estimating the amount of future entitlements that employees have accrued in return for their service in the current and prior reporting periods. Those entitlements are discounted to determine their present value. Any unrecognised past-service costs and the fair value of plan assets are deducted. The discount rate is the yield at the reporting date on corporate bonds with at least an AA credit rating and maturities approximating to the terms of TMG's obligations. The calculation is performed by a certified actuary using the 'projected unit credit' method.

Actuarial gains and losses that arise when calculating TMG's obligation in respect of a plan, the effect of the changes in the asset ceiling and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position over the expected average remaining service period of the employees who are members of the plan.

Where the calculation results in a gain for TMG, the asset recognised is limited to the net total of any unrecognised actuarial losses and past-service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. If the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of financial position on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of profit or loss. The result ensuing from the curtailment or termination of a defined-benefit plan is recognised in the statement of profit or loss immediately the curtailment or termination exists. The result consists of service costs and net interest expense and/or income. Other movements are recognised in the financial position.

#### b. Defined-contribution plans

Obligations for contributions to defined-contribution plans are recognised as an expense in the statement of profit or loss as incurred. Industry-wide pension funds for which no reliable information is available are treated as defined-contribution plans.

### **c. Long-service schemes**

TMG's employment conditions include a long-service scheme under which employees who reach a certain length of service receive a gross payment. Under IAS 19 'Employee Benefits', a provision has been formed for the liability arising from the long-service scheme. This provision is calculated in the same way as the provision for the defined-benefit pension schemes. Actuarial gains and losses are recognised immediately in the statement of profit or loss. Benefits paid under the long-service scheme during the financial year are charged against the provision. The movement in the provision for the long-service scheme is recognised in the statement of profit or loss.

### **Share-based payments**

Cash-settled share-based payments are a conditional element of remuneration which when granted are subject to the recipient meeting set performance criteria after a period of four years (the performance period). Payment is only made if the recipient is still in employment after the four-year period. A pro-rata grant may be made in certain circumstances if the contract of employment is terminated in the intervening period. The amount payable at the end of the four-year period is estimated at the end of each year and a proportionate amount is charged to profit or loss during the performance period.

### **Provisions**

A provision is recognised in the statement of financial position when TMG has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic assets will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the specific risks related to the liability.

### **Restructuring provision**

A provision for restructuring is recognised when TMG and the works council have agreed a detailed and formalised restructuring plan and the restructuring has either commenced or has been announced publicly and TMG has no possibility of withdrawing the plan. Termination benefits are recognised as an expense when TMG is demonstrably committed to either terminating the employment of current employees and/or job grades. To the extent they can be reliably estimated, benefits falling due more than 12 months after the reporting date are discounted to their present value.

### **Onerous contracts**

TMG recognises a provision for an onerous contract when total contract costs exceed the economic benefits expected to be received from the contract.

### **Trade and other payables**

Trade and other payables are stated at fair value. Subsequent recognition is at amortised cost.

### **Determination of fair value**

A number of TMG's accounting policies and disclosures require the determination of fair value of financial and non-financial assets and liabilities. The following methods are used to determine fair value for measurement and/or disclosure purposes.

### **Intangible assets**

The fair value of publishing rights and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

### **Property, plant and equipment**

The fair value of property, plant and equipment recognised as a result of a business combination is based on market value. The market value of property is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction in which the parties had each acted knowledgeably, prudently and

without compulsion. The market value of items of other plant, equipment, fixtures and fittings is based on the market prices for similar assets.

#### **Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

#### **Derivatives**

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

#### **Assets and liabilities classified as held for sale**

The fair value of assets and liabilities held for sale is based on discounted expected future cash flows or market observations and/or appraisals by a broker used to determine the expected net realisable value.

Further information on the assumptions made when determining fair values is disclosed in the notes to a specific asset or liability.

#### **Revenue**

Revenue excludes value added tax and is after discounts. Revenue from the sale of goods is recognised in the statement of profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue relating to services provided is recognised in the statement of profit or loss in proportion to performance in the financial year. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible returns of goods, or when there is continuing management involvement with the goods.

#### **Barter transactions**

If advertising space or time is exchanged or swapped for advertising space or time of a similar nature, fair value and target audience, such an exchange is not recognised as a revenue-generating transaction. If this condition is not applicable, the exchange will be regarded as a transaction that generates revenue. The amount of the revenue is determined on the basis of the fair value of the goods or services received plus or minus any cash or assets which have been received or paid and that can be converted into cash in the short term.

If the fair value of goods or services received cannot be measured reliably, revenue is determined on the basis of the fair value of the exchanged goods or services plus or minus cash or assets which have been received or paid and that can be converted into cash in the short term.

#### **Government grants**

Government grants are initially recognised in the statement of financial position if received in advance and recognised as income when there is reasonable assurance that they will be received and that TMG will comply with the conditions attached to them. Grants that compensate TMG for expenses are recognised systematically in the statement of profit or loss in the same period the expenses are incurred.

#### **Expenditure**

##### **Lease payments**

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss as an integral part of the total lease expense.

The minimum lease payments for finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic interest rate on

the remaining balance of the liability. Conditional lease payments are incorporated by revising the minimum lease payments over the remaining lease term as soon as the amendment of the lease is confirmed.

### Financial income and expense

The share of result of associates is TMG's share of the total result of an associate for the period in which TMG has significant influence. When determining the share of result of associates, where necessary the associates' accounting policies are brought into line with those of TMG.

A change in the value of a financial instrument through profit or loss is recognised as financial income and expense.

Financial income and expense includes interest payable on borrowings calculated using the effective interest method, interest income on funds invested, dividend income and foreign exchange gains and losses.

Interest income and expense is recognised in the statement of profit or loss using the effective interest method. Dividend income is recognised in the statement of profit or loss when the dividend is declared. Foreign currency gains and losses are reported net. Borrowing costs that are not directly attributable to an acquisition are recognised in the statement of profit or loss using the effective interest method.

### Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or to be settled on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet liability method, forming a provision for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: non-deductible goodwill and the initial recognition of assets or liabilities which affect neither the commercial nor the fiscal profit and differences related to investments in subsidiaries insofar as these are probably not going to be settled in the foreseeable future.

The amount of the provision for deferred tax liabilities is based on the way in which the carrying amount of the assets and liabilities is expected to be realised or settled, using tax rates in force or which had been enacted on the reporting date. A deferred tax liability is measured at nominal value. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets for losses carried forward are recognised only to the extent that it is probable that they can be utilised against future taxable profits.

Deferred tax liabilities and assets are netted if there is a legal entitlement to settle current and deferred tax, the income tax is charged by the same tax authorities and TMG intends to net the amounts.

### Segment reporting

An operating segment is a clearly distinguishable unit of TMG that delivers goods or services or that delivers goods or services with other TMG units. All operating segments' operating results are reviewed regularly by the Executive Board for decision-making on allocating resources. The segment reporting is in line with the internal management reporting.

### Assets classified as held for sale and discontinued operations

Assets classified as held for sale are those relating to an operation to be disposed of if that operation is available for immediate sale and a sale is highly probable. Liabilities related to these assets are classified as liabilities held for sale. Assets are not depreciated

from the time they are classified as held for sale. Assets and liabilities held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Where necessary, external appraisals are used for the valuation. Impairment losses on assets held for sale are recognised in the statement of profit or loss.

A discontinued operation is a component of TMG's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view of resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

### Statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method, distinguishing between operating, investment and financing activities. The cash flow from operating activities is adjusted for items in the statement of profit or loss and movements in items in the statement of financial position that have no effect on the cash flow for the year.

### New accounting standards and interpretations not yet applied

Certain amendments to standards and interpretations are not yet in force and have not been applied in these financial statements. TMG has decided not to apply the following new standards early: IFRS 9 'Financial instruments', IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases'. The impact of these new standards on the TMG's financial statements is set out below:

#### **IFRS 9 'Financial Instruments'**

The impact of IFRS 9 on TMG's financial statements is expected to be very limited mainly because TMG has almost only current receivables and liabilities, does not have complex financial instruments and does not apply hedge accounting.

#### **IFRS 15 'Revenue from contracts with customers'**

TMG started a project with external reporting specialists in 2016 to determine the impact of IFRS 15. The current status is that the revenue categories that will be affected by the implementation of IFRS 15 have been identified. The financial impact and impact on systems will be addressed further during 2017. The greatest impact of IFRS 15 is expected to be on the following revenue categories:

Subscription income:

- TMG uses third-parties to acquire subscribers and pays them a fee for this. Under IFRS 15, the cost of acquiring subscriptions of longer than one year will be capitalised and amortised over the term of the subscription. This will result in phased recognition of the acquisition costs over the term of the subscription and the presentation of these costs as an amortisation charge instead of selling expenses.

Single-copy sales:

- TMG uses various distribution channels, distributors and sales outlets for its print and other products. The arrangements with the distributors and sales outlets may differ in respect of returns, pricing, TMG's influence over the outlets, etc. The changes in assessing the agent/principal classification under IFRS 15 mean that in some cases the distributor or sales outlet will be seen as an agent while under IAS 18 they were treated as principals. This will lead to an increase in revenue from single-copy sales and in selling expenses. There is no effect on the result.

Print and digital advertising revenue:

- Barter transactions: TMG regularly enters into similar barter transactions (advertising space and time for advertising space and time) with third parties. Under current revenue recognition standards, no revenue or expenses are recognised. Under IFRS 15, there will be higher advertising revenue and higher expenses. There is no effect on the result.
- Umbrella contracts: TMG enters into umbrella contracts with large advertisers under which they place advertisements with different brands and across different channels (print, online display, online video, etc.). TMG will have to allocate the contract revenue to the different performance obligations, with performance possibly being delivered at different times. These contracts were still small in volume in 2016 but this type of contract is expected to increase in the coming year.

E-commerce revenue:

- TMG generates revenue through online sales of third-party products ('e-commerce revenue'). The changes in the assessment of the agent/principal classification under IFRS 15 mean that in some transactions TMG will be acting as agent while under IAS 18 it was regarded as the principal. This will lead to a reduction in e-commerce revenue and cost of sales. There is no effect on the result.

#### **IFRS 16 'Leases'**

The impact of IFRS 16 has been examined and will lead to recognition of certain leases on the balance sheet. This applies mainly to a limited number of leased buildings (TMG owns the majority of its buildings), cars and printers.

During its Investor Relations day on 29 September 2016, TMG announced that it was examining the sale and leaseback of the land and buildings on Basisweg. The implementation of IFRS 16 will mean that the lease obligations of the leaseback will be recognised on the statement of financial position under IFRS 16.

## 2. Segment reporting

<i>In thousands of euros</i>	TMG Landelijke Media		TMG Digital	
	2016	2015	2016	2015
<b>Continuing operations</b>				
Revenues from third-party transactions	201,870	222,790	34,988	32,949
Intercompany transactions	-	-	-	-
<b>Total revenue</b>	<b>201,870</b>	<b>222,790</b>	<b>34,988</b>	<b>32,949</b>
Segment result before depreciation, amortisation and impairment losses	52,361	61,171	2,870	2,738
Total depreciation, amortisation and impairment losses	312	1,890	778	2,852
<b>Operating result</b>	<b>52,049</b>	<b>59,281</b>	<b>2,092</b>	<b>-114</b>
Share of result of associates	-	-140	55	100
Financial income	12	11	10	-10
Financial expense	-12	-26	-	-37
Income tax	-7,771	-10,537	651	36
<b>Result for the year on continuing operations</b>	<b>44,278</b>	<b>48,589</b>	<b>2,808</b>	<b>-25</b>
Result from discontinued operations after tax	-	-	-	-
<b>Net result for the year</b>	<b>44,278</b>	<b>48,589</b>	<b>2,808</b>	<b>-25</b>
Segment assets	26,780	31,722	12,100	13,352
Investments in associates	-	24	374	-
<b>Total assets as at 31 December</b>	<b>26,780</b>	<b>31,746</b>	<b>12,474</b>	<b>13,352</b>
Segment liabilities	46,835	57,972	1,511	5,367
<b>Total liabilities as at 31 December</b>	<b>46,835</b>	<b>57,972</b>	<b>1,511</b>	<b>5,367</b>
Segment capital expenditure	172	1,759	260	275
<b>Total capital expenditure</b>	<b>172</b>	<b>1,759</b>	<b>260</b>	<b>275</b>
Restructuring costs	5,420	10,599	323	-
Impairment losses on intangible assets	-	-	-	-
Impairment losses on property, plant and equipment	-	-	-	-
<b>Other material non-cash items</b>	<b>5,420</b>	<b>10,599</b>	<b>323</b>	<b>-</b>
<b>Average number of employees (FTE)</b>	<b>508</b>	<b>583</b>	<b>127</b>	<b>110</b>

### Operating segments

The segment structure was revised with effect from 2016. TMG Digital, which was part of TMG Landelijke Media until 2016, is now managed as a separate segment. In addition, the ICT departments and activities of the various segments have been centralised in the Head Office segment. Sky Radio Group has been held for sale since January 2016 and is no longer presented as a segment. The comparative figures for 2015 have been restated.

TMG comprises the following main operating segments:

**TMG Landelijke Media:** publishing national newspapers, magazines, print-related internet activities and video productions.

**TMG Digital:** business unit combining all primary online platforms and e-commerce activities since 1 January 2016.

**Holland Media Combinatie:** publishing regional newspapers, free door-to-door papers and print-related internet activities.

Holland Media Combinatie		Keesing Media Group		Facilitating services		Headoffice & Other		Total	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>93,148</b>	102,265	<b>72,902</b>	70,922	<b>17,367</b>	22,593	<b>764</b>	889	<b>421,039</b>	452,408
-	-	<b>235</b>	220	<b>66,006</b>	72,633	<b>-66,241</b>	-72,853	-	-
<b>93,148</b>	102,265	<b>73,137</b>	71,142	<b>83,373</b>	95,226	<b>-65,477</b>	-71,964	<b>421,039</b>	452,408
<b>20,263</b>	28,120	<b>21,466</b>	20,614	<b>-36,877</b>	-57,058	<b>-51,102</b>	-47,867	<b>8,981</b>	7,718
<b>2,095</b>	1,246	<b>4,551</b>	4,135	<b>6,207</b>	13,833	<b>3,445</b>	504	<b>17,388</b>	24,460
<b>18,168</b>	26,874	<b>16,915</b>	16,479	<b>-43,084</b>	-70,891	<b>-54,547</b>	-48,371	<b>-8,407</b>	-16,742
-	-	<b>16</b>	-	-	-	<b>643</b>	-	<b>714</b>	-40
-	-	<b>138</b>	269	-	-	-	3	<b>160</b>	273
-	-	<b>-141</b>	-221	<b>-8</b>	-	<b>-742</b>	-928	<b>-903</b>	-1,212
<b>-1,895</b>	-7,760	<b>-4,340</b>	-4,215	<b>13,085</b>	2,061	<b>2,891</b>	18,508	<b>2,621</b>	-1,907
<b>16,273</b>	19,114	<b>12,588</b>	12,312	<b>-30,007</b>	-68,830	<b>-51,755</b>	-30,788	<b>-5,815</b>	-19,628
-	-	-	-	-	-	<b>7,373</b>	-4,011	<b>7,373</b>	-4,011
<b>16,273</b>	19,114	<b>12,588</b>	12,312	<b>-30,007</b>	-68,830	<b>-44,382</b>	-34,799	<b>1,558</b>	-23,639
<b>17,739</b>	21,582	<b>151,262</b>	153,112	<b>51,953</b>	56,745	<b>89,067</b>	169,402	<b>348,901</b>	445,915
-	-	<b>772</b>	-	-	-	<b>46,997</b>	-	<b>48,143</b>	24
<b>17,739</b>	21,582	<b>152,034</b>	153,112	<b>51,953</b>	56,745	<b>136,064</b>	169,402	<b>397,044</b>	445,939
<b>25,629</b>	25,783	<b>33,699</b>	33,921	<b>-2,965</b>	25,030	<b>64,950</b>	70,660	<b>169,659</b>	218,733
<b>25,629</b>	25,783	<b>33,699</b>	33,921	<b>-2,965</b>	25,030	<b>64,950</b>	70,660	<b>169,659</b>	218,733
<b>124</b>	310	<b>1,374</b>	1,259	<b>2,832</b>	5,940	<b>6,728</b>	2,063	<b>11,490</b>	11,606
<b>124</b>	310	<b>1,374</b>	1,259	<b>2,832</b>	5,940	<b>6,728</b>	2,063	<b>11,490</b>	11,606
<b>4,800</b>	665	<b>591</b>	366	<b>-154</b>	17,038	<b>2,046</b>	-1,699	<b>13,026</b>	26,969
<b>141</b>	-	<b>41</b>	-	-	-	-	-	<b>182</b>	-
<b>1,347</b>	-	-	-	<b>726</b>	6,808	-	2	<b>2,073</b>	6,810
<b>6,288</b>	665	<b>632</b>	366	<b>572</b>	23,846	<b>2,046</b>	-1,697	<b>15,281</b>	33,779
<b>431</b>	484	<b>273</b>	270	<b>283</b>	439	<b>168</b>	137	<b>1,790</b>	2,023

**Keesing Media Group:** publishing puzzle booklets in Europe

**Facilitating Services:** activities including the printing and distribution of newspapers and providing office space and related facilities mainly for the TMG Landelijke Media and Holland Media Combinatie segments.

**Head Office and other:** in addition to Classic FM and eliminations, includes the Executive Board, Corporate Communication, Corporate Development, Internal Audit & Risk Management, HRM, ICT and Legal corporate departments.

Segment information is presented for TMG's business and geographical segments. The segment results are based on the organisational management structure used within TMG and the nature of the activities. Results are reported to the Executive Board monthly for decision-making on performance and allocation of resources within the segments. Support activities such as printing

and distribution are reviewed at group level and not allocated to operating segments. The internal allocation of costs was changed in 2015 and the recharging of fixed costs to segments was ended.

Prices for transactions between segments, mainly newspaper printing and distribution costs are set on a commercial and objective basis. A segment's results, assets and liabilities comprise items that can either directly or reasonably be attributed to it. A segment's capital expenditure includes the total cost incurred during the reporting period for the acquisition of assets which are expected to be in use for more than one reporting period.

The decline in revenue and operating profit at TMG Landelijke Media and Holland Media Combinatie was caused mainly by lower print advertising revenue. The increase in revenue at TMG Digital came from growth in e-commerce (GroupDeal.nl). The increase in revenue and operating profit at Keesing Media Group was due to price increases and growth in the number of editions per year. The decline in revenue at Facilitating Services came partly from ending printing for third parties. The fall in operating profit at the Head Office was mainly a result of higher consultancy fees and cost of temporary staff, in part in connection with various cost reduction programmes and investment in new products by the ICT department.

### Geographical segments

The presentation of information based on geographical segments uses the geographical location of the customer for a segment's revenue. A segment's non-current assets are determined from their geographical location.

#### Revenue and non-current assets by geographical area:

<i>In thousands of euros</i>	2016	
	Revenues	Non-current assets <sup>1</sup>
The Netherlands	357,056	213,580
Other countries	63,983	44,018
<b>Total</b>	<b>421,039</b>	<b>257,598</b>

<sup>1</sup> Excluding deferred tax assets.

	2015	
	Revenues	Non-current assets <sup>1</sup>
The Netherlands	389,661	248,223
Other countries	62,747	40,036
<b>Total</b>	<b>452,408</b>	<b>288,259</b>

<sup>1</sup> Excluding deferred tax assets.

Revenue and non-current assets in other countries include 44,385 (2015: 44,211) and 39,106 (2015: 39,924) respectively for puzzle activities in France.

## 3. Business combinations

TMG Landelijke Media B.V. acquired a 100% holding in the activities of International Fashion Week B.V. (IFW) on 28 April 2016. IFW has been consolidated in Telegraaf Media Groep N.V. (TMG) since 1 May 2016 and its operations have also been included in the TMG fiscal unity since that date. The results between 1 January and 1 May have been incorporated in the opening statement of financial position. The acquisition of IFW fits TMG's strategy of providing 24/7 online and offline content to its subscribers, directed by the strong brands in TMG's portfolio.

The initial purchase price of IFW was 500 and goodwill was established at 910. The purchase price will be paid in instalments. Management agreements that have been entered into with two former shareholders include retention bonuses. These bonuses are being recognised in the statement of profit or loss over the period in which they work for IFW and consequently do not form part of the initial purchase price.

## 4. Revenue

<i>In thousands of euros</i>	<b>2016</b>	2015
Print-only subscriptions	<b>61,328</b>	95,409
Combi-subscriptions	<b>114,378</b>	86,394
Digital-only subscriptions	<b>4,003</b>	3,257
<i>B2C - subscriptions</i>	<b>179,709</b>	185,060
Single copy sales	<b>91,771</b>	92,111
Other revenues (E-commerce)	<b>22,761</b>	21,142
<i>B2C- transactions</i>	<b>114,532</b>	113,253
Print advertisements	<b>70,727</b>	89,136
Digital advertisements	<b>28,871</b>	32,643
<i>B2B - advertisements</i>	<b>99,598</b>	121,779
Distribution and printing	<b>17,237</b>	21,404
Other revenues	<b>9,294</b>	9,913
<b>Total</b>	<b>420,370</b>	451,409

The revenue of 420,370 (2015: 451,409) included barter transactions of 2,657 (2015: 3,260). Revenue declined in part due to lower subscription income and advertising revenue.

Subscription income (B2C subscriptions) consists of print-only subscriptions, combined print and digital access subscriptions (and digital-only subscriptions). Many print-only subscriptions for De Telegraaf were converted into combined subscriptions on 1 July 2016. This explains the sharp fall in revenue from print-only subscriptions and the sharp increase in revenue from combined subscriptions.

B2C transactions comprise single-copy sales and other transactions, mainly e-commerce transactions, with consumers. E-commerce revenue is from buying and selling products and services by internet, mainly through GroupDeal.

B2B advertisements are the revenue from print and digital advertising.

The decline in revenue from distribution and printing is mainly attributable to ending commercial printing for third parties following the decision to reduce the number of printing presses from 10 to 4.

Other revenue includes revenue from video-productions, events (including Amsterdam FashionWeek) and the iPad campaign by De Telegraaf.

## 5. Other operating income

<i>In thousands of euros</i>	<b>2016</b>	2015
Gain on sale of property, plant and equipment	<b>669</b>	999
<b>Total</b>	<b>669</b>	999

The gain on sale of property, plant and equipment related to the sale of buildings by TMG Landelijke Media (Haarlem and Utrecht) in 2016 and to the sale of buildings by the Facilitating Services segment in 2015.

## 6. Raw materials and consumables

<i>In thousands of euros</i>	2016	2015
Paper and ink	<b>20,052</b>	27,189
Consumables	<b>680</b>	1,690
<b>Total</b>	<b>20,732</b>	28,879

The decrease in the cost of paper and ink was mainly a result of lower volumes because of the decline in circulation and the ending of commercial printing for third parties.

## 7. Employee benefits

<i>In thousands of euros</i>	Notes	2016	2015
Wages and salaries		<b>105,949</b>	115,364
Compulsory social security contributions		<b>15,919</b>	18,380
Pension costs	27	<b>10,822</b>	9,652
Other employee benefits		<b>30,196</b>	24,391
		<b>162,886</b>	167,787
Restructuring costs	28	<b>13,026</b>	26,969
<b>Total</b>		<b>175,912</b>	194,756

The average number of employees (FTE) was 1,790 (2015: 2,023), of whom 184 (2015: 193) are abroad. Wages and salaries declined mainly due to the outflow of employees as a result of the cost reduction programme. This also reduced the social security contributions.

A one-time release of 2,400 was included in pension costs in 2015 due to the reduction in the reimbursement of medical expenses for pensioners. Ignoring this, there was a reduction in pension costs.

Other employee benefits increased due to higher costs of temporary staff, in part in connection with various cost reduction programmes and the development of new products.

Other employee benefits included 508 for the phantom share plan. See the note [Remuneration of the members of the Executive and Supervisory Boards](#) for more information on this plan. A number of managers joined the plan in 2016 in addition to the Executive Board. 546,679 phantom shares were outstanding at 31 December 2016 (31 December 2015: 135,691) and the liability was 584 (31 December 2015: 76).

Restructuring costs cover both large-scale and individual redundancy plans.

## 8. Depreciation, amortisation and impairment losses

<i>In thousands of euros</i>	Notes	2016	2015
Impairment losses on financial fixed assets		-	827
Reversal of impairment losses financial fixed assets		-	-136
Depreciation	15	<b>7,816</b>	9,036
Impairment losses property, plant and equipment	15	<b>2,073</b>	6,810
Reversal impairment losses property, plant and equipment		-	-693
Amortisation	14	<b>7,317</b>	8,616
Impairment losses intangible assets	14	<b>182</b>	-
<b>Total</b>		<b>17,388</b>	<b>24,460</b>

The impairment losses on financial assets of 827 in 2015 related to prepaid ground rent for a building no longer in use as a result of the restructuring of the printing activities. In 2015, a building that had been out of use since 2012 was returned to service, resulting in a reversal of previously recognised impairment losses of 693 on property, plant and equipment and 136 on financial assets.

An impairment loss on property, plant and equipment was recognised in 2016 to reduce properties held for sale to their lower realisable value less costs to sell. The lower realisable value was based on bids received in 2016. In 2015, the impairment loss related to machinery, printing presses and buildings of Facilitating Services as a result of the restructuring of the printing activities.

The impairment losses on intangible assets related mainly to a write down of the Dichtbij.nl brand as a result of the cessation of operations.

## 9. Other operating expenses

<i>In thousands of euros</i>	2016	2015
Transport and distribution costs	<b>65,658</b>	70,400
Subcontracted work and technical production costs	<b>41,260</b>	32,840
Selling costs	<b>20,129</b>	22,788
Editorial costs	<b>16,594</b>	16,293
Cost of e-commerce goods sold	<b>15,183</b>	13,335
Impairment of trade receivables	<b>588</b>	1,071
ICT costs	<b>20,222</b>	21,568
Accommodation	<b>8,481</b>	10,223
Other operating expenses	<b>27,299</b>	32,537
<b>Total</b>	<b>215,414</b>	<b>221,055</b>

Transport and distribution costs fell in 2016 as a result of lower average circulation of De Telegraaf and the regional newspapers, partly because of changes to the portfolio (closing the Sunday newspaper in 2015 and ending publication in Rotterdam).

Subcontracted work and technical production costs rose in 2016 as a result of subcontracting printing to third parties. TMG reduced the number of printing presses from 10 to 4 in 2016 and subcontracted some printing. Other operating expenses fell mainly due to movements in the provision for legal disputes.

## 10. Financial income and expense

<i>In thousands of euros</i>	2016	2015
<b>Result from associates</b>		
Share of result from associates	721	-
Other results of associates	-7	-40
<b>Result from associates</b>	<b>714</b>	<b>-40</b>
<b>Financial income</b>	<b>160</b>	273
<b>Financial expenses</b>	<b>-903</b>	-1,212
<b>Total</b>	<b>-29</b>	<b>-979</b>

The share of the result of associates related mainly to TMG's share of the result of Radio Newco B.V. in the fourth quarter of 2016.

## 11. Income tax

<i>In thousands of euros</i>	Notes	2016	2015
<b>Current tax</b>			
Current year		5,916	3,435
Prior-year adjustments		-304	-2,010
<b>Deferred tax</b>			
Prior-year adjustments	29	-683	5,316
Foreign tax rate adjustment	29	-625	-
Origination and reversal of temporary differences	29	-3,886	-6,120
<b>Total income tax</b>		<b>418</b>	<b>621</b>
<b>Of which:</b>			
Income tax recognised in the consolidated income statement		-2,621	1,907
Income tax on other results		-96	-220
<b>Income tax on continuing operations</b>		<b>-2,717</b>	1,687
Income tax on discontinued operations	13	1,436	-1,066
Income tax on sale of discontinued operations	13	1,699	-
<b>Income tax on discontinued operations</b>		<b>3,135</b>	-1,066
<b>Total income tax</b>		<b>418</b>	<b>621</b>

	2016	2015
Result before tax	-8,436	-17,721
Loss on sale from discontinued operations before tax	-328	-881
<b>Result for the calculation of income tax</b>	<b>-8,764</b>	<b>-18,602</b>
<b>Tax rate in the Netherlands</b>	<b>25.0%</b>	25.0%
Income tax based on Dutch tax rate	-2,191	-4,651
Effect of foreign tax rates	797	-1,320
Non-taxable profit	-250	-170
Non-deductible expenses	100	57
Results of non-resident associates not exempt from income tax	-	2,198
Write-off of pre-consolidation losses	-	3,046
Results of associates exempt from income tax	-178	-153
Unrecognised losses carried forward	11	26
Liquidation loss	-	-263
Gain from unrecognised losses carried forward	-81	-
Tax facilities	-61	-184
Prior-year adjustments	-864	3,101
<b>Income tax on continued operations</b>	<b>-2,717</b>	<b>1,687</b>

Prior-year adjustments in 2016 were differences between the returns to 2015 and the tax computed in the relevant financial statements. The adjustment recognised in 2016 mainly concerned liquidation losses on the participating interests in Cyprus not recognised in the 2015 financial statements.

Prior-year adjustments in 2015 related mainly to the participation exemption for a non-resident participating interest. The tax on its result amounted to 2,198 in 2015. In addition, recoverable pre-consolidation losses relating to Dichtbij.nl were impaired in 2015. It is no longer thought that these losses can be utilised within the period available for set off as a result of the restructuring of Dichtbij.nl in 2015.

#### Reconciliation of the effective tax rate

The effective tax rate on the result on all activities was 31.0% in 2016 (2015: -9.1%). The relationship between the tax rate in the Netherlands and the effective tax rate on income from total operations is as follows:

<i>In percentages</i>	2016	2015
Tax rate in the Netherlands	25.0	25.0
<b>Tax effects of:</b>		
Different rates	-9.1	7.1
Tax on share of results of associates	-	-11.8
Tax-exempt results and non-deductible costs	5.2	2.3
Liquidation loss	-	1.4
Write-off of pre-consolidation losses	-	-16.4
Prior-year adjustments	9.9	-16.7
<b>Effective tax rate</b>	<b>31.0</b>	<b>-9.1</b>

## 12. Current tax assets and liabilities

At year-end 2016, income tax of 46 was recoverable for the current and previous reporting periods (2015: 623). The current tax liability of 841 (2015: 1,141) related to the income tax payable for the current and previous years after deduction of prepayments. Both sums related at year-end 2016 to non-resident associates.

## 13. Discontinued operations

On 15 January 2016, TMG and Talpa agreed a comprehensive alliance which included combining radio activities. Under this, TMG sold Sky Radio Group (SRG) to Radio Newco B.V. and received a 22.85% holding in Radio Newco B.V. in exchange. See the note on investments in associates for further information.

<i>In thousands of euros</i>	<b>1/1-30/9 2016</b>	1/1-31/12 2015
<b>Result from discontinued operations</b>		
<b>Total revenue</b>	<b>19,892</b>	29,924
Wages and salaries	<b>3,496</b>	5,235
Social security contributions and pension costs	<b>882</b>	1,220
Other personnel costs	<b>218</b>	629
Other employee benefits	<b>179</b>	203
Amortisation	-	10,527
Depreciation	-	464
Other operating expenses	<b>9,007</b>	15,905
<b>Total operating expenses</b>	<b>13,782</b>	34,183
<b>Operating result from discontinued operations</b>	<b>6,110</b>	-4,259
Financial income and expense	<b>107</b>	-818
Income tax	<b>1,436</b>	-1,066
<b>Result on discontinued operations after taxes</b>	<b>4,781</b>	-4,011
Gain on sale of discontinued operations	<b>4,291</b>	-
Income tax on gain on sale of discontinued operations	<b>1,699</b>	-
<b>Result for the year</b>	<b>7,373</b>	-4,011
Average number of employees (FTE)	<b>86</b>	93
Basic and diluted earnings per share from discontinued operations (EUR)	<b>0.16</b>	-0.09
<b>Cash flows from discontinued operations</b>		
Cash flows from operating activities	<b>752</b>	631
Cash flows from investing activities	<b>-36</b>	-375
Cash flows from financing activities	<b>-4,286</b>	-4,524
<b>Net cash flow from discontinued operations</b>	<b>-3,570</b>	-4,268

From the time the decision was taken to sell the Sky Radio Group, its assets and liabilities were classified as assets and liabilities held for sale (see note 21) and amortisation and depreciation ceased. The book profit on the sale of Sky Radio Group comprised the transaction costs and the fair value of the rights and obligations (318) remaining with TMG, as agreed on the sale, including settlement of the dispute on the value of the Radio Veronica FM licence. The income tax of 1,699 on the book profit was a tax charge for the adjustment of the value of the Radio Veronica licence.

The net cash flow from financing activities related mainly to the payment for the Sky Radio licence.

<i>In thousands of euros</i>	<b>2016</b>	2015
Intangible assets	<b>55,890</b>	-
Property, plant and Equipment	<b>1,957</b>	-
Taks recievables	<b>715</b>	-
Trade and other receivables	<b>4,755</b>	-
Cash and cash equivalents	<b>3</b>	-
Deferred tax liabilities	<b>-8,878</b>	-
Interest-bearing loans and borrowings	<b>-7,215</b>	-
Accounts payables and other current liabilities	<b>-4,811</b>	-
<b>Total assets and liabilities</b>	<b>42,416</b>	0
Amounts to be paid	<b>46,707</b>	-
<b>Loss on disposal of discontinued operations</b>	<b>4,291</b>	-
<b>Cashflow from of sold activities</b>		
Cash disposed of	<b>-3</b>	-
<b>Net cash outflows</b>	<b>-3</b>	0

## 14. Intangible assets

<i>In thousands of euros</i>	Notes	Trade names and publishing rights	Licences	Goodwill	Software	Assets under construction	Total
Cost		107,669	46,111	250,679	52,866	1,315	458,640
Accumulated amortisation		42,358	25,543	4,471	42,098	-	114,470
Impairment		1,998	-	90,738	2,003	-	94,739
<b>Carrying amount at 1 January 2015</b>		<b>63,313</b>	<b>20,568</b>	<b>155,470</b>	<b>8,765</b>	<b>1,315</b>	<b>249,431</b>
Additions		-	-	-	796	3,170	3,966
Disposals		-	-	-	-18	-8	-26
Reclassification from assets held for sale		868	-	1,386	950	-	3,204
Amortisation	8,13	-6,785	-7,663	-	-4,695	-	-19,143
Assets under construction taken into use		-	-	-	2,136	-2,136	-
<b>Total movements</b>		<b>-5,917</b>	<b>-7,663</b>	<b>1,386</b>	<b>-831</b>	<b>1,026</b>	<b>-11,999</b>
Cost		113,622	46,111	252,065	53,939	2,341	468,078
Accumulated amortisation		54,228	33,206	4,471	44,002	-	135,907
Impairment		1,998	-	90,738	2,003	-	94,739
<b>Carrying amount at 1 January 2016</b>		<b>57,396</b>	<b>12,905</b>	<b>156,856</b>	<b>7,934</b>	<b>2,341</b>	<b>237,432</b>
<b>Additions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,164</b>	<b>5,879</b>	<b>7,043</b>
<b>Disposals</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-14</b>	<b>-13</b>	<b>-27</b>
<b>Held for sale</b>	21	<b>-29,264</b>	<b>-12,905</b>	<b>-13,665</b>	<b>-56</b>	<b>-</b>	<b>-55,890</b>
<b>Reclassification</b>		<b>37</b>	<b>-</b>	<b>-</b>	<b>-37</b>	<b>-</b>	<b>-</b>
<b>Acquired in business combinations</b>	3	<b>-</b>	<b>-</b>	<b>910</b>	<b>-</b>	<b>-</b>	<b>910</b>
<b>Amortisation</b>	8	<b>-2,871</b>	<b>-</b>	<b>-</b>	<b>-4,446</b>	<b>-</b>	<b>-7,317</b>
<b>Impairment</b>	8,13	<b>-141</b>	<b>-</b>	<b>-41</b>	<b>-</b>	<b>-</b>	<b>-182</b>
<b>Assets under construction taken in use</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6,290</b>	<b>-6,290</b>	<b>-</b>
<b>Total movements</b>		<b>-32,239</b>	<b>-12,905</b>	<b>-12,796</b>	<b>2,901</b>	<b>-424</b>	<b>-55,463</b>
<b>Cost</b>		<b>70,899</b>	<b>-</b>	<b>154,402</b>	<b>50,665</b>	<b>1,917</b>	<b>277,883</b>
<b>Accumulated amortisation</b>		<b>43,603</b>	<b>-</b>	<b>4,471</b>	<b>37,827</b>	<b>-</b>	<b>85,901</b>
<b>Impairment</b>		<b>2,139</b>	<b>-</b>	<b>5,871</b>	<b>2,003</b>	<b>-</b>	<b>10,013</b>
<b>Carrying amount at 31 December 2016</b>		<b>25,157</b>	<b>-</b>	<b>144,060</b>	<b>10,835</b>	<b>1,917</b>	<b>181,969</b>

The segment structure was revised with effect from 2016. TMG Digital, which was part of TMG Landelijke Media until 2016, is now managed as a separate segment. The goodwill relating to these digital activities was allocated to the new segment in 2016. The comparative figures for 2015 have been restated.

Trademarks and publishing rights include acquired trademarks and publishing rights of Keesing Media Group. Given the strong relationship between trademarks and publishing rights, these items are not presented separately. The amortisation period of trademarks and publishing rights ranges from 5 to 20 years.

Goodwill arose mainly on acquisitions, in particular of Keesing Media Group (91,160). In addition, 12,000 relates to synergy effects resulting from acquisitions at De Telegraaf Drukkerij Groep. Goodwill is assumed to have indefinite life and is therefore not amortised.

The cost and accumulated amortisation of intangible assets fell in 2016 as a result of the reclassification of Sky Radio Group's operations as held for sale in January 2016. The carrying amount of the intangible assets at that time was 55,890. This asset has not been amortised since reclassification.

182 was written down during 2016, mainly on the Dichtbij.nl brand which ceased operations in 2016.

Additions include information systems at TMG Landelijke Media and Head Office of which 1,001 were developed in-house. Sub-projects were still under construction on the reporting date. The information systems will be taken in use in 2017.

### Impairment test

For the impairment test, intangible assets are allocated to segments, being the lowest level within TMG at which goodwill is monitored by the internal organisation, or a lower level within a segment at which goodwill is monitored.

The total carrying amount of intangible assets attributed to the groups of cash-generating units at 31 December 2016 and 2015 was as follows:

#### Intangible assets

<i>In thousands of euros</i>	2016	2015
TMG Landelijke Media	18,575	20,987
Holland Media Combinatie	12,552	13,166
TMG Digital	10,856	11,423
Facilitating services	12,000	12,000
Sky Radio Group	-	54,631
Keesing Media Group	118,594	121,509
Head Office	9,392	3,716
<b>Total</b>	<b>181,969</b>	<b>237,432</b>

#### Goodwill

<i>In thousands of euros</i>	2016	2015
TMG Landelijke Media	18,169	17,259
Holland Media Combinatie	12,452	12,452
TMG Digital	10,262	10,262
Facilitating services	12,000	12,000
Sky Radio Group	-	12,421
Keesing Media Group	91,160	91,201
Head Office	17	1,261
<b>Total</b>	<b>144,060</b>	<b>156,856</b>

The recoverable amount of the cash-generating units is based on the value in use calculation. The cash-generating units are based on operating segments within TMG. Cash flow projections used in the calculation are based on actual operating results and cash flow forecasts, the 2017 budget and the long-term plans up to and including 2019. This is consistent with previous years. The cash flows are based on EBITDA, expected capital expenditure and movements in net working capital. Cash flows after 2019, which are extrapolated on the basis of 0% growth (2015: 0%), are based on economic life. Since Facilitating Services and the Head Office support the other segments, their assets and future cash flows are allocated to the other segments.

The forecast cash flows are discounted using a pre-tax discount rate (WACC) of 9.5% (2015: 8.6%). The discount rate and growth factors are determined on the basis of the interest rate and risk profile for TMG as a whole. These assumptions have been applied

to all cash-generating units at TMG. The values assigned to the key assumptions represent management's assessment of future trends in the media industry and are based on both internal and external sources (historical data). A modification in assumptions and estimates could have consequences for the recoverable amount and expected economic life of an asset and affect the statement of profit or loss.

A 1% increase in WACC has no effect on impairment of any segment. The recoverable amount of a segment is equal to the carrying amount at the following WACC: TMG Landelijke Media 31% (2015: 63%), Holland Media Combinatie >100% (2015: 54%), TMG Digital 56% (2015: n/a) and Keesing Media Group 18% (2015: 12%). Furthermore, the recoverable amount is equal to the carrying amount at the following negative growth rates for cash flows after 2018: TMG Landelijke Media -32% (2015: > -100%) and Keesing Media Group -11% (2015: -5.2%). The recoverable amount for the TMG Digital and Holland Media Combinatie segments is equal to the carrying amount at negative growth rates exceeding 100%.

## 15. Property, plant and equipment

<i>In thousands of euros</i>	Notes	Land and buildings	Machines and installations	Other tangible fixed assets	Assets under construction	Total
Cost		169,025	190,743	45,319	2,909	407,996
Accumulated depreciation		138,937	162,347	38,520	-	339,804
Impairment		2,174	5,035	2,880	-	10,089
<b>Carrying amount at 1 January 2015</b>		<b>27,914</b>	<b>23,361</b>	<b>3,919</b>	<b>2,909</b>	<b>58,103</b>
Additions		457	73	1,321	5,789	7,640
Disposals		-88	-241	-11	-	-340
Reclassifications		-321	-	321	-	-
Held for sale		-62	-	-	-	-62
Depreciation	8,13	-3,543	-4,341	-1,614	-	-9,498
Impairment losses		-566	-6,244	-	-	-6,810
Reversal of impairment losses		693	-	-	-	693
Assets under construction taken into use		1,094	6,700	42	-7,836	-
<b>Total movements</b>		<b>-2,336</b>	<b>-4,053</b>	<b>59</b>	<b>-2,047</b>	<b>-8,377</b>
Cost		165,408	196,927	38,698	862	401,895
Accumulated depreciation		137,783	166,340	31,840	-	335,963
Impairment		2,047	11,279	2,880	-	16,206
<b>Carrying amount at 1 January 2016</b>		<b>25,578</b>	<b>19,308</b>	<b>3,978</b>	<b>862</b>	<b>49,726</b>
<b>Additions</b>		<b>148</b>	<b>23</b>	<b>1,478</b>	<b>2,798</b>	<b>4,447</b>
<b>Acquired in business combinations</b>	3	-	-	2	-	2
<b>Disposals</b>		-	-5	-47	-	-52
<b>Reclassifications</b>		<b>432</b>	<b>-432</b>	-	-	-
<b>Held for sale</b>	21	<b>-15,836</b>	<b>-474</b>	<b>-1,157</b>	-	<b>-17,467</b>
<b>Depreciation</b>	8	<b>-3,128</b>	<b>-2,994</b>	<b>-1,694</b>	-	<b>-7,816</b>
<b>Impairment losses</b>		<b>-2,073</b>	-	-	-	<b>-2,073</b>
<b>Assets under construction taken into use</b>		<b>670</b>	<b>1,987</b>	<b>383</b>	<b>-3,040</b>	-
<b>Total movements</b>		<b>-19,787</b>	<b>-1,895</b>	<b>-1,035</b>	<b>-242</b>	<b>-22,959</b>
<b>Cost</b>		<b>72,541</b>	<b>132,339</b>	<b>18,256</b>	<b>620</b>	<b>223,756</b>
<b>Accumulated depreciation</b>		<b>62,630</b>	<b>103,647</b>	<b>12,433</b>	-	<b>178,710</b>
<b>Impairment</b>		<b>4,120</b>	<b>11,279</b>	<b>2,880</b>	-	<b>18,279</b>
<b>Carrying amount at 31 December 2016</b>		<b>5,791</b>	<b>17,413</b>	<b>2,943</b>	<b>620</b>	<b>26,767</b>

Property, plant and equipment consists of land and buildings, machinery and equipment of the printing facility and other equipment. The carrying amount is the fair value.

### Reclassification as held for sale and impairment losses

At the end of 2016 it was decided to hold the office buildings and car park in Amsterdam for sale along with certain regional properties of Holland Media Combinatie (in total 15,510). At that time, there was an appraisal of the expected proceeds less costs to sell. This led to impairment of certain properties (2,073).

The carrying amount of Sky Radio Group's property, plant and equipment was 1,957 at the time of the decision to sell in January 2016. Since then these assets have not been depreciated.

Impairment losses in 2015 related mainly to the production capacity of printing facilities. The impairment was a result of the decision to reduce the number of printing presses in the printing plant in Amsterdam from seven to four. The presses were impaired to net realisable value less costs to sell. The net realisable value was based on an appraisal by an independent expert based in particular on the values of similar assets.

The reversal of impairment losses in 2015 related to a building that was out of use and brought back into operation in 2015.

### Assets under construction

Assets under construction mainly concern the renovation of the main hall of the office building in Amsterdam. This project will be completed in 2017.

## 16. Investments in associates

<i>In percentages</i>	Registered office	2016	2015
<b>Holding at 31 December</b>			
Radio Newco B.V.	Hilversum	<b>22.0%</b>	0.0%
Eye to Eye Puzzles Ltd	London	<b>39.3%</b>	0.0%
Latlong B.V.	Amsterdam	<b>20.4%</b>	0.0%
Autowereld B.V.	Amsterdam	<b>35.0%</b>	35.0%
Dutch Creative Industry Fund B.V.	Amsterdam	<b>28.6%</b>	28.6%

<i>In thousands of euros</i>	Notes	2016	2015
<b>Carrying amount at 1 January</b>		<b>24</b>	<b>159</b>
Additions		<b>46,615</b>	121
Earn-out		<b>1,946</b>	-
Disposals		-	- 114
Share of result	10	<b>721</b>	-
Dividend received		<b>- 1,163</b>	- 142
<b>Carrying amount at 31 December</b>		<b>48,143</b>	<b>24</b>

<i>In thousands of euros</i>	2016	2015
<b>Carrying amount at 31 December</b>		
Radio Newco B.V.	45,051	-
Radio Newco B.V. earn-out	1,946	-
Eye to Eye Puzzles Ltd	772	-
Latlong B.V.	350	-
Autowereld B.V.	24	24
<b>Total</b>	<b>48,143</b>	<b>24</b>

The main addition in 2016 was the acquisition of a 22.85% holding in Radio Newco B.V. at 30 September 2016 in exchange for a contribution in the form of the shares in Sky Radio Group. The initial valuation of 45,509 was the fair value of the holding in Radio Newco B.V. (including purchase costs to the amount of 1,066) determined using a present value calculation of its future cash flows, applying a WACC of 10.2%. The valuation was supported by valuation specialists. Following the acquisition, there was a dilution of 0.85% in TMG's holding as a result of Radio Newco B.V. partly funding an acquisition with shares. The share of the result of this associate was 642 for the period from 30 September to the end of the financial year. After receipt of a dividend of 1,100, a carrying amount of 45,051 remained at year-end 2016.

Specific arrangements on an earn-out for TMG were agreed when the shares in Sky Radio Group were contributed to Radio Newco B.V. These resulted in an additional holding of 1% for TMG, representing a value of 1,946. Consequently, TMG's holding in Radio Newco B.V. was increased to 23% at the start of 2017.

In 2016, Keesing Media Group acquired a 39.3% holding in Eye to Eye Puzzles Ltd, a company that publishes puzzle booklets in the United Kingdom. The investment was 756; the share of the result for 2016 was 16.

Loss-making associates are measured at nil. All results of associates are recognised in the consolidated statement of profit or loss.

## 17. Other receivables

<i>In thousands of euros</i>	2016	2015
Prepaid operating leases	528	868
Non-current receivables	191	209
<b>Total</b>	<b>719</b>	<b>1,077</b>

Prepaid operating leases related to prepaid ground rent on the buildings in Amsterdam. This item decreased in 2016 mainly due to reclassification as held for sale.

## 18. Inventories

<i>In thousands of euros</i>	2016	2015
Raw materials	521	1,173
Consumables	210	263
Other	444	423
<b>Total</b>	<b>1,175</b>	<b>1,859</b>

The further decline in the stock of raw materials was due to the stricter stock control involving smaller quantities being ordered more frequently.

## 19. Trade and other receivables

<i>In thousands of euros</i>	2016	2015
Trade receivables	42,093	49,639
Other receivables	980	7,531
Prepayments and accrued income	15,183	16,641
<b>Total</b>	<b>58,256</b>	<b>73,811</b>

The reduction in trade receivables was directly related to the fall in revenue in the year. Trade receivables are shown net of impairment losses. During the current year, these losses amounted to 588 (2015: 1,071) and related to doubtful receivables. For more information see the note [Financial risk management](#).

Other receivables at 31 December 2015 included a receivable of 4,450 relating to the sale of a building.

### Fair value

The nominal value is considered to reflect the fair value of current receivables which fall due within one year.

## 20. Cash and cash equivalents

<i>In thousands of euros</i>	<b>2016</b>	2015
Bank	<b>19,485</b>	42,928
<b>Total</b>	<b>19,485</b>	42,928

With the exception of issued bank guarantees as disclosed in [note 34](#), bank balances are freely available. The fair value is regarded as being equal to the nominal value.

## 21. Assets and liabilities held for sale

<i>In thousands of euros</i>	<b>2016</b>	2015
<b>Assets at the beginning of the year</b>	<b>62</b>	8,806
Assets of the Sky Radio Group segment	<b>63,320</b>	-
Buildings of Facilitating Services and Holland Media Combination	<b>15,510</b>	62
Long-leases of buildings of Facilitating Services and Holland Media Combination	<b>276</b>	-
Sale of buildings not in use	-	-4,227
Reversal of Relatieplanet to assets in use	-	-4,579
Sale of Sky Radio Group segment	13	<b>-63,320</b>
<b>Assets at the end of the year</b>	<b>15,848</b>	62
<b>Liabilities at 1 January</b>	-	916
Liabilities of the Sky Radio Group segment	<b>20,904</b>	-
Reversal of Relatieplanet to continuing operations	-	-916
Sale of Sky Radio Group segment	13	<b>-20,904</b>
<b>Liability at 31 December</b>	-	-

Assets held for sale were 15,848 (2015: 62) in 2016 and related to printing presses, several regional business premises of Holland Media Combinatie (mainly Alkmaar) and the office building in Amsterdam. At year-end 2016, a sales plan was drawn up for the premises and an agent was engaged. The intention is to lease the office building in Amsterdam back after the sale.

Certain buildings of Facilitating Services were sold at the end of 2015.

Relatieplanet.nl had been classified as held for sale from 2013 but was reclassified to continuing operations in 2015 following the decision not to sell it but to include its operations in TMG Digital.

## 22. Equity

### Issued capital

At 31 December 2016, the authorised share capital comprised 99,999,040 ordinary shares, 100,000,000 preference shares and 960 priority shares, which were issued and paid up as follows:

<i>Number of shares</i>	<b>2016/2015</b>	
	<b>Authorised share capital</b>	<b>Issued and paid-up</b>
<b>In issue as at 31 December:</b>		
Ordinary shares	<b>99,999,040</b>	<b>46,350,000</b>
Preference shares	<b>100,000,000</b>	<b>-</b>
Priority shares	<b>960</b>	<b>960</b>

All shares have been paid up and have a nominal value of €0.25 each. No preference shares have been issued.

The holders of priority shares receive a dividend of 5% of the nominal amount of the shares. The remaining profit is at the disposal of the meeting of shareholders.

The holders of ordinary shares and priority shares are entitled to cast one vote per share during the meeting. Each TMG shareholder may attend and vote at meetings of shareholders. A summary of the statutory and articles of association provisions relating to the appropriation of profit and other rights under the articles of association attaching to the ordinary shares, priority shares and preference shares is included under [Other information](#).

Stichting Beheer van Prioriteitsaandelen Telegraaf Media Groep N.V. has granted the right to issue TMG preference shares to Stichting Preferente Aandelen Telegraaf Media Groep N.V. Stichting Preferente Aandelen Telegraaf Media Groep N.V. manages the call option granted on the preference shares. At present, no preference shares have been issued. The provisions in the articles of association governing the income on the preference shares are in line with the market. The option to issue preference shares is valued at nil.

### Treasury shares

TMG owned no repurchased ordinary shares at year-end 2016 and 2015.

## 23. Dividend

During the year, TMG paid a dividend of €0.16 per share or depositary receipt from other reserves (2015: nil). A total of 7,416 was distributed.

The profit of 1,558 for the financial year 2016 is at the disposal of the General Meeting of Shareholders. It is not proposed that a dividend should be distributed given the reduction in the cash position in 2016 and in order to have cash and cash equivalents available to invest in new initiatives, such as Online Video, and to finance the restructuring.

## 24. Earnings per share

### Basic earnings per share

The calculation of the basic earnings per share at 31 December 2016 is based on the result attributable to ordinary shareholders of 1,558 (2015: -22,760) and the weighted average of 46,350,000 ordinary shares outstanding during 2016 (2015: 46,350,000), as shown below:

<i>In thousands of euros</i>	<b>2016</b>	2015
<b>Earnings per share</b>		
Result attributable to holders of ordinary shares in Telegraaf Media Groep N.V.	<b>1,558</b>	-22,760
Weighted average number of ordinary shares	<b>46,350,000</b>	46,350,000
<b>Basic earnings per share (EUR)</b>	<b>0.03</b>	-0.49

### Diluted earnings per share

There was no dilution of shares in 2016 and 2015.

## 25. Non-controlling interests

The movements in non-controlling interests were as follows:

<i>In percentages</i>	<b>2016</b>	2015
Sienna Holding B.V.	<b>0%</b>	10%

<i>In thousands of euros</i>	<b>2016</b>	2015
Balance as at 1 January	<b>-7,974</b>	-8,018
Share of profit for the year	-	-879
Acquisition of non-controlling interests	<b>7,974</b>	923
<b>Balance as at 31 December</b>	<b>-</b>	-7,974

In early 2016, TMG purchased V-Ventures B.V.'s 10% holding in Sienna Holding B.V. The transaction related to the purchase of ordinary and cumulative preference shares in Sienna Holding B.V. Under IFRS, the cumulative preference shares are classified as long-term debt. The purchase price was 5,700.

## 26. Interest-bearing loans and borrowings

This note provides information on the contractual terms of TMG's interest-bearing loans and borrowings. See note 31 for more information on TMG's exposure to interest rate and foreign currency risk.

<i>In thousands of euros</i>	<b>2016</b>		
	<b>Total</b>	<b>Current</b>	<b>Non-current</b>
<b>Interest-bearing loans</b>	<b>5,000</b>	<b>5,000</b>	-
<b>Other financing</b>	<b>1,200</b>	<b>1,200</b>	-
<b>Total</b>	<b>6,200</b>	<b>6,200</b>	-

<i>In thousands of euros</i>	2015		
	Total	Current	Non-current
Interest bearing loans	11,969	11,969	-
Other financing	14,049	13,577	472
<b>Total</b>	<b>26,018</b>	<b>25,546</b>	<b>472</b>

<i>In thousands of euros</i>	Currency	Nominal interest rate	Nominal value	Redemption date	<b>Carrying amount 2016</b>	Carrying amount 2015
<b>Interest-bearing loans</b>						
Shareholders loan V-Ventures B.V. to Sienna Holding B.V.	EUR	4,1% (2015: 4,1%)	-	-	-	11,969
Bank financing – revolving credit facility	EUR	3-mnth Euribor + 1,50%	5,000	-	<b>5,000</b>	-
<b>Total</b>					<b>5,000</b>	<b>11,969</b>
<b>Other financing</b>						
Sky Radio Group licence liabilities	EUR	(2015: 2,0%)	-	2016-2017	-	11,233
Acquisition payables	EUR		-	-	<b>1,200</b>	2,672
Other current liabilities	EUR		-	-	-	144
<b>Total</b>					<b>1,200</b>	<b>14,049</b>

### Terms and debt repayment schedule

The effective interest rate for all loans is equal to the nominal interest rate.

### Interest-bearing loans

On 21 January 2016, TMG acquired the shareholder loan to Sienna Holding B.V. from V-Ventures B.V. along with its 10% non-controlling interest in Sienna Holding B.V. (see also [note 25](#)). As a result, TMG became sole shareholder of Sky Radio Group. On 30 September 2016, the shares in Sienna Holding B.V. were sold to Radio Newco B.V. in exchange for a 22.85% holding in this new radio company.

A three-year financing facility was agreed with a consortium of two banks on 10 July 2015. The facility consists of a revolving credit facility and a current account overdraft facility (ancillary credit facility). The financing is on market terms and is limited to 2.5 times NEBITDA (operating result excluding depreciation, amortisation and impairment losses and excluding exceptional items such as restructuring costs and results on sales of assets). In addition, interest expense may not exceed 1/5th of NEBITDA in the relevant period. Both conditions were met in 2016. No collateral has been provided for this loan.

At year-end 2016, 5,000 of this facility had been used.

### Other financing

The Sky Radio Group license liabilities related to the annual prepayment to the Radiocommunications Agency to 1 September 2017. The final payment for the Sky Radio licence was paid in 2016. See [note 30 Trade and other payables](#) for information on the Radio Veronica licence.

The acquisition payables included liabilities for the acquisition of Metro and Fashion Week.

## 27. Post-employment benefits

### Defined-contribution plans

The pension plans for most of the employees of TMG companies are administered by Stichting-Telegraafpensioenfonds 1959. The pension plans are conditionally indexed average salary plans. The only obligation of the employer is the payment of contributions. A new plan came into force in January 2017 under a new five-year administration agreement with Stichting-Telegraafpensioenfonds 1959.

### Gross commitment for defined-benefit pension plans

TMG has a number of defined-benefit plans under which certain current and former employees in the Netherlands and France are entitled to additional benefit. These are:

#### Defined-benefit pension plans

##### Additions to pensions (guarantee arrangements)

Until January 2016, a specific group of workers was guaranteed a pension of a minimum percentage of their final pay. This final pay plan ended on 31 December 2015. The final-pay entitlements, funded entirely by the employer, were allocated to the participants at that date. TMG paid 350 to the pension fund in 2016 to fund the plan.

Keesing Media Group has a guaranteed indexation scheme for certain staff. The indexation scheme is for an annual increase in accrued entitlements of 50% of price inflation and is funded by the employer. The scheme is administered by an insurance company. Furthermore, there are schemes for Keesing Media Group employees in France that provide for a payment when the retirement age is reached. The amount depends on the number of years of service.

##### Contribution to the healthcare costs of pensioners

In 2016, a limited group of pensioners were receiving a contribution to their health insurance premiums. This group was notified on 1 July 2015 that the arrangement, which closed to new participants on 1 January 2006, would shortly end. In 2016, the compensation was 50% of that of 2015. The plan was terminated on 31 December 2016

##### Other employee benefit schemes

This relates to supplementary disability and long-service schemes. The restructuring of TMG business units announced at the end of 2016 was taken into account when determining the provision for long-service benefits and a gain of 226 (past-service costs) was recognised in employee benefits. Restructurings announced in 2015 led to a release of 503.

TMG's pension plan for its graphical employees (mostly working in the printing facilities) is administered by the industry-wide Pensioenfonds Grafische Bedrijven (PGB) pension fund. This is a collective average pay plan for staff of several employers which is accounted for as a defined-contribution plan. Under the regulations, the employers are not required to make up any shortfall nor are they entitled to any buffers. The plan is therefore treated as a defined-contribution plan in the financial statements. The PGB had a coverage ratio of 100.7% at the end of 2016, which is below the legal minimum (about 121%). PGB has a recovery plan which has applied since 1 January 2015 and is updated annually, most recently on 1 January 2016. It includes various measures to improve the fund's financial position, one of which is not to index pension benefits in full. The possibility that pension benefits and/or accrued entitlements will be reduced in future cannot be precluded. This final measure can only be used as a last resort.

## Risks

The provisions are determined actuarially. An increase in discount rates will lead to an increase in liabilities, which, in case of defined-benefit plans, is partly offset by an increase in the return on investments. An increase in life expectancy and salary increases will lead to an increase in liabilities. The benefits under the indexation arrangements and termination of employment benefits at Keesing Group are insured externally. Given the extent and size of the obligations, the exposure for TMG is assessed as very small.

### Principal actuarial valuation assumptions at reporting date

<i>In weighted averages</i>	2016	2015
Discount rate/return on plan assets	<b>0,65% - 1,85%</b>	1,25% - 2,20%
Duration	<b>5,1 - 21,1</b>	0,5 - 21,1
Expected return on plan assets at 31 December	<b>2.00%</b>	2.00%
Indexation for active members	<b>1.00%</b>	1.00%
Inflation adjustment	<b>1.80%</b>	1.80%
Indexation for non-active members/pensioners	<b>0,9% - 1%</b>	0,9% - 1%
Mortality table	<b>AG 2016</b>	AG 2014

The expected return on plan assets is the weighted average expected return. The expected return, depending on the term of the plan, is between 0.65% and 1.85% (2015: 1.25% and 2.20%) on investments at external insurance companies.

### Net provision for defined-benefit obligations

<i>In thousands of euros</i>	2016	2015
Net provision as at January 1	<b>5,183</b>	8,703
Net expense recognised in profit and loss statement	<b>341</b>	-2,244
Net expense recognised in other comprehensive income	<b>328</b>	881
Contributions paid	<b>-1,130</b>	-2,157
<b>Provision for the defined-benefit plans</b>	<b>4,722</b>	5,183
Of which:		
Defined-benefit plans	<b>1,885</b>	2,030
Other employment benefits	<b>2,837</b>	3,153
<b>Provision at 31 December 31</b>	<b>4,722</b>	5,183

### Liability for defined-benefit obligations

<i>In thousands of euros</i>	2016	2015
Present value of unfunded obligations	<b>2,837</b>	3,153
Present value of funded obligations	<b>9,966</b>	9,540
<b>Present value of obligations</b>	<b>12,803</b>	12,693
Fair value of plan assets	<b>-8,081</b>	-7,510
<b>Recognised liability for defined-benefit obligations</b>	<b>4,722</b>	5,183

**Present value of the liability for defined-benefit obligations**

<i>In thousands of euros</i>		
	<b>2016</b>	2015
As at 1 January	<b>12,693</b>	16,382
Service costs	<b>226</b>	282
Past-service costs	<b>-226</b>	-2,528
Result on long-service schemes	<b>245</b>	65
Termination settlement	<b>-</b>	-236
Interest expense	<b>243</b>	283
Actuarial losses (gains)	<b>573</b>	-536
Payments	<b>-951</b>	-1,019
<b>As at 31 December</b>	<b>12,803</b>	12,693

**Movements in fair value of plan assets**

<i>In thousands of euros</i>		
	<b>2016</b>	2015
As at 1 January	<b>7,510</b>	12,640
Contributions	<b>1,130</b>	2,157
Interest on plan assets	<b>161</b>	283
Actuarial results	<b>245</b>	-6,488
Additional costs	<b>-14</b>	-64
Payments	<b>-951</b>	-1,018
<b>As at 31 December</b>	<b>8,081</b>	7,510

**Plan assets**

<i>In thousands of euros</i>		
	<b>2016</b>	2015
Plan assets with insurance companies	<b>8,081</b>	7,510
<b>As at 31 December</b>	<b>8,081</b>	7,510

**Recognised in the statement of profit or loss**

<i>In thousands of euros</i>		
	<b>2016</b>	2015
Service costs	<b>226</b>	282
Past-service cost	<b>-226</b>	-2,528
Result on long-service obligations	<b>245</b>	65
Termination settlement	<b>-</b>	-236
Additional costs	<b>14</b>	64
<b>Total contribution to defined benefit schemes</b>	<b>259</b>	-2,353
Other employee benefit schemes	<b>216</b>	-222
Defined-benefit pension plan	<b>43</b>	-2,131
<b>Result on defined-benefit plans</b>	<b>259</b>	-2,353
Contribution to defined-contribution plans	<b>11,136</b>	12,221
<b>Costs related to employee benefit schemes<sup>1</sup></b>	<b>11,395</b>	9,868
Interest	<b>82</b>	109
<b>Total</b>	<b>11,477</b>	9,977

1 11,179 (2015: 10,090) recognised in pension costs and 216 (2015: -222) in other employee benefits.

TMG estimates that the total contributions to be paid under the personnel benefit plans during 2017 will be 9,631 (2016: 11,582), as far as can be reasonably measured.

There are no specific exposures related to the pension fund. The exposures arising from the defined-benefit employee benefit plans relate to market developments in interest rates, inflation, life expectancy and investments.

**Actuarial results recognised in other comprehensive income**

<i>In thousands of euros</i>		
	<b>2016</b>	2015
Effect of changes in economical assumptions on the liabilities	<b>901</b>	-109
Effect of changes in life expectancy	<b>38</b>	-
Effect of experience adjustments on the liabilities	<b>-66</b>	-428
Rate of return on plan assets (excluding interest income)	<b>-545</b>	6,488
Changes in the effects on assets ceiling (excluding interest expense)	<b>-</b>	-5,070
<b>Total</b>	<b>328</b>	881

**Sensitivity analyses**

The sensitivity analyses below are based on various assumptions. An interval of 0.25% is used. The interdependence of the assumptions is ignored.

<i>In thousands of euros</i>	<b>min 0.25%</b>	<b>assumed</b>	<b>plus 0.25%</b>
<b>Discount rate</b>	0,40% - 1,60%	<b>0,65% - 1,85%</b>	0,90% - 2,10%
Pension liability at year-end	13,387	<b>12,803</b>	12,261
Service costs	242	<b>235</b>	228
<b>Salary inflation</b>	1.75%	<b>2.00%</b>	2.25%
Pension liability at year-end	12,740	<b>12,803</b>	12,870
Service costs	228	<b>235</b>	242
<b>Price inflation</b>	1.55%	<b>1.80%</b>	2.05%
Pension liability at year-end	12,803	<b>12,803</b>	12,803
Service costs	235	<b>235</b>	235
<b>Indexation of active members</b>	0.75%	<b>1.00%</b>	1.25%
Pension liability at year-end	12,803	<b>12,803</b>	12,803
Service costs	235	<b>235</b>	235
<b>Indexation pensioners</b>	0.75%	<b>1.00%</b>	1.25%
Pension liability at year-end	12,292	<b>12,803</b>	13,352
Service costs	235	<b>235</b>	235

## 28. Provisions

<i>In thousands of euros</i>	<b>2016</b>	2015
Restructuring	<b>13,607</b>	30,479
Onerous contracts	<b>84</b>	766
Legal disputes	<b>2,422</b>	5,180
	<b>16,113</b>	36,425
Non-current	-	216
Current	<b>16,113</b>	36,209
<b>Carrying amount at 31 December</b>	<b>16,113</b>	36,425

**Restructuring provision**

<i>In thousands of euros</i>	Notes	2016	2015
Balance at 1 January		<b>30,479</b>	24,025
Provisions formed during the financial year	7	<b>14,224</b>	30,664
Release	7	<b>-1,198</b>	-3,695
<b>Recognised in the statement of profit or loss</b>		<b>13,026</b>	26,969
Held for sale <sup>1</sup>	13	<b>179</b>	203
Provisions used		<b>-30,077</b>	-20,718
<b>Balance at 31 December</b>		<b>13,607</b>	30,479

1 Provision made by Sky Radio

Most of the 2015 restructuring provision was used in 2016. During 2016, a restructuring provision was formed for the cessation of operations at Dichtbij.nl and a restructuring announced in the newspaper marketing and sales departments, Facilitating Services and the regional editorial staff. The restructuring includes a reduction of approximately 200 employees (FTE).

Restructuring plans are communicated to TMG employees in several ways, creating a valid expectation amongst those affected that the restructuring will take place. At some units, restructuring is set in motion after agreement of the Works Council. The restructuring provision covers commitments related to job placement services and redundancies. A change in assumptions and estimates, including filling positions, redundancy options (buyout or job placement services), the social plan, timing and the period during which unemployment benefit or a lower salary at another employer will be supplemented, may affect the actual cost of the restructuring. The current part amounted to 13,607 (2015: 30,479), of which 2,655 related to agreements signed at 31 December 2016. The amount may depend on future estimates, such as the period during which unemployment benefit or a lower salary will be supplemented.

**Onerous contracts**

<i>In thousands of euros</i>	2016	2015
Balance at 1 January	<b>766</b>	1,453
Provisions formed during the financial year	-	652
Release	<b>-100</b>	-85
<b>Recognised in the statement of profit or loss</b>	<b>-100</b>	567
Provisions used	<b>-582</b>	-1,254
<b>Balance at 31 December</b>	<b>84</b>	766

The provision for onerous contracts related to ICT and distribution contracts. These contracts expire in 2017.

**Legal disputes**

<i>In thousands of euros</i>	<b>2016</b>	2015
Balance at 1 January	<b>5,180</b>	3,075
Provisions formed during the financial year	<b>47</b>	3,115
Release	<b>-2,750</b>	-688
<b>Recognised in the statement of profit or loss</b>	<b>-2,703</b>	2,427
Provisions used	<b>-55</b>	-322
<b>Balance at 31 December</b>	<b>2,422</b>	5,180

The provision for legal disputes concerns claims made by third parties against TMG. The disputes have arisen from TMG's regular business operations. No further details are given because of the potential adverse effects for the Company.

**29. Deferred tax assets and liabilities**

Recognised deferred tax assets and liabilities were as follows at the end of the financial year:

<i>In thousands of euros</i>	<b>Assets</b>	<b>Liabilities</b>	<b>2016 Balance</b>
Intangible assets	-	<b>-10,183</b>	<b>-10,183</b>
Property, plant and equipment	<b>3,376</b>	-	<b>3,376</b>
Post-employment liabilities	<b>736</b>	-	<b>736</b>
Provisions	<b>102</b>	-	<b>102</b>
Carry-forward losses	<b>40,422</b>	-	<b>40,422</b>
Other items	-	<b>-7</b>	<b>-7</b>
<b>Net tax asset/liability (-)</b>	<b>44,636</b>	<b>-10,190</b>	<b>34,446</b>

<i>In thousands of euros</i>	Assets	Liabilities	2015 Balance
Intangible assets	-	-18,023	-18,023
Property, plant and equipment	2,655	-	2,655
Post-employment liabilities	363	-	363
Provisions	7,539	-	7,539
Carry-forward losses	27,840	-	27,840
<b>Net tax asset/liability (-)</b>	<b>38,397</b>	<b>-18,023</b>	<b>20,374</b>

**Carry-forward losses**

The carry-forward losses expire in the years 2022 to 2025. The increase in the net amount was due in part to losses in the Dutch fiscal unity in 2016 and the formation of restructuring provisions, and in part to ending the temporary differences on the restructuring provision. Until 2016, restructuring costs were recognised as an expense for tax purposes when they were paid; in 2016, the tax treatment was drawn into line with the commercial treatment of the restructuring provisions and this explains the fall in the deferred tax asset on provisions.

TMG expects to generate sufficient taxable income in coming years to utilise the deferred tax asset and to utilise part of the carry-forward losses through the possible sale and leaseback of land and buildings in Amsterdam and the contribution to results from various commercial initiatives (such as the Telegraaf VNDG online video platform), cost reduction measures and the sale of regional properties. The utilisation of carry-forward losses has been assessed in a stand-alone scenario for continuation of the current strategy. This ignores any acquisition of TMG and the possible effect on current business plans and related utilisation of carry-forward losses.

### Unrecognised deferred tax assets

No deferred tax assets have been recognised for start-up and other losses of certain subsidiaries as these are not expected to be utilised in the near future. The utilisation of the deferred tax assets depends on future taxable profits. At year-end 2016, unrecognised deferred tax assets amounted to 4,856 (2015: 4,935).

### Movements in temporary differences during the year

<i>In thousands of euros</i>	Balance 1 January 2016	Recognised in statement of profit or loss		Changes in consolidation	Other	Balance 31 December 2016
		Temporary differences	Prior-year adjustments			
Intangible assets	-18,023	-1,347	-211	8,788	610	-10,183
Property, plant and equipment	2,655	752	-187	90	66	3,376
Post-employment benefits	363	373	-	-	-	736
Provisions	7,539	-7,174	-212	-	-51	102
Carry-forward losses	27,840	11,282	1,300	-	-	40,422
Other items	-	-	-7	-	-	-7
<b>Net tax asset/liability (-)</b>	<b>20,374</b>	<b>3,886</b>	<b>683<sup>1</sup></b>	<b>8,878</b>	<b>625</b>	<b>34,446</b>

<sup>1</sup> See also note 11.

<i>In thousands of euros</i>	Balance 1 January 2015	Recognised in statement of profit or loss		Changes in consolidation	Other	Balance 31 December 2016
		Temporary differences	Prior-year adjustments			
Intangible assets	-19,538	1,515	-	-	-	-18,023
Property, plant and equipment	3,046	-484	93	-	-	2,655
Post-employment benefits	962	-599	-	-	-	363
Provisions	5,763	1,697	79	-	-	7,539
Carry-forward losses	29,337	3,991	-5,488	-	-	27,840
<b>Net tax asset/liability (-)</b>	<b>19,570</b>	<b>6,120</b>	<b>-5,316</b>	<b>-</b>	<b>-</b>	<b>20,374</b>

### 30. Trade and other payables

<i>In thousands of euros</i>	<b>2016</b>	2015
	<b>35,884</b>	40,186
Other amounts received in advance	<b>8,977</b>	5,428
Trade payables	<b>23,595</b>	23,380
Employee benefits (holidays/allowances)	<b>13,992</b>	20,834
Other taxes and social security contributions	<b>11,221</b>	14,030
Other liabilities and deferred income	<b>37,924</b>	28,085
<b>Total</b>	<b>131,593</b>	131,943

Other liabilities and deferred income includes editorial, distribution and other general expenses, returns and accrued commissions. The balance at 31 December 2016 also included 14,720 (including statutory interest) for the fee payable to the government for the licence for the A2 register frequency lot ('Radio Veronica'). It was agreed on the sale of Sky Radio Group that all income and expense relating to the new valuation of the licence would be for TMG. In December 2016, TMG received the licence instalments and interest back from the government. The new value established for the licence was announced on 22 December 2016 and a bill for statutory interest on that amount was received in January 2017. The full amount had to be paid in early 2017. TMG has appealed against the new value set by the Minister and will also instigate legal proceedings against the interest decision.

The fair value of the liabilities does not differ from the recognised nominal value.

### 31. Financial risk management

TMG recognises the market, credit, currency and interest rate risks involved in regular business operations. The current economic situation has increased the pressure on circulation and advertising revenue, which several of TMG's products depend on. TMG has developed different scenarios to absorb fluctuations in revenue. These include further cost reduction measures, announced in 2016, designed to lower the cost base by 90,000 in 2018 compared with 2015, excluding the effects of increase in costs resulting from new initiatives. Some of the savings will come from the decision made in 2015 to sharply reduce the printing capacity of the printing facilities by cutting the number of presses from ten to four to allow a better response to falling circulation. The price of paper can also have a substantial effect on the commercial result.

The Executive Board has overall responsibility for establishing and overseeing TMG's risk control framework. The Executive Board makes an annual assessment of the strategic risks at both the central and decentralised level and evaluates the developments and monitors the strategic risks each quarter.

TMG's risk management policies were established to identify and analyse the risks faced by TMG, to set appropriate controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and TMG's activities. TMG, through its management standards and procedures, aims to develop a culture in which all employees understand their roles and obligations. Group Internal Audit undertakes regular and ad hoc reviews of controls and procedures, the results of which are reported to the Executive Board and the Audit Committee.

#### Market risk

Market risk is the risk that the availability of financing for businesses like TMG is limited by developments that are beyond the direct control of the Company itself. In an environment where businesses are heavily dependent on the availability of bank financing, it is important to maintain adequate access to alternative sources of finance.

Considering its relatively limited funding requirements, TMG's syndicated 70,000 financing facility (see the note on interest-bearing loans and borrowings) with a maturity of three years (to mid-2018) is currently sufficient. It will only become important for TMG to consider alternative financing if a substantial increase in its funding requirements occurs.

### Credit risk

Credit risk arises from TMG's receivables if major customers fail to meet their payment obligations. Industry-wide payment terms, relatively limited dependence on individual customers and our customers' payment history make it unnecessary to use financial instruments to limit this risk. Most circulation revenue is received in advance. The credit risk is principally concentrated in the Netherlands.

### Impairment losses

Customers are required to pay within an agreed period. Exceeding the deadline results in service deliveries being halted. Customers are primarily media outlets, companies and subscribers. The aging of trade receivables at the reporting date was:

<i>In thousands of euros</i>	Total	Not past due	Past due 30 - 60 days	Past due 60 - 90 days	Past due 90 - 180 days	Past due 180 - 360 days	More than 360 days
<b>Balance at 31 December 2016</b>	<b>44,868</b>	<b>33,174</b>	<b>4,380</b>	<b>2,396</b>	<b>2,701</b>	<b>769</b>	<b>1,448</b>
Balance at 31 December 2015	53,263	39,601	8,220	1,702	1,094	1,057	1,589

TMG has established an impairment risk provision for estimated losses on trade receivables. The impairment is based on payment arrears and the stipulated payment terms. Changes in the impairment provision for trade receivables during the year were as follows:

<i>In thousands of euros</i>	2016	2015
Balance at 1 January	<b>3,624</b>	4,819
Additions	<b>588</b>	1,071
Use	<b>-1,437</b>	-2,266
<b>Balance at 31 December</b>	<b>2,775</b>	3,624

### Liquidity risk

Liquidity risk is the risk that TMG is unable to meet its financial obligations as they fall due. The premise of managing liquidity risk is that sufficient cash and cash equivalents and/or credit facilities are available at all times to meet current and future financial obligations. At the reporting date, TMG had a credit facility of 70,000 of which 5,000 had been drawn (see [note 26](#)). In addition, a sale and leaseback project for the office building in Amsterdam was started in 2016 (see [note 21](#)).

### Currency risk

Currency risk is the risk that fluctuations in exchange rates affect the profitability of transactions. TMG faces very limited currency risks and these are limited to activities outside the euro zone, namely in Denmark, the United Kingdom, Sweden and Poland. The net cash flows to and from the entities and their timing is such that no significant currency positions exist. TMG's sensitivity to exchange rates is, therefore, very limited. At year-end 2016, TMG had no forward contracts.

### Interest-rate risk

TMG's most relevant interest-rate risk is that its cost of capital might be adversely affected by changes in interest rates on the financial markets. Given the limited size of its debt position, TMG has almost no sensitivity to interest rate fluctuations and so they do not have any significant influence on its financial position.

### Other market price risk

Of the commodities traded on the global market, TMG only purchases paper to such an extent that fluctuations in its price can have a substantial impact on the operating result. TMG has decided not to hedge the risk of fluctuating paper prices as large manufacturers of paper have taken up positions on the futures market that make it insufficiently liquid to hedge significant volumes in a manner that would be attractive to TMG.

### Fair value of financial liabilities

The fair value of financial liabilities is classified by the different levels of the fair value hierarchy:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 inputs are unobservable inputs (unobservable market activity) for the asset or liability.

The carrying amount of financial instruments largely corresponds to their fair value. The interest-bearing loans and borrowings, trade and other payables are classified and measured under level 3 (entity-specific measurement). There were no transfers between the levels in 2016 or 2015.

### Maturity profile of financial liabilities

<i>In thousands of euros</i>	Total	6 months or less	7-12 months	1-2 years	2-5 years	More than 5 years
<b>2016</b>						
Interest-bearing loans and borrowings	<b>6,200</b>	<b>5,600</b>	<b>600</b>	-	-	-
Trade and other payables	<b>131,593</b>	<b>127,632</b>	<b>3,961</b>	-	-	-
<b>Total</b>	<b>137,793</b>	<b>133,232</b>	<b>4,561</b>	-	-	-
<b>2015</b>						
Interest-bearing loans and borrowings <sup>1</sup>	26,368	14,254	11,642	472	-	-
Trade and other payables	131,943	123,906	8,037	-	-	-
<b>Total</b>	<b>158,311</b>	<b>138,160</b>	<b>19,679</b>	<b>472</b>	-	-

<sup>1</sup> Including interest

5,000 of the interest-bearing loans and other borrowings relate to the banking facility explained in [note 26](#). The contractual interest liabilities are minimal since only drawings on the overdraft facility bear interest and this is very short term.

In 2015, interest-bearing loans and borrowings included a shareholder loan of 11,969 from V-Ventures B.V. to Sienna Holding B.V. TMG acquired this loan from V-Ventures B.V. on 21 January 2016 along with the 10% minority interest in Sienna Holding B.V.

### Capital management

The Executive Board's policy is to safeguard a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business. The Executive Board monitors the return on capital, which TMG defines as the net operating income divided by total equity, excluding non-controlling interests. The Executive Board also monitors the level of dividends to ordinary shareholders.

From time to time, TMG purchases its own shares on the market. Buy and sell decisions are made for specific transactions by the Executive Board within limits set by the Supervisory Board and the General Meeting of Shareholders. TMG does not have a defined share-buy-back plan. There is no share-buy-back plan currently in force.

## 32. Off-balance sheet assets and liabilities

Liabilities under long-term leases expire as follows:

### Operating leases

<i>In thousands of euros</i>	2016	2015
< 1 year	<b>15,735</b>	19,411
1-5 years	<b>12,872</b>	15,397
> 5 years	<b>141</b>	665
<b>Total</b>	<b>28,748</b>	35,473

Operating leases consist of long-term obligations related to building rental, lease cars and ICT and other services. An expense of 8,649 was recognised in the statement of profit or loss for operating leases in 2016, (2015: 9,893). The fall in 2016 was due to the deconsolidation of the Sky Radio Group on 30 September 2016 (balance on 31 December 2015: 6,833) and a reduction (1,600) in the public transport distribution contract between Dutch Railways (NS) and Landelijke Media that expires on 1 May 2018.

### Other off-balance sheet liabilities

TMG has agreements with suppliers of raw materials and consumables under which the liabilities within one year amount to 4,285 (2015: 3,200).

TMG has a long-term contract for printing puzzle booklets and newspapers with a third party. The maximum purchase obligation between one and three years is 17,000 (2015: 17,000).

### Legal disputes

A number of TMG group companies face legal proceedings. These cases primarily concern employment relations, disputes and rectifications of publications. TMG is confident about the outcome and has therefore not formed a provision for these disputes. See note 28 for disputes for which a provision is recognised.

## 33. Investment commitments

In 2015 and 2016, TMG did not enter into any significant agreements for software development or other capital expenditure, other than those stated in note 32.

## 34. Contingent liabilities

At year-end 2016 bank guarantees of 859 (2015: 9,137) had been issued to cover rental agreements. Bank guarantees issued at 31 December 2015 also covered FM licence obligations.

## 35. Related parties

### Identity of related parties

TMG has a related-party relationship with its subsidiaries, associates (see note 16), joint arrangements, Stichting-Telegraafpensioenfond 1959 and Stichting Preferente Aandelen Telegraaf Media Groep N.V. A list of Telegraaf Media Groep N.V.'s participating interests has been filed at the Chamber of Commerce in Amsterdam.

According to the AFM register, the following shareholders or holders of depositary receipts had an interest of more than 20% in TMG's capital at 31 December 2016:

- Stichting Administratiekantoor van aandelen Telegraaf Media Groep N.V.
- Bech N.V.
- Dasym Investment Strategies B.V.

### Transactions with the Executive Board and Supervisory Board

See the company financial statements (note 10) for details of the directors' remuneration. The note on related parties refers to TMG's senior management, namely the Executive and Supervisory Boards. The total remuneration is included in employee benefits (see note 7 to the consolidated financial statements).

### Transactions with shareholders and depositary receipt holders

In April 2015, TMG signed a Letter of Intent with Dasym Investment Strategies B.V. to enter into a strategic partnership in which the two parties jointly establish a fund to invest in the development of Over-The-Top content. There were no developments in respect of the fund during 2016 and the fund had still not been set up at 31 December 2016.

### Other related-party transactions

Transactions with related parties relating to associates.

<i>In thousands of euros</i>	2016		2015	
	Transaction-value	Balance due	Transaction-value	Balance due
<b>Sales of goods and services</b>				
Eye to Eye Puzzles Ltd.	164	95	-	-
<b>Recharged expenses</b>				
Radio Newco B.V.	261	-2	-	-
Eye to Eye Puzzles Ltd.	11	11	-	-
<b>Recharged expenses</b>				
Media Librium B.V.	-	85	-	78
Latlong B.V.	-	68	-	187
Eye to Eye Puzzles Ltd.	-	387	-	-
Dutch Creative Industry Fund B.V.	-	88	-	188

A provision of 156 (2015: 453) has been formed on receivables from related parties. In 2016, TMG paid 9,709 (2015: 10,955) in contributions to Stichting-Telegraafpensioenfonds 1959. Including employees' contributions the total was 14,563 (2015: 15,803). All outstanding balances with these related parties are priced on an arm's length basis and are settled in cash within six months of the reporting date. None of the balances is secured.

## 36. Subsequent events

See note 8 to the Company financial statements for information on events after the reporting date.

## Company statement of profit or loss

<i>In thousands of euros</i>	Note	2016	2015
<b>Operating result</b>		-	-
Result of subsidiaries		<b>8,333</b>	-10,023
Financial expense	2	<b>-9,944</b>	-10,277
<b>Net financial expense</b>		<b>-1,611</b>	-20,300
<b>Result before tax</b>		<b>-1,611</b>	-20,300
Income tax		<b>-3,169</b>	2,460
<b>Result for the year</b>		<b>1,558</b>	-22,760

# Company statement of financial position

at 31 December, before appropriation of result

<i>In thousands of euros</i>	Notes	<b>2016</b>	2015
<b>NON-CURRENT ASSETS</b>			
<b>Financial assets</b>			
Participating interests in group companies		<b>288,850</b>	280,724
Loans to group companies		<b>100,655</b>	117,773
Deferred tax assets		<b>39,661</b>	27,696
<b>Total financial assets</b>	3	<b>429,166</b>	426,193
<b>Total non-current assets</b>		<b>429,166</b>	426,193
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Group companies		<b>2,461</b>	1,161
Other receivables		-	182
Cash and cash equivalents		<b>37</b>	37
<b>Total current assets</b>		<b>2,498</b>	1,380
<b>Total assets</b>		<b>431,664</b>	427,573
<b>EQUITY</b>			
Issued capital		<b>11,588</b>	11,588
Statutory reserves		<b>1,243</b>	539
Other reserves		<b>212,996</b>	245,813
Retained earnings		<b>1,558</b>	-22,760
<b>Total equity</b>	4	<b>227,385</b>	235,180
<b>NON-CURRENT LIABILITIES</b>			
Group companies		<b>177,824</b>	177,824
<b>Total non-current liabilities</b>	5	<b>177,824</b>	177,824
<b>CURRENT LIABILITIES</b>			
Group companies		<b>26,382</b>	13,889
Other current liabilities		<b>73</b>	680
<b>Total current liabilities</b>	6	<b>26,455</b>	14,569
<b>Total liabilities</b>		<b>204,279</b>	192,393
<b>Total equity and liabilities</b>		<b>431,664</b>	427,573

## Notes to the company financial statements

### 1. Significant accounting policies

The company financial statements have been prepared in accordance with the provisions of Part 9 of Book 2 of the Netherlands Civil Code. Telegraaf Media Groep N.V. uses the option in Section 362(8) of Book 2 of the Netherlands Civil Code when determining its accounting policies. This means that the accounting policies (the policies for the valuation of assets and liabilities and the determination of the result) for the company financial statements of Telegraaf Media Groep N.V. are the same as those used for the consolidated financial statements. Investments in group companies are recognised at net asset value established in accordance with the accounting policies for the consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Commission and interpretations of these standards by the IFRIC.

Please see pages 93 to 105 for a description of the accounting policies. The share of result of associates is the share of Telegraaf Media Groep N.V. in the results of these participating interests. Results on transactions which have involved the transfer of assets and liabilities between Telegraaf Media Groep N.V. and its participating interests and between participating interests themselves have not been recognised insofar as they cannot be regarded as having been realised. See the Notes to the consolidated financial statements, unless otherwise stated.

Following a change in the law, public interest entities are no longer permitted to present an abridged statement of profit or loss in the company financial statements (as previously permitted pursuant to Section 402 of Book 2 of the Netherlands Civil Code). This change has only a small impact given the limited activities within Telegraaf Media Groep N.V.

Telegraaf Media Groep N.V. has its registered office in Amsterdam and is registered under number 33121350 in the Trade Registry.

### 2. Financial expense

This is 5.5% interest on the intercompany loan from TMG Investerings B.V.

### 3. Financial assets

#### Movements in financial assets were as follows:

<i>In thousands of euros</i>	Participating interests in group companies	Loans to group companies	Deferred tax assets	Total
<b>Carrying amount at 1 January 2016</b>	<b>280,724</b>	<b>117,773</b>	<b>27,696</b>	<b>426,193</b>
Share of result for the year	8,333	-	-	8,333
Share of actuarial results	-232	-	-	-232
Effect of acquisition of non-controlling interests	-1,705	-	-	-1,705
Tax asset on tax loss 2016	-	-	11,282	11,282
Other temporary differences	-	-	683	683
Repaid on loans	-	-17,118	-	-17,118
Other	1,730	-	-	1,730
<b>Carrying amount at 31 December 2016</b>	<b>288,850</b>	<b>100,655</b>	<b>39,661</b>	<b>429,166</b>

<i>In thousands of euros</i>	Participating interests in group companies	Loans to group companies	Deferred tax assets	Total
Carrying amount at 1 January 2015	282,912	-	26,148	309,060
Share of result for the year	-10,023	-	-	-10,023
Share of actuarial results	-662	-	-	-662
Effect of acquisition of non-controlling interests	-118	-	-	-118
Tax asset on tax loss 2015	-	-	7,036	7,036
Other temporary differences	-	-	-5,488	-5,488
Loans provided	-	117,773	-	117,773
Other	8,615	-	-	8,615
<b>Carrying amount at 31 December 2015</b>	<b>280,724</b>	<b>117,773</b>	<b>27,696</b>	<b>426,193</b>

Deferred tax assets relate mainly to the cumulative losses of the TMG fiscal unity for income tax purposes, see [note 29](#) to the consolidated financial statements.

A statement of the information required pursuant to Sections 379 and 414 of Book 2 of the Netherlands Civil Code has been filed with the Chamber of Commerce in Amsterdam.

## 4. Equity

The company equity is equal to the consolidated equity attributable to shareholders of Telegraaf Media Groep N.V. (see page 92).

### Movements in equity were as follows:

<i>In thousands of euros</i>	Issued capital	Statutory reserve	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2016</b>	<b>11,588</b>	<b>539</b>	<b>245,813</b>	<b>-22,760</b>	<b>235,180</b>
<b>Treatment of loss</b>	-	-	<b>-22,760</b>	<b>22,760</b>	-
Result for the year	-	-	-	1,558	1,558
Other comprehensive income	-	-	-232	-	-232
<b>Total comprehensive income for the year</b>	-	-	<b>-232</b>	<b>1,558</b>	<b>1,326</b>
Dividend paid	-	-	-7,416	-	-7,416
Acquisition of minority interest	-	-	-1,705	-	-1,705
Non-distributable results of associates	-	704	-704	-	-
<b>Balance at 31 December 2016</b>	<b>11,588</b>	<b>1,243</b>	<b>212,996</b>	<b>1,558</b>	<b>227,385</b>

The statutory reserve is maintained pursuant to Section 365 of Book 2 of the Netherlands Civil Code for non-distributable profits of associates. The movements in 2016 were the capitalisation of internally-developed assets at associates offset by a release to the other reserves because of the depreciation of the same assets in 2016, and legally-required reserves held by subsidiaries abroad.

## 5. Non-current liabilities

<i>In thousands of euros</i>	2016	2015
Group companies	<b>177,824</b>	177,824
<b>Total</b>	<b>177,824</b>	177,824

The non-current Group companies liability relates to a loan from TMG Investerings B.V.

## 6. Current liabilities

<i>In thousands of euros</i>	<b>2016</b>	2015
Group companies	<b>26,382</b>	13,889
Acquisition payables	-	310
Other current liabilities	<b>73</b>	370
<b>Total</b>	<b>26,455</b>	14,569

The liability to Group companies relates to liabilities within the group as a result of intra-group transactions.

## 7. Off-balance sheet liabilities

### Joint and several liability and guarantees

Pursuant to Section 403(1)(f) of Book 2 of the Netherlands Civil Code, the Company is liable for the debts arising from the legal transactions of the Dutch group companies in which it held an interest of 95% or more throughout the year. A list of group companies has been filed with the Chamber of Commerce and will be made available by the Company upon request.

### Fiscal unity

TMG and almost all of its wholly-owned subsidiaries in the Netherlands form a single fiscal unity for both income tax and VAT purposes. Within the fiscal unity, TMG companies are jointly and severally liable for tax liabilities to the tax authorities.

### Other contractual obligations

The other off-balance sheet liabilities were 1,000. Of these 500 have a term of less than one year and 500 a term of between one and five years.

## 8. Subsequent events

On 23 January 2017, TMG received an unsolicited, non-binding conditional bid from Talpa Holding N.V. for the acquisition of all issued and outstanding TMG depositary receipts and shares for an indicative price of €5.90 (cum dividend) in cash per TMG depositary receipt. This followed an unsolicited, non-binding conditional bid received on 14 December 2016 from Mediahuis and VP Exploitatie for an indicative price of €5.25 per TMG depositary receipt.

On 20 February 2017, Mediahuis and VP Exploitatie increased the indicative price for its unsolicited, non-binding conditional bid to €5.90 (cum dividend) and on 5 March 2017 to €6.00 (cum dividend) in cash per TMG depositary receipt and share.

On 1 March 2017, Talpa Holding N.V. announced its intention to raise its indicative price to €6.35 (cum dividend) in cash per TMG depositary receipt. On 6 March 2017, this was increased to €6.50 (cum dividend) in cash per TMG depositary receipt.

On 5 March 2017, the Supervisory Board resolved to suspend both members of the Executive Board with immediate effect. In accordance with TMG's articles of association, the Supervisory Board is temporarily performing the executive functions. Although they were both in office until the end of the 2016 financial year, in view of their suspension, the members of the Executive Board have not signed the financial statements.

On 5 March 2017, TMG, Mediahuis and VP Exploitatie entered into a conditional agreement in connection with the proposed bid by Mediahuis and VP Exploitatie for TMG. Mediahuis and VP Exploitatie have submitted a bid notice for approval by the Netherlands Authority for the Financial Markets on 8 March 2017. The bid will be made by publishing the approved bid notice. The bid will be conditional on certain requirements being met. TMG will announce its position with respect to the bid in a reasoned submission during an Extraordinary General Meeting of Shareholders in connection with the bid, that will be combined with the Annual General Meeting of Shareholders on 1 June 2017. It is expected that the bid will be finalised in the second or third quarter of 2017.

In connection with the conditional agreement that TMG, Mediahuis and VP Exploitatie entered into on 5 March 2017, Talpa Beheer B.V. and Dasym Investments II B.V. applied to the Enterprise Chamber of the Amsterdam Court to take immediate relief measures, to institute an investigation into the course of events at TMG and to appoint an independent supervisory director. The Enterprise Chamber made a provisional judgement on 21 March 2017, ruling that there were no valid grounds to doubt proper policy-making or the course of events at TMG. It dismissed all requests to impose immediate measures. The request submitted by the suspended members of the Executive Board of TMG to lift their suspension was also dismissed by the Enterprise Chamber. The date of the session during which the request to order an inquiry will be addressed, has not yet been determined.

On 14 March 2017, the Supervisory Board appointed Mr Hans Bakker as interim Executive Director of TMG with immediate effect. In this position, Mr Bakker will be responsible for the daily management of the company. He will continue to hold this position until a new Executive Board has been appointed.

On 13 March 2017, all conditions required to effectuate the revolving credit facility agreed in December 2016 were met. The amendments relate chiefly to allow a possible sale and leaseback of property and are chiefly the extension of the facility by 20 months to 10 March 2020, the reduction of the maximum amount that can be drawn to €50 million and the provision of collateral such as pledges of receivables, IP rights and shares in Keesing Media Group B.V. and a positive mortgage pledge on certain properties. The facility will be reduced to €30 million after a possible sale and leaseback has been completed.

On 23 March 2017, TMG announced the intended sale of a substantial part of its weekly magazines portfolio (door-to-door newspapers and brands), which is part of the Holland Media Combinatie segment, to BDUmedia (part of Koninklijke BDU in Barneveld). This is a component of the organisational changes announced in July 2016, aimed at continuation of the 24/7 strategy and structural cost reductions. In 2016, the contribution of the titles to be sold amounted to € 13,951 and their contribution to the result was marginal. The transaction will involve a restructuring charge of around €3,000.

## 9. Appropriation of profit

The Executive Board proposes, with the approval of the Supervisory Board, that the General Meeting of Shareholders adds the profit for the year of 1,558 for the financial year 2016 to the other reserves. This proposal has not yet been recognised in the Financial Statements.

## 10. Remuneration of the members of the Executive and Supervisory Boards

### Remuneration

The short-term variable remuneration of the Executive Board is a maximum of 50% of the basic salary, 60% of which is determined by the degree to which the joint targets of the Executive Board are achieved and 40% by the degree to which the individual targets for members of the Executive Board are achieved. Mr van der Snoek's 2016 targets were strategic, financial, HR, communication-related and operational. Mr Epskamp's targets were primarily financial in nature. For 2016, 50% of the targets set were achieved by both board members. Mr van der Snoek's variable remuneration amounts to € 114,188 (2015: €202,500) for 2016. Mr Epskamp's variable remuneration amounts to € 95,156 (2015: €168,750) for 2016.

In 2015, the phantom share plan was added to the long-term remuneration of the members of the Executive Board. Under this plan, the members of the Executive Board are entitled to a cash payment equal to the number of unconditionally awarded phantom shares at the end of the performance period (31 December 2018) multiplied by the average price of the TMG share in the final quarter of the plan period (fourth quarter of 2019). These cash-settled phantom shares are conditional on being in office during the performance period and meeting the four performance targets. These targets relate to the development of the price of the TMG share compared to a peer group (30% weighting), a revenue target for 2018 (15% weighting), an EBITDA margin target for 2018 (25% weighting) and two ESG criteria, being the reduction of CO<sub>2</sub> and the implementation of an internal Talent Management Program (30% weighting). The fair value of the obligation on the reporting date was established taking into account the characteristics of the long-term remuneration plan and using an estimate of the extent to which the various performance criteria had been achieved.

On 31 December 2016, the fair value of the conditionally awarded phantom shares was € 4.75 per share and the outstanding liability for the phantom share plan was 145 (2015: 76). The cost charged to profit or loss was 69 (2015: 76). The maximum number of phantom shares that can be awarded at the end of the performance period is 74,013 to Mr van der Snoek and 61,678 to Mr Epskamp.

The table below shows the remuneration of the members of the Executive and Supervisory Boards on an accrual basis and other benefits.

						2016
<i>In euros</i>	Fixed remuneration	Variable remuneration	Deferred remuneration	Phantom shares	Other short-term benefits <sup>1</sup>	Total
<b>Members of the Executive Board</b>						
G-J.E. van der Snoek	456,750	114,188	14,937	37,288	89,268	712,431
L.N.J. Epskamp	380,625	95,156	14,937	31,074	70,929	592,721

<sup>1</sup> Car lease costs, expenses and compensation for cap on accrual of pension entitlements

<i>In euros</i>	Fixed remuneration	Variable remuneration	Deferred remuneration	Phantom shares	Other short-term benefits	2015
						Total
<b>Members of the Executive Board</b>						
G-J.E. van der Snoek	450,000	202,500	14,733	41,633	82,978	791,844
L.N.J. Epskamp	375,000	168,750	14,733	34,694	70,271	663,448

### Remuneration of the Supervisory Directors

<i>In euros</i>	2016	2015
	Periodic remuneration	Periodic remuneration
<b>Members of the Supervisory Board</b>		
M.A.M. Boersma , chairman	<b>51,819</b>	51,510
J.J. Nooitgedagt, vice-voorzitter	<b>48,263</b>	47,975
A.R. van Puijenbroek, secretaris	<b>46,231</b>	45,955
mevr. A.G. van den Belt	<b>41,150</b>	40,905
mevr. S.G. Brummelhuis	<b>46,231</b>	45,955

No deferred remuneration is granted to Supervisory Directors.

From 2015, the remuneration of Supervisory Directors is being indexed using the CPI index.

### Share ownership at 31 December 2016

None of the members of the Executive Board or the Supervisory Directors held any shares in Telegraaf Media Groep N.V. on the reporting date (2015: nil).

## 11. Audit fees

The fee recognised in the financial statements for the external auditor Deloitte Accountants B.V. and its affiliated audit firms, pursuant to Section 382 of Book 2 of the Netherlands Civil Code, was as follows:

<i>In thousands of euros</i>	2016	2015
Audit of the financial statements	<b>679</b>	584
Other assurances services	<b>62</b>	109
Tax advice	-	-
Other non-audit services	-	-
<b>Total</b>	<b>741</b>	693

The external auditor has not received fees for tax and/or other non-audit services.

Amsterdam, 31 March 2017

In connection with the suspension of the Executive Board per 5 March 2017, this annual report is signed by the Supervisory Board, which is temporarily charged with this executive task in accordance with TMG's articles of association.

**The Supervisory Board, temporarily responsible for the management of TMG:**

Jan Nooitgedagt, Vice Chairman and acting Chairman

Guus van Puijenbroek, Secretary

Annelies van den Belt

Simone Brummelhuis

As, for health reasons, Michiel Boersma is temporarily unable to perform his tasks, his role, including the signing of this annual report, is being fulfilled by vice-chairman Jan Nooitgedagt.

## Additional information

### Independent Auditor's Report

For the independent auditor's report we refer to page 154 in the Dutch version of the annual report 2016.

## Provisions in the Articles of Association concerning the appropriation of profit

In relation to the appropriation of profit, Article 33 of the articles of association of the Telegraaf Media Groep N.V. stipulates that:

1. Each year the Executive Board, subject to the approval of the Supervisory Board and the Stichting Beheer van Prioriteits aandelen Telegraaf Media Groep N.V. [TMG Preference Shares Trust], determines the portion of the profit – the positive balance on the income statement – that will be transferred to the reserves.
2. A dividend is made payable on the preference shares from the profit remaining after the transfer to reserves in accordance with the previous paragraph, at a percentage equal to the Euribor interest rate (Euro Interbank Offered Rate) for a period of twelve months (the 'Rate'), applicable on the date on which the relevant preference shares were issued. The Rate is subsequently reviewed each year by the Executive Board, for the first time on the day one year after the date of issue of the relevant preference shares and subsequently on the day one year after the date on which the Rate was set in the previous calendar year. The Rate is increased by three (3) percentage points. The dividend is calculated on the basis of the average of the applicable Rates in the relevant financial year, weighted by the number of days to which the applicable Rates applied. If the Rate cannot be determined on the relevant day, the Rate will be reviewed on the next day on which it can be determined. The dividend on preference shares will only be paid on the number of days that the relevant shares were actually in issue in the relevant financial year.
3. If in any financial year the dividend on preference shares as provided for in paragraph 2 above, cannot or can only partially be paid, due to a lack of sufficient income, the shortfall is paid from the distributable portion of equity. The dividend is calculated on the paid-up portion of the nominal amount.
4. A dividend is subsequently paid to the holders of priority shares in the amount of five percent of the nominal value of their shares.
5. The profit then remaining is at the disposal of the General Meeting of Shareholders. No additional dividend may however be paid from this amount on the priority shares or the preference shares.
6. Distribution of profit is limited to the distributable portion of the shareholders' equity.
7. If a loss is incurred in any one year, no dividend is then paid in that year. In addition, in subsequent years a dividend may only be paid after sufficient profit has been made to cover the loss. Based on a proposal submitted by the Stichting Beheer van Prioriteits aandelen Telegraaf Media Groep N.V., the General Meeting of Shareholders may however decide to extinguish such a loss against the distributable portion of the shareholders' equity or also make a dividend payable from the distributable portion of the shareholders' equity.
8. Profit is distributed after the financial statements, showing that the distribution is permissible, have been adopted.
9. The Executive Board, subject to the approval of the Supervisory Board and the Priority Share Management Trust, can decide to proceed with the payment of an interim dividend, provided that the interim statement of assets and liabilities demonstrates compliance with the provision in paragraph six. This statement is related to the capital position on at the earliest the first day of the third month prior to the month in which the decision to proceed with the payment of an interim dividend is announced. This statement is prepared in accordance with the application of generally accepted valuation standards. The statement of assets and liabilities includes the amounts that are to be included as reserves pursuant to the law. The statement is signed by the members of the Executive Board. If the signature of one or more of the members is missing, this is clearly stated together with the reason for it. The statement of assets and liabilities is deposited within eight days following the day on which the decision to proceed with payment is made, at the offices of the Commercial Register.
10. The shares held by the company in its own capital do not count in determining the distribution of profit.

## Key figures per year

	2016	2015	2014 <sup>1</sup>	2013	2012 <sup>2</sup>	2011	2010	2009	2008	2007
Equity x € 1,000 <sup>3</sup>	<b>227,385</b>	235,180	258,719	298,786	424,760	465,828	531,075	465,962	411,576	866,815
TMG's equity as a percentage of total equity and liabilities	<b>57.3%</b>	52.7%	54.4%	53.7%	53.1%	55.6%	66.7%	61.1%	54.0%	70.3%
Current ratio	<b>0.61:1</b>	0.61:1	0.72:1	0.7:1	0.45:1	0.50:1	0.72:1	0.78:1	0.7:1	2.64:1
Gearing	<b>1.34:1</b>	1.12:1	1.19:1	1.16:1	1.13:1	1.25:1	2.00:1	1.57:1	1.17:1	2.37:1
TMG's revenue x € 1,000	<b>420,370</b>	481,333	512,701	542,230	555,850	577,200	592,297	611,840	684,204	738,795
Cash flow from operating activities x € 1,000	<b>-2,851</b>	16,312	24,129	-15,465	21,977	17,485	59,569	49,252	64,962	62,130
Result for the year x € 1,000 **	<b>1,558</b>	-22,760	-33,806	177,597	-10,602	-32,590	81,826	70,505	-359,988	400,097
TMG's result for the year as a percentage of total revenue	<b>0.4%</b>	-4.7%	-6.6%	32.8%	-1.9%	-5.6%	13.8%	11.5%	-52.6%	54.2%
Operating result as a percentage of total revenue	<b>-2.0%</b>	-4.4%	-6.1%	-1.9%	2.9%	-14.3%	3.8%	-0.5%	-5.4%	-3.8%
Average total revenue per employee (FTE)	<b>234,844</b>	227,366	219,009	209,760	204,658	204,536	207,751	204,743	207,272	201,590
Employees at year-end (FTE)	<b>1,766</b>	2,049	2,259	2,459	2,745	2,940	2,851	2,988	3,278	3,594
Return on equity	<b>0.7%</b>	-9.7%	-13.1%	59.4%	-2.5%	-7.0%	15.4%	15.1%	-87.5%	46.2%
Pay-out ratio	<b>p.m.</b>	p.m.	p.m.	169.6%	p.m.	p.m.	26.3%	23.7%	p.m.	11.9%
Per TMG share with a nominal value of € 0.25 (rounded to whole euro cents):										
Equity	<b>4.91</b>	5.07	5.58	6.45	9.16	9.99	11.12	9.76	8.62	17.43
Cash flow from operating activities	<b>-0.06</b>	0.35	0.52	-0.33	0.47	0.37	1.25	1.03	1.35	1.24
Earnings	<b>0.03</b>	-0.49	-0.73	3.83	-0.23	-0.69	1.71	1.48	-7.49	8.00
Dividend	<b>p.m.</b>	p.m.	0.00	6.50	0.00	0.47	0.45	0.35	0.35	1.00
Lowest closing share price	<b>3.36</b>	3.60	5.61	7.92	6.60	9.10	14.52	8.95	8.86	19.69
Highest closing share price	<b>5.00</b>	6.49	9.11	14.85 <sup>4</sup>	10.49	16.45	16.45	14.80	24.86	26.87
Closing share price as at 31 December	<b>4.75</b>	3.75	6.09	9.11	8.00	9.95	14.95	13.14	12.45	25.00

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

2 Adapted for IAS19R.

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

4 Before interim dividend payment of € 6.00.

## Annual report 2016 of the Telegraaf Media Groep N.V. Share Administration Trust

Telegraaf Media Groep N.V. (TMG) is a listed company. The depositary receipts for shares in TMG are traded on the Euronext Amsterdam N.V.

The objects of the Stichting Administratiekantoor van aandelen Telegraaf Media Groep N.V. (Telegraaf Media Groep N.V. Share Administration Trust - hereinafter: the Trust) include issuing convertible bearer depositary receipts for shares in exchange for which the Trust acquires and administers ordinary shares in its own name. The Trust administers those ordinary shares and exercises the rights, including the voting rights, attaching to them.

In exercising the rights attaching to the shares, the Trust focuses primarily on the interests of the holders of depositary receipts with due consideration for the interests of TMG and its related businesses. The issue of depositary receipts for shares is a measure designed to prevent the absence of shareholders at a General Meeting of Shareholders leading to a minority of shareholders, by happenstance or otherwise, controlling the decision-making process of the meeting.

Shareholders are entitled to attend, speak and vote at general meetings of shareholders. Holders of depositary receipts are entitled to attend and speak at meetings. Holders of depositary receipts may obtain a voting proxy for the duration of a meeting from the Board of the Trust that entitles them to vote. Since TMG's depositary receipts for shares can be converted without limitation, the issue of depositary receipts for shares does not constitute an anti-takeover measure for TMG.

In 2016, there was a net increase of 50,000 in the number of convertible depositary receipts for shares in TMG issued by the Trust to 29,537,785 (with a nominal value of €0.25 each) at 31 December 2016, corresponding to a nominal amount of €7,384,446.25. An equal number of shares was administered by the Trust against these depositary receipts.

Two meetings took place on 7 April 2016. The items discussed during the regular Board meeting (minutes available on the [Trust's website](#)) included the Trust's financial statements and report for the 2015 financial year and its financial position. TMG's financial statements were extensively discussed with Mr L.N.J. Epskamp, CFO of TMG. The reappointment of Messrs Schneider (A member) and Ruijgrok (B member) and the agenda for the subsequent meeting of holders of depositary receipts and the General Meeting of Shareholders on 21 April 2016 were also discussed. Messrs Schneider (A member) and Ruijgrok (B member) were reappointed subject to the holders of depositary receipts not making a recommendation on these reappointments. In addition to Mr Epskamp, Mr G-J.E. van der Snoek, CEO of TMG, and Mr M.A.M. Boersma, Chairman of the Supervisory Board of TMG, were present for part of this meeting.

The Meeting of the Holders of Depositary Receipts for Shares took place subsequently in the afternoon of 7 April 2016 (minutes available on the [Trust's website](#)). This year only one holder of depositary receipts for shares and a guest were present at this meeting.

Agenda items included a discussion of the minutes of the Meeting of Holders of Depositary Receipts for Shares held on 9 April 2015, a review of TMG's General Meeting of Shareholders held on 23 April 2015, the activities of the Board during 2015, the reappointment of Messrs Schneider (A member) and Ruijgrok (B member) and preparations for TMG's General Meeting of Shareholders on 21 April 2016. Since the holders of depositary receipts did not make a recommendation on the reappointments, the nominations of Messrs Schneider (A member) and Ruijgrok (B member) were ratified. The questions from the holder of depositary receipts and the questions of the Board to be raised in the shareholders' meeting were discussed during the meeting. The questions related among other things to TMG's strategy and financial performance, the transaction with Talpa and the dividend policy.

TMG's annual General Meeting of Shareholders was held in Amsterdam on 21 April 2016 ([www.tmg.nl](http://www.tmg.nl)). The Board issued voting proxies for the duration of the meeting to the holders of depositary receipts for shares present at the meeting. The Board represented over 18.92% of the votes during this meeting while the holders of depositary receipts for shares with proxies represented almost 45.44%. The Board voted in favour of the resolutions on the agenda subject to a vote, with the exception of Item 4a (Discharge of the members of the Executive Board for their management in 2015) on which it abstained.

The questions from Mr de Waard (chairman of the Board) during the General Meeting of Shareholders addressed TMG's financial results, the transaction with Talpa and investor relations.

The Board's second regular meeting was held on 7 October 2016 (minutes available on the [Trust's website](#)). The agenda included discussion of TMG's 2016 half year report (in the presence of the CFO of TMG, Mr L.N.J. Epskamp), the Trust's financial position, the remuneration of the members of the Board and amendment of the Trust's statutes and the trust conditions. In addition to Mr Epskamp, Mr G-J.E. van der Snoek, CEO of TMG, and Mr M.A.M. Boersma, Chairman of the Supervisory Board of TMG, were present for part of this meeting.

The annual remuneration, excluding VAT, of the Board members was raised in 2016 from €9,000 to €15,000 (excluding VAT) for the Chairman and from €7,000 to €10,000 (excluding VAT) for the other board members, paid in arrears per calendar year. In addition to the remuneration of the Board, the annual cost of the Trust's activities, including VAT, consisted primarily of expenses of €15,148 related to the stock exchange listing and general administrative expenses and the audit fee of €4,081. The Trust's total expenses for 2016 were € 96,795 (2015: €64,927).

The Trust's Board is independent as meant by Section 118a(3) of Book 2 of the Netherlands Civil Code and consists of the following members, who hold the following current and/or former positions:

Members	Positions held
T. de Waard, chairman	Lawyer at DeWaardSinke Advocaten
E.S. Schneider, secretary	Independent organisation consultant specialising in publishers and printers (to 2006)
W. Ruijgrok	Former director of VNO-NCW
J.F.H.M. van Exter	Former Managing Director of Tata Steel Nederland Services B.V.
E.J. Cornelissen	Employed by Korn Ferry

Amsterdam, March 2017

## Stichting Administratiekantoor van aandelen Telegraaf Media Groep N.V.

c/o Basisweg 30  
1043 AP Amsterdam

# Supplementary information



Strong online presence

TMG's strong brands include Dumpert. With a reach of 150.8 million video plays per month, Dumpert has acquired a unique position in the online market in the Netherlands. We are particularly successful in striking a chord among young target groups. With more than 440,000 likes on Facebook, Metro increased the reach in public transport. The brand GeenStijl is aimed at men aged between 18 to 35.

# TMG stakeholders

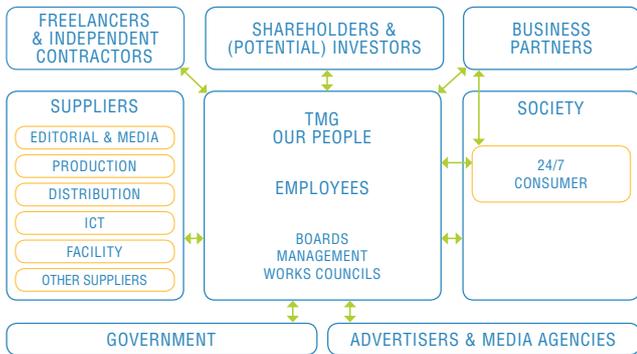
In our rapidly changing information society, the role of media companies such as TMG is becoming increasingly important. By excelling in our core activities, we can add value – not just for consumers, but for all stakeholders in our value chain and for society as a whole.

TMG attaches great importance to regular consultation with stakeholders about the direction of the company. We are aware that we exert influence on our stakeholders and we, in turn, are interested in hearing our stakeholders' views and concerns. This input is used to adapt our strategy where necessary and to bring our annual plans up to date.

The Executive Board and the management boards of our business units are involved in this process in a number of ways. TMG is in daily contact with various stakeholders, such as employees, consumers and advertisers. Through social media, our websites, publications, presentations and open days, relationships with these stakeholders are developed and maintained. For other stakeholders, there are targeted events and specific moments of contact, such as the shareholders' meetings, presentations and guided tours.

The overview below shows the main stakeholders in the context of TMG's value chain.

## TMG's main stakeholders



Our main stakeholders, as shown in the Stakeholder dialogue overview, have a significant impact on or a significant interest in TMG. Regular contact is maintained with the government and institutions such as the tax authority with respect to the continuous developments at TMG. Relationships with local government bodies are maintained by the business units.

Topics discussed during consultations with stakeholders in the reporting year include TMG's vision and strategy and the commercial implementation thereof, new collaboration

opportunities, the media ecosystem and the company's ambitions with respect to corporate social responsibility.

TMG again engaged in a dialogue with multiple stakeholders in 2016; a process that we aim to repeat every three years to ensure that we do the right things and stay in close contact with our stakeholders. CEO Geert-Jan van der Snoek discussed the policy on corporate social responsibility with external stakeholders such as advertisers, financial institutions, shareholders and NGOs and also explained the activities that have been implemented. Prior to this dialogue, a short questionnaire was distributed among the participants in which they could indicate the sustainability aspects that they believed to be most relevant for TMG. Based on the results of this questionnaire, it was decided to address three aspects in more detail during the stakeholder dialogue: talent development, access to information and privacy, and responsible procurement. The main items that emerged from input provided by stakeholders during the rounds of dialogue and plenary discussion were:

- Focus on the future: ensure that the organisation and employees are agile and future proof.
- Identify talents, including talents that are not directly work-related.
- Be open and honest to customers with respect to privacy and also emphasise the advantages.
- Intensify the dialogue with suppliers and identify mutual points for improvement to further increase sustainability.

Identification of material aspects is a continuously developing process. The main aspects in the area of corporate social responsibility were first identified in 2013 by means of a dialogue with multiple stakeholders. Based on our various structural dialogues with our main stakeholders (see Stakeholder dialogue overview), these aspects were assessed each year. This resulted in the specification of new aspects and prioritisation of aspects that both internal and external stakeholders consider to be important and also have an impact on TMG's performance. There has been no change in the manner in which TMG has drawn up the list of aspects. During this year's structural dialogues with experts, Investor Relations day and the dialogue with multiple stakeholders, a large number of stakeholders determined the current aspects with respect to corporate social responsibility, which resulted in the materiality matrix below.

The material aspects are discussed with our main stakeholders at various moments and in a variety of ways. The Stakeholder dialogue overview below shows the form and frequency of and material aspects discussed during our dialogues with our main

stakeholders. The material themes play a central role in this. The overview is not exhaustive and in many cases multiple stakeholders are present during the contact moments. The frequency of the consultations varies from daily to once a year.

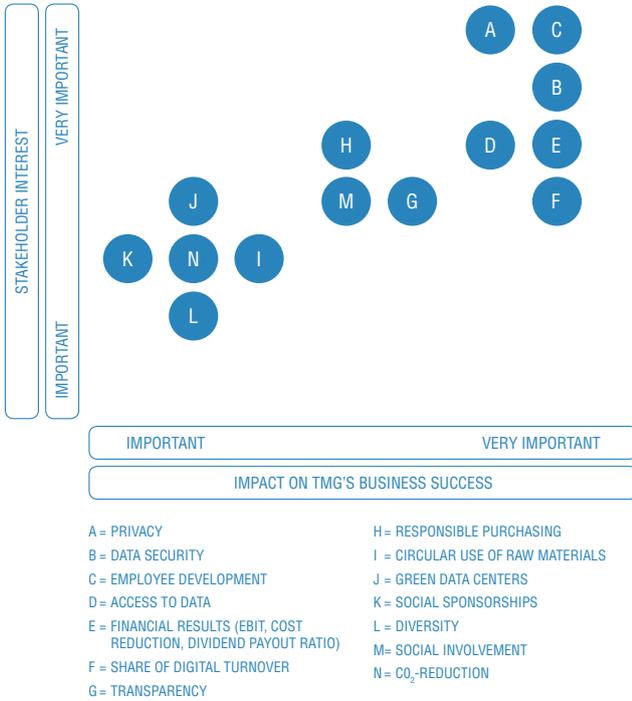
There is no one-to-one relationship between the second and third columns. The results-column includes references to the sections in this annual report in which the results achieved for each of the material aspects are presented.

### Stakeholder dialogue

Material aspects	Main stakeholders	Form of dialogue	Frequency	Result
<b>A = Privacy</b>	24/7 consumers	Customer panels	Periodiically	<a href="#">Corporate responsibility</a> (Privacy)
		Bilateral meetings	Daily	
		Dialogue with multiple stakeholders	Every 3 years	
		Social media	Daily	
<b>B = Information security</b>	Advertisers Business partners 24/7 consumers	Bilateral meetings	Daily	<a href="#">Information security and cyber security</a> <a href="#">Risk management</a>
		Customer panels	Daily	
		Dialogue with multiple stakeholders	Every 3 years	
		Social media	Daily	
<b>C = Employee development</b>	Employees, Managers Executive Board, Supervisory Board and Central Works Council	Company-wide meeting	Periodiically	<a href="#">Our people</a> <a href="#">Risk management</a> (In-contol statement)
		Department meetings	Weekly	
		Bilateral consultations	Periodiically	
		Planning and assessment cycle	Yearly	
		Dialogue with multiple stakeholders	Every 3 years	
		Consultations with works councils	Periodiically	
		Direct personal contact	Daily	
<b>D = Access to information</b>	Advertisers 24/7 consumers Business partners Society	Bilateral meetings	Daily	<a href="#">Strategy</a> <a href="#">Corporate responsibility</a> (Social engagement)
		Customer panels	Daily	
		Social media	Daily	
		Guided tours	Periodiically	
		Dialogue with multiple stakeholders	Every 3 years	
		Journalists	Daily	
		Social media	Daily	
<b>E = Financial performance</b> (EBITDA, cost reductions, dividend payment percentage)	Shareholders and current and potential investors	Shareholders' Meeting	Yearly	<a href="#">Corporate Governance</a> <a href="#">Investor relations and the TMG share</a>
		Investor Relations Day	Yearly	
		Dialogue with investors	Periodiically	
<b>F = Share of digital in revenue</b>	Shareholders and current and potential investors	Shareholders' Meeting	Yearly	<a href="#">Corporate Governance</a> <a href="#">Investors relations and the TMG share</a>
		Investor Relations Day	Yearly	
		Dialogue with investors	Periodiically	
<b>G = Transparency</b>	Government	Bilateral consultations	Periodiically	<a href="#">Strategy</a> <a href="#">Corporate responsibility</a> (Transparency)
		Meetings	Periodiically	
			Daily	
	Advertisers Shareholders and current and potential investors Employees, Managers Executive Board, Supervisory Board and Central Works Council Self-employed individuals and freelancers Business partners	Bilateral meetings	Daily	
		Shareholders' Meeting	Yearly	
		Investor Relations Day	Yearly	
		Dialogue with investors	Periodiically	
		Department meetings	Weekly	
<b>H = Responsible procurement</b>	Suppliers	Bilateral meetings	Periodiically	<a href="#">Corporate responsibility</a> (Responsible procurement) <a href="#">Risk management</a> (In-contol statement)
		Dialogue with multiple stakeholders	Every 3 years	
<b>I = Circular use of materials</b>	Suppliers Employees, Managers	Bilateral consultations	Periodiically	<a href="#">Corporate responsibility</a> (Improving environmental performance) <a href="#">Risk management</a> (In-contol statement)
		Department meetings	Weekly	

Material aspects	Main stakeholders	Form of dialogue	Frequency	Result
<b>J = Green data centres</b>	Suppliers	Bilateral consultations	Periodiically	<a href="#">Corporate responsibility</a> (Responsible procurement)
	Society	Bilateral consultations	Periodiically	<a href="#">Corporate responsibility</a> (Social engagement)
<b>K = Social sponsoring</b>	Suppliers	Bilateral consultations	Periodiically	<a href="#">Our people</a>
	Employees, Managers	Department meetings	Weekly	
<b>L = Diversity</b>	Society	Journalists	Daily	<a href="#">TMG Landelijke Media</a>
		Social media	Daily	<a href="#">TMG Digital</a>
<b>M = Social engagement</b>		Department meetings	Weekly	<a href="#">Holland Media Combinatie</a>
		Bilateral consultations	Periodiically	<a href="#">Keesing Media Group</a>
<b>N = CO<sub>2</sub> emissions reduction</b>	Employees, managers			
	Self-employed individuals and freelancers			
<b>N = CO<sub>2</sub> emissions reduction</b>	Suppliers	Bilateral meetings	Periodiically	<a href="#">Corporate responsibility</a> (Reduction of CO2 emissions)
	Employees, Managers	Department meetings	Weekly	
	Executive Board,	Planning and assessment cycle	Yearly	<a href="#">Risk management</a> (In-contol statement)
	Supervisory Board and	Consultations with works councils	Periodiically	
	Central Works Council	Direct personal contact	Daily	
Government	Meetings	Periodiically		

## Materiality matrix



## Notes on integrated reporting

Transparency is one of our strategic corporate social responsibility themes. This integrated annual report is one of the ways in which we demonstrate this. In this report, we report on our strategic, financial and non-financial performance with the aim to provide our stakeholders insight into how we create value for them and strive to achieve sustainable returns.

In our view, an integrated report provides our stakeholders information on our financial performance as well as our impact on employees, society and the environment. By explaining our financial and non-financial performance in relation to our strategy, external developments, risks, opportunities and governance, we aim to enable the stakeholders to obtain a holistic view of the media ecosystem in which we operate.

### Guidelines

To ensure transparent and integrated reporting, TMG follows the guidelines of the International Integrated Reporting Council (IIRC), which has developed a framework for this purpose.

Other accepted guidelines that have been a source of inspiration for the preparation of this annual report were the:

- Transparency Benchmark of the Dutch Ministry of Economic Affairs;
- Global Reporting Initiative (GRI G4) guidelines. These guidelines have been applied at core level. This means that reporting is based on GRI indicators that are material to TMG's business operations. The GRI table shows which GRI indicators have been included and where they can be found in this annual report;
- Carbon Disclosure Project (CDP).
- Tax Transparency Benchmark of the Dutch Association of Investors for Sustainable Development (Vereniging van Beleggers voor Duurzame Ontwikkeling, VBDO).

### Sphere of influence

TMG is responsible for the effects of the decision making processes and daily activities over which it formally and/or reasonably<sup>17</sup>exercises control. We are aware that, in addition to having responsibility, in some cases we also have the capability to influence the behaviour of certain stakeholders. These situations are part of TMG's sphere of influence. We, in turn, are interested in hearing our stakeholders' views and concerns and use this input to adapt our strategy where necessary, and to bring our annual plans up to date.

<sup>17</sup> Reasonably refers to situations in which TMG has the informal capability of influencing another party's decision making process or activities.

### Material aspects

This annual report covers a combination of material financial and non-financial aspects. These aspects may have a material effect on our activities, risks and opportunities, applicable regulations and trends. The aspects have been determined by combining the interests of the stakeholders of TMG with the impact of these aspects on TMG's performance. Reporting is brought in line with developments in the form of changes in material aspects and the expectations of stakeholders. Our materiality matrix provides a schematic overview of our material aspects

In order to determine the highest ranking material aspects, we are in continuous contact with [our stakeholders](#). Participants in the extensive stakeholder dialogue with multiple stakeholders during the reporting year constituted a diverse group consisting of suppliers, media agencies, shareholders, employees, social organisations, NGOs and consultants (also see the [TMG stakeholders section](#)).

The material aspects that we have specified help us to present a well-balanced and complete picture of our performance in this annual report. The material aspects have been adopted by the Executive Board.

### Scope

This annual report relates to the period 1 January to 31 December 2016 and was published on April 3, 2017. The materiality analysis ensures that this annual report covers all material economic, social and ecological aspects. All entities of TMG in the Netherlands and abroad are included in the scope of this annual report.

For more information on the scope of the financial performance we refer to the notes to the [consolidated financial statements](#). TMG only reports on the non-financial performance of entities of which it has more than 50% ownership. As our radio activities have been placed with a new radio company of which TMG has less than 50% ownership, the financial and non-financial information on Sky Radio Group included in this annual report relates to the period up to and including 30 September 2016.

The information does not relate to other stakeholders in the supply chain such as customers and suppliers.

Depending on the aspect, our approach and performance are explained in the form of text or a referral to our policy or by providing data and a description of the progress that has been made with respect to any objectives.

## Data collection

All financial data in this integrated annual report was derived from and is in accordance with our financial statements. The non-financial data in this annual report relates to Human Resources, quantitative customer data, reach, the environment and transparent business operations. Environmental data was provided by the Facilitating Services business unit, which it obtained from various registration systems. Information regarding customers and Human Resources was obtained from our business operations systems, in line with the data in our financial statements. Data relating to reach is based on official NOM figures and online data systems such as Google Analytics. Reach-related figures presented in this report are accompanied by clear references to the source from which the data was obtained. Other information on transparent business operations or corporate social responsibility in the broad sense was derived from our corporate social responsibility-related activities. The non-financial data was obtained from the responsible business entities and departments and has been compared with the comparative figures of previous years where possible.

If estimated data is used, this is indicated clearly in the text. Estimates are based on either historical information or the extrapolation of data relating to the first ten or eleven months of the year. The plausibility of and movements in the data have been verified by the responsible officers.

## Data validity

The non-financial information presented in this report has not been verified by an external party. At present, TMG gives priority to implementing sustainability initiatives within the organisation. The data presented in this annual report was calculated on the basis of data provided by the responsible business entities and departments. The plausibility of this data was verified by the responsible officers. TMG uses the up-to-date year-end well-to-wheel data provided by [CO2emissiefactoren.nl](https://co2emissiefactoren.nl) for the calculation of carbon emissions. This website offers a uniform list of key figures on carbon emissions, which simplifies comparisons between organisations.

The non-financial data included in this report has neither been audited nor subjected to any other form of assurance by the external auditor.

We look forward to receiving your feedback on our annual report. Questions or remarks can be sent to [concerncommunicatie@tmg.nl](mailto:concerncommunicatie@tmg.nl).

## Quantitative targets table

<b>Quantitative targets</b>	<b>Result 2016</b>	<b>Result 2015</b>	<b>Target</b>	<b>Target date</b>	<b>Material aspect</b>
Score on Transparency Benchmark of Dutch Ministry of Economic Affairs	160	153	> 170	2018	Transparency
Percentage of RFPs and RFIs in which responsible business is part of award process	8 processes	n/a <sup>1</sup>	100%	2020	Responsible procurement
Percentage of TMG spend qualified by means of TMG Supplier Code of Conduct (or equivalent)	42%	n/a <sup>1</sup>	> 80%	2020	Responsible procurement
Percentage of residual materials that is recycled	95%	93%	> 90%	Every year	Circular use of raw materials
Percentage of residual paper that is recycled	99%	96%	100%	2018	Circular use of raw materials
Percentage of purchased printing paper that is certified (PEFC, FSC or equivalent)	100%	98%	> 95%	Every year	Circular use of raw materials
Percentage of recycled printing paper used for the production of our newspapers	40%	22%	40%	2017	Circular use of raw materials
Number of people who are distanced from the labour market that found a position at TMG	0	n/a <sup>1</sup>	> 10	2017	Diversity
Percentage of external parties hosting our online products that use sustainable electricity	100%	100%	100%	Every year	Sustainable data centres
Percentage of reduction in absolute scope 1 and 2 CO <sub>2</sub> emissions compared with 2014	26%	15%	> 20%	2018	CO <sub>2</sub> emissions reduction
Percentage of sustainable energy consumption	100%	100%	100%	Every year	CO <sub>2</sub> emissions reduction
Percentage of reduction in energy consumption at Alkmaar campus compared with 2012	7.8%	6.8%	> 8%	2016	CO <sub>2</sub> emissions reduction
Percentage of reduction in energy consumption at Amsterdam campus compared with 2012	9.2%	7.7%	> 8%	2016	CO <sub>2</sub> emissions reduction

<sup>1</sup> This is a new target; information for 2015 is not available.

## GRI table

This annual report is based on the fourth generation guidelines of the Global Reporting Initiative (GRI G4), which have been applied at core level. This means that reporting is based on GRI indicators that are material to TMG's business operations.

The GRI table below shows which GRI indicators have been included (GRI G4 indicator column) and where they can be found in this annual report. An explanation is provided about items that we do not report on.

### General standard disclosures

GRI G4	Description of GRI G4 indicator	Section in annual report	Explanation and reference
<b>Indicator</b>			
<b>Strategy and analysis</b>			
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy.	<a href="#">Supervisory Board Report (see page 69)</a> <a href="#">Strategy (see page 14)</a>	
G4-2	Description of key impacts, risks, and opportunities.	<a href="#">The world around us (see page 12)</a> <a href="#">Strategy (see page 14)</a>	
<b>Organisational profile</b>			
G4-3	Name of the organisation.	<a href="#">Company profile (see page 7)</a>	
G4-4	Primary brands, products and/or services.	<a href="#">Company profile (see page 7)</a>	
G4-5	Location of the organisation's headquarters.	Back cover	
G4-6	The number and names of countries where the organisation operates.	<a href="#">Company profile (see page 7)</a> <a href="#">Keesing Media Group (see page 56)</a>	
G4-7	The nature of ownership and legal form.	<a href="#">Company profile (see page 7)</a> <a href="#">Investor Relations and the TMG share (see page 58)</a>	
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	<a href="#">Company profile (see page 7)</a> <a href="#">Strategy (see page 14)</a>	
G4-9	Scale of the organisation.	<a href="#">Company profile (see page 7)</a> <a href="#">Facts and figures 2016 (see page 11)</a>	
G4-10	The number of employees by gender and age.	<a href="#">Our people (see page 18)</a> <a href="#">Segment reporting (see page 105)</a>	We do not report on the following matters: <i>a) The number of employees by type of employment contract and gender.</i> <i>b) The number of employees with a permanent employment contract by employee category and gender.</i> <i>c) The total workforce by employees and supervised workers and by gender.</i> <i>d) The total workforce by region and gender.</i> <i>e) Percentage of the organisation's work that is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</i> <i>f) Significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</i> Our reporting structure is not yet designed to incorporate the exact distribution of data as mentioned under a, b and e. In our opinion, the other data does not increase the value of the report, or is irrelevant. Significant variations in employment numbers due to seasonal variations, for example, are not applicable to us.
G4-11	Percentage of total employees covered by a collective bargaining agreement.	<a href="#">Our people (see page 18)</a>	1,265 of 1,735 = 73%
G4-12	Description of the organisation's supply chain.	<a href="#">Strategy (see page 14)</a> <a href="#">TMG Stakeholders (see page 156)</a>	

GRI G4	Description of GRI G4 indicator	Section in annual report	Explanation and reference
<b>Indicator</b>			
G4-13	Any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	<a href="#">Strategy (see page 14)</a> <a href="#">Supervisory Board (see page 69)</a>	
G4-14	Description of whether and how the precautionary approach or principle is addressed by the organisation.	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">Risk management (see page 77)</a>	
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses.	<a href="#">Corporate responsibility (see page 24)</a>	Multi-year agreement 3 ISO14001
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations.		TMG is a member of several media-related sector organisations, such as KVGO, NVJ and MVO Nederland
<b>Identified material aspects and boundaries</b>			
G4-17	<ul style="list-style-type: none"> <li>Overview of all entities included in the organisation's consolidated financial statements or equivalent documents.</li> <li>Overview of all entities included in the organisation's consolidated financial statements or equivalent documents, but not in the GRI report.</li> </ul>	<a href="#">Notes on integrated reporting (see page 160)</a> <a href="#">Segment reporting (see page 105)</a>	
G4-18	<ul style="list-style-type: none"> <li>Process for defining the report content and the aspect boundaries.</li> <li>Explanation of how the organisation has implemented the GRI Reporting Principles for Defining Report Content.</li> </ul>	<a href="#">TMG Stakeholders (see page 156)</a> <a href="#">Notes on integrated reporting (see page 160)</a>	
G4-19	Overview of all the material aspects identified in the process for defining report content.	<a href="#">Strategy (see page 14)</a> <a href="#">TMG Stakeholders (see page 156)</a> <a href="#">Notes on integrated reporting (see page 160)</a>	
G4-20	Report on the aspect boundary within the organisation for material aspects.	<a href="#">Notes on integrated reporting (see page 160)</a>	
G4-21	Report on the aspect boundary outside of the organisation for material aspects.	<a href="#">Notes on integrated reporting (see page 155)</a> <a href="#">Corporate responsibility (see page 24)</a>	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	<a href="#">Notes on integrated reporting (see page 160)</a> <a href="#">Accounting policies (see page 93)</a>	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	<a href="#">Notes on integrated reporting (see page 160)</a> <a href="#">Accounting policies (see page 93)</a>	
<b>Stakeholder engagement</b>			
G4-24	List of stakeholder groups engaged by the organisation.	<a href="#">TMG stakeholders (see page 156)</a>	
G4-25	The basis for identification and selection of stakeholders with whom to engage.	<a href="#">TMG stakeholders (see page 156)</a>	
G4-26	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and whether any of the engagement was undertaken specifically as part of the reporting process.	<a href="#">TMG stakeholders (see page 156)</a>	The structure of our reporting process is not yet designed to involve all main stakeholder groups specifically in the context of our reporting. We aim to optimise the structure of this process to this end in the future.
G4-27	The key topics and concerns that have been raised through stakeholder engagement, and how the	<a href="#">TMG stakeholders (see page 156)</a>	

GRI G4	Description of GRI G4 indicator	Section in annual report	Explanation and reference
<b>Indicator</b>			
	organisation has responded to those key topics and concerns, including through its reporting.		
<b>Report profile</b>			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	<a href="#">Notes on integrated reporting (see page 160)</a>	
G4-29	Date of most recent previous report (if any).		9 March 2016
G4-30	Reporting cycle (such as annual, biennial).		Annually
G4-31	The contact point for questions regarding the report or its contents.	<a href="#">Notes on integrated reporting (see page 160)</a>	corporatereport@tmg.nl
G4-32	<ul style="list-style-type: none"> <li>The 'in accordance' option the organisation has chosen.</li> <li>The GRI Content Index for the chosen option.</li> <li>Reference to the External Assurance Report, if the report has been externally assured.</li> </ul>	Here	GRI G4, application at core level. The non-financial data included in this report have not been audited by the external auditor (nor has any other external assurance taken place). It is our ambition that, in the future, the entire report will be audited by an external party.
G4-33	<ul style="list-style-type: none"> <li>The organisation's policy and current practice with regard to seeking external assurance for the report.</li> <li>The scope and basis of any external assurance provided, if not included in the assurance report accompanying the sustainability report.</li> <li>The relationship between the organisation and the assurance providers.</li> <li>Statement of whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.</li> </ul>	<a href="#">Notes on integrated reporting (see page 160)</a>	Current practice is described; the other items do not apply.
<b>Governance</b>			
G4-34	The governance structure of the organisation, including committees of the highest governance body. Identification of any committees responsible for decision-making on economic, environmental and social impacts.	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">Corporate Governance (see page 64)</a> <a href="#">Composition of the Supervisory Board (see page 61)</a> <a href="#">Composition of the Executive Board (see page 63)</a>	See also: <a href="http://www.tmg.nl/nl/management-structuur">http://www.tmg.nl/nl/management-structuur</a> <a href="http://www.tmg.nl/nl/organogram">http://www.tmg.nl/nl/organogram</a>
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided, including a statement of whether conflicts of interest are disclosed to stakeholders.	<a href="#">Corporate Governance (see page 64)</a>	
<b>Ethics and integrity</b>			
G4-56	Description of the organisation's values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics.	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">Corporate Governance (see page 64)</a> <a href="#">Notes on integrated reporting (see page 160)</a>	See also <a href="http://www.tmg.nl/nl/corporate-governance">http://www.tmg.nl/nl/corporate-governance</a>
G4-58	Description of the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">Corporate Governance (see page 64)</a>	See also <a href="http://www.tmg.nl/nl/corporate-governance">http://www.tmg.nl/nl/corporate-governance</a>

## Specific standard disclosures

GRI G4			
Indicator	Description of GRI G4 indicator	Section in annual report	Explanation and reference
<b>Economy</b>			
G4-DMA	<ul style="list-style-type: none"> <li>Description of why the aspect is material and the impacts that make this aspect material.</li> <li>Description of how the organisation manages the material aspect or its impacts.</li> <li>Evaluation of the management approach.</li> </ul>	<a href="#">TMG stakeholders (see page 156)</a> <a href="#">Strategy (see page 14)</a> <a href="#">Corporate Governance (see page 64)</a>	
<b>Economic performance</b>			
G4-EC	Direct economic value generated and distributed.	<a href="#">Facts and figures 2016 (see page 11)</a> <a href="#">Company performance (see page 41)</a> <a href="#">Results of the business units (see page 41)</a> <a href="#">Financial statements 2016 (see page 86)</a>	
G4-EC4	Significant financial assistance received from government.		No financial assistance received.
G4-EC7	Development and impact of infrastructure investments and services supported.	<a href="#">Strategy (see page 14)</a> <a href="#">Results of the business units (see page 41)</a>	
<b>Environment</b>			
G4-DMA	<ul style="list-style-type: none"> <li>Description of why the aspect is material and the impacts that make this aspect material.</li> <li>Description of how the organisation manages the material aspect or its impacts.</li> <li>Evaluation of the management approach.</li> </ul>	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">TMG stakeholders (see page 156)</a> <a href="#">Strategy (see page 14)</a> <a href="#">Notes on integrated reporting (see page 160)</a>	
<b>Raw materials</b>			
G4-EN2	Percentage of materials used that are recycled input materials.	<a href="#">Circular use of raw materials (see page 24)</a>	Percentage recycled and percentage certified
<b>Energy</b>			
G4-EN3	Direct energy consumption.	<a href="#">Reduction of energy consumptions (see page 24)</a>	
G4-EN6	Reduction of energy consumption.	<a href="#">Reduction of energy consumptions (see page 24)</a>	
G4-EN7	Reductions in energy requirements of products and services.	<a href="#">Reduction of energy consumptions (see page 24)</a>	
<b>Emissions</b>			
G4-EN15	Direct greenhouse gas emissions (Scope 1).	<a href="#">Reduction CO<sub>2</sub> emissions (see page 24)</a>	
G4-EN16	Indirect greenhouse gas emissions (Scope 2).	<a href="#">Reduction CO<sub>2</sub> emissions (see page 24)</a>	
G4-EN17	Other indirect greenhouse gas emissions (Scope 3).	<a href="#">Reduction CO<sub>2</sub> emissions (see page 24)</a>	Air travel only
G4-EN19	Reduction of greenhouse gas emissions.	<a href="#">Reduction CO<sub>2</sub> emissions (see page 24)</a>	
<b>Effluents and waste</b>			
G4-EN23	Total weight of waste by type and disposal method.	<a href="#">Circular use of raw materials (see page 24)</a>	

<b>GRI G4</b>			
<b>Indicator</b>	<b>Description of GRI G4 indicator</b>	<b>Section in annual report</b>	<b>Explanation and reference</b>
<b>Transport</b>			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce.	<a href="#">Reduction CO<sub>2</sub> emissions (see page 24)</a>	
<b>Supplier environmental assessment</b>			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	<a href="#">Transparency (see page 24)</a>	See section <a href="#">Responsible procurement (see page 24)</a> . The percentage of the centrally contracted suppliers who have signed the Code of Conduct for Suppliers is available. During the reporting year, the foundation was laid for providing more detailed information.
<b>Social: sub-category Labour practices and decent work</b>			
G4-DMA	<ul style="list-style-type: none"> <li>• Description of why the aspect is material and the impacts that make this aspect material.</li> <li>• Description of how the organisation manages the material aspect or its impacts.</li> <li>• Evaluation of the management approach.</li> </ul>	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">TMG stakeholders (see page 156)</a> <a href="#">Strategy (see page 14)</a> <a href="#">Notes on integrated reporting (see page 160)</a>	
<b>Employment</b>			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	<a href="#">Our people in numbers (see page 18)</a>	With regard to employee turnover, we do not yet report separately by age group, gender and region.
<b>Occupational health and safety</b>			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender.	<a href="#">Our people in numbers (see page 18)</a>	At central level, only absenteeism rates and work-related injuries are available.
<b>Training and education</b>			
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<a href="#">Our people in numbers (see page 18)</a>	
<b>Supplier assessment for labour practices</b>			
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	<a href="#">Transparency (see page 24)</a>	See section <a href="#">Responsible procurement (see page 24)</a> . The percentage of the centrally contracted suppliers who have signed the Code of Conduct for Suppliers is available. During the reporting year, the foundation was laid for providing more detailed information.
<b>Social: sub-category Human rights</b>			
G4-DMA	<ul style="list-style-type: none"> <li>• Description of why the aspect is material and the impacts that make this aspect material.</li> <li>• Description of how the organisation manages the material aspect or its impacts.</li> <li>• Evaluation of the management approach.</li> </ul>	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">TMG stakeholders (see page 156)</a> <a href="#">Strategy (see page 14)</a> <a href="#">Notes on integrated reporting (see page 160)</a>	
<b>Supplier assessment for human rights</b>			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	<a href="#">Transparency (see page 24)</a>	See section <a href="#">Responsible procurement (see page 24)</a> . The percentage of the centrally contracted suppliers who have signed the Code of Conduct for Suppliers is available. During the reporting year, the foundation was laid for providing more detailed information.
<b>Social: sub-category Product responsibility</b>			
G4-DMA	<ul style="list-style-type: none"> <li>• Description of why the aspect is material and the impacts that make this aspect material.</li> </ul>	<a href="#">Corporate responsibility (see page 24)</a>	

<b>GRI G4</b>			
<b>Indicator</b>	<b>Description of GRI G4 indicator</b>	<b>Section in annual report</b>	<b>Explanation and reference</b>
	<ul style="list-style-type: none"> <li>Description of how the organisation manages the material aspect or its impacts.</li> <li>Evaluation of the management approach.</li> </ul>	<a href="#">TMG stakeholders (see page 156)</a> <a href="#">Strategy (see page 14)</a> <a href="#">Notes on integrated reporting (see page 160)</a>	
<b>Privacy</b>			
G4-DMA	<ul style="list-style-type: none"> <li>Description of why the aspect is material and the impacts that make this aspect material.</li> <li>Description of how the organisation manages the material aspect or its impacts.</li> <li>Evaluation of the management approach.</li> </ul>	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">TMG stakeholders (see page 156)</a> <a href="#">Strategy (see page 14)</a> <a href="#">Notes on integrated reporting (see page 160)</a> <a href="#">Transparency (see page 24)</a>	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<a href="#">Transparency (see page 24)</a>	See section <a href="#">Privacy (see page 24)</a> . Numbers have been reported to the relevant institutions.
<b>Content creation</b>			
G4-DMA	<ul style="list-style-type: none"> <li>Description of why the aspect is material and the impacts that make this aspect material.</li> <li>Description of how the organisation manages the material aspect or its impacts.</li> <li>Evaluation of the management approach.</li> </ul>	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">TMG stakeholders (see page 156)</a> <a href="#">Strategy (see page 14)</a> <a href="#">Notes on integrated reporting (see page 160)</a>	
M2	Methodology for assessing and monitoring adherence to content creation values.	<a href="#">Transparency (see page 24)</a>	See section <a href="#">Responsible content creation (see page 24)</a> .
<b>Content dissemination</b>			
G4-DMA	<ul style="list-style-type: none"> <li>Description of why the aspect is material and the impacts that make this aspect material.</li> <li>Description of how the organisation manages the material aspect or its impacts.</li> <li>Evaluation of the management approach.</li> </ul>	<a href="#">Corporate responsibility (see page 24)</a> <a href="#">TMG stakeholders (see page 156)</a> <a href="#">Strategy (see page 14)</a> <a href="#">Notes on integrated reporting (see page 160)</a> <a href="#">Transparency (see page 24)</a>	
M4	Actions taken to improve performance in relation to content dissemination issues (accessibility and protection of vulnerable audiences and informed decision making) and results obtained.	<a href="#">Strategy (see page 14)</a> <a href="#">Transparency (see page 24)</a>	
M5	Number and nature of responses (feedback/complaints) related to content dissemination, including protection of vulnerable audiences and informed decision making and accessibility, and procedures for addressing these responses.	<a href="#">Strategy (see page 14)</a> <a href="#">Transparency (see page 24)</a>	

# Glossary and abbreviations

## Carbon Disclosure Project (CDP)

An independent non-profit organisation that aims for systematic changes in market behaviour to oppose climate change, water shortages and deforestation. To this end, CDP facilitates a global system that enables companies, cities, countries and regions to publicise and control their impact on the environment. For more information, see: <http://www.cdp.net>.

## CertiQ

CertiQ certifies renewable solar, water, wind and biomass energy. CertiQ has been appointed for this task by the Dutch government. The Certificates of Origin issued electronically by CertiQ and are the only valid proof in the Netherlands that the energy to which they relate is generated sustainably. Certificates issued by CertiQ can be traded within Europe. For more information, see: <https://www.certiq.nl>.

## Circular use of raw materials

Striving for optimal high-value reuse of raw materials.

## CO<sub>2</sub>emissiefactoren.nl

De lijst CO<sub>2</sub>-emissiefactoren is het initiatief van SKAO, Stichting Stimular, Connekt, Milieu Centraal en het ministerie van Infrastructuur en Milieu en is tot stand gekomen in samenwerking met diverse belanghebbenden naar aanleiding van een Green Deal met de betrokken partijen. Voor meer informatie zie: <https://www.co2emissiefactoren.nl>.

## CO<sub>2</sub> emissions reduction

Reduction of TMG's scope 1 and 2 CO<sub>2</sub> emissions (office buildings, printing plants and in-house-managed transportation).

## CSR

Corporate Social Responsibility.

## Distanced from the labour market

People who are distanced from the labour market are people who experience difficulty in finding and/or keeping a job. This includes:

- long-term unemployed
- people with insufficient education or who have fallen behind in their education
- people with a (slight) physical disability
- people with a (slight) mental disability
- psychologically vulnerable people

## Diversity

Ensuring that the group of people working at and with TMG forms a representative reflection of society.

## Dividend payment percentage

Dividend as a percentage of total profit.

## EBIT

Earnings before Interest and Tax is a standard to measure a firm's operating income before deduction of interest and tax. EBIT is equal to the revenue minus the costs incurred as a result of normal business operations, excluding financial income and expenses and tax.

## EBITDA

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) is a standard to measure result development. EBITDA is the operating result excluding depreciation, amortisation and impairment.

## Employee development

Offering employees possibilities for personal development and skill training.

## Energy Efficiency Plan (EEP)

A tool for implementing energy efficiency improvement measures as part of companies' internal planning process. The plan identifies which measures will be implemented when. It is a mandatory element of a company's long-term agreements on energy efficiency.

## FSC

The Forest Stewardship Council (FSC) is an international organisation dedicated to preservation and responsible forest stewardship throughout the world. FSC defines responsible forest stewardship as the balanced weighing of the ecological, social and economic aspects of forest management. For more information, see: <http://www.fsc.nl>.

## Green data centres

Reduction of the environmental impact of the data centres used by TMG for hosting online products.

## Greenhouse Gas Protocol

An international standard for measuring, calculating and reporting the emission of greenhouse gases. For more information, see: <https://www.ghgprotocol.org/>.

## GRI

The Global Reporting Initiative (GRI) aims for sustainability reporting by all organisations. GRI produces the world's most comprehensive Sustainability Reporting Framework as a means of effecting greater transparency by organisations. For more information see: <https://www.globalreporting.org>.

## HOI

Het Oplage Instituut (HOI) is Dutch for The Circulation Institute, which collects, verifies and publishes circulation figures for media published in the Netherlands. On 1 January 2015, it was acquired by the national multimedia research foundation NOM.

## IIRC

International Integrated Reporting Council. An international coalition that facilitates and monitors the Integrated Reporting framework. For more information, see: [integratedreporting.org](http://integratedreporting.org).

## Information security

The set of preventive, detective, repressive and corrective measures, procedures and processes that guarantee the availability, exclusivity and integrity of all forms of information at TMG with the aim to ensure the continuity of the information and information supply and limit the possible consequences of security incidents to an acceptable predefined level.

## International Labour Organization (ILO)

The International Labour Organization is a specialised United Nations organisation. The promotion of social justice in work-related situations is one of the ILO's most important objectives. For more information, see: <http://www.ilo.org>.

## NGO

Non-government organisations (NGO's) are organisations that operate independently from the government and address causes that are considered to be in the interest of society.

## NOBO

NOBO, carried out by Kantar TNS, became the new standard in digital reach assessments in 2016. NOBO is a partnership in which more than twenty large media companies participate.

## NOM

Nationaal Onderzoek Multimedia (National Multimedia Research foundation) (see HOI).

## OECD Guidelines

The OECD Guidelines specify what the Dutch government (and 45 other countries) expects from companies in the area of

corporate social responsibility (CSR) when they conduct business (including international business). The guidelines provide a frame of reference for companies to deal with issues such as supply chain responsibility, human rights, child labour and the environment. For more information (in Dutch), see: <http://www.oesorichtlijnen.nl/>

## Online product hosting

The hosting of online products developed in-house by TMG. This relates to hosting at qualified data centres contracted by TMG as a product/service for the housing of physical server infrastructure. Data centres that are used by suppliers as a non-specified part of contracted managed LaaS, PaaS and SaaS cloud services are not included in this scope. With respect to these data centres it is possible, in general, to specify the region from which a cloud service is delivered, but not the specific data centre or centres nor the specific servers.

## OTT

Over The Top (OTT) refers to content on the internet that can be accessed by anybody, independently from a distributor. The term is mainly use in connection with video.

## Paper certified as sustainable

Paper that is guaranteed to originate from a sustainably managed forest as it is certified in accordance with PEFC, FSC or an equivalent standard.

## PEFC

The Programme for the Endorsement of Forest Certification schemes is a global non-profit, independent quality mark designed to promote sustainable forest management. For more information, see: <http://pefcnederland.nl>.

## Personal details

Details that provide information on an identifiable natural person as described in the Dutch Personal Data Protection Act (Wet bescherming persoonsgegevens).

## Privacy

The right to privacy includes retaining control over one's personal details.

## PUE

Power Usage Effectiveness is a value used by data centres to determine their energy efficiency.

### Quantitative customer data

Non-financial customer-related data such as number of subscriptions, single-copy sales figures, advertisements, circulation figures, etcetera.

### Responsible procurement

In addition to price, the procurement policy also takes into account the impact of purchased goods and services on the environment and society.

### Social engagement

In addition to the social engagement from a journalistic point of view that is part of daily business at many of our brands, TMG also devotes time, knowledge and attention to people and organisations that voluntarily contribute to society. Examples include charitable efforts of TMG employees and special focus placed on a specific social topic by one of our brands.

### Social sponsoring

Providing support to charities, social initiatives and non-profit events in the form of money or media attention.

### Transparency

Improving the insight in the choices made by TMG and the carefully weighed possible consequences.

### Transparency Benchmark

The Transparency Benchmark is an annual assessment of the content and quality of corporate social responsibility reporting by Dutch companies.

### UN Global Compact

An initiative of the United Nations in which governments, the business community and various kinds of institutions collaborate to develop and apply universal principles concerning human rights, labour conditions, the environment and the combat of corruption. For more information, see: <https://www.unglobalcompact.org>.



De Telegraaf

6,923,000  
via print and digital<sup>1</sup>  
24,423,000  
video views every  
month<sup>4</sup>  
4,776,000  
digital reach<sup>4</sup>



telesport

91,214,000  
page views every  
month<sup>3</sup>



VROUW

2,639,000  
via print and digital<sup>1</sup>  
1,172,000  
digital reach<sup>4</sup>



DFT  
DE FINANCIËLE TELEGRAAF

39,386,000  
page views every  
month<sup>3</sup>  
1,648,000  
digital reach<sup>4</sup>



SPEURDERS.NL

2,200,000  
users every month<sup>3</sup>



PRIVE

3,488,000  
via print and digital<sup>1</sup>  
2,811,000  
digital reach<sup>4</sup>



autovisie

1,172,000  
via print and digital<sup>1</sup>



/AUTOBAHN

1,100,000  
users every month<sup>3</sup>



metro

6,216,000  
via print and digital<sup>1</sup>  
2,150,000  
digital reach<sup>4</sup>



De Telegraaf  
Aanbiedingen

1,024,000  
subscribers<sup>2</sup>



Denksport

16,000,000  
editions<sup>6</sup>



Haarlems Dagblad

(incl. IJmuider Courant)  
316,000  
via print and digital<sup>1</sup>  
297,000  
digital reach<sup>4</sup>



Noordhollands Dagblad

999,000  
via print and digital<sup>1</sup>  
618,000  
digital reach<sup>4</sup>



Leidsch Dagblad

257,000  
via print and digital<sup>1</sup>  
154,000  
digital reach<sup>4</sup>



De Gooi- en Eemlander

272,000  
via print and digital<sup>1</sup>  
117,000  
digital reach<sup>4</sup>



RADIO 10

1,417,000  
listeners every week<sup>5</sup>



GEENSTIJL

1,860,000  
users every month<sup>3</sup>



DUMPERT

150,800,000  
video views every month<sup>3</sup>  
7,925,000  
users every month<sup>3</sup>



UPCOMING

1,191,000  
users every month<sup>3</sup>



groupdeal.nl  
powered by Telegraaf Media Groep

1,973,000  
subscribers<sup>2</sup>  
853,000  
subscribers in Belgium<sup>2</sup>



gaspedaal.nl

1,000,000  
users every month<sup>3</sup>



MEGASTAR

42,000,000  
editions<sup>7</sup>



JAAP.NL

500,000  
users every month<sup>3</sup>



SkyRadio

3,258,000  
listeners every week<sup>5</sup>



VERONICA RADIO

1,350,000  
listeners every week<sup>5</sup>



CLASSIC fm

629,000  
listeners every week<sup>5</sup>



radio 538

3,507,000  
listeners every week<sup>5</sup>

Sources:

<sup>1</sup> NOM Mediamerken 2016-I (2015-II t/m 2016-I), 13+

<sup>2</sup> Internal reporting by TMG Digital

<sup>3</sup> Google Analytics, period: December 2016

<sup>4</sup> Online analysis NOBO, monthly reach December 2016

<sup>5</sup> NLO/GfK, Mon-Sun 6am-12am / 2015 annual average / 10 years and older

<sup>6</sup> Keesing Media Group: the Netherlands and Belgium

<sup>7</sup> Keesing Media Group: France, Belgium, Germany, Italy, Spain, Austria and Switzerland

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Our Annual Reports are available online at [www.tmg.nl](http://www.tmg.nl).

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

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

