

5 November 2008

Company announcement no. 17-08

## Interim Management Statement Q3 2008 - Søndagsavisen a-s

**Expectations unchanged for profit before tax of DKK 295-315 million for 2008 despite a very negative trend in advertisement markets. Completion of the sale of Gratistidningar i Sverige AB. Søndagsavisen.dk and myLiving launched as planned. Continued focus on financial optimisation.**

Continued operations DKK m	Q3 2008	YTD 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Year 2007
Revenue	945.1	1,071.7	290.3	327.1	327.8	362.0	335.9	359.5	376.3	1,433.9
<i>Index cp. to same period last year</i>	88.2		86.4	91.0	87.1					
Operating profit	-22.0	39.8	-14.2	-6.1	-1.8	-25.6	-0.3	11.0	29.1	14.2
<i>Operating margin</i>	-2.3%	3.7%	-4.9%	-1.9%	-0.6%	-7.1%	-0.1%	3.1%	7.7%	1.0%
Profit before tax	-31.3	33.6	-17.6	-9.7	-3.9	-35.2	-2.4	9.5	26.4	-1.6

- Consolidated revenue from continuing activities amounted to DKK 290.3 million in Q3 2008, down DKK 45.6 million, or 14%, on the same period in 2007.
- Continuing activities returned a loss before tax of DKK 17.6 million in Q3 2008. This result was DKK 15.2 million lower than in Q3 2007. The performance is unsatisfactory but as expected.
- As stated in Announcement no. 15-08, dated 20 October 2008, the Norwegian competition authorities have approved the sale of Norsk Avisdrift AS. The sale was completed with effect from 23 October 2008.
- As stated in Announcement no. 14-08, dated 25 September 2008, an agreement has been made on VLT AB's purchase of 66.7% of the shares in Gratistidningar i Sverige AB for SEK 400 million.
- The Swedish competition authorities are expected to approve the sale of Gratistidningar i Sverige AB, which will complete the announced divestment strategy for Norsk Avisdrift AS and Gratistidningar i Sverige AB as previously stated in Announcement no. 01-08, dated 8 February 2008.
- In Q3 2008, the negative trend in the advertisement markets worsened with substantial market declines in the market for recruitment advertisements, in particular.
- Within distribution activities, two-year agreements have been made with COOP and Dansk Supermarked for 2009 and 2010 as stated in Announcement no. 13-08, dated 15 August 2008 and no. 16-08, dated 31 October 2008.
- On 3 October [www.Søndagsavisen.dk](http://www.Søndagsavisen.dk) and [www.myLiving.dk](http://www.myLiving.dk) were launched, and in recent months the printed newspaper Søndagsavisen has been undergoing a continuous change process.

### Prospects for the year 2008

- The increased negative trend in the advertisement markets and loss of market share in distribution activities have a negative impact on the expectations for the year's revenue performance, whereas cost savings will compensate for the resulting impact on profit performance.
- Expectations for consolidated revenue are lowered by DKK 75 million, to DKK 1,525-1,575 million. Profit before tax is expected to remain unchanged at DKK 295-315 million in 2008.

For additional information, please contact Mads Dahl Andersen, CEO, telephone +45 39 57 75 00.

**Denmark – the negative trend in the newspaper and distribution markets worsened, and loss of market share, especially in distribution activities, also had a negative impact.**

Consolidated revenue in Denmark in Q3 2008 was DKK 283.8 million, which is DKK 45.1 million, or 14%, lower than in Q3 2007 when revenue was DKK 328.9 million.

For Q3 2008 to date, consolidated revenue in Denmark amounted to DKK 922.8 million, down DKK 125.8 million, or 12%, on the same period in the previous year.

The negative revenue performance is due, in part, to the worsening of the negative trend in the advertisement markets, especially in the market for recruitment ads, and, in part, to the loss of market share in distribution activities.

The profit performance of the distribution business was positively affected by the cost-cutting measures previously carried out, and the level of quality was still very satisfactory.

Q3 2008 showed an operating loss in Denmark of DKK 13.7 million, which was DKK 12.3 million lower than in Q3 2007. The negative profit performance was unsatisfactory, but overall in line with expectations, mainly reflecting the negative revenue trend experienced by Søndagsavisen and OFiR in recruitment ads.

In addition, results were adversely affected by Helsingør Dagblad's loss of printing jobs, as well as new competitors in the mid-week newspaper market.

For Q3 2008 to date, the consolidated operating result in Denmark was a loss of DKK 23.2 million, which is DKK 57.5 million lower than in the same period in the previous year. For Q2 and Q3 2008, the profit decline was much less than in Q1 2008 because the negative trend in 2007 only materialised from Q2 of that year.

The Board of Directors of Søndagsavisen a-s has decided that in addition to the task of being the CEO of Søndagsavisen a-s, Mads Dahl Andersen will also in future take over the responsibility for the group's overall distribution activities.

**Sweden – agreement on sale of Gratistidningar i Sverige AB (GISAB) to VLT AB**

On 25 September 2008, Announcement no. 14-08 stated that Søndagsavisen a-s had entered into an agreement on the sale of Gratistidningar i Sverige AB (GISAB) to VLT AB. As a result, GISAB is classified as a discontinuing activity.

Initially, 66.7% of the shares are sold at a price of SEK 400 million on a debt-free basis. In addition, an agreement has been entered into on Søndagsavisen a-s' sale of the remaining 33.3% of the shares at a minimum price of SEK 160 million immediately after the presentation of financial statements for 2010. If a number of assumptions set for GISAB's growth and earnings for 2008-2010 are met, the selling price may increase.

The agreement is subject to the approval of the Swedish competition authorities. Søndagsavisen a-s expects the authorities to approve the sale. The company will be taken over immediately after the authorities' approval.

GISAB represents the greater part of the Group's Swedish activities.

In Q3 2008, revenue from the Group's Swedish activities rose by 27%, or DKK 14.1 million, to a total of DKK 67.1 million compared with Q3 2007. For Q3 2008 to date, revenue improved by 20%, or DKK 37.2 million, compared with the same period in the previous year. The growth in revenue was driven mainly by higher revenue from the 'Mitt I' newspapers. The impact of the abolition of advertising tax, which took effect at the end of 2007, is also positive, albeit to a lesser extent.

Operating profit in Q3 2008 was DKK 9.8 million, up DKK 11.2 million on Q3 2007. For Q3 2008 to date, the operating profit was DKK 35.4 million, representing an operating margin of 16% and a profit improvement of DKK 25.2 million compared with the same period in 2007. The improved profit is a consequence of the increased revenue and the improved operating margin.

### **Other countries – MatchWork UK lower revenue in local currency; Norsk Avisdrift AS sold**

MatchWork UK's revenue performance reflects the slowdown in the market for recruitment ads. Thus, the growth rate in local currency was a negative 4% in Q3 2008 compared with the same quarter in 2007. In Danish kroner, growth was more negative due to the weakening of the British pound.

For Q3 2008 to date, revenue growth was a negative 5% compared with the same period in the previous year.

MatchWork's establishment of sales offices in Germany and Sweden has been completed and the offices have recorded satisfactory growth rates.

As stated in Announcement no. 15-08, dated 20 October 2008, the Norwegian competition authorities have approved the sale of Norsk Avisdrift AS. The sale was completed with effect from 23 October 2008.

Norsk Avisdrift's revenue in Q3 2008 to date was DKK 25.9 million, representing a fall of DKK 2 million, or 7%, on the same period last year. However, the operating profit improved by DKK 0.8 million to DKK 0.7 million.

### **Internet – Slowdown in the job market but further development of OFiR. Søndagsavisen.dk and myLiving.dk launched as planned**

Revenue from all Internet activities amounted to DKK 22.5 million in Q3 2008. This is in line with the revenue for the same period last year.

For Q3 2008 to date, revenue was DKK 75.0 million, up 9% on the same period in 2007.

The revenue performance was positively affected by BoligPortal.dk, Denmark's largest portal for housing rentals, which is developing very favourably with high growth rates. FORUM and MatchWork show growth, though lower than expected, while OFiR's growth rate is negative as a result of a decline in the market and loss of market share.

The operating result in Q3 2008 was a loss of DKK 9.1 million, which is DKK 7.2 million lower than in Q3 2007. The negative profit performance mainly reflects the slowdown in the market for

recruitment ads, the continued efforts to develop OFiR's products further and the business development costs in the Online area.

The launch of [www.Søndagsavisen.dk](http://www.Søndagsavisen.dk) and the repositioning of [www.FORUM.dk](http://www.FORUM.dk) took place on 3 October 2008. Furthermore, the printed newspaper Søndagsavisen has undergone a continuous change process in recent months, which has resulted in, among other things, an optimised newspaper layout and editorial changes with the objective of converting readers into users on [www.søndagsavisen.dk](http://www.søndagsavisen.dk). Results of these efforts include the launch of [www.ferieliv.dk](http://www.ferieliv.dk), a print online product with references to charter travel, which is produced partly by online users. Also [www.myLiving.dk](http://www.myLiving.dk) was launched as a site focusing on interior design.

The next twelve months will see the launch of a large number of online products aimed at creating users and page references through the printed newspaper Søndagsavisen. The newspaper will enhance the focus on inspiring readers to go online and become actively involved.

### **Prospects for the year 2008**

The increased negative trend in the advertisement markets and loss of market share in distribution activities have a negative impact on the expectations for the year's revenue performance, whereas cost savings will compensate for the resulting impact on profit performance.

Expectations for consolidated revenue are lowered by DKK 75 million, to DKK 1,525-1,575 million. Profit before tax is expected to remain unchanged at DKK 295-315 million in 2008.

Non-recurring income totalling approx. DKK 295 million from the sale of Norsk Avidrift AS and the expected sale of Gratistidningar i Sverige AB positively affects results.

Within distribution activities in Denmark, the main focus is on entering into agreements for 2009, while the focus of Søndagsavisen and the online activities is on ongoing online product launches.

## Revenue and operating profit by country and business area

DKKm	Revenue									
	Q3 2008	YTD 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Year 2007
<b><u>By country</u></b>										
Denmark	922.8	1,048.6	283.8	319.3	319.7	355.5	328.9	351.8	367.9	1,404.1
<i>Index cp. to same period last year</i>	<i>88.0</i>		<i>86.3</i>	<i>90.8</i>	<i>86.9</i>					
Sweden	221.5	184.3	67.1	84.5	69.9	84.8	53.0	69.3	62.0	269.1
<i>Index cp. to same period last year</i>	<i>120.2</i>		<i>126.6</i>	<i>122.0</i>	<i>112.7</i>					
Other countries	43.7	48.3	11.8	16.7	15.2	16.2	14.0	17.5	16.8	64.5
<i>Index cp. to same period last year</i>	<i>90.4</i>		<i>84.3</i>	<i>95.4</i>	<i>90.3</i>					
Total	1,188.0	1,281.3	362.7	420.5	404.8	456.5	395.9	438.6	446.7	1,737.7
<i>Index cp. to same period last year</i>	<i>92.7</i>		<i>91.6</i>	<i>95.9</i>	<i>90.6</i>					
Discontinued operations	242.9	209.5	72.4	93.4	77.0	94.5	60.0	79.1	70.4	303.9
<i>Index cp. to same period last year</i>	<i>115.9</i>		<i>120.8</i>	<i>188.1</i>	<i>109.4</i>					
Continued operations	945.1	1,071.7	290.3	327.1	327.8	362.0	335.9	359.5	376.3	1,433.9
<i>Index cp. to same period last year</i>	<i>88.2</i>		<i>86.4</i>	<i>91.0</i>	<i>87.1</i>					
<b><u>By business area</u></b>										
Newspaper publication and distribution	1,113.0	1,212.6	340.2	394.0	378.8	434.0	373.4	415.5	423.8	1,646.7
<i>Index cp. to same period last year</i>	<i>91.8</i>		<i>91.1</i>	<i>94.8</i>	<i>89.4</i>					
Internet	75.0	68.6	22.5	26.6	25.9	22.5	22.5	23.2	23.0	91.0
<i>Index cp. to same period last year</i>	<i>109.3</i>		<i>100.1</i>	<i>114.7</i>	<i>112.9</i>					
Total	1,188.0	1,281.3	362.7	420.5	404.8	456.5	395.9	438.6	446.7	1,737.7
<i>Index cp. to same period last year</i>	<i>92.7</i>		<i>91.6</i>	<i>95.9</i>	<i>90.6</i>					
Discontinued operations	242.9	209.5	72.4	93.4	77.0	94.5	60.0	79.1	70.4	303.9
<i>Index cp. to same period last year</i>	<i>115.9</i>		<i>120.8</i>	<i>118.1</i>	<i>109.4</i>					
Continued operations	945.1	1,071.7	290.3	327.1	327.8	362.0	335.9	359.5	376.3	1,433.9
<i>Index cp. to same period last year</i>	<i>88.2</i>		<i>86.4</i>	<i>91.0</i>	<i>87.1</i>					

DKK m	Operating profit									
	Q3 2008	YTD 2007	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Year 2007
<b>By country</b>										
Denmark	-23.2	34.3	-13.7	-6.9	-2.6	-26.5	-1.4	9.1	26.6	7.8
<i>Operating margin</i>	-2.5%	3.3%	-4.8%	-2.2%	-0.8%	-7.5%	-0.4%	2.6%	7.2%	0.6%
Sweden	35.4	10.2	9.8	18.5	7.0	20.6	-1.4	8.7	3.0	30.9
<i>Operating margin</i>	16.0%	5.5%	14.7%	21.9%	10.1%	24.3%	-2.7%	12.5%	4.8%	11.5%
Other countries	0.7	5.4	-0.4	0.8	0.3	1.2	1.9	2.1	1.3	6.5
<i>Operating margin</i>	1.6%	11.1%	-3.6%	5.0%	1.7%	7.3%	13.4%	12.2%	8.0%	10.1%
Total	12.9	49.9	-4.3	12.5	4.7	-4.7	-1.0	19.9	30.9	45.2
<i>Operating margin</i>	1.1%	3.9%	-1.2%	3.0%	1.2%	-1.0%	-0.2%	4.5%	6.9%	2.6%
Discontinued operations	34.9	10.1	9.9	18.6	6.5	20.9	-0.7	8.9	1.8	30.9
<i>Operating margin</i>	14.4%	4.8%	13.7%	19.9%	8.4%	22.1%	-1.2%	11.3%	2.6%	10.2%
Continued operations	-22.0	39.8	-14.2	-6.1	-1.8	-25.6	-0.3	11.0	29.1	14.2
<i>Operating margin</i>	-2.3%	3.7%	-4.9%	-1.9%	-0.6%	-7.1%	-0.1%	3.1%	7.7%	1.0%
<b>By business area</b>										
Newspaper publication and distribution	27.2	45.5	4.8	15.9	6.4	1.8	0.9	15.3	29.2	47.2
<i>Operating margin</i>	2.4%	3.8%	1.4%	4.0%	1.7%	0.4%	0.2%	3.7%	6.9%	2.9%
Internet	-14.3	4.3	-9.1	-3.5	-1.7	-6.3	-1.9	4.6	1.6	-2.0
<i>Operating margin</i>	-19.0%	6.3%	-40.5%	-13.2%	-6.4%	-28.1%	-8.4%	19.7%	7.2%	-2.2%
Total	12.9	49.9	-4.3	12.5	4.7	-4.7	-1.0	19.9	30.9	45.2
<i>Operating margin</i>	1.1%	3.9%	-1.2%	3.0%	1.2%	-1.0%	-0.2%	4.5%	6.9%	2.6%
Discontinued operations	34.9	10.1	9.9	18.6	6.5	20.9	-0.7	8.9	1.8	30.9
<i>Operating margin</i>	14.4%	4.8%	13.7%	19.9%	8.4%	22.1%	-1.2%	11.3%	2.6%	10.2%
Continued operations	-22.0	39.8	-14.2	-6.1	-1.8	-25.6	-0.3	11.0	29.1	14.2
<i>Operating margin</i>	-2.3%	3.7%	-4.9%	-1.9%	-0.6%	-7.1%	-0.1%	3.1%	7.7%	1.0%