

Interim Management Statement Q3 2009 - Søndagsavisen a-s

The Group's performance was better than in the same period last year. Expectations for the result for the year remain unchanged.

- The operating result (EBIT) of continuing activities was a profit of DKK 5.7 million in Q3 2009 compared with DKK -15.5 million in Q3 2008.
- Earnings in Q3 2009 improved despite a fall in revenue from continuing activities of DKK 27.6 million, or 10%.
- The improvement in earnings is mainly attributable to print activities, which, despite a fall in revenue of DKK 19.7 million in Q3 2009, realised a profit of DKK 18.4 million. In the same period in 2008, the Group realised a loss of DKK 1.8 million.
- Within distribution the efforts to improve quality and efficiency continue with a positive impact on results. Søndagsavisen's revenue was strongly affected by the market decline but the quality improvements resulted in a 30% increase in readership per copy.
- The online activities show negative revenue growth. Market shares are maintained or increased, but the recruitment market in particular has dropped compared with 2008. New development of IT platforms and products continues. Revenue in Q3 2009 was DKK 17.7 million – down DKK 4.8 million. During the period a loss of DKK 11.4 million was realised against a loss of DKK 9.1 million in the same period in 2008.
- Helsingør Dagblad performed in line with expectations, and the continuing activities realised a loss of DKK 0.2 million in Q3 2009, which is an improvement of DKK 3.8 million on the same period in the previous year.
- The purchase of a 43% ownership interest in the Helsingør Dagblad Group and the closing down of Helsingør Dagblad's printing activities progressed as planned, and the costs of closing down including the writing down of printing machines and buildings to the expected net realisable value should not affect the result for the year.
- On 30 September 2009, the Group had cash funds of DKK 144.2 million and long-term mortgage credit loans of DKK 85 million. In August, a DKK 50.1 million dividend payment was made. Despite negative operating results in 2009, the Group generated positive liquidity from operations.
- As stated in Company Announcement No. 19 dated 27 August 2009, the Board of Directors has decided to postpone the process of selling Forbruger-Kontakt. The process is expected to be resumed in 2010.

Expectations for the year 2009

- Consolidated revenue from continuing activities is still expected to be about 10% lower than in 2008.
- Consolidated operating profit (EBIT) is expected to remain at the level or above the level of the operating result for continuing activities in 2008, which was a loss of DKK 45.2 million.
- The expectations for EBIT in 2009 include non-recurring costs of DKK 23 million representing restructuring costs paid in Q1-09 and costs of advisers in connection with the examination of the strategic opportunities for the distribution activities.

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Revenue and operating profit (EBIT) by segment

DKK m	Revenue									
	Q3 YTD		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Year
	2009	2008	2009	2009	2009	2008	2008	2008	2008	2008
Segments in Søndagsavisen a-s										
Print	672.7	773.2	217.6	237.5	217.6	243.8	237.3	267.0	268.9	1,017.0
<i>Index cp. to same period last year</i>	87.0	86.7	91.7	89.0	80.9	80.4	85.5	89.2	85.4	85.1
Online	55.4	75.0	17.7	18.9	18.8	18.5	22.5	26.6	25.9	93.5
<i>Index cp. to same period last year</i>	73.9	109.3	78.7	71.1	72.6	82.6	100.4	114.7	112.6	102.7
Helsingør Dagblad	61.9	96.9	9.3	26.5	26.1	28.4	30.5	33.4	33.0	125.3
<i>Index cp. to same period last year</i>	63.9	87.1	30.5	79.3	79.1	77.6	84.5	90.5	86.2	84.7
Total revenue	790.0	945.1	244.6	282.9	262.5	290.7	290.3	327.0	327.8	1,235.8
Discontinued operations	32.6	58.6	0.0	16.7	15.9	16.3	18.1	20.5	20.0	74.9
Continued operations	757.4	886.5	244.6	266.2	246.6	274.4	272.2	306.5	307.8	1,160.9
<i>Index cp. to same period last year</i>	85.4	128.3	89.9	86.9	80.1	80.9	86.9	91.0	86.9	86.4

DKK m	Operating profit (EBIT)									
	Q3 YTD		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Year
	2009	2008	2009	2009	2009	2008	2008	2008	2008	2008
Segments in Søndagsavisen a-s										
Print	37.3	-0.5	18.4	18.1	0.8	1.2	-1.8	-0.3	1.6	0.7
<i>Operating margin</i>	5.5%	-0.1%	8.5%	7.6%	0.4%	0.5%	-0.8%	-0.1%	0.6%	0.1%
Online	-31.1	-14.3	-11.4	-10.7	-9.0	-14.5	-9.1	-3.5	-1.7	-28.8
<i>Operating margin</i>	-56.1%	-19.1%	-64.4%	-56.6%	-47.9%	-78.4%	-40.4%	-13.2%	-6.6%	-30.8%
Helsingør Dagblad	0.8	-6.8	1.0	1.6	-1.8	-3.9	-2.5	-2.6	-1.7	-10.7
<i>Operating margin</i>	1.3%	-7.0%	10.8%	6.0%	-6.9%	-13.7%	-8.2%	-7.8%	-5.2%	-8.5%
Unallocated costs	-10.0	-0.2	-1.1	-2.4	-6.5	-6.2	-0.6	0.3	0.1	-6.4
Total operating profit (EBIT)	-3.0	-21.8	6.9	6.6	-16.5	-23.4	-14.0	-6.1	-1.7	-45.2
Discontinued operations	4.7	7.6	1.2	2.2	1.3	1.6	1.5	3.3	2.8	9.2
Continued operations	-7.7	-29.4	5.7	4.4	-17.8	-25.0	-15.5	-9.4	-4.5	-54.4
<i>Operating margin</i>	-1.0%	-3.3%	2.3%	1.7%	-7.2%	-9.1%	-5.7%	-3.1%	-1.5%	-4.7%

Print – Strongly improved performance despite a significant revenue decline

The Group's print segment consists of the distribution activities and the newspaper Søndagsavisen.

The earnings improvement in the print segment is a result of efficiency improvements within distribution. Also the general expenses were reduced, reflecting a fall in the number of staff at Søndagsavisen.

As stated in Announcement No. 19 of 27 August 2009, it was decided to postpone the examination of the strategic opportunities for the distribution activities. The Board of Directors is of the opinion that the time for a possible sale or the formation of a strategic alliance will be even better in the course of 2010.

The online job market remains unchanged at a very low level

The Group's online segment consists of OFiR.dk, MatchWork.com, Søndagsavisen.dk, BoligPortal.dk and MinReklame.dk.

Revenue from the online segment was DKK 17.7 million in Q3 2009 corresponding to a fall of DKK 4.8 million, or 21%, on the same period in 2008. The revenue reduction was due solely to the slowdown in the job market, which has a very strong negative effect on OFiR and MatchWork.

In Q3 2009, the operating loss of the online segment was DKK 11.4 million. The loss is DKK 2.3 million lower than in the same period in 2008 when it was DKK 9.1 million.

The result of the online segment for 2009 to date is a loss of DKK 31.1 million, which is DKK 16.8 million higher than in the same period in 2008. This mainly reflects the fact that revenue has declined by DKK 19.6 million, or 26%, to a total of DKK 55.4 million in Q3 to date 2009. In Q1, the number of staff was significantly reduced at OFiR and MatchWork, and the result was therefore negatively affected by restructuring costs in an amount of DKK 3.6 million.

Earnings from the new OFiR.dk and the segment portals (nursing jobs, financial jobs and sales jobs) as well as MatchWork are, to a large extent, negatively impacted by the low activity in the job market. Furthermore, MatchWork is affected by unfavourable exchange rate changes in the UK and Sweden. During the period, investments continued to be made in the further development of the Internet platform.

At the same time, the earnings of Søndagsavisen.dk continue to be negative and do not meet expectations. In August, therefore, this area was restructured, which resulted in a large reduction of costs.

The existing BoligPortal.dk activity continues to show substantial revenue growth based on its work as intermediaries in relation to rental properties. In the past six months, Boligportal.dk has worked intensely on launching a site for properties for sale, which, in addition to information about properties for sale, also contains information on the actual sale prices of properties sold, which goes as far back as 1992. This service was launched in early October.

Helsingør Dagblad – Printing activities discontinued

The Helsingør Dagblad segment represents the Helsingør Dagblad A/S Group, whose principal activity has so far been to operate a newspaper printing house. In addition, it publishes the daily newspaper Helsingør Dagblad and the free newspaper Lokalavisen Nordsjælland.

As stated in Company Announcement No. 15-09 dated 7 July 2009, Søndagsavisen a-s entered into an agreement on acquisition of the remaining 43% of the shares in Helsingør Dagblad from Dansk AvisTryk A/S. As heavy investments in Helsingør Dagblad would be required within a few years in order to maintain the necessary printing capacity at a satisfactory quality level, it was also decided to discontinue the printing activities. An investment like that required was not found to be profitable.

Helsingør Dagblad's printing activities are therefore classified as a discontinuing activity.

In Q1 and Q2 2009, the discontinuing activity consisted of operating a printing house until it was closed down in early July. The operating profit for that period was DKK 3.5 million.

In Q3 2009, the discontinuing activity comprised the writing down of printing machines and buildings to the expected net realisable value as well as a gain in connection with the transfer of remaining printing agreements and a gain from recognition of the purchase of the remaining 43% of the shares in Helsingør Dagblad A/S. The total gain was DKK 1.2 million.

There will still be day-to-day expenses relating to the printing activity (discontinuing activity), mainly the operation and maintenance of buildings. Both buildings and printing machines are offered for sale, and the result may be negatively or positively affected by the prices obtained for machines and buildings at the time of completion of the sale.

As a result of the closing down of the printing activity, the only remaining activity in the Helsingør Dagblad segment is the publication of the daily newspaper Helsingør Dagblad and the free newspaper Lokalavisen Nordsjælland. The operating loss of these activities was DKK 0.2 million in Q3 2009, which is DKK 3.8 million better than in the same quarter in 2008.

Unallocated costs

The segment with unallocated costs consists of group-related activities which are not allocated to the operating activities of the print, online and Helsingør Dagblad segments.

The operating loss within unallocated costs amounted to DKK 1.1 million for Q3 2009, the same level as last year.

For Q3 to date the result is a loss of DKK10.0, which is DKK 9.8 million lower than in the same period last year. The result for 2009 includes approx. DKK 12 million covering restructuring costs, a manager's severance pay and costs of financial and legal advisers in connection with the examination of the strategic opportunities for the distribution activities.

Expectations for the year 2009

As a result of the closing down of the printing activity, the activity will be presented as a discontinuing activity in the Annual Report for 2009 and consequently be removed from consolidated revenue for both 2009 and 2008.

Consolidated revenue for continuing activities is expected to remain unchanged, down about 10 per cent compared with 2008.

Consolidated operating profit (EBIT) is expected to remain at the level or above the level of the operating result for continuing activities in 2008, which was a loss of DKK 45.2 million.

The expectations for EBIT in 2009 include non-recurring costs of DKK 23 million representing restructuring costs paid in Q1-09 and costs of advisers in connection with the examination of the strategic opportunities for the distribution activities.