

# Annual Report 1998



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**N.V. Holdingmaatschappij De Telegraaf**

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## CONTENTS

Managing Board .....	4
Supervisory Board Members .....	5
Report of the Supervisory Board to the shareholders .....	6
Consolidated key figures.....	7
Report for the year 1998 of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf .....	8
Declaration of Independence.....	8

### Annual Report

The Company .....	9
Amsterdam operations.....	17
Newspaper business .....	19
De Telegraaf Tijdschriften Groep .....	22
Audiovisual activities and electronic media .....	23
Other activities .....	25
Participating interests .....	28
Prospects .....	29

### Annual Accounts

Consolidated balance sheet .....	30
Consolidated profit and loss account .....	31
Principles of consolidation, valuation and determination of the result .....	33
Notes to the consolidated balance sheet .....	36
Notes to the consolidated profit and loss account .....	40
Cash flow statement.....	43
Balance sheet of N.V. Holdingmaatschappij De Telegraaf.....	44
Profit and loss account of N.V. Holdingmaatschappij De Telegraaf.....	45
Notes to the balance sheet and profit and loss account.....	46

### Other information

Consolidated balance sheet in euros.....	50
Consolidated profit and loss account in euros.....	51
Survey of publications and activities of the Telegraaf company .....	52
Auditor's report.....	54
Dividend proposal .....	54
Events after the balance sheet date.....	55
Profit appropriation as provided for in the articles of association .....	56
Special rights under the articles of association .....	56
Declaration of independence.....	57
Key figures as at the balance sheet date in guilders .....	58
Key figures as at the balance sheet date in euros .....	60
Structure of the Telegraaf company.....	62

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## **Managing Board**

L.G. van Aken

F.Th.J. Arp

W.O. Kok (with effect from 1 January 1999)

J. Olde Kalter

H. Schor

A.J. Swartjes

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## Supervisory Board Members

A.J. van Puijenbroek, Chairman	<p><i>Age:</i> 51. <i>Nationality:</i> Dutch. <i>Position:</i> Director of N.V. Exploitatiemaatschappij Van Puijenbroek. <i>Supervisory Board memberships:</i> a few subsidiaries of N.V. Holdingmaatschappij De Telegraaf. <i>Initial appointment:</i> 15-05-1975. <i>Current term:</i> 1995 - 1999.</p>
W. H. Charles, Vice-Chairman	<p><i>Age:</i> 65. <i>Nationality:</i> Dutch. <i>Position:</i> former member of the Managing Board of N.V. Holdingmaatschappij De Telegraaf. <i>Supervisory Board memberships:</i> a few subsidiaries of N.V. Holdingmaatschappij De Telegraaf. <i>Initial appointment:</i> 15-06-1994. <i>Current term:</i> 1998 - 2002.</p>
J.A. Brewer-de Koster, Secretary	<p><i>Age:</i> 61. <i>Nationality:</i> Dutch. <i>Initial appointment:</i> 17-06-1992. <i>Current term:</i> 1998 - 2002.</p>
W. Overmars	<p><i>Age:</i> 66. <i>Nationality:</i> Dutch. <i>Supervisory Board memberships:</i> Campina A.G., Dico N.V., ABN Amro Bank N.V., Bavaria N.V., VAM N.V. <i>Initial appointment:</i> 05-06-1996. <i>Current term:</i> 1996 - 2000.</p>
W. van Voorden	<p><i>Age:</i> 56. <i>Nationality:</i> Dutch. <i>Position:</i> Professor of economics at the Erasmus University and the Catholic University of Brabant. <i>Supervisory Board memberships:</i> Batenburg Beheer N.V., Instituut voor Onderzoek van Overheidsuitgaven (IOO B.V.). <i>Initial appointment:</i> 04-06-1997. <i>Current term:</i> 1997 - 2001.</p>
H.L. Weenen	<p><i>Age:</i> 54. <i>Nationality:</i> Dutch. <i>Position:</i> General director of Informix Software B.V. <i>Initial appointment:</i> 26-06-1980. <i>Current term:</i> 1996 - 2000.</p>

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## **Report of the Supervisory Board to the shareholders**

We are pleased to present you with the report, the balance sheet as at 31 December 1998, and the profit and loss account for 1998 with the notes thereto, as drawn up by the Managing Board.

The annual accounts have been audited and approved by Deloitte & Touche Registeraccountants of Leiden, as shown by the auditor's report included in this report.

The annual accounts were reviewed with the auditor at the yearly meeting between the auditor and the Supervisory Board. They were subsequently adopted by the Board.

In accordance with the proposal, Mrs J.A. Brewer-de Koster and Mr W.H. Charles were re-appointed to the Supervisory Board with the approval of the General Meeting of Shareholders of 27 May 1998.

We intend to reappoint Mr A.J. van Puijenbroek to the Supervisory Board if the General Meeting of Shareholders does not object to the proposed appointment and if the General Meeting does not nominate anyone else for a position on the Supervisory Board. The Works Councils of our company have given a positive advice in respect of the proposed reappointment.

During the past year, the Supervisory Board met eight times with the Managing Board to discuss general matters as well as strategy, business risks and the development of new activities. Among other things, much attention was given to acquisitions (including Nederlands Drukkerij Bedrijf B.V. and Swedish publisher Svensk Specialpress AB), the newly established printing division of Biegelaar Groep B.V., the procurement of television listings from NOS and HMG and expansion of the production capacity and colour newspaper printing potential in respect of daily newspaper De Telegraaf.

The Supervisory Board has laid down rules and regulations providing for the Board's division of responsibilities and work method as well as the Board's relations with the Managing Board and the Works Councils.

During a single meeting not attended by the Managing Board, the Supervisory Board discussed its own performance, its relations with the Managing Board and the Managing Board's composition and performance.

On 2 November 1998, a General Meeting of Shareholders was held during which the change in the option agreement with Stichting Preferente Aandelen De Telegraaf was explained. The meeting was also informed of the proposed appointment of Mr W.O. Kok as Managing Director of N.V. Holdingmaatschappij De Telegraaf with effect from 1 January 1999.

During the year under review, members of the Supervisory Board attended a few consultative meetings of the Works Council of the Amsterdam businesses.

We would like to express our appreciation to the Managing Board and the staff for the way in which they performed their tasks in 1998.

We recommend:

1. That the annual accounts for 1998 be approved in accordance with the documents presented to you.
2. That the dividend per share of NLG 0.50 par value for the financial year 1998 be fixed at NLG 0.98 in cash (1997: NLG 0.84 in cash per share of NLG 0.50 par value).
3. That the dividend be made payable on 8 June 1999 at ABN Amro Bank N.V., Amsterdam.

**On behalf of the Supervisory Board**  
A.J. van Puijenbroek, Chairman

Amsterdam, 27 April 1999.

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## N.V. Holdingmaatschappij De Telegraaf

### Consolidated key figures

(In thousands of guilders, unless otherwise stated.)

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1997

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1998

1,357,754	Net turnover	1,520,374
173,323	Operating profit	195,061
12,257	Financial revenue and charges	25,179
185,580	Pre-tax result from ordinary trading	220,240
65,110	Company tax	75,671
4,200	Extraordinary result after tax	604
124,670	<b>Result after tax</b>	145,173
	Profit appropriation:	
80,571	Other reserves	93,724
44,099	Profit distribution	51,449
35.4%	Pay-out ratio	35.4%
238,340	Cash flow	263,069
	Per share of NLG 0.50:	
NLG 2.37	Profit	NLG 2.77
NLG 4.54	Cash flow	NLG 5.01
NLG 0.84	Dividend	NLG 0.98
4,901	Number of employees at year-end	5,180

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## **Report for the year 1998 of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf**

In the year 1998, the total number of convertible depositary receipts in N.V. Holdingmaatschappij De Telegraaf issued by our foundation decreased by 40, amounting to 24,483,544 (of NLG 0.50 par value) as at 31 December 1998, and representing a nominal amount of NLG 12,241,772. These depositary receipts were matched by an equal number of shares held at the trust office.

At the Board Meeting of 29 April 1998, Mr E.H. van Puijenbroek was appointed as Board Member B in connection with the retirement of our Chairman, Mr M.E. Borrius Broek on reaching the age limit laid down in the Articles of Association. The Board reappointed Mr G.A. van Hasselt as Board Member A.

The General Meeting of Shareholders of N.V. Holdingmaatschappij De Telegraaf was held in Amsterdam on 27 May 1998. Our foundation, represented by its Chairman Mr G.A. van Hasselt, cast its vote in respect of the recommendations made by the Supervisory Board to adopt the balance sheet as at 31 December 1997, the 1997 profit and loss account and the profit appropriation.

Our foundation supported the extension of the powers of the priority and the Managing Board of the Company under the Articles of Association. The reappointment of Mrs J.A. Brewer-de Koster and Mr W.H. Charles to the Supervisory Board was supported in accordance with the Board's recommendation. Our foundation also supported the reappointment of Deloitte & Touche as auditor of N.V. Holdingmaatschappij De Telegraaf.

On 2 November 1998, our foundation attended a General Meeting of Shareholders of N.V. Holdingmaatschappij De Telegraaf during which the change in the option agreement with Stichting Preferente Aandelen De Telegraaf was explained. Shareholders were also informed of the proposed appointment of Mr W.O. Kok as Managing Director of N.V. Holdingmaatschappij De Telegraaf with effect from 1 January 1999.

### **Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf**

G.A. van Hasselt, Chairman  
Mrs J.A. Brewer-de Koster, Secretary  
J.S. Dienske  
A. Harms  
E.H. van Puijenbroek

Amsterdam, April 1999.

## **Declaration of independence**

The Managing Board of N.V. Holdingmaatschappij De Telegraaf and the Board of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf hereby declare that, in their joint opinion, the requirements in respect of the independence of the Board of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf, set out in Annex X to the Listing and Issuing Rules of Amsterdam Exchanges N.V., Amsterdam, have been fully satisfied.

### **Managing Board of N.V. Holdingmaatschappij De Telegraaf Board of Stichting Administratiekantoor van aandelen N.V. Holdingmaatschappij De Telegraaf**

Amsterdam, April 1999.



## THE COMPANY

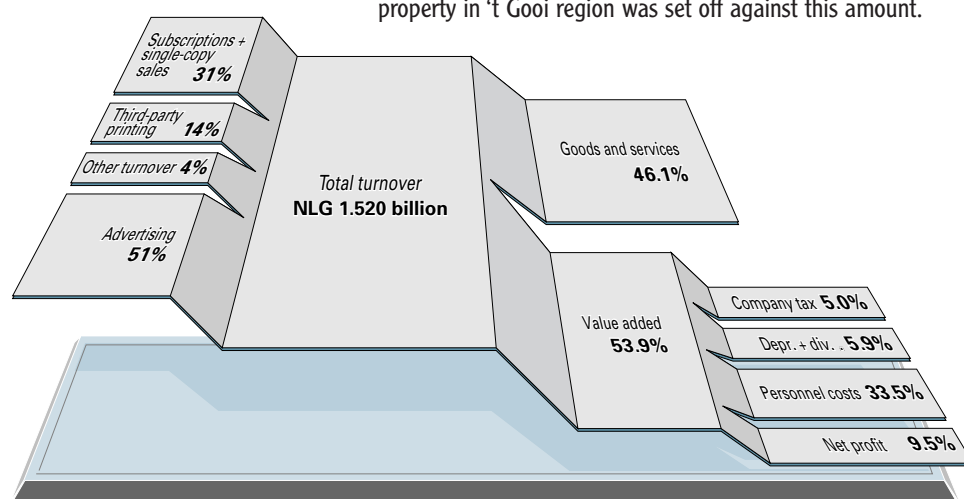
In 1998, the company again achieved a record profit, with the net profit rising to NLG 145.2 million, up 16.4% compared to the 1997 net result of NLG 124.7 million. In 1996, the company realised a net profit of NLG 84.6 million.

The increase in the net result is attributable to higher operating profit, increased income from participating interests and interest income.

As in the second half of 1997, the main contributing factor to the rise in operating profit was strong cyclical growth in advertising volume experienced by the daily newspapers, growth which slightly weakened during the final months of 1998. In addition to organic growth, third-party printing also increased as a result of the consolidation of printing company Nederlands Drukkerij Bedrijf B.V. (Zoeterwoude). Wage costs rose as a result of growth in the number of staff, which was partly attributable to acquisitions, and the rise in wage costs per employee. Wage costs further increased owing to the change in the calculation of holidays and the adjustment of the interest rate used in the calculation of the provision for supplementary payment of amounts in excess of the early retirement benefit limit laid down in the Collective Labour Agreement.

Newsprint prices were higher in 1998 than in 1997.

On balance, depreciation of tangible fixed assets increased by NLG 6.6 million as investment projects in Amsterdam, Heerlen and Alkmaar were put into operation. The book profit realised on the sale of property in 't Gooi region was set off against this amount.



**TURNOVER, GOODS AND SERVICES AND VALUE ADDED 1998**

Amortization of intangible fixed assets fell by NLG 2.4 million, the balance of the rights paid in 1993 for the subscriptions on 'Leidse Courant' and associated door-to-door papers, amortized in 1997, and the initial amortization charge for goodwill paid on the acquisition of Nederlands Drukkerij Bedrijf B.V. (Zoeterwoude), the publishing company Uitgeverij HET B.V. (Leiden) and advertisement distribution agency Argus (Purmerend).

Partly as a result of the regrouping of several printing companies within the company following the establishment of Biegelaar Groep B.V. on 1 January 1998, the results of the subsidiaries are not directly comparable. However, if the 1998 results are presented pro forma in a comparable form to that of 1997, it shows that Hollandse Dagbladcombinatie B.V. matched its performance of the previous year while Hollandse Huis-aan-huisbladen Combinatie B.V. performed well in excess of last year's level. Notwithstanding the amortization charge for goodwill in respect of Nederlands Drukkerij Bedrijf B.V., Biegelaar Groep's result in 1998 was virtually unchanged from last year's. Due to a few one-off charges, the result of De Telegraaf Tijdschriften Groep B.V. declined. In contrast to 1997, B.V. Gemeenschappelijk Bezit van Aandelen Uitgeversmaatschappij Limburgs Dagblad incurred a loss, due to, inter alia, initial costs and higher depreciation of the new press and the formation of provisions for a Social Plan in connection with the introduction of the new text-editing system. The Amsterdam newspaper business was again the most significant factor in the company's final result.

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The operating profit increased by 12.5% from NLG 173.3 million in 1997 to NLG 195.1 million in 1998.

The 1997 cash dividend from Wegener Arcade N.V. and the share in the profit of the 30% interest in SBS 6 B.V. are shown under income from participating interests. In 1997, the group still bore part of the initial losses incurred by SBS 6.

Interest income increased mainly as a result of the net increase in liquid assets in 1998. The interest rate was at a constantly low level almost throughout 1998. The balance of financial income and expenses rose by NLG 12.9 million to NLG 25.2 million.

The profit on ordinary activities before taxation increased by 18.7% from NLG 185.6 million in 1997 to NLG 220.2 million in 1998.

The corporate income tax rate on the profit on ordinary activities is influenced by the fact that depreciation of goodwill is not eligible for fiscal set-off. Income from participating interests comes under the scope of the substantial holding exemption.

In 1998, agreement was still not reached with the tax authorities in the dispute about the application of the base stock system in respect of raw materials, a dispute which has been running since 1994. The tax authorities have announced that they will investigate the matter in an industry-wide survey. The final corporate income tax assessments for the period up to and including 1995 have been imposed without any adjustment for the base stock dispute. As in previous years, the annual accounts are based on the expectation that the valuation principles will be left fully intact.

The actual costs of the integration of 'De Courant Nieuws van de Dag' and 'De Telegraaf' in February 1998 have been charged to the provision formed at the end of 1997.

The profit on ordinary activities after taxation increased by 20.0% from NLG 120.5 million in 1997 to NLG 144.6 million in 1998.

Extraordinary revenue mainly relates to the excess liability recorded for property tax during the past years. Agreement about this has since been reached with the municipal authorities of Amsterdam. The extraordinary charge relates to the 25% minority interest in the result of Media Groep West B.V.

The extraordinary profit after taxation fell from NLG 4.2 million in 1997 to NLG 0.6 million in 1998.

After allowing for the extraordinary profit, the net profit rose by 16.4% from NLG 124.7 million in 1997 to NLG 145.2 million in 1998. Net earnings per share of NLG 0.50 par value rose from NLG 2.37 in 1997 to NLG 2.77 in 1998.

The cash flow increased from NLG 238.3 million in 1997 to NLG 263.1 million in 1998.

## **Managing Board**

In view of the fact that two board members will take early retirement within the next few years, continuity of the company management has been ensured with the appointment of Mr W.O. Kok to the Managing Board of N.V. Holdingmaatschappij De Telegraaf on 1 January 1999. Mr F.Th.J. Arp was already appointed in 1997. As a result, the Managing Board temporarily consists of six persons.

## **Corporate Governance**

The 1997 annual report paid ample attention to the recommendations made by the Netherlands Commission Corporate Governance, the 'commissie-Peters'. In 1998, the positions previously taken in this regard did not change. Developments are being closely monitored.

## Shareholders' equity

Shareholders' equity increased by NLG 95.2 million from NLG 852.6 million as at year-end 1997 to NLG 947.8 million as at 31 December 1998. The increase resulted from the addition to the other reserves as proposed in the 1998 profit appropriation, and the share in the growth in shareholders' equity of Wegener Arcade N.V.

Shareholders' equity per share of NLG 0.50 par value rose from NLG 16.24 as at year-end 1997 to NLG 18.05 as at year-end 1998.

The share capital amounts to 52,499,200 ordinary shares and 960 priority shares of NLG 0.50 par value. As at 31 December 1998, 24,483,544 ordinary shares (46.6%) were exchanged into depositary receipts. As at year-end 1997, the same figure of 46.6% of the share capital was converted into depositary receipts. There are no intentions of repurchasing group shares.

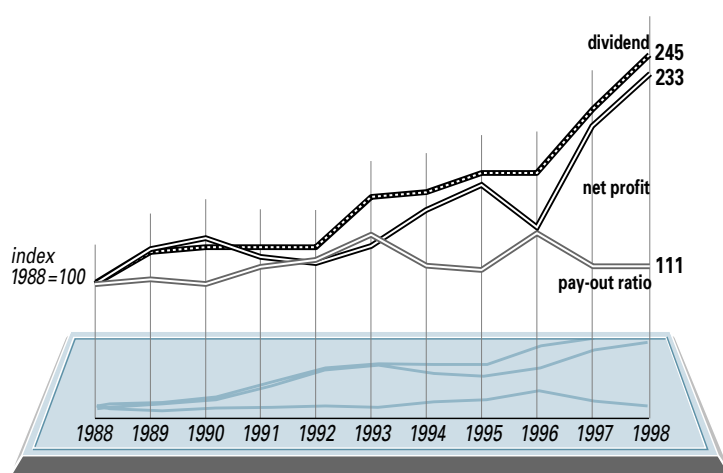
## Dividend proposal

We propose to declare a dividend for 1998 of NLG 0.98 per share of NLG 0.50 par value, representing a pay-out ratio of 35.4%.

The 1997 dividend amounted to NLG 0.84 per share of NLG 0.50 par value, representing a pay-out ratio of 35.4%.

## Logistics

Apart from the journalistic aspect, the newspaper and magazine business is a predominantly physical business. The paper is supplied by eight production countries and then printed and distributed in various locations to subscribers and points of sale. In 1998, the company thus moved some 180,000 tonnes of paper.



MOVEMENTS IN PAY-OUT RATIO INDEX, NET PROFIT AND DIVIDEND

Paper is supplied by boat, train and truck. Most of the paper is shipped by the company's own carrier (De Telegraaf Transport B.V.) from factories and ports in the Benelux. The distribution of newspaper products, newspapers and door-to-door papers to agents and distribution centres is also largely handled by the company's own carrier, distribution agencies and chartered transport. Newspapers for cross-border destinations are often transported as air freight. Delivery of magazines to subscribers is done by post; the supply to the outlet addresses is handled by distribution centres that, in turn, are supplied by our carrier.

The unsold copies of newspapers and magazines are collected every week to be recycled.

Printing of daily newspaper 'De Telegraaf' starts at around midnight. Preparations, including the supply of newsprint and ensuring that the newsprint is available in the right sizes, are an almost continuous process. After the newspapers have been delivered to the agency or branch office, the agent divides the newspapers among the newspaper delivery persons. The enclosures are inserted and changes in delivery addresses are communicated to the newspaper delivery persons. The newspaper delivery person takes care of the final stage, his or her aim being to drop the paper into the subscriber's postbox before 7 o'clock in the morning.

Every night, some 550 drivers, 2,000 agents and 8,000 newspaper delivery persons are working for 'De Telegraaf'.





## PAPER

Apart from the journalistic aspect, the newspaper and magazine business is a predominantly physical business.

Paper is imported from eight production countries. It is printed at various locations and then distributed to subscribers and points of sale.

In 1998, the company thus moved an immense volume of paper. The paper comes in by boat, train or truck. Domestic transport is handled by the company's own carrier - De Telegraaf Transport B.V.



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In 1998, the delivery problem became manifest. There is a country-wide shortage of newspaper delivery persons. This is partly due to increased competition for youth labour as more part-time jobs opened following the extension of shop opening hours. In addition, the Working Conditions Act and Labour Inspection have imposed further requirements in respect of the working conditions for delivery persons.

The logistic process is bound to undergo radical changes in policy, in which collaboration with other publishers, professionalisation of the delivery system and tapping into other population groups for the recruitment of delivery persons will be among the options.

## **Year 2000**

In 1997, programmes were developed for every business unit to test whether equipment and systems are millenniumproof.

In 1998, a committee consisting of representatives of every section of the company, in collaboration with an external consultancy, listed the year 2000 issues.

This committee also co-ordinates the implementation of measures to be taken. Under the action plan, all systems will be made millenniumproof by 1 July 1999. Implementation is progressing well and according to schedule. In 1998, critical components in the production were tested and adjusted where necessary. The less critical systems are also tested. A number of suppliers have provided a millennium certificate concerning systems supplied by them. Some replacement investments will be carried out earlier than scheduled to avoid double costs.

## **Euro**

More or less simultaneous with the year 2000 compliance tests, the invoicing systems are being adjusted to create euro statement capability. On pages 50 and 51 of this report the consolidated balance sheet and profit and loss account have been translated into euros. A negative euro reserve has been generated as a result of the rounding off of the par value of the shares to EUR 0.23. The 10-year key figures, translated into euros, have also been included on pages 60 and 61.

## **Increase in scale**

In 1998, the group's core activities were expanded by:

- the acquisition of Leiden-based Uitgeverij HET B.V. on 1 January. 'Het op Zondag', a Sunday door-to-door paper distributed in the Leiden region, was merged with the door-to-door papers operated in the same area by Uitgeverij Van Groenigen B.V.
- the take-over with retroactive effect from 1 January of Nederlands Drukkerij Bedrijf B.V. (Zoeterwoude) by Biegelaar Groep B.V. Nederlands Drukkerij Bedrijf fits the printing division's strategy of broadening the supply on the web offset market.
- the first step outside the Dutch-speaking region taken by De Telegraaf Tijdschriften Groep B.V. through the take-over of Swedish publisher Svensk Specialpress AB at Stockholm on 1 January 1999. This (as yet) small publishing firm publishes two boat magazines and - under licence - the 'Golf Digest' magazine.

## **The environment**

Within the framework of the company's internal environmental management programme, a description has been made of the materials used in the various production departments of the Amsterdam operations. Production information sheets on these materials have been prepared and distributed to these departments.



The objective set for 1998 was met, the amount of waste being reduced by 8%. Since early 1998, photographs are no longer printed on paper; photographic material is supplied digitally or is digitised from film. In 1998, the Packaging Covenant section II, 'Covenant Verpakkingen deel II', was introduced throughout the group.

One of the targets set for 1999 (apart from a further reduction of waste) is a reduction in the use of environmentally harmful substances.

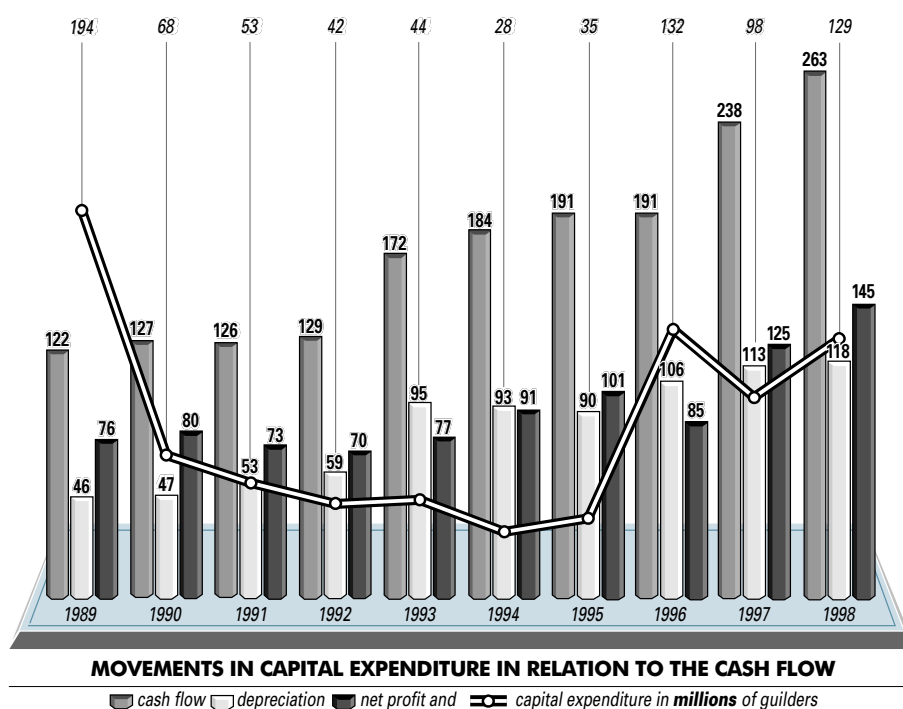
## Investments

In 1998, a number of investment projects started in previous years were put into operation.

### Amsterdam

In the course of 1998, the high-rise building and new entrance in the hall connecting the new and the existing building were put into use.

At the end of 1998, a decision was made to invest NLG 170 million in newspaper presses and buildings for 'De Telegraaf'. All nine existing presses will be extended with two four-colour printing units, which will create capability to increase the number of full-colour pages to 50% of the total number of pages. In addition, the company will go ahead with the construction of a tenth printing press. The whole programme should be completed in the second half of 2002. The press at Heerlen will be extended with another two printing units to meet the needs of 'De Telegraaf'.



### Heerlen

The new press at Heerlen, with a total of five printing units, was put into operation in August.

The sixth printing unit will be commissioned in mid-1999.

The press will subsequently be extended with another two printing units, creating a daily printing capacity of 100,000 'De Telegraaf' newspaper copies in the course of 2001. This is desirable in view of the necessary adjustment of the logistics 'from printing press to postbox'.

### Alkmaar

The initial extension of the newspaper press at Alkmaar was completed in 1998. The merger of B.V. Drukkerij Noordholland (still based at Hoorn) and the printing

works of Hollandse Dagbladcombinatie B.V. at Alkmaar will involve investments to replace the presses currently in use at Hoorn by extending the newspaper presses and installing a commercial press. This investment programme will be completed in 2000 and involves a total outlay of NLG 43 million.

### Haarlem

In Haarlem, the existing text-editing system was upgraded and rendered millenniumproof. This system also provides capability for two-way communication with Alkmaar.

### Zoeterwoude

In mid-1998, Nederlands Drukkerij Bedrijf B.V. commissioned a new 32-page heatset press. The planned decommissioning of a 16-page press was postponed. As a result, the capacity of the new press means an expansion of overall printing capacity. This enables the company to transfer the remaining printing orders of Eldee Offset B.V. to Zoeterwoude in the course of 1999 as well.

### Schagen

In 1998, Drukkerij Van Ketel B.V. put a new sheet offset press into operation and started a major alteration project which was completed in the first quarter of 1999.

### Commitments

In 1998, capital expenditure commitments totalling NLG 129 million (excl. VAT) were entered into. Of this amount, NLG 53 million will be due and payable in 1999 and following years. Payments in respect of commitments entered into in 1998 and previous years amounted to NLG 118 million (excl. VAT).

### Turnover

Consolidated group turnover rose by 12.0% from NLG 1,357.8 million in 1997 to NLG 1,520.4 million in 1998. The newly acquired activities have been included in the consolidation with effect from the take-over date. Organic turnover growth of the activities that were already part of the group in 1997 amounted to 8.3%.

Of the rise in turnover, NLG 81.4 million related to advertising income, NLG 4.4 million to circulation income and NLG 65.9 million to third-party printing. Other income, including third-party distribution, increased by NLG 10.9 million.

Of total 1998 group turnover, NLG 769.8 million (51%) related to advertising income and NLG 475.7 million (31%) to circulation income. Third-party printing contributed NLG 216.0 million (14%) and other income NLG 58.9 million (4%).

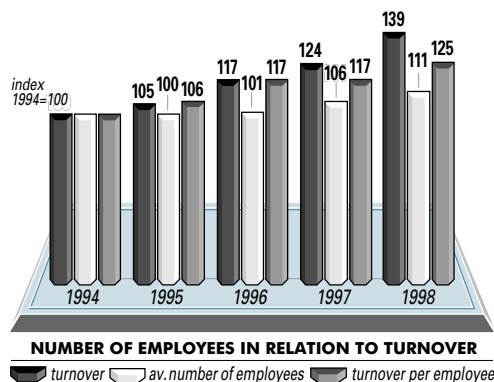
In 1997, the corresponding figures were NLG 688.4 million (51%), NLG 471.3 million (35%), NLG 150.1 million (11%) and NLG 48.0 million (3%), respectively.

The economic boom in 1998 was reflected in particular in the rise in advertising turnover.

Sources of turnover:  
(x NLG 1 million)

	1997		1998	
Newspapers	915.9	(68%)	992.0	(65%)
Door-to-door papers	136.9	(10%)	148.3	(10%)
Magazines	100.8	(7%)	102.5	(7%)
Third-party printing	150.1	(11%)	216.0	(14%)
Other activities	54.1	(4%)	61.6	(4%)
	<u>1,357.8</u>	<u>(100%)</u>	<u>1,520.4</u>	<u>(100%)</u>

Turnover from newspapers rose by 8%, from door-to-door papers by 8%, from magazines by 2%, from third-party printing by 44% and from other activities by 14%.



In 1998, 1.8% of group turnover related to exports to EU countries as compared to 1.3% in 1997. In 1998, the group also exported products worth NLG 13.8 million to European countries not belonging to the EU. In 1997, this was NLG 12.6 million.

In 1998, the number of employees, translated into full-time equivalents, averaged 4,568. In 1997, the corresponding figure was 4,350 man-years. Growth in 1998 is largely attributable to the addition of enterprises to the group. Increased business activity also required adjustments and there was a rise in the number of IT staff as well. The staff working for 'De Courant Nieuws van de Dag' were redeployed within the Amsterdam operations.

The average turnover per employee rose by 6.6% from NLG 312,100 in 1997 to NLG 332,800 in 1998.

Movements in turnover, average number of FTEs and average turnover per employee during the last five years were as follows:

	1994	1995	1996	1997	1998
Group turnover (x NLG 1 million)	1,093	1,152	1,283	1,358	1,520
Average FTEs	4,100	4,083	4,129	4,350	4,568
Average turnover per employee x (NLG 1,000)	266.5	282.0	310.8	312.1	332.8

### Added value

Movements in the group's total added value and the average added value per employee during the last five years were as follows:

	1994	1995	1996	1997	1998
Added value (x NLG 1 million)	609	631	665	749	819
Per employee (x NLG 1,000)	148,6	154,5	161,0	172,1	179,3

### Employment

As at 31 December 1998, the number of employees amounted to 5,180. Translated into full-time equivalents, group employment amounted to 4,619. As at the end of 1997, the work force totalled 4,901, or 4,384 FTEs.

### Collective Labour Agreements

The 'Grafimedia' Collective Labour Agreement, which became effective on 1 February 1997, included the HIF plan providing for a reclassification of functions in the company. On 31 December 1998, several subsidiaries had either completed or virtually completed the plan. The Amsterdam operations are expected to finish their job descriptions during the first six months of 1999.

On 1 January 1998, a change was made in the 'Grafimedia' Collective Labour Agreement with respect to the period over which holidays are credited. This provides employees with the one-off opportunity to defer sixteen holidays to the end of their contract of employment. An additional provision, charged to the result, was set up for this.

Up to 1997, the calculation of the provision for supplementary payment of amounts in excess of the Early Retirement Benefit limit laid down in the Collective Labour Agreement was based on actuarial principles and an annual actuarial interest rate of 7%. As this interest rate no longer reflects current conditions, it was reduced to 5% in 1998, necessitating an additional allocation to the provision.



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As at 1 February 1998, the 'Grafimedia' Collective Labour Agreement provided for a 2.5% pay rise. The Collective Labour Agreement for Newspaper Journalists was increased by 3.5% with effect from 1 January 1998. The Collective Labour Agreement for Door-to-door Paper Journalists was concluded for a term up to and including 31 December 1999, with the parties agreeing to a 3.5% pay rise with effect from 1 July 1998 and 2% with effect from 1 July 1999.

With regard to the copyrights of newspaper journalists in permanent employment, agreement was reached concerning the generic re-use of copy for a period of three years. Generic re-use refers to use on the Internet, among other media. Newspaper journalists will receive an allowance of 0.5% of twelve times the December salary in 1998, 1999 and 2000.

In 1998, a survey on the total number of free-lancers working for the group was carried out in connection with the Flexibility and Security Act, the 'Wet Flexibiliteit en Zekerheid'. To implement this so-called Flex Act, 'Flexwet', a procedure was laid down internally.

Each year, on 1 January and 1 July, the Invalidity Insurance Differentiation Contribution and Market Forces Act, the 'Wet PEMBA', offers the possibility of leaving the legal collective invalidity insurance scheme and insure this risk privately. The conditions for individual withdrawal and fully bearing the own risk are almost impossible to fulfil. KVG0 has drafted a scheme for the printing industry.

After careful consideration it was decided not to use this and continue coverage under the collective scheme. A provision has been set up for commitments entered into in 1998 if the group should decide to withdraw from the collective scheme after all. Withdrawal will be considered from year to year. The 'Wet PEMBA' provides for the social security contributions payable during the first five years of invalidity benefits entitlement. An employee's right to invalidity benefits is not affected by the 'Wet PEMBA'.

The premium transfer allowance, as an integral wage component, was sharply reduced on 1 January 1998. Instead, invalidity insurance contributions, as part of the social security contributions, are now payable by the employer. In 1998, wage costs (comprising wages, salaries, social security contributions and pension charges) increased by a total of 9.2%.

## **AMSTERDAM OPERATIONS**

### **Pension fund**

In 1998, the invested capital of 'Stichting-Telegraafpensioenfonds 1959' for employees not belonging to the printing sector rose by NLG 96 million to NLG 723 million. The amount invested in shares increased from NLG 220 million to NLG 274 million mainly as a result of the rise in share prices.

Pensions and pension rights were increased by 2.4% to adjust for the inflation rate for 1997.

The Managing Board decided to maintain pension contributions at 4.5% of pensionable salary. In 1999, retired employees will receive a special allowance of 8% of their annual pension.

The articles of association and the internal regulations were brought into line with a number of changes in pension legislation.



## DISTRIBUTION

The distribution of newspapers and door-to-door papers to agents and distribution centres is partly handled by the company's own carrier and partly by chartered transport.

Every night some 550 drivers are ready to ensure that the complicated logistic process is carried out flawlessly.

Delivery of magazines to subscribers is done by post; the many points of sale are supplied by the distribution centres.



## Arbo (Health and Safety at Work)

In 1998, the mandatory industrial emergency organization, the 'BedrijfsHulpVerleningsorganisatie' (BHV), was set up with the group's own training centre (TOTC) training the staff. Training is completed with the issue of a certificate gained under state supervision.

In 1998, absenteeism due to illness increased to 6%, which led the group to reconsider its absenteeism-reduction policy in collaboration with the KLM-Arbo Services B.V.

The risk survey and evaluation (RI&E) of the Europa printing works (formerly Plimsollweg I) was carried out in 1998; an action plan is being prepared.

In 1999, the Health and Safety at Work Desk and Internal Environmental Management will enter into closer collaboration.

## Works Council

Partly as a result of the introduction of the new 'Grafimedia' Collective Labour Agreement, which gives the Works Council a role in the HIF plan providing for the reclassification of functions in the company, the meeting schedule has been intensified.

Consultations between the Board and the Works Council continued to be positive and constructive; among other things, the Works Council issued a positive advice on the proposed investments in printing capacity and in the acquisition of a Swedish publisher.

At the end of 1999, elections will be held for a new three-year term.

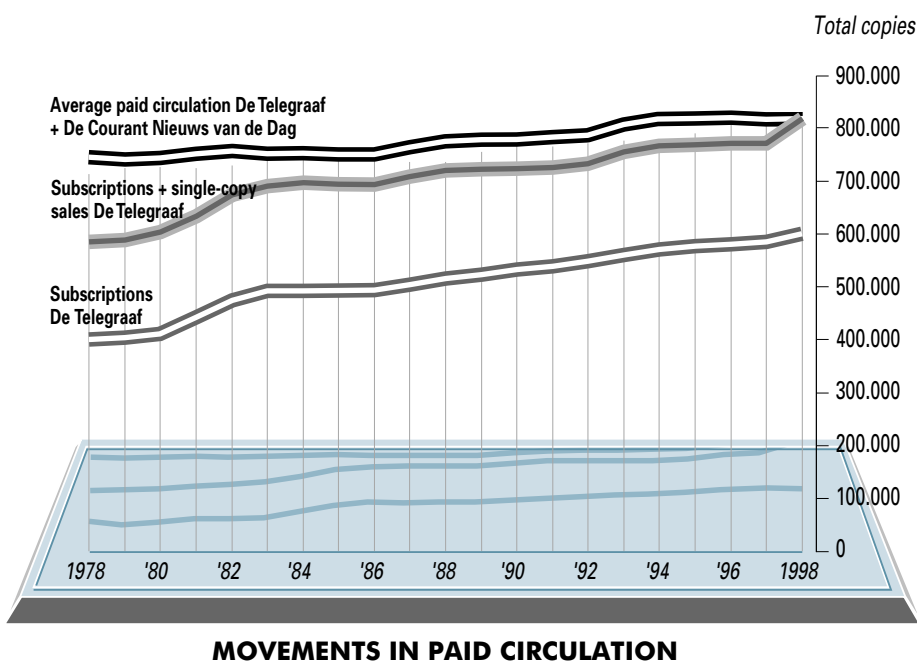
## NEWSPAPER BUSINESS

### Paid circulation

On 14 February 1998, 'De Courant Nieuws van de Dag' appeared for the last time after having been in existence for 105 years. This decision was unavoidable when publication of a morning and afternoon edition failed to offer the scope needed to maintain circulation at an acceptable level. A major operation succeeded in converting virtually the entire readership to 'De Telegraaf'.

The specific Amsterdam editorial content, as well as local sports reporting, was left intact as much as possible through the so-called 'Metropool pages' in the 'Greater-Amsterdam' edition of 'De Telegraaf'. In early 1999, the local sports pages on Monday were combined in a tabloid-sized supplement.

Agreement between publishers and advertisers about a change in the method of determining newspaper circulation figures in connection with the advertising market was reached in the course of 1998. According to the old method, circulation was determined as the sum of the yearly average of single-copy sales and the average number of subscriptions during the month of September.





According to the new method, the yearly average of both single-copy sales and the average number of subscriptions during the year are aggregated.

As a result of this change in registration, combined paid circulation of the Dutch newspapers dropped by 5% from 4,752,791 copies as at September 1997 to 4,522,953 copies for the period 1 July 1997 to 30 June 1998.

'De Telegraaf' was one of the few titles that reported the same outcome under the old and the new method.

The first circulation publication of 'De Telegraaf' according to the new measurement method (average circulation during the period 1 July 1997 to 30 June 1998) amounted to 802,500 copies. This effective figure included the converted circulation of 'De Courant Nieuws van de Dag'. With regard to the old 'De Telegraaf' figure of 762,400 copies, this represents an increase of 5.3%.

Apart from the conversion of 'De Courant Nieuws van de Dag' subscribers, this increase was mainly attributable to growth in the number of subscriptions. Like last year, single-copy sales declined.

At the end of 1998, paid circulation of 'De Telegraaf' was well above the published average and virtually at a par with the combined paid circulation figures of 'De Telegraaf' and 'De Courant Nieuws van de Dag' as at year-end 1997. Circulation components that are lost by definition as a result of title conversion (for instance single-copy sales of the afternoon edition), have virtually been offset.

At the beginning of 1999, the average 1998 effective circulation figure published for 'De Telegraaf' was 807,500 copies a day. The effective circulation of all Dutch newspapers combined increased by 2,585 to 4,517,229 copies.

Including the regional newspapers published by subsidiaries, the group's share in total circulation amounts to 26.1%. As at 30 September 1997, this figure was 26.0%.

## Advertisements

Advertising turnover of 'De Telegraaf' including 'De Courant Nieuws van de Dag' (up to 14 February 1998) rose by 14% to NLG 449.5 million.

In 1998, advertising volume of 'De Telegraaf' rose by 9.2% compared to the corresponding 1997 figure. Most of this growth was attributable to staff advertising, the volume of which increased by 36%; the number of advertising pages in the category of national brands and services also increased by 16%.

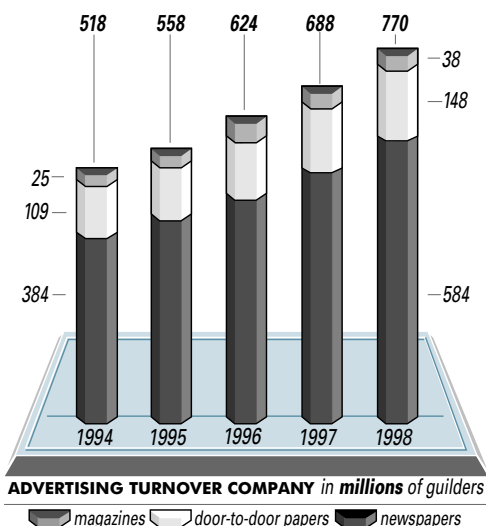
The volume of classified 'Speurder' pages was down by 1%, the number of classified 'Speurder' ads inserted fell by 6.2% to 850,756, the average size of classified 'Speurder' ads increased by 5.1%. Classified 'Speurder' ad turnover was up 2.2%. Classified ad volume of all national newspapers combined also declined by 1%.

The number of colour advertisements in 'De Telegraaf' again saw spectacular growth in 1998; advertisements with a supporting colour increased by 25% and full-colour advertisements by 23%.

The combined advertising volume of the Dutch national newspapers increased by 11.8%, mainly owing to staff advertising, which is highly cyclical. According to the 1998 estimate, the Telegraaf group's share in overall advertising turnover amounted to 28.5% as compared to 28.9% in 1997.

On 1 January 1999, advertising rates were raised collectively by 2%.

The combined advertising volume of the Dutch national and regional newspapers rose by 12%. According to an estimate by the Netherlands Newspaper Group, 'Groep Nederlandse Dagbladers' of the Netherlands Publishers' Association, 'Nederlands Uitgeversverbond', the combined gross advertising turnover of Dutch newspapers rose by approximately 16% to NLG 2,325 million.



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## Pricing policy

In 1997, the Netherlands Minister for Economic Affairs granted a temporary exemption from the ban on horizontal price-fixing in respect of newspaper subscriptions. No exemption was granted from the binding decisions concerning gift incentives and free subscriptions connected with this. Nor was exemption granted from horizontal price regulations regarding advertisements and the 15% agency commission for advertising agencies. Exemption from the ban on vertical price-fixing for newspapers was granted until 2003. In March 1998, exemption from the ban on vertical price-fixing for magazines was applied for within the framework of the new Competition Act.

The Netherlands Publishers' Association is fighting the ministerial orders by means of an objection and appeal procedure, which has a suspensory effect in respect of horizontal price regulations.

## De Telegraaf-*i*

Growth of the Internet edition of 'De Telegraaf' reflects this medium's increasing popularity.

As well as upgrading editorial content, De Telegraaf Electronische Media (TEM) is also putting classified car ads 'Autospeurders' and staff advertisements in the newspaper on line.

The number of page views in 1998 outnumbered the 1997 result by two and a half times.

Advertising turnover on the Internet shows corresponding growth.

At the end of the year under review, news updated several times per day was added to the 'De Telegraaf' site under the name of 'NieuwsLink'. This activity has attracted a great deal of interest from the start.

Lexis-Nexis is operating a worldwide on line database containing articles taken from more than 11,000 publications. This year, 'De Telegraaf' entered into a licence agreement with Lexis-Nexis. With effect from 1 January 1999, a daily selection from the newspaper will be directly available through this service.

An agreement has been concluded with Microsoft regarding the home page of the Dutch section of the Microsoft Network, which now shows daily references to articles in 'De Telegraaf-*i*'.

## Editorial developments

The merger of 'De Courant Nieuws van de Dag' and 'De Telegraaf' led to the redeployment of about 35 journalists within the newspaper editorial board. The specific feature of 'De Courant Nieuws van de Dag', extensive coverage of Amsterdam city news and local sports, has been replaced as well as possible with the 'Metropool' pages in 'De Telegraaf'. Partly in view of the 'Metropool' pages, the edition limits have been revised.

In September, the weekly section on housing and house decorating, 'De Woonkrant', existed 25 years as a supplement. On 6 June 1998, 'De Telegraaf' reached a record size of 178 pages.

In September 1998, the Netherlands Competition Authority, the 'Nederlandse Mededingingsautoriteit' (NMa) ordered NOS and HMG to negotiate with 'De Telegraaf' about making their TV listings available at prices reflecting market conditions. NMa had stipulated 15 January 1999 as a deadline. NOS has seized upon every legal and non-legal possibility to resist or delay this development. This was a predictable scenario, which led De Telegraaf in November 1998 to start with 'TVWEEK', which gives TV listings for the whole week in a different layout, namely by type of programme. After this set-up had been tested for its legal validity, market research showed that it generated sufficient interest among the readership. 'TVWEEK' replaced the Saturday 'Weekeinde' supplement.

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On 5 January 1999, in interim injunction proceedings instituted by NOS, the court ruled that 'De Telegraaf' infringed the broadcasting organisations' (pseudo) copyrights on the TV listings. In two weeks' time, 'TVWEEK' was changed to 'TVWeekeinde', which gives TV listings for the weekend.

After 15 January 1999, the Netherlands Competition Authority performed an independent investigation into what constitutes a fair market price for the supply of TV listings.

## Other activities

### Books

In 1997, 'De Telegraaf' started the publication of books in collaboration with Bzztôh, a The Hague-based publishing company. This activity was successfully continued in 1998.

Joint book productions mainly involve authors contributing to other group publications.

A new development, at the beginning of 1999, was the publication of a yearbook summarising the main events and photographs of the previous year.

## DE TELEGRAAF TIJDSCHRIFTEN GROEP (TTG)

Profit of De Telegraaf Tijdschriften Groep B.V. lagged behind the corresponding 1997 figure mainly as a result of the initial costs of two new titles: the garden magazine 'BuitengeWoon Tuinmagazine' and 'Personal Finance', the continued erosion of the results of the sports magazines and partly non-recurring indirect costs.

Virtually all magazines are exposed to tougher competition on the circulation market as a result of new magazines that are targeting the same market segment. In addition, magazines are beginning to look more and more alike.

With a reader market share of 36%, 'Privé' continued to lead the entertainment magazines segment. This market segment as a whole was again under pressure in 1998. The number of 'Privé' subscribers developed positively, while single-copy sales continued to decline. Total circulation of 'Privé' fell by 3% in 1998.

Circulation of 'Elegance' was up slightly in 1998. Advertising volume also developed positively. After the restyling in 1997, 'MAN' was successful on both circulation and advertising markets in 1998. 'Residence' experienced spectacular growth in 1998 which, in 1999, provided scope for increasing this magazine's publication frequency to eleven times a year.

In 1998, the design and editorial formula of 'OOR' was radically changed. The first signs indicate that these changes are being appreciated by both readers and advertisers.

Apart from increased competition, the market for 'Hitkrant' was particularly under pressure as a result of the current lack of pop idols. 'Hitkrant' was nevertheless able to maintain its position.

Circulation of 'Autovisie' remained stable as well. Advertising volume improved owing to the boom in new car sales in 1998.

Launched in 1997, 'BuitengeWoon Tuinmagazine' gained a definite position on the circulation market in 1998. Advertising utilisation still fell short of expectations.

A new title launched in 1998 was 'Personal Finance', five issues of which have appeared to date, and which appears to fill a need. The market profile of subscribers is mainly 'highly educated' and 'very affluent'.

'Body and Beauty' was taken off the market after two issues in view of insufficient prospects for a profitable operation.

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The contracts relating to 'Hockey Magazine' and 'Volleybal Magazine', published in collaboration with the respective associations, were not prolonged.

The frequency of 'Surf Magazine' was reduced in 1998 on account of contraction of the market for this magazine. At the beginning of 1999, this title was sold together with 'Deep', an annual publication for snowboarders.

Collaboration with KNVB (Netherlands Football Association) involves the publication of 'Voetbal Magazine' and 'Voetbal Totaal'. 'Voetbal Totaal' is distributed to all KNVB members eight times a year. The operating contract is due to expire in mid-1999.

'Tennis Magazine' will undergo a restyling at the start of the new 1999 season. In collaboration with ANWB (Netherlands Touring Association), the ice-skating magazine 'Schaatsen '99', a yearly publication, was again published in 1998.

### **De Telegraaf Sponsored Media**

'Basis Media' has been repositioned in the sponsored media market. Along with this repositioning, the name was changed to 'De Telegraaf Sponsored Media'. In 1998, a few major new contracts were secured and contracts with existing clients were renewed.

## **AUDIOVISUAL ACTIVITIES AND ELECTRONIC MEDIA**

### **Regional television**

Hollandse Dagbladcombinatie B.V. participates in 'TV West', a private/public TV station whose liquidity position became critical in early 1998. HDC did not invest any new capital in 'TV West'. As a result, its share in this venture diluted to 9%.

Limburgs Dagblad acquired a stake in 'TV8', a Limburg-based commercial TV station; the participating interest had already declined to around 9%. At the beginning of 1999, 'TV8' and 'Omroep Limburg', a public broadcasting station, entered into collaboration. Limburgs Dagblad has withdrawn from this alliance.

### **Media Groep West**

Operation of 'NieuwsNet 9', a cable TV information service in Amsterdam and neighbouring municipalities is lagging behind expectations.

Collaboration between Media Groep West B.V. and SBS 6 B.V. in the operation of SBS 6 teletext is successful. In 1998, a beginning was made with the development of electronic services scheduled to be launched in 1999.

Media Groep West B.V. is a joint venture with A2000, which holds a 25% interest. In early 1999, agreement was reached on a reduction of A2000's participating interest to 10%.

### **Radio**

The 107.9 FM radio frequency of the local 'Radio Amsterdam' station will be held on to despite the station's poor operating results.

A few options are being studied with SBS 6 B.V. concerning a nation-wide commercial radio station.





## DELIVERY

Early in the morning, some 8,000 young heroes and heroines commence preparations for making good the company's promise: to deliver the newspapers to subscribers before seven o'clock in the morning.





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## OTHER ACTIVITIES

### Hollandse Huis-aan-huisbladen Combinatie (HHC)

On 1 January 1998, the structure of Hollandse Huis-aan-huisbladen Combinatie B.V. was overhauled. B.V. Drukkerij Noordholland was transferred from HHC to Hollandse Dagbladcombinatie B.V. while Drukkerij Van Ketel B.V. was incorporated into Biegelaar Groep B.V.

As a result, HHC now consists of four publishers of independent door-to-door papers, being B.V. Noorderpers (Horn), B.V. Uitgeverij De Echo (Amsterdam), Uitgeverij Van Groenigen B.V. (Nieuw-Vennep) and B.V. Reclame 't Gooi (Hilversum).

Subsequently, the announced acquisition of Leiden-based Uitgeverij HET B.V. was realised on 1 January 1998 while, on the same date, the activities of Wieringer Courant/Wieringermeerbode were internally transferred to B.V. Noorderpers.

HHC, in its new set-up, closed the year 1998 with a result considerably higher than that realised in the previous year, partly due to significantly higher turnover. All publishers contributed to the improved result, particularly Uitgeverij Van Groenigen B.V., whose performance was boosted by the positive contribution of the 'Het op Zondag' publication.

Weekly door-to-door paper 'De Echo'-Amsterdam will increase its editions from ten to eleven; depending on market developments, a further increase is not ruled out.

HHC, as well as B.V. Uitgeverij De Echo, will be moved to a building of their own situated at the site of the Amsterdam operations. This will confirm the individual character of these enterprises. Preparations are underway for the relocation of the principal place of business of B.V. Noorderpers from Horn to Alkmaar. Simultaneously, prepress activities of B.V. Drukkerij Noordholland will be taken over as well.

At the beginning of 1999, the existing branch office of Uitgeverij Van Groenigen B.V. in Haarlem was bought. A major alteration project is currently in progress. In 1999, the 'Het op Zondag' publication will be produced under the company's own management. The printing order relating to this will be placed with B.V. Drukkerij Noordholland.

### Hollandse Dagbladcombinatie (HDC)

In the first six months of 1998, the Hollandse Dagbladcombinatie B.V. performed extremely well, particularly as a consequence of the large volume of staff advertising in the daily newspapers. In the second six months, growth slowed while costs increased mainly due to depreciation of current investment projects. In addition, training for new computerised systems required more (partly temporary) personnel. On balance, the result was virtually equal to that recorded in 1997.

The result of the new method of determining circulation in connection with the advertising market was better than expected for the HDC newspapers. A comparison between 1997 and 1998 circulation figures offers prospects for a turnaround. The circulation figures of 'Haarlems Dagblad', 'Leidsch Dagblad' and 'De Gooi- en Eemlander' declined less sharply than in previous years. Circulation of 'Noordhollands Dagblad' continued to grow slightly.

Advertising volume of the HDC newspapers developed favourably, with increases ranging from 12% at 'Noordhollands Dagblad' and the Damiat publications to close to 20% at 'De Gooi- en Eemlander'.

Major investments were made in the replacement of computerised editorial and administrative systems. Editorial publishing systems at Alkmaar and Haarlem were renewed, a new subscription system was put into place and preparations for a new advertisement system reached their final stage.

On 1 January 1998, Horn-based B.V. Drukkerij Noordholland (DNH) became part of Hollandse

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Dagbladcombinatie B.V. again ahead of the integration with the HDC printing works at Alkmaar. Except for a few minor details, consultations with the employees involved, the staff-participation bodies and the unions were completed satisfactorily in the course of the year.

To facilitate its integration, HDC ordered an extension of the existing newspaper press at Alkmaar, as well as a new commercial press. The previous newspaper press extension was put into operation at the beginning of 1998. A beginning has since been made with the necessary construction work to house the future extensions.

Daily newspaper 'De Gooi- en Eemlander' exchanged its totally outdated accommodation for a renovated, efficient office building on the outskirts of Hilversum. This building was leased for a term of at least five years. The old buildings were sold.

At the end of 1997, the adjacent buildings at Alkmaar were acquired to enable B.V. Drukkerij Noordholland and B.V. Noorderpers to move to Alkmaar and to alleviate the shortage of space suffered by Verenigde Noordhollandse Dagbladen B.V. (VND) at Alkmaar.

In 1998, the activities of advertisement distribution agency Argus (Purmerend) were added to InterHolland Verspreiders B.V. (IHV).

### **Limburgs Dagblad**

Substantial investments in a newspaper press and the replacement of the text-editing system in connection with the year 2000 issue put the result of B.V. Gemeenschappelijk Bezit van Aandelen Uitgeversmaatschappij Limburgs Dagblad under pressure from 1998 on. Other factors besides depreciation and financing charges that had an impact during the first year were training and initial costs. A Social Plan to alleviate the consequences for the staff following the introduction of a computerised editorial publishing system has been agreed upon. In connection with this scheme the provision formed in 1997 was augmented in 1998.

Due to the unexpected printing order from daily newspaper 'Bild', the new press was put into operation earlier than planned - in August. Partly in connection with this, the old press will be decommissioned at a later date than planned - in 1999.

The transfer of the hived-off firm of Eldee Offset B.V. to Biegelaar Groep B.V. with effect from the financial year 1998 put further pressure on operating profit because of the resulting loss of income and the Limburg-based organisation's reduced financial capacity to absorb overheads. At Eldee Offset, too, a Social Plan was agreed upon to deal with the consequences for the staff.

Of the foreign printing orders, 'Marca' was lost in the course of the year, while the 'Bild' order was added. The contracts of the other orders - the Japanese 'Nihon Keizai Shimbun' and 'Asahi Shimbun' and the Spanish 'El Pais' - are still in force.

Advertising volume increased by 3%. The Limburg region benefited less from the boom in staff advertising than other regions did. Through Hollandse Dagbladcombinatie B.V. the company associated itself with Nationale Regiopers (started on 1 January 1999) for the sale of advertising space on the national market. The initial costs involved were charged to the result.

As a result of the new way of determining circulation in connection with the advertising market, the effective circulation of 'Limburgs Dagblad' falls approximately 5% short of the figure calculated in accordance with the former principles.

In 1998, publishing company Uitgeversmaatschappij De Trompetter B.V. realised a considerable improvement in its result. The result of subsidiary De Trompetter improved in the face of non-recurring costs, while the other subsidiary, De Kempen Pers B.V., sustained last year's strong performance.

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For advertisement distribution agency Reclameverspreidbureau Spiral B.V., 1998 was dominated by the integration of the distribution activities of Janssen Pers B.V. that were taken over at the end of 1997. The integration operation is now completed. The result lagged behind last year's corresponding figure as a result of initial costs connected with the integration.

On balance, the result of the joint Limburg activities was negative in 1998. Adjustment of the size of the organisation will be a prerequisite to return to positive operating results.

## **Biegelaar Groep**

With the establishment of Biegelaar Groep B.V. on 1 January 1998, the printing/technical production for third parties was declared one of the Telegraaf group's core activities. Biegelaar Groep consists of the following printing companies that also work for the Telegraaf group:

- Biegelaar en Jansen B.V. (Maarsen, rotogravure),
- Franken B.V. (Deventer, after-press),
- Eldee Offset B.V. (Heerlen, web offset), previously a subsidiary of Limburgs Dagblad and
- Drukkerij Van Ketel B.V. (Schagen, sheet offset), previously a subsidiary of HHC.

In 1998, Nederlands Drukkerij Bedrijf B.V. (Zoeterwoude) was added to the group to strengthen the position in the web offset market.

Biegelaar Groep has the ambition to rank among the major providers of printing capacity in the Netherlands.

Further expansion of Biegelaar Groep B.V., through acquisitions of and/or collaboration with - possibly foreign - enterprises remains a possibility.

However, the printing activities will not account for more than a minority share of group turnover.

The result for the first year of Biegelaar Groep is about equal to the sum of the results of the constituent firms in 1997. In 1998, the amortization for goodwill paid on the acquisition of NDB is included in this.

## **Biegelaar en Jansen**

Turnover and result of Biegelaar en Jansen increased compared to 1997. Growth in turnover was partly achieved through new customers. Owing to the nature of the new orders, work contracted out increased. This was largely realised within the group.

The major printing order from the Netherlands Touring Association, ANWB, for its magazine 'Kampioen' was prolonged in view of the favourable price/quality ratio.

## **Franken**

The problems developing for Franken Afterpress in 1997 persisted throughout 1998. However, the result turned out considerably less negative. The search for potential markets, besides optimisation of the traditional stapling and finishing of high-volume printed matter, will continue.

## **Eldee Offset**

In 1998, Eldee Offset performed better than expected. Turnover was up despite the fact that, in the second half of 1998, operations were conducted with only two shifts because a number of employees had found a job elsewhere. In the course of 1999, production of Eldee Offset at Heerlen will be discontinued and transferred to NDB at Zoeterwoude. Most of the staff can be redeployed at the newspaper press extension at Heerlen.

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### **Drukkerij Van Ketel**

In 1998, Drukkerij Van Ketel put a new sheet press into operation. Alteration work on the existing accommodation was started and completed in the first quarter of 1999. Notwithstanding these activities, the 1998 result, while slightly down from the 1997 figure, was in line with expectations.

### **Nederlands Drukkerij Bedrijf**

In 1998, NDB at Zoeterwoude was incorporated into the Biegelaar Groep with retroactive effect from 1 January 1998. Initial costs of the new 32 page heatset press, plus major repairs of the existing machinery, led to a lower result than projected. The result is expected to recover in 1999.

## **PARTICIPATING INTERESTS**

### **Wegener Arcade**

As at 31 December 1998, the interest in Wegener Arcade N.V. amounted to 7,295,570 depositary receipts of NLG 0.50 par value. In 1998, the holding of depositary receipts did not change. The interest in Wegener Arcade decreased from 21.3% at year-end 1997 to 20.8% at year-end 1998 as a result of, inter alia, the expansion of the share capital of Wegener Arcade when the dividend was partly distributed in shares.

The 1997 dividend of NLG 0.80 per depositary receipt was received in cash totalling NLG 5.8 million and shown under income from participating interests.

### **SBS 6**

Since May 1996, the group has a 30% interest in 'SBS 6', a Dutch commercial TV station. After the start of the station in September 1995, SBS 6 made the break-even point within the term stated in the business plan. Initial losses were less than expected. In 1998, SBS 6 performed a profit of NLG 13.7 million. Our 30% share in this (NLG 4.1 million) has been stated under income from participating interests.

Due to the settlement of the initial losses, no account has been taken of the payment of corporate income tax in the determination of the result. For the same reason, no dividend will be distributed for 1998.

The success of SBS 6 on the viewers and advertising markets has resulted in a second station ('Net 5'), which was started by the same enterprise on 1 March 1999. The second station aims to optimise the operating result through an increase in scale and synergy in costs. To finance the business start-up, the enterprise may borrow a limited amount of money from suppliers of capital.

To avoid misunderstanding, the name of the enterprise, 'Scandinavian Broadcasting System SBS 6 B.V.', will be changed to 'SBS Broadcasting B.V.' Our interest will remain 30%.

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## PROSPECTS

In the first periods of 1999, the result increased beyond expectations compared to the same periods last year. This is partly attributable to the integration of 'De Courant Nieuws van de Dag' and 'De Telegraaf' in February 1998. The economic advantage of this integration was reflected in the results from the second half-year of 1998 on.

Advertising growth came to a virtual halt during the first months of 1999, staff advertising volume is still exhibiting nation-wide growth.

Circulation of 'De Telegraaf' newspaper developed positively in line with the growth rate seen in previous years.

In 1999, paper prices will be virtually unchanged from the 1998 level, including the levy payable with effect from 1 April in respect of the paper fibre covenant, which targets the re-use of paper at approximately 70% of total raw materials. The amount of the levy partly depends on the market prices of waste paper and partly on collecting and processing costs.

Wage costs stand to increase as a result of the sharp (partly cyclically driven) wage increases provided for in the collective labour agreements, and the expected increase in the total number of employees.

Put into use in the course of 1998, the company's long-term investment projects, such as buildings and printing presses, will be fully subject to depreciation. The new editorial systems at the regional newspapers will be completed in 1999.

In view of the proceedings pending at NMa (Dutch Competition Authority) and possible appeals, no time planning can yet be given regarding the release of TV listings for the whole week.

In the second half of 1999, a free newspaper will be launched for commuters travelling by public transport. This is a new product in the Netherlands. Consequently, reader and advertiser interest, as well as the effects on the circulation of the Dutch newspapers, can only be estimated on the basis of experiences with similar ventures abroad. The costs to be made for this product will be almost completely out-of-pocket as the company has no excess printing capacity to speak of at night. The initial costs of this newspaper will be charged to the 1999 result.

In view of the above-mentioned circumstances, a profit forecast for the whole of 1999 is not really quantifiable.

### Directie

L.G. van Aken  
F.Th.J. Arp  
W.O. Kok  
J. Olde Kalter  
H. Schor  
A.J. Swartjes

Amsterdam, April 1999.

**CONSOLIDATED BALANCE SHEET (after distribution of profit)**

(In thousands of guilders.)

31 December 1997		31 December 1998
	<b>Fixed assets</b>	
172,883	Intangible fixed assets	146,495
478,373	Tangible fixed assets	530,272
67,563	Financial fixed assets	78,258
718,819	Total fixed assets	755,025
	<b>Current assets</b>	
22,598	Inventories	31,117
155,120	Receivables	172,230
7,780	Securities	34,275
393,152	Liquid assets	458,643
578,650	Total current assets	696,265
391,014	<b>Current liabilities</b>	450,473
	<b>Current assets net of current liabilities</b>	
187,636		245,792
906,455		1,000,817
	<b>Long-term liabilities</b>	
1,714	Provisions	260
52,118		52,787
852,623	Shareholders' equity	947,770
906,455		1,000,817

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(In thousands of guilders.)

1997		1998
1,357,670	Turnover	1,519,266
84	Changes in work-in-progress	1,108
1,357,754	<b>Net turnover</b>	1,520,374
224,930	Raw and auxiliary materials	278,475
393,325	Wages and salaries	415,374
71,971	Social security charges	92,826
110,177	Depreciation of intangible and tangible fixed assets	115,505
384,028	Other operating costs	423,133
1,184,431	<b>Total operating expenditure</b>	1,325,313
173,323	<b>Operating profit</b>	195,061
2,371	Income from participating interests	10,535
10,436	Interest income	13,668
327	Income from securities	1,677
– 877	Interest charges	– 701
12,257	<b>Balance of financial revenues and charges</b>	25,179
185,580	<b>Pre-tax result from ordinary trading</b>	220,240
65,110	Tax on the result from ordinary trading	75,671
120,470	<b>After-tax result from ordinary trading</b>	144,569
8,962	Extraordinary revenue	1,023
– 2,500	Extraordinary expenditure	– 61
6,462	<b>Extraordinary items before tax</b>	962
– 2,262	Tax on extraordinary result	– 358
4,200	<b>Extraordinary result after tax</b>	604
124,670	<b>Result after tax</b>	145,173
	Profit distribution:	
80,571	Other reserves	93,724
44,099	Dividend	51,449
124,670		145,173





#### SINGLE-COPY SALES

Besides the possibility of morning home-delivery, there is also a finely meshed network of single-copy outlets.

Tobacco shops, kiosks, supermarkets, camping shops: the yellow-and-blue De Telegraaf Newspaper rack can be found in the most surprising places.

Carrying the latest news every day.



## PRINCIPLES OF CONSOLIDATION, VALUATION AND DETERMINATION OF THE RESULT

### 1. Consolidation criteria

The consolidated accounts combine the financial data for N.V. Holdingmaatschappij De Telegraaf and its group companies.

Consolidation is effected in accordance with the principles of valuation and determination of the result of the parent company. The financial data of the group companies have been fully included in the consolidated annual accounts after elimination of intercompany relations and transactions. Minority interests in shareholders' equity and in the result of group companies are shown separately in the consolidated annual accounts. The results of newly acquired group companies are included in the consolidation from the date of acquisition. The results of participating interests disposed of by the company are included in the consolidation up to the disposal date. Companies in which N.V. Holdingmaatschappij De Telegraaf has an interest of less than 50% are not included in the consolidation.

In respect of the company profit and loss account of N.V. Holdingmaatschappij De Telegraaf use has been made of the exemption provided for in section 402, Book 2, of the Dutch Civil Code.

### 2. Translation of foreign currencies

The balance sheet items and results relating to Belgian francs, where it concerns current assets and current liabilities as at 31 December of any year, are valued at the exchange rate prevailing on that date.

1998: B.frs 100 = NLG 5.46

1997: B.frs 100 = NLG 5.44

The translation of fixed assets or long-term liabilities is based on the exchange rate ruling during the year in which they were acquired or incurred. Any exchange rate differences are taken to the profit and loss account.

### 3. Valuation

#### Intangible fixed assets

Goodwill, being the amount paid in excess of the net asset value determined in accordance with the valuation principles of N.V. Holdingmaatschappij De Telegraaf, and arising on the acquisition of participating interests, business activities and publishing rights, is shown in the annual accounts as follows:

- In case of acquisitions within the company's core activities, goodwill is charged to the result or the reserves over a maximum period of twenty years; depreciation charged to the reserves only relates to goodwill in respect of subsidiaries on which no significant influence can be exercised and where the share in undistributed profit is taken directly to the reserves.
- The goodwill arising on acquisitions outside the core activities is charged directly to shareholders' equity.

#### Tangible fixed assets

These assets are valued at cost less straight-line depreciation generally calculated on the basis of depreciation rates permitted under tax law.

These rates are:

- 4 to 5% a year on buildings depending on their nature or purpose.
- 10 to 20% a year on plant and machinery.
- Generally 20% a year on all other operational fixed assets.
- Operational fixed assets subject to rapid technical and/or economic obsolescence are written off over a period of three years.
- Ground rent bought off is written off over the ground lease term in question.
- Land is not subject to depreciation.

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Fixed assets under construction:

– This item relates to the amounts contracted for construction projects, plant and machinery.

### **Financial fixed assets**

Participating interests on which N.V. Holdingmaatschappij De Telegraaf is able to exert significant influence are valued at their proportion of the net asset value, calculated in accordance with the parent company's accounting principles.

Participating interests on which the company is unable to exert significant influence, but which are strategically important, are valued in accordance with the equity method based on the most recently available figures, with the valuation reflecting as much as possible the parent company's valuation principles. Dividends received are shown as income from participating interests, the other changes in value are credited or debited directly to shareholders' equity.

Long-term receivables are stated at their nominal value less any provisions deemed necessary.

### **Inventories**

Inventories of paper, where it concerns quantities that were also in stock in previous years, are valued at the lower of cost price prevailing during those years and market price as at the balance sheet date and, where it concerns the surplus, at the lower of cost price and market price. The other inventories are valued at the lower of purchase price and market value.

A provision is being set up for unsaleable stocks.

The item work-in-progress relates to printed matter in production, valued at predetermined cost. This includes labour costs, material consumption, machinery costs, plus a surcharge for indirect costs.

### **Receivables**

Receivables are shown at nominal amounts less provisions for bad debts where necessary.

### **Securities**

Securities are shown at the lower of cost and market price as at the balance sheet date.

### **Liquid assets**

These are stated at nominal amounts.

### **Current liabilities**

These liabilities are stated at nominal amounts.

### **Provisions**

Deferred taxation:

This item relates to the deferred tax liability arising from the difference between the valuation of assets and liabilities for commercial and tax purposes. Any deferred tax receivables are set off against deferred tax commitments.

Calculation of this liability, which is shown at nominal value, is based on the current company tax rate.

Early retirement:

This item relates to the actuarial present value, based on a 5% interest rate (1997: 7%), in respect of the obligation of supplementary payment of amounts in excess of the Early Retirement benefit limit for those less than fifteen years under Early Retirement age.

This concerns a period of three to five years up to age 65.

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Pension allowance supplement:

This provision relates to the actuarial present value of pension commitments and pension premiums payable in respect of employees absent due to illness for a protracted period of time, using a 4% interest rate, as well as the share in pensioners' health insurance payable by the company, using a 5% interest rate (1997: 7%).

Disability benefit supplement:

This item relates to a provision for the payment of a supplement to the salary of employees whose employment was terminated on their becoming the recipients of a permanent disability allowance.

#### **4. Determination of the result**

The result is determined as the difference between the net turnover and the costs thereof during the year in accordance with the above-mentioned valuation principles.

The net turnover is the proceeds charged to third parties and arising from services provided to third parties during the financial year after allowing for VAT and discounts and after adjustment for movements in work-in-progress.

Profits are taken only insofar as they are realised as at the balance sheet date.

Costs and risks incurred before the end of the financial year are taken into account insofar as they can be anticipated.

The share in the result for the financial year is shown under 'income from participating interests' where it concerns participating interests on which the company is able to exert significant influence. In respect of the other participating interests, dividend received is also shown under income from participating interests.

Company tax is calculated on the result, taking into account tax allowances, including the substantial holding exemption, and allowing for amounts that are not tax-deductible. The difference with the amount in tax payable according to the profit calculation for tax purposes is shown in the provision for deferred taxation.

Extraordinary income and expenditure:

Extraordinary income and expenditure are generated by actions and events that are not associated with the company's normal business operations and that, as a result, bear a non-recurrent character.

#### **5. Accounting principles of the consolidated cash flow statement**

The cash flow statement is prepared in accordance with the indirect method. The liquid funds in the cash flow statement consist of liquid assets and securities.

The securities may be regarded as highly liquid investments. Cash flows in foreign currencies are translated at an estimated average exchange rate.

Income and expenditure relating to interest, dividends received and income tax are stated under cash flow from operational activities. Paid dividends are shown under cash flow from financing activities.

The acquisition price of group companies is shown under cash flow from investment activities insofar as payment has been made in cash. The liquid funds held by newly acquired group companies are deducted from the acquisition price.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

(In thousands of guilders, unless otherwise stated.)

### Fixed Assets

#### Intangible fixed assets

31 December 1997		31 December 1998
172,883	Goodwill	146,495
	Changes in intangible fixed assets:	
98,985	Position at beginning financial year	172,883
109,559	Add: – Goodwill paid on acquisition or expansion of participating interests	6,885
– 33,655	Less: – Depreciation charged to the result	– 31,267
– 2,006	– Depreciation charged to reserves	– 2,006
172,883	Position at end financial year	146,495

#### Tangible fixed assets

This item includes:

##### Financial year 1997

	Purchase cost up to 1997	Depreciation up to 1997	Book value 31-12-1997
Land and buildings*	433,870	259,893	173,977
Plant and machinery	611,805	488,517	123,288
Other fixed assets	184,165	148,822	35,343
Fixed assets under construction	145,765	—	145,765
	1,375,605	897,232	478,373

##### Financial year 1998

	Purchase cost up to 1998	Depreciation up to 1998	Book value 31-12-1998
Land and buildings*	516,069	276,574	239,495
Plant and machinery	718,239	540,612	177,627
Other fixed assets	208,135	161,854	46,281
Fixed assets under construction	66,869	—	66,869
	1,509,312	979,040	530,272

\*These items include the ground rent bought off in respect of the business sites of the group companies in Amsterdam. As at 31 December 1998, the book value of this amounts to NLG 11,434,000 (previous year: NLG 11,818,000).

Changes in tangible fixed assets:

	Land and buildings	Plant and machinery	Other fixed assets	Fixed assets under construction	Total
Book value 1-1-1998	173,977	123,288	35,343	145,765	478,373
Acquisitions	72	6,784	172	5,910	12,938
Investment	16,648	33,376	24,724	54,142	128,890
Divestment	—	2,586	—	502	3,300
Depreciation	—	20,400	—	45,282	86,629
Assets occupied and under construction	71,784	59,963	7,201	138,948	—
Book value 31-12-1998	239,495	177,627	46,281	66,869	530,272

Buildings are insured on the basis of reinstatement value, the other assets on the basis of the cost of new construction.

The amount covered by insurance is NLG 1,675 million (previous year: NLG 1,374 million).

The item fixed assets under construction relates to buildings and/or plant and machinery at:

B.V. Rotatiedrukkerij Voorburgwal,  
Biegelaar Groep B.V.,  
Hollandse Dagbladcombinatie B.V.,  
B.V. Dagblad De Telegraaf and  
Uitgeversmaatschappij Limburgs Dagblad B.V.

### Financial fixed assets

31-12-1997	Non-consolidated participating interests	31-12-1998
54,571	Wegener Arcade N.V., Apeldoorn (20.8%, previous year 21.3%)	58,000
9	C.V. Regionale Uitgevers Zuid-Holland West (17%)	9
	Scandinavian Broadcasting System	
10,445	SBS 6 B.V., Amsterdam (30%)	14,545
130	TV Krant Nederland C.V. (9,6%)	116
109	Hollands Omroepbedrijf Holding B.V. (9%)	109
—	V.o.f. SBS 6 Text (37,5%)	1,233
—	De Nationale Regiopers C.V. (19,6%)	905
65,264		74,917

As at 31 December 1998, the market value of the package of Wegener Arcade N.V. shares amounted to approximately NLG 248 million.

### Other receivables

2,299	Other long-term receivables	3,341
67,563	Total financial fixed assets	78,258

Movements in financial fixed assets:

Position at 1 January 1998	67,563
Add: – Share in the undistributed net income of Wegener Arcade N.V.	3,429
– Movements in other receivables	1,042
– Movements in other participating interests	6,224
Position at 31 December 1998	78,258

## Current assets

### Inventories

31-12-1997	This item consists of:	31-12-1998
18,289	Raw materials	24,542
1,720	Auxiliary materials	2,344
2,589	Work in progress	4,231
22,598		31,117

The purchase cost of the stock of raw materials amounts to NLG 26,526,000 (previous year: NLG 19,411,000).

### Accounts receivable

31-12-1997	Specification:	31-12-1998
138,672	Trade receivables	154,696
1,845	Other receivables	1,404
14,260	Accrued income	15,848
343	Minority interest	282
155,120		172,230

### Securities

31-12-1997		31-12-1998
7,780	Government bonds	34,275

### Liquid assets

31-12-1997		31-12-1998
88,476	Cash and bank balances	123,839
296,926	Short-term deposits	327,054
7,750	Medium-term deposits	7,750
393,152		458,643

Freely available liquid assets amount to NLG 450,893,000 (previous year: NLG 385,402,000)

## Current liabilities

31-12-1997	This item includes:	31-12-1998
53,018	Prepaid subscriptions	58,711
91,698	Suppliers	106,169
36,919	Taxes and social insurance premiums	35,198
19,538	Company tax	15,884
503	Pension liabilities	5,964
44,099	Dividend	51,449
2,908	Other liabilities	1,554
142,331	Accruals and deferred income	175,544
391,014		450,473

## Long-term liabilities

31-12-1997		31-12-1998
1,714	This relates to a 7% subordinated loan repayable in full in 2006.	260

## Provisions

31-12-1997	This item includes:	31-12-1998
8,575	Deferred taxation	4,539
25,428	Early retirement	28,208
9,951	Pension allowance supplements	11,281
8,164	Disability benefit supplements	8,759
52,118		52,787

Short-term commitments amount to approximately NLG 4,122,000 (previous year: NLG 3,925,000).

## Shareholders' equity

For the notes to shareholders' equity, please refer to the balance sheet of N.V. Holdingmaatschappij De Telegraaf.

## NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(In thousands of guilders, unless otherwise stated.)

1997	Net turnover	1998
1. Breakdown of the net turnover by business segment:		
915,900	Newspapers	992,040
136,933	Door-to-door papers	148,245
100,765	Magazines	102,465
150,108	Third-party printing	216,005
54,048	Other activities	61,619
<u>1,357,754</u>		<u>1,520,374</u>
2. Breakdown of the net turnover by geographical area:		
1,327,489	The Netherlands	1,479,416
17,682	EU countries	27,181
12,583	Other European countries	13,777
<u>1,357,754</u>		<u>1,520,374</u>
1997	Raw and auxiliary materials	1998
209,440	Paper and ink	258,150
15,490	Auxiliary materials	20,325
<u>224,930</u>		<u>278,475</u>
1997	Wages and salaries	1998
<u>393,325</u>	In 1998 and 1997, the average work force totalled 5,109 and 4,850, respectively. Breakdown of the work force by operating company as at year-end:	<u>415,374</u>
2,037	Amsterdam businesses	2,067
1,283	Hollandse Dagbladcombinatie B.V., Haarlem	1,528
696	Hollandse Huis-aan-huisbladen Combinatie B.V., Amsterdam	457
602	Limburgs Dagblad-concern, Heerlen	565
265	Biegelaar Groep B.V., Maarssen	544
7	De Telegraaf Belgium, Brussels	6
11	Media Groep West B.V., Amsterdam	13
<u>4,901</u>		<u>5,180</u>

In 1998, the remuneration (including pension and early retirement benefits) of the members of the Managing Board included in the wages and salaries amounted to NLG 5,632,000 (previous year: NLG 3,730,000).

Remuneration amounting to NLG 171,000 in 1998 (previous year: NLG 180,000) for Supervisory Board members is also shown under this heading.



As at 31 December 1998, members of the Supervisory Board held a total of 22,016 shares/depositary receipts, members of the Managing Board held a total of 16,654 shares/depositary receipts in N.V. Holdingmaatschappij De Telegraaf.

1997	<b>Social insurance contributions</b>	1998
35,685	Pension charges	35,223
36,286	Other social security charges	57,603
<u>71,971</u>		<u>92,826</u>
	<b>Depreciation of intangible and tangible fixed assets</b>	
1997		1998
33,655	Intangible fixed assets	31,267
17,704	Land and buildings	20,400
44,784	Plant and machinery	45,282
17,527	Other fixed assets	20,947
<u>113,670</u>		<u>117,896</u>
– 3,493	Result disposed tangible fixed assets	– 2,391
<u>110,177</u>		<u>115,505</u>
	<b>Tax on result from ordinary trading</b>	
1997		1998
<u>65,110</u>	Company tax	<u>75,671</u>
	<b>Extraordinary result before tax</b>	
1997		1998
8,962	Extraordinary revenue	1,023
– 2,500	Extraordinary expenditure	– 61
<u>6,462</u>		<u>962</u>

Extraordinary revenue includes, amongst other things, the release of difference between estimated and actual property tax on buildings in Amsterdam.  
Extraordinary expenditure includes the third-party minority interest in the result of Media Groep West B.V.

## CROSS-BORDER DESTINATIONS

Newspapers with cross-border destinations leave our printing works early in the night.

To Schiphol Airport from where they are transported by air to Curaçao and the Canarian Islands, or by car to Antwerp, Brussels, Paris, Cologne and Frankfurt for distribution.



## CASH FLOW STATEMENT (consolidated)

(In thousands of guilders.)

1997		1998
	<b>Cash flow from operational activities</b>	
173,323	Operating profit	195,061
	Adjustments for:	
113,670	– depreciation	117,896
– 13,921	– changes in short-term receivables	– 3,729
5,371	– changes in inventories	– 5,995
	– changes in debts to suppliers and other	
31,054	current liabilities	16,886
– 2,950	– changes in provisions	3,853
306,547	Cash flow from business operations	323,972
5,508	Dividend received from participating interests	5,996
9,886	Interest received/paid	14,644
6,462	Paid/received in respect of extraordinary result	962
– 54,939	Tax on profit	– 81,970
273,464	Cash flow from operational activities	263,604
	<b>Cash flow from investment activities</b>	
– 5,740	Investment in intangible fixed assets	– 746
	Acquisition/divestment of group companies and	
– 101,330	other financial fixed assets	– 10,924
– 97,575	Capital expenditure	– 128,890
– 18,301	Changes in investment creditors	11,195
3,056	Divestments of tangible fixed assets	3,300
– 219,890	Cash flow from investment activities	– 126,065
53,574		137,539
	<b>Cash flow from financing activities</b>	
– 35,699	Dividend paid	– 44,099
– —	Changes in long-term liabilities	– 1,454
– 35,699	Cash flow from financing activities	– 45,553
17,875	<b>Changes in liquid assets and securities</b>	91,986

**BALANCE SHEET**

(In thousands of guilders.)

31 December 1997		31 December 1998
	<b>Fixed assets</b>	
66,880	<b>Intangible fixed assets</b>	44,587
	<b>Financial fixed assets</b>	
904,955	Group companies	1,020,386
10,445	Other participating interests	14,545
—	Other receivables	1,000
915,400		1,035,931
982,280	Total fixed assets	1,080,518
	<b>Current assets</b>	
631	<b>Receivables</b>	
631	Accrued income	2
	Total current assets	2
	<b>Current liabilities</b>	
19,106	Company tax	15,884
2,898	Tax and premiums	
425	social insurance contributions	3,639
44,099	Pension liabilities	340
35,572	Dividend	51,449
102,100	Accrued liabilities	33,112
		104,424
—	<b>Current assets net of current liabilities</b>	—
101,469		104,422
880,811		976,096
	<b>Provisions</b>	
2,760	Deferred taxation	118
25,428	Early retirement	28,208
28,188		28,326
	<b>Shareholders' equity</b>	
26,250	Issued capital	26,250
25	Statutory reserves	25
826,348	Other reserves	921,495
852,623		947,770
880,811		976,096

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## PROFIT AND LOSS ACCOUNT

(In thousands of guilders.)

1997		1998
164,041	<b>Net income from participating interests</b>	183,461
– 39,371	Other net income and expenditure	– 38,288
<u>124,670</u>	<b>Result after tax</b>	<u>145,173</u>



## NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(In thousands of guilders, unless otherwise stated.)

For the general accounting principles and the principles for the valuation of assets and liabilities and the determination of the result, reference is made to the notes to the consolidated balance sheet and profit and loss account.  
Group companies are shown at their net asset value.

### Fixed Assets

#### Intangible fixed assets

1997	Goodwill	1998
89,173	Book value as at 1 January	66,880
– 22,293	Depreciation charged to the result	– 22,293
66,880	Book value as at 31 December	44,587

#### Financial fixed assets

##### Group companies with registered offices

This item includes the following group of companies and receivables in respect of these group companies.

B.V. Dagblad De Telegraaf, Amsterdam  
 B.V. De Courant Nieuws van de Dag, Amsterdam  
 B.V. Rotatiedrukkerij Voorburgwal, Amsterdam  
 B.V. Beleggingsmaatschappij Voorburgwal, Amsterdam  
 De Telegraaf Tijdschriften Groep B.V., Amsterdam  
 De Telegraaf Transport B.V., Amsterdam  
 B.V. Agentenadministratiekantoor 't Gooi, Hilversum  
 Media Groep West B.V., Amsterdam (75%)  
 Uitgeversmaatschappij Hollands Noorderkwartier B.V., Amsterdam

Biegelaar Groep B.V., Maarssen  
 Biegelaar en Jansen B.V., Maarssen  
 Drukkerij Van Ketel B.V., Schagen  
 Nederlands Drukkerij Bedrijf B.V., Zoeterwoude  
 Eldee Offset B.V., Heerlen  
 Franken B.V., Deventer

Hollandse Dagbladcombinatie B.V., Haarlem  
 Dagbladuitgeverij Damiata B.V., Haarlem  
 Verenigde Noordhollandse Dagbladen B.V., Alkmaar  
 InterHolland Verspreiders B.V., Alkmaar  
 B.V. Drukkerij Noordholland, Hoorn  
 Houdstermaatschappij De Gooi- en Eemlander B.V., Hilversum  
 Dagblad De Gooi- en Eemlander B.V., Hilversum  
 Exploitiemaatschappij G en E Vastgoed B.V., Hilversum  
 Goois Weekblad B.V., Hilversum  
 Drukkerij Stuurman B.V., Zaandam

Hollandse Huis-aan-huisbladen Combinatie B.V., Amsterdam  
 Uitgeverij Van Groenigen B.V., Haarlemmermeer  
 Uitgeverij HET B.V., Leiden  
 B.V. Uitgeverij De Echo, Amsterdam  
 B.V. Reclame 't Gooi, Hilversum  
 B.V. Noorderpers, Hoorn  
 Uitgeverij Hoevelaken Beheer B.V., Hoevelaken

B.V. Gemeenschappelijk Bezit van Aandelen Uitgeversmaatschappij Limburgs Dagblad, Heerlen  
 Uitgeversmaatschappij Limburgs Dagblad B.V., Heerlen  
 Eolus B.V., Heerlen  
 Uitgeversmaatschappij De Trompetter B.V., Roermond  
 Reclameverspreidbureau Spiral B.V., Horst  
 De Kempen Pers B.V., Hapert

The annual accounts of these group companies  
 are included in the consolidated balance sheet  
 and profit and loss account.

31-12-1997	Group companies	31-12-1998
337,558	Disclosed equity capital	371,382
567,397	Receivables and liabilities on balance	649,004
904,955		1,020,386
	<b>P.M. liabilities</b>	
	Pursuant to section 403, paragraph 1, sub f, Book 2 of the Dutch Civil Code, the company has assumed liability for any legal acts arising from debts of the above-mentioned consolidated group companies excluding Media Groep West B.V. and Uitgeverij Hoevelaken Beheer B.V.	
	<b>Other holdings</b>	
	This item relates to the minority interest in:	
10,445	SBS 6 B.V., Amsterdam (30%)	14,545
	<b>Other receivables</b>	
—.—	Funds lent	1.000
915,400	Total financial fixed assets	1,035,931

Movements in financial fixed assets:

Position at 1 January 1998	915,400
Add: – Net result participating interests	183,461
– Funds lent	1,000
– Share in the increase in shareholders' equity of Wegener Arcade N.V.	1,423
	<u>1,101,284</u>
Less: – The balance of the amounts paid and received by the group companies, the receivables and liabilities of which have been included in N.V. Holdingmaatschappij De Telegraaf, excluding settlement of results.	– 65,353
Position at 31 December 1998	<u><u>1,035,931</u></u>

## Provisions

31-12-1997	Deferred taxation	31-12-1998
	This item consists of deferred company tax in respect of:	
2,374	Provisions for uninsured business risks and pensions	1,080
– 3,535	Fixed assets	– 4,095
3,921	Inventories	3,133
<u>2,760</u>		<u>118</u>

## Shareholders' equity

31-12-1997		31-12-1998
	<b>Issued capital</b>	
	The authorised capital amounts to NLG 100,000,000 divided into shares of NLG 0.50 par value	
	Issued:	
26,250	Ordinary shares (including NLG 480 priority shares)	26,250
25	<b>Statutory reserves</b>	25
	<b>Other reserves</b>	
741,275	Position at beginning of the financial year	826,348
4,502	Add: – Share in the change in shareholders' equity of Wegener Arcade N.V.	1,423
745,777		827,771
80,571	Profit allocation	93,724
826,348	Position at end of the financial year	921,495
852,623	Total shareholders' equity	947,770

## OTHER INFORMATION

### CONSOLIDATED BALANCE SHEET (after distribution of profit)

(In thousands of euros.)

31 December 1997		31 December 1998
	<b>Fixed assets</b>	
78,451	Intangible fixed assets	66,476
217,076	Tangible fixed assets	240,627
30,659	Financial fixed assets	35,512
326,186	Total fixed assets	342,615
	<b>Current assets</b>	
10,255	Inventories	14,120
70,390	Receivables	78,155
3,530	Securities	15,554
178,405	Liquid assets	208,123
262,580	Total current assets	315,952
177,435	<b>Current liabilities</b>	204,416
85,145	<b>Current assets net of current liabilities</b>	111,536
411,331		454,151
778	<b>Long-term liabilities</b>	118
23,650	Provisions	23,954
386,903	Shareholders' equity	430,079
411,331		454,151



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(In thousands of euros.)

1997		1998
616,084	Turnover	689,413
38	Changes in work-in-progress	503
616,122	<b>Net turnover</b>	689,916
102,069	Raw and auxiliary materials	126,366
178,483	Wages and salaries	188,489
32,659	Social security charges	42,123
49,996	Depreciation of intangible and tangible fixed assets	52,414
174,264	Other operating costs	192,009
537,471	<b>Total operating expenditure</b>	601,401
78,651	<b>Operating profit</b>	88,515
1,076	Income from participating interests	4,781
4,736	Interest income	6,202
148	Income from securities	761
– 398	Interest charges	– 318
5,562	<b>Balance of financial revenues and charges</b>	11,426
84,213	<b>Pre-tax result from ordinary trading</b>	99,941
29,546	Tax on the result from ordinary trading	34,338
54,667	<b>After-tax result from ordinary trading</b>	65,603
4,067	Extraordinary revenue	464
– 1,135	Extraordinary expenditure	– 28
2,932	<b>Extraordinary items before tax</b>	436
– 1,026	Tax on extraordinary result	– 162
1,906	<b>Extraordinary result after tax</b>	274
56,573	<b>Result after tax</b>	65,877
	Profit distribution:	
36,562	Other reserves	42,530
20,011	Dividend	23,347
56,573		65,877

## SURVEY OF PUBLICATIONS AND ACTIVITIES OF THE TELEGRAAF COMPANY (as at beginning 1999)

### NEWSPAPERS

De Telegraaf  
 Limburgs Dagblad  
 Haarlems Dagblad  
 IJmuider Courant  
 Leidsch Dagblad  
 Noordhollands Dagblad  
 Including:  
 - Alkmaarsche Courant  
 - Schager Courant  
 - Enkhuizer Courant  
 - Dagblad voor West-Friesland  
 - Helderse Courant  
 - Dagblad Kennemerland  
 - Dagblad Zaanstreek  
 - Nieuwe Noordhollandse Courant  
 De Gooi- en Eemlander  
 Dagblad van Almere

### MAGAZINES

#### ***Netherlands***

Privé  
 Elegance  
 MAN  
 Residence  
 Hitkrant  
 OOR  
 Autovisie  
 BuitengeWoon Tuinmagazine  
 Personal Finance  
  
 Tennis Magazine (per 18-3-'99: Tennis)  
 Voetbal Magazine  
 Voetbal Totaal

#### ***Sweden***

Vi Båtagare  
 Båtnytt  
 Golf Digest

### INTERNET

De Telegraaf-*i*  
 Leidsch Dagblad  
 Haarlems Dagblad  
 De Weerkamer  
 Autovisie  
 OOR  
 Hitkrant  
 Privé  
 Personal Finance

### SPONSORED MEDIA

#### ***De Telegraaf Sponsored Media***

Concept development, editing,  
 design, advertising acquisition,  
 pre-/after-press, printing, distribution,  
 readership surveys, market analysis,  
 database, new media, single-copy sale  
 and subscription management,  
 including invoicing/direct debiting.

### DOOR-TO-DOOR PAPERS AND NEWS JOURNALS

#### ***Greater-Amsterdam area***

De Echo  
 Amstelveens Nieuwsblad  
 Zondagochtendblad

#### ***Amstelland/Haarlemmermeer***

Witte Weekbladen  
 Autojournaal  
 Zondagochtendblad

#### ***'t Gooi and surrounding area***

De Gooi- en Eembode  
 Laarder Courant De Bel  
 Nieuwsblad voor Huizen  
 Weesper Weekblad  
 Baarns Weekblad  
 Woonbode  
 Goois Weekblad  
 De Nieuwe Weesper

#### ***Flevoland***

De Almare  
 't Groene Weekblad  
 Zondagochtendblad

#### ***Haarlem and surrounding area***

Nieuwsblad De Kennemer  
 Haarlems Weekblad  
 Heemsteedse Courant  
 Nieuwsblad IJmuiden  
 Nieuwsblad Santpoort & Velsersbroek  
 Zondagochtendblad

#### ***Leiden and surrounding area***

Leidse Post  
 Zuid-Holland Post  
 Het op Zondag  
 Autojournaal  
 Witte Weekblad

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**Alphen a/d Rijn and surrounding area**

Witte Weekblad  
Witte Weekblad Weekend

**Zaanstreek/Purmerend**

Noordhollands Weekblad  
De Zaankanter  
De Krommenieër  
Het Gezinsblad  
Zondagochtendblad

**West-Friesland**

Westfries Weekblad  
Noordhollands Weekblad

**Alkmaar and surrounding area**

Alkmaars Weekblad  
De Koerier  
De Duinstreek  
Nieuwsblad voor Castricum  
Noordhollands Weekblad  
Zondagochtendblad

**North Holland North**

Helders Weekblad  
Schager Weekblad  
CTR/De Polderbode  
Noordhollands Weekblad  
Wieringer Courant  
Wieringermeerbode  
Zondagochtendblad

**North Brabant East**

De Trompetter (3 editions)  
De Schakel  
Veldhovens Weekblad  
Oirschots Weekjournaal  
Kempener Koerier  
De Kempenaer

**Limburg**

De Trompetter (12 editions)

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**AUDIOVISUAL ACTIVITIES**

Cable TV information services  
Radio Amsterdam  
Call centre services  
Participating interests in national commercial TV and public/private and/or commercial regional TV activities in South Holland  
Service company De Amsterdammer  
Teletext activities

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**PRINTING COMPANIES AND AFTER-PRESS**

B.V. Rotatiedrukkerij Voorburgwal  
B.V. Drukkerij Noordholland  
Limburgs Dagblad B.V.

Biegelaar Groep B.V.  
- Biegelaar en Jansen B.V.  
- Eldee Offset B.V.  
- Franken B.V. (after-press)  
- Drukkerij Van Ketel B.V.  
- Nederlands Drukkerij Bedrijf B.V.

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**TRANSPORT**

De Telegraaf Transport B.V.

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**DELIVERY/DISTRIBUTION****The Netherlands**

Stuffers in newspapers, both subscription and single-copy, and in special subareas. Door-to-door delivery throughout the Netherlands or targeted areas. Newspaper delivery to subscribers as well as distribution through approximately 15,000 single-copy points-of-sale. Once a week distribution of magazines to around 10,000 points-of-sale. Once a week collection of unsold newspapers and magazines at approximately 12,500 points-of-sale. Third-party distribution.

**North and South Holland**

InterHolland Verspreiders B.V.  
Reclameverspreiding 't Gooi

**Limburg**

Reclameverspreidbureau Spiral B.V.

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**PARTICIPATING INTERESTS**

Wegener Arcade N.V. (20.8%)  
SBS 6 B.V. (30%)  
Media Groep West B.V. (90%)  
TV Krant Nederland C.V. (9.6%)  
V.o.f. SBS 6 Text (45%)  
C.V. Regionale Uitgevers  
Zuid-Holland West (17%)  
Hollands Omroepbedrijf Holding B.V. (9%)  
De Nationale Regiopers C.V. (19.6%)

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## AUDITOR'S REPORT

### Introduction

We have audited the accompanying 1998 financial statements of N.V. Holdingmaatschappij De Telegraaf, Amsterdam. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the financial statements of N.V. Holdingmaatschappij De Telegraaf give a true and fair view of the financial position of the company as of 31 December 1998 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the legal requirements for financial statements as included in Part 9, Book 2 of the Netherlands Civil Code.

Leiden, 27 April 1999.

Deloitte & Touche  
Registeraccountants

## DIVIDEND PROPOSAL

We propose to declare a dividend for 1998 of NLG 0.98 in cash per share of NLG 0.50 par value.

A dividend of NLG 0.84 a share of NLG 0.50 par value was paid out for 1997.

The pay-out ratio for 1998 as well as 1997 amounts to 35.4%.

1997	Distribution of profit:	1998
80,571	Other reserves	93,724
44,099	Dividend	51,449
<u>124,670</u>		<u>145,173</u>

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## EVENTS AFTER THE BALANCE SHEET DATE

- Take over of Swedish publisher Svensk Specialpress AB at Stockholm was acquired on 1 January 1999;
- The Haarlem branch office of Uitgeverij Van Groenigen was acquired in early 1999;
- At the beginning of 1999, two titles: 'Surf Magazine' and 'Deep' were disposed of;
- The 25% interest of A2000 in Media Groep West was reduced to 10% as a result of the purchase of part of this package.
- Agreement was reached with 'Het Financieele Dagblad' about a long-term printing and distribution contract with effect from 1 September 2000.
- There are plans to renew one of the rotogravure presses at Biegelaar Groep. To lay the groundwork for future expansion, investments will also be made in peripherals and finishing equipment, production routing and an improved infrastructure. The total investment amounts to about NLG 100 million and will be put into operation in 2001.



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## **PROFIT APPROPRIATION AS PROVIDED FOR IN THE ARTICLES OF ASSOCIATION**

Pursuant to article 34 of the articles of association of N.V. Holdingmaatschappij De Telegraaf, the following rules apply to the appropriation of profits:

1. Subject to the approval of the Supervisory Board and Stichting Beheer van prioriteitsaandelen N.V. Holdingmaatschappij De Telegraaf, the Managing Board shall decide every year what percentage of the profit - the positive balance of the profit and loss account - is to be added to the reserves.
2. Out of the profits, after addition to the reserves in accordance with the preceding paragraph, a dividend shall be paid on the amount paid in on the preference shares, the percentage of which shall be equal to the average yield of Dutch medium-term government bonds as at the beginning of the financial year to which the distribution relates, increased by one per cent. The average yield is determined by the Managing Board subject to the approval of the Supervisory Board.
3. A primary dividend amounting to five per cent of the nominal amount of their shares or - if the profit is not sufficient for this - as high a percentage as possible, is then paid out to the holders of ordinary shares and priority shares. Where it concerns priority shares, the percentage of the above-mentioned dividend may not exceed the percentage of the legal interest rate prevailing on the last day of the financial year in question.
4. If the distribution of dividend on preference shares, as referred to in paragraph 2, cannot be effected or not in full because the profit is not sufficient, the deficit shall be paid out of the distributable portion of shareholders' equity. The dividend is determined over the paid-up portion of the nominal amount.
5. The remaining profit shall be at the disposal of the General Meeting provided that no further dividend is to be distributed on priority shares and preference shares.

## **SPECIAL RIGHTS UNDER THE ARTICLES OF ASSOCIATION**

### **Priority shares:**

The priority shares are held by the Stichting Beheer van prioriteitsaandelen N.V. Holdingmaatschappij De Telegraaf, the Board of which consists of Mrs J.A. Brewer-de Koster and Messrs M.E. Borrius Broek, E.F.M. Kok, A.J. van Puijenbroek and E.H. van Puijenbroek.

The goal of the foundation is to acquire and manage the priority shares in the company and, partly by means this, to ensure continuity in the management of the company, to defend against influences on the management that could prejudice the company's independence and would be contrary to the company's interest, and to further a good policy in the company's interest.

The powers attached to the priority shares consist, amongst other things, of the right of granting approval for resolutions for the issue of shares, of fixing the number of Managing Board and their remuneration, of fixing the number of Supervisory Board of the company, and of taking the initiative for an amendment to the articles of association and dissolution of the company before the General Meeting of Shareholders can make a decision on that.

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### **Preference shares:**

1. The goal of Stichting Preferente Aandelen De Telegraaf is:
  - a. To look after the interests of the company limited by shares N.V. Holdingmaatschappij De Telegraaf, established in Amsterdam, hereinafter called: 'the company', the companies associated with it and all those involved, by defending the company as much as possible against influences that could threaten its continuity, independence or identity and would be contrary to these interests.
  - b) Defending the company against influences of third parties that could impair editorial independence, as well as the principles underlying editorial policy concerning news publications of enterprises within the group.
2. The foundation seeks to achieve this goal by acquiring preference shares in the company and by exercising the rights attached to these shares. In doing so, the foundation takes into account the purpose for which preference shares may be issued.
3. This purpose does not include the sale, encumbrance or any other way of disposing of shares except in case of:
  - sale to the company itself or to a company associated with it within the group and designated by the company;
  - collaboration in the repayment on and the cancellation of shares.

The right to issue preference shares of N.V. Holdingmaatschappij De Telegraaf has been granted by Stichting Beheer van prioriteitsaandelen N.V. Holdingmaatschappij De Telegraaf. On 23 October 1998, Stichting Preferente Aandelen De Telegraaf signed an amended option agreement with N.V. Holdingmaatschappij De Telegraaf. The changes involved technical and legal adjustments of the existing option agreement, including harmonisation with Annex X to the Listing and Issuing Rules.

The Board consists of one Chairman and four members.  
Composition of the Board as at 31 December 1998:  
G.G. Witsen Elias (Chairman), S.E. de Jong, H. de Groot,  
E.F.M. Kok and A.J. van Puijenbroek.

As at the balance sheet date no preference shares had been issued.

### **Declaration of independence**

The Managing Board of N.V. Holdingmaatschappij De Telegraaf and the Board of Stichting Preferente Aandelen De Telegraaf hereby declare that, in their joint opinion, the requirements in respect of the independence of the Board of Stichting Preferente Aandelen De Telegraaf, set out in Annex X to the Listing and Issuing Rules of Amsterdam Exchanges N.V., Amsterdam, have been fully satisfied.

**Managing Board of N.V. Holdingmaatschappij De Telegraaf**  
**Board of Stichting Preferente Aandelen De Telegraaf**

Amsterdam, April 1999.

## KEY FIGURES AS AT THE BALANCE SHEET DATE IN GUILDERS

	1989	1990	1991	1992	1993
Shareholders' equity x NLG 1,000	458,676	516,590	563,487	610,755	658,536
Shareholders' equity as a percentage of total assets	55.4%	59.6%	63.9%	71.2%	68.2%
Current assets: short term liabilities	1.07 : 1	1.15 :1	1.11 : 1	1.33 : 1	1.43 :1
Shareholders' equity: borrowed capital	1.24 : 1	1.47 :1	1.77 : 1	2.48 : 1	2.15 :1
Net turnover x NLG 1,000	748,088	774,957	790,058	803,589	1,048,712
Cash flow x NLG 1,000	121,617	126,557	125,657	128,964	172,137
Net profit x NLG 1,000	75,717	80,074	72,621	70,057	77,006
Net profit as a percentage of net turnover	10.1%	10.3%	9.2%	8.7%	7.3%
Operating profit as a percentage of net turnover	12.5%	12.1%	10.6%	10.1	9.3%
Average net turnover per employee	270,900	277,700	277,800	281,900	252,300
Work force at year-end	2,990	3,067	3,103	3,079	4,573
Return on shareholders' equity	16.5%	15.5%	12.9%	11.5%	11.7%
Pay-out ratio	32.9%	32.1%	35.4%	36.7%	41.9%
Per share of NLG 0.50 par value: (rounded off to full cents)					
Shareholders' equity	8.74	9.84	10.73	11.63	12.54
Cash flow	2.32	2.41	2.39	2.46	3.28
Profit	1.44	1.53	1.38	1.34	1.47
Dividend	0.48	0.49	0.49	0.49	0.62 *
Price: low	9.75	9.63	9.75	10.13	11.50
Price: high	12.49	13.38	12.94	11.81	19.88

\* Including a jubilee dividend.

1994	1995	1996	1997	1998	
722,404	789,138	767,550	852,623	947,770	Shareholders' equity x NLG 1,000
69.1%	70.3%	65.9%	65.7%	65.3%	Shareholders' equity as a percentage of total assets
1.87 : 1	2.25 : 1	1.58 : 1	1.48 : 1	1.55 : 1	Current assets: short term liabilities
2.23 : 1	2.37 : 1	1.93 : 1	1.92 : 1	1.88 : 1	Shareholders' equity: borrowed capital
1,092,584	1,151,505	1,283,228	1,357,754	1,520,374	Net turnover x NLG 1,000
184,581	191,785	190,477	238,340	263,069	Cash flow x NLG 1,000
91,425	101,312	84,602	124,670	145,173	Net profit x NLG 1,000
8.4%	8.8%	6.6%	9.2%	9.5%	Net profit as a percentage of net turnover
11.3%	11.8%	11.2%	12.8%	12.8%	Operating profit as a percentage of net turnover
266,500	282,000	310,800	312,100	332,800	Average net turnover per employee
4,551	4,528	4,599	4,901	5,180	Work force at year-end
12.7%	12.8%	11.0%	14.6%	15.3%	Return on shareholders' equity
35.9%	35.0%	42.2%	35.4%	35.4%	Pay-out ratio
					Per share of NLG 0.50 par value: (rounded off to full cents)
13.76	15.03	14.62	16.24	18.05	Shareholders' equity
3.52	3.65	3.63	4.54	5.01	Cash flow
1.74	1.93	1.61	2.37	2.77	Profit
0.63	0.68	0.68	0.84	0.98	Dividend
18.85	21.50	28.30	36.00	38.50	Price: low
25.06	30.75	42.40	48.50	52.50	Price: high

## KEY FIGURES AS AT THE BALANCE SHEET DATE IN EURO

	1989	1990	1991	1992	1993
Shareholders' equity x EUR 1,000	208,138	234,418	255,699	277,149	298,831
Shareholders' equity as a percentage of total assets	55.4%	59.6%	63.9%	71.2%	68.2%
Current assets: short term liabilities	1.07 : 1	1.15 :1	1.11 : 1	1.33 : 1	1.43 :1
Shareholders' equity: borrowed capital	1.24 : 1	1.47 :1	1.77 : 1	2.48 : 1	2.15 :1
Net turnover x EUR 1,000	339,468	351,660	358,513	364,653	475,885
Cash flow x EUR 1,000	55,187	57,429	57,021	58,521	78,112
Net profit x EUR 1,000	34,359	36,336	32,954	31,790	34,944
Net profit as a percentage of net turnover	10.1%	10.3%	9.2%	8.7%	7.3%
Operating profit as a percentage of net turnover	12.5%	12.1%	10.6%	10.1%	9.3%
Average net turnover per employee	122,929	126,015	126,060	127,921	114,489
Work force at year-end	2,990	3,067	3,103	3,079	4,573
Return on shareholders' equity	16.5%	15.5%	12.9%	11.5%	11.7%
Pay-out ratio	32.9%	32.1%	35.4%	36.7%	41.9%
Per share of EUR 0.23 par value: (rounded off to full cents)					
Shareholders' equity	3.97	4.47	4.87	5.28	5.69
Cash flow	1.05	1.09	1.08	1.11	1.49
Profit	0.65	0.69	0.63	0.61	0.67
Dividend	0.22	0.22	0.22	0.22	0.28 *
Price: low	4.42	4.37	4.42	4.60	5.22
Price: high	5.67	6.07	5.87	5.36	9.02

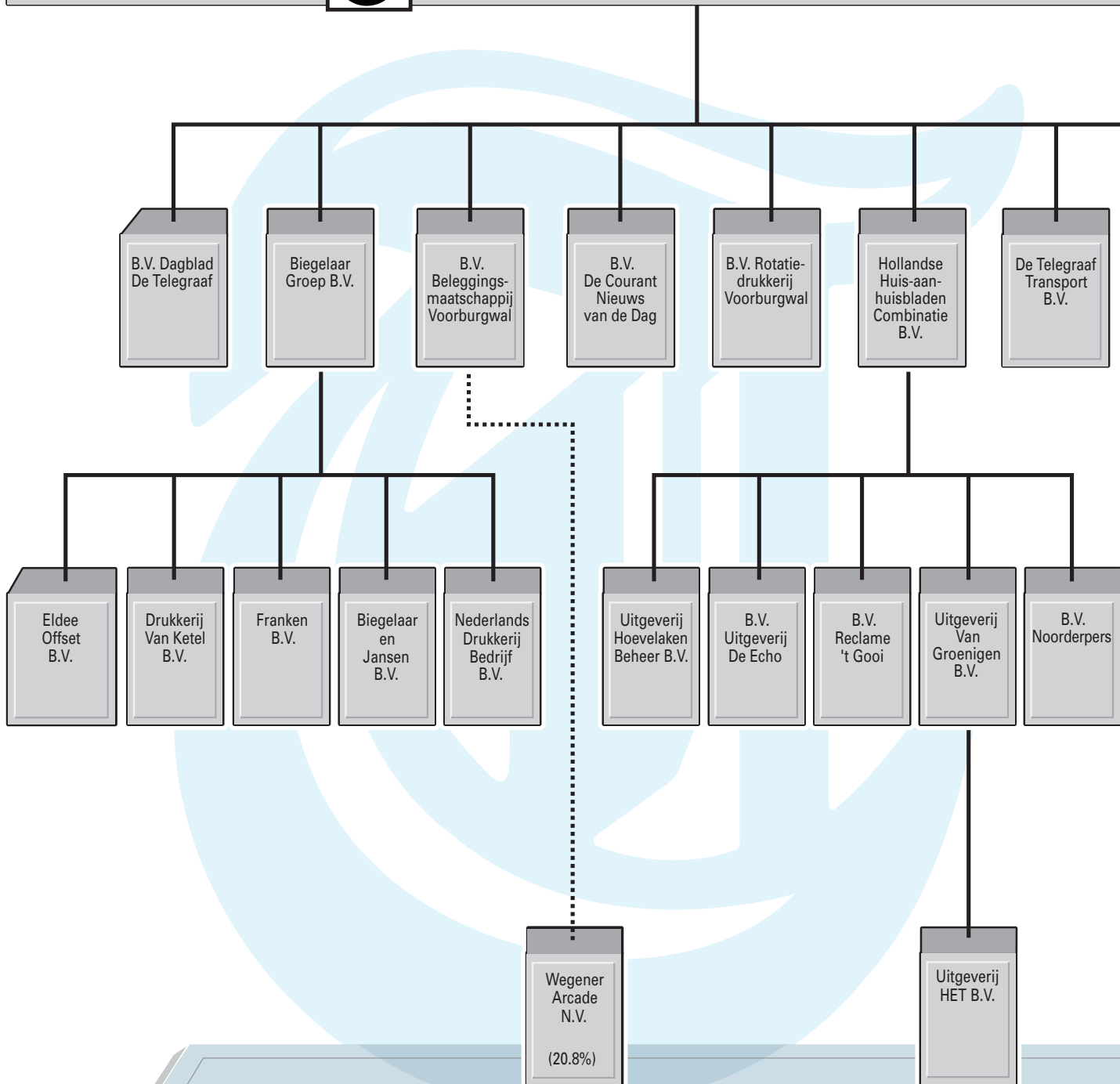
\* Including a jubilee dividend.

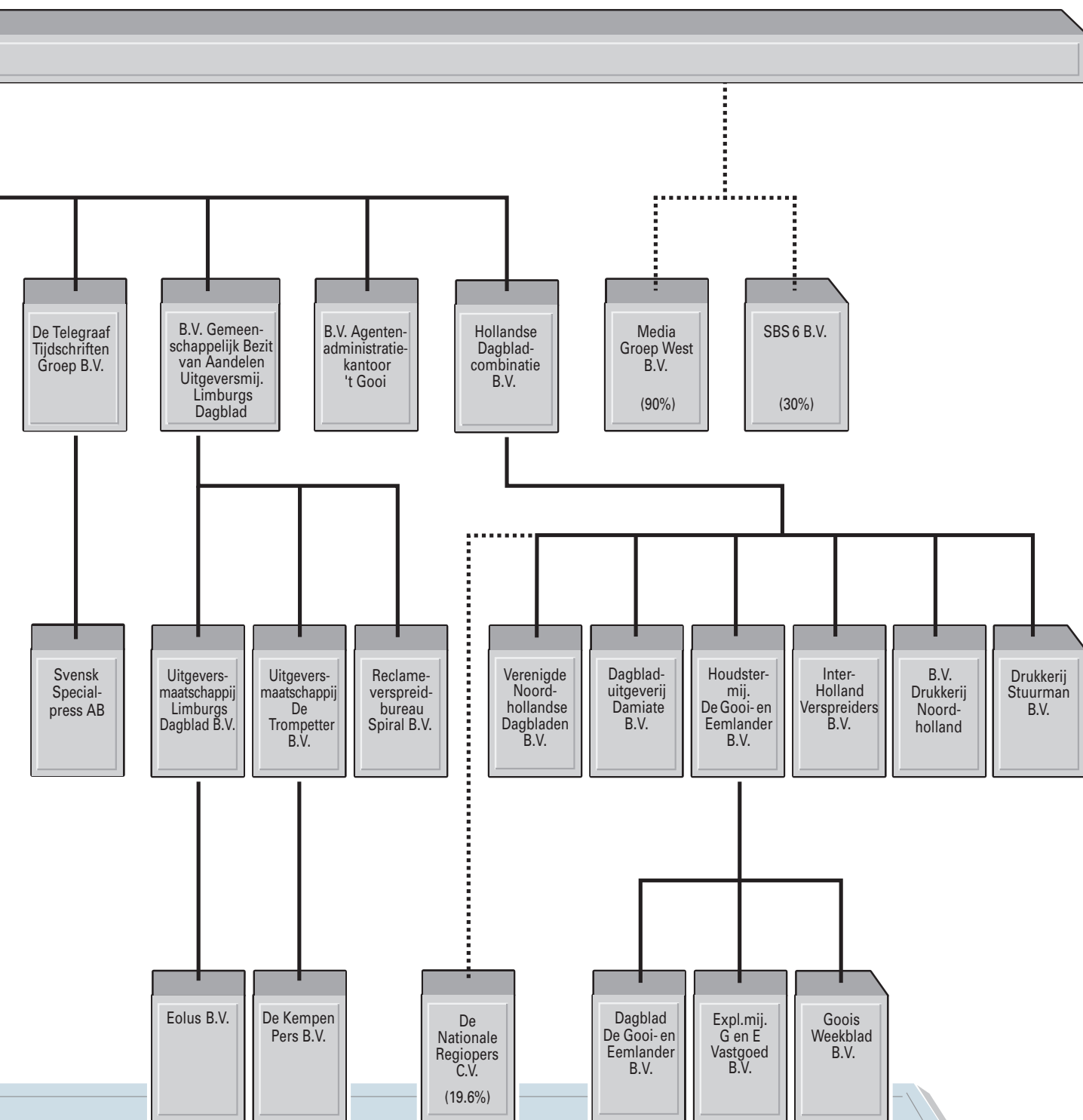


1994	1995	1996	1997	1998	
327,813	358,095	348,299	386,903	430,079	Shareholders' equity x EUR 1,000
69.1%	70.3%	65.9%	65.7%	65.3%	Shareholders' equity as a percentage of total assets
1.87 : 1	2.25 : 1	1.58 : 1	1.48 : 1	1.55 : 1	Current assets: short term liabilities
2.23 : 1	2.37 : 1	1.93 : 1	1.92 : 1	1.88 : 1	Shareholders' equity: borrowed capital
495,793	522,530	582,303	616,122	689,916	Net turnover x EUR 1,000
83,759	87,028	86,435	108,154	119,376	Cash flow x EUR 1,000
41,487	45,973	38,391	56,573	65,877	Net profit x EUR 1,000
8.4%	8.8%	6.6%	9.2%	9.5%	Net profit as a percentage of net turnover
11.3%	11.8%	11.2%	12.8%	12.8%	Operating profit as a percentage of net turnover
120,932	127,966	141,035	141,625	151,018	Average net turnover per employee
4,551	4,528	4,599	4,901	5,180	Work force at year-end
12.7%	12.8%	11.0%	14.6%	15.3%	Return on shareholders' equity
35.9%	35.0%	42.2%	35.4%	35.4%	Pay-out ratio
					Per share of EUR 0.23 par value: (rounded off to full cents)
6.24	6.82	6.63	7.37	8.19	Shareholders' equity
1.60	1.66	1.65	2.06	2.27	Cash flow
0.79	0.88	0.73	1.08	1.26	Profit
0.29	0.31	0.31	0.38	0.44	Dividend
8.55	9.76	12.84	16.34	17.47	Price: low
11.37	13.95	19.24	22.01	23.82	Price: high



## N.V. Holdingmaatschappij De Telegraaf





**STRUCTURE OF THE TELEGRAAF COMPANY AS AT APRIL 1999**

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Design: Reclameafdeling Dagbladen  
Photography: Karen Steenwinkel  
Printing/after-press: Drukkerij Van Ketel B.V.

This Annual Report is a translation of the original text  
in Dutch, which is the official version.