

6 May 2009

Company Announcement No. 11-09

Interim Management Statement Q1 2009 for Søndagsavisen a-s

Following radical restructuring efforts leading to a significant lowering of the cost level and successful implementation of development activities, the Group now has a solid platform which will be strongly positioned on the reversal of the economic trends. In light of the current negative market situation, Q1 2009 showed an acceptable result.

- The operating result (EBIT) exclusive of restructuring costs was a loss of DKK 4.3 million in Q1 2009 against a loss of DKK 1.7 million in Q1 2008. Inclusive of restructuring costs the result (EBIT) was DKK -16.5 million in Q1 2009. This performance is not satisfactory but may be considered acceptable in light of the negative market situation and a relatively sharp decline in revenue.
- Significant and deep cost reductions were made within all Group functions, generating restructuring costs in a total amount of DKK 12.2 million in Q1 2009.
- In Q1 2009 consolidated revenue amounted to DKK 262.5 million, down DKK 65.3 million or 20 % on the same period in 2008, when the boom was drawing to a close. The advertisement markets and the market for recruitment ads in particular now have stabilised at a very low level in the current recession. This is the main cause of the lower revenue.
- Despite a fall in revenue of DKK 51.3 million, the print activities realised a profit of DKK 2.5 million in Q1 2009 - exclusive of restructuring costs – against a profit of DKK 1.6 million in Q1 2008.
- Reflecting a decline in revenue of DKK 7.1 million, the online activities realised a loss of DKK 5.4 million in Q1 2009 – exclusive of restructuring costs – against a loss of DKK 1.7 million in Q1 2008.
- Significant forward-oriented business development initiatives were implemented in both the print and the online business. The distribution business achieved substantial quality and efficiency gains within sorting and distribution. The newspaper product is now in place and has been complemented by Søndagsavisen.dk, and both have been well received by customers, readers and users. OFiR has been re-launched with a new competitive platform.
- On 31 March 2009, the Group had cash funds of DKK 153.5 million and long-term mortgage credit loans of DKK 87.7 million.
- As stated in Announcement No. 03-09, dated 5 February 2009, the Board of Directors has decided to examine the strategic opportunities for the Group's distribution activities, including sale in whole or in part as well as the possibility of entering into strategic cooperation with external partners. This process has been initiated and proceeds as planned.

Expectations for the year 2009

- The Group's platforms - product portfolio, cost level and the organisation's competencies and motivation - are now in place. The Group will therefore be strongly positioned on a reversal of the economic trends.
- Consolidated revenue is still expected to be at about 10% lower than in 2008.
- Consolidated operating profit (EBIT) including restructuring costs is expected to be at the level or better than the operating profit for continuing activities in 2008.

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Revenue and operating profit (EBIT) by segments

DKK m	Revenue							Year 2008
	Q1 YTD 2009 2008		Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	
Segments in Søndagsavisen a-s								
Print	217,6	268,9	217,6	243,8	237,3	267,0	268,9	1.017,0
<i>Index cp. to same period last year</i>	80,9	85,4	80,9	80,4	85,5	89,2	85,4	85,1
Online	18,8	25,9	18,8	18,4	22,5	26,6	25,9	93,4
<i>Index cp. to same period last year</i>	72,6	112,6	72,6	82,1	100,4	114,7	112,6	102,6
Helsingør Dagblad	26,1	33,0	26,1	28,4	30,5	33,5	33,0	125,4
<i>Index cp. to same period last year</i>	79,1	86,2	79,1	77,6	84,5	90,8	86,2	84,8
Total revenue	262,5	327,8	262,5	290,6	290,3	327,1	327,8	1.235,8
<i>Index cp. to same period last year</i>	80,1	87,1	80,1	80,3	86,4	91,0	87,1	86,2

DKK m	Operating profit (EBIT)							Year 2008
	Q1 YTD 2009 2008		Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	
Segments in Søndagsavisen a-s								
Print	0,8	1,6	0,8	1,2	-1,8	-0,3	1,6	0,7
<i>Operating margin</i>	0,4%	0,6%	0,4%	0,5%	-0,8%	-0,1%	0,6%	0,1%
Online	-9,0	-1,7	-9,0	-14,5	-9,1	-3,5	-1,7	-28,8
<i>Operating margin</i>	-47,9%	-6,6%	-47,9%	-78,8%	-40,4%	-13,2%	-6,6%	-30,8%
Helsingør Dagblad	-1,8	-1,7	-1,8	-3,9	-2,5	-2,6	-1,7	-10,7
<i>Operating margin</i>	-6,9%	-5,2%	-6,9%	-13,7%	-8,2%	-7,8%	-5,2%	-8,5%
Unallocated costs	-6,5	0,1	-6,5	-6,2	-0,6	0,3	0,1	-6,4
Total operating profit (EBIT)	-16,5	-1,7	-16,5	-23,4	-14,0	-6,1	-1,7	-45,2
<i>Operating margin</i>	-6,3%	-0,5%	-6,3%	-8,1%	-4,8%	-1,9%	-0,5%	-3,7%

Print – Profit at the level of the same period last year despite a significant revenue decline.

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

In Q1 2009 revenue from the print segment was DKK 217.6 million, down DKK 51.3 million or 19% on the same period in 2008. The revenue reduction is mainly related to Søndagsavisen as a result of the slowdown in the advertisement market and the market for recruitment advertisements in particular.

Overall, the consolidated operating profit within the print segment was DKK 0.8 million in Q1 2009 compared with a profit of DKK 1.6 million in Q1 2008. The operating profit in 2009 exclusive of restructuring costs amounted to DKK 2.5 million, the level of the same period in 2008 despite the above revenue fall of 19%.

The profit performance of the print segment was favourably affected by the significant cost reductions that were made generally and the more specific efficiency improvements previously implemented within the sorting and distribution of printed matter. However, the operating profit was negatively affected by the lower revenue and restructuring costs of DKK 1.7 million primarily relating to staff dismissals.

As stated in Announcement No. 03-09, dated 5 February 2009, the Board of Directors has decided to examine the strategic opportunities for the Group's distribution activities, including sale in whole or in part as well as the possibility of entering into strategic cooperation with external partners. This process has been initiated and proceeds as planned.

Online – Job market stable but at a low level. OFiR relaunched with new competitive platform.

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

Revenue from the online segment was DKK 18.8 million in Q1 2009, which corresponds to a fall of DKK 7.1 million, or 27%, on the same period in 2008. The revenue reduction was due solely to the slowdown in the job market, which affects OFiR and MatchWork negatively whereas BoligPortal's performance is still very encouraging with high growth rates.

The operating loss of the online segment amounted to DKK 9.0 million in Q1 2009. The result is much lower than in the same period in 2008, when it was DKK -1.7 million. In 2009 the result was negatively affected by the lower revenue, restructuring costs of DKK 3.6 million primarily relating to staff dismissals as well as costs relating to the continued efforts within the further development of OFiR.

The new OFiR.dk and the segment portals (nursing jobs, financial jobs and sales jobs) have now been launched. This makes OFiR.dk the absolutely best job site in the market with a number of unique functions such as job searches through maps, distance searches from addresses, integration to LinkedIn and Facebook and enhanced company profiling opportunities. The segment portals are dedicated portals with a range of job advertisements limited to sales jobs, financial jobs or nursing jobs. This enables users easily and quickly to seek relevant jobs in a dedicated environment.

Helsingør Dagblad – the printing market is still under pressure due to excess capacity and low demand

The Helsingør Dagblad segment represents the Helsingør Dagblad A/S Group, whose principal activity is operating a newspaper printing house. In addition, the newspaper Helsingør Dagblad and free weekly newspapers are published in North Zealand.

Revenue from the Helsingør Dagblad segment was DKK 26.1 million in Q1 2009, representing a fall of DKK 6.9 million, or 21%, compared with Q1 2008. The reduction was caused by the decision taken in October 2008 to close down the newspapers, Hillerød Avis and Gribskov Avis, in February 2009 and Helsingør Dagblad's loss of printing jobs.

The operating loss of the Helsingør Dagblad segment was DKK 1.8 million in Q1 2009, approximately the same level as in the same quarter last year. However, the 2009 result includes restructuring costs of DKK 3.1 million primarily relating to staff dismissals. Thus, the operating result exclusive of restructuring costs was much better than in the previous year despite the sharp fall in revenue.

Unallocated costs

Unallocated costs consist of group-related activities which are not allocated to the operating activities of the print, online and Helsingør Dagblad segments.

The operating loss within unallocated costs amounted to DKK 6.5 million in Q1 2009. In the same period last year the result was DKK 0.1 million. The 2009 result includes restructuring costs of DKK 3.8 million primarily relating to staff dismissals.

Furthermore, there were costs of the order of DKK 1.5 million for group-related development projects within the Group IT functions.

Share of the profits/(losses) of associates, discontinuing activities and other financials

On 27 February 2009, the Group received as planned the second portion of the payment of SEK 226 million in connection with the sale of 66.7% of the shares in Gratistidningar i Sverige AB. This sale has now been completed, and as stated in Announcement No. 14-08, dated 25 September 2008, an agreement on sale of the remaining 33.3% of the shares in GISAB was made at a minimum price of SEK 160 million after the presentation of the 2010 financial statements. Søndagsavisen a-s will retain a seat on the board of the company until the remaining 33.3% of the shares have been sold. As from 1 December 2008, GISAB has been recognised as an associate.

On 31 March 2009, the Group had liquid funds of DKK 153.5 million and a long-term mortgage credit loan of DKK 87.7 million.

The Group's discontinuing activities were positively affected by a selling price adjustment totalling DKK 4.4 million in connection with the sale of Gratistidningar i Sverige AB in 2008. Financials are affected by costs incurred in entering into an exchange option to hedge liquid funds in SEK as well as unrealised exchange rate losses in a total amount of DKK 5.3 million.

Expectations for the year 2009

In December 2008 and in January and March 2009, large staff cuts were made within all Group functions. As a result, a slimmer organisation is now in place, and the Group's platforms - product portfolio, cost level and the organisation's competencies and motivation - are now in place. The Group will therefore be strongly positioned on a reversal of the economic trends.

Consolidated revenue is still expected to be at about 10% lower than in 2008.

Consolidated operating profit (EBIT) including restructuring costs is expected to be at the level or better than the operating profit for continuing activities in 2008.

Changed presentation of segments

As a result of the sale of Norsk Avisdrift and Gratistidningar i Sverige AB, the Group's most important activities are concentrated in Denmark. This fact together with IFRS 8, which has become effective, affects the presentation of the Group's segments. In future, the following operating segments will be shown:

- Print
- Online
- Helsingør Dagblad

Unallocated costs, which are the result of group-related costs which are not allocated to operating segments will also be shown.

- The print segment consists of Forbruger-Kontakt's distribution activities and the newspaper Søndagsavisen.
- The online segment consists of OFiR.dk, MatchWork.com, Søndagsavisen.dk, BoligPortal.dk and MinReklame.dk.
- The Helsingør Dagblad segment represents the Helsingør Dagblad A/S Group, whose principal activity is operating a newspaper printing house. In addition, the newspaper Helsingør Dagblad and free weekly newspapers are published in North Zealand.