

18 February 2009

## **Mecom Group plc**

### **Mecom sells its Northwestern Norwegian Assets for NOK559.3 million**

The Board of Mecom Group plc ("Mecom" or the "Group") is pleased to announce that, through Edda Media AS, Mecom's Norwegian subsidiary, it has entered into an agreement to sell Sunnmørsposten AS, Romsdals Budstikke AS and the Northwestern assets of Edda Distribusjon AS and Edda Ressurs AS (the "Businesses") to Polaris Media AS ("Polaris") for an enterprise value of NOK559.3 million (approximately £55.9 million), resulting in net cash proceeds after transaction fees and closing adjustments of approximately £54.4 million. The disposal is expected to complete in the first half of 2009.

#### **Disposal of the Businesses**

Under the terms of the Sale and Purchase Agreement, Mecom has agreed to sell the Businesses for a cash consideration of NOK675.0 million (approximately £67.4 million), including approximately NOK115.7 million (approximately £11.6 million) relating to cash sold with the Businesses, payable at completion. The disposal is conditional upon approval from Mecom's banks and shareholders, in relation to which a circular will be sent to the shareholders in due course, as well as Norwegian antitrust and regulatory clearance.

The transaction includes the sale of two leading media houses on the Northwestern coast of Norway, Sunnmørsposten AS and Romsdals Budstikke AS. These businesses publish the Sunnmørsposten and the Romsdals Budstikke daily newspapers with a daily circulation of 32,667 copies and 18,167 copies, respectively. Both newspapers are strong brands and have been operating in the region for more than 120 years. In addition to these titles, Sunnmørsposten AS and Romsdals Budstikke AS produce seven wholly owned local newspapers and three partly owned local newspapers, which are produced between one and three times a week. All the newspaper titles have their own companion websites, of which [www.smp.no](http://www.smp.no) has 85,000 weekly unique users and [www.rbnnett.no](http://www.rbnnett.no) has 50,000 weekly unique users.

The transaction also includes the Northwestern Norway printing and distribution assets and activities of Edda Ressurs AS and Edda Distribusjon AS respectively. The printing operations print all the titles of Sunnmørsposten AS and Romsdals Budstikke AS in addition to other third parties titles. The distribution network serves the titles held in Sunnmørsposten AS and Romsdals Budstikke AS and distributes third party titles in the region.

As at 31 December 2007, the Businesses had gross assets of NOK824.9 million (approximately £82.4 million) and, in the financial year ended 31 December 2007, contributed NOK58.8 million (approximately £5.9 million) to the Group's overall profit before taxation (before exceptionals and amortisation of acquired intangibles).

#### **Use of proceeds**

This disposal, following on from the sale of Mecom's German operations, is part of the Group's strategy to strengthen its balance sheet and ensure Mecom, with its remaining Dutch, Danish, Norwegian and Polish businesses, is in a stronger position to operate successfully in the current

market conditions. As a result, the proceeds from this disposal will be used to reduce Group borrowings by approximately £54.4 million.

Commenting on the disposal, David Montgomery, Chief Executive of Mecom, said:

"We are pleased with the agreement we have signed with Polaris in relation to our operations in Northwestern Norway and believe, as with the sale of the Mecom's German operations, that we have delivered value to shareholders by strengthening Mecom's balance sheet in the current market. As previously stated, the Board is confident that the continued strategy of reducing debt and focusing on our core assets greatly improves the position and prospects of the Group. We would like to thank the management and employees in Northwestern Norway for their hard work and wish them well for the future."

### **General Meeting**

A circular containing a notice convening a general meeting will be posted to shareholders in due course.

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Note:

£:NOK 10.0143