

DMG BROADCASTING: TELEVISION



Peter Williams
Chairman (left)
Mike Stewart
Managing Director (right)

Financial highlights

Turnover

£63m

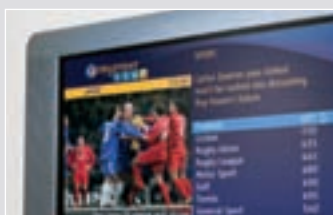
Operating profit*

£2.2m

Operating margin*

3%

*Adjusted operating profit (before exceptional items and amortisation and impairment of intangible assets)



There was a 120% increase in Teletext's digital audience (television and internet), largely due to the launch of Teletext on ITV digital.

2005 proved to be a challenging year for Teletext as its traditional travel advertisers faced erratic market activity and greater competition, particularly from online retailers. Revenues fell by 14% compared to last year against a background of the structural decline in analogue television viewing.

As a consequence, operating profit* fell by £13 million and a restructuring of the provision of these services was undertaken. Teletext's new digital services, which continue to be the focus of its investment activity, more than doubled audience and revenue in the year.

In December 2004, the company completed an exclusive agreement with ITV to provide text and commercial services behind the text button for all the ITV digital channels. This agreement mirrors that signed with Channel 4 last year and provides Teletext with unique and exclusive access to the major digital television audiences on all delivery platforms. Since the 'Teletext on ITV' service was launched on satellite and Freeview in June, audience has grown rapidly and the digital services now account for over 25% of Teletext's total television audience.

Teletextolidays.co.uk enhanced its position as one of the most popular travel websites in the U.K., to almost 3 million monthly users. In the year, revenues grew by over 70%. Teletext is one of a small repertoire of sites which can consistently attract high volume, high quality traffic. As the only travel intermediary in this group, it is well positioned to prosper in an increasingly competitive market. Data from the travel industry indicate that Teletext's television and web services accounted for in excess of 1.2 million holidays in the last twelve months, representing a total transaction value of over £750 million.

Although the year saw further growth in Teletext's mobile services, which delivered an estimated 20 million alerts, SMS messaging appears to be reaching a plateau and the company is developing new service propositions for the 3G and mobile internet environments.

In conclusion, in a difficult advertising market Teletext saw encouraging growth in its new digital services which it will continue to develop and expand. As a result, Teletext is well placed to benefit from the switch to digital television and the growth in online travel.

DMG Broadcasting: Television
Growth in monthly visitors to teletextolidays.co.uk (millions)

