TX Group Half-Year Report 2020

Zurich, 25 August 2020

Dear Shareholders
Dear Staff Members
Dear Friends and Partners of the TX Group

The Half-Year Report 2020 is being published under the name TX Group AG for the first time. We are proud of how well the new holding-type structure with the four largely independent companies TX Markets, Goldbach, 20 Minuten and Tamedia has become established after just six months. With the transfer of Christoph Tonini from the executive management (where he had been Chief Executive Officer since 2013) to the Board of Directors as of 1 July, the reorganisation of the group is now formally complete.

The TX Group creates a network of media and platforms that offer information, guidance, entertainment and services and reach over 80 per cent of the Swiss population every day. TX stands for interdisciplinary collaboration, innovative strength and dynamic evolution. As Switzerland's largest media and technology company, the TX Group considers itself well equipped to face the wide variety of challenges that future economic development will bring. Its strong position in the Swiss market enables the TX Group to participate in actively shaping the upcoming structural change. This applies particularly to journalism, where we need to drive the digital transformation and adapt the cost structures to declining revenues for the paid media of Tamedia and the free publications of 20 Minuten. Goldbach is also a key element of the corporate strategy. The advertising broker aims to consolidate its leading position in the Swiss market and evolve into a Swiss media sales house. This would enable it to provide the best possible support to regional and national media so that they are able to withstand in the face of global competition. The profitable marketplaces and classified platforms of TX Markets again promise the highest growth – both organic and inorganic, in Switzerland and abroad. The shared umbrella of the group has the aim of ensuring that synergies are exploited and realising revenue potential, especially in the field of data. In the Ventures segment, the TX Group is continuing to build up and expand its investments, focusing on fintech, digital entertainment and consumer productivity.

After a good start to 2020 for the reorganised TX Group, the months from March onwards were largely overshadowed by the coronavirus crisis. It immediately caused major losses on the advertising market, primarily affecting 20 Minuten, Goldbach and Tamedia's newspapers. The poor economic prospects also have an impact on TX Markets, specifically the job platforms. However, marketplaces Ricardo and Tutti were able to benefit from the crisis. Overall, the platforms of TX Markets are in a good position in their markets and have impressively high levels of profitability.

The TX Group managed to break records on the user side during the crisis. Digital media use rose sharply on both publishing and commercial platforms. Thanks to the increased demand for digital subscriptions and, in some cases, for printed newspapers too, Tamedia was able to profit from the extraordinary circumstances. Use of commercial platforms also grew considerably in the wake of the coronavirus crisis.

A good 40 per cent of the losses of revenue were offset by immediate cost reductions. However, this was ultimately unable to absorb the slump in the advertising market, resulting in revenues that are 18 per cent lower for this half of the year due to the coronavirus crises. On account of necessary depreciation and amortisation, a loss of CHF 109.4 million is being reported for the first half of 2020, with a net loss adjusted for one-off effects of CHF 25.3 million. As far back as the Annual General Meeting in early April, it was announced that no dividend could be expected for the 2020 financial year.

The decision was based particularly on a valuation allowance of CHF 85 million in Tamedia. This has a direct impact on the interim financial statements of the TX Group (further information is available in the "Impairment" section on page 20). The staff in the editorial teams and publishing house have done excellent work over the past six months. Tamedia was able to profit from the crisis in the user market and press ahead according to its strategic objective of the digital transformation of the payment model. However, due to the current crisis situation, we must expect advertising revenues to fall more quickly than previously assumed and the structural change to be accelerated. Income is also decreasing in the user market because digital revenues are much lower than revenues for printed newspapers.

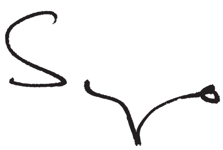
To ensure sustainability, it will therefore be necessary to reduce Tamedia’s cost structure by CHF 70 million over the next three years. Following a loss adjusted for extraordinary effects of revenue of CHF 34 million in 2019 and CHF 47 million in the first half of 2020, and as a result of the negative trend, this step is unfortunately unavoidable. The measures required are being worked out with the involvement of the affected segments and in collaboration with the social partners. The aim is still to invest in the quality of journalism and its digital transformation while also cutting costs by removing duplication and increasing efficiency.

The central services are already helping to reduce expenditure and are adapting their offering to the corporate structure of the TX Group with the goal of boosting efficiency through standardisation and automation, cutting the cost of materials and giving the four companies within the group greater flexibility in terms of the choice of individual services. The idea is to achieve savings of CHF 20 million in the course of the next three years.

All companies within the group and the central services made use of the option of short-time working to varying degrees during the crisis situation. Staff also worked from home as much as possible to protect their health. In this situation, the TX Group benefited from the thorough modernisation of its IT infrastructure completed over the past few years, which made mobile working and communication at all levels possible without any problems. The aforementioned project to review the central services with the aim of achieving a significant cost reduction was also able to be completed and communicated successfully.

In the past few months, the unexpected crisis situation was added to the challenges of the structural change. With its excellent employees and managers, the TX Group is well-positioned to overcome the crisis. Thanks to its robust balance sheet and high level of liquidity, it also has the option to benefit from chances to view the crisis as an opportunity and to come out of it stronger. The situation is serious but there is no reason to question the route we have chosen.

Yours sincerely,



Dr Pietro Supino
Chairman and Publisher

Operational reporting by TX Group on the first half of 2020

Alternative key performance figures

The TX Group uses the following alternative key performance figures:

- Operating income before depreciation and amortisation (EBITDA)
- Operating income before effects of business combinations (EBIT adj.)
- Cash flow after investing activities in property, plant and equipment and intangible assets (FCF adj.)
- Consolidated normalised income statement

Detailed information on how the alternative key performance figures are derived can be found at www.tx.group/en/investor-relations/alternative-performance-figures.

The figures shown are rounded in every table. As the calculations are made with a higher level of numerical accuracy, it is possible that small rounding differences may occur.

Key figures

in CHF mn		30.06.2020	30.06.2019	Change
Income statement				
Revenues		431.2	524.1	–17.7%
Operating income / (loss) before depreciation and amortisation (EBITDA)		34.1	91.5	–62.7%
Margin [1]		7.9	17.5	–54.7%
Operating income / (loss) before effects of business combinations (EBIT adj.)		12.3	71.1	–82.6%
Margin [1]		2.9	13.6	–78.9%
Operating income / (loss) (EBIT)		(107.5)	41.0	–362.5%
Margin [1]		(24.9)	7.8	–419.1%
Net income		(109.4)	53.6	–304.2%
Margin [1]		(25.4)	10.2	–348.2%
Segment share of total revenues with third parties				
TX Markets		23.2%	20.5%	13.1%
Goldbach		9.3%	10.7%	–13.2%
20 Minuten		8.7%	13.1%	–33.6%
Tamedia		49.6%	49.9%	–0.5%
Group & Ventures		9.2%	5.8%	57.6%
Employee key data				
Number of employees (FTE) [2]		3 640	3 642	–0.1%
Revenue per employee	in CHF 000	118.5	143.9	–17.7%
Balance sheet				
Current assets		458.8	531.7	–13.7%
Non-current assets		2 154.6	2 309.9	–6.7%
Total assets		2 613.4	2 841.6	–8.0%
Liabilities		688.8	771.9	–10.8%
Equity		1 924.6	2 069.7	–7.0%
Cash flow				
Cash flow from / (used in) trading activities		15.4	64.9	–76.3%
Cash flow from / (used in) investing activities		4.1	225.0	–98.2%
Cash flow after investing activities in property, plant and equipment and intangible assets (FCF adj.)		(0.0)	54.2	–100.0%
Cash flow after investing activities (FCF)		19.5	290.0	–93.3%
Cash flow from / (used in) financing activities		(126.1)	(219.5)	–42.5%
Change in cash and cash equivalents		(106.9)	70.3	–252.1%
Financial key data				
Return on equity [3]		–11.4%	5.2%	–319.6%
Equity ratio [4]		73.6%	72.8%	1.1%
Net debt / (net liquidity) [5]		(112.0)	(124.4)	–9.9%
Debt factor [6]	x	–	–	n.a.
Key figures per share				
Net income / (loss) per share undiluted	in CHF	(11.01)	3.74	–394.4%
Price/earnings ratio [7]	x	(6.4)	28.5	–122.4%
Share price	in CHF	70.30	106.40	–33.9%
Market capitalisation		745.1	1 127.7	–33.9%

1 As a percentage of revenue
2 Average number of employees, excluding employees in associates / joint ventures
3 Net income / (loss) including non-controlling interests (projected for 12 months) to shareholders' equity as of 30 June
4 Equity to total assets
5 Current and non-current financial liabilities less cash and cash equivalents as of 30 June
6 Net debt to cash flow from / (used in) operating activities
7 Based on price as of 30 June

TX Markets

www.tx.markets

Managing Director: Olivier Rihs

in CHF mn	30.06.2020	30.06.2019
Revenues	100.8	108.1
Operating expenses	(65.4)	(68.2)
Share of net income / (loss) of associates / joint ventures	3.4	4.9
Operating income / (loss) before depreciation and amortisation (EBITDA)	38.8	44.8
Margin [1]	38.5%	41.4%
Operating income / (loss) before effects of business combinations (EBIT adj.)	35.8	42.6
Margin [1]	35.5%	39.4%
Number of employees (FTE) [2]	582	538

1 The margin relates to operating revenues.
2 Average number of employees, excluding employees in associates / joint ventures.

The TX Markets segment and company, with its leading online marketplaces and classified platforms, is among the largest digital companies in Switzerland. It comprises the job portal JobCloud (50 per cent of a joint venture, fully consolidated), the real estate platform Homegate, the online marketplaces Ricardo and Tutti, the car marketplace Car For You (50 per cent of a joint venture, fully consolidated) and the fashion marketplace Trendsales in Denmark.

At CHF 100.8 million, revenues for TX Markets are down by 6.7 per cent year-on-year. The impact of the coronavirus crises on the different TX Markets platforms tended to vary. So while JobCloud saw a noticeable decline in orders during the coronavirus crisis, Homegate's property business recovered comparatively quickly. The platforms Tutti and Ricardo even managed to break records during the lockdown. The overall result of this was a decline in operating income / (loss) before depreciation and amortisation (EBITDA) to CHF 38.8 million (previous year: CHF 44.8 million), with operating expenses benefiting by CHF 1.0 million from the compensation for reduced working hours, putting the EBITDA margin at 38.5 per cent (previous year: 41.4 per cent). Operating income / (loss) before the effects of business combinations (EBIT adj.) was CHF 35.8 million (previous year: CHF 42.6 million).

In spite of the challenging situation associated with the coronavirus crises, JobCloud reaffirmed its position as clear market leader and continued developing the technology underpinning its services. Homegate, too, managed to stay ahead of the competition. This was mainly achieved through investments in engineering and product development. Compared with the previous year, Homegate was able to generate 20 per cent more leads in total. Ricardo has been recording around 40 per cent more new members and 30 per cent more sales per month on average since the start of the year, compared with last year. Tutti recorded a big increase in traffic compared with the previous year, with visitor numbers up by a good 30 per cent. This in turn led to a good 30 per cent increase in leads. Despite various vehicle dealerships closing during the lockdown, Car For You was able to conclude numerous important new partnerships during this time and significantly increase visitor numbers to the platform. Since the start of 2020, Car For You has almost managed to double the number of leads.

TX Markets pursues a strategy of building on its position as market leader in Switzerland and investing actively both in Switzerland and elsewhere in Europe. The consistent approach to developing a platform ecosystem will see growth accelerate further and improve resilience.

Goldbach

www.goldbach.com

Managing Director: Michi Frank

in CHF mn	30.06.2020	30.06.2019
Revenues	61.1	78.1
Operating expenses	(61.2)	(64.5)
Share of net income / (loss) of associates / joint ventures	–	–
Operating income / (loss) before depreciation and amortisation (EBITDA)	(0.1)	13.6
Margin [1]	–0.2%	17.4%
Operating income / (loss) before effects of business combinations (EBIT adj.)	(3.3)	10.8
Margin [1]	–5.4%	13.8%
Number of employees (FTE) [2]	610	633

1 The margin relates to operating revenues.
2 Average number of employees, excluding employees in associates / joint ventures.

The Goldbach segment and company markets and brokers advertising across the following areas: TV, radio, print, online, mobile, out-of-home advertising and performance marketing. Among other things, the segment comprises the fully consolidated majority interests in the video marketer Goldbach Media (54 per cent), the online marketer Goldbach Audience (50.1 per cent), the audio marketer Swiss Radioworld (54 per cent), the out-of-home marketer Neo Advertising (52.3 per cent), the centralised centre of expertise for technology and services known as Goldbach NeXT (formerly Digital Ad Services) and the digital performance agency Dreifive. Since the restructuring of TX Group as of January 2020, the Goldbach subsidiaries 20 Minuten Advertising and Goldbach Publishing have been marketing all titles of 20 Minuten and Tamedia.

At CHF 61.1 million, Goldbach's revenues are down by 21.8 per cent year-on-year due to the coronavirus crisis and the generally tense situation on the advertising market. Following a sharp decline in advertising bookings due to the lockdown, the advertising situation has stabilised since June 2020. Operating income / (loss) before depreciation and amortisation (EBITDA) fell to CHF –0.1 million (previous year: CHF 13.6 million), with operating expenses benefiting by CHF 3.7 million from the compensation for reduced working hours, putting the EBITDA margin at –0.2 per cent (previous year: 17.4 per cent). Operating income / (loss) before the effects of business combinations (EBIT adj.) was CHF –3.3 million (previous year: CHF 10.8 million).

In the growth area of video, the amount of marketable instream video content in Switzerland increased significantly from 1.3 billion to 2.4 billion ad impressions (+123 per cent). The newly founded Goldbach Publishing is also active in the area of third-party marketing and is responsible for the marketing orders for Annabelle, the Swiss editions of the Red Bull magazine Bergwelten, Innovator and The Red Bulletin. As of 2020, the Swiss edition of Die Zeit, Journal de Morges and Neue Fricktaler Zeitung have now also been added to this list. IQ Media's ad marketing in Switzerland and Liechtenstein has also been acquired.

The TV broadcasters marketed by Goldbach enjoy a market share of 47 per cent among those aged 15-49 in German-speaking Switzerland. Replay TV is becoming increasingly popular. From Goldbach's perspective as a marketer, this industry solution for time-shifted television is something positive. The new rules regarding compensation between broadcaster and distributor will take effect from 1 January 2022 and help secure the future of television financed by advertising.

In the out-of-home area, Neo Advertising began marketing 1,800 new advertising spaces, including 730 billboards, at the start of the year in the city of Bern. Nine new marketing contracts were concluded in the first half of the year. Further progress is being made in the area of radio and digital audio. Swiss Radioworld is expanding the available pool, with a view to driving incremental coverage for traditional radio stations. The first programmatic digital audio campaigns were delivered in the summer of 2020.

Cross-media offers will become increasingly important in future, and innovations will emerge through ad technologies. Goldbach is pursuing the strategic objectives of securing further third-party marketing accounts, increasing the cross-media offer and driving growth in terms of out-of-home advertising in Switzerland, Germany and Austria.

GOLDBACH

20 Minuten

www.20min.ch

Managing Director: Marcel Kohler

in CHF mn	30.06.2020	30.06.2019
Revenues	39.8	70.5
Operating expenses	(46.8)	(54.1)
Share of net income / (loss) of associates / joint ventures	0.0	3.0
Operating income / (loss) before depreciation and amortisation (EBITDA)	(6.9)	19.3
Margin [1]	–17.4%	27.5%
Operating income / (loss) before effects of business combinations (EBIT adj.)	(7.0)	19.3
Margin [1]	–17.6%	27.4%
Number of employees (FTE) [2]	244	241

1 The margin relates to operating revenues.
2 Average number of employees, excluding employees in associates / joint ventures.

The 20 Minuten segment and company comprises the 20 Minuten media network and the investments in Heute as well as heute.at in Austria, L'essentiel in Luxembourg and BT in Denmark.

The first half of the year for 20 Minuten was significantly affected by the advertising slump associated with the coronavirus crisis. The revenues of 20 Minuten, which is solely financed by advertising, fell by 43.5 per cent to CHF 39.8 million. As a result, operating income / (loss) before depreciation and amortisation (EBITDA) was CHF –6.9 million (previous year: CHF 19.3 million), with operating expenses benefiting by CHF 1.0 million from the compensation for reduced working hours, putting the EBITDA margin at –17.4 per cent (previous year: 27.5 per cent). Operating income / (loss) before the effects of business combinations (EBIT adj.) fell to CHF –7.0 million (previous year: CHF 19.3 million).

In the first half of the year, digital platforms for free media saw traffic increase to record levels due to the greater need for information during the crisis. At a national level, for example, 20 Minuten recorded an increase of over 30 per cent for unique clients and an overall increase in visits of over 9 per cent year-on-year. In spite of these record figures, the segment is showing a decline in advertising income due to the coronavirus crises. Moreover, print advertising was particularly affected. This is a case of the coronavirus crisis accelerating the migration, over recent years, of advertising revenues from newspapers to news platforms. In order to save on costs during the extraordinary situation, the print run for the free newspaper was temporarily reduced and the content was adjusted too. 20 Minuten also built up a retail distribution network in order to remain accessible to readers during lockdown as the number of readers dropped significantly due to fewer passengers on public transportation. The intention is to develop this additional distribution network further in future. In May and June, the run was gradually increased and is now, at 520,000 copies distributed, almost back to the pre-crisis level.

The new digital mobile app and news platform from 20 Minuten went online at the end of April after a year of development work. The digital platform includes a video portal, which provides the basis for implementing the video-first strategy at 20 Minuten. The new platform also provides an opportunity to expand the 20 Minuten radio offer, which now comprises additional podcasts and music channels.

Over the coming months, 20 Minuten will concentrate on the planned commissioning of the new TV studio, on testing and introducing new collaboration models and on further developing the tried-and-tested coverage model for free newspapers and news platforms.

Tamedia

www.tamedia.ch

Managing Director: Marco Boselli and Andreas Schaffner

in CHF mn	30.06.2020	30.06.2019
Revenues	224.7	276.1
Operating expenses	(228.0)	(254.1)
Share of net income / (loss) of associates / joint ventures	(1.0)	1.0
Operating income / (loss) before depreciation and amortisation (EBITDA)	(4.3)	23.0
Margin [1]	–1.9%	8.3%
Operating income / (loss) before effects of business combinations (adj. EBIT)	(5.4)	16.2
Margin [1]	–2.4%	5.9%
Number of employees (FTE) [2]	1 500	1 588

1 The margin relates to operating revenues.
2 Average number of employees, excluding employees in associates / joint ventures.

The Tamedia segment and company comprises the paid-for daily and Sunday newspapers, magazines and all publishing services.

For Tamedia, the first half of the year was particularly challanging – mainly due to the coronavirus crisis and ongoing structural change. At CHF 224.7 million, revenues for Tamedia are down by 18.6 per cent year-on-year for the first half of the year. This is largely attributable to the impact on the advertising market of the coronavirus crisis and falling print revenue as well as the sale of the women's magazine Annabelle. As a result, operating income / (loss) before depreciation and amortisation (EBITDA) fell to CHF –4.3 million (previous year: CHF 23.0 million), with operating expenses benefiting by CHF 4.2 million from the compensation for reduced working hours, putting the EBITDA margin at –1.9 per cent (previous year: 8.3 per cent). Operating income / (loss) before the effects of business combinations (EBIT adj.) was CHF –5.4 million (previous year: CHF 16.2 million).

The need for high-quality independent journalism increased during the coronavirus crisis, which resulted in a significant increase in the number of digital subscriptions sold to around 110,000 (up 46 per cent compared with the same period last year). There was an overall 2 per cent increase in subscriptions across print and online media. And despite the changing circumstances associated with the coronavirus crisis, the journalists at Tamedia showed their skill and creativity and provided readers with relevant information around the clock. One example of this is the dashboard operated by the interaction team. This shows updated figures for the coronavirus epidemic on a daily basis and attracted millions of clicks, was cited at an international level and also drew attention from scientists and academics.

Compared to the previous year and adjusted for extraordinary effects, Tamedia already lost CHF 34 million in revenue in the 2019 financial year. In the first half of 2020, the revenue loss amounts to CHF 47 million. In addition to the continued structural change, the first half of 2020 is burdened by the Corona crisis and the resulting downturn in the advertising market. The management of Tamedia assumes that even after the crisis has been overcome, a continuation, if not acceleration, of the structural change and the associated negative trend on the revenue side can be expected. In order to secure a sustainable business basis for the future, costs shall therefore be reduced by 15 per cent or CHF 70 million in the next three years. The necessary measures are to be defined in the coming months with the affected departments and with the involvement of the social partners.

Thanks to investments regarding digital transformation, the repositioning of the organisation and the therefore increased focus on the users needs as well as the establishment of digital subscription models, Tamedia is well prepared to master the challenges. On a positive note, the share of revenues from the subscription market as a percentage of revenues has risen from 44 per cent to 54 per cent since the summer of 2018 and, in particular, digital revenues have almost doubled.

Tamedia is aiming to finance itself over the long term through the sale of digital subscriptions, without neglecting the print media. In terms of digital subscriptions, the goal is to achieve an annual increase of 35 per cent. In doing so, Tamedia wants to lead its publishing business into the future and, as Switzerland's largest private editorial network, to offer readers an independent, critical and regionally anchored quality journalism.

Group & Ventures

www.tx.group

Group Management: Pietro Supino, Samuel Hügli and Sandro Macciacchini

in CHF mn	30.06.2020	30.06.2019
Revenues	102.3	76.5
Operating expenses	(91.0)	(84.4)
Share of net income / (loss) of associates / joint ventures	(0.4)	(0.6)
Operating income / (loss) before depreciation and amortisation (EBITDA)	10.9	(8.5)
Margin [1]	10.7%	–11.1%
Operating income / (loss) before effects of business combinations (EBIT adj.)	(3.5)	(17.1)
Margin [1]	–3.4%	–22.3%
Number of employees (FTE) [2]	704	642

1 The margin relates to operating revenues.
2 Average number of employees, excluding employees in associates / joint ventures.

The Group & Ventures segment holds the majority interests of TX Group in Doodle, Olmero and Zattoo as well as investments in fintech companies such as Neon and Monito. Group & Ventures also comprises the group's real estate portfolio and central services departments. These provide services for the group as a whole and include IT, Human Resources, Finance and Controlling.

Compared with the previous year, revenues for Group & Ventures increased by 33.7 per cent to CHF 102.3 million. Much of this increase can be attributed to Zattoo, which was only taken into account for three months in the previous year. As a result, operating income / (loss) before depreciation and amortisation (EBITDA) increased to CHF 10.9 million (previous year: CHF –8.5 million), with operating expenses benefiting by CHF 1.6 million from the compensation for reduced working hours, putting the EBITDA margin at 10.7 per cent (previous year: –11.1 per cent). Operating income / (loss) before the effects of business combinations (EBIT adj.) was CHF –3.5 million (previous year: CHF –17.1 million).

The Ventures section was very much focused on the areas of digital entertainment with Zattoo, consumer productivity with Doodle and consumer fintech with Neon and Monito. The TV streaming platform Zattoo, which was launched 15 years ago, is developing steadily and achieved a significant increase in net income compared with the previous year. So a very positive result is expected for the 2020 financial year. The scheduling platform Doodle was able to significantly increase the number of business customers during the reporting period (+66 per cent year-on-year). In terms of consumer fintech, Neon achieved a significant milestone when its customer base reached 30,000. And Monito too, a comparison platform for providers of money transfer services, continued to enjoy strong growth. Despite the crisis triggered by the coronavirus pandemic, the Ventures portfolio performed well.

The TX data platform comprises all the various data-related activities across the group. A team of international experts is busy developing it further, with the focus on all aspects of data, such as ad targeting, searchability of content and even management reporting.

Over the next year, the TX data platform will focus on further increasing login rates (including via the Login-Allianz arrangement with other Swiss media companies) and on devising new use cases. Ventures will also concentrate over the coming months on further expanding the consumer fintech area and on further developing the Zattoo and Doodle platforms.

By providing services for the companies on a centralised basis, the group creates synergies through integrated management of activities, economies of scale and pooling various skill sets. The central services will be restructured over the next three years with a view to taking even greater advantage of these benefits and reducing costs at the same time. The idea is to achieve savings of CHF 20 million. The reduction in costs will be achieved by increasing standardisation and automation, reducing the cost of materials and increasing flexibility in terms of the choice of individual services available to the four companies within the group. The group's service centre in Belgrade is also being expanded.

Consolidated normalised income statement

in CHF mn	Comment	30.06.2020 Income statement	30.06.2020 One-off effects	30.06.2020 Adjusted net income / (loss)	30.06.2019 Income statement	30.06.2019 One-off effects	30.06.2019 Adjusted net income / (loss)
Advertising revenue		110.2	–	110.2	174.6	–	174.6
Revenue from classifieds and services		128.8	–	128.8	130.3	–	130.3
Commercialisation and intermediary revenue		26.3	–	26.3	38.7	–	38.7
Revenue from subscriptions and individual sales		121.3	–	121.3	124.2	–	124.2
Print revenue		29.0	–	29.0	38.6	–	38.6
Other operating revenue		14.2	–	14.2	17.4	–	17.4
Other income	1	1.3	(1.1)	0.2	0.3	–	0.3
Revenues		**431.2**	**(1.1)**	**430.1**	**524.1**	**–**	**524.1**
Costs of material and services		(74.0)	–	(74.0)	(92.8)	–	(92.8)
Personnel expenses		(227.5)	–	(227.5)	(233.3)	–	(233.3)
Other operating expenses		(99.4)	–	(99.4)	(114.8)	–	(114.8)
Share of net income (loss) of associated companies / joint ventures		3.8	–	3.8	8.4	–	8.4
Operating income / (loss) before depreciation and amortisation (EBITDA)		**34.1**	**(1.1)**	**33.1**	**91.5**	**–**	**91.5**
Depreciation and amortisation		(21.8)	–	(21.8)	(20.5)	–	(20.5)
Operating income / (loss) before effects of business combinations (EBIT adj.)		**12.3**	**(1.1)**	**11.3**	**71.1**	**–**	**71.1**
Amortisation resulting from business combinations		(34.9)	–	(34.9)	(30.1)	–	(30.1)
Impairment	2	(85.0)	85.0	–	–	–	–
Operating income / (loss) (EBIT)		**(107.5)**	**83.9**	**(23.6)**	**41.0**	**–**	**41.0**
Financial income	3	1.4	–	1.4	21.6	(18.7)	2.9
Financial expense		(2.4)	–	(2.4)	(3.5)	–	(3.5)
Income / (loss) before taxes		**(108.5)**	**83.9**	**(24.6)**	**59.1**	**(18.7)**	**40.4**
Income taxes	4	(0.9)	0.2	(0.7)	(5.5)	(0.8)	(6.3)
Net income / (loss)		**(109.4)**	**84.1**	**(25.3)**	**53.6**	**(19.5)**	**34.0**

1 The 2020 adjustment relates to the provisional disposal gain from the sale of the Renovero activity from Olmero AG.
2 The 2020 adjustment relates to the impairment of goodwill of the cash-generating unit Tamedia.
3 The 2019 adjustment relates to the disposal gains from the sale of the 31 per cent interest in Swisscom Directories AG.
4 In the financial year and in the comparative period, a correction is made for the tax effects on the one-off effects. In 2019, the effect from the adjustment of the tax rate in the canton of Basel-Stadt on deferred tax assets and liabilities is also taken into account.

Financial reporting by TX Group on the first half of 2020

Consolidated income statement

in CHF mn	30.06.2020	30.06.2019 [1]
Advertising revenue	110.2	174.6
Revenue from classifieds and services	128.8	130.3
Commercialisation and intermediary revenue	26.3	38.7
Revenue from subscriptions and individual sales	121.3	124.2
Print revenue	29.0	38.6
Other operating revenue	14.2	17.4
Other income	1.3	0.3
Revenues	**431.2**	**524.1**
Costs of material and services	(74.0)	(92.8)
Personnel expenses	(227.5)	(233.3)
Other operating expenses	(99.4)	(114.8)
Share of net income / (loss) of associates / joint ventures	3.8	8.4
Operating income / (loss) before depreciation and amortisation (EBITDA)	**34.1**	**91.5**
Depreciation and amortisation	(21.8)	(20.5)
Operating income / (loss) before effects of business combinations (EBIT adj.)	**12.3**	**71.1**
Amortisation resulting from business combinations	(34.9)	(30.1)
Impairment	(85.0)	–
Operating income / (loss) (EBIT)	**(107.5)**	**41.0**
Financial income	1.4	21.6
Financial expense	(2.4)	(3.5)
Income / (loss) before taxes	**(108.5)**	**59.1**
Income taxes	(0.9)	(5.5)
Net income / (loss)	**(109.4)**	**53.6**
of which		
attributable to TX Group shareholders	(116.5)	39.6
attributable to non-controlling interests	7.1	14.0

1 The classification of revenues in the consolidated income statement has been adjusted. External salaries are also now shown as a service under the "Costs of materials and services" item. Further (individually not material) adjustments have been made to the disclosure under operating expenses. The previous year's values were adjusted accordingly.

Earnings per share

in CHF	30.06.2020	30.06.2019
Net income / (loss) per share undiluted	(11.01)	3.74
Net income / (loss) per share diluted	(11.00)	3.73

Consolidated statement of total comprehensive income

in CHF mn	30.06.2020	30.06.2019
Net income / (loss)	**(109.4)**	**53.6**
Value fluctuation of hedges / financial assets	1.5	(4.5)
Currency translation differences	(1.4)	(0.5)
Income tax effects	0.0	0.3
Other comprehensive income / (loss) – to be reclassified via the income statement in future periods	**0.2**	**(4.8)**
Actuarial gains / (losses) IAS 19	(48.3)	2.9
Income tax effects	8.7	(0.6)
Other comprehensive income / (loss) – not to be reclassified via the income statement in future periods	**(39.6)**	**2.3**
Other comprehensive income / (loss)	**(39.4)**	**(2.5)**
Total comprehensive income / (loss)	**(148.8)**	**51.1**
of which		
attributable to TX Group shareholders	(155.9)	37.9
attributable to non-controlling interests	7.0	13.2

Consolidated balance sheet

in CHF mn	30.06.2020	31.12.2019
Cash and cash equivalents	184.3	291.2
Trade accounts receivable	157.1	242.9
Current financial receivables	15.4	33.3
Current tax receivables	20.4	9.0
Other current receivables	31.0	16.1
Accrued income and prepaid expenses	43.1	28.3
Inventories	7.4	6.7
Current assets	**458.8**	**627.5**
Property, plant and equipment	307.6	306.7
Investments in associates / joint ventures	68.8	65.9
Employee benefit plan assets	76.5	136.3
Other non-current financial assets	28.3	26.8
Deferred tax assets	5.9	7.8
Intangible assets	1 667.5	1 784.4
Non-current assets	**2 154.6**	**2 328.0**
Total assets	**2 613.4**	**2 955.5**
Current financial liabilities	14.5	33.9
Trade accounts payable	29.6	81.1
Current tax liabilities	5.8	12.5
Other current liabilities	50.4	46.0
Deferred revenues from contracts with customers	257.1	259.1
Other accrued liabilities	76.9	78.7
Current provisions	3.9	3.0
Current liabilities	**438.1**	**514.3**
Non-current financial liabilities	57.8	50.4
Employee benefit obligations	37.4	43.0
Deferred tax liabilities	140.8	160.3
Non-current provisions	14.8	11.8
Non-current liabilities	**250.7**	**265.5**
Total liabilities	**688.8**	**779.8**
Share capital	106.0	106.0
Treasury shares	(0.1)	(0.9)
Reserves	1 531.0	1 732.9
Equity, attributable to TX Group shareholders	**1 636.9**	**1 838.0**
Equity, attributable to non-controlling interests	287.7	337.7
Equity	**1 924.6**	**2 175.7**
Total liabilities and shareholders' equity	**2 613.4**	**2 955.5**

Consolidated statement of cash flows

in CHF mn	30.06.2020	30.06.2019
Direct method		
Receipts from products and services sold	431.8	521.0
Personnel expense	(223.6)	(249.0)
Expenditures for material and services received	(164.0)	(207.6)
Dividends from associates / joint ventures	0.1	10.8
Interest paid	(0.3)	(1.0)
Interest received	0.0	0.3
Other financial result	0.2	1.9
Income taxes paid	(28.8)	(11.5)
Cash flow from/(used in) operating activities	**15.4**	**64.9**
Investment in property, plant and equipment	(8.2)	(6.7)
Sale of property, plant and equipment	1.1	0.3
Sale of assets held for sale	–	239.8
Investments in consolidated companies	–	(6.4)
Sale of activities	1.6	–
Investment in other financial assets	(0.3)	(0.9)
Sale of other financial assets	18.2	3.2
Investments in intangible assets	(8.5)	(4.4)
Sale of intangible assets	0.1	–
Cash flow from / (used in) investing activities	**4.1**	**225.0**
Dividends paid to TX Group shareholders	(37.1)	(47.7)
Dividends paid to non-controlling interests	(42.4)	(43.6)
Proceeds of current financial liabilities	0.5	(0.0)
Repayment of current financial liabilities	(20.3)	(124.3)
Repayment of lease obligations	(6.5)	(6.3)
Proceeds of non-current financial liabilities	2.7	3.8
Repayment of non-current financial liabilities	(1.0)	(1.2)
(Purchase)/sale of treasury shares	(1.2)	(0.2)
Acquisition of non-controlling interests	(20.8)	–
Cash flow from/(used in) financing activities	**(126.1)**	**(219.5)**
Impact of currency translation	**(0.2)**	**(0.2)**
Change in cash and cash equivalents	**(106.9)**	**70.3**
Cash and cash equivalents as of 1 January	291.2	145.9
Cash and cash equivalents as of 30 June	184.3	216.2
Change in cash and cash equivalents	**(106.9)**	**70.3**

Statement of changes in equity

in CHF mn	Share capital	Treasury shares	Currency translation differences	Reserves	**Equity, attributable to TX Group shareholders**	Minority interests in equity	**Equity**
As of 31 December 2018	**106.0**	**(3.6)**	**(4.9)**	**1 664.3**	**1 761.8**	**339.8**	**2 101.7**
Net income / (loss)	**–**	–	–	39.6	**39.6**	14.0	**53.6**
Value fluctuation of hedges / financial assets	**–**	–	–	(4.5)	**(4.5)**	–	**(4.5)**
Actuarial gains / (losses) IAS 19	**–**	–	–	4.0	**4.0**	(1.1)	**2.9**
Currency translation differences	**–**	–	(0.6)	–	**(0.6)**	0.0	**(0.5)**
Income tax effects	**–**	–	–	(0.7)	**(0.7)**	0.3	**(0.4)**
Total comprehensive income / (loss)	**–**	**–**	**(0.6)**	**38.5**	**37.9**	**13.2**	**51.1**
Dividends paid	**–**	–	–	(47.7)	**(47.7)**	(43.6)	**(91.3)**
Change in the group of consolidated companies	**–**	–	–	–	**–**	10.1	**10.1**
Share-based payments	**–**	–	–	(5.3)	**(5.3)**	–	**(5.3)**
(Purchase) / sale of treasury shares	**–**	3.4	–	–	**3.4**	–	**3.4**
As of 30 June 2019	**106.0**	**(0.2)**	**(5.5)**	**1 649.8**	**1 750.1**	**319.6**	**2 069.7**
As of 31 December 2019	**106.0**	**(0.9)**	**(7.2)**	**1 740.1**	**1 838.0**	**337.7**	**2 175.7**
Net income / (loss)	**–**	–	–	(116.5)	**(116.5)**	7.1	**(109.4)**
Value fluctuation of hedges / financial assets	**–**	–	–	1.5	**1.5**	–	**1.5**
Actuarial gains / (losses) IAS 19	**–**	–	–	(48.4)	**(48.4)**	0.1	**(48.3)**
Currency translation differences	**–**	–	(1.4)	–	**(1.4)**	(0.1)	**(1.5)**
Income tax effects	**–**	–	–	8.8	**8.8**	(0.0)	**8.7**
Total comprehensive income / (loss)	**–**	**–**	**(1.4)**	**(154.6)**	**(156.0)**	**7.0**	**(149.0)**
Dividends paid	**–**	–	–	(37.1)	**(37.1)**	(42.4)	**(79.4)**
Acquisition of non-controlling interests	**–**	–	–	(6.2)	**(6.2)**	(14.6)	**(20.8)**
Share-based payments	**–**	–	–	(2.7)	**(2.7)**	–	**(2.7)**
(Purchase) / sale of treasury shares	**–**	0.8	–	–	**0.8**	–	**0.8**
As of 30 June 2020	**106.0**	**(0.1)**	**(8.5)**	**1 539.5**	**1 636.9**	**287.7**	**1 924.6**

General

The unaudited interim consolidated financial statements as of 30 June 2020 were prepared in accordance with the International Accounting Standard (IAS) 34, “Interim Financial Reporting”. The same accounting policies were applied as in the 2019 Annual Report and the adjustments introduced since 1 January 2020, as listed in the Accounting section, were also taken into consideration. The interim consolidated financial statements were approved by the Board of Directors of TX Group AG on 19 August 2020.

The accounting requires estimates and assumptions from the executive management and Board of Directors, which influence the reported assets and liabilities as well as contingent liabilities but also expenses and revenues during the reporting period. These estimates and assumptions take account of past experience as well as changes in the economic situation and are mentioned where relevant. As they are subject to risks and uncertainties, the actual results may differ from these estimates.

In particular, the estimates and assumptions applied to the areas listed below had a material impact on the consolidated financial statements in the reporting year.

- Capitalisation of loss carryforwards
- Impairment testing for goodwill and intangible assets with an indefinite useful life
- Assessment of financial risks

Accounting

TX Group applied the following new and revised standards and interpretations for the first time in the interim financial statements for 2020.

- IFRS 3, “Amendments regarding the definition of a business” (amendment to IFRS 3, “Business Combinations”) – 2020
- IAS 1 / IAS 8, “Definition of Material” (amendment to IAS 1, “Presentation of Financial Statements” and IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”) – 2020
- IAS 39 / IFRS 9 / IFRS 7, “Interest Rate Benchmark Reform” (amendment to IAS 39, “Financial Instruments: Recognition and Measurement”, IFRS 9, “Financial Instruments” and IFRS 7, “Financial Instruments: Disclosures”) – 2020

The new and revised standards and interpretations that are to be applied to the consolidated financial statements for the first time in 2020 or later were not applied earlier than required. The introduction of the revised standards is not expected to have any material impact on the consolidated financial statements.

Restatement

As of 1 January 2020, a decentralised organisational structure was formed under the umbrella of TX Group comprising four largely self-contained companies. All specialised platforms and marketplaces are integrated in the TX Markets segment, while advertising marketing is incorporated in the Goldbach segment. The 20 Minuten segment includes free media in Switzerland and abroad, while paid media will be run under the name Tamedia in future. The group's ventures and services are grouped within the Group & Ventures segment.

The segment information from the previous year has therefore been adapted to the new segment structure. Restatement takes account of the effects described below.

Transactions that have taken place within a segment prior to restatement and were therefore eliminated within the segment accordingly will now take place with another segment in some cases. They are now therefore shown as revenues and operating expenses vis-à-vis other segments (e.g. marketing and brokerage revenues between Goldbach and 20 Minuten).

Brokered revenues are now shown as third-party revenues in the segments for which the revenues were brokered, and the brokerage commission for these advertising revenues is shown as intersegment revenues in the Goldbach segment. Until now, revenues brokered for other segments have been shown under the commercialisation business as third-party revenues (and the share of revenues passed on to the segments as a reduction in revenues). As regards the segments for which the revenues were brokered, these were shown as intersegment revenues.

Prior to restatement, any central services that cannot be allocated directly were passed on to the segments with the help of an allocation key. Now, these costs accrue to Group & Ventures and are charged to the segments. The employees of core functions are now listed under Group & Ventures. Here too, an allocation key was used to allocate things to the segments prior to restatement.

In addition to the division of the existing segments described above, the reorganisation also involved some other, non-material movements of activities. For example, *Encore* is now shown in the 20 Minuten segment (previously Paid Media) and *La Séléction Immostreet* is now shown in the Tamedia segment (previously Free Media and Commercialisation).

Further information is available in the section entitled "Operational reporting by TX Group on the first half of 2020".

in CHF mn	TX Markets	Goldbach	20 Minuten	Tamedia	Group & Ventures	Eliminations and reconciliation IAS 19	**Total**
As of 30 June 2019 – after restatement							
Revenue third parties	107.5	56.0	68.6	261.4	30.6	–	**524.1**
Revenue intersegment	0.6	22.1	1.9	14.8	46.0	(85.2)	**–**
Revenues	**108.1**	**78.1**	**70.5**	**276.1**	**76.5**	**(85.2)**	524.1
Operating expenses	(68.2)	(64.5)	(54.1)	(254.1)	(84.4)	84.5	**(440.9)**
Share of net income / (loss) of associates / joint ventures	4.9	–	3.0	1.0	(0.6)	–	**8.4**
Operating income / (loss) before depreciation and amortisation (EBITDA)	**44.8**	**13.6**	**19.3**	**23.0**	**(8.5)**	**(0.7)**	**91.5**
Margin [1]	41.4%	17.4%	27.5%	8.3%	–11.1%	–	17.5%
Depreciation and amortisation	(2.2)	(2.9)	(0.1)	(6.8)	(8.6)	–	**(20.5)**
Operating income / (loss) before effects of business combinations (EBIT adj.)	**42.6**	**10.8**	**19.3**	**16.2**	**(17.1)**	**(0.7)**	**71.1**
Margin [1]	39.4%	13.8%	27.4%	5.9%	–22.3%	–	13.6%
Amortisation resulting from business combinations	(11.3)	(8.8)	(1.0)	(5.1)	(3.9)	–	**(30.1)**
Operating income / (loss) (EBIT)	**31.3**	**1.9**	**18.3**	**11.1**	**(20.9)**	**(0.7)**	**41.0**
Margin [1]	28.9%	2.4%	26.0%	4.0%	–27.4%	–	7.8%
Number of employees (FTE) [2]	538	633	241	1 588	642	–	**3 642**

in CHF mn	Paid Media	Free Media and Commercialisation	Marketplaces and Ventures	Eliminations and reconciliation IAS 19	**Total**
As of 30 June 2019 – before restatement					
Revenue third parties	258.4	134.6	131.0	–	**524.1**
Revenue intersegment	17.7	7.2	6.0	(30.9)	**–**
Revenues	**276.1**	**141.8**	**137.0**	**(30.9)**	**524.1**
Operating expenses	(259.5)	(112.3)	(99.2)	30.1	**(440.9)**
Share of net income / (loss) of associates / joint ventures	1.0	3.0	4.3	–	**8.4**
Operating income / (loss) before depreciation and amortisation (EBITDA)	**17.6**	**32.5**	**42.1**	**(0.7)**	**91.5**
Margin [1]	6.4%	22.9%	30.7%	–	17.5%
Depreciation and amortisation	(10.4)	(4.8)	(5.3)	–	**(20.5)**
Operating income / (loss) before effects of business combinations (EBIT adj.)	**7.2**	**27.8**	**36.8**	**(0.7)**	**71.1**
Margin [1]	2.6%	19.6%	26.8%	–	13.6%
Amortisation resulting from business combinations	(5.1)	(9.8)	(15.2)	–	**(30.1)**
Operating income / (loss) (EBIT)	**2.2**	**17.9**	**21.6**	**(0.7)**	**41.0**
Margin [1]	0.8%	12.6%	15.7%	–	7.8%
Number of employees (FTE) [2]	1 778	966	898	–	**3 642**

1 The margin relates to operating revenues.
2 Average number of employees, excluding employees in associates / joint ventures.

Segment information

in CHF mn	TX Markets	Goldbach	20 Minuten	Tamedia	Group & Ventures	Eliminations and reconciliation IAS 19	Total
As of 30 June 2020							
Revenues third parties	100.1	40.0	37.5	214.0	39.6	–	**431.2**
Revenue intersegment	0.8	21.0	2.4	10.8	62.6	(97.6)	**–**
Revenues	**100.8**	**61.1**	**39.8**	**224.7**	**102.3**	**(97.6)**	**431.2**
Operating expenses	(65.4)	(61.2)	(46.8)	(228.0)	(91.0)	91.6	**(400.8)**
Share of net income / (loss) of associates / joint ventures	3.4	–	0.0	(1.0)	(0.4)	1.8	**3.8**
Operating income / (loss) before depreciation and amortisation (EBITDA)	**38.8**	**(0.1)**	**(6.9)**	**(4.3)**	**10.9**	**(4.2)**	**34.1**
Margin [2]	38.5%	–0.2%	–17.4%	–1.9%	10.7%	–	7.9%
Depreciation and amortisation	(3.0)	(3.2)	(0.1)	(1.1)	(14.5)	–	**(21.8)**
Operating income / (loss) before effects of business combinations (adj. EBIT)	**35.8**	**(3.3)**	**(7.0)**	**(5.4)**	**(3.5)**	**(4.2)**	**12.3**
Margin [2]	35.5%	–5.4%	–17.6%	–2.4%	–3.4%		2.9%
Amortisation resulting from business combinations	(11.0)	(8.8)	(1.1)	(10.6)	(3.4)	–	**(34.9)**
Impairment	–	(0.0)	–	(85.0)	0.0	–	**(85.0)**
Operating income / (loss) (EBIT)	**24.8**	**(12.1)**	**(8.1)**	**(101.0)**	**(6.9)**	**(4.2)**	**(107.5)**
Margin [2]	24.6%	–19.7%	–20.4%	–44.9%	–6.8%	–	–24.9%
Number of employees (FTE) [3]	582	610	244	1 500	704		**3 640**
As of 30 June 2019 [1]							
Revenues third parties	107.5	56.0	68.6	261.4	30.6	–	**524.1**
Revenue intersegment	0.6	22.1	1.9	14.8	46.0	(85.2)	**–**
Revenues	**108.1**	**78.1**	**70.5**	**276.1**	**76.5**	**(85.2)**	**524.1**
Operating expenses	(68.2)	(64.5)	(54.1)	(254.1)	(84.4)	84.5	**(440.9)**
Share of net income / (loss) of associates / joint ventures	4.9	–	3.0	1.0	(0.6)	–	**8.4**
Operating income / (loss) before depreciation and amortisation (EBITDA)	**44.8**	**13.6**	**19.3**	**23.0**	**(8.5)**	**(0.7)**	**91.5**
Margin [2]	41.4%	17.4%	27.5%	8.3%	–11.1%	–	17.5%
Depreciation and amortisation	(2.2)	(2.9)	(0.1)	(6.8)	(8.6)	–	**(20.5)**
Operating income / (loss) before effects of business combinations (adj. EBIT)	**42.6**	**10.8**	**19.3**	**16.2**	**(17.1)**	**(0.7)**	**71.1**
Margin [2]	39.4%	13.8%	27.4%	5.9%	–22.3%		13.6%
Amortisation resulting from business combinations	(11.3)	(8.8)	(1.0)	(5.1)	(3.9)	–	**(30.1)**
Operating income / (loss) (EBIT)	**31.3**	**1.9**	**18.3**	**11.1**	**(20.9)**	**(0.7)**	**41.0**
Margin [2]	28.9%	2.4%	26.0%	4.0%	–27.4%	–	7.8%
Number of employees (FTE) [3]	538	633	241	1 588	642	–	**3 642**

1 The segment information has been adjusted following the new decentralised organisational structure of the TX Group, see explanations in the Restatement section. The previous year's values were adjusted accordingly.
2 The margin relates to revenues.
3 Average number of employees, excluding employees in associates/joint ventures.

When comparing the segments in June 2019 after restatement with the situation in June 2020, it is essential to bear in mind the following:

Until the end of 2019, buildings and machinery associated with the three printing centres were part of the Tamedia segment, which used to bear the operating expenses as well as depreciation and amortisation up to that point in time. As part of the restructuring process, the buildings and machinery associated with the three printing centres were sold to TX Group AG as of 1 January 2020 and have been part of the Group & Ventures segment since then. This segment has borne the operating costs and depreciation and amortisation for these facilities since that point in time. Also since then, Group & Ventures has been charging rent to Tamedia's printing centres for their use.

As regards 20 Minuten Advertising AG and Goldbach Publishing AG, the two companies founded as of the end of 2019, 51.0 per cent is owned by Goldbach and 49.0 per cent by 20 Minuten and Tamedia respectively. The two companies are therefore deemed to be fully consolidated within the Goldbach segment. The 20 Minuten and Tamedia segments show the share of net income / (loss) of associated companies attributable to them. These shares of net income / (loss) are eliminated in the reconciliation to the group view.

Changes to the group of consolidated companies

There were no material changes to the group of consolidated companies during the first half of 2020.

Impairment

Printed newspapers are suffering from falling advertising revenues, the decline of which was accelerated by the Corona crisis and their number of subscribers is also in decline. New digital subscriptions and advertising revenues are still nowhere near able to compensate for this. Lower cash flows are therefore to be expected in future for the Tamedia segment.

In view of these developments, the goodwill and intangible assets with indefinite useful lives were tested for impairment for the cash-generating unit Tamedia. These were tested for impairment on the basis of the value in use, the calculation of which took into account growth rate, discount rate and other assumptions. The values in use were calculated using the discounted cash flow method and are based on the values generated in the current year, the forecast for 2020 and the medium-term expectations for Tamedia. The latest estimates relating to changes in revenues and costs are also considered. In view of current developments and the ongoing uncertainty regarding the long-term market prospects for paid media, estimates for expected future cash flows were lowered, with growth forecasts reduced accordingly from -4.4 per cent to -5.4 per cent. The increase in the discount rate before tax from 7.6 per cent to 8.5 per cent also had a negative impact on valuation. The test showed a recoverable amount of CHF 176.0 million and that impairment of CHF 85.0 million was needed for Tamedia, which is reflected accordingly in the half-year results for TX Group.

A 10.0 or 20.0 per cent decline in free cash flow for Tamedia would give an achievable value of CHF 17.7 million or CHF 35.3 million below the carrying amount. A 2.0 per cent increase in WACC would give an achievable value of CHF 27.5 million below the carrying amount.

Simultaneous impairment testing for the other cash-generating units failed to show any need for impairment at the current time. The test is performed once a year in each case and in the event of any signs of potential impairment. Additional impairment of goodwill and intangible assets with an indefinite useful life could result in future from changes in the fundamental data used for impairment testing.

Income statement

In the income statement, TX Group breaks down revenues according to the kind of service involved. As a result of the transformation in the media industry, new lines of business have become more important to TX Group. In order to reflect these developments, the consolidated income statement now shows revenues in greater detail. The allocation of revenues and expenses to the items reported has also been revised and in some cases adjusted. In particular, external salaries are now shown as services under the "costs of material and services" item, as opposed to under personnel expense. The previous year's disclosures were adjusted accordingly. Further information on the business divisions' revenues, EBITDA and EBIT adj. as well as on selected media can be found in the segment information in the operational reporting.

Revenues reduced by CHF 92.9 million, compared with the previous year, from CHF 524.1 million to CHF 431.2 million. Without any change to the group of consolidated companies, a decline in revenues of around CHF 102.0 million would have been recorded. The decline in advertising revenues and the cancellations as a result of the coronavirus crisis saw revenues fall for the first half of 2020, compared with the previous year, by 17.8 per cent and turned EBIT negative. Tamedia's daily and Sunday titles and the free media offered by 20 Minuten have been particularly badly affected. The net income of the digital job platforms run by TX Markets is also in decline on account of the gloomy economic outlook. Other income includes the proceeds from the sale of Renovero in the amount of CHF 1.1 million, which was sold by Olmero AG in April 2020.

The CHF 18.8 million reduction in costs of material and services to CHF 74.0 million is largely due to the CHF 12.3 million reduction in costs for publishing and editorial services and the CHF 7.3 million reduction in expenditure on paper. This reduction in expenditure on paper is due in turn to both a reduction in paper volumes and the lower price of paper.

Personnel expense fell by CHF 5.8 million, compared with the previous year, to CHF 227.5 million. Without any change to the group of consolidated companies (Zattoo Group and Starticket AG), the decline in personnel expense would have been CHF 0.6 million higher. The compensation worth CHF 11.5 million that could be claimed for introducing reduced working hours had a material effect on personnel expense. Another reason for the reduction was the fact that profit share payments for management and employees were CHF 4.5 million lower. Provisions in the amount of CHF 4.5 million were recorded for the Social Plan in relation to the restructuring of central services announced in June. Employee benefit expense as per IAS 19 increased by CHF 5.3 million compared with the previous year.

Other operating expenses fell by CHF 15.4 million to CHF 99.4 million.

The share of net income / (loss) of associated companies and joint ventures for the first half of 2020 amounts to CHF 3.8 million, which is down CHF 4.5 million on the first half of 2019. This decline reflects the fall in operating income, to which the investments in associated companies and joint ventures were not immune either.

Depreciation and amortisation increased by CHF 1.3 million from the previous year to CHF 21.8 million, with no material effect to be recorded due to any change to the group of consolidated companies. Depreciation and amortisation from business combinations increased by CHF 4.8 million to CHF 34.9 million. The increase is mainly due to amortisation relating to Tamedia's brands. In regard to this, it has already been pointed out in the 2019 financial statements that the useful life of the brands is no longer considered as indefinite and they are being amortised with effect from 1 January 2020. The expected useful life was defined for each brand in the light of the expected decline in revenues. For the brands concerned, with a balance sheet value of CHF 115.5 million (as of 31 December 2019), the useful life thus determined is between 8 and 20 years.

Based on a goodwill impairment test for the cash-generating unit Tamedia, an impairment on goodwill in the amount of CHF 85.0 million was recorded, whereas no impairment needed to be considered in the first half of 2019. The impairment is shown in the Tamedia segment. Please also see the Impairment section.

In the first half of 2020, other financial income amounts to CHF –1.0 million (previous year: CHF 18.2 million). While no profits or losses needed to be recorded from the sale of companies during the first half of 2020, the previous year included the profit made in January 2019 from the sale of Swisscom Directories AG in the amount of CHF 18.7 million. Net interest amounts to CHF –0.6 million (previous year: CHF –1.1 million) and exchange rate effects amount to CHF 0.1 million (previous year: CHF 0.9 million), while financial income in accordance with IAS 19 amounts to CHF 0.1 million (previous year: CHF 0.1 million).

As in the same period of the previous year, there were no discontinued operations as of 30 June 2020.

The expected average tax rate is 17.3 per cent (previous year: 21.1 per cent). The effective tax rate fell from 9.4 per cent in the first half of 2019 to –0.8 per cent in the first half of 2020. The main reasons for this divergence from the expected tax rate are the non-tax-deductible impairment on goodwill for Tamedia, the impact of not fully utilisable investment deductions and other non-taxable income and unrecognised deferred tax assets relating to loss carryforwards.

Balance sheet

In the first half of 2020, total assets decreased by CHF 342.0 million from CHF 2,955.5 million to CHF 2,613.4 million. Equity fell by CHF 251.1 million to CHF 1,924.6 million. The equity ratio remains unchanged, compared with 31 December 2019, at 73.6 per cent. Actuarial losses as per IAS 19 in the amount of CHF 48.3 million (before deferred taxes) were recorded in the statement of total comprehensive income, while a profit of CHF 2.9 million had to be taken into consideration in the first half of the previous year. A dividend in the amount of CHF 37.1 million (CHF 3.50 per share) was paid out to the shareholders of TX Group AG. In the course of the first six months of 2020, treasury shares worth CHF 2.1 million were also used for share based payments due from the executive management's profit sharing. The minority interests in equity fell by CHF 42.9 million to CHF 287.7 million. The net income attributable to non-controlling interests decreased by CHF 6.9 million or 49.0 per cent to CHF 7.1 million, reflecting in particular the decline in revenues of JobCloud AG and Goldbach Group in the first half of 2020. Dividends in the amount of CHF 42.4 million were paid to non-controlling interests (previous year: CHF 43.6 million). In January 2020, TX Group AG bought the 10.0 per cent non-controlling interests in Homegate AG at a price of CHF 20.8 million.

The current assets decreased by CHF 168.7 million to CHF 458.8 million. Cash and cash equivalents reduced by CHF 106.9 million as a result, among other things, of repayments of bank liabilities, the payment of dividends to TX Group shareholders and non-controlling interests and the reduced cash flow from trading activities compared with previous periods. Trade accounts receivable declined by CHF 85.8 million, which can be explained by normal seasonal fluctuations and the decline in revenues. The decrease in current financial receivables was a result of the reduction in current account receivables vis-à-vis non-controlling interests, which fell significantly with the payment of dividends. The increase in other current receivables is largely due to receivables relating to compensation for reduced working hours (around CHF 11.5 million). The increase in prepaid expenses reflects seasonal fluctuations, with Goldbach Group in particular seeing an increase in deferred revenue for ongoing campaigns in the first half of the year.

Non-current assets decreased by CHF 173.3 million to CHF 2,154.6 million. Additions in terms of property, plant and equipment and intangible assets mainly relate to investments in IT equipment and software projects as well as the recording of right-of-use assets at JobCloud AG due to a new rental agreement being concluded (see comment below regarding lease obligations). The investments were offset by depreciation and amortisation of CHF 56.7 million. Disposals were taken into account, including the sale of Renovero in April 2020. Otherwise, no material disposals or currency effects need to be recorded for the first half of 2020. Shares in investments in associated companies and joint ventures increased by CHF 2.9 million net to CHF 68.8 million. The change mainly reflects the share of net income / (loss) of associated companies and joint ventures as only dividend income from investments in associated companies and joint ventures of CHF 0.1 million applied in the first half of 2020. As of 30 June 2020, there are employee benefit plan assets totalling CHF 76.5 million held by various benefit plans, and these fell by CHF 59.8 million due to the negative performance associated with plan assets. Non-current financial assets increased by CHF 1.5 million to CHF 28.3 million due to valuation adjustments relating to other investments. Deferred tax assets decreased by CHF 1.9 million to CHF 5.9 million.

At the end of the first half of 2020, there are no assets held for sale.

Current liabilities posted a fall of CHF 76.2 million to CHF 438.1 million. Current financial liabilities accounted for CHF 19.4 million of this, particularly as a result of the repayment of the bank liability of Goldbach Group AG in January 2020 in the amount of CHF 20.0 million. The reduction in trade accounts payable of CHF 51.6 million and current tax liabilities of CHF 6.7 million as well as the increase in other current liabilities of CHF 4.4 million are attributable to seasonal fluctuations. Deferred revenues from contracts with customers amount to CHF 257.1 million, which is largely the same as at 31 December 2019. Here, the increase associated with deferrals during the course of the year for the commission revenues of Goldbach Group (seasonal) is effectively offset by the decline associated with the general decrease in revenue levels. Other accrued liabilities remained stable year-on-year. Current provisions increased by CHF 0.9 million net to a total of CHF 3.9 million. The increase mainly relates to the Social Plan in connection with the restructuring of central services announced in June.

Non-current liabilities decreased by CHF 14.8 million to CHF 250.7 million. Non-current financial liabilities increased by CHF 7.4 million to CHF 57.8 million in the first half of 2020. The increase can be attributed to higher loans from related parties to group companies and to new lease obligations. Much of the increase in lease obligations is due to the contract for the new premises of JobCloud AG. Employee benefit obligations decreased by CHF 5.6 million to CHF 37.4 million, while deferred tax liabilities decreased by CHF 19.6 million to CHF 140.8 million. Non-current provisions increased by CHF 3.0 million net. Here too, the increase mainly relates to the Social Plan in connection with the restructuring of central services announced in June.

Financial instruments

in CHF mn	Category	30.06.2020 Carrying value	30.06.2020 Fair value	31.12.2019 Carrying value	31.12.2019 Fair value
Cash and cash equivalents	1	184.3	184.3	291.2	291.2
Trade accounts receivable	2	157.1	157.1	242.9	242.9
Current financial receivables	2	15.4	15.4	33.3	33.3
Other non-current financial assets		28.3	28.2	26.8	26.7
of which other investments – equity instruments	3	24.1	24.1	22.5	22.5
of which other investments – no equity instruments	4	0.2	0.2	0.3	0.3
of which loans receivable	2	0.8	0.7	0.5	0.4
of which other non-current financial assets – equity instruments	3	0.5	0.5	0.5	0.5
of which other non-current financial assets – no equity instruments	2	2.7	2.7	3.0	3.0
Current financial liabilities		3.0	3.0	22.7	22.7
of which forward exchange contracts	6	0.7	0.7	0.6	0.6
of which other current financial liabilities	5	2.3	2.3	22.1	22.1
Trade accounts payable	5	29.6	29.6	81.1	81.1
Other current liabilities	5	16.8	16.8	10.3	10.3
Non-current financial liabilities		19.0	19.4	17.3	17.9
of which liabilities to banks and loans	5	16.8	17.2	15.1	15.7
of which forward exchange contracts	5	0.0	0.0	–	–
of which purchase price obligations	6	0.5	0.5	0.0	0.0
of which obligations to purchase own equity instruments	6	–	–	0.5	0.5
of which other non-current financial liabilities	6	1.7	1.7	1.7	1.7
Categorisation of financial instruments as per IFRS 9					
Cash and cash equivalents – at amortised cost	1	184.3	184.3	291.2	291.2
Loans and receivables – at amortised cost	2	176.0	175.9	279.7	279.6
Financial assets – at fair value with value adjustments in other comprehensive income	3	24.6	24.6	23.0	23.0
Financial assets – at fair value with value adjustments in profit or loss	4	0.2	0.2	0.3	0.3
Financial liabilities – at amortised cost	5	(65.5)	(65.9)	(128.7)	(129.3)
Financial liabilities – at fair value with value adjustments in profit or loss	6	(2.9)	(2.9)	(2.8)	(2.8)

The TX Group uses the following measurement hierarchy for determining the fair value of financial instruments:

- Level 1
  Price listings on active markets for identical assets or liabilities to which TX Group has access on the valuation date.
- Level 2
  Fair values calculated on the basis of observable market data. Either listed prices on non-active markets or non-listed prices are used. Such market values may also be derived from prices indirectly.
- Level 3
  Fair values that are not calculated on the basis of observable market data.

The forward exchange contracts included under current and non-current financial assets and liabilities are the only financial instruments that are classified as Level 2 in the fair value hierarchy. These amount to CHF –0.7 million net as of 30 June and are not therefore material. This means no further disclosure will be made.

Among other things, equity instruments associated with other financial assets (Lykke Coins) and the purchase prices due in the amount of CHF 0.5 million or CHF -0.5 million respectively are classified as Level 3 in the fair value hierarchy. Here too, a more detailed disclosure is not made as these are not deemed to be material. Other investments recorded under other non-current financial assets are also classified as Level 3. Investments are mainly made during the start-up phase when no observable market prices are available. A suitable alternative valuation method is therefore applied in order to determine the fair value of the investment. These can include the price paid by third parties during financing rounds, a calculation based on the discounted cash flow (DCF) method or the market price as determined with the help of multiples. Input factors are things like contract details during the financing rounds, including the price paid by third parties, or business plans that contain the latest estimates in respect of trends for revenues and costs. The valuation for the two most important other investments, in quantitative terms, in Moneypark AG and Joveo Inc., which were recorded in the balance sheet at a value of around CHF 18.5 million as of 30 June 2020, was based on the purchase price paid in the second half of 2019 (Joveo Inc.) and on a fair value determined using the discounted cash flow (DCF) method (Moneypark AG). Any remaining other investments (including their sensitivity) are deemed not to be material for TX Group. The valuations of other investments are reviewed on a half-yearly basis. The change in respect of other investments in the reporting year can be seen in the table below.

in CHF mn	2020	2019
Other investments – as of 1 January	**22.8**	**12.1**
Additions	–	12.0
Valuation increase via other comprehensive income	1.7	0.5
Valuation reduction via other comprehensive income	(0.2)	(1.7)
Other investments – as of 30 June / 31 December	**24.3**	**22.8**

All other financial instruments valued at fair value are classified as Level 1 in the fair value hierarchy. There were no transfers between the three levels.

Events after the balance sheet date

There were no events after the balance sheet date.

Financial calendar

The net income / (loss) for 2020 will be published on 11 March 2021.

Investor Relations

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