



TX Group Ltd  
Corporate Communications

Media release

## TX Group: the coronavirus crisis led to a 18 per cent decline in revenues in the first half of 2020

**Due to the advertising slump associated with the coronavirus crisis, consolidated revenues for the TX Group fell by CHF 92.9 million to CHF 431.2 million in the first half of 2020 (-17.7 per cent). CHF 40 million of the decline in revenues was recouped through short-term savings and thanks to the compensation for reduced working hours. Operating income before depreciation and amortisation (EBITDA) was down by -62.7 per cent to CHF 34.1 million, while operating income before the effects of business combinations (EBIT adj.) was CHF 12.3 million (-82.6 per cent). Impairment testing for goodwill showed an impairment of CHF 85 million was needed for Tamedia. On account of this and write-downs resulting from business combinations, operating income (EBIT) is showing a loss of CHF -107.5 million (-362.5 per cent). Net income is down to CHF -109.4 million (-304.2 per cent).**

Zurich, 25 August 2020 – Revenues for the TX Group reduced by CHF 92.9 million, compared with the previous year, from CHF 524.1 million to CHF 431.2 million. The decline in advertising revenues, due to structural reasons, 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 17.7 per cent, and this – together with various write-downs that were needed – turned EBIT negative. 20 Minuten, Goldbach and Tamedia were particularly badly affected. At TX Markets the net income of the digital job platforms is also in decline on account of the gloomy economic developments. 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. Operating income before depreciation and amortisation (EBITDA) dropped by CHF 57.4 million to CHF 34.1 million, pushing the EBITDA margin down from 17.5 per cent in the previous year to 7.9 per cent. With short-term savings and thanks to the compensation for reduced working hours worth of a total of CHF 11.5 million, it was possible to reduce operating expenses by over CHF 40 million. For example, publishing and editorial services are down by CHF 12.3 million, and there is a CHF 7.3 million reduction in expenditure on paper, with the latter due to a reduction in paper volumes and the lower price of paper. Operating expenses were also down by CHF 15.4 million. In terms of operating income (EBIT), the TX Group is showing CHF -107.5 million for the first half of 2020. This development is largely due to impairment on goodwill in the amount of CHF 85.0 million for Tamedia and various other write-downs. The result is a loss of CHF -109.4 million.

Pietro Supino, Chairman and Publisher, summarises the fortunes of the TX Group during the first half of 2020 as follows: “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, which tends to be a barometer of the wider economy, primarily affecting 20 Minuten, Goldbach and Tamedia's newspapers. The poor economic prospects also have an impact on the job platforms of TX Markets. However, marketplaces Ricardo and Tutti were able to benefit from the crisis. In the past few months, the unexpected crisis situation was added to the challenges of the structural change. Thanks to the excellent market positions of our companies, the economies of scale and the solid balance sheet, the TX Group 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 deviate from the route we have chosen."

<b>Key Figures</b>	<b>2020-6 in CHF mn</b>	<b>2019-6 in CHF mn</b>	<b>Change in per cent</b>
<b>TX Group</b>			
Revenues	431.2	524.1	-17.7
Operating income / (loss) before depreciation and amortisation (EBITDA)	34.1	91.5	-62.7
Margin <sup>1</sup>	7.9	17.5	-54.7
Operating income / (loss) before effects of business combinations (EBIT adj.)	12.3	71.1	-82.6
Margin <sup>1</sup>	2.9	13.6	-78.9
Operating income / (loss) (EBIT)	-107.5	41.0	-362.5
Margin <sup>1</sup>	-24.9	7.8	-419.1
Net income / (loss)	-109.4	53.6	-304.2
of which attributable to TX Group shareholders	-116.5	39.6	-394.4
Cash flow from / (used in) operating activities	15.4	64.9	-76.3
Cash flow after investing activities in property, plant and equipment and intangible assets (FCF adj.)	-0.0	54.2	-100.0
Total assets	2 613.4	2 841.6	-8.0
Equity ratio (in per cent) <sup>2</sup>	73.6	72.8	1.1
<b>TX Markets</b>			
Revenues	100.8	108.1	-6.7
of which intersegment	0.8	0.6	32.4
EBIT adj.	35.8	42.6	-7.1
Margin <sup>1</sup>	35.5	39.4	-9.9
<b>Goldbach</b>			
Revenues	61.1	78.1	-21.8
of which intersegment	21.0	22.1	-4.7
EBIT adj.	-3.3	10.8	-130.6
Margin <sup>1</sup>	-5.4	13.8	-139.1
<b>20 Minuten</b>			
Revenues	39.8	70.5	-43.5
of which intersegment	2.4	1.9	25.7
EBIT adj.	-7.0	19.3	-136.3
Margin <sup>1</sup>	-17.6	27.4	-164.2
<b>Tamedia</b>			

Revenues	224.7	276.1	-18.6
of which intersegment	10.8	14.8	-27.0
EBIT adj.	-5.4	16.2	-133.3
Margin <sup>1</sup>	-2.4	5.9	-141.0

### Group & Ventures

Revenues	102.3	76.5	33.7
of which intersegment	62.6	46.0	36.3
EBIT adj.	-3.5	-17.1	-79.4
Margin <sup>1</sup>	-3.4	-22.3	-84.6
Numbers of employees (FTE) <sup>3</sup>	3 640	3 642	-0.1

<sup>1</sup> As a percentage of revenue

<sup>2</sup> Equity to total assets

<sup>3</sup> Average number of employees, excluding employees in associates / joint ventures

### 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](http://www.tx.group/en/investor-relations/alternative-performance-figures).

### Restatement

As of 1 January 2020, a decentralised organisational structure was established under the umbrella of TX Group comprising four largely self-contained companies. All classifieds 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. 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.

### Impairment in the amount of CHF 85 million for Tamedia

Advertising revenues in the current year have plummeted due to the coronavirus crisis. This is accelerating the fundamental structural change of media. Printed newspapers are suffering from falling advertising revenues and the number of their subscribers is also in decline. New digital subscriptions and advertising revenues are nowhere near able to compensate for this. Tamedia expects lower cash flows in future, meaning goodwill impairment is necessary. The increase in the discount rate before tax also has a negative impact on valuation. In total, the Tamedia impairment amounts to CHF 85 million in the TX Group balance sheet and will be charged to the TX Group half-year results. Simultaneous impairment testing for the other cash-generating units (CGUs) failed to show any need for impairment at the current time.

### TX Markets: Ricardo and Tutti breaking records – JobCloud affected by slowing economic growth

At CHF 100.8 million, revenues for TX Markets are down by 6.7 per cent year-on-year. The impact of the coronavirus situation on the different TX Markets platforms tended to vary. So while JobCloud (50 per cent as part of a joint venture) saw a noticeable decline in orders during the 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 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. Operating income before the effects of business combinations (EBIT adj.) was CHF 35.8 million (previous year: CHF 42.6 million).

### **Goldbach: net income hit by coronavirus-led decline in advertising – with advertising situation stabilising from June**

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 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. Operating income before the effects of business combinations (EBIT adj.) was CHF -3.3 million (previous year: CHF 10.8 million).

### **20 Minuten: greater need for information with record traffic on digital platforms – drastic decline in advertising income**

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. In spite of these record figures, the company still saw advertising income decline due to the coronavirus. Print advertising too was particularly badly affected by the decline in advertising. For example, revenues for the free publications, which are solely financed by advertising, fell by 43.5 per cent to CHF 39.8 million. As a result, operating income 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. Operating income before the effects of business combinations (EBIT adj.) fell to CHF -7.0 million (previous year: CHF 19.3 million).

### **Tamedia: increase in user figures not nearly sufficient to compensate for decline in advertising – savings of around CHF 70 million planned over the next three years**

The need for high-quality independent journalism increased during the coronavirus crisis, which resulted in a 46 per cent increase in the number of digital subscriptions compared with the same period last year. The coronavirus crisis triggered a slump in the advertising market. 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. As a result, operating income 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. Operating income before the effects of business combinations (EBIT adj.) was CHF -5.4 million (previous year: CHF 16.2 million).

By way of comparison, and after adjusting for exceptional items, Tamedia had already suffered a CHF 34 million loss of revenues in the 2019 financial year. In the first half of 2020, the loss of revenues amounts to CHF 47 million. Apart from ongoing structural change, the first half of 2020 has been affected by the coronavirus crisis and the resulting slump suffered by the advertising market. The management of Tamedia are expecting to see structural change continue or even accelerate once the crisis is over,

as well as the associated negative trend in terms of income. It is planning therefore to reduce costs over the next three years by 15 per cent or CHF 70 million to ensure the underlying business is sustainable for the future. The necessary measures are to be devised over the next few months with the areas concerned, with social partners also involved.

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.

### **Group & Ventures: focusing on certain areas at Ventures – restructuring of centralised services**

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, while centralised services are set to be restructured over the next three years. The idea behind this new take on centralised services is to achieve savings of CHF 20 million. 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 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. Operating income before the effects of business combinations (EBIT adj.) was CHF -3.5 million (previous year: CHF -17.1 million).

### **Press conference and information for financial analysts**

#### **TX Group**

The press conference call will take place today, Tuesday, 25 August 2020, at 12.00 p.m. A conference call for analysts and investors will also be held at 2.00 p.m..

#### **Tamedia**

There will be a separate press conference call – specifically for questions concerning Tamedia – at 3.00 p.m with directors Marco Boselli and Andreas Schaffner.

The dial-in number for the conference calls is +41 58 310 50 00. Please dial in a few minutes before the conference starts. If required, a conference call in English will be offered on the following day for investors and analysts from abroad.

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#### **About TX Group**

TX Group forms a network of digital platforms that provides users with information, orientation, entertainment and services every day. Four independent companies operate under the umbrella of TX Group: TX Markets comprises the classifieds and marketplaces; Goldbach stands for advertising



marketing in Switzerland, Germany and Austria; 20 Minuten is the company for commuter media in Switzerland and abroad; Tamedia leads the paid daily and weekly newspapers and magazines into the future.

[www.tx.group](http://www.tx.group)