TX Group Ltd
Corporate Communications

Media release

TX Group: increased revenues; net income down on previous year due to investments and depreciation and amortisation as well as downturn in print advertising

TX Group's operating revenues increased by 6.8 per cent to CHF 1,079.5 million in 2019 due to acquisitions. However, net income before interest, taxes and depreciation and amortisation (EBITDA) fell by -4.4 per cent to CHF 196.8 million. Operating income before the effects of business combinations decreased to CHF 155.2 million (-13.5 per cent), with EBIT now standing at CHF 70.4 million (-46.5 per cent). Targeted investments in the further development of digital marketplaces as well as in the digital transformation of paid media shaped the operating income. It was also hit by the downturn in the print advertising market and higher impairments and depreciation and amortisation on business combinations. This pushed net income down to CHF 97.8 million (-24.5 per cent). Due to the current threat to the health of the population and to protect employees and our guests, we will not have a balance sheet and analysts' conference on site. Conference calls will be offered today instead.

Zurich, 10 March 2020 – TX Group's revenues rose by 6.8 per cent or CHF 68.9 million to CHF 1,079.5 million. The increase in operating revenues is due to the changes to the group of consolidated companies – particularly the acquisition of Zattoo Group in 2019 and the earlier acquisitions of Basler Zeitung AG, Goldbach Group and Neo Advertising SA, whose revenues are consolidated in 2019 for a full year for the first time. This growth exceeds the fall in operating revenues in the traditional publishing business, which has been caused by structural issues.

Operating income before depreciation and amortisation (EBITDA) fell by CHF 9.1 million or 4.4 per cent to CHF 196.8 million. The EBITDA margin decreased therefore from 20.4 per cent in the previous year to 18.2 per cent. The reason for this decline was the targeted investments in the further development of digital specialised platforms and marketplaces. These investments led to an improvement in the operating performance indicators. As a result, transactions from private individuals on Ricardo increased by an average of 8 percent and the JobCloud job platforms enjoyed a significant increase of 36 percent in sessions. At Homegate, the average number of listed properties increased by 19 percent, while the increase of listed objects of Tutti was 17 percent. The Doodle scheduling platform introduced a business solution in the reporting year and has already gained around fifty customers worldwide. In addition, the digital transformation of paid media was driven further forward. Examples of this include newly introduced audio and video formats, the new websites and the simplified purchasing process on the digital news platforms.

Operating income (EBIT) fell by 46.5 per cent or CHF 61.2 million to CHF 70.4 million, driven mainly by higher depreciation and amortisation, depreciation and amortisation resulting from business combinations and the recognition of impairments on goodwill in paid media. Ongoing depreciation and amortisation rose by CHF 15.2 million to CHF 41.5 million year on year. Of this amount, CHF 12.1 million is due to the first-time reporting of the depreciation and amortisation of the right-of-use assets capitalised in accordance with IFRS 16. Depreciation and amortisation resulting from business combinations climbed by CHF 14.5 million to CHF 60.1 million. This was primarily because Basler Zeitung AG, Goldbach Group and Neo Advertising SA, all acquired in 2018, were included in the figures for a full year for the first time and because the depreciation and amortisation contributed by the Zattoo Group was reported for the first time in 2019. Following the annual goodwill impairment test, impairment on goodwill of CHF 24.7 million was recognised in paid media on 31 December 2019, while the impairment in the previous year totalled CHF 2.3 million. The EBIT margin fell from 13.0 per cent to 6.5 per cent in 2019. The reported net income for 2019 of CHF 97.8 million represents a decrease of 24.5 per cent or CHF 31.8 million on the previous year's level of CHF 129.5 million.

Christoph Tonini, CEO, sums up the 2019 TX Group financial year as follows: "Existing advertising market trends favouring the GAFAs (Google, Amazon, Facebook and Apple) are accelerating, new, international competitors are gaining a foothold on the Swiss market, and the evolution of the possibilities offered by technology are increasing the risk of disruption. Against this backdrop, we made major progress with the further development of our news platforms and digital marketplaces. The substantial investments in personnel and technology, coupled with the declining advertising market, led to a significantly lower net income year on year".

Key Figures	2019 in CHF millions	2018 in CHF millions	Change in per cent
TX Group			
Revenues	1 079.5	1 010.6	6.8
Operating income before depreciation and amortisation (EBITDA)	196.8	205.9	-4.4
Margin (in per cent)	18.2	20.4	-10.5
Operating income before effects of business combinations	155.2	179.5	-13.5
Operating income (EBIT)	70.4	131.6	-46.5
Margin (in per cent)	6.5	13.0	-49.9
Net income (loss)	97.8	129.5	-24.5
Of which attributable to TX Group shareholders	64.8	96.5	-32.9
Cash flow from (used in) operation activities	169.2	187.7	-9.9
Total assets[1]	2 955.5	2 948.4	0.2
Equity ratio (in per cent)[2]	73.6	71.3	3.3
Paid Media*			
Revenues	551.5	579.2	-4.8
Of which intersegment	38.6	45.4	-15.0
EBITDA	43.9	49.7	-11.8
EBITDA margin (in per cent)[3]	8.0	8.6	-7.3
Free Media and Commercialisation*			
Revenues	300.9	240.8	24.9
Of which intersegment	7.1	4.7	52.5
EBITDA	73.9	59.7	23.8
EBITDA margin (in per cent)[3]	24.6	24.8	-0.8
Marketplaces and Ventures*			
Revenues	286.7	252.8	13.4
Of which intersegment	13.8	12.1	14.2
EBITDA	83.9	104.7	-19.9
EBITDA margin (in per cent)[3]	29.2	41.4	-29.4
Average number of employees[4]	3 662	3 330	10.0
Dividends per share (in CHF)	3.50[5]	4.50	-22.2

* The values from the previous period were adjusted due to the introduction of a new operating and steering concept
[1] as of 31.12.2019
[2] Equity to total assets
[3] The margin relates to revenue
[4] The average headcount does not include employees in associates/joint ventures
[5] Proposed appropriation of profit by the Board of Directors

Alternative key performance figures

TX Group uses the following alternative key performance figures:

- Operating income before depreciation and amortisation (EBITDA)
- Operating income before the effects of business combinations
- Consolidated normalised income statement

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

Paid Media: downturn in the print advertising market and investments in digital news platforms affect the result

Revenues (operating revenues) from third parties generated by the Paid Media business division fell by 3.9 per cent in 2019 to CHF 512.9 million (previous year: CHF 533.8 million). This decline in revenues was caused by another downturn in the print advertising market. Consequently, operating income before depreciation and amortisation (EBITDA) dropped by 11.8 per cent to CHF 43.9 million (previous year: CHF 49.7 million), with the EBITDA margin also decreasing to 8.0 per cent (previous year: 8.6 per cent). Operating income before the effects of business combinations (EBIT-adjusted) amounts to CHF 16.2 million (previous year: CHF 29.5 million), equating to an EBIT-adjusted margin of 2.9 per cent.

Free Media and Commercialisation: Goldbach taken into account for a full year for the first time

Revenues (operating revenues) from third parties generated by the Free Media and Commercialisation business division rose by 24.4 per cent in 2019 to CHF 293.7 million (previous year: CHF 236.1 million). The significantly increase revenues were mainly due to the marketing company Goldbach being included in the figures for a full year for the first time. This pushed operating income before depreciation and amortisation (EBITDA) up by 23.8 per cent to CHF 73.9 million (previous year: CHF 59.7 million). The EBITDA margin remained virtually unchanged at 24.6 per cent (previous year: 24.8 per cent). Operating income before the effects of business combinations amounted to CHF 67.9 million (previous year: CHF 57.8 million), equating to an EBIT-adjusted margin of 22.6 per cent.

Marketplaces and Ventures: targeted investments and the disposal of an interest mean a lower result year on year

Revenues(operating revenues) from third parties generated by the Marketing and Ventures business division rose by 13.4 per cent in 2019 to CHF 272.9 million (previous year: CHF 240.7 million). This increase in income came thanks to organic growth and the first-time consolidation of Zattoo. By contrast, operating income before depreciation and amortisation (EBITDA) fell by 19.9 per cent to CHF 83.9 million (previous year: CHF 104.7 million). The EBITDA margin came to 29.2 per cent (previous year: 41.4 per cent), due not least to investing in extra staff to further the development of digital platforms, investments in CarForYou and the disposal of the interest in Swisscom Directories. This led to an operating income before the effects of business combinations of CHF 76.0 million (previous year: CHF 100.4 million), equating to an EBIT-adjusted margin of 26.5 per cent.

New segment structure from the reporting year 2020

With the publication of the half-year results on 25 August 2020, the TX Group will adjust its segment reporting. This will then reflect the new organisational structure with four self-contained companies. From the reporting year 2020, the following five segments will be shown: Tamedia (paid media and publishing services), 20 Minuten (free media in Switzerland and abroad), Goldbach (advertising marketing), TX Markets (specialised platforms and marketplaces) as well as Group and Ventures (ventures, IT, Group and Corporate Services and the property portfolio).

Media conference and information for financial analysts

Due to the current threat to the health of the population and to protect employees and our guests, we will not have a balance sheet and analysts' conference on site. Conference calls will be offered today instead. The media conference call will take place today, Tuesday, 10 March 2020, at 10.00 a.m. A conference call will also be held in English at 12.00 p.m. for analysts and investors. 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.

Information on the Annual General Meeting 2020

The Annual General Meeting of TX Group Ltd will take place on Friday, 3 April 2020 at 3.00 p.m. at Lake Side, Bellerivestrasse 170, 8008 Zurich.

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About TX Group

The TX Group is a network of digital platforms in Switzerland offering information, orientation, entertainment and services to its users every day. The TX Group consists of four independent companies: TX Markets comprises the classifieds and marketplaces; Goldbach stands for advertising marketing in Switzerland, Germany and Austria; 20 Minuten combines the commuter media in Switzerland and abroad; Tamedia leads the paid daily and weekly newspapers and magazines into the future.
www.tx.group