Annual Report 2018

Key figures

in CHF mn		2018	2017	Change
Income statement				
Revenues		1 010.6	974.2	3.7%
Operating income before depreciation and amortisation (EBITDA)		205.9	245.2	–16.0%
Margin		20.4%	25.2%	–19.1%
Operating income (EBIT)		131.6	180.7	–27.2%
Margin		13.0%	18.6%	–29.8%
Net income		129.5	170.2	–23.9%
of which				
attributable to Tamedia shareholders		96.5	146.9	–34.3%
attributable to non-controlling interests		33.1	23.3	42.2%
Revenue by business division with third parties				
Paid Media		553.2	586.0	–5.6%
Free Media and Commercialisation		205.0	153.2	33.8%
Marketplaces and Ventures		252.5	235.0	7.4%
Balance sheet				
Current assets		686.7	330.9	107.6%
Non-current assets		2 261.7	2 182.5	3.6%
Balance sheet total		2 948.4	2 513.3	17.3%
Liabilities		846.8	543.7	55.7%
Equity		2 101.7	1 969.6	6.7%
Financial key data				
Equity ratio		71.3	78.4	–9.0%
Return on equity		6.2	8.6	–28.7%
Employee key data				
Headcount as of balance sheet date [1]		3 594	3 261	10.2%
Revenue per staff member [2]	in CHF 000	303.5	304.0	–0.2%
Key figures per share				
Net income per share	in CHF	9.12	13.87	–34.3%
Dividends per share	in CHF	4.50 [3]	4.50	0.0%
Dividend yield [4]		4.3%	3.3%	30.8%
Price/earnings ratio [4]	x	11.6	9.9	16.3%

1 Number of full-time equivalents
2 Based on the average number of employees
3 Proposed appropriation of profit by the Board of Directors
4 Based on year-end price

The annual report 2018 of Tamedia
is also available as mobile app for iOS and Android.

Upholding different professions and exploiting shared economies of scale

Dr. Pietro Supino,
Publisher and Chairman

Ladies and Gentlemen

The media industry is undergoing a fundamental change that is reflected in the Tamedia group's business performance and presents as many opportunities as it does challenges. It is therefore very pleasing that we were able to seize two major opportunities in the 2018 financial year and thus make significant progress.

With the acquisition of the Goldbach Group, we are adding a new and strong pillar of our operations to complement our own media offerings and our digital marketplaces. Goldbach markets and brokers advertising on private electronic and digital media in Germany, Austria and Switzerland. Its core business includes planning, consulting, design, purchasing and processing right through to studying the media use of electronic off- and online media and multi-screen campaigns. Now brought under the Tamedia umbrella, these activities complement one another perfectly from the customer's perspective. Together with the out-of-home advertising specialist Neo Advertising, in which we also took a majority stake in the past year, we are now in a position to meet all the communication needs of our customers in full. In a competitive environment, innovative strength and technological expertise are the keys to success – and the merger will make them stronger.

Significant progress has been made with integrating Goldbach, a project being led personally by Tamedia's CEO Christoph Tonini in close cooperation with his Goldbach counterpart Michi Frank, and Marcel Kohler from Tamedia Advertising. It is clear that all the participants in this challenging process are driving it forward in a constructive spirit and the potential it harbours exceeds original expectations. The customarily close degree of contact has also been maintained with Goldbach's main business partners, feedback from whom has been similarly positive. None of this should be taken for granted; all of it is very positive. Efforts to achieve our targets of growing through the obvious move to diversify into a new area of business and strengthening our existing activities are progressing well. Let me take this opportunity to express my appreciation and thanks to everyone involved.

We finalised a second major acquisition during the past financial year in the shape of the Basler Zeitung, a publication that fits perfectly into our portfolio. With our key media in Basel, Bern, Geneva, Lausanne, Winterthur and Zurich, we serve the six biggest urban areas in Switzerland and are strengthening our position as the leading national media company. We already enjoy ties with the Basler Zeitung through partnerships stretching back many years in the fields of advertisement marketing, newspaper printing, editorial cooperation and supplements, particularly Das Magazin, whose outstanding reporting, portraits and essays are held in high esteem by the intellectually demanding Basel readership. A similarly smooth process was the integration of the Basler Zeitung into Tamedia's network of publications, which has proved its worth ever since its launch in January 2018 and which has seen its titles help one another grow from strength to strength. One good example from last April is a comprehensive report with data on retirement homes from across Switzerland, which the joint research desk wrote and published in the SonntagsZeitung. The data was then used the following week by the editorial teams at the various individual publications to explore the issue in more depth from a regional perspective.

Tamedia's new overarching editorial teams, headed up by Ariane Dayer in French-speaking Switzerland and Arthur Rutishauser in German-speaking Switzerland, deserve a major compliment for their work over the past year, as do all the editorial teams at the individual publications. The same goes for the shared Tamedia Editorial Services, which was also required to undergo a root-and-branch restructuring that affected a great many staff. In the spirit of internal diversity and ringing the changes, I am delighted that a former Basler Zeitung executive in the form of Vivian Joyce has assumed responsibility for this key department.

However, our media offerings remain under exactly the same high pressure, both on the reader and user market and on the advertising market. Although they are highly regarded, they are competing with an increasing number of alternatives, especially on the advertising market. This is resulting in major price pressure and painful falls in sales, which made their presence felt in the 2018 financial year. With this in mind, the decision to discontinue the printed edition of Le Matin, whose losses had become unsustainable, was a drastic and sad one for all concerned, especially for the loyal readers and the employees affected. On a positive note, lematin.ch has performed very well since then under the leadership of Laurent Siebenmann.

We can counter the negative trends through smart forms of cooperation that will enhance both the qualities of our offerings and the efficiency of our value creation. We also need to march firmly onwards on the path of digital transformation. The extended organisational structure for Paid Media – with Marc Isler as Chief Digital Revenue Officer, Reto Matter as Chief Technology Officer and Christoph Zimmer as Chief Digital Product Officer and headed up by Serge Reymond – has been designed precisely with this in mind. Under the journalistic leadership of Marco Boselli, 20 Minuten has already made further progress and is proving, with its unwavering pioneering spirit, that the media industry offers attractive commercial opportunities even with things moving at the pace they are.

The Swiss market remains extremely attractive, and we as a group are in an excellent position. The good experience we enjoyed with the launch of digital payment models in the 2018 financial year makes us even more confident that people will continue to want – and be willing to pay for – high-quality independent journalism over the long term. We are conscious of our journalistic responsibility and intend to keep on developing as a leading private media company. Journalism lies at the very core of our family business. Over the next three years, we will be investing an additional CHF 30 million in the digital transformation of our paid media on top of our ongoing expenditure.

Our Classifieds & Marketplaces Division under Christoph Brand represents the greatest value from an investor's perspective. With the job platforms run by JobCloud, the property platforms homegate.ch and immostreet.ch and the marketplaces ricardo.ch and tutti.ch, Tamedia enjoys an outstanding position. This is also reflected in the division's results, which hit new highs in the 2018 financial year. Although competition is growing fiercer in the marketplace business too, this area of the business is continuing to grow and harbours some excellent prospects in view of the international trend towards transaction platforms. We already boast sound expertise in this field, thanks not least to ricardo.ch, where 5 million transactions were processed in the financial year (equating to more then 13 500 a day).

Despite the pleasing results from our classifieds and marketplaces, we are under no illusions that the phenomenon of business models in transformation has not only reached the publishing media but also poses a challenge to our commercial platforms. Customer expectations and the speed of change are rising steadily, while the lucrative nature of the business is also encouraging new competitors to release innovative offerings. This is why we worked hard to hone our skills in technology, marketing, product and user experience over the past twelve months. We employ an impressively concentrated pool of talented individuals, one that also holds up well in an international comparison. They give us the power we need to deliver overarching projects and shape the market as an innovator. One such example this year came in the automotive segment with carforyou.ch in partnership with AXA Insurance.

At the end of the 2018 financial year, Swisscom exercised its option regarding our 31 per cent minority stake in the joint venture LocalSearch. The deal was closed at the start of this year. Having the entrepreneurial courage to enter the digital directory business over 10 years ago and adopting a smart approach since then have been rewarded with earnings running into the hundreds of millions of Swiss francs (most of which had to be posted as early as the 2015 financial year due to the applicable IFRS accounting and reporting regulations). This is a shining example of how the new media landscape is bringing not only challenges but also major opportunities. Other exciting examples are our scheduling platform doodle.com, an international leader, and the streaming service and technology provider zattoo.com, in which we now hold a majority stake. Both are benefiting from a trend towards subscription models, a clearly observable feature of the digital economy in general and one that we are pursuing with corresponding investments. Motivated by our successful involvement in moneypark.ch, we are also building up small to medium-sized shareholdings in start-ups in the fintech sector, which we have identified as being highly promising.

At group level, the results for 2018 as a whole were below the expectations we had set ourselves. Operating income before depreciation and amortisation, excluding simple uncertificated securities in line with the accounting and reporting standard IAS 19, declined by some CHF 10 million on the previous year. In normalised terms, it remained more or less stable, although this was only made possible by the acquisitions mentioned above. Armed with the major investments we have made and the potential of our managers and staff, we want to increase our total revenues and especially our net income on a sustainable basis over the next few years. The Board of Directors is proposing that the dividend for the current year be kept unchanged at CHF 4.50 per share. Employees will participate in the net income to the tune of

CHF 2 342 per full-time equivalent. On behalf of the Board of Directors, I would like to thank all of them, the executive management and the Management Board under the leadership of Christoph Tonini for their excellent teamwork and all they do day in, day out. I would also like to thank my colleagues on the Board of Directors and the Advisory Board for Media Technology and Innovation for their great dedication and their vital contributions in these challenging times. My cousin Martin Coninx will be standing down from the Board of Directors at the Annual General Meeting in line with the rotation policy for family members. He deserves my special thanks for his efforts and the great working relationship we have enjoyed. He will retain his links with us as a member of the shareholder family.

Tamedia has strengthened its leading position as private Swiss media company in recent years and expanded into new business activities, most recently through the acquisitions of Basler Zeitung, Goldbach Group, Neo Advertising and Zattoo. In view of the dynamic development in all business areas, a project is now being launched in order to review the organisational structure of the company. The starting point for this analysis: the various business areas like Paid Media, Free Media, advertising marketing and Commercialisation, Marketplaces and Ventures are all active in very different contexts each. They are faced with different challenges and therefore offer different opportunities. This must be engaged strategically. The aim of the project is to establish a basis to create optimal conditions for transparency and growth in all business areas which all have their different culture. The project is set to create a conclusive base for decision-making by this summer.

Dr Pietro Supino
Publisher and Chairman of the Board of Directors

A media group in transformation

We live in a world of conflicting emotions. Switzerland remains a very attractive country with a prosperous and educated population which participates both in the political process as well as in its commercial, cultural, social and sporting life. It is in this favourable context that we have worked for many decades with our highly skilled and committed employees to carve out excellent market positions. We have experienced highs and lows and grown in the process. Today, our media industry is undergoing a digital transformation. This is creating tremendous pressure in the user and advertising markets. The challenge for us is to continue developing our successful platforms with a view to protecting them against disruptive upheaval and ensuring our media remain both profitable and therefore independent.

Digital marketplaces, for example, in the early days, were nothing more than newspaper ads online. But thanks to new functions, they are developing into transaction platforms covering the entire value chain – from initial contact to purchase. And this is why we need new knowledge, which we can acquire through the diversity of our employees and through investments in new technologies and start-ups. In doing so, we can establish the conditions for a successful transformation of our activities.

In terms of journalism, I believe the basic «supply» is stronger than ever. Investigative journalism is blossoming. And «longform storytelling» is benefiting from the new opportunities offered by our multimedia age – although Claas Relotius has given us a sharp reminder that «storytelling» can have different meanings.

It is true that an ideological position and preconceived views might look like a recipe for success for certain niche offerings, for gaining social recognition among peers and even picking up journalism awards. But I am still convinced that curiosity needs to be the starting point for the work we do. Accuracy, truth (in the sense of providing the full picture), transparency (particularly regarding one's own interests) and fairness towards the people and institutions affected by reporting are the hallmark of professional quality journalism.

These must be our guiding principles. They enable us to stand out from the propaganda-based offerings and echo chambers within the crowded media scene. With them, we can create value for our society and for people who want information and orientation and are looking to form their own opinions in an increasingly complex world.

This is our core publishing responsibility and represents both a duty and an opportunity. I am convinced that there is long-term demand for independent quality journalism and that there are people out there ready to pay for it. Recent experiences with digital payment models would tend to reaffirm my conviction. Success will depend on a number of things: a local presence, proximity to the reader and provision of investigative, fact-based and «longform» journalism. Not to mention language and (increasingly) multimedia skills. We can be sure of this.

Pietro Supino

The complete longform "A media group in transformation"
is available under the following link: transformation.tamedia.ch

Pietro Supino

Martin Coninx

Martin Kall

Pierre Lamunière

Sverre Munck

Marina de Planta

Konstantin Richter

Pietro Supino, Publisher
Chairman of the Board of Directors, Chairman of the Journalism Committee, Chairman of the Nomination and Compensation Committee, Chairman of the Business Development Committee and Chairman of the Advisory Board for Media Technology and Innovation

Dr. Pietro Supino (CH/I/1965) has been publisher and Chairman of Tamedia since May 2007. He was elected to the Board of Directors in 1991. He has also been Chairman of the Swiss Media Association since 2016. Pietro Supino completed his studies in law and economics with a doctorate from the University of St. Gallen. He also gained a Master's from the London School of Economics and Political Science and was admitted to the Zurich bar. He attended the Columbia School of Journalism in New York, which prepared him well for his future as a publisher. He has been a member of the Board of Visitors since 2012. Between 1989 and 1998 Pietro Supino gained experience as a lawyer and in business consultancy before founding a private bank with partners in Zurich. He is currently also Chairman of Tamedia Espace AG, of Tamedia Publications romandes SA, of Zürcher Regionalzeitungen AG, of Basler Zeitung AG and of the Supervisory Board of DJ Digitale Medien GmbH in Vienna. In addition he is also Vice Chairman of Edita SA in Luxembourg and a member of the Supervisory Board of Ultimate Media Beteiligungs- und Management GmbH in Vienna and of the Foundation Boards/Boards of Directors of the Foundation for Constructivist, Concrete and Conceptual Art in Zurich, the Family Business Network Switzerland and the Camera di Commercio Italiana per la Svizzera.

Martin Coninx
Member of the Nomination and Compensation Committee and of the Audit Committee

Martin Coninx (CH/1970) has been a member of the Board of Directors since April 2016. He has been Managing Partner of Research Partners AG since 2014. He also sits on the Boards of Directors of schweizeraktien.net AG and eyeonX AG. Martin Coninx worked for Tamedia from 2004 until the end of 2013, initially as Publishing Director and then as Managing Director of Verlag Finanz und Wirtschaft AG. He previously held posts as Marketing Director at Publicitas in Shanghai, as Head of Marketing for the magazine Bilanz and as an auditor and business consultant at a subsidiary of Ernst & Young. Martin Coninx studied Business Management at the Zurich University of Applied Sciences in Winterthur and went on to gain a Swiss federal diploma in Publishing Management from the Swiss Media Association's Media Institute.

Martin Kall

Member of the Nomination and Compensation Committee and of the Business Development Committee

Martin Kall (CH/D/1961) has been a member of the Board of Directors since April 2013. He is Chairman of the Shareholders' Meeting of Verlags-AG Schweizer Bauer in Berne, Chairman of the Board of Directors of pension fund specialist Prevanto AG and Chairman of the Board of Directors of the St. Gallen-based media firm Kömedia AG. From April 2002 until December 2012 Martin Kall was CEO of Tamedia. Before working for Tamedia, Martin Kall was a member of the Ringier AG Group Management, where he headed both the European Publishing Division and the Swiss Magazines Division. From 1989 to 1996 he was with Bertelsmann Group, finishing as CEO of Bertelsmann Fachinformation GmbH in Munich. In 1989, he earned an MBA from Harvard Business School. He completed his studies in history and economics at the University of Freiburg im Breisgau and at the London School of Economics and Political Sciences in 1987 with a master's degree in economics ("Diplom-Volkswirt").

Pierre Lamunière

Member of the Business Development Committee and of the Journalism Committee

Pierre Lamunière (CH/1950) has been a member of the Board of Directors since May 2009. After completing his studies in the US (MBA Wharton School, University of Pennsylvania) Pierre Lamunière joined Edipresse Group in 1977. From 1987, he headed the company as General Manager, and in 1998 he was named Chairman of the Board of Directors and Chief Executive Officer. From 1997 to 2002 Pierre Lamunière served on the Board of Directors of Swiss Post. He is Chairman of Lamunière Holding SA and its subsidiaries. Pierre Lamunière is also a member of the Management Board of the International Federation of the Periodical Press (FIPP) on which he served as Chairman from 2007 to 2009. From March 2008 to 2016, he was on the Board of Directors of Banque Cantonal Vaudoise (BCV).

Sverre Munck

Member of the Audit Committee

Sverre Munck (N/1953) has been a member of the Board of Directors since April 2018. An investor and professional board member, i.e. as Chairman of the Oslo Science Park, Sverre Munck was head of Group Strategy and Corporate Development and was Chairman of the International Editorial of Schibsted ASA until September 2013. He studied economics at Yale University and received his PhD from Stanford University in 1983. After completing his studies, Sverre Munck worked initially as an advisor to the Norwegian Ministry of Finance before working at McKinsey & Company Inc. from 1984 to 1987. He went on to be appointed CEO of Loki AS. In 1994, he joined Schibsted ASA as Chief Financial Officer and was subsequently appointed executive vice president of Multimedia in 1998.

Marina de Planta

Chair of the Audit Committee

After studying economics at Geneva University, Marina de Planta (CH/1965) worked for Ernst & Young for seventeen years, based in Geneva, Zurich and Hong Kong. She qualified as a tax expert with the Swiss Institute of Certified Accountants and Tax Consultants in 1992. Since 2010, Marina de Planta has been a partner and tax expert at the law practice Ducrest Heggli Avocats LLC in Geneva. Marina de Planta is a member of the Board of Directors of AXA Insurance Ltd. and of AXA Life Ltd. in Winterthur. She also lectures in tax law at the School of Business Administration in Geneva and is a member of the Geneva Committee of Human Rights Watch.

Konstantin Richter

Member of the Journalism Committee and of the Audit Committee

Konstantin Richter (D/1971) has been a member of the Board of Directors since 2004. He began his professional career in 1997 as an assistant editor at the media trade magazine Columbia Journalism Review in New York. He was a reporter for the Wall Street Journal in Brussels from 1999 to 2001, and from 2004 to 2005 was the Co-Managing Director of the Rogner & Bernhard publishing company in Hamburg and Berlin. He is now based in Berlin, working as a freelance writer and journalist. He is the author of the novels "Bettermann" (2007), "Kafka war jung und brauchte das Geld" (2011) and "Die Kanzlerin – Eine Fiktion" (2017). He is a regular contributor to Die Zeit and Die Welt and is also a contributing writer for the US news portal Politico. He was awarded the German Reporter Prize in 2011 for an article in Die Zeit. Konstantin Richter has a BA in English Literature and Philosophy from Edinburgh University and a Master's degree from the Columbia University Graduate School of Journalism in New York.

Emily Bell

Markus Gross

Mathias Müller von Blumencron

The Advisory Board for Media Technology and Innovation was created in autumn 2013. It has the mandate to provide advice and support to the Board of Directors and Management Board on matters relating to the further development of digital business and to the company's digital transformation. The mission of the Advisory Board, which is composed of seasoned experts in the fields of digital media, online business and digital technology, is to identify trends and new digital business fields at an early stage and to provide an external perspective on new investment opportunities and strategic partnerships.

Emily Bell

(GB/1965) has been a member of the Advisory Board for Media Technology and Innovation since February 2014. She is a professor and director of the Tow Center for Digital Journalism at the Columbia University Graduate School of Journalism in New York. Emily Bell is an internationally recognised expert and commentator on media issues. Until 2010, she was editor-in-chief of the Guardian website and director for digital content for Guardian News and Media Group. In this function she and her web team introduced new forms of communication such as live blogging, multimedia formats and social media. Since 2013, Emily Bell has been a member of the Board of Directors of Scott Trust, owner of Guardian Media Group.

Markus Gross

(CH/D/1963) has been a member of the Advisory Board for Media Technology and Innovation since October 2013. He is Vice President for Research and head of Disney Research|Studios. A native of Saarland, Markus Gross studied electronics and information technology at Saarland University, graduating with a PhD in computer graphics and image processing in 1989. He has worked at the Swiss Federal Institute of Technology Zurich since 1994 and founded its computer graphics laboratory. Since 2008, he has been director of DisneyResearch, one of the Walt Disney Company's international research facilities working in the fields of video technology, computational cinematography and human and face animation. Markus Gross received a technical achievement award from the Academy of Motion Picture Arts and Sciences in 2013.

Mathias Müller von Blumencron

(CH/D/1960) has been a member of the Advisory Board for Media Technology and Innovation since October 2013. He has been editor-in-chief of Tagesspiegel in Berlin since September 2018. From 2013 until end 2017 he has been responsible for all digital products of Frankfurter Allgemeine Zeitung in his capacity as editor-in-chief. Mathias Müller von Blumencron studied law and business administration at St. Gallen, Hamburg and Kiel. After completing his studies as a journalist at Henri-Nannen-Schule, he initially joined business magazine Das Capital as editor, before going on to work for Wirtschafts Woche. In 1992, Mathias Müller von Blumencron joined Der Spiegel magazine, first as editor for the Germany II section, then as correspondent in Washington and New York; from 2000, he built up Spiegel Online as editor-in-chief to the leading news site in Germany. From 2008 to 2013 he has been, co-editor-in-chief of both the print and online editions.

Ready to seize opportunities

Christoph Tonini,
Chief Executive Officer

2018 was an unusual year on the Swiss media landscape in many respects. For Tamedia, the biggest changes were the launch of the Tamedia editorial team in German- and French-speaking Switzerland, the acquisitions of Goldbach and the Basler Zeitung and the purchase of a majority stake in the out-of-home advertising company Neo Advertising. The Swiss print advertising market shrank much more rapidly than in previous years, the TV advertising market flatlined and the increase in online advertising expenditure was largely siphoned off by the major international US corporations. In this challenging environment, the Tamedia media group closed the 2018 financial year with an ordinary result of CHF 129.5 million. This figure also includes a valuation allowance on receivables in the amount of CHF 6.0 million due to the bankruptcy of Publicitas.

Since the start of 2018, our paid-for daily newspapers have gathered their content from Tamedia's central editorial teams in German- and French-speaking Switzerland, specifically for the domestic, foreign, business and sports news desks. Feedback from our readers and media experts alike has been largely positive, as the quality of the individual publications has improved thanks to the cross-regional cooperation while the unique character of each has been preserved. To ensure that content is shared seamlessly between Tamedia's editorial teams and those of the publications, the individual daily newspapers now have the same production systems, print layout structures and production processes. The design of the publications' own websites and the apps linked to them will be revamped over the course of this year.

Integration of the Basler Zeitung further expanded our newspaper network in the reporting year while also strengthening our core business. We are very pleased with this addition, because our daily newspapers are now represented in all of Switzerland's main economic centres – Basel, Bern, Zurich and the Lake Geneva region.

Digital subscriptions to our news platforms were significantly increased during the reporting year. At the end of 2018, we had over 70,000 active digital subscribers and sold some 100,000 day passes over the year. This gratifying development vindicates our decision to keep on investing in expanding the paid digital content of our daily and Sunday newspapers, believing as we do that readers are now much more willing to pay for high-quality information. To be even better placed to meet their growing requirements, in early 2019 we set up a new organisational unit for these activities made up of three teams focusing on the digital future of paid media. The Digital Product team's brief is to hone the skills required for digital preparation, representation and distribution of editorial content and develop new products, while the Digital Revenue team is responsible for attracting new subscribers, pricing and putting together offers. With technology growing in importance both on editorial teams and for the commercialisation of offerings, overall responsibility has been brought together within the remit of the new position of CTO (Chief Technology Officer) Paid Media. Strong local roots, proximity to the reader, thorough research, data analyses, long-form journalism and the new forms of storytelling – these are all elements on which we intend to build our success.

Segment information

in CHF 000	2018	2017
Paid Media	569 649	603 833
Free Media and Commercialisation	206 403	154 429
Marketplaces and Ventures	252 816	235 533
Eliminations	(18 235)	(19 576)
Revenues	**1 010 633**	**974 219**
Paid Media	(522 279)	(521 216)
Free Media and Commercialisation	(144 409)	(103 777)
Marketplaces and Ventures	(148 092)	(143 700)
Eliminations	10 016	39 680
Operating expenses and share of net income/(loss) of associates / joint ventures	**(804 764)**	**(729 013)**
Paid Media	47 370	82 617
Free Media and Commercialisation	61 994	50 652
Marketplaces and Ventures	104 725	91 833
Eliminations	(8 219)	20 104
Operating income before depreciation and amortisation (EBITDA)	**205 869**	**245 206**
Paid Media	8.3%	13.7%
Free Media and Commercialisation	30.0%	32.8%
Marketplaces and Ventures	41.4%	39.0%
EBITDA margin	**20.4%**	**25.2%**

The Swiss Federal Office of Communications conducted its first-ever “Media Monitor Switzerland” study during the reporting year. This named 20 Minuten, including 20 minutes in French-speaking Switzerland and 20 minuti in Ticino, as the most influential individual medium in the country. Young people in particular draw on the publications of the 20 Minuten media network to inform their opinions. In terms of daily use, the 20 Minuten publications with their broad coverage reached significantly more users in the reporting year than in the previous year, with the German-language digital edition exceeding 100 million visits for the first time in June 2018.

The free media focused particular attention on the needs of young people during the reporting year. To help understand them better, 20 Minuten launched initiatives such as the Youth Lab. In twelve workshops, groups of young people aged 14 to 16 were given a chance to share their views with staff from all departments at 20 Minuten on various topics such as ideas for products, the relevance of specific issues and how news is prepared as well as social media. An innovative journalistic format was introduced in the form of “story cards”. Instead of being set out in a linear arrangement, articles are put together as single elements, such as a synopsis of the article, individual videos or images. The youth channel 20 Minuten Tilllate was also fully integrated into the 20 Minuten news platform with effect from the end of 2018 in order to pool content and topics suitable for this particular target group.

Whereas the fall in print advertising revenues from free media could not be offset by digital advertising income in the reporting year, our activities abroad – L’essentiel, BT / Metroxpress and Heute / heute.at – improved their performance year on year.

We succeeded in strengthening our marketing position in the advertising segment significantly during the reporting year. In spring, the Swiss Federal Competition Commission approved our acquisition of a majority stake in Neo Advertising, Switzerland’s third-largest marketer of out-of-home advertising, before signing off on our takeover of the leading TV and radio marketer Goldbach in late summer. This puts us in a position to offer our customers all advertising channels from a single source. We will be devising tailored advertising offerings over the coming months together with our new colleagues. Opportunities for growth are also opening up in digital out-of-home advertising both in Switzerland and on those foreign markets where we are already represented, and we intend to exploit these. In addition, new synergy effects are presenting themselves in Switzerland and Germany with regard to marketing zattoo.com. Our bid to take a majority interest in this TV platform was approved by the Swiss Federal Competition Commission in February.

Our digital offferings with respect to classifieds, marketplaces and services performed well in the past year and made a key contribution to our result. The property platform homegate.ch successfully defended its leading position on the Swiss market and now plans to strengthen this further under the leadership of Nick McKittrick, the former CEO of the UK’s biggest property portal rightmove.uk. The job portals under the JobCloud umbrella benefited from Switzerland’s strong labour market, ending their financial year with an outstanding result yet again. However, successful job and property platforms are also – and in particular – exposed to the threat of disruption, such as might come from international companies muscling in on the Swiss market. We are therefore investing heavily in enhancing our offerings. For instance, the marketplace ricardo.ch launched a completely revamped platform in several stages over the reporting year as well as introducing a new pricing model: instead of charging sellers to list goods, fees are now only levied on a successful sale. The general classifieds platform tutti.ch continued to enjoy steady growth despite Facebook Marketplaces entering the market. January 2019 also saw the launch of the range of mobility services in partnership with the insurer Axa. The scheduling platform doodle.com, whose team we expanded over the past year, impressed with healthy user growth outside Switzerland. We are confident that this successful service still harbours significant potential and can see ourselves developing it further together with a partner.

The media industry – and Tamedia with it – remains caught up in a turbulent period of transformation that is affecting both its media offerings and its commercial digital platforms. We have taken this on board and have therefore wasted no time in investing in training, new jobs and teams specialising in journalism, engineering and marketing. Because one thing is clear as far as we are concerned: although change is inevitable, it also brings a great many new opportunities. We stand ready to seize them.

Christoph Tonini
Chief Executive Officer

Christoph Tonini

Christoph Brand

Samuel Hügli

Michi Frank

Marcel Kohler

Sandro Macciacchini

Serge Reymond

Andreas Schaffner

Christoph Tonini
Chief Executive Officer

Christoph Tonini (CH/I/1969) has been Chief Executive Officer of Tamedia since January 2013. He joined Tamedia in April 2003 as Chief Financial Officer and member of the Management Board and in addition he took over in 2004 the responsibility of the Services Division. From 2008 to 2012 he was responsible among others for the Newspapers Switzerland, Media Switzerland and most recently the Digital & 20 Minuten Division. He was also Deputy CEO from 2007. Before joining Tamedia, Christoph Tonini held various positions for Ringier between 1998 and 2003. Ultimately, he held the position of Head of Ringier Hungary and Romania. Christoph Tonini completed an MBA at St. Gallen University from 2001 to 2003. Prior to that, he completed an apprenticeship in offset printing and studied at the Swiss Engineering School for Printing and Packaging (esig) in Lausanne from 1990 to 1993.

Christoph Brand
Classifieds & Marketplaces

Christoph Brand (CH/1969) has been a member of the Management Board since 1 October 2012 and is responsible for the Classifieds & Marketplaces Division. He has also been Deputy CEO since 2019. Formerly CEO of software company Adcubum, Christoph Brand was CEO of telecommunications firm Sunrise from 2006 to 2010, where he implemented a successful growth strategy. Prior to this, Brand was CEO of Bluewin and held key positions at Swisscom, latterly as Chief Strategy Officer and member of the Group Executive Board. In addition to his operational responsibilities, he also served on the boards of directors of Directories, Cinetrade, Swisscom Mobile and Micronas. Christoph Brand studied economics at the University of Berne from 1989 to 1995 and completed the Advanced Management Programme at INSEAD in 2000.

Samuel Hügli
Technology & Ventures

Samuel Hügli (CH/1970) has been a member of the Management Board since January 2017. He is responsible for the Technology & Ventures Division, which also includes the platforms doodle.com, meekan.com, olmero.ch/renovero.ch and starticket.ch. Between 2000 and 2011, Samuel Hügli held various positions at Ringier. As Head of Technology & Informatics and later as Group CIO, he was in charge of the media company's IT before he was appointed CFO of the Ringier Group in 2007. In 2012, Samuel Hügli became an independent management consultant for companies in Switzerland and in South Africa. He also served on several boards of directors. The trained typographer holds different management degrees from the ZFU, the St. Gallen Business School as well as the London Business School. Most recently, he attended a Strategic Business Management course at the University of Cape Town in South Africa.

Michi Frank
CEO Goldbach

Michi Frank (CH/1967), CEO of Goldbach Group, joined the Management Board of Tamedia in August 2018. He started his career in 1983 at Publicitas, Tages-Anzeiger and Cash (key-account customer service and sales manager print media). From 1994 to 2000 Michi Frank held the position of Managing Director of Belcom for Radio 24, Tele Züri resp. Tele 24. From 2001 to 2011 he served as CEO of the subsidiary Goldbach Media (Switzerland) and in 2012 he was named Delegate of the Board of Directors of Goldbach Media. In 2007 Michi Frank additionally assumed the role of Chief Sales Officer and Deputy CEO of Goldbach Group. He was appointed CEO of Goldbach Group in 2014.

Marcel Kohler
Advertising & Commuter Media

Marcel Kohler (CH/1960) has been a member of the Management Board since January 2013 and is responsible for the Advertising & Commuter Media Division. He had previously been CEO of the 20 Minuten media network since 2006. He entered the media industry in 1982 when he joined Schaffhauser Bock. From 1985 Marcel Kohler worked in the publishing division of the Neue Zürcher Zeitung for over 20 years. He initially held the position of key account manager, before progressing to sales manager, head of advertising and deputy publishing director. He was also a member of the project team responsible for the launch of NZZ am Sonntag. He completed sales management training at the Swiss Marketing and Advertising Institute (SAWI) in Biel as well as further training in systems marketing at the University St. Gallen.

Sandro Macciacchini
Finances & Human Resources

Sandro Macciacchini (CH/1966) has been a member of the Management Board since 1 January 2008 and is responsible for the Finances & Human Resources Division. He took over as head of Tamedia's Legal Department in 2003. He completed his law studies in 1995, qualifying as an attorney-at-law and beginning his career at a Berne-based law firm before working as a legal counsel for the Swiss Press Association until 1999. Sandro Macciacchini completed his dissertation on media law in April 2003. In 2006 he completed CAS training in financial and business accounting, and in 2009 he was awarded a Master of Advanced Studies Corporate Finance degree. In 2016 and 2017, he completed further studies in strategy, leadership and general management.

Serge Reymond
Paid Media

Serge Reymond (CH/1963) has been a member of the Management Board since 1 May 2011 and is responsible for the Paid Media Division. In addition he's an associate of Power Matrix Sàrl since end of 2015. Serge Reymond studied mathematics and economics at Lausanne University, gaining a first degree and an MBA. Prior to joining Tamedia, he worked for Galenica and the Swatch Group, among others, before taking on the management of the kiosk retail and distribution company Naville-Détail based in the French-speaking part of Switzerland in 1997. In 2007 Serge Reymond was appointed as the CEO of the entire Naville Group. Serge Reymond joined the Edipresse Group as deputy chief executive officer in 2009, taking on the role of CEO of Edipresse Suisse with effect from 1 June 2009.

Andreas Schaffner
Publishing Services

Andreas Schaffner (CH/F/1963) has been a member of the Management Board since 1 November 2009 and is responsible for the Publishing Services Division. In this position he is responsible for the three printing centres in Berne, Lausanne and Zurich, as well as the areas preliminary services, publishing logistics and reader-market services. After completing a bookbinder apprenticeship, Andreas Schaffner acquired professional and management experience in the graphic arts industry prior to studying engineering at the Ecole Suisse d'Ingénieur des Industries Graphiques in Lausanne. In 1995 he joined Ringier as a project manager, where he headed various services and printing areas before becoming CEO of Ringier Print Adligenswil in 2005. Andreas Schaffner, who successfully completed a part-time Executive MBA, was a member of the Ringier Switzerland Management Board from 2007 to 2009.

Shareholders Meeting of Tamedia AG

Board of Directors

Chairman
Pietro Supino [2,3,4,5]

Members
Martin Coninx [1,3]
Martin Kall [3,4]
Pierre Lamunière [2,4]
Sverre Munck [1]
Marina de Planta [1]
Konstantin Richter [1,2]

Advisory Board for Media Technology and Innovation
Emily Bell
Markus Gross
Mathias Müller von Blumencron

Company Secretary
Reto Spiri

Management Board

CEO
Christoph Tonini

Corporate Development & Projects
Christian Haberbeck

Communications
Patrick Matthey

Paid Media
Serge Reymond

User Market

Editorial departments
24 heures
Annabelle
Basler Zeitung
Bilan
BZ Berner Zeitung
Der Bund
Finanz und Wirtschaft
hommages.ch
Le Matin Dimanche
Newsnet
Schweizer Familie
SonntagsZeitung
Tages-Anzeiger
Tribune de Genève
Zürcher Regionalzeitungen
supplements

Participations:
Berner Oberland Medien
others

Advertising & Commuter Media

Marcel Kohler

Advertising

Free sheets
20 Minuten
20 minutes
lematin.ch
heute.at

Participations:
20 minuti
L'essentiel
BT/Metroxpress
tio.ch

Goldbach Group
Michi Frank

Ad Sales Switzerland
Goldbach Media
Goldbach Audience
swiss radioworld
Goldbach Digital Services

Ad Sales Germany
Goldbach Germany
Jaduda

Ad Sales Austria
Goldbach Media
Goldbach Audience

Marketing Services
Dreifive

Neo Advertising

Classifieds & Marketplaces
Christoph Brand

homegate.ch
ricardo.ch
tutti.ch
Tradono

Participations:
autoricardo.ch
gebraucht.de
JobCloud

Technology & Ventures
Samuel Hügli

IT
IT Publishing
Corporate IT
Digital Technology Services

Ventures
Doodle
Meekan
olmero.ch
renovero.ch
Starticket

Participations:
Helpling
moneypark.ch
Picstar
Zattoo

Publishing Services
Andreas Schaffner

Printing facility Berne
Printing facility Lausanne
Printing facility Zurich
Facility management
Reader market services
Prepress
Logistics

Finances & HR
Sandro Macciacchini

Controlling
Corporate finances and accountancy
Human Resources
Legal Services

As of 1. 1. 2019

[1] Members of the Audit Committee
[2] Members of the Journalism Committee
[3] Members of the Nominating and Compensation Committee
[4] Members of the Business Development Committee
[5] Chairman of the Advisory Board for Media Technology and Innovation

Market assessment

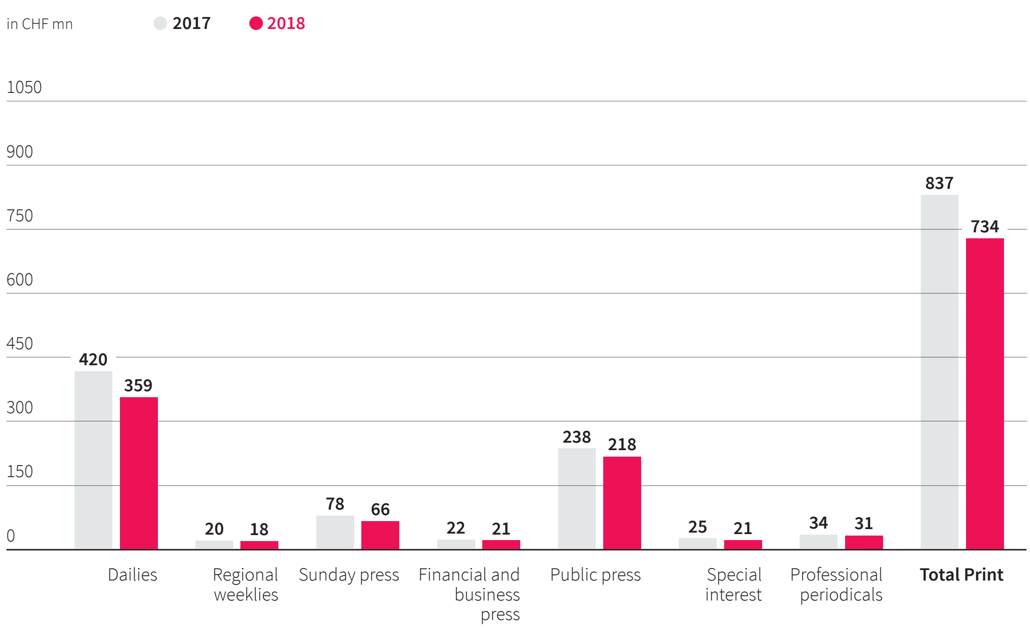
Global economy cools – print advertising market still under pressure

As far as the global economy is concerned, the top of the economic cycle was reached in 2018. The main early indicators peaked during the course of last year and are now suggesting a downward trend. These include the OECD's Leading Indicator, the Purchasing Managers Indices (PMIs) and the consumer mood in industrialised nations. Switzerland is also affected by this cooling down, although experts at the State Secretariat for Economic Affairs (SECO) are expecting GDP growth of 2.6 per cent for 2018 as a whole (which is significantly above average). The strong overall performance of the Swiss economy in 2018 was also reflected in the country's unemployment figures, with the seasonally adjusted average unemployment rate falling by 0.6 per cent from 3.2 per cent in 2017 to 2.6 per cent in 2018. Based on the year-end figure, unemployment was at its lowest for 10 years.

According to Media Focus, total advertising expenditure increased during 2018 by more than CHF 1 billion, reaching a record level of CHF 7 billion gross. This growth was primarily the result of the first inclusion in the figures of search advertising in French-speaking Switzerland, YouTube data, TV sponsorship and the forms of advertising referred to as pre-split, post-split, single split and time. The following sectors in particular posted an increase in advertising expenditure compared with the previous year: catering and tourism (CHF +187 million), services (CHF +178 million) and finance (CHF +147 million). By contrast, the food (CHF –27 million) and media (CHF –25 million) product groups spent less on advertising than in the previous year.

Inclusion of search advertising in French-speaking Switzerland, of YouTube data and of the various forms of TV advertising saw print advertising continue to lose ground (based on the market share of the respective individual media types). Across the media mix, for example, newspapers and magazines only enjoyed the third highest share (24 per cent) of the advertising market in the month of December, behind the Internet (leading the way with 34 per cent) and TV (second highest with 29 per cent). As in the previous

Net advertising expenditure Print 2018



Source: Inseratestatistik WEMF AG für Werbemedienforschung year, out-of-home advertising again accounted for 9 per cent of the market. Radio's share of advertising expenditure was 1 per cent down on last year at 3 per cent, with cinema once again bringing up the rear with just 1 per cent.

While the Media Focus statistics only measure gross advertising expenditure, the advertising statistics from WEMF AG für Werbemedienforschung are based on the net print advertising revenues reported by the media companies. Therefore, advertising statistics provide a more reliable picture of the development of the advertising market for newspapers and magazines. Overall, the printed press lost over 12 per cent in revenues year-on-year in 2018, which points to an acceleration in the decline of print advertising revenue – despite the economy performing better than average. All press categories posted losses in advertising revenue. The decline was particularly marked in the daily press II/III segment, for publications with a circulation of less than 50,000, which saw advertising revenue fall by 17 per cent. The Sunday press and daily press I segment, for publications with a circulation of over 50,000, also suffered significant declines of 15 per cent and 13 per cent respectively. The financial press suffered a smaller loss, relatively speaking, with revenues falling by just 4 per cent. While the advertising statistics from WEMF indicate that print advertising for the jobs/recruitment sector contracted sharply by –18 per cent, the Adecco Swiss Job Market Index suggests that personnel recruitment improved during the winter quarter by 8 per cent year-on-year. This means the trend for job vacancy advertisements to migrate from print to electronic media (in the form of job portals) is continuing.

The experts at SECO expect the global economy to return to a more normal pattern from 2019 onwards following strong growth in 2017 and 2018. This will see foreign demand for Swiss products start to flatline, with a resulting slowdown in economic growth. Tamedia is forecasting a further decline in revenues for print advertising this year. By contrast, we expect increased revenue for digital out-of-home advertising and believe revenue levels for TV and radio advertising will remain stable.

Paid Media

Tamedia's daily and Sunday newspapers, which together with the newspaper printing plants form the Paid Media business division, set up two national editorial teams from the start of 2018 – one for German-speaking and one for French-speaking Switzerland – which cover the reporting of national and international issues and sports reporting at a national level. Readers' feedback on the new newspaper concept was largely positive. This is because the individual publications benefit from the expertise of the central editorial team in relation to national and international issues and also national sports reporting, but also retain a distinctive profile through their independent reporting at a local and regional level. In addition, the individual daily newspapers adopt their own independent political stance, with individual publications enjoying autonomy in relation to editorials and opinion pieces. To facilitate seamless sharing of content between the central editorial team and those of individual publications, the individual daily newspapers have the same production systems, layouts and production processes.

Tamedia's network of newspapers expanded in autumn 2018 with the acquisition of Basler Zeitung. This means Tamedia's newspaper portfolio now covers the economically strongest regions of Switzerland – namely the area around Lake Geneva and the conurbations of Basel, Bern and Zurich.

Together with teams from Der Spiegel and Norddeutscher Rundfunk, Tamedia's research desk and a team from Das Magazin worked on the so-called "Football Leaks". The reports concerned were published in early November 2018 and shone a light on some of the contentious business practices associated with the world of football. The "Implant Files" were also published in collaboration with the International Consortium of Investigative Journalists (ICIJ). This initiative saw Tamedia's daily and Sunday newspapers work with 36 media partners to highlight the problem of defective medical devices, such as disc prostheses dissolving in the patient's body. Our media outlets' reporting was recognised with numerous awards last year. The European Newspaper Award, Europe's largest media competition, awarded SonntagsZeitung, Tages-Anzeiger, Newsnet and 12-App a total of 14 prizes. Tages-Anzeiger was awarded the Henri Nannen Prize 2018, in the web project category, for the long version of its piece entitled "Expedition in eisigen Tiefen" (A Journey to the Icy Depths). In addition, the Magazin report on sprinter Usain Bolt entitled "Die Entdeckung der Schnelligkeit" (The Discovery of Speed) was awarded the Hansel Mieth Prize.

Our paid media also continued to develop their technology with a view to offering subscribers an experience that reflects their current media consumption requirements. For example, the news apps of 24 heures, Basler Zeitung, BZ Berner Zeitung, Der Landbote, Tages-Anzeiger, Tribune de Genève, Zürcher Unterländer and Zürichsee-Zeitung were updated and given additional functions such as the "most read" and "news ticker" displays. At the time of the various national votes held on 25 November, the text robot "Tobi" generated a customised article for each Swiss municipality for the very first time. "Tobi" took just a few seconds to convert the whole mass of data from the polls into 40,000 articles, so each user could see what the results meant for their own particular municipality. We believe that high-quality journalism comes at a price. And with this in mind, we managed last year to increase the number of readers who pay to use our news sites and apps to over 83,000. We have also decided to greatly simplify the payment process in order to support this positive trend in terms of digital subscriptions. For example, Tages-Anzeiger was the first Tamedia publication to introduce a new payment process which only takes a couple of clicks. To help accelerate these favourable developments, we have set up three teams from the start of 2019. The Digital Product Team is concerned with the digital preparation, representation and distribution of editorial content, while the Digital Revenue Team is responsible for attracting new subscribers, pricing and putting together offers. Finally, the Technology Team is responsible for the ongoing technical development of digital paid media.

2018 was also a year of anniversaries. Tages-Anzeiger celebrated its 125th anniversary, which coincided with the anniversary of Zurich's expansion as a city to incorporate its current suburbs. To mark the occasion, a series of articles appeared over the course of the year to reflect life within the city of Zurich and the changes it has undergone. For 90 years now Finanz und Wirtschaft, which first appeared under the name "Börsenberichte und finanzielle Nachrichten", has helped readers understand and contextualise financial matters. A special supplement charted the history of the publication and told the stories of a number of loyal readers. Finanz und Wirtschaft also launched the "FuW jetzt" app, which offers selected reports, analysis, opinions, breaking news and comment from Switzerland's biggest financial editorial team. Meanwhile, the women's magazine Annabelle celebrated its 80th anniversary by focusing each issue during 2018 on a Swiss woman who has achieved something remarkable.

The family magazine Schweizer Familie, which has enjoyed success over many years, underwent something of a makeover in the spring. It now has a fresher, more appealing look thanks to new fonts, colours and text elements. The editorial concept, the kinds of issues covered and the structure have remained the same, with a number of new elements being added. The spring also saw Le Matin Dimanche, a Sunday publication from western Switzerland, reveal its revamped, modernised layout and new content. The focus of the revised package, which has something of a magazine feel, is on addressing a variety of subject matter and presenting journalism in new ways.

In the year under review, Tamedia's three newspaper printing centres, the Centre d'Impression Lausanne, the Druckzentrum Bern and the Druckzentrum Zürich, successfully took on all newspaper print orders from Ringier and the printing of the daily newspapers owned by LZ Medien, which were previously printed in Adligenswil. The newspaper printing centres also had to contend with higher purchase costs for paper, printing plates and ink in the year under review as a result of a strong euro.

Revenues from third parties generated by the Paid Media business division fell by 5.6 per cent in 2018 to CHF 553.2 million (previous year: CHF 586.0 million). This decline in revenues was partly caused by a significant downturn in the print advertising market. Consequently, operating income before depreciation and amortisation (EBITDA) fell by 42.7 per cent to CHF 47.4 million (previous year: CHF 82.6 million), with the EBITDA margin also decreasing to 8.3 per cent (previous year: 13.7 per cent). Important factors contributing to the decrease in EBITDA included the CHF 3.6 million valuation allowance following the bankruptcy of the advertising agency Publicitas, the costs of closing the print version of Le Matin and lower net income from newspaper printing centres, which faced higher purchase costs for paper, printing plates and ink due to a strong euro.

Total Audience

Media combinations	Total Audience [1] 2018-2	Total Audience [1] 2017-2	Total Audience 2016-2	Change 2018-2 / 2017-2
20 Minuten D-CH GES/20min.ch D-CH	3 119 000	3 032 000	3 093 000	2.9%
20 Minuten Friday/friday-magazine.ch	1 125 000	1 105 000	1 013 000	1.8%
20 Minuten National GES/ 20 Minuten Online & Tio.ch	4 183 000	4 098 000	4 178 000	2.1%
20 Minutes F-CH éd. totale/20min.ch W-CH	1 079 000	1 081 000	1 119 000	–0.2%
20 Minuti I-CH/tio.ch	265 000	262 000	283 000	1.1%
24 Heures éd. totale/24heures.ch	560 000	597 000	553 000	–6.2%
24 Heures, Tribune de Genève, Newsnet W-CH [2]	1 019 000	1 105 000	1 143 000	–7.8%
Annabelle/annabelle.ch	401 000	382 000	395 000	5.0%
Annabelle, Fémina/PoolFéminin	748 000	717 000	717 000	4.3%
BZ/Bund GES/Newsnet Bern	973 000	886 000	846 000	9.8%
BZ/Bund GES/bernerzeitung,ch)	783 000	740 000	693 000	5.8%
BZ/Bund GES/derbund.ch	663 000	606 000	582 000	9.4%
Bilan/bilan.ch	175 000	172 000	175 000	1.7%
Femina/femina.ch	350 000	337 000	324 000	3.9%
Finanz und Wirtschaft/fuw.ch	208 000	204 000	196 000	2.0%
Metropool, 24 Heures, Tribune de Genève, Newsnet National [2]	3 241 000	3 213 000	3 186 000	0.9%
Metropool/Newsnet D-CH	2 231 000	2 229 000	2 187 000	0.1%
Tages-Anzeiger/tagesanzeiger.ch	1 551 000	1 627 000	1 554 000	–4.7%
Tribune de Genève/tdg.ch	570 000	538 000	506 000	5.9%

Source: WEMF AG, Total Audience 2018-2 and 2017-2, CH; Reader and Unique User per month; Figures rounded to full thousands

1 The Total Audience 2016-2 study methodically builds on the MACH Basic 2016-2 (survey: April 2015-March 2016) and NET-Metrix-Profile 2016-1 (survey: October 2015-December 2015) coverage studies. The Total Audience 2017-2 study methodically builds on the MACH Basic 2017-2 (survey: April 2016-March 2017) and NET-Metrix Profile 2017-1 (survey: October 2016-December 2016) coverage studies. The Total Audience 2018-2 study methodically builds on the MACH Basic 2018-2 (survey: April 2016-March 2018) and NET-Metrix Profile 2018-1 (survey: October 2017-December 2017) coverage studies. Due to the new inclusion of two survey years from MACH-Basic 2018-2, a comparison with the previous studies is only possible to a limited extent: WEMF AG advises against a comparison 2018-2 with MACH Basic 2017-2, as the sample of MACH Basic 2017-2 is completely included in that of 2018-2 and therefore differences in results are underestimated. However, comparisons with older studies - namely MACH Basic 2016-2, 2015-2, 2014-2 and 2013-2 - are basically possible, as these are based on samples that do not overlap in time.

2 from 2018-2 without Le Matin semaine (Print)

Readership

Title	MACH Basic [1] 2018-2	MACH Basic [1] 2017-2	MACH Basic [1] 2016-2	Change 2018-2 / 2017-2
20 Minuten D-CH GES	1 332 000	1 358 000	1 369 000	–1.9%
20 Minuten Friday	418 000	428 000	425 000	–2.3%
20 Minutes F-CH éd. totale	500 000	486 000	502 000	2.9%
20 Minuti I-CH	92 000	88 000	88 000	4.5%
24 Heures éd. totale	164 000	176 000	168 000	–6.8%
Annabelle	227 000	243 000	241 000	–6.6%
Bilan	46 000	47 000	59 000	–2.1%
BZ/Bund GES (total issue BZ Berner Zeitung, incl. Der Bund)	324 000	323 000	339 000	0.3%
Das Magazin	531 000	538 000	597 000	–1.3%
Der Landbote	51 000	48 000	54 000	6.3%
Femina	229 000	233 000	251 000	–1.7%
Finanz und Wirtschaft	87 000	91 000	89 000	–4.4%
GuideTV	200 000	209 000	208 000	–4.3%
Le Matin Dimanche	384 000	395 000	418 000	–2.8%
L'essentiel (Luxembourg)	128 000[2]	130 000	141 000	–1.5%
Metropool (incl. Replica)	805 000	838 000	900 000	–3.9%
Metropool Weekend (incl. Replica)	1 011 000	1 054 000	1 130 000	–4.1%
Metropool and ZRZ GES N (incl. Replica)	974 000	1 002 000	1 072 000	–2.8%
Metropool und ZRZ GES N Weekend (incl. Replica)	1 200 000	1 236 000	1 313 000	–2.9%
Metropool and laRegione (incl. Replica)	892 000	(–)	(–)	(–)
Metropool und laRegione Weekend (incl. Replica)	1 123 000	(–)	(–)	(–)
Metropool und Top Deux (incl. Replica)	1 073 000	(–)	(–)	(–)
Metropool and Top Deux Weekend (incl. Replica)	1 365 000	(–)	(–)	(–)
Metropool TOTAL (incl. Replica)	1 330 000	(–)	(–)	(–)
Metropool TOTAL Weekend (incl. Replica)	1 666 000	(–)	(–)	(–)
Metroxpress / B.T. (Denmark)	319 000[3]	459 000	509 000	–30.5%
Schweizer Familie	577 000	594 000	646 000	–2.9%
SonntagsZeitung	549 000	581 000	624 000	–5.5%
Tagblatt der Stadt Zürich	112 000	126 000	106 000	–11.1%
Tages-Anzeiger	388 000	417 000	460 000	–7.0%
Télétop Matin	234 000	258 000	274 000	–9.3%
Tribune de Genève	105 000	107 000	107 000	–1.9%
TV täglich	476 000	508 000	525 000	–6.3%
Zürcher Unterländer	40 000	43 000	46 000	–7.0%
Zürichsee-Zeitung	71 000	63 000	67 000	12.7%

Source: WEMF AG, MACH Basic 2018-2 and 2017-2, CH; figures rounded to full thousands

1 Concerns readership: Survey period MACH Basic 2018-2: April 2016 to March 2018 (from publication 2018-2 new 2 years of survey) Survey period MACH Basic 2017-2: April 2016 to March 2017. Due to the new inclusion of two years of survey from MACH-Basic 2018-2, a comparison with past studies is only possible to a limited extent: WEMF AG advises against a comparison 2018-2 with MACH Basic 2017-2, as the sample of MACH Basic 2017-2 is completely included in that of 2018-2 and differences in results are therefore underestimated. However, comparisons with older studies - in particular MACH Basic 2016-2, 2015-2, 2014-2 and 2013-2 - are basically possible, since these are based on samples that do not overlap in time.

2 Source: TNS ILRES, 2016.II, 2017.II and 2018.II https://www.tns-ilres.com/news/tns-ilres/

3 Source: TNS Gallup, 2 + 3 quarter 2016, 2 + 3 quarter 2017 and 2 + 3 quarter 2018 http://kantargallup.dk/da/node/3061

Free Media and Commercialisation

What was previously the "Free Media" business division is to be called "Free Media and Commercialisation" in future because, in addition to the media network 20 Minuten and the stakes in BT and Metroxpress in Denmark, L'essentiel in Luxembourg and Heute and heute.at in Austria, it now also encompasses the out-of-home company Neo Advertising and the marketing company Goldbach Group.

With this acquisition of the advertising marketer Goldbach Group, Tamedia will further consolidate its position in the Swiss advertising market. At the same time, Tamedia is keen to further develop its foreign business, particularly in the neighbouring countries of Germany and Austria. Since September 2018, staff at Tamedia and Goldbach have been working in mixed teams on the future model for collaboration. While the sales organisations at Goldbach and Tamedia will continue to serve the market separately, the two sales teams will act together when the customer wishes or when it makes strategic sense to do so. The picture in terms of digital marketing is rather different. From the spring of 2019, Digital Advertising & Services at Tamedia and Goldbach Digital Services will be merged to create a new, centralised organisation called "Digital Advertising Services". Together with the out-of-home provider Neo Advertising, in which we hold a majority share, Tamedia is now in a position to offer its customers significant coverage across all advertising channels.

In the advertising market, Tamedia combined the social media coverage of its media brands in spring 2018 to create a new offering known as "tSocial". The offering gives advertising customers various advertising packages and content delivery options across the social media channels of the Tamedia media group. "tSocial" has enjoyed considerable early success. In addition, a new collaboration with the advertising agency Mediabox was launched in the autumn. The collection of social media accounts involved duly developed into one of the advertising networks with the broadest coverage in Switzerland.

The media network 20 Minuten celebrated a number of successes over the course of last year. For example, it was named the most influential individual medium in Switzerland in the first "Medienmonitoring Schweiz" (Media Monitoring Switzerland) study conducted by the Federal Office of Communications. According to the study, younger readers are particularly attracted to 20 Minuten, 20 minutes or 20 minuti as a neutral information platform with the potential to inform public opinion. This trust in the media network 20 Minuten is being rewarded with growing user figures. These rose to more than 1.5 million users daily, which represents a 15 per cent increase on the previous year.

The free media focused on product development and new forms of narrative during the year under review. For example, staff at the media network 20 Minuten also looked at the needs of young people and launched the Youth Lab among other initiatives. Over the course of 12 workshops, groups of young people aged 14 to 16 were given a chance to share their views with staff from all departments at 20 Minuten on various topics such as ideas for products, the relevance of specific issues, how news is prepared and even social media. At the same time, the young people were given a chance to learn about the day-to-day routine in a news department and try their hand at being a reporter or journalist. The Youth Lab proved a success and came to an end in December 2018. Given the positive feedback, the plan is to run it again this year. An innovative journalistic format was unveiled to better reflect the behaviour of younger users. Articles are no longer set out in a linear arrangement but as "story cards", which users can easily navigate before deciding which elements of a story – be it just a synopsis of the article or individual videos or images – they want to consume. The youth channel 20 Minuten Tilllate was also fully integrated into 20minuten.ch by the end of 2018 with a view to increasing the content and topics suitable for a young target group.

Since last summer, Le Matin has only appeared as an online offer and has been continuously developed since then. Innovative and effective formats have been launched, with the videos and graphics drawing a positive response. Subsequently, Le Matin saw the number of users increase by around 20 per cent within 6 months. The loss-making print edition of the publication, which had not made any money for 20 years, was duly wound down at the end of July 2018.

The magazine 20 Minuten Friday celebrated its 10th anniversary in the year under review by introducing new content – with more reports on things like society, careers and health issues – and changing when and where it is published. So, since February 2018, the magazine has been available on a monthly basis from news-stands in both German-speaking and now French-speaking Switzerland.

Revenues from third parties generated by the Free Media and Commercialisation business division rose by 33.8 per cent in 2018 to CHF 205.0 million (previous year: CHF 153.2 million). The main reason for the increase in revenue was the first-time consolidation of the marketing company Goldbach Group and the out-of-home advertising company Neo Advertising. Operating income before depreciation and amortisation (EBITDA) rose accordingly by 22.4 per cent to CHF 62.0 million (previous year: CHF 50.7 million). The EBITDA margin was 30.0 per cent (previous year: 32.8 per cent).

Circulation

Title	Circulation [1] 2018	Circulation [1] 2017	Change 2018 / 2017
20 Minuten GES	436 344	451 176	–3.3%
20 Minuten Friday	158 287	132 532	19.4%
20 minutes GES	172 154	174 248	–1.2%
20 minuti	32 158	32 173	–0.0%
24Heures GES	50 445	55 147	–8.5%
Annabelle	39 659	42 526	–6.7%
BO Berner Oberländer	14 794	15 444	–4.2%
Bilan	12 848	9 283	38.4%
Der Bund	37 800	38 923	–2.9%
BZ Berner Zeitung Ausgabe Stadt & Region Bern	38 358	39 367	–2.6%
BZ Berner Zeitung GES [2]	128 251	133 424	–3.9%
BZ Emmental	11 488	12 578	–8.7%
BZ Langenthaler Tagblatt	9 207	9 702	–5.1%
Das Magazin	293 456	300 323	–2.3%
Der Landbote	24 944	25 586	–2.5%
Femina	91 228	99 959	–8.7%
Finanz und Wirtschaft	22 701	24 955	–9.0%
Furttaler	16 145	16 135	0.1%
GuideTV	115 361	129 196	–10.7%
Le Matin Dimanche	89 827	100 059	–10.2%
L'essentiel (Luxembourg) [3]	96 892	101 992	–5.0%
Rümlanger	3 765	3 854	–2.3%
Schweizer Familie	140 736	148 279	–5.1%
SonntagsZeitung	152 566	158 924	–4.0%
Tagblatt der Stadt Zürich	123 886	126 594	–2.1%
Tages-Anzeiger	140 800	148 705	–5.3%
Tribune de Genève	33 566	36 100	–7.0%
TT Thuner Tagblatt	16 604	17 410	–4.6%
Zürcher Unterländer	15 793	16 462	–4.1%
Zürichsee-Zeitung	26 743	27 805	–3.8%

Source: WEMF AG, Circulation confirmation 2018 and 2017
1 Total circulation. Survey period begins on 1 July and ends on 30 June of the following year.
2 BZ Berner Zeitung total issue (incl. Der Bund)
3 https://www.cim.be/fr/presse/brand-reports

User figures

Websites	NET-Metrix-Profile [1] 2018-2	NET-Metrix-Profile [1] 2017-2	Change 2018-2 / 2017-2
20 Minuten Friday	929 000	827 000	12.3%
20 minutes Friday	275 000	248 000	10.9%
20 Minuten Online & Tio.ch Kombi	3 512 000	3 284 000	6.9%
20min.ch D-CH	2 751 000	2 478 000	11.0%
20min.ch W-CH	906 000	902 000	0.4%
tio.ch	268 000	218 000	22.9%
20 Minuten Tillate	1 173 000	1 113 000	5.4%
Bilan	154 000	123 000	25.2%
doodle.com	1 146 000	1 028 000	11.5%
fuw.ch	151 000	140 000	7.9%
heute.at [2]	1 754 000	1 577 000	11.2%
lessentiel.lu [3]	94 800	98 200	–3.5%
Der Landbote	103 000	90 000	14.4%
Newsnet Bern	720 000	708 000	1.7%
bernerzeitung.ch	562 000	529 000	6.2%
derbund.ch	387 000	393 000	–1.5%
Newsnet DCH	1 738 000	1 751 000	–0.7%
Newsnet National	2 658 000	2 554 000	4.1%
Newsnet WCH	973 000	955 000	1.9%
24heures.ch	509 000	518 000	–1.7%
LeMatin.ch	694 000	566 000	22.6%
tdg.ch	540 000	585 000	–7.7%
PoolFéminin	365 000	285 000	28.1%
annabelle.ch	199 000	161 000	23.6%
femina.ch	173 000	128 000	35.2%
schweizerfamilie.ch	376 000	61 000	516.4%
tagesanzeiger.ch	1 379 000	1 382 000	–0.2%
Tamedia Network - Full Reach	4 371 000	4 486 000	–2.6%
Tamedia Publications romandes	1 024 000	991 000	3.3%
Tamedia Zürcher Regionalzeitungen	226 000	180 000	25.6%
zsz.ch	95 000	69 000	37.7%
zuonline.ch	54 000	46 000	17.4%

Source: NET-Metrix AG, NET-Metrix-Profile 2018-2 and 2017-2, CH; Unique Users (persons) per month; figures rounded to full thousands
1 Survey period from 1 April to 30 June of the respective year of publication
2 Source: Österreichische Webanalyse (ÖWA) 2017-I and 2018-I http://www.oewa.at/plus/medienanalyse
3 Source: TNS ILRES, 2016.II, 2017.II and 2018.II https://www.tns-ilres.com/news/tns-ilres/

JobCLOUD AG homegate.ch ricardo.ch autoricardo.ch tutti.ch TRENDSALES

Marketplaces and Ventures

The Marketplaces and Ventures business division finished the year under review with a healthy net income, which amounted, for the first time, to over CHF 100 million in terms of EBITDA. This positive development was largely due to the property platform homegate.ch and the job platforms run by JobCloud AG. The year under review also saw us add various fintech investments to our portfolio.

The property platform homegate.ch achieved its revenue targets in the year under review. Thanks to the new ClubOne offer – based on a flat rate for property listings – the number of properties advertised on the platform increased significantly compared with the previous year. Together with the Swiss Real Estate Institute at the University of Applied Sciences in Business Administration Zurich (HWZ), homegate.ch has been producing the "Online Home Market Analysis" since 2017 based on data from all the main Swiss property markets. An analysis of the data would reveal, for example, that single-family dwellings are preferred to condominium properties, although these too have gained in popularity again. A high-profile national advertising campaign – with the slogan "Finde deinen Platz" (Find Your Place) – was also launched in Switzerland during the year under review and focused on people's different needs in terms of residential property.

Online job portals are currently the favourite channel for those seeking work and becoming ever more important. These are the findings of a study undertaken by JobCloud in conjunction with the LINK Institute. jobs.ch in German-speaking Switzerland and jobup.ch in French-speaking Switzerland are doing particularly well from this trend and are currently the most popular job portals in Switzerland. Overall, JobCloud benefited from a buoyant employment market in the year under review, which was reflected in a further growth in revenues and net income.

In the year under review, ricardo.ch gradually introduced various new and simplified functions to its platform on the back of a thorough overhaul of the underlying technology. At the same time, the sales process was significantly simplified. From now on, fees will not be imposed for the goods advertised, but only charged in the event of a sale. These measures also had an impact on the EBITDA of ricardo.ch, which was significantly up on the previous year. Sales of used luxury goods – particularly branded watches and handbags – also increased significantly by up to 20 per cent in the very popular market of Switzerland.

At the start of the year under review, a partnership relating to used cars and other mobility services was launched as part of a joint venture with the insurer AXA. The team at autoricardo.ch was greatly strengthened too with a view to launching a new mobility platform. The public beta version of carforyou.ch, which emerged from the joint collaboration, was online by the end of January 2019. We also invested in the start-up gowago.ch. This is a car leasing marketplace which simplifies the decision-making process for online purchases. Through this involvement, Tamedia is benefiting from the experience of the start-up company and able to develop its own services by sharing relevant knowledge.

In November, doodle.com attracted 30 million users for the first time. The USA in particular saw a significant increase in user numbers, which raises the prospect of an international partner getting involved – to help drive further growth for this calendar platform founded in Switzerland. doodle.com also launched additional functions such as "1:1" in the year under review. "1:1" makes it easier to schedule meetings for two people by automating certain steps.

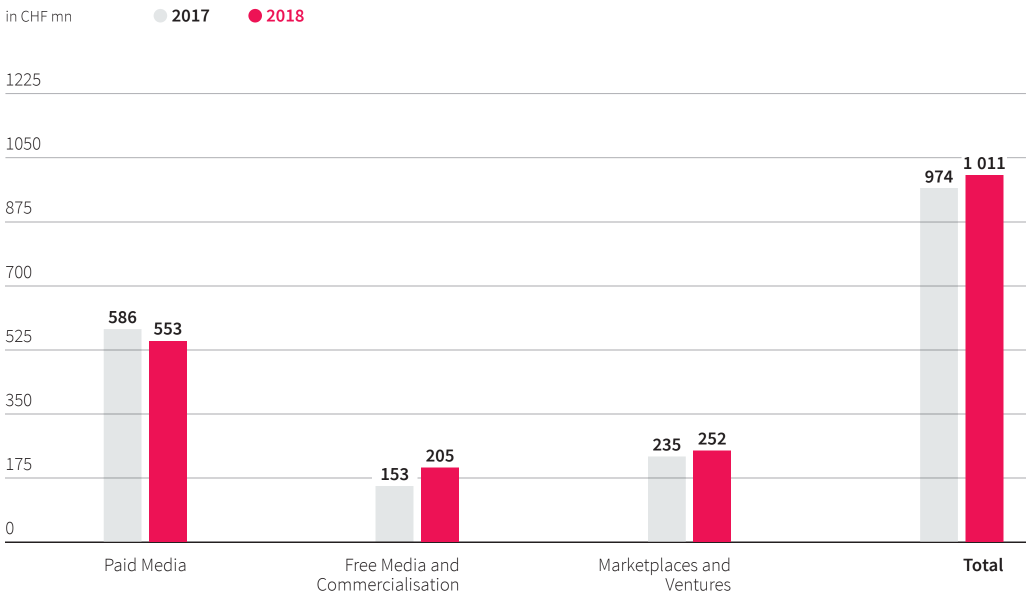
The fintech start-up lykke.com is a global blockchain-based marketplace for easy management and trading of cryptocurrencies and other digitalised assets. lykke.com has over 90,000 registered accounts. To date, an overall trading volume of over USD 1.5 billion has been transferred via the platform. The second investment in the fintech area relates to monito.com. The money transfer comparison portal helps its users search for the cheapest service providers for international money transactions. Both investments are intended to help Tamedia broaden its fintech know-how, while the two platforms lykke.com and monito.com stand to benefit from Tamedia's expertise in marketing, product development and business-to-consumer trade.

There has been something of a shift in the Swiss market for the sourcing of cleaning personnel. Helpling has taken over the Swiss business of Book a Tiger and launched its own presence on the Swiss market in the form of a joint venture with Tamedia. Helpling sources insured cleaning personnel, who can be selected and rated via an app or website.

Revenues from third parties generated by the Marketplaces and Ventures business division rose by 7.4 per cent in 2018 to CHF 252.5 million (previous year: CHF 235.0 million). The organic growth of the platforms of JobCloud AG, homegate.ch, olmero.ch and doodle.com made a particularly important contribution to revenue growth. Operating income before depreciation and amortisation (EBITDA) rose significantly by 14.0 per cent to CHF 104.7 million (previous year: CHF 91.8 million). The EBITDA margin was 41.4 per cent (previous year: 39.0 per cent).

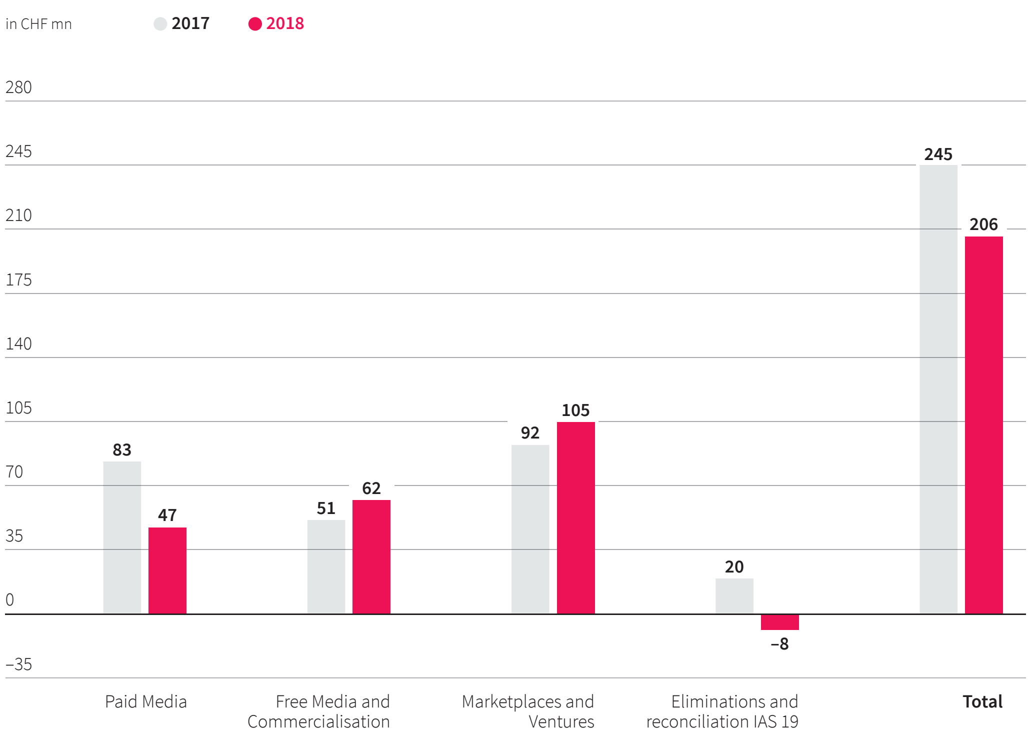
Revenues third parties by segment

Exhibit 1



EBITDA by segment

Exhibit 2



Financial overview

Accounting

Tamedia applied the following new and revised standards and interpretations for the first time in 2018 (no early adaption).

- IFRS 9, "Financial Instruments"
- IFRS 15, "Revenue from Contracts with Customers"
- IFRS 2, "Classification and Measurement of Share-based Payment Transactions" (amendments to IFRS 2 "Share-based Payment")

Their first-time application did not lead to any significant changes in the consolidation and measurement principles or in the assets or income situation.

Changes to the group of consolidated companies

Acquisitions

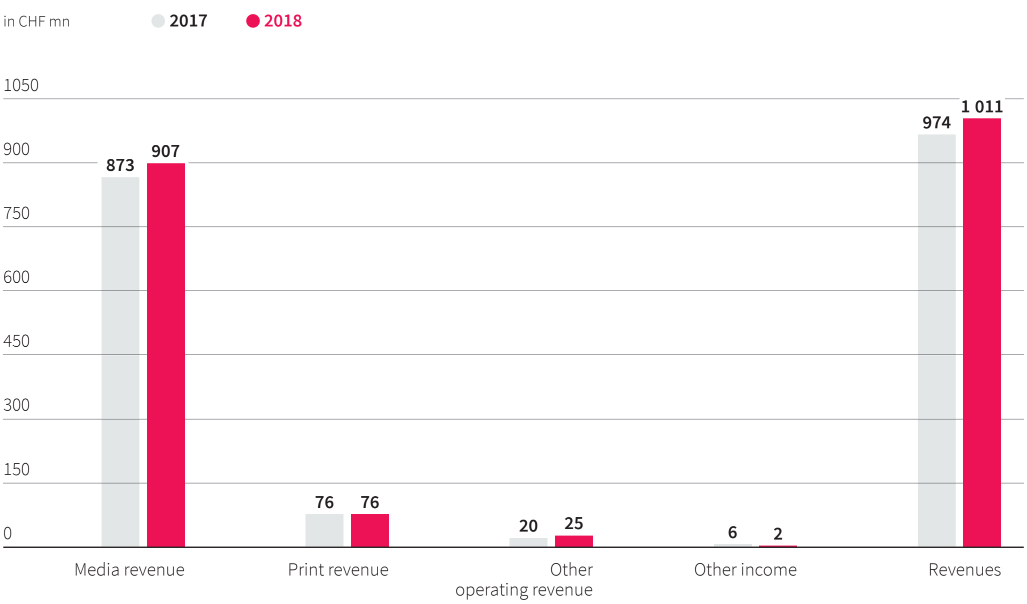
Tamedia concluded two transactions in the Free Media and Commercialisation business division. As of 28 February 2018, Tamedia AG acquired 52 per cent of the shares in Neo Advertising SA, followed by 97 per cent of the listed shares in Goldbach Group AG with effect from 24 August 2018. As of the balance sheet date, Tamedia owns just over 98 per cent of the shares in Goldbach Group AG. An invalidation through public notification process is being conducted for those shares which Tamedia does not yet own, with the remaining shareholders to be compensated in cash. Goldbach Group AG (GBNME) was delisted from the SIX Swiss Exchange as of 01 February 2019. In the Paid Media division, Tamedia acquired 100 per cent of the shares in Basler Zeitung AG, which publishes Basler Zeitung, from Zeitungshaus AG with effect from 19 October 2018.

Disposal of consolidated companies and activities

In return for the purchase of Basler Zeitung AG, Tamedia AG – also with effect from 19 October 2018 – sold 65 per cent of the shares in Tagblatt der Stadt Zürich AG and 100 per cent of the shares in FZ Furttaler Zeitung AG, which publishes the free Furttaler and Rümlanger newspapers, to Zeitungshaus AG.

Exhibit 3

Revenues



Revenues

Tamedia's revenues increased by 3.7 per cent, or CHF 36.4 million, to CHF 1,010.6 million. The increase in revenues is due to the acquisitions of Basler Zeitung, Goldbach Group and Neo Advertising SA, which more than compensated for any structural decline in revenues associated with existing activities. Further information on changes in revenues can be found in the segment reporting for each business division (see Market assessment).

Operating income before depreciation and amortisation (EBITDA) and operating income (EBIT)

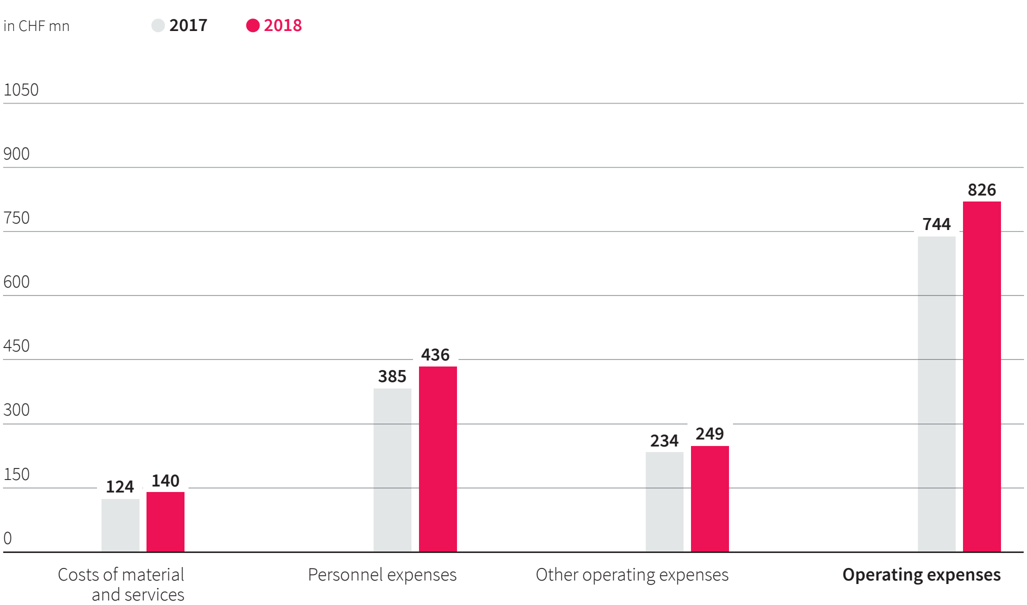
Operating income before depreciation and amortisation (EBITDA) fell by CHF 39.3 million or 16 per cent to CHF 205.9 million. The EBITDA margin decreased therefore from 25.2 per cent in the previous year to 20.4 per cent.

The costs of material and services increased by 13 per cent in 2018 to CHF 140.4 million. The increase in the costs of merchandise and third-party services is due to the changes to the group of consolidated companies.

Personnel expenses increased by CHF 51.2 million, compared with the previous year, to CHF 436.4 million. CHF 29.2 million of this increase is attributable to one-off effects recorded in the previous year in connection with the application of IAS 19 "Employee Benefits", due chiefly to plan amendments (lowering of the technical interest rate and the conversion rate). The changes in the group of consolidated companies resulted in an increase in personnel expense of CHF 19.1 million.

Operating expenses

Exhibit 4



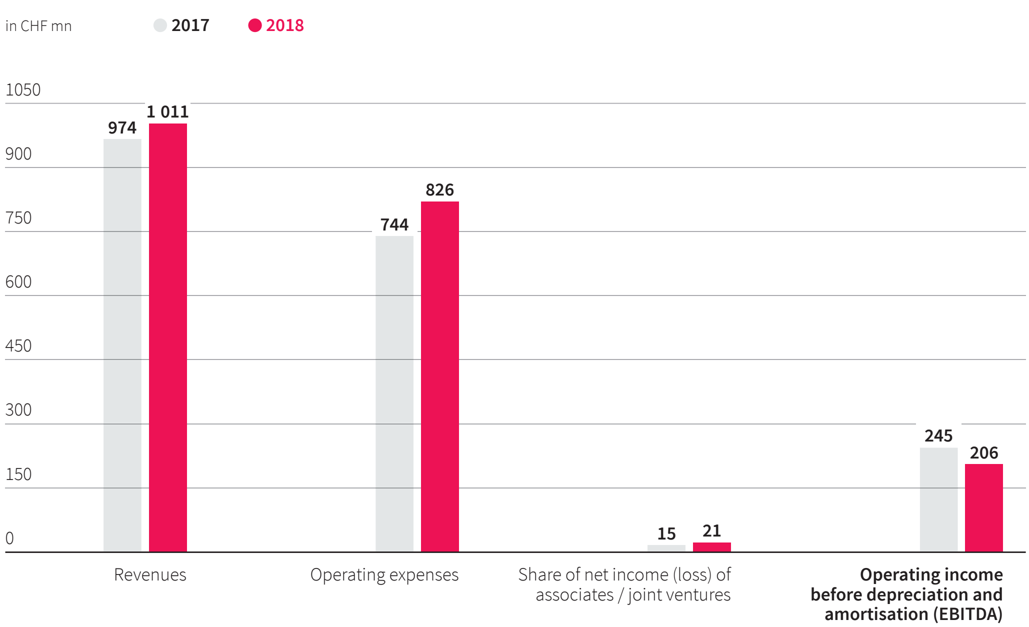
Other operating expenses rose by CHF 14.8 million to CHF 249.1 million. The changes to the group of consolidated companies resulted in an increase of CHF 10.1 million. Specific valuation allowances in the amount of CHF 6.0 million also had to be recorded in 2018 for receivables due from Publicitas. The share of net income of associates and joint ventures rose by CHF 6.6 million to CHF 21.1 million in 2018. The increase is largely due to the improved income situation of the two companies Swisscom Directories AG and Karriere.at GmbH.

Operating income (EBIT) fell by 27 per cent or CHF 49.1 million to CHF 131.6 million. The EBIT margin fell therefore from 18.6 per cent in the previous year to 13.0 per cent.

The increase in amortisation resulting from business combinationsis due to the additional amortisation from the customer bases of Basler Zeitung AG, Goldbach Group and Neo Advertising SA, which were taken into account for the first time in 2018. The goodwill of CHF 2.3 million of the activity of Tradono Switzerland was fully impaired due to its discontinuation in September 2018 (no impairment on goodwill was taken into account the previous year).

Exhibit 5

Operating income before depreciation and amortisation (EBITDA)



Net income (loss)

The reported net income for 2018 of CHF 129.5 million represents a decrease of 24 per cent or CHF 40.7 million below the previous year's level of CHF 170.2 million. The net income attributable to Tamedia's shareholders decreased from CHF 146.9 million to CHF 96.5 million, or by 34 per cent.

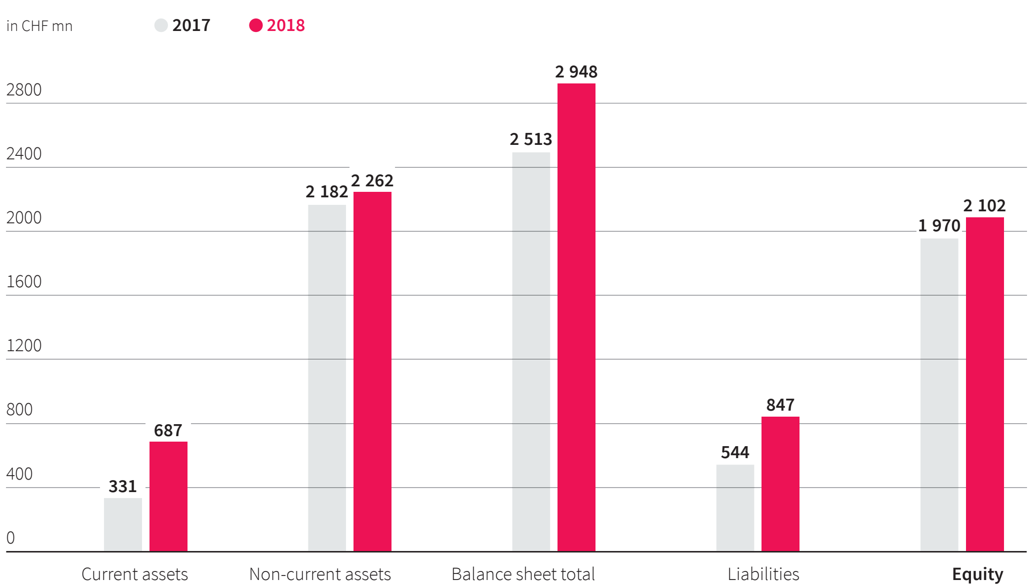
The financial result increased from CHF –1.0 million to CHF 6.1 million. With the sale of the 65 per cent interest in Tagblatt der Stadt Zürich AG and the 100 per cent interest in FZ Furttaler Zeitung AG with effect from 19 October 2018, a total profit of CHF 3.8 million was recorded on disposals. A profit of CHF 1.6 million was taken into account from the sale of the 50 per cent interests in Société de Publications Nouvelles SA and LC Lausanne Cités SA, while a profit of CHF 0.3 million was recorded the previous year for the sale of the shares in Journal de Morges SA. In addition, the reduction of purchase price obligations to CHF 1.1 million is recorded in other financial income (previous year: CHF 1.9 million).

The expected average tax rate equals the weighted average of the rates of the consolidated companies. This remained virtually unchanged in 2018 at 21.2 per cent.

The effective tax rate increased slightly from 5.3 per cent to 6.0 per cent. Once again, there were tax effects on investments, which mainly resulted from book depreciation and amortisation on their carrying amounts (without any deferred tax consequences) and significantly reduced the tax expenses.

Following approval by the cantonal parliament, new tax legislation for the canton of Vaud is coming into effect as of 1 January 2019, with the cantonal income tax rate falling to 3.33 per cent accordingly and leading to a reduction in the combined effective tax rate from the present figure of roughly 21.5 per cent to around 14 per cent. This adjustment reduced deferred tax liabilities by CHF 14.4 million in net terms, resulting in tax revenue of the same amount.

Balance sheet **Exhibit 6**



Balance sheet and equity

Total assets increased by CHF 435.1 million, from CHF 2,513.3 million to CHF 2,948.4 million. Equity rose by CHF 132.1 million to CHF 2,101.7 million. Besides the net income achieved, the change is also partly due to the revaluation of employee benefits, which was recognised in the statement of comprehensive income, and the addition of non-controlling interests from the acquisition of Neo Advertising SA and Goldbach Group AG. The net amount of CHF –22.9 million (after deferred taxes) for the revaluation of employee benefits, recognised directly as equity, resulted mainly from the performance of employee benefit assets (previous year: CHF 96.4 million). CHF 47.7 million (CHF 4.50 per share) was distributed to the Tamedia AG shareholders as a dividend. The company's equity ratio fell from 78.4 per cent to 71.3 per cent.

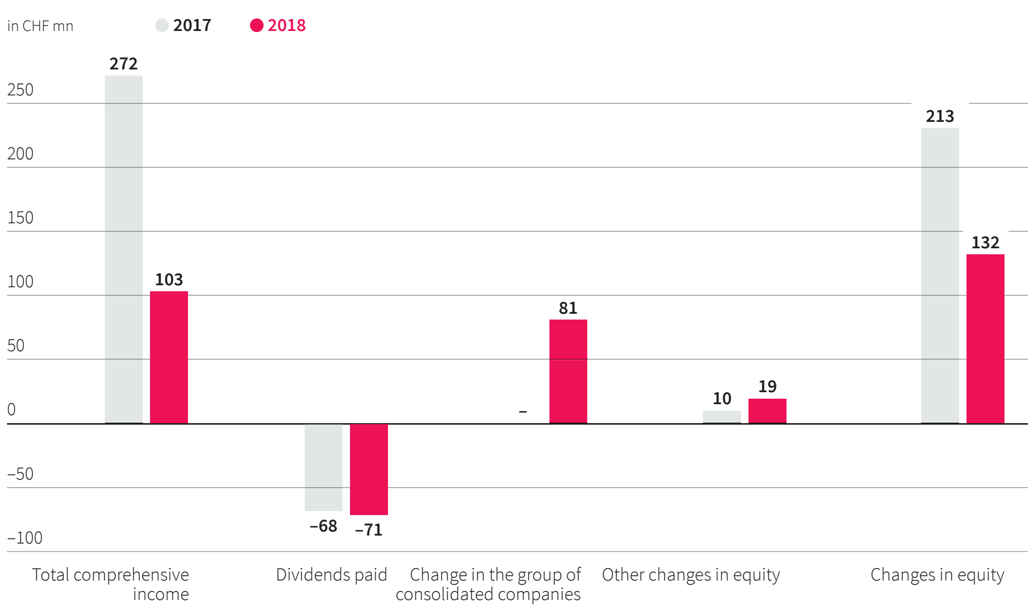
The current assets from continuing operations increased by CHF 134.8 million to CHF 465.7 million. Cash and cash equivalents grew by CHF 22.5 million to total CHF 145.9 million.

On 18 December 2018, Swisscom AG exercised its call option to purchase the 31 per cent shares in Swisscom Directories AG held by Tamedia and acquired these for CHF 239.8 million on 22 January 2019. The investment in the associated company Swisscom Directories AG totalling CHF 221.1 million was therefore reclassified as asset held for sale with effect from 31 December 2018 (previous year: no assets held for sale).

Non-current assets rose by CHF 79.2 million or 4 per cent to CHF 2,261.7 million. While property, plant and equipment remained constant compared with the previous year and amounted to CHF 271.3 million as of the balance sheet date, intangible assets increased by CHF 332.2 million from CHF 1,511.7 million to CHF 1,843.9 million due to the changes to the group of consolidated companies. Investments amount to CHF 26.5 million and include investments in technical equipment and machinery at the three printing centres, made due to acceptance of major print orders for Ringier and Neue Luzerner Zeitung, and investments involving software project costs (that can be capitalised) and the acquisition of licences. The additions are offset by depreciation of property, plant and equipment and amortisation of intangible assets of CHF 71.9 million and disposals of CHF 1.4 million.

Exhibit 7

Changes in equity



As a result of Swisscom Directories AG being recognised as asset held for sale, the share of equity in associates and joint ventures decreased by CHF 219.8 million net to CHF 71.1 million. Without this reclassification, an increase in the share of equity in associates and joint ventures would have been recorded, largely due to the improved income situation at Swisscom Directories AG and Karriere.at GmbH.

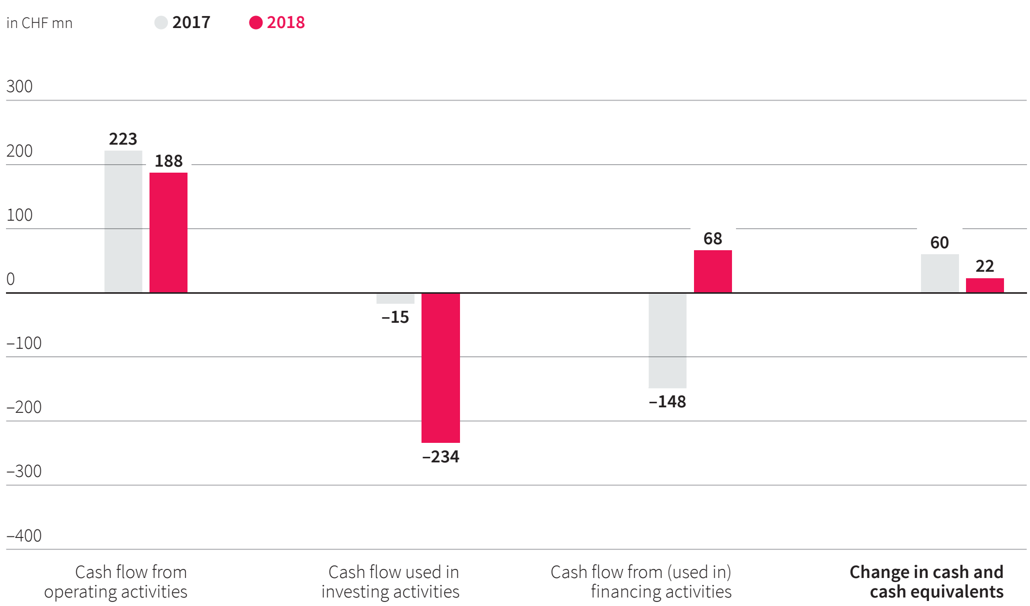
As a result of the revaluation of employee benefit plans, net plan assets of CHF 20.9 million will be included in the balance sheet for 2018 (previous year: CHF 75.0 million). Employee benefit plan assets and benefit obligations totalled CHF 57.1 million and CHF 36.3 million respectively. Other non-current financial assets increased by CHF 4.3 million to CHF 15.9 million. In 2018, a 13 per cent share was acquired in Global Impact Finance SA for CHF 1.5 million (classified under other investments) and a CHF 2.0 million investment was made in the fintech start-up Lykke Corp.

The current liabilities from continuing operations increased by CHF 245.7 million to CHF 599.6 million. A credit facility of CHF 145.0 million was agreed for the acquisition of Goldbach Group on 24 August 2018. As of the balance sheet date, Tamedia had still drawn CHF 120.0 million of this credit facility and repaid it in full during January 2019. The increase in trade accounts payable, other current liabilities and accrued liabilities is largely due to the acquisition of Basler Zeitung, Goldbach Group and Neo Advertising SA. The increase in current provisions is the result – apart from the change to the group of consolidated companies – of the formation of personnel-related provisions for social plans as decided in 2018 as well as, among other things, the social plans for the employees of Le Matin and Tamedia Editorial Services in western Switzerland.

Non-current liabilities increased by CHF 57.3 million to CHF 247.2 million. Of this, CHF 20.0 million relates to a non-current liability towards a bank associated with the acquisition of Goldbach Group. Employee benefit obligations increased by CHF 16.9 million to CHF 36.3 million due to the revaluation of benefit plans. Deferred tax liabilities increased by CHF 13.0 million to CHF 166.4 million.

Cash flow

Exhibit 8



Adjusted net income

in CHF 000	Comment	2018 Income statement	2018 One-off effects	2018 Income statement before one-off effects	2017 Income statement	2017 One-off effects	2017 Income statement before one-off effects
Media revenue		907 159	–	907 159	872 826	–	872 826
Print revenue		75 971	–	75 971	76 071	–	76 071
Other operating revenue		25 182	–	25 182	19 687	–	19 687
Other income	1	2 321	–	2 321	5 636	(4 974)	661
Revenues		**1 010 633**	**–**	**1 010 633**	**974 219**	**(4 974)**	**969 245**
Costs of material and services		(140 374)	–	(140 374)	(124 107)	–	(124 107)
Personnel expenses	2	(436 365)	3 268	(433 097)	(385 136)	(27 898)	(413 034)
Other operating expenses	3	(249 150)	6 040	(243 110)	(234 335)	2 293	(232 043)
Share of net income (loss) of associates / joint ventures		21 125	–	21 125	14 565	–	14 565
Operating income before depreciation and amortisation (EBITDA)		**205 869**	**9 308**	**215 177**	**245 206**	**(30 580)**	**214 626**
Depreciation and amortisation		(29 546)	–	(29 546)	(29 043)	–	(29 043)
Amortisation resulting from business combinations		(42 390)	–	(42 390)	(35 418)	–	(35 418)
Impairment	4	(2 293)	2 293	–	–	–	–
Operating income (EBIT)		**131 640**	**11 601**	**143 241**	**180 744**	**(30 580)**	**150 165**
Financial income	5	11 256	(5 479)	5 777	5 185	(1 564)	3 621
Financial expense	5	(5 113)	–	(5 113)	(6 143)	788	(5 356)
Income before taxes		**137 783**	**6 122**	**143 905**	**179 785**	**(31 356)**	**148 430**
Income taxes	6	(8 246)	(16 270)	(24 516)	(9 589)	6 136	(3 454)
Net income		**129 537**	**(10 148)**	**119 389**	**170 196**	**(25 220)**	**144 976**

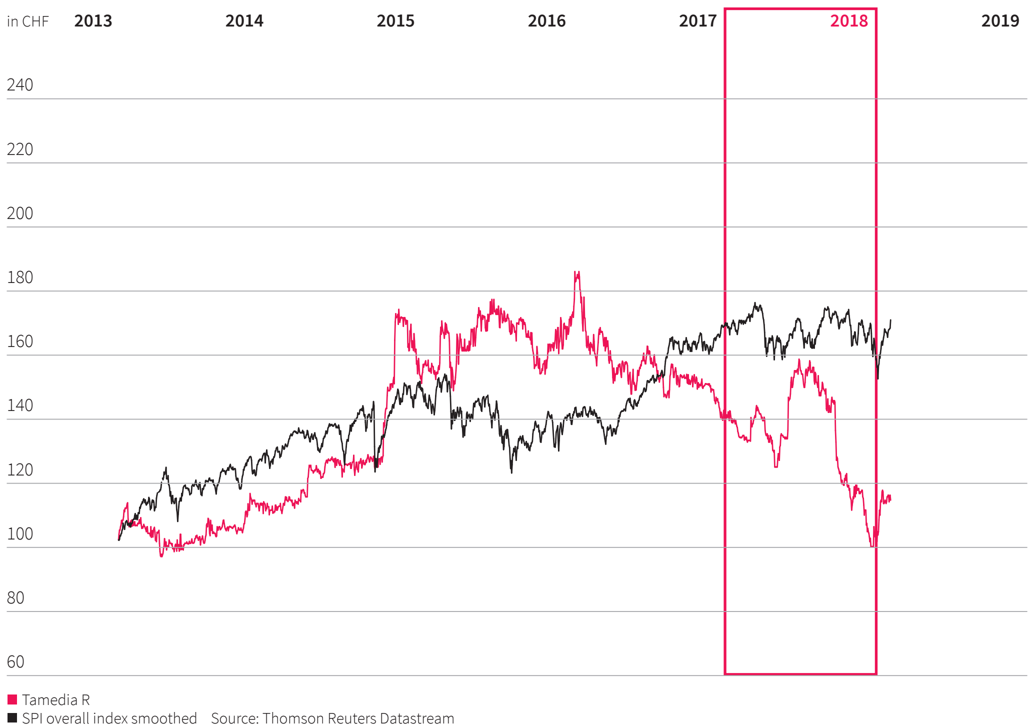
1 Other income in the previous year was adjusted for the gain on the sale of a plot of land in Bussigny that was not used for operational purposes.
2 Personnel expenses were adjusted in 2018 for the cost of social plans for employees affected by the discontinuation of the printed version of Le Matin. In the previous year, one-off effects related to the application of IAS 19 were eliminated due to plan changes (reduction of the technical interest rate and the conversion rate).
3 The elimination in 2018 relates to the individual value adjustments on the receivables from Publicitas, which became insolvent. In the previous year, the costs in connection with the sale of a plot of land in Bussigny that was not used for operational purposes were adjusted (see also note 1).
4 In 2018, the goodwill of Tradono Switzerland was fully impaired due to the discontinuation of its operations in September 2018.
5 The adjustment in 2018 relates to the disposal gains from the sale of the 65 per cent interest in Tagblatt der Stadt Zürich AG, the 100 percent interest in FZ Furttaler Zeitung AG and the 50 per cent interests in Société de Publications Nouvelles SA and LC Lausanne Cités SA. The normalisation in the previous year relates to the effects from the sale of the shares in Journal de Morges SA and Hotelcard AG as well as the valuation adjustments for investments in associated companies.
6 In the financial year and in the comparative period, a correction is made for the tax effects on the one-off effects. In 2018, the effect from the adjustment of the tax rate in the canton of Vaud on deferred tax assets and liabilities is also taken into account.

Multi-year comparison

		2018	2017	2016	2015	2014
Revenues	CHF mn	1 010.6	974.2	1 004.8	1 063.8	1 114.5
Growth		3.7%	–3.0%	–5.5%	–4.5%	4.2%
Operating income before depreciation and amortisation (EBITDA)	CHF mn	205.9	245.2	201.0	243.4	240.7
Growth		–16.0%	22.0%	–17.5%	1.2%	22.1%
Margin [1]		20.4%	25.2%	20.0%	22.9%	21.6%
Operating income (EBIT)	CHF mn	131.6	180.7	113.5	130.6	170.4
Growth		–27.2%	59.3%	–13.1%	–23.3%	33.4%
Margin [1]		13.0%	18.6%	11.3%	12.3%	15.3%
Net income	CHF mn	129.5	170.2	122.3	334.0	159.5
Growth		–23.9%	39.1%	–63.4%	109.4%	34.7%
Margin [1]		12.8%	17.5%	12.2%	31.4%	14.3%
Headcount (average)	Number	3 330	3 204	3 282	3 338	3 471
Revenues per employee	CHF 000	303.5	304.0	306.2	318.7	321.1
Current assets	CHF mn	686.7	330.9	308.9	343.2	367.9
Non-current assets	CHF mn	2 261.7	2 182.5	2 112.2	2 165.6	1 788.2
Total assets	CHF mn	2 948.4	2 513.3	2 421.1	2 508.9	2 156.2
Liabilities	CHF mn	846.8	543.7	665.0	847.4	699.1
Equity	CHF mn	2 101.7	1 969.6	1 756.1	1 661.5	1 457.0
Cash flow from (used in) operating activities	CHF mn	187.7	223.3	178.6	195.3	201.7
Cash flow from (used in) investing activities	CHF mn	(233.6)	(14.6)	(11.1)	(250.1)	(49.3)
Cash flow after investing activities	CHF mn	(45.9)	208.6	167.5	(54.9)	152.4
Cash flow from (used in) financing activities	CHF mn	68.8	(149.0)	(202.9)	56.8	(109.0)
Change in cash and cash equivalents	CHF mn	22.5	60.2	(35.4)	1.2	43.3
Return on equity [2]		6.2%	8.6%	7.0%	20.1%	11.0%
Equity ratio [3]		71.3%	78.4%	72.5%	66.2%	67.6%
Internal financing ratio of net investment [4]		80.4%	1527.4%	1609.2%	78.1%	409.5%
Quick ratio II [5]		76.7%	92.3%	70.3%	76.9%	67.0%
Debt factor [6]	x	2.1	1.0	2.3	2.7	1.9

1 As a percentage of revenue
2 Net income (loss) including non-controlling interests to shareholders' equity at year-end
3 Equity to total assets
4 Cash flow from (used in) operating activities to cash flow from (used in) investment activities
5 Current assets before assets held for sale excluding inventories to current liabilities
6 Net debt (liabilities less current assets before assets held for sale and excluding inventories) to cash flow from (used in) operating activities

Share price performance from 03 January 2013 to 30 January 2019



Share price

in CHF	2018	2017	2016	2015	2014
High	157.50	161.80	183.90	175.50	128.80
Low	101.00	132.00	150.00	124.50	106.10
Year-end	105.50	138.00	156.00	171.00	126.90

Market capitalisation

in CHF mn	2018	2017	2016	2015	2014
High	1 670	1 715	1 949	1 860	1 365
Low	1 071	1 399	1 590	1 320	1 125
Year-end	1 118	1 463	1 654	1 813	1 345

Financial calendar

Annual General Meeting	05 April 2019
Half-year report	27 August 2019

Key figures per share

in CHF		2018	2017	2016	2015	2014
Net income (loss) per share (undiluted)		9.12	13.87	9.89	30.32	13.81
Net income (loss) per share (diluted)		9.08	13.82	9.86	30.27	13.79
EBIT per share		12.44	17.06	10.71	12.32	16.07
EBITDA per share		19.45	23.15	18.97	22.97	22.71
Free cash flow per share		(4.33)	19.70	15.81	(5.18)	14.38
Shareholders' equity per share [1]		166.48	163.46	143.95	134.52	115.09
Dividends per share		4.50 [2]	4.50	4.50	4.50	4.50
Dividend pay-out rate [3]		36.7%	28.0%	39.0%	14.3%	29.9%
Dividend yield [4]		4.3%	3.3%	2.9%	2.6%	3.5%
Price/earnings ratio [4]	x	11.6	9.9	15.8	5.6	9.2
Price to EBIT ratio [4]	x	8.5	8.1	14.6	13.9	7.9
Price to EBITDA ratio [4]	x	5.4	6.0	8.2	7.4	5.6
Price to revenues ratio [4]	x	1.1	1.5	1.6	1.7	1.2
Price to free cash flow ratio [4]	x	(24.3)	7.0	9.9	(33.0)	8.8
Price to equity ratio [4]	x	0.6	0.8	1.1	1.3	1.1

1 Equity, attributable to Tamedia shareholders
2 Proposed appropriation of profit by the Board of Directors
3 Based on net income (loss)
4 Based on year-end price

Capital structure

The share capital of CHF 106 million is divided into 10,600,000 registered shares at nominal value of CHF 10 each. There is no authorised or conditional capital. The company holds treasury shares for profit participation plans as per Notes 32 and 42.

A binding shareholders' agreement is in place for 67.00 per cent of the shares. The signatories to the agreement currently own 69.11 per cent of the shares.

Appropriation of profit

Tamedia pursues a results-based distribution policy. As a rule, 35 to 45 per cent of profit is distributed in the form of dividends.

Investor Relations

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Consolidated income statement

in CHF 000	Note	2018	2017
Media revenue	4	907 159	872 826
Print revenue	5	75 971	76 071
Other operating revenue	6	25 182	19 687
Other income	7	2 321	5 636
Revenues		**1 010 633**	**974 219**
Costs of material and services	8	(140 374)	(124 107)
Personnel expenses	9	(436 365)	(385 136)
Other operating expenses	10	(249 150)	(234 335)
Share of net income (loss) of associates / joint ventures	11	21 125	14 565
Operating income before depreciation and amortisation (EBITDA)		**205 869**	**245 206**
Depreciation and amortisation	12	(29 546)	(29 043)
Amortisation resulting from business combinations	12	(42 390)	(35 418)
Impairment	12	(2 293)	–
Operating income (EBIT)		**131 640**	**180 744**
Financial income	13	11 256	5 185
Financial expense	13	(5 113)	(6 143)
Income before taxes		**137 783**	**179 785**
Income taxes	14	(8 246)	(9 589)
Net income (loss)		**129 537**	**170 196**
of which			
attributable to Tamedia shareholders		96 466	146 938
attributable to non-controlling interests	17	33 071	23 258

Earnings per share

in CHF	Note	2018	2017
Net income (loss) per share (undiluted)	18	9.12	13.87
Net income (loss) per share (diluted)	18	9.08	13.82

Consolidated statement of total comprehensive income

in CHF 000	Note	2018	2017
Net income		**129 537**	**170 196**
Value fluctuation of hedges / financial assets	38	(1 885)	(2 475)
Currency translation differences		(2 766)	5 418
Income tax effects		782	(428)
Other comprehensive income (loss) – to be reclassified via the income statement in future periods		**(3 868)**	**2 516**
Actuarial gains/(losses) IAS 19	23	(29 008)	121 872
Share of net income (loss) recognised directly in equity of associates / joint ventures	11	39	2 757
Income tax effects		6 092	(25 504)
Other comprehensive income (loss) – not to be reclassified via the income statement in future periods		**(22 877)**	**99 125**
Other comprehensive income (loss)		**(26 745)**	**101 641**
Total comprehensive income (loss)		**102 791**	**271 837**
of which			
attributable to Tamedia shareholders		69 792	248 177
attributable to non-controlling interests		32 999	23 660

Consolidated balance sheet

in CHF 000	Note	31.12.2018	31.12.2017
Cash and cash equivalents		145 923	123 438
Current financial assets		1 187	2 119
Trade accounts receivable	19	240 245	158 824
Current financial receivables		26 354	12 125
Current tax receivables		8 962	10 546
Other current receivables		14 380	8 412
Accrued income and prepaid expenses		22 681	11 109
Inventories	20	5 921	4 288
Current assets before assets held for sale		**465 653**	**330 860**
Assets held for sale	16	221 096	–
Current assets		**686 750**	**330 860**
Property, plant and equipment	21	271 264	270 474
Investments in associates/joint ventures	11	71 123	290 959
Employee benefit plan assets	23	57 135	94 371
Other non-current financial assets	22	15 877	11 579
Deferred tax assets	15	2 397	3 373
Intangible assets	24/25	1 843 894	1 511 712
Non-current assets		**2 261 690**	**2 182 467**
Total assets		**2 948 440**	**2 513 326**
Current financial liabilities	26	125 680	3 973
Trade accounts payable	27	92 564	38 940
Current tax liabilities		11 830	12 130
Other current liabilities	28	39 568	29 359
Accrued liabilities from contracts with customers	29	250 850	206 420
Other accrued liabilities	29	75 046	60 992
Current provisions	30	4 092	2 105
Current liabilities		**599 631**	**353 920**
Non-current financial liabilities	26	33 193	6 412
Employee benefit obligations	23	36 276	19 336
Deferred tax liabilities	15	166 397	153 421
Non-current provisions	30	11 288	10 657
Non-current liabilities		**247 155**	**189 826**
Total liabilities		**846 786**	**543 746**
Share capital	31	106 000	106 000
Treasury shares	32	(3 579)	(1 635)
Reserves		1 659 396	1 627 187
Equity, attributable to Tamedia shareholders		**1 761 817**	**1 731 552**
Equity, attributable to non-controlling interests		339 837	238 028
Equity		**2 101 654**	**1 969 580**
Total liabilities and shareholders' equity		**2 948 440**	**2 513 326**

Consolidated statement of cash flows

in CHF 000	Note	2018	2017
Direct method			
Receipts from products and services sold	4/5/6	950 269	954 533
Personnel expense	9	(419 163)	(400 935)
Expenditures for material and services received	8/10	(337 362)	(326 657)
Dividends from associates / joint ventures	11	30 719	25 916
Interest paid	13	(1 060)	(464)
Interest received	13	250	359
Other financial result	13	(2 186)	(1 438)
Income taxes paid	14	(33 722)	(28 051)
Cash flow from (used in) operating activities		**187 745**	**223 263**
Investments in property, plant and equipment	21	(16 610)	(6 634)
Sale of property, plant and equipment	21	110	3 752
Investments in consolidated companies	1	(192 624)	295
Sale of consolidated companies	1	3 371	–
Investments in interests in associates/joint ventures	11	(2 053)	(490)
Sale of investments in associates/joint ventures	11	5 849	590
Investments in other financial assets	22	(21 891)	(7 613)
Sale of other financial assets	22	115	–
Investments in intangible assets	24	(9 875)	(4 518)
Cash flow from (used in) investing activities		**(233 608)**	**(14 617)**
Dividends paid to Tamedia shareholders	31	(47 648)	(47 684)
Dividends paid to non-controlling interests		(22 857)	(20 527)
Proceeds of current financial liabilities	26	185 001	–
Repayment of current financial liabilities	26	(66 653)	(30 002)
Proceeds of non-current financial liabilities	26	16 397	–
Repayment of non-current financial liabilities	26	(291)	(50 619)
(Purchase)/sale of treasury shares	32	(3 584)	(1 319)
Acquisition of non-controlling interests		(1 594)	(2 364)
Sale of non-controlling interests		10 000	3 503
Cash flow from (used in) financing activities		**68 771**	**(149 010)**
Impact of currency translation		**(423)**	**539**
Change in cash and cash equivalents		**22 485**	**60 174**
Cash and cash equivalents as of 1 January		123 438	55 943
Cash and cash equivalents from assets held for sale as at 1 January [1]		–	7 320
Cash and cash equivalents as of 31 December		145 923	123 438
Cash and cash equivalents from assets held for sale as at 31 December		–	–
Change in cash and cash equivalents		**22 485**	**60 174**

1 As at 1 January 2017, the assets (including cash and cash equivalents of CHF 7.3 million) of Starticket AG were still recognised as being held for sale.

Statement of changes in equity

in CHF 000	Share capital	Treasury shares	Currency translation differences	Reserves	**Equity, attributable to Tamedia shareholders**	Equity, attributable to non-controlling interests	**Equity**
As of 31 December 2016	**106 000**	**(1 251)**	**(6 970)**	**1 427 551**	**1 525 330**	**230 791**	**1 756 121**
Net income (loss)	–	–	–	146 938	**146 938**	23 258	**170 196**
Share of net income (loss) recognised directly in equity of associates/joint ventures	–	–	–	2 757	**2 757**	–	**2 757**
Value fluctuation of hedges/financial assets	–	–	–	(2 475)	**(2 475)**	–	**(2 475)**
Actuarial gains/(losses) IAS 19	–	–	–	121 737	**121 737**	135	**121 872**
Currency translation differences	–	–	5 124	–	**5 124**	294	**5 418**
Income tax effects	–	–	(825)	(25 078)	**(25 903)**	(28)	**(25 932)**
Total comprehensive income	**–**	**–**	**4 299**	**243 879**	**248 177**	**23 660**	**271 837**
Dividends paid	–	–	–	(47 684)	**(47 684)**	(20 527)	**(68 210)**
Acquisition of non-controlling interests	–	–	–	(3 467)	**(3 467)**	1 104	**(2 363)**
Sale of non-controlling interests	–	–	–	4 744	**4 744**	3 001	**7 744**
Contractual obligations to purchase non-controlling interests	–	–	–	3 405	**3 405**	–	**3 405**
Share-based payments	–	–	–	1 431	**1 431**	–	**1 431**
(Purchase)/sale of treasury shares	–	(384)	–	–	**(384)**	–	**(384)**
As of 31 December 2017	**106 000**	**(1 635)**	**(2 671)**	**1 629 858**	**1 731 552**	**238 028**	**1 969 580**
Effect of change “Revenue from Contracts with Customers” IFRS 15 [1]	–	–	–	11 588	**11 588**	–	**11 588**
As of 1 January 2018 following the introduction of “Revenue from contracts with customers” IFRS 15	**106 000**	**(1 635)**	**(2 671)**	**1 641 447**	**1 743 141**	**238 028**	**1 981 168**
Net income (loss)	–	–	–	96 466	**96 466**	33 071	**129 537**
Share of net income (loss) recognised directly in equity of associates/joint ventures	–	–	–	39	**39**	–	**39**
Value fluctuation of hedges/financial assets	–	–	–	(1 885)	**(1 885)**	–	**(1 885)**
Actuarial gains/(losses) IAS 19	–	–	–	(29 082)	**(29 082)**	74	**(29 008)**
Currency translation differences	–	–	(2 636)	–	**(2 636)**	(130)	**(2 766)**
Income tax effects	–	–	387	6 503	**6 890**	(16)	**6 874**
Total comprehensive income	**–**	**–**	**(2 249)**	**72 041**	**69 792**	**32 999**	**102 791**
Dividends paid	–	–	–	(47 648)	**(47 648)**	(22 857)	**(70 505)**
Changes in the group of consolidated companies	–	–	–	–	**–**	81 286	**81 286**
Acquisition of non-controlling interests	–	–	–	(2 436)	**(2 436)**	615	**(1 822)**
Sale of non-controlling interests	–	–	–	313	**313**	9 767	**10 081**
Share-based payments	–	–	–	599	**599**	–	**599**
(Purchase)/sale of treasury shares	–	(1 944)	–	–	**(1 944)**	–	**(1 944)**
As of 31 December 2018	**106 000**	**(3 579)**	**(4 920)**	**1 664 316**	**1 761 817**	**339 838**	**2 101 654**

1 The associated company Swisscom Directories AG has adjusted the opening balance sheet as at 1 January 2018 in connection with the introduction of “Revenues from Contracts with Customers” IFRS 15, see note 11.

Notes to the consolidated financial statements

Consolidation and measurement principles

Consolidation principles

General

The consolidated financial statements of Tamedia AG, Werdstrasse 21, Zurich (Switzerland), and its subsidiaries are prepared in compliance with Swiss company law and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The consolidation is based on the individual financial statements of the consolidated companies as of 31 December, which are prepared according to uniform accounting principles. All standards issued by the IASB and all interpretations issued by the International Financial Reporting Interpretations Committee that were in force by the balance sheet date have been considered during the preparation of the consolidated financial statements.

The preparation of the consolidated financial statements requires that the Management Board and the Board of Directors make estimates and assumptions that impact the amounts of the assets and liabilities, contingent liabilities, as well as the expenditures and income disclosed in the consolidated financial statements for the reporting period. These estimates and assumptions not only take past experience into account, but also developments in the state of the economy, and are mentioned wherever relevant in the Notes. As they are subject to risks and uncertainties, the actual results may differ from these estimates.

During the reporting year, estimates and assumptions applied in relation to the areas below had a particularly significant impact on the consolidated financial statements. Detailed information of the estimates made is provided in the following Notes.

- Capitalisation of loss carryforwards (Notes 14 and 15)
- Impairment testing of goodwill and intangible assets with an indefinite useful life (Note 25)
- Assessment of the financial risks (Note 37)

The consolidated financial statements were approved by the Board of Directors on 25 February 2019. The Board of Directors proposes that the Annual General Meeting of 05 April 2019 approves the consolidated financial statements.

Changes in accounting policies in 2018

Tamedia applied the following new and revised standards and interpretations for the first time in 2018 (not earlier than required).

- IFRS 9, “Financial Instruments”
- IFRS 15, “Revenue from Contracts with Customers”
- IFRS 2, “Classification and Measurement of Share-based Payment Transactions” (amendments to IFRS 2, “Share-based Payment”)

Their first-time application did not lead to any significant changes in the consolidation and measurement principles or in the assets or income situation.

IFRS 9 “Financial Instruments”

IFRS 9 “Financial Instruments” replaces the old standard IAS 39 “Financial Instruments: Recognition and Measurement”. Tamedia applies the new standard retrospectively. The introduction of IFRS 9 “Financial Instruments” does not have any material impact on Tamedia’s consolidated financial statements. The new classification of financial instruments which the new standard entails, and the new rules on hedge accounting, do not necessitate any material adjustments to Tamedia’s accounting. With regard to the measurement of financial instruments, the Group applies the simplified approach in accordance with IFRS 9 to measure expected credit losses, taking into account the need for valuation allowances for expected losses from future default events for all trade accounts receivable, also taking into account experience-based considerations. Trade accounts receivable are derecognised if it is unlikely that they will be recovered. Therefore, no material adjustments had to be made under the new standard in regard to measurement either. Impairments of financial assets are included in other operating expenses and not reported separately for reasons of materiality.

IFRS 15 "Revenue from Contracts with Customers"

On 28 May 2014, the IASB published a new standard on revenue recognition (IFRS 15 "Revenue from Contracts with Customers"). IFRS 15 combines the previous standards and interpretations that contained rules on revenue recognition into a single standard. IFRS 15 must be applied to all revenue transactions across all sectors and comprises a principle-based five-step model for determining the time (or time period) and amount at which revenues are to be recognised. The standard also requires extensive disclosure requirements in the Notes to the Annual Report. Tamedia has analysed material consolidated revenues with customers based on the five-step IFRS 15 model. Among other things, this entailed a review of the requirements of IFRS 15 with regard to the timing or period of recognition of revenues, the recognition of contracts with different performance obligations and variable revenue components.

Tamedia is applying the new IFRS 15 standard "Revenue from Contracts with Customers" with the modified retrospective method (simplified method). The implementation of the new standard did not entail any material adjustments to the revenue figures in the consolidated income statement. At associate Swisscom Directories AG, the introduction of IFRS 15 has meant that contract initiation costs (sales commissions) are now capitalised and amortised over the duration of the contracts. The adjustment to the opening balance sheet as at 1 January 2018 increased the carrying amount for this associate as well as its proportionate equity by CHF 11.6 million (see Note 11). The application of IFRS 15 did not result in any estimates or assumptions with a material impact on the consolidated financial statements.

The policies for the recognition of revenues in accordance with IFRS 15 are explained in the section on measurement principles.

Impact of new accounting policies in 2019 and thereafter

The new and revised standards and interpretations that are to be applied to the consolidated financial statements for the first time in 2019 or later were not applied earlier than required. Apart from the introduction of the new IFRS 16 standard "Leases", the introduction of the revised standards is not expected to have any material impact on the consolidated financial statements.

IFRS 16 "Leases"

On 13 January 2016, the IASB published its new standard on leases (IFRS 16 "Leases"). Lessees generally have to recognise all leases with their assets and liabilities in the balance sheet, except for short-term leases with a term of less than one year and leases where the underlying asset is of low value.

Tamedia is applying IFRS 16 "Leases" from 1 January 2019 according to the modified retrospective method (simplified method), meaning that the cumulative adjustment effect as at 1 January 2019 is recognised in equity, but the previous year 2018 is not retrospectively adjusted. In the main, Tamedia does not operate as a lessor, so the changes introduced by IFRS 16 only affect its activities as a lessee.

Tamedia formed an IFRS 16 project team tasked with, among other things, analysing and recognising all leases from the perspective of IFRS 16. As of 1 January 2019, Tamedia expects to recognise right-of-use assets and lease obligations totalling around CHF 46.0 million each. The application of the new standard is likely to increase operating income before taxes (EBITDA) by around CHF 11.2 million, as the previous operational lease payments were recognised above EBITDA and the depreciation of rights-of-use assets and the interest effect on lease obligations will be recognised below EBITDA in accordance with the new IFRS 16. Conversely, the impact of IFRS 16 on operating income (EBIT) and net income is assessed as minimal. Furthermore, as a result of the introduction of the new standard, various additional disclosures must be made.

Group of consolidated companies

All companies over which Tamedia AG exercises control either directly or indirectly are included in the consolidated financial statements. Companies acquired during the reporting year are included in the consolidated financial statements as of the date on which control was assumed, and companies sold are excluded from the consolidated financial statements as of the date on which control was surrendered.

Consolidation method

The consolidated financial statements comprise the financial statements of the parent company and the companies it controls. The company gains control if it:

- can exercise power of disposal over the companies,
- is exposed to fluctuations in returns as a result of its investment, and
- is able to influence returns on the basis of its power of disposal.

The assets, liabilities, revenues and expenses of the companies included in the group of consolidated companies are accounted for in their entirety using the full consolidation method. The non-controlling interests in equity and net income (loss) are disclosed separately in the balance sheet and the income statement.

Joint ventures in which Tamedia AG directly or indirectly holds 50 per cent of the voting rights or over whose financial and operational decisions it exercises control based on agreements entered into with partners, thereby owning rights to the net assets of the joint venture, are accounted for using the equity method.

Investments in companies in which Tamedia AG directly or indirectly holds less than 50 per cent of the voting rights (associates) and over whose financial or operational decisions it does not exercise any control but over which it has significant influence are also accounted for using the equity method.

The recognition of joint ventures and associates in the consolidated financial statements is explained under investments in associates and joint ventures.

Capital consolidation

The share of equity of consolidated companies is accounted for using the acquisition method. There is the option with regard to any business combination of measuring the non-controlling interests at fair value or according to the proportion of assets acquired. In the case of business combinations that are achieved in stages, the fair value of the previously held equity interest is remeasured to fair value at the acquisition date. Any gains or losses and any costs incurred in relation to the acquisition are directly recognised in the income statement.

Treatment of intercompany profits

Profits on intragroup sales not yet realised through sales to third parties as well as gains from the intragroup transfer of property, plant and equipment and investments in subsidiaries are eliminated in the consolidation.

Foreign currency translation

The consolidated financial statements of Tamedia are presented in CHF. Monetary items in foreign currency in the individual financial statements are translated at the exchange rate applicable on the balance sheet date. Foreign currency transactions executed during the financial year are recognised at the average monthly exchange rate. The resulting exchange rate differences are recognised directly in the income statement. Assets and liabilities of subsidiaries whose functional currency is not the CHF are converted in the consolidated financial statements using the price on the reporting date, while items in the income statement are converted using the average price.

Measurement policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank account balances and time deposits with an original term of up to three months, which are measured at nominal value.

Current financial assets

Current financial assets include marketable securities, time, sight and demand deposits with an original maturity of more than three months but not more than twelve months, as well as current derivative financial instruments.

Publicly traded marketable securities are measured at quoted market prices as of the balance sheet date. Securities that are not publicly traded are measured at fair value. Time, sight and demand deposits are measured at nominal value. Any realised and unrealised price differences for these items and for marketable securities are recognised in the income statement, with the exception of unrealised price differences for derivative financial instruments designated as accounting hedges (see "Measurement policies for derivative financial instruments").

Receivables

Receivables are measured at their nominal value. Bad debt provisions are charged to the income statement for doubtful receivables whose collection is uncertain. In regard to the general valuation risk, Tamedia applies the simplified approach in accordance with IFRS 9 to measure expected credit losses, taking into account the need for valuation allowances from future default events for all trade accounts receivable, also taking into account experience-based considerations

Inventories

Inventories are measured at their purchase or production cost according to the weighted average method, but at most at their net realisable value minus the expected costs of completion and disposal.

Items with a low inventory turnover and those that are difficult to dispose of are impaired based on business criteria.

Property, plant and equipment

Property, plant and equipment are measured at the higher of amortised cost less depreciation considered necessary for business reasons, with the exception of land, which is recognised at cost.

Improvements to leased properties are capitalised and depreciated in line with the term of the lease. Any options for extension of the leases are not taken into account. The costs of any maintenance and repairs that do not add value are charged directly to the income statement.

With the exception of additional impairment necessary for business reasons, depreciation is charged on a straight-line basis over uniform useful lives established within the Group.

The following depreciation periods apply:

Buildings used for operational purposes	40 years
Buildings not used for operational purposes	40 years
Installations and ancillary structures	3–25 years
Plant and machinery	3-25 years
Vehicles	4–10 years
Fixtures and fittings	5–10 years
IT equipment	3–5 years

Investments in associates and joint ventures

Investments in associates (i.e. companies in which Tamedia AG directly or indirectly holds between 20 per cent and less than 50 per cent of the voting rights without exerting control over any financial and operational decisions, or less than 20 per cent of the voting rights where a significant influence can be exercised in another way) and in joint ventures are recognised using the equity method. The Group's shares in losses that exceed the acquisition cost are only recognised if Tamedia has a legal or de facto obligation to share in further losses or to participate in any ongoing or initiated financial restructuring.

Non-current financial assets

Non-current financial assets include other investments, non-current loans, non-current derivative financial instruments and other non-current financial assets.

Other investments (less than 20 per cent of the voting rights) are stated at fair value. If these are equity instruments, unrealised gains – net after taxes – are taken to the statement of comprehensive income until realised. If they are not equity instruments, they are treated at fair value and all changes in the measurement of assets are taken to the consolidated income statement.

Non-current loans are measured at amortised cost.

Non-current derivative financial instruments (“fair value through profit and loss”) are measured at fair value. Both realised and unrealised price differences are recognised in the income statement, with the exception of those for derivative financial instruments designated as cash flow hedges (see “Measurement policies for derivative financial instruments”).

Other non-current financial assets (“fair value through other comprehensive income”) are also measured at fair value. Unrealised gains – net after taxes – are taken to the statement of comprehensive income until realised. Impairment losses are recognised in the income statement.

Intangible assets

Acquired intangible assets are recognised at cost and amortised using the straight-line method over their expected useful life. Intangible assets with an indefinite useful life are tested annually for impairment and an annual review is carried out to determine whether the useful life is still indefinite. The costs of intangible assets generated by the Group are charged to the income statement as they arise. Trademarks/URLs are classified as intangible assets with an indefinite useful life if they can be used and renewed at no material cost and for an indefinite time and such a possibility is envisaged.

The following depreciation periods apply:

Goodwill	no amortisation
Trademarks/URL	generally no amortisation
Customer bases/publishing rights	5–20 years
Capitalised software project costs	3–5 years

Goodwill and intangible assets

At the time of initial consolidation, the assets and liabilities of a company – or the net assets acquired – and the contingent liabilities are measured at fair value. Any positive difference between the consideration paid and the acquired net assets calculated according to these policies is recognised as goodwill in the year of acquisition. The goodwill thus calculated is not amortised but is instead tested for impairment every year. If there is any indication of a possible goodwill impairment, its value is re-assessed and, if necessary, written off as an impairment. Any negative difference between the consideration paid and the net assets is recognised immediately in the income statement following a review.

In the event of disposal of consolidated companies, the difference between the sales price and other shares held, as well as transferred net assets, which could also include some remaining goodwill, is reported in the consolidated income statement as income from the sale of investments.

The position that a company or a product has within the market at the time a purchase agreement is entered into is reflected in the purchase price that is paid for this acquisition. This position is by definition not a separate component and therefore cannot be measured. It forms an integral component of the goodwill acquired.

Impairment of non-current assets

Impairment tests are performed on property, plant and equipment, intangible assets with finite useful lives and financial assets if events or changes in circumstances indicate that the carrying amount may have been impaired. The determination of their impairment is based on estimates and assumptions made by the Management Board and Board of Directors. As a result, it is possible that the actual values realised may deviate from these estimates. If the carrying amount is higher than the recoverable amount, an impairment is made in the income statement to the value which appears to be recoverable based on the discounted, anticipated future income, or a higher net sales value.

Assets held for sale

Assets held for sale are individual assets and liabilities held for sale or those of disposal groups and – where applicable – discontinued business divisions. Assets are only reclassified under this item if the Board of Directors or Management Board has decided to proceed with the sale and has begun to actively seek buyers. Additionally, the asset or disposal group must be immediately sellable. As a general rule, the transaction should take place within one year. Non-current assets or disposal groups that are classified as held for sale are no longer depreciated or amortised. If the carrying amount is higher than the fair value less the costs of disposal, this will give rise to an unscheduled impairment loss. The gain or loss (after taxes) from any changes in the measurement of assets held for sale are reported separately under the Note "Assets held for sale".

Leases

Property, plant and equipment acquired under leases that transfer all the risks and rewards incidental to ownership to the consolidated companies are classified as finance leases. Such assets are recognised at the commencement of the lease at the lower of cost or the present value of the future, non-cancellable lease payments, and the corresponding liabilities are deferred and reported depending on their maturity date under current or non-current financial liabilities.

Gains from sale and leaseback transactions that meet the definition of finance leases are deferred in the balance sheet and amortised over the lease term.

Lease payments for operating leases are recognised on a straight-line basis and charged directly to the income statement.

Financial liabilities

Financial liabilities are initially recognised at the amount paid less transaction costs incurred, and then measured at amortised cost in subsequent periods. Any differences between the amount paid (less transaction costs) and the repayment value are calculated over the repayment period using the effective interest rate method and are recognised in the income statement.

Financial liabilities are classified as current except where the Group has an unlimited entitlement to defer payment of the liability to a date at least twelve months after the balance sheet date.

Borrowing costs that are incurred directly in conjunction with the purchase, construction or completion of an asset that requires a substantial period until being put to its intended use are capitalised as part of the costs of the asset in question. All other borrowing costs are charged to the income statement in the reporting period in which they are incurred.

Provisions

Provisions are only recognised if an obligation exists or appears probable based on a past event and when the amount of such obligation can be reliably estimated.

Possible obligations and those that cannot be reliably estimated are disclosed as contingent liabilities.

Employee benefits

Tamedia has both defined contribution and defined benefit pension plans. Employee benefit plans are largely in line with the regulations and conditions prevailing in Switzerland. The majority of employees are insured against old age, disability and death under the autonomous employee benefit plans of the Tamedia Group. All other employees are insured under collective insurance contracts with insurance companies. Contributions to the employee benefit plans are made by both the employer and the employees pursuant to legal requirements and in accordance with the respective plan policies.

The pension plans of the Danish, German and Austrian companies are defined contribution plans under which contributions are paid to public pension plans. There are no other payment obligations. The contributions are recognised immediately as personnel expenses.

Every year, an independent actuary calculates the defined benefit obligation in accordance with the criteria stipulated by the IFRS, using the projected unit credit method. The obligations correspond to the present value of the anticipated future cash flows. The plan assets and income are calculated annually. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

An economic benefit will result if the company can at some point in the future reduce its contributions. The amount that should become available to the company as a reduction of future contributions is defined as the present value of the difference between the service cost and the contributions laid down in the respective plan policies, and must be capitalised in compliance with the limitation imposed by IAS 19.64. The effects of the employer contribution reserves are also considered.

Of the pension cost, the current employee service cost and past service cost, plan settlements, etc. are reported as personnel expenses while the interest result is recognised in the financial result.

Any funding deficit of the defined benefit liability plans is recognised as an employee benefit liability. This is calculated by deducting the present value of the employee benefit obligation from the plan assets measured at fair value.

The calculations to determine the plan assets, employee benefit obligation and pension cost take into account long-term actuarial assumptions such as the discount rate, future salary increases, mortality rates and expected future pension increases, which can differ from the actual results and will have an impact on net assets, the financial position and earnings positions. As pension plans are long term in nature, these estimates should be seen to be subject to a significant element of uncertainty.

Contributions to defined contribution plans are recognised in the income statement.

Taxes

Current taxes are recognised in the period to which they relate on the basis of the local operating income figures reported by the consolidated companies in the reporting year.

Deferred tax liabilities resulting from measurement differences between tax and consolidated values are calculated and recognised using the liability method. In the process, all temporary differences between the values included in the tax returns and those in the consolidated financial statements are taken into consideration. The tax rates used are the anticipated local tax rates. Depending on the underlying transaction, any change in deferred taxes is recognised in the income statement, total comprehensive income or directly in equity.

Deferred tax loss carryforwards and deferred taxes arising from temporary differences are only capitalised if it is likely that gains will be realised in future that would allow the loss carryforwards or the deductible differences to be offset for tax purposes.

Product development

All costs incurred for product development during the financial year are taken to the income statement whenever the restrictive capitalisation requirements for development costs as per IAS 38 are not fully met.

Revenues

The following measurement principles apply to the recognition of revenues in accordance with IFRS 15:

- Revenues are realised if Tamedia has satisfied its performance obligation and control of the asset has been transferred to the purchaser or the service has been rendered.
- As regards activities for which Tamedia does not have a power of disposal or where sums are collected in the interest of third parties, the revenues at the time of the intermediary activity are only shown in the amount of the relevant commission or the share of the revenues to which the Group is entitled. In these cases, Tamedia commissioned a third party to render the service and acted as broker between supply and demand.
- Revenues are stated net of sales reductions and value-added tax, while losses on receivables are reported under other operating expenses. Variable considerations (for example refunded media revenue) are usually limited and are estimated based on the contractual agreement and on anticipated figures and internal forecasts. The non-cash exchange of the same services between companies in the same business segment (e.g. non-cash exchange of adverts between media companies) is defined as a "barter transaction" and recognised net, while revenues and expenditure from other exchange deals which pertain to different services are recognised gross and measured at fair value. Any consideration not yet received is accounted for on an accruals basis. Contracts with customers generally stipulate a payment terms of 30 days. As less than 12 months usually elapses between the service being provided and the customer paying, the simplified approach in accordance with IFRS 15 can be applied and no financing components need to be considered. There are no take-back and refund obligations or other similar obligations and guarantees.
- Revenues from contracts with multiple performance obligations (multi-component contracts) are allocated based on the individual sales prices for the respective performance obligation. If no individual sales prices are available, revenues are allocated using allocation formulae which reflect the best-possible estimate of the individual sales prices.
- Tamedia does not usually dispose of any material assets from contracts with customers since its services have either already been invoiced or not yet rendered. In particular, no account is to be made of contractual assets from work in progress which do not yet give rise to an unconditional right to receive the consideration due to unsettled performance obligations. Costs arising in connection with the initiation or performance of a contract with the customer are capitalised if the costs can be directly attributed to the conclusion of the contract and if the costs (direct through the contractual reimbursement or indirect through a contractually stipulated margin) can be generated again. Tamedia does not have any material capitalised costs in connection with the initiation or performance of a contract with customers. If the customer has already furnished the consideration before the goods or service is/are transferred, the contract is reported as deferred revenues and accrued liabilities from contracts with customers.
- Tamedia divides revenues in the income statement according to its core competencies with regard to the type of service and goods: media revenue, print revenue, other operating revenue and other income. Media revenue is also further subdivided according to the type of sales market (see Note 4). Segment reporting is structured based on the market-specific business segments reported internally.
- Revenues within the advertising market include revenue from the sale of advertising space (for example commercial advertisements and classified advertising) in newspapers and magazines and revenues from digital business models within the categories of displays, affiliate marketing and online classified. Revenues from the advertising market in the digital area are equivalent to the sale of advertising space in the publishing area. Revenues within the advertising market also include the sale of out-of-home advertising spaces if Tamedia bears the inventory risk for those spaces or is responsible for providing the service. In these cases, revenues from the sale of out-of-home advertising space are recognised gross, as are direct expenses for renting the space. Revenue from the advertising market generated through selling individual advertisements or online classifieds is realised at the specific time the advertisement appears, while revenues from preparing advertising spaces over a contractually defined period is recognised over that period.
- Revenues within the user market include revenues from the sale of newspapers and magazines to subscribers, retailers and wholesalers. Revenues from sales also include the sale of digital applications and formats. Revenues from the user market in the digital area are equivalent to those in the publishing

area. Here, the service is provided over a period of time (the duration of the subscription). Revenues are therefore recognised over the course of the relevant subscription, which equates to the transfer of the service.

- Revenues from commercialisation and intermediation activity mainly comprise revenues from the commercialisation and intermediation of advertising in the TV, radio and display/video segments. Only the intermediation fees due to the Tamedia Group are recognised as revenues, as the service is provided by third parties and Tamedia acts merely as the intermediary between supply and demand. Revenues from commercialisation and intermediation activity also comprise the fee for intermediate out-of-home advertising (net revenues) if Tamedia does not bear the inventory risk for the out-of-home advertising spaces and is not responsible for providing the service.
  For all areas, the service is provided and the revenues recognised when the advertisement is broadcast/published. On the balance sheet date, media volumes not used by customers are calculated, valued and duly accrued.
- Print revenue includes proceeds from newspaper printing. Proceeds are realised when printed products are delivered and recognised at this time.
- Other operating revenue mainly includes revenues from transport, management fees and services, marketing services (strategy, advice, design and implementation of advertising campaigns), revenue from buildings used for operational purposes and other revenue items which would not be material on their own. The various items incorporate various smaller sources of revenue. These include income from the staff restaurant, intermediary fees for mortgages, visualisation support for the marketing of property, sale of petrol, etc.
- Other income includes income from asset disposals, income from evaluations of previously non-consolidated investments and other income items which would not be material on their own.

Segment reporting

Segment reporting reflects the corporate structure and is in line with internal reporting. The “Free Media” business division is being renamed “Free Media and Commercialisation”. The “Paid Media” and “Free Media and Commercialisation” business divisions encompass both print and digital revenues.

The accounting policies described above also apply to segment reporting, whereas pension costs, according to IAS 19, are shown separately together with the eliminations.

The revenues, expenses and net income of the various segments include billings between the business divisions. Such billings are carried out on an arm’s length basis.

Derivative financial instruments

Forward contracts and options with financial institutions are not entered into on a speculative basis, but selectively and exclusively for the purpose of mitigating the specific foreign currency and interest rate risks associated with business transactions. Foreign currency derivatives are measured according to the settlement of the hedged items as fair value hedges or as cash flow hedges, either in conjunction with the underlying transactions or separately at fair value as of the balance sheet date.

Derivative financial instruments, such as interest rate swaps, foreign currency transactions and certain derivative financial instruments embedded in basic agreements are recognised in the balance sheet at fair value, either as current or non-current financial assets or liabilities. The changes in fair value are charged either to the income statement or to the statement of comprehensive income, depending on the purpose for which the respective derivative financial instruments are used.

In the case of fair value hedges, the change in fair value of the effective share (of the derivative financial instrument and the underlying transaction) is recognised immediately in the income statement. The changes in fair value of the effective share of derivative financial instruments classed as cash flow hedges and qualifying for treatment as such are taken to the statement of comprehensive income until the underlying transactions can be recognised in the income statement.

Changes in the fair value of derivative financial instruments that are not considered to be accounting hedges (as understood by the definition given above) or that do not qualify as such are recognised in the income statement as components of financial income or expenses. This also applies to fair value hedges and cash flow hedges as described above as soon as such financial instruments cease to qualify as accounting hedges.

Contractual obligations to purchase the Group's own equity instruments (such as put options on non-controlling interests) result in the recognition of a financial liability, which is recognised at the present value of the exercise amount in equity. The fair value of the financial liability is regularly reviewed and any deviation from first-time recognition is recognised in the financial result.

Transactions with related parties and companies

Transactions with associates, joint ventures and related parties are conducted on an arm's length basis. In addition to the information disclosed in Note 41, details relating to the compensation of the Board of Directors and Management Board are disclosed in the Compensation Report.

Notes to the consolidated income statement, statement of comprehensive income, balance sheet, statement of cash flows and statement of changes in equity

The figures in the consolidated financial statements have been rounded. As the calculations are made with a higher level of numerical accuracy, it is possible that small rounding differences may occur.

Note 1

Changes to the group of consolidated companies

In the 2018 financial year, the following material changes occurred in relation to the group of consolidated companies:

Acquisition of consolidated companies and activities 2018

Neo Advertising SA

As of 28 February 2018, Tamedia acquired a 52 per cent majority stake in Neo Advertising SA, which is headquartered in Geneva. Neo Advertising is active in the area of out-of-home advertising and operates and markets around 12,000 digital and analogue out-of-home advertising spaces in German-speaking and French-speaking Switzerland.

The purchase price for Neo Advertising SA is CHF 9.8 million in cash. The assets acquired amount to CHF 32.3 million and the liabilities to CHF 18.3 million. In addition to cash and cash equivalents of CHF 2.0 million, the assets comprise goodwill equalling 16 per cent of the total assets or CHF 5.2 million in total. No goodwill was recorded for the non-controlling interests in Neo Advertising SA (partial goodwill method). The goodwill was created from the strong market position occupied in digital and analogue out-of-home advertising space, especially in French-speaking Switzerland, as well as combinations with existing advertising offers from Tamedia. It is assumed that the goodwill is not deductible for tax purposes. The assets also comprise receivables with a fair value of CHF 3.2 million (receivables totalling less than CHF 0.1 million were impaired). Neo Advertising SA will be reported in the Free Media and Commercialisation segment. No material costs were incurred in relation to the transaction.

The revenues of Neo Advertising SA recognised since the acquisition date totals CHF 19.3 million and the net income recognised since the acquisition date is CHF –0.4 million. Had the acquisition taken place with effect from 01 January 2018, the revenues reported for 2018 would have been CHF 3.4 million higher, while reported net income would have been CHF 0.3 million lower.

Goldbach Group

Tamedia acquired 97.3 per cent of the listed shares in Goldbach Group AG, which has its registered office in Küsnacht, with effect from 24 August. The Goldbach Group comprises, among other entities, the TV marketer Goldbach Media (Switzerland) AG, in which the RTL subsidiary IP Deutschland GmbH and the ProSiebenSat.1 subsidiary SevenOne Media (Schweiz) AG each hold 23 per cent of the shares, as well as the digital advertising marketer Goldbach Audience (Switzerland) AG, in which IP Deutschland and

SevenOne Media each hold 24.95 per cent. Further significant investments in Switzerland include swiss radioworld AG, in which IP Deutschland and SevenOne Media each hold 23 per cent, and dreifive (Switzerland) AG, a 100 per cent subsidiary of Goldbach Group AG.

The Swiss Federal Competition Commission approved the transaction on 15 August 2018 without imposing any restrictions or conditions.

As part of a public offer, 6,098,790 shares had been tendered to Tamedia by the end of the tender period on 11 April 2018 and Tamedia has acquired these in cash for a price of CHF 35.50 per registered share in accordance with the offer. As of the balance sheet date, Tamedia owns just over 98 per cent of shares in Goldbach Group AG. An invalidation through public notification process was conducted for those shares which Tamedia does not yet own, with the remaining shareholdersto be compensated in cash. Goldbach Group AG (GBNME) was delisted from the SIX Swiss Exchange as of 01 February 2019. The purchase price for the shares acquired on 24 August 2018 is CHF 216.6 million in cash. For the shares that were not yet owned by Tamedia AG at the time of the acquisition, a current financial liability of CHF 5.9 million was recognised. On the balance sheet date, Tamedia AG owned 98.1 per cent of the listed shares of the Goldbach Group AG and its obligation to purchase the remaining Goldbach shares amounts to CHF 4.3 million.

The assets acquired amount to CHF 444.4 million and the liabilities to CHF 144.9 million. In addition to cash and cash equivalents of CHF 82.1 million, the assets comprise goodwill equalling 23 per cent of the total assets or CHF 103.9 million in total. No goodwill was recorded for the non-controlling interests in Goldbach (partial goodwill method). The goodwill was created from the strong market position occupied by the Goldbach Group, especially in Switzerland, as well as combinations with existing advertising offers from Tamedia. It is assumed that the goodwill is not deductible for tax purposes. The assets also comprise receivables with a fair value of CHF 44.8 million (receivables totalling CHF 0.5 million were impaired). The Goldbach Group will be reported in the Free Media and Commercialisation segment. Costs of CHF 1.5 million were incurred in connection with the transaction.

The Goldbach Group's revenues recognised since the acquisition date total CHF 43.8 million and the net income recognised since the acquisition date is CHF 12.9 million. Had the acquisition taken place with effect from 01 January 2018, the revenues reported for 2018 would have been CHF 58.0 million higher. The reported net income would have been just CHF 1.0 million higher had the acquisition taken place with effect from 01 January 2018, due to the depreciation and amortisation resulting from mergers which must be taken into account by recognising intangible assets with finite useful lives.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	216 592
Purchase price obligation	5 867
Purchase price	**222 459**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	82 081
Trade accounts receivable	44 762
Property, plant and equipment	978
Deferred tax assets	2 478
Intangible assets	299 823
Other assets	14 321
Total assets	**444 443**
Trade accounts payable	(25 988)
Deferred revenues and accrued liabilities	(40 116)
Non-current financial liabilities	(20 484)
Employee benefit obligations	(9 302)
Deferred tax liabilities	(38 247)
Other liabilities	(10 786)
Total liabilities	**(144 923)**
Net assets	**299 520**
Remaining minority interests	(77 061)
Purchase price/equivalent value of transaction	**222 459**

Cash and cash equivalents bought	82 081
Cash and cash equivalents paid	(216 592)
Decrease in cash	**(134 511)**

Revenues recognised since acquisition date	43 833
Net income recognised since acquisition date	12 925

Basler Zeitung

Tamedia acquired 100 per cent of the shares in Basler Zeitung AG, which publishes the Basler Zeitung, from Zeitungshaus AG with effect from 19 October 2018. In return, at the same time Zeitungshaus AG acquired 65 per cent of the shares in Tagblatt der Stadt Zürich AG from Tamedia AG and 100 per cent of the shares in FZ Furttaler Zeitung AG, which publishes the free Furttaler and Rümlanger newspapers (see the section entitled "Disposal of consolidated companies and activities 2018").

The purchase price for Basler Zeitung AG is CHF 51.4 million in cash. The assets acquired amount to CHF 75.4 million and the liabilities to CHF 24.0 million. In addition to cash and cash equivalents of CHF 2.6 million, the assets comprise goodwill equalling 33 per cent of the total assets or CHF 25.7 million in total. The goodwill was created from the strong market position in the Basel Stadt region and the expected synergy effects, in particular arising from the integration of Basler Zeitung into the network of Tamedia's daily newspapers and resulting from cost improvements in central areas.

It is assumed that the goodwill is not deductible for tax purposes. The assets also comprise receivables with a fair value of CHF 1.5 million (receivables totalling less than CHF 0.7 million were impaired). Basler Zeitung AG will be reported in the Paid Media segment. Costs of CHF 0.3 million were incurred in connection with the transaction.

The revenues of Basler Zeitung AG recognised since the acquisition date total CHF 5.8 million and the net income recognised since the acquisition date is CHF -0.2 million. Had the acquisition taken place with effect from 01 January 2018, the revenues reported for 2018 would have been CHF 28 million higher, while reported net income would have been CHF 1.6 million lower.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	51 391
Purchase price	**51 391**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	2 584
Trade accounts receivable	1 523
Property, plant and equipment	455
Investments in associates/joint ventures	1 021
Other non-current financial assets	8 000
Intangible assets	59 190
Other assets	2 587
Total assets	**75 360**
Trade accounts payable	(1 654)
Deferred revenues and accrued liabilities	(10 597)
Non-current financial liabilities	–
Employee benefit obligations	(7 013)
Deferred tax liabilities	(4 380)
Other liabilities	(326)
Total liabilities	**(23 969)**
Net assets	**51 391**
Purchase price	**51 391**

Cash and cash equivalents bought	2 584
Cash and cash equivalents paid	(51 391)
Decrease in cash	**(48 807)**

Revenues recognised since acquisition date	5 762
Net income recognised since acquisition date	(222)

Disposal of consolidated companies and activities 2018

Tagblatt der Stadt Zürich AG and FZ Furttaler Zeitung AG

On 19 October 2018, Tamedia AG sold its 65 per cent interest in Tagblatt der Stadt Zürich AG to Zeitungshaus AG, Baar. Following the deconsolidation, assets of CHF 2.8 million (of which CHF 2.7 million were cash and cash equivalents) and liabilities of CHF 0.7 million were transferred. The sales price amounted to CHF 5.0 million. No material costs were incurred in relation to the transaction.

As of 26 June 2018, Zürcher Regionalzeitungen AG established FZ Furttaler Zeitung AG using non-cash contributions from Furttaler Zeitung's activities. On 19 October 2018, Tamedia AG sold its 100 per cent interest in FZ Furttaler Zeitung AG to Zeitungshaus AG, Baar. Following the deconsolidation, assets of CHF 0.1 million (of which CHF 0.1 million were cash and cash equivalents) and liabilities of CHF 0.1 million were transferred. The sales price amounted to CHF 1.1 million. No material costs were incurred in relation to the transaction.

Additional changes to the group of consolidated companies

To simplify the corporate structure, Tradono Switzerland AG was merged with Tamedia Espace AG with retroactive effect to 01 January 2018. Tamedia and AXA are joining forces to provide combined new offers for the Swiss vehicle market. With this in mind, the autoricardo part of the business was transferred to the new subsidiary autoricardo AG, in which AXA has had a 50 per cent stake since 27 April 2018. The purchase price was CHF 10.0 million. In addition, AXA is providing its expertise in the areas of insurance, mobility and finance. Rights stipulated by contract will ensure Tamedia retains control.

In the reporting year 2017, the following significant acquisitions and disposals were made, which must also be disclosed in this Annual Report in accordance with the requirements of IAS 1 "Presentation of Financial Statements":

Acquisitions of consolidated companies and activities 2017

The acquisitions of consolidated companies are detailed below.

Tradono Switzerland AG, Tradono ApS Denmark

Tamedia concluded two transactions in the Marketplaces and Ventures segment. These are shown together for reasons of materiality.

As at 31 October 2017, Tamedia AG acquired another 50 per cent of the shares in Tradono Switzerland AG. Since the acquisition took place in several steps, the previously held shares must be taken into consideration at a fair value of CHF 0.3 million at the date control is transferred. The difference compared with the previous value of these interests is CHF 0.3 million, which is reported as a gain under other income.

As at 8 December 2017, Tamedia AG contributed its previous 25.6 per cent share in Tradono ApS to Trendsales ApS, whilst the previous majority shareholders of Tradono ApS contributed their 74.4 per cent. In return for their contribution, the previous majority shareholders of Tradono ApS received a 44.4 per cent share in Trendsales ApS and Tradono ApS, which were merged with retroactive effect to 1 January 2017. From Tamedia's perspective, the 25.6 per cent share in Tradono ApS has increased by 30.0 per cent, to 55.6 per cent. Since the acquisition took place in several steps, the previously held shares must be taken into consideration at a fair value of CHF 2.8 million at the date control is transferred. As this equates to the previous value of these shares, no changes in the measurement of assets had to be taken into account.

The purchase price for the two transactions amounted to CHF 4.7 million. Of that total, CHF 0.4 million was paid in cash. The remaining purchase price was paid in the form of an investment in Trendsales ApS of 44.4 per cent to the previous majority shareholders of Tradono ApS. No additional purchase price obligations were taken into consideration. Costs of CHF 0.2 million were incurred in connection with the transactions.

Assets of CHF 11.7 million and liabilities of CHF 3.2 million were acquired upon first consolidation of the company. In addition to cash and cash equivalents of CHF 0.7 million, the assets comprise goodwill and intangible assets not subject to amortisation equalling 80 per cent of the total assets or CHF 9.4 million in total. The assets do not include any material accounts receivable. The goodwill of CHF 9.4 million arose from the strong market position and the expected synergy effects resulting from the merging of existing activities. It is assumed that the goodwill is not deductible for tax purposes. The disclosures on first consolidation are based on preliminary figures and estimates.

The revenues from the two transactions recognised since the acquisition date in 2017 total CHF 0.1 million, and the net loss CHF -0.8 million. Had the acquisition taken place with effect from 1 January 2017, the revenues reported for 2017 would have been CHF 0.5 million higher, while reported net income would have been CHF 2.7 million lower.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	433
Other components of the purchase price	4 310
Purchase price of newly acquired interests	**4 743**
Equity value of the previously held interests before revaluation gain	2 755
+/– Revaluation gain	324
Fair value of previously held interests	**3 080**
Purchase price / equivalent value of transaction after revaluation gain	**7 823**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	727
Trade accounts receivable	28
Property, plant and equipment	2
Deferred tax assets	590
Intangible assets	10 207
Other assets	173
Total assets	**11 728**
Trade accounts payable	(144)
Deferred revenues and accrued liabilities	(134)
Non-current financial liabilities	(2 618)
Employee benefit obligations	–
Deferred tax liabilities	(173)
Other liabilities	(142)
Total liabilities	**(3 211)**
Net assets	**8 517**
Remaining minority interests	(694)
Purchase price / equivalent value of transaction after revaluation gain	**7 823**

Cash and cash equivalents bought	727
Cash and cash equivalents paid	(433)
Net inflow of cash	**295**

Revenues recognised 2017 since acquisition date	**142**
Net income recognised 2017 since acquisition date	**(829)**

Disposal of consolidated companies and activities 2017

Metroxpress

The two Danish daily newspapers BT and Metroxpress formed a partnership as of the start of 2017 and have jointly founded the new publishing company BTMX P/S. As the previous publisher of BT, Berlingske Media holds 70 per cent of the company and, as the publisher of Metroxpress, Tamedia holds 30 per cent. Together, BT and Metroxpress have the biggest readership for print and the second biggest audience for digital news sites in Denmark.

As a result of placing the activity of Metroxpress in the joint company, assets of CHF 13.4 million and liabilities of CHF 3.2 million were transferred (Free Media and Commercialisation segment). The market value of the activity of Metroxpress is CHF 9.4 million. The difference between the market value and transferred equity of CHF -0.8 million was recognised in other operating expenses through the financial result in the first half of 2017.

The shares in BTMX P/S were recognised at CHF 9.4 million. This equals the fair value of the activity of Metroxpress. The shares will be updated in accordance with the equity method (investments in associated companies, see Note 11).

Additional changes to the group of consolidated companies 2017

The following changes were implemented to simplify the corporate structure: Tutti.ch AG was merged with Tamedia Espace AG retroactively to 01 July 2017. Tradono ApS was merged with Trendsales ApS retroactively to 01 January 2017.

Note 2

Segment information

in CHF 000	Paid Media	Free Media and Commercialisation	Marketplaces and Ventures	Eliminations and reconciliation IAS 19	**Total**
2018					
Revenue third parties	553 180	204 991	252 463	–	**1 010 633**
Revenue intersegment	16 469	1 412	354	(18 235)	**–**
Revenues	**569 649**	**206 403**	**252 816**	**(18 235)**	**1 010 633**
Operating expenses	(523 348)	(146 343)	(166 214)	10 016	**(825 889)**
Share of net income (loss) of associates / joint ventures	1 069	1 934	18 123	–	**21 125**
Operating income before depreciation and amortisation (EBITDA)	**47 370**	**61 994**	**104 725**	**(8 219)**	**205 869**
Margin [1]	8.3%	30.0%	41.4%	–	20.4%
Depreciation and amortisation	(20 169)	(1 842)	(7 536)	–	**(29 546)**
Amortisation resulting from business combinations [2]	(8 883)	(8 915)	(24 592)	–	**(42 390)**
Impairment	–	–	(2 293)	–	**(2 293)**
Operating income (EBIT)	**18 318**	**51 237**	**70 304**	**(8 219)**	**131 640**
Margin [1]	3.2%	24.8%	27.8%	–	13.0%
Average number of employees [3]	**2 202**	**461**	**668**	**–**	**3 330**
2017					
Revenue third parties	586 028	153 231	234 960		**974 219**
Revenue intersegment	17 805	1 198	574	(19 576)	**–**
Revenues	**603 833**	**154 429**	**235 533**	**(19 576)**	**974 219**
Operating expenses	(522 452)	(105 248)	(155 558)	39 680	**(743 578)**
Share of net income (loss) of associates / joint ventures	1 236	1 471	11 858	–	**14 565**
Operating income before depreciation and amortisation (EBITDA)	**82 617**	**50 652**	**91 833**	**20 104**	**245 206**
Margin [1]	13.7%	32.8%	39.0%	–	25.2%
Depreciation and amortisation	(20 213)	(590)	(8 241)	–	**(29 043)**
Amortisation resulting from business combinations [2]	(8 623)	(1 947)	(24 849)	–	**(35 418)**
Impairment	–	–	–	–	**–**
Operating income (EBIT)	**53 781**	**48 115**	**58 744**	**20 104**	**180 744**
Margin [1]	8.9%	31.2%	24.9%	–	18.6%
Average number of employees [3]	**2 289**	**299**	**617**	**–**	**3 204**

1 The margin relates to revenue.
2 Amortisation of business combinations includes the amortisation of the customer base and publishing rights acquired and capitalised as part of business combinations.
3 The average headcount does not include employees in associates/joint ventures.

Segment reporting reflects the corporate structure and is in line with internal reporting. The "Free Media" business division is being renamed "Free Media and Commercialisation". The "Paid Media" and "Free Media and Commercialisation" business divisions encompass both print and digital revenues. Information on assets, liabilities, interest, investments and income taxes is not disclosed as this is not reported internally by segment either.

In segment reporting, the total amount of media revenue, print revenue, other operating revenue and other income in the consolidated income statement corresponds to the total revenue (after eliminations and IAS 19 reconciliations).

Around half of media revenue as per the consolidated income statement is generated in the Paid Media segment, with the Free Media and Commercialisation and the Marketplaces and Ventures segments each accounting for roughly a quarter of such revenue. While revenues from the advertising market and revenues from the user market are the main media revenue items in the Paid Media segment, media revenue in the Free Media and Commercialisation segment now also encompasses revenue from commercialisation and intermediary activity as well as revenues from the advertising market following the acquisition of the Goldbach Group. Media revenue in the Marketplaces and Ventures segment essentially comprises revenues from the advertising market, in particular revenues from online classifieds.

Print revenue as per the consolidated income statement includes proceeds from newspaper printing and is reflected almost exclusively in the Paid Media segment.

The Paid Media segment generates roughly 70 per cent of both other operating revenue and other income.

No single customer accounted for more than 10 per cent of consolidated revenues.

All material revenues are earned in Switzerland and all material non-current asset items are located in Switzerland. The revenues achieved in foreign currencies by the following Group companies and their non-current assets in foreign currencies are not deemed to be material as regards the consolidated income statement and the consolidated balance sheet. Trendsales ApS, which is allocated to the Marketplaces and Ventures segment, and MetroXpress A/S, which is allocated to the Free Media and Commercialisation segment, are domiciled in Denmark and prepare their financial statements in Danish krone. Doodle Deutschland GmbH, ricardo Sàrl, DJ Digitale Medien GmbH and JoinVision E-Services GmbH, which belong to the Marketplaces and Ventures segment, prepare their financial statements in euro. The Goldbach Germany GmbH companies added to the group as a result of the acquisition of Goldbach Group, as well as dreifive AG and Jaduda GmbH, which are part of the Free Media and Commercialisation segment, also prepare their financial statements in euro. Meekan Solutions Ltd., which is allocated to the Marketplaces and Ventures segment, is domiciled in Israel and prepares its financial statements in shekel.

Further information on the individual segments can be found in the operational reporting section on pages 17 to 30.

Foreign currency conversion

Note 3

The following exchange rates were applied to convert foreign currencies:

in CHF	2018	2017
Exchange rate at year's end		
1 EUR	1.13	1.17
100 DKK	15.09	15.69
100 ILS	26.22	28.13
Average exchange rate		
1 EUR	1.15	1.11
100 DKK	15.47	14.96
100 ILS	27.21	27.43

Note 4

Media revenues

in CHF 000	2018	2017
Advertising market	544 586	546 221
User market	251 037	258 490
Commercialisation and intermediary activity	39 626	378
Other media activities	71 909	67 737
Total media revenue	**907 159**	**872 826**
of which barter transactions	27 689	28 552

At 90 per cent, media revenues made by far the largest contribution to revenues. Compared with the previous year, they increased by CHF 34.3 million or 4 per cent to CHF 907.2 million. Excluding the effects resulting from changes to the group of consolidated companies, media revenue would have declined by CHF 28.4 million. Advertising market revenues fell by CHF 1.6 million from the previous year to CHF 544.6 million. Excluding the revenues from out-of-home advertising contributed since March 2018 by Neo Advertising SA and the advertising revenues of Basler Zeitung, which has been included since November 2018, the decline would have been substantially greater. While there was a further significant drop in revenues from both commercial advertisements and classified advertisements, revenues from online advertising grew again. Despite the inclusion of subscription income of Basler Zeitung AG since November 2018, user market revenues declined by a further CHF 7.5 million or 3 per cent from the previous year to CHF 251.0 million. Revenues from commercialisation and intermediation activity total CHF 39.6 million and mainly comprise the fees for intermediation advertising for the TV, radio and display/video business areas of the Goldbach Group starting from September 2018. Revenues from other media activity rose by CHF 4.2 million, or 6 per cent.

Note 5

Print revenues

in CHF 000	2018	2017
Newspaper printing	52 632	54 412
Other printing revenues	23 339	21 658
Total	**75 971**	**76 071**

Print revenues, which barely changed compared with the previous year, accounted for 8 per cent of revenues (previous year 8 per cent).

Note 6

Other operating revenue

in CHF 000	2018	2017
Transport	10 092	9 068
Merchandise revenues	259	481
Management fees and services to related parties and third parties	3 690	2 560
Gain on buildings used for operational purposes	3 210	2 733
Handling charges, shipping costs	902	1 327
Various items	7 028	3 517
Total	**25 182**	**19 687**

Other operating revenue accounted for 2 per cent of total revenues (previous year 2 per cent). Overall, it increased by 28 per cent, to CHF 25.2 million. Transport revenues increased from the previous year by 11 per cent, or CHF 1.0 million, due to additional logistics orders for titles by Ringier and the Neue Luzerner Zeitung. These were taken over following the closure of Ringier Print printing press in Adligenswil. The various items incorporate various smaller sources of revenue such as revenue from the staff restaurant, intermediary fees for mortgages, visualisation support for the marketing of property, sale of petrol and other items which would not be material on their own.

Other income

Note 7

in CHF 000	2018	2017
Gain on disposal of property, plant and equipment	1 489	5 005
Revaluation gain on previously non-consolidated investments	–	324
Various items	833	306
Total	**2 321**	**5 636**

The gain on asset disposals in 2018 mostly resulted from the sale of the activities of Zürichsee-Zeitung Obersee, which was transferred to the newly established LZ Linth Zeitung AG in September 2018 and in which Tamedia has a 49 per cent share. In the previous year, the gain on asset disposals mainly comprised the sale of a plot of land in Bussigny by the CIL Centre d'Impression Lausanne SA. There was no revaluation gain on a step-up acquisition in 2018, whereas in 2017 the shares previously held in Tradono Switzerland AG were revalued.

Costs of materials and services

Note 8

in CHF 000	2018	2017
Costs of material	52 842	49 651
Merchandise expenses	1 994	1 121
Costs of services	85 537	73 335
Total	**140 374**	**124 107**

Costs of materials and services accounted for 14 per cent of revenues during the reporting period (previous year 13 per cent), increasing by 13 per cent to CHF 140.4 million. Expenditures for paper rose by CHF 3.1 million in 2018, to CHF 39.2 million due to a rise in the price of paper in 2018. The increase in the costs of merchandise and services is due to the change to the group of consolidated companies.

Personnel expenses

Note 9

in CHF 000	2018	2017
Salaries and wages	357 405	338 356
Social security	53 128	52 015
Employee benefit expense [1]	8 219	(20 104)
Other personnel expense	17 613	14 869
Total	**436 365**	**385 136**

1 The expense reported for IAS 19 includes the positions Current employer service costs, Effect of plan curtailments/settlements, Past service cost, Administration costs excl. Employer contributions (recognised under Social security) as set out in Note 23. The impact from interest payable and the anticipated returns on plan assets is recognised under Net financial result (loss).

At 43 per cent of revenues, personnel expenses continue to represent the largest expense item. Personnel expenses increased by CHF 51.2 million from the previous year to CHF 436.4 million. Some CHF 29.2 million of this increase is attributable to one-off effects recorded in the previous year in connection with the application of IAS 19 "Employee Benefits", due mainly to plan amendments (lowering of the technical interest rate and the conversion rate). The change in the group of consolidated companies resulted in an increase in personnel expense of CHF 19.1 million while the increase in expenses for social plans amounted to CHF 3.0 million. Excluding one-off effects and changes to the group of consolidated companies, current personnel expenses were down by approximately CHF –1.3 million compared the previous period.

Number of employees

Number	2018	2017
As of 31 December	3 594	3 261
Average	3 330	3 204

The headcount (converted to full-time equivalents) had risen from 3,261 to 3,594 by year-end, an increase of 10 per cent or 333 full-time employees. Average headcount for the year was 3,330, which represents an increase of 126 full-time equivalents or 4 per cent compared with the previous year. The increase is attributable to the change to the group of consolidated companies.

Note 10

Other operating expenses

in CHF 000	2018	2017
Distribution and sales expenses	93 286	95 281
Advertising and public relations	59 916	59 607
Rent, lease payments and licences	30 565	25 179
General operating expenses	55 687	53 460
Income from disposal from the asset deal	–	809
Impairment on financial assets	9 695	–
Total	**249 150**	**234 335**
of which barter transactions	27 689	28 552

Other operating expenses accounted for 25 per cent of revenues (previous year 24 per cent) and were up by CHF 14.8 million to CHF 249.1 million. The change to the group of consolidated companies resulted in an increase of CHF 10.1 million. Roughly half of the increase of CHF 5.4 million in rent, lease payments and licences is attributable to changes to the group of consolidated companies and half to the double ERP licence costs incurred during the introductory phase for the new and previous ERP system. General operating expenses include, among other things, expenditure for purchases and repairs, expenditure on consultancy, general administrative expenditure, expenses incurred by people travelling on behalf of and representing the Group and other operating expenditure. The impairments of financial assets recognised in 2018 also comprise specific valuation allowances of CHF 6.0 million for receivables due from Publicitas. The other specific valuation allowances and the change in doubtful trade accounts receivable were stable compared with the previous year. In the previous year, the impairments of financial assets totalling CHF 1.5 million were included in the various items of other operating revenues (see Note 6). For reasons of materiality, the previous year's figures were not adjusted.

Note 11

Associates/joint ventures

in CHF 000	2018	2017
Share of net income (loss) of associates / joint ventures	21 125	14 565
Equity share in associates / joint ventures	71 123	290 959

The share of net income in associates and joint ventures rose by CHF 6.6 million to CHF 21.1 million in 2018. The increase is largely due to the improved net income of the two companies Swisscom Directories AG and Karriere.at GmbH.

The share of net income in 2018 includes various new associates which, individually and cumulatively, are not material to the Group in terms of income statement and balance sheet. Since mid-2017, the share of net income in adUnit AG and Gowago AG and, since 2018, the share of net income in adAgent AG and LZ Linth Zeitung AG have been taken into account. Additional non-material associates have also been added as a result of acquiring control over the Goldbach Group AG and Basler Zeitung AG (see Note 40 Investments). By contrast, the shares of net income in Journal des Morges SA and Hotelcard AG were no longer recognised, due to the sale of shares, and those of Tradono ApS and Tradono Switzerland AG were no longer recognised, due to the acquisition of additional shares and the gain of control from 2017 onwards. In addition, the 50 per cent interests in Société de Publications Nouvelles SPN SA and in LC Lausanne cités SA were sold as of 01 November 2018.

On 18 December 2018, Swisscom AG exercised its call option to purchase the 31 per cent share held by Tamedia in Swisscom Directories AG and acquired these as of 22 January 2019. Therefore, the shares in Swisscom Directories AG were reclassified as assets held for sale with effect from 31 December 2018 (see Note 16).

In connection with the introduction of IFRS 15, from 01 January 2018 Swisscom Directories AG has capitalised contract initiation costs (sales commissions) and amortised them over the duration of the contracts. The adjustment to the opening balance sheet as at 1 January 2018 increased the carrying amount of this associate as well as its proportionate equity by CHF 11.6 million.

As a result of Swisscom Directories AG, including its wholly-owned subsidiary adUnit AG, being recognised under assets held for sale, the share of equity in associates and joint ventures decreased by CHF 219.8 million net to CHF 71.1 million. Without this reclassification, an increase in the share of equity in associates and joint ventures would have been recorded, largely due to the improved earnings position at Swisscom Directories AG and Karriere.at GmbH.

No impairments had to be recognised on the carrying amounts of associates and joint ventures in 2018 (previous year: CHF 0.9 million in the Paid Media segment).

Share of net assets and income in associates/joint ventures

Detailed financial information on the individual companies deemed to be material associated companies is provided below. Due to the further growth of Karriere.at GmbH, in the 2018 financial statements this investment is deemed individually material for the first time and disclosed separately in the table below.

Conversely, due to these materiality considerations, the comparison information for the previous year is included in the cumulative figures. The reported amounts refer to the 100 per cent stake in the companies and include the fair value adjustments at the time of acquisition as well as any deviations caused by differences in application of accounting policies. The income statements include in particular the depreciation and amortisation to be recognised by Tamedia on the intangible assets owned at the take-over date. The figures for the associated companies which are individually deemed to be material may be based on provisional and unaudited figures.

The shares in Swisscom Directories AG were reclassified as assets held for sale with effect from 31 December 2018 (see Note 16).

in CHF 000	2018	2017	2018[1]
Name	Swisscom Directories AG	Swisscom Directories AG	Karriere.at GmbH
Share of Group capital 2018	31.0%	31.0%	24.5%
Balance sheet			
Current assets	208 111	161 881	34 652
Non-current assets	677 620	692 866	29 149
Total assets	**885 731**	**854 747**	**63 801**
Current liabilities	114 962	106 358	18 921
Non-current liabilities	55 125	51 809	–
Total equity	715 644	696 580	44 880
of which attributable to Tamedia	221 850	215 940	15 394
Liabilities and shareholders' equity	**885 731**	**854 747**	**63 801**
Income Statement			
Revenues	212 605	211 950	49 156
Income before taxes	**46 364**	**32 106**	**33 594**
Income taxes	(9 711)	(6 707)	(7 934)
Net income	**36 653**	**25 399**	**25 660**
Other comprehensive income	125	8 894	–
Total comprehensive income	**36 778**	**34 293**	**25 660**
of which attributable to Tamedia	11 401	10 631	8 801
Dividends received (pro-rata)	17 079	18 566	6 574

1 Karriere.at GmbH is a 49 percent holding of Jobcloud AG in which Tamedia AG holds a 50 percent interest. Based on the current agreement, Tamedia expects Jobcloud AG to have a 34.3 percent profit claim against Karriere.at GmbH.

As of the end of 2018, the other associates and joint ventures are assessed as not material on an individual basis.

The shares of Tamedia in the net assets and income of associates and joint ventures are listed below.

in CHF 000	Swisscom [1] Directories AG / Karriere.at GmbH	Other associates	Joint ventures	**Total**
2018				
Current assets	11 886	14 699	6 770	33 355
Non-current assets	9 998	62 775	3 972	76 745
Assets	**21 884**	**77 474**	**10 742**	**110 100**
Current liabilities	6 490	16 093	5 938	28 521
Non-current liabilities	–	9 998	458	10 456
Equity	15 394	51 383	4 346	71 123
Liabilities	**21 884**	**77 474**	**10 742**	**110 100**
Accumulated unrecognised share of losses	–	–	–	–
Carrying value of the investments in associates / joint ventures	**15 394**	**51 383**	**4 346**	**71 123**
Share of net income (loss) of associates/joint ventures				
Revenues	82 768	58 867	20 890	162 525
Income before taxes	**25 896**	**418**	**1 672**	**27 986**
Income taxes	(5 732)	(639)	(490)	(6 861)
Share of net income (loss) of associates / joint ventures	**20 164**	**(221)**	**1 182**	**21 125**
Other comprehensive income	39	–	–	39
Total comprehensive income	**20 203**	**(221)**	**1 182**	**21 163**

1 Swisscom Directories AG was reclassified as assets held for sale as at 31 December 2018, which is why the figures are no longer included in the balance sheet.

in CHF 000	Swisscom Directories AG	Other associates	Joint ventures	**Total**
2017				
Current assets	50 183	28 210	12 010	90 403
Non-current assets	214 788	72 584	6 347	293 719
Assets	**264 971**	**100 793**	**18 357**	**384 122**
Current liabilities	32 971	23 839	8 105	64 915
Non-current liabilities	16 061	10 737	1 450	28 248
Equity	215 940	66 217	8 802	290 959
Liabilities	**264 971**	**100 793**	**18 357**	**384 122**
Accumulated unrecognised share of losses	–	–	–	–
Carrying value of the investments in associates / joint ventures	**215 940**	**66 217**	**8 802**	**290 959**
Share of net income (loss) of associates/joint ventures				
Revenues	65 705	76 298	21 944	163 946
Income before taxes	**9 953**	**8 252**	**1 973**	**20 177**
Income taxes	(2 079)	(2 767)	(433)	(5 279)
Net income	**7 874**	**5 485**	**1 540**	**14 899**
Unrecognised share of losses	–	(334)	–	(334)
Carrying value of the net income (loss) of associates/joint ventures	**7 874**	**5 151**	**1 540**	**14 565**
Other comprehensive income	2 757	–	–	2 757
Total comprehensive income	**10 631**	**5 151**	**1 540**	**17 322**

Associates and joint ventures are accounted for using the equity method. A distinction is made between joint ventures and joint operations when assessing joint arrangement companies. These companies are deemed to be joint ventures because, in all cases and on the basis of contractual agreements, Tamedia exercises control over financial and operational decisions together with partners and holds rights to the company's net assets.

Except for Virtual Network SA (30 June), all of the associates and joint ventures have a balance sheet date of 31 December under commercial law. As none of the associates and joint ventures have shares that are publicly traded, there are no published share prices. As most of the associates and joint ventures do not apply IFRS, their available financial statements have been adjusted to reflect IFRS principles, requiring estimates to be made in some cases. Adjustments may be necessary in the coming years if new information becomes available.

Details on transactions with associates and joint ventures are disclosed in Note 41.

Note 12

Depreciation and amortisation

in CHF 000	2018	2017
Depreciation and amortisation	29 546	29 043
Amortisation resulting from business combinations	42 390	35 418
Impairment	2 293	–
Total	**74 229**	**64 462**
of which depreciation of property, plant and equipment	21 071	20 055
of which amortisation of intangible assets	50 865	44 407
of which impairment on goodwill	2 293	–

Ongoing depreciation and amortisation remained stable compared with the previous year. Amortisation resulting from business combinations include the amortisation from customer bases and publishing rights acquired and recognised in connection with mergers. They increased by CHF 7.0 million to CHF 42.4 million. The increase is due in particular to the additional amortisation from the customer bases of Basler Zeitung AG, Goldbach Group and Neo Advertising SA, which were taken into account for the first time in 2018.

The goodwill of CHF 2.3 million of the activity of Tradono Switzerland was fully impaired due to its discontinuation in September 2018. As was the case the previous year, following the annual goodwill impairment test for each cash-generating unit as at 31 December 2018 no impairment on goodwill was recognised (see also Note 25).

Note 13

Financial results

in CHF 000	2018	2017
Interest income	250	359
Gains from sale of investments	5 416	375
Currency exchange gains	3 687	2 215
Financial income from IAS 19	535	–
Other financial income	1 369	2 236
Financial income	**11 256**	**5 185**
Interest expense	(1 060)	(444)
Impairment of financial assets	(181)	(400)
Currency exchange losses	(3 424)	(2 278)
Financial expense from IAS 19	(153)	(413)
Loss from the sale of investments	–	(1 037)
Other financial expense	(295)	(1 571)
Financial expense	**(5 113)**	**(6 143)**
Total	**6 143**	**(959)**

Financial income grew from CHF –1.0 million to CHF 6.1 million. With the sale of the 65 per cent interest in Tagblatt der Stadt Zürich AG and the 100 per cent interest in FZ Furttaler Zeitung AG with effect from 19 October 2018, a total profit of CHF 3.8 million was recorded on disposals. A profit of CHF 1.6 million was taken into account from the sale of the 50 per cent interests in Société de Publications Nouvelles SA and LC Lausanne Cités SA, while a profit of CHF 0.4 million was recorded the previous year for the sale of the shares in Journal de Morges SA. In the reporting year, other financial income included in particular the reduction in purchase price obligations (see Note 26) of CHF 1.1 million (previous year CHF 1.9 million). There were no losses from the sale of investments (previous year: loss from the sale of Hotelcard AG) or impairments on associates and joint ventures (previous year: CHF 0.9 million) to be recognised during the reporting year.

Income taxes

Note 14

in CHF 000	2018	2017
Current income taxes	29 111	17 712
Deferred income taxes	(20 864)	(8 123)
Total	**8 246**	**9 589**

Analysis of tax expense

in CHF 000	2018	2017
Income before taxes	137 783	179 785
Average income tax rate	21.2%	21.3%
Expected tax expense (using weighted average tax rates)	**29 183**	**38 235**
Credits and income taxes incurred from previous periods	127	(3 899)
Use of previously unrecognised loss carryforwards	(49)	(5 703)
Unrecognised deferred tax assets on tax loss carryforwards	3 379	1 643
Expiry of capitalised tax loss carryforwards	1 832	–
Impact of Swiss participation exemption and other non-taxable items	(7 070)	(2 616)
Expenses not deductible from tax and income not credited to the income statement	(108)	–
Non-tax-deductible impairment on goodwill	504	–
Change in deferred taxes due to change in tax rates	(14 124)	(716)
Tax effects on investments	(5 747)	(17 728)
Other impacting items	319	373
Income taxes	**8 246**	**9 589**
Effective tax rate	6.0%	5.3%

The expected average income tax rate equals the weighted average of the rates of the consolidated companies. This remained virtually unchanged in 2018 at 21.2 per cent.

The effective tax rate increased slightly from 5.3 per cent to 6.0 per cent. Unrecognised deferred tax assets on tax loss carryforwards result from the estimate that, based on their income situation, the relevant companies do not fulfil the prerequisites for the realisation of losses. Once again, there were tax effects on investments, which mainly resulted from book depreciation and amortisation on their carrying amounts (without any deferred tax consequences) and significantly reduced the tax expenses.

Following approval by the cantonal parliament, new tax legislation for the canton of Vaud has come into effect as of 1 January 2019 and the cantonal income tax rate has been adjusted to 3.33 per cent, leading to a reduction in the combined effective tax rate from the present figure of roughly 21.5 per cent to around 14 per cent. This adjustment reduced deferred tax liabilities by CHF 14.4 million in net terms, resulting in tax revenue of the same amount.

Note 15

Deferred tax assets and liabilities

in CHF 000	2018	2017
Other property, plant and equipment	158	158
Financial assets	360	318
Employee benefit obligations	6 670	4 034
Intangible assets	44	51
Capitalized tax loss carryforwards	16 396	15 849
Other balance sheet items	296	90
Total deferred tax assets, gross	**23 925**	**20 500**
Trade accounts receivable	(1 634)	(1 721)
Land and buildings	(13 147)	(14 540)
Other property, plant and equipment	(5 236)	(5 579)
Financial assets	(161)	(1)
Employee benefit plan assets	(10 818)	(19 818)
Intangible assets	(153 435)	(123 500)
Provisions	(2 723)	(4 100)
Other balance sheet items	(771)	(1 289)
Total deferred tax liabilities, gross	**(187 925)**	**(170 548)**
Total deferred tax assets, net	**(164 000)**	**(150 048)**
of which deferred tax assets stated in the consolidated balance sheet	2 397	3 373
of which deferred tax liabilities stated in the consolidated balance sheet	(166 397)	(153 421)

Deferred tax assets and liabilities are offset within the consolidated companies if they have the right to do so and if they relate to taxes levied by the same tax authority. Such offsetting amounted to CHF 21.5 million in 2018 (previous year: CHF 17.1 million). The change in deferred taxes is shown in the following table:

in CHF 000	2018	2017
As of 1 January	**(150 048)**	**(132 638)**
Change in group of consolidated companies	(41 938)	256
Reclassification to assets held for sale	–	(805)
Deferred tax income	20 864	8 123
Taxes on other comprehensive income	6 874	(25 167)
Currency translation differences	248	183
As of 31 December	**(164 000)**	**(150 048)**

Tax loss carryforwards

in CHF 000	2018	2017
Recognised tax loss carryforwards	**16 396**	**15 849**
Weighted average income tax rate	19.9%	19.1%
Corresponding to effective tax loss carryforwards	**(82 391)**	**(82 772)**
Past due 1 year	(7 190)	(370)
Past due 2 to 5 years	(42 269)	(60 320)
Past due after more than 5 years	(32 931)	(22 082)

Whether or not the capitalised tax loss carryforwards can be realised depends on the taxable profits generated in the future. Detailed analyses of anticipated future profits over a period of several years, which also take into account known changes to existing tax laws, form the basis for the assessment of the likelihood of their realisation. The companies affected fulfil the prerequisites for realisation based on their current and expected financial performance. As of 31 December 2018, (net) deferred tax assets of CHF 2.4 million (previous year: deferred tax assets of CHF 2.6 million) had been capitalised for Group subsidiaries that suffered losses in this or the previous year.

in CHF 000	2018	2017
Unrecognised tax loss carryforwards	**(137 186)**	**(38 238)**
Past due 1 year	(6 043)	–
Past due 2 to 5 years	(72 384)	(53)
Past due after more than 5 years	(58 758)	(38 186)

Assets held for sale

Note 16

On 18 December 2018, Swisscom AG exercised its call option to purchase the 31 per cent share held by Tamedia in Swisscom Directories AG and acquired these for CHF 239.8 million on 22 January 2019. The investment in the associated company Swisscom Directories AG totalling CHF 221.1 million was therefore reclassified as assets held for sale with effect from 31 December 2018.

Revenue of around CHF 18.7 million is recorded in 2019 from the sale of Swisscom Directories AG. Further details regarding the investment in Swisscom Directories AG can be found in Note 11. There were no assets held for sale in the previous year.

As in the previous year, there are no material, individual business segments that are held for sale and that are to be reported separately as discontinued operations as at 31 December 2018.

Non-controlling interests in net income

Note 17

in CHF 000	2018	2017
Non-controlling interests in income	36 245	24 534
Non-controlling interests in loss	(3 174)	(1 276)
Total	**33 071**	**23 258**

Disclosures on the subsidiaries with non-controlling interests are provided in Note 33.

Earnings per share

Note 18

		2018	2017
Weighted average number of shares outstanding during the year			
Number of issued shares		10 600 000	10 600 000
Number of treasury shares (weighted average)		17 053	6 966
Number of outstanding shares (weighted average)		**10 582 947**	**10 593 034**
Undiluted			
Net income (loss) attributable to shareholders	in CHF 000	96 466	146 938
Weighted average of outstanding shares applicable for this calculation		10 582 947	10 593 034
Net income (loss) per share	in CHF	**9.12**	**13.87**
Diluted			
Net income (loss) attributable to shareholders	in CHF 000	96 466	146 938
Weighted average of outstanding shares applicable for this calculation		10 623 396	10 629 030
Net income (loss) per share	in CHF	**9.08**	**13.82**

The dilution takes into account the possible impact of share-based payments to the Management Board of Tamedia AG.

Note 19

Trade accounts receivable

in CHF 000	2018	2017
Trade accounts receivable from third parties	251 609	161 768
Trade accounts receivable from associates / joint ventures	1 889	2 702
Provisions for doubtful trade accounts receivable	(13 252)	(5 646)
Total	**240 245**	**158 824**

Trade accounts receivable amounted to CHF 240.2 million (previous year: CHF 158.8 million), with the increase attributable to the changes in the group of consolidated companies. Provisions of CHF 13.3 million have been set aside for doubtful trade accounts receivable. The increase in provisions is due on the one hand to specific valuation allowances of CHF 6.0 million for receivables due from Publicitas (see Note 10), and on the other hand to specific valuation allowances of CHF 1.0 million for the companies acquired in 2018.

Trade accounts receivable are non-interest bearing and are typically due within a period of 30 days. Their due dates as of the balance sheet date are shown in the table below.

Due dates of trade accounts receivable from third parties and associates/joint ventures

in CHF 000	2018	2017
Not yet due	187 236	133 698
Past due up to 30 days	31 965	19 388
Past due 30 to 60 days	10 038	2 607
Past due 60 to 90 days	3 364	959
Past due 90 to 120 days	2 084	351
Past due over 120 days	18 810	7 468
As of 31 December	**253 497**	**164 470**

The change in provisions for doubtful trade accounts receivable is shown in the following table:

in CHF 000	2018	2017
As of 1 January	**(5 646)**	**(4 155)**
Change in group of consolidated companies	(1 252)	–
Increase	(10 238)	(3 070)
Reversals	543	297
Used during the financial year	3 316	1 329
Currency translation differences	24	(46)
As of 31 December	**(13 252)**	**(5 646)**

Note 20

Inventories

in CHF 000	2018	2017
Raw, auxiliary and operating materials	5 866	4 240
Trade merchandise	56	49
Total	**5 921**	**4 288**

Inventories increased by CHF 1.6 million to CHF 5.9 million. While paper resources held at the printing centres remained stable compared with the previous year, the inventories of Neo Advertising SA (especially in the form of LED screens that have yet to be installed) and the Goldbach Group are now also included.

Property, plant and equipment

Note 21

in CHF 000	Land	Buildings, installations and ancillary facilities	Technical equipment and machinery	Furnishings, motor vehicles and works of art	Advance payments and assets under construction	**Total**
Historical cost						
As of 31 December 2016	**67 230**	**311 989**	**246 913**	**17 484**	**199**	**643 815**
Additions of consolidated companies	–	–	9	–	–	**9**
Disposals of consolidated companies	–	–	–	–	–	**–**
Additions	–	1 190	2 713	530	2 201	**6 633**
Disposals	(1 351)	(1 552)	(3 379)	(957)	–	**(7 239)**
Transfers	–	4	1 253	–	(1 257)	**–**
Reclassification as assets held for sale	–	–	2 403	20	–	**2 423**
Currency effects	–	–	29	(3)	–	**26**
As of 31 December 2017	**65 879**	**311 630**	**249 941**	**17 074**	**1 143**	**645 667**
Additions of consolidated companies	–	3 352	7 821	1 733	101	**13 007**
Disposals of consolidated companies	–	–	–	–	–	**–**
Additions	–	1 011	5 264	1 016	9 320	**16 610**
Disposals	–	(2 797)	(7 869)	(1 507)	–	**(12 174)**
Transfers	–	722	1 697	–	(2 419)	**–**
Reclassification as assets held for sale	–	–	–	–	–	**–**
Currency effects	–	(2)	(9)	(2)	4	**(9)**
As of 31 December 2018	**65 879**	**313 916**	**256 845**	**18 313**	**8 149**	**663 102**
Cumulative amortisation, depreciation and impairment						
As of 31 December 2016	–	**156 469**	**190 951**	**12 712**	**–**	**360 132**
Disposals of consolidated companies	–	–	–	–	–	**–**
Depreciation and amortisation	–	9 224	9 750	1 081	–	**20 055**
Disposals	–	(1 552)	(3 330)	(953)	–	**(5 834)**
Reclassification as assets held for sale	–	–	821	9	–	**831**
Currency effects	–	–	18	(8)	–	**10**
As of 31 December 2017	–	**164 141**	**198 210**	**12 842**	**–**	**375 194**
Disposals of consolidated companies	–	2 667	3 733	1 241	–	**7 642**
Depreciation and amortisation	–	9 430	10 568	1 070	3	**21 071**
Disposals	–	(2 797)	(7 855)	(1 411)	–	**(12 064)**
Reclassification as assets held for sale	–	–	–	–	–	**–**
Currency effects	–	–	(4)	2	(3)	**(5)**
As of 31 December 2018	**–**	**173 441**	**204 653**	**13 744**	**–**	**391 838**
Net carrying value of assets						
As of 31 December 2017	**65 879**	**147 489**	**51 731**	**4 232**	**1 143**	**270 474**
As of 31 December 2018	**65 879**	**140 475**	**52 192**	**4 569**	**8 149**	**271 264**

Property, plant and equipment rose by CHF 0.8 million compared with the previous year and stood at CHF 271.3 million as of the balance sheet date. Investments grew from CHF 6.6 million to CHF 16.6 million. The investments made during the reporting period related primarily to technical equipment and machinery at the three printing centres, in particular Druckzentrum Zürich, and were the result of accepting larger-scale print orders for Ringier and Neue Luzerner Zeitung. Investments by Neo Advertising SA in installations for the placement of out-of-home advertising are another reason for the increased level of investment activity compared with the previous period. The additions were offset by depreciation and amortisation of CHF 21.1 million and disposals of CHF 0.1 million. Details on the pledging of property, plant and equipment are given in Note 39.

Note 22

Other non-current financial assets

in CHF 000	2018	2017
Other investments	12 125	10 787
Non-current loans to third parties	512	401
Non-current loans to associates / joint ventures	101	–
Other non-current financial assets	3 139	391
Total	**15 877**	**11 579**

Other non-current financial assets increased by CHF 4.3 million to CHF 15.9 million. In 2018, a 13 per cent interest in Global Impact Finance SA was acquired for CHF 1.5 million and reported under other investments. No material changes to the measurement of other investments were recognised in the reporting year. Non-current loans receivable remained virtually unchanged whereas other non-current financial assets rose, due in particular to the CHF 2.0 million investment in the fintech start-up Lykke Corp. The investment is in Lykke Coins, but can be converted at any time into a fixed number of shares in Lykke Corp. Tamedia measures Lykke Coins at fair value and takes unrealised gains – net after taxes – to the statement of comprehensive income until realised.

Details on the market values of financial assets are given in Note 38. Details on pledges of other financial assets can be found in Note 39.

Note 23

Employee benefits

Tamedia has a range of defined benefit plans in Switzerland. These plans are managed in accordance with the legal requirements and are managed by autonomous, legally independent pension funds. The Board of Trustees, as the highest management body of these pension funds, is composed of an equal number of employee and employer representatives.

The plan participants are insured against the economic consequences of old age, disability and death, with the benefits governed by the respective plan policies on the basis of the contributions paid. Depending on the individual plan, the employer pays contributions of at least 50 per cent up to a maximum of 60 per cent to the pension funds.

The pension funds can change their financing system (contributions and future benefits). In the event of a funding deficit, determined in accordance with the legal requirements of Switzerland, and if other measures are unsuccessful, the pension funds may charge the employer deficit reduction contributions.

All insurance risks are borne by the pension funds. These risks can be broken down into demographic and financial risks, and are regularly assessed by the Board of Trustees, which is also responsible for asset management.

The management of the plan assets aims at securing the insured parties' benefit entitlements over the long term using the contributions paid by the employees and employer as stipulated in the plan policies. Criteria such as security, the generation of a return on investments that is in line with the market, risk distribution, efficiency and guarantee of the necessary liquid assets are all taken into account.

Risk capacity, calculated in accordance with recognised rules, is taken into account when determining the investment strategy. The structure of the plan assets takes particular account of the employee benefit obligations, including the plan's actual financial position and expected changes to the number of insured members. The plan assets are thus distributed across different asset classes, markets and currencies, while ensuring that there is sufficient market liquidity. The target return on plan assets is determined within the context of risk capacity, and should play a key role in financing the benefits promised.

Actuarial assumptions

in per cent	2018	2017
Discount rate as of 1 January	0.60	0.68
Discount rate as of 31 December	0.80	0.60
Expected salary increases	1.00	1.00
Expected pension increases	–	–
Mortality table	BVG 2015 GT	BVG 2015 GT
Date of most recent actuarial calculation	31.10.2018	31.10.2017

Amounts recognised in the balance sheet

in CHF 000	2018	2017
Employee benefit obligations as of 31 December	(1 808 673)	(1 829 895)
Employee benefit plan assets as of 31 December	1 829 532	1 904 930
Overfunding/(liabilities) as of 31 December	**20 859**	**75 035**
Adjustment of asset limit	–	–
Net plan assets/(net plan liabilities) as of 31 December	**20 859**	**75 035**
of which net plan assets	57 135	94 371
of which employee benefit obligations	(36 276)	(19 336)

Amounts recognised in the income statement

in CHF 000	2018	2017
Current employer service cost	(31 946)	(31 937)
Past service cost	969	29 187
Effect of plan curtailments/settlements	–	–
Interest cost for employee benefit obligations	(11 028)	(12 615)
Interest income on plan assets	11 410	12 202
Administration costs (excl. asset management costs)	(924)	(939)
Company's net periodic pension cost	**(31 519)**	**(4 102)**
of which employee benefit expense and administration costs	(31 901)	(3 689)
of which net interest on net plan assets/(net plan liabilities)	382	(413)

In 2017 and 2018, the past service cost was mainly attributable to plan amendments (lowering of the technical interest rate). In 2018, plan amendments relate to different agreements with collective foundations; in the previous year, they related primarily to the Tamedia AG pension fund.

Amounts recognised in the statement of comprehensive income

in CHF 000	2018	2017
Actuarial gains/(losses) on employee benefit obligations	52 214	1 809
Gain on plan assets, excluding interest	(81 222)	120 063
Total	**(29 008)**	**121 872**

Composition of actuarial gains

in CHF 000	2018	2017
Actuarial gains/losses through changes in		
financial assumptions	39 014	(16 161)
demographic assumptions	873	731
adjustments due to experience	12 327	17 239
Total	**52 214**	**1 809**

Changes in employee benefit obligations

in CHF 000	2018	2017
Present value as of 1 January	(1 829 895)	(1 878 500)
Interest cost	(11 028)	(12 615)
Current employer service cost	(31 946)	(31 937)
Employee contributions	(20 988)	(21 807)
Benefits paid	91 902	84 907
Past service cost	–	–
Effect of plan curtailments/settlements	969	29 187
Change in group of consolidated companies	(58 972)	–
Administration costs (excl. asset management costs)	(929)	(939)
Actuarial gains/(losses)	52 214	1 809
Present value as of 31 December	**(1 808 673)**	**(1 829 895)**
of which plan liabilities for current employees	(775 863)	(756 390)
of which plan liabilities for retired employees	(1 032 810)	(1 073 505)

Changes in plan assets

in CHF 000	2018	2017
Fair value as of 1 January	1 904 930	1 811 972
Interest income on plan assets	11 410	12 202
Employer contributions	23 682	23 793
Employee contributions	20 988	21 807
Benefits paid	(91 902)	(84 907)
Effect of plan curtailments/settlements	–	–
Change in group of consolidated companies	41 646	–
Gain on plan assets, excluding interest	(81 222)	120 063
Fair value as of 31 December	**1 829 532**	**1 904 930**

Allocation of plan assets

in CHF 000	2018	2017
Listed market prices		
Cash and cash equivalents	5 669	5 231
Equity securities	512 656	611 413
Bonds	598 015	614 886
Real estate	298 304	295 657
Other	6	232
Total listed market prices	**1 414 650**	**1 527 419**
Not publicly traded fair values		
Equity securities	–	–
Bonds	–	–
Real estate	250 925	241 661
Other	163 957	135 850
Total non-listed market prices	**414 882**	**377 511**
Total assets at fair value	**1 829 532**	**1 904 930**
of which Tamedia AG shares	–	–
of which assets used by Group companies	–	–

Expected contributions for the coming year

in CHF 000	2018	2017
Employer contributions	23 763	23 713
Employee contributions	20 547	21 306

Maturity of employee benefit obligations

in years	2018	2017
Weighted average duration of employee benefit obligations in years	14.0	14.2

Sensitivity analysis

in CHF 000	2018	2017
Effects on employee benefit obligations as of 31 December in the event of		
Decrease of the discount rate by 0.25%	(65 084)	(66 636)
Increase of discount rate by 0.25%	60 979	62 420
Decrease in salary increases by 0.25%	4 159	4 190
Increase of salary increases by 0.25%	(4 200)	(4 257)
Decrease in life expectancy by 1 year	64 361	66 889
Increase of life expectancy by 1 year	(63 254)	(65 740)

Contributions to defined contribution plans

in CHF 000	2018	2017
Total	1 280	1 663

Liabilities to employee benefit funds

in CHF 000	2018	2017
Liabilities to Tamedia employee benefit funds	752	1 159
Liabilities to other employee benefit funds	–	–
Total	**752**	**1 159**

in CHF 000	Goodwill	Publishing rights, brand rights and other legal rights	Recognised software project costs	Other intangible assets, assets under construction	Total
Historical cost					
As of 31 December 2016	**922 835**	**776 068**	**69 844**	**26**	**1 768 773**
Additions of consolidated companies	9 408	–	800	–	**10 208**
Additions	–	1	3 141	1 376	**4 518**
Disposals	–	(30)	(3 791)	–	**(3 821)**
Transfers	–	–	30	(30)	**–**
Reclassification as assets held for sale	7 303	10 863	6 851	–	**25 018**
Currency effects	2 752	590	371	–	**3 713**
As of 31 December 2017	**942 298**	**787 493**	**77 246**	**1 372**	**1 808 410**
Additions of consolidated companies	134 753	240 870	1 847	599	**378 069**
Additions	27	2 257	6 601	989	**9 874**
Disposals	(1 125)	(5 493)	(10 290)	(10)	**(16 917)**
Transfers	(27)	–	1 906	(1 879)	**–**
Currency effects	(1 672)	(283)	(205)	–	**(2 160)**
As of 31 December 2018	**1 074 254**	**1 024 844**	**77 104**	**1 071**	**2 177 275**
Cumulative amortisation, depreciation and impairment					
As of 31 December 2016	**45 393**	**148 864**	**53 581**	**26**	**247 864**
Depreciation and amortisation	–	35 418	8 989	–	**44 407**
Disposals	–	(29)	(3 791)	–	**(3 820)**
Reclassification as assets held for sale	–	3 684	2 958	–	**6 642**
Currency effects	1 411	59	134	–	**1 604**
As of 31 December 2017	**46 804**	**187 998**	**61 869**	**26**	**296 697**
Depreciation and amortisation	–	42 390	8 476	–	**50 865**
Impairment	2 293	–	–	–	**2 293**
Disposals	–	(5 327)	(10 290)	(10)	**(15 626)**
Transfers	–	–	–	–	**–**
Currency effects	(688)	(43)	(117)	–	**(848)**
As of 31 December 2018	**48 409**	**225 018**	**59 938**	**16**	**333 381**
Net carrying value of assets					
As of 31 December 2017	**895 494**	**599 496**	**15 377**	**1 346**	**1 511 712**
As of 31 December 2018	**1 025 846**	**799 827**	**17 167**	**1 055**	**1 843 894**

Intangible assets increased by CHF 332.2 million from CHF 1,511.7 million to CHF 1,843.9 million. Acquisitions resulted in an increase of CHF 378.1 million in intangible assets. Changes to the group of consolidated companies include the addition of intangible assets of Neo Advertising SA, Basler Zeitung AG and Goldbach Group. Further information on this is provided in Note 1 on changes to the group of consolidated companies. The other additions of CHF 9.9 million mainly concern software project costs that can be capitalised and the acquisition of licences. The additions are offset by depreciation and amortisation of CHF 50.9 million. In 2018, the goodwill of Tradono Switzerland AG was impaired due to the discontinuation of its activity (no impairment in the previous year). Further information on this can be found in Note 25 below. The disposals also take account of the intangible assets from the spin-off of the activity associated with Zürichsee-Zeitung Obersee.

Note 25

Goodwill and intangible assets with an indefinite useful life

in CHF 000	2018	2017
Business division		
Paid Media	203 358	178 814
Free Media and Commercialisation	258 293	149 455
Marketplaces and Ventures	564 195	567 225
Total	**1 025 846**	**895 494**

In addition to goodwill, intangible assets (trademarks/URLs) with indefinite useful lives are found in the following business divisions:

in CHF 000	2018	2017
Business division		
Paid Media	115 529	96 288
Free Media and Commercialisation	221 632	22 190
Marketplaces and Ventures	187 299	187 479
Total	**524 460**	**305 957**

Goodwill of CHF 290.1 million and intangible assets with indefinite useful lives of CHF 91.0 million are related to the largest cash-generating unit. These were tested for impairment on the basis of the value in use, growth rate calculation, discount rate and other assumptions in the Marketplaces and Ventures segment.

The goodwill and intangible assets with indefinite useful lives were tested for impairment for each cash-generating unit on 31 December 2018. The cash-generating units are determined at a level below the segments, provided they are largely independent of other assets. Their values in use were calculated using the discounted cash flow method.

The calculations on which the business plans are based refer to the values generated in the current year, the budget figures for 2019 and the medium-term expectations for each of the business divisions. The budget figures include the latest estimates relating to changes in revenues and costs. The estimates relating to the changes in revenues take into account external market data (WEMF, Media Focus, NET-Metrix) and are based on the current numbers of readers or users. Future changes in these numbers are forecast individually. Measures serving to improve net income are taken into account only if they have been officially approved and are already being implemented. The business plans take account of business risks with differing assessments. The business plans cover a period of five years. For the following years, the growth rate was set at –2.75 per cent for Paid Media and 0.0 per cent for Free Media and Commercialisation, while the rate for Marketplaces and Ventures was set at 1.0 per cent (previous year: –2.5 per cent for Paid Media, 0.0 and –2.5 per cent for Free Media and Commercialisation and 1.0 per cent for Marketplaces and Ventures).

The discount rates applied (WACC) are shown in the following table.

	2018	2017
WACC before tax		
Paid Media	9.1–10.8%	8.6–8.7%
Free Media and Commercialisation	7.6–9.2%	8.4–8.7%
Marketplaces and Ventures	8–9.6%	8.4–10.1%

The discount rates before tax applied to the significant cash-generating units amounted to 9.7 per cent (previous year: 8.6 per cent) for Paid Media, 9.2 per cent (previous year: 8.7 per cent) for Free Media, 7.6 per cent for Commercialisation and 9.2 per cent (previous year: 9.4 per cent) for Marketplaces and Ventures.

Due to the discontinuation of Tradono Switzerland in September 2018, its goodwill of CHF 2.3 million was fully impaired. As was the case in the previous year, no further impairment on goodwill was recognised following the annual goodwill impairment test for each cash-generating unit as at 31 December 2018.

Impairment of goodwill and intangible assets with an indefinite useful life could result from changes in the fundamental data used for impairment testing, such as an ongoing deterioration in the gross margin or a change in cost structure.

The possible effects as at 31 December are presented on the basis of an assumed reduction in free cash flow and an increase in WACC.

in CHF 000	2018	2017
Effects on goodwill and intangible assets with unlimited use		
of a reduction in cash flow by		
10%		
Paid Media	(31 269)	–
Free Media and Commercialisation	–	–
Marketplaces and Ventures	–	(14 818)
20%		
Paid Media	(59 497)	–
Free Media and Commercialisation	–	(298)
Marketplaces and Ventures	(17 318)	(39 081)
WACC increased by 2%		
Paid Media	(46 999)	–
Free Media and Commercialisation	(473)	(1 922)
Marketplaces and Ventures	(25 054)	(56 226)

A 10 or 20 per cent decline in free cash flow for the cash-generating unit Paid Media would give a recoverable amount of CHF 31.3 million or CHF 59.5 million below the carrying amount. A 2 per cent increase in WACC would give a recoverable amount of CHF 47.0 million below the carrying amount. A 20 per cent decline in free cash flow for the cash-generating unit ricardo.ch would give a recoverable amount of CHF 17.3 million below the carrying amount. A 2 per cent increase in WACC would give a recoverable amount of CHF 25.1 million below the carrying amount. Considered individually, any impact on the other units is not significant.

Note 26

Financial liabilities

in CHF 000	2018	2017
Current liabilities to banks	120 883	2 019
Other current financial liabilities to third parties	4 797	1 954
Current financial liabilities	**125 680**	**3 973**
Non-current liabilities to banks	20 000	803
Non-current loans to related companies	10 369	2 000
Other non-current financial liabilities to third parties	2 824	3 318
Other non-current financial liabilities to related companies	–	291
Non-current financial liabilities	**33 194**	**6 412**
Financial liabilities	**158 874**	**10 385**
Weighted average interest rate		
Due within 1 year	0.5%	0.5%
Due 1 to 5 years	1.0%	0.7%
Due beyond 5 years	n/a	n/a

Financial liabilities increased by CHF 148.5 million to CHF 158.9 million. A credit facility of CHF 145.0 million was agreed for the acquisition of the Goldbach Group AG on 24 August 2018. Tamedia had drawn CHF 120.0 million of this credit facility as of the balance sheet date and repaid it in full in January 2019. A key component of the credit facility is the interest rate agreed, consisting of Libor and the interest margin. The interest margin varies depending on the debt ratio and the amount of the promissory notes assigned as collateral. The credit facility is secured by promissory notes on Tamedia real estate for CHF 251.1 million. See also Note 39, "Assets pledged as collateral or subject to liens". Adherence to a maximum debt ratio (gross debt divided by EBITDA) and a minimum equity ratio (the ratio of equity to total assets) was agreed. These figures were met in the 2018 financial year. The Goldbach Group AG also has a non-current liability to a bank of CHF 20.0 million. The corresponding general loan agreement is for a fixed amount of CHF 20.0 million and has a term until the start of 2020. In addition to credit liabilities, current and non-current liabilities to banks include the market value of hedging transactions for the foreign currency risk (see Note 38).

In connection with the acquisition of the Goldbach Group, a current financial liability to third parties amounting to CHF 4.3 million was recognised for the 1.9 per cent of shares not yet held by Tamedia as of the balance sheet date (see also Note 1). The purchase price obligation from the acquisition of Swiss Classified Media in the amount of CHF 1.6 million was settled in 2018 before the due date. The purchase price obligation from the acquisition of Meekan Solutions Ltd. is included in other non-current financial liabilities to third parties. The amount concerned depends on future economic developments. Adjustments to the purchase price obligation in order to reflect current market values as well as the fair value adjustment totalling CHF 1.0 million net have been recognised in the financial result (previous year: CHF 1.5 million).

Non-current loans to related parties now include outstanding liabilities to the minority shareholders of autoricardo AG and Neo Advertising SA totalling CHF 8.4 million.

Other non-current financial liabilities to third parties still comprise the contractually assumed obligation of CHF 2.0 million (previous year: CHF 2.0 million) in connection with the "ETH Media Technology Initiative" development partnership. The current portion of this, CHF 0.3 million, has been recognised under other current financial liabilities. As was the case in the previous year, Tamedia has no material obligations as of the balance sheet date to purchase non-controlling interests on the basis of put options.

Cash flow associated with net financial liabilities

in CHF 000	Cash and cash equivalents	current financial assets	current financial receivables	current financial liabilities	non-current financial liabilities	Net financial liabilities
As of 1 January 2017	**55 943**	**1 388**	**7 592**	**(31 439)**	**(62 865)**	**(29 381)**
Addition/Disposal of cash and cash equivalents and current financial assets	59 340	–	4 532	–	–	**63 873**
Repayment of financial liabilities	–	–	–	30 002	50 619	**80 620**
Investment in consolidated companies	295	–	–	–	–	**295**
Other non-cash changes	–	731	–	(926)	4 224	**4 030**
Transfers	7 320	–	–	(1 610)	1 610	**7 320**
Currency effects	539	–	–	–	–	**539**
As of 31 December 2017	**123 438**	**2 119**	**12 125**	**(3 973)**	**(6 412)**	**127 296**
As of 1 January 2018	**123 438**	**2 119**	**12 125**	**(3 973)**	**(6 412)**	**127 296**
Addition/Disposal of cash and cash equivalents and current financial assets	77 708	–	13 879	–	–	**91 587**
Proceeds of financial liabilities	201 398	–	–	(185 001)	(16 397)	**–**
Repayment of financial liabilities	(66 944)	–	–	66 653	291	**–**
Investment in consolidated companies	(192 624)	–	–	(4 486)	(20 540)	**(217 650)**
Disposals of consolidated companies	3 371	–	–	–	–	**3 371**
Other non-cash changes	–	(931)	350	1 126	9 865	**10 410**
Currency effects	(423)	–	–	–	–	**(423)**
As of 31 December 2018	**145 923**	**1 187**	**26 354**	**(125 680)**	**(33 193)**	**14 590**

Note 27

Trade accounts payable

in CHF 000	2018	2017
Trade accounts payable to third parties	91 891	37 263
Trade accounts payable to associates / joint ventures	673	1 677
Total	**92 564**	**38 940**

The total amount of trade accounts payable was CHF 92.6 million, which is CHF 53.6 million more than in the previous year. Excluding the changes to the group of consolidated companies, trade accounts payable remained stable compared with the previous year. Trade accounts payable are non-interest bearing and are normally payable within a period of 30 days.

Note 28

Other current liabilities

in CHF 000	2018	2017
Liabilities to public authorities	13 219	10 824
Liabilities to insurance companies	5 854	2 702
Liabilities to employee benefit funds	752	1 159
Liabilities to employees	732	727
Advance payments from customers	7 343	3 007
Other current liabilities	11 668	10 939
Total	**39 568**	**29 359**

Other current liabilities rose by CHF 10.2 million to CHF 39.6 million, with the increase attributable to changes in the group of consolidated companies. Other current liabilities are non-interest bearing and are normally payable within a period of 30 days.

Note 29

Deferred revenues and accrued liabilities

in CHF 000	2018	2017
Deferred subscription revenues	146 177	147 013
Deferred online revenues	61 391	56 121
Deferred revenues from commercialisation and intermediation activities	36 665	–
Deferred personnel expenses	43 645	37 671
Other accrued liabilities	38 017	26 608
Total	**325 896**	**267 413**
of which deferred revenues from contracts with customers	250 850	206 420

Deferred revenues and accrued liabilities increased by CHF 58.5 million from CHF 267.4 million to CHF 325.9 million. Deferred subscription revenues remained stable year-on-year. Deferred online revenue increased by 9 per cent, which is mainly attributable to the activities of Jobcloud AG. The increase in deferred personnel expenses of CHF 6.0 million to CHF 43.6 million, or 16 per cent, as well as the first-time recognition of deferrals for television channel shares that had not been invoiced as of the balance sheet date, the deferrals in connection with commercialisation activities and the deferrals for multi-year advertising agreements, are attributable to the first-time recognition of the Goldbach Group in Tamedia's consolidated financial statements.

The revenues recognised in the reporting period which were included in the balance of the contractual liabilities at the start of the period amount to CHF 192.8 million. Deferred revenues and accrued liabilities increased by CHF 48.5 million following the change in the group of consolidated companies. There are no material revenues recognised in the reporting period from performance obligations which had been fulfilled either in full or in part during earlier periods (e.g. subsequent purchase price adjustments).

Provisions

Note 30

in CHF 000	Long service awards	Personnel provisions/ Restructuring	Restoration costs + inherit-ed pollution	Litigation risk, other	**Total**
As of 1 January 2017	**9 835**	**2 810**	**813**	**1 062**	**14 520**
Increase	793	908	–	411	**2 112**
Reversal	–	(96)	–	(302)	**(398)**
Used during the financial year	(882)	(2 196)	(226)	(221)	**(3 525)**
Currency effects	–	–	12	41	**53**
As of 31 December 2017	**9 745**	**1 425**	**600**	**992**	**12 762**
Due within 1 year	788	1 241	–	77	**2 105**
Due between 1 and 5 years	8 958	184	600	915	**10 657**
As of 1 January 2018	**9 745**	**1 425**	**600**	**992**	**12 762**
Additions of consolidated companies	1 244	7	–	741	**1 991**
Disposals of consolidated companies	(33)	–	–	–	**(33)**
Increase	404	3 913	–	619	**4 936**
Reversal	–	(457)	–	(54)	**(511)**
Used during the financial year	(940)	(2 607)	–	(202)	**(3 749)**
Currency effects	–	–	–	(14)	**(14)**
As of 31 December 2018	**10 419**	**2 280**	**600**	**2 082**	**15 381**
Due within 1 year	993	2 280	–	820	**4 092**
Due between 1 and 5 years	9 426	–	600	1 262	**11 288**

Current and non-current provisions rose by CHF 2.6 million from CHF 12.8 million to CHF 15.4 million. Approximately CHF 2.0 million of this increase is attributable to changes in the group of consolidated companies. The increase in personnel provisions is a result of social plans agreed in 2018. These include the social plans for the employees of Le Matin and Tamedia Editorial Services in French-speaking Switzerland. Only part of these provisions were used during the reporting year, which is why the provisions recognised for personnel in 2018 far exceed the provisions used. The increase in the provision for long-service awards is a result of the acquisitions made in 2018. The outflow of non-current provisions is expected within the next five years.

The provision for long-service awards is determined on the basis of actuarial principles. The personnel provisions consist mainly of costs that are still expected in conjunction with agreed restructuring measures. Restoration costs and inherited pollution include the estimated costs of restoring rented properties to their original state once they have been vacated, and guarantees for the removal of inherited pollution from properties sold. The due dates for restoration costs of rented premises are governed by the terms of the relevant agreements. The provisions for litigation risks relate to current cases. Other provisions include several different items, which, if considered individually, are not material in nature.

The amount set aside for provisions and the point in time at which such will result in a cash outflow are based on best possible estimates and may deviate from actual circumstances in the future.

Share capital

Note 31

There are still 10,600,000 fully paid-up registered shares with a par value of CHF 10.00 each.

There is a shareholders' agreement for 67.0 per cent of the 10.6 million registered shares of Tamedia AG. The members to the shareholders' agreement currently own 69.11 per cent of the shares.

On 20 April 2018, the shareholders approved the proposal of the Board of Directors that a dividend of CHF 4.50 per share be distributed for the 2017 financial year. For the 2018 financial year, the Board of Directors will propose to the Annual General Meeting of 5 April 2019 that a dividend of CHF 4.50 per dividend-bearing share be distributed.

Disclosures on the major shareholders of Tamedia AG in accordance with the terms of the Swiss Code of Obligations Art. 663c are provided in Note 15 to the annual financial statements of Tamedia AG.

Note 32

Treasury shares

		2018	2017
Number of treasury shares			
As of 1 January		10 929	7 652
Additions		25 637	8 940
Disposals		(10 957)	(5 663)
As of 31 December		**25 609**	**10 929**
Initial value of treasury shares	in CHF 000		
As of 1 January		1 635	1 251
Additions		3 584	1 319
Disposals		(1 640)	(935)
As of 31 December		**3 579**	**1 635**
Market value		**2 702**	**1 508**
Paid/received prices	in CHF		
Additions (weighted average)		139.80	147.51
min.		118.00	132.70
max.		157.29	159.93
Disposals (weighted average)		149.69	165.09
min.		149.69	165.09
max.		149.69	165.09

The year-end price of treasury shares was CHF 105.5, compared to CHF 138.0 at the end of the previous year. Share price changes over time can be seen in the chart on page 39.

As part of the profit participation programme for members of the Management Board (see also Note 42), 10,957 treasury shares with a total value of CHF 1.6 million were issued. In total, 25,637 additional treasury shares were purchased in the 2018 financial year.

Further disclosures in relation to the consolidated financial statements

Subsidiaries with non-controlling interests

Note 33

The Group companies of Tamedia and their respective shares of capital and voting rights are detailed in Note 40. The balance sheet date for all Group companies is 31 December. With regard to non-controlling interests, there are no significant statutory, contractual or regulatory restrictions affecting access to or use of the Group's assets or with regard to Tamedia's settlement of its obligations.

Detailed information on the Group companies with significant non-controlling interests is provided in the table below (figures prior to intercompany eliminations).

in CHF 000	2018	2017	2018 [1]
Name	Jobcloud AG	Jobcloud AG	Goldbach Media (Switzerland) AG
Share of Group capital	50.0%	50.0%	54.0%
Capital share attributable to non-controlling interests	50.0%	50.0%	46.0%
Balance sheet			
Current assets	97 524	69 004	104 198
Non-current assets	477 562	483 693	251 397
Assets	**575 085**	**552 697**	**355 596**
Current liabilities	70 509	60 175	75 832
Non-current liabilities	40 480	42 128	35 216
Equity, attributable to Tamedia shareholders	237 048	230 197	132 056
Attributable to non-controlling interests	227 048	220 197	112 492
Liabilities	**575 085**	**552 697**	**355 596**
Income statement			
Revenues	111 582	98 723	30 408
Income before taxes	**67 727**	**56 181**	**15 143**
Income taxes	(12 373)	(11 492)	(2 907)
Net income	**55 354**	**44 689**	**12 235**
Other comprehensive income	100	693	(125)
Total comprehensive income	**55 454**	**45 382**	**12 110**
of which attributable to non-controlling interests	27 727	22 691	5 571
Dividends paid to non-controlling interests	20 875	19 204	–
Cash flows			
Cash flow from (used in) operating activities	71 428	55 960	10 733
Cash flow from (used in) investing activities	(31 669)	(11 576)	(457)
Cash flow from (used in) financing activities	(41 749)	(38 408)	–
Change in cash and cash equivalents	**(1 990)**	**5 976**	**10 276**

1 Income statement and cash flows taken into account for the period 01 September 2018 to 31 December 2018.

With regard to Jobcloud AG, Tamedia and Ringier have agreed on a control option that enables Tamedia to carry out its consolidation pursuant to IFRS.

Note 34

Sureties, subordinated claims and guarantee obligations to the benefit of third parties/related parties

in CHF 000	2018	2017
Subordinated claims in favour of related parties	530	150
Subordinated claims in favour of third parties	411	762
Guarantee liabilities in favour of third parties	7	30
Total	**947**	**942**

As of the balance sheet date, there were subordinated claims to the benefit of related parties and third parties totalling CHF 0.9 million (previous year CHF 0.9 million). There were also guarantee obligations to the benefit of third parties for CHF 0.01 million (previous year CHF 0.03 million). There are no further sureties, subordinated claims or guarantee obligations.

Note 35

Operating leases and rental commitments

Rental agreements are currently in place for property as well as leases for machinery and furnishings. The leases for machinery and furnishings have a residual term of between one and four years and are generally at fixed conditions. The residual terms of the property rental agreements are usually between one and five years. Various rental agreements feature options to extend the rental period. For those rental agreements where an extension is deemed probable, the extension is taken into account when determining the rental commitment. The change in the rental commitments for machinery and furnishings is based mainly on the entry of new companies into the group of consolidated companies. Rental commitments for land, buildings and office premises taken on by companies that are now included in the group of consolidated companies, largely offset the reduction in rental commitments for companies that were already included in the group of consolidated companies.

in CHF 000	2018	2017
Land, buildings and office premises	46 995	45 042
Machinery and furnishings	3 717	1 403
Total	**50 712**	**46 445**
Due within 1 year	12 926	9 423
Due between 1 and 5 years	35 290	26 992
Due beyond 5 years	2 496	10 029
Total	**50 712**	**46 445**
Costs recognised in the financial year under the item rent, lease payments and licences (see Note 10)	13 795	12 121

Note 36

Pending transactions

Framework agreements are entered into with major suppliers of newsprint and magazine paper. There were no agreements relating to future delivery periods as of the balance sheet date. There are no other pending transactions as of the balance sheet date.

In the area of out-of-home advertising, there are now contracts with an obligation to provide services to generate a specific level of revenues amounting to CHF 20.6 million. The management believes that the agreed revenue targets will be achieved.

Note 37

Information on financial risk management

The Board of Directors convenes regularly to discuss the assessment of risks (at one meeting in 2018). Its assessments were compared and aligned with those from the previous year and with the assessments prepared by the Management Board. The Board of Directors and Management Board apply different operational risk management processes that are documented regularly and systematically. The assessment of opportunities and risks is also incorporated into systematic portfolio management. The Board of Directors and Management Board consider the following risks to be significant: the impacts of structural changes in the media sector, changes in behaviour of media consumers and advertising customers, dependence on the general economic trend in Switzerland and changes in broader economic and legal conditions. These include in particular the licence-fee-financed free competition from SRG, further increases in the postal charges for the delivery of newspapers and magazines as well as restrictions under competition law or bans on collaborations with other companies in spite of the increasing competition provided by global players such as Google, Facebook and Amazon. New projects at home and abroad, technical faults affecting IT systems and the rise of cyber crime are also considered to present a risk. In contrast, risks associated with operational errors and weaknesses or natural hazards are assessed as being less critical.

Interest rate risk

Interest rate risk is managed centrally. Short-term interest rate risks are generally not hedged. The interest rate risk associated with the credit facility drawdown to finance the acquisition of the Goldbach Group was not hedged. As of the balance sheet date, there were no hedges of long-term interest rate risks.

The risk resulting from changes in market interest rates mainly relates to current and non-current financial liabilities.

The following table provides details of the items that are subject to interest rate risks and shows the impact of a possible change in interest rates on the Group's net income before taxes.

	2018		2017	
in CHF 000	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
Assets				
Cash and cash equivalents	145 923	–	123 438	–
Loans receivable	–	613	–	401
Liabilities				
Liabilities to banks and bank loans	–	140 883	–	2 822
Loans payable	2 888	7 481	–	2 000
Other interest-bearing financial liabilities	–	7 622	–	5 564
Impact on earnings before taxes at a change of +/– 0.1%	+/– 143		+/– 123	

Currency risk

Risks relating to exchange rate fluctuations may result in particular from the purchase of paper or investments. Currency risks are hedged centrally, by means of cash flow hedges, and thus minimised to the extent that such action is considered expedient.

At present, currency risks result mainly from purchases made in foreign currency and whose revenues are generated predominantly in CHF, as well as investments in other companies that are managed in a foreign currency. The equivalent value of purchases in foreign currency amounted to CHF 83.9 million in 2018 (previous year: CHF 78.6 million). The risks applied for the most part to transactions in euro and were hedged for paper purchases in 2019 in the amount of CHF 46.5 million (hedging in 2017 for paper purchases in 2018 amounted to CHF 41.0 million). The above purchases in foreign currency do not include those made by the Goldbach Group since the latter's purchases are not exposed to any material currency risk on account of revenues also being accrued in euro. The equivalent value of transactions to hedge the foreign currency risk on investments in other companies amounted to CHF 29.6 million at the end of 2018 (previous year: CHF 43.6 million). The outstanding hedging transactions will not be renewed in 2019 and no further hedging of the foreign currency risk on investments in other companies will be carried out. Details of the hedges for 2018 using forward exchange transactions can be found in Note 38. Details of the system for recognising these cash flow hedges can be found in the measurement principles.

The effects on net income before taxes of a possible change in the exchange rates of 5 per cent on the items in the balance sheet in euro, Danish krone and Israeli shekel amounted to CHF –1.3 million as at the end of 2018 (previous year: CHF –0.9 million).

Credit default risk

Trade accounts receivable are constantly monitored using standardised processes that are also supported by external debt collection partners. Standard guidelines are used to make the necessary value adjustments (see also: Measurement guideline for accounts receivable). The threat of cluster risks is minimised by the large number and broad distribution of receivables from customers across all market segments. Quantitative information on credit risk resulting from operations can be found in Note 19 "Trade accounts receivable".

The credit risk to which cash and cash equivalents and other financial assets are exposed relates to counterparty defaults, in which case the maximum risk is the carrying amount. Cash and cash equivalents are mostly held at three big Swiss banks, of which the default credit risk is rated as low based on the current Standard & Poor's credit ratings.

Liquidity risk

The risk of not having access to sufficient liquidity to settle liabilities is covered by a liquidity plan, which is continuously updated. The liquidity plan takes both day-to-day operations and accounts receivable and liabilities into account.

In order to optimise the available financial resources, liquidity management and long-term financing are undertaken centrally. This means that capital can be procured cost-effectively and ensures that the liquidity available matches the payment obligations.

The due dates of financial liabilities are shown in the table below.

in CHF 000	Not yet due/ at call	Up to 3 months	4 to 12 months	Due between 1 and 5 years	Due beyond 5 years	**Total**
2018						
Financial liabilities	119 787	5 341	838	33 291	–	**159 256**
of which derivative financial instruments	–	221	662	–	–	**882**
Trade accounts payable	92 564	–	–	–	–	**92 564**
Other liabilities	11 668	–	–	–	–	**11 668**
Total	**224 019**	**5 341**	**838**	**33 291**	**–**	**263 488**
2017						
Financial liabilities	1 657	804	1 520	6 448	–	**10 429**
of which derivative financial instruments	–	505	1 514	803	–	**2 822**
Trade accounts payable	38 940	–	–	–	–	**38 940**
Other liabilities	10 939	–	–	–	–	**10 939**
Total	**51 536**	**804**	**1 520**	**6 448**	**–**	**60 308**

Capital management

The capital defined in conjunction with capital management corresponds to reported equity.

Capital management ensures that the necessary capital for operational activities can be made available from funds earned by the Group itself and that financial liabilities can usually be settled from the Group's own funds within a period of three to five years. The dividends paid to shareholders are adjusted as a means of managing capital. The aim is to pay dividends to shareholders in the range of 35 to 45 per cent of net income and to report an equity ratio that is significantly higher than 50 per cent over the long term.

Financial instruments

Note 38

in CHF 000	category	2018 Carrying value	2018 Fair value	2017 Carrying value	2017 Fair value
Cash and cash equivalents	1	145 923	145 923	123 438	123 438
Current financial assets		1 187	1 187	2 119	2 119
of which forward exchange contracts and interest rate hedges	4	1 187	1 187	2 119	2 119
Trade accounts receivable	2	240 245	240 245	158 824	158 824
Current financial receivables	2	26 354	26 354	12 125	12 125
Other non-current financial assets		15 877	15 803	11 579	11 565
of which other investments – equity instruments	3	11 780	11 780	10 280	10 280
of which other investments – no equity instruments	4	345	345	507	507
of which loans receivable	2	613	539	401	387
of which other non-current financial assets – equity instruments	3	2 000	2 000	–	–
of which other non-current financial assets – no equity instruments	2	1 139	1 139	391	391
Current financial liabilities	5	125 680	125 680	3 973	3 973
of which forward exchange contracts and interest rate hedges	6	882	882	2 019	2 019
Trade accounts payable	5	92 564	92 564	38 940	38 940
Other liabilities	5	11 668	11 668	10 939	10 939
Non-current financial liabilities		33 193	33 574	6 412	6 378
of which liabilities to banks and loans	5	32 444	32 824	3 093	3 060
of which purchase price obligations	6	268	268	3 318	3 318
of which obligations to purchase own equity instruments	6	482	482	–	–
Categorisation of financial instruments as per IFRS 9					
Cash and cash equivalents – at amortised cost	1	145 923	145 923	123 438	123 438
Loans and receivables – at amortised cost	2	268 351	268 277	171 741	171 727
Financial assets – at fair value with value adjustments in other comprehensive income	3	13 780	13 780	10 280	10 280
Financial assets – at fair value with value adjustments in other comprehensive income	4	1 533	1 533	2 626	2 626
Financial liabilities – at amortised cost	5	(261 473)	(261 854)	(54 926)	(54 893)
Financial liabilities – at fair value with value adjustments in profit or loss	6	(1 632)	(1 632)	(5 338)	(5 338)

Wherever possible, fair value is determined by market prices. If these are not available, the Group does its own calculations, which are generally based on the discounted cash flow method.

Tamedia uses the following measurement hierarchy for determining the fair value of financial instruments:

- Level 1
  Listed, unadjusted market price in active markets.
- 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 and interest rate hedges 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. The other investments as well as the equity instruments in other financial assets (Lykke Coins) and the purchase price obligations are classified as Level 3 in the fair value hierarchy. All other financial instruments carried at fair value are classified as Level 1. There are no transfers between the three levels.

Forward currency contracts

in CHF 000	2018	2017
Contract volume	75 997	84 581
Fair value, due	305	(703)
Due within 1 year	305	100
Due within 1 and 5 years	–	(803)
Due beyond 5 years	–	–
Cash flow hedge disclosures		
Cash flow hedges recognised directly in other comprehensive income as of 31 December	(241)	465
Used for hedging as planned	(1 940)	1 917
Recognised directly in the income statement	–	(114)

Forward euro contracts totalling CHF 46.5 million existed as of the balance sheet date to hedge the foreign currency risk arising from the framework agreements for the purchase of newsprint and magazine paper. Forward contracts in euro, Danish krone and Israeli shekel of CHF 29.6 million existed as of the balance sheet date to hedge the foreign currency risk on investments in other companies. The outstanding hedging transactions will not be renewed in 2019 and no further hedging of the foreign currency risk on investments in other companies will be carried out. The hedging transactions are recognised in the income statement upon realisation, together with the underlying transactions.

Depending on their maturity dates, the fair values of these derivative financial instruments are reported under current or non-current financial receivables or liabilities as appropriate.

Note 39

Assets pledged as collateral or subject to liens

in CHF 000	2018	2017
Mortgages securing financial liabilities	251 133	–
related to land and buildings with a net carrying value of	184 103	–
Assets securing subscription insurance	220	320
from securities with a value of	220	320
Assets pledged as collateral or subject to liens	**251 353**	**320**
from assets with a consolidated value of	**184 323**	**320**

Investments in other companies

Note 40

The companies of the Tamedia Group included the following on 31 December 2018:

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of [3] Group capital 2018	Share of [3] Group capital 2017
Tamedia AG	Zurich	CHF	106 000	B/P	V	–	–
20 minuti Ticino SA	Lugano	CHF	300	P	E	50.0%	50.0%
Adextra AG	Zurich	CHF	100	M	V	100.0%	100.0%
AdAgent AG	Lucerne	CHF	100	P	E	40.0%	0.0%
autoricardo AG	Zurich	CHF	100	M	V	50.0%	0.0%
GOWAGO AG	Zurich	CHF	126	M	E	36.7%	20.0%
Basler Zeitung AG	Basel	CHF	100	B	V	100.0%	0.0%
Neue Fricktaler Zeitung AG	Rheinfelden	CHF	200	B	E	21.0%	–
Presse TV AG	Zurich	CHF	500	P	E	20.0%	–
Metrobasel GmbH	Basel	CHF	20	B	E	20.0%	–
Book a Tiger Household Services GmbH	Berlin	EUR	139	M	A	3.6%	3.9%
Helpling Switzerland AG (formerly Book a Tiger Switzerland AG)	Zurich	CHF	111	M	E	50.0%	40.7%
DJ Digitale Medien GmbH	Vienna	EUR	71	P	V	51.0%	51.0%
Doodle AG	Zurich	CHF	100	M	V	100.0%	100.0%
Doodle Deutschland GmbH	Berlin	EUR	250	M	V	100.0%	100.0%
Meekan Solutions Ltd.	Kibutz Shefaim	ILS	150	M	V	100.0%	100.0%
DZZ Druckzentrum Zürich AG	Zurich	CHF	100	B	V	100.0%	100.0%
Edita SA	Luxembourg	EUR	50	P	E	50.0%	50.0%
Gebraucht.de GmbH	Berlin	EUR	29	M	A	3.5%	3.5%
Global Impact Finance SA	Lausanne	CHF	168	M	A	13.1%	–
Goldbach Group AG	Küsnacht	CHF	7 614	P	V	100.0%[4]	–
dreifive AG	Konstanz	EUR	75	P	V	100.0%	–
Goldbach Search GmbH[4]	Konstanz	EUR	25	P	V	100.0%	–
dreifive (Switzerland) AG	Küsnacht	CHF	100	P	V	100.0%	–
Goldbach Audience (Switzerland) AG	Küsnacht	CHF	1 091	P	V	50.1%	–
Goldbach Austria GmbH	Vienna	EUR	35	P	V	100.0%	–
dreifive GmbH	Vienna	EUR	50	P	V	100.0%	–
Goldbach Audience Austria GmbH	Vienna	EUR	35	P	V	100.0%	–
Goldbach Media Austria GmbH	Vienna	EUR	137	P	V	100.0%	–
Goldbach Digital Services AG	Küsnacht	CHF	100	P	V	100.0%	–

1 Sole proprietorship
2 Liquidated or in liquidation
3 Unless indicated, the share of Group votes corresponds to the share of Group capital
4 Incl. 1.9 per cent shares of non-controlling interests (cancellation procedure)
5 The share of voting rights is 50 per cent
6 No longer operational
7 Under incorporation

Business division
B = Paid Media
P = Free Media and Commercialisation
M = Marketplaces and Ventures

Consolidation and measurement methods
V = Full consolidation
E = Accounted for using the equity method
A = Valued at market value

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of [3] Group capital 2018	Share of [3] Group capital 2017
Goldbach Germany GmbH	Munich	EUR	25	P	V	97.0%	–
Goldbach DooH (Germany) GmbH	Munich	EUR	25	P	V	97.0%	–
Goldbach SmartTV GmbH	Munich	EUR	25	P	V	97.0%	–
Goldbach TV (Germany) GmbH	Munich	EUR	25	P	V	97.0%	–
Goldbach Video GmbH	Munich	EUR	25	P	V	97.0%	–
Goldbach Management AG	Küsnacht	CHF	100	P	V	100.0%	–
Goldbach Media (Switzerland) AG	Küsnacht	CHF	416	P	V	54.0%[5]	–
AGFS (Arbeitsgemeinschaft Fernsehwerbung Schweiz) AG	Berne	CHF	115	P	E	23.2%	–
Goldbach Ost GmbH [6]	Munich	EUR	25	P	V	100.0%	–
ARBOmedia GmbH [6]	Munich	EUR	3 916	P	V	100.0%	–
ARBOmedia Deutschland GmbH [6]	Munich	EUR	1 023	P	V	100.0%	–
EMI European Media Investment AG [6]	Munich	EUR	1 000	P	V	100.0%	–
IAB Switzerland Services AG [7]	Zurich	CHF	100	P	E	25.0%	–
Jaduda GmbH	Berlin	EUR	29	P	V	100.0%	–
swiss radioworld AG	Zurich	CHF	416	P	V	54.0%	–
Homegate AG	Zurich	CHF	1 000	M	V	90.0%	90.0%
ImmoStreet.ch SA	Lausanne	CHF	700	M	V	90.0%	90.0%
JobCloud AG	Zurich	CHF	100	M	V	50.0%	50.0%
Jobsuchmaschine AG	Zurich	CHF	100	M	V	50.0%	50.0%
JoinVision E-Services GmbH	Vienna	EUR	50	M	V	50.0%	50.0%
Karriere.at GmbH	Linz	EUR	40	M	E	24.5%	24.5%
firstbird GmbH	Vienna	EUR	49	M	A	6.2%	6.2%
Keystone-sda-ats AG	Berne	CHF	2 857	B	E	24.4%	29.4%
MetroXpress A/S	Copenhagen	DKK	662	P	V	100.0%	100.0%
BTMX General Partner ApS	Copenhagen	DKK	50	P	E	30.0%	30.0%
BTMX P/S	Copenhagen	DKK	1 000	P	E	30.0%	30.0%
MoneyPark AG	Freienbach	CHF	426	M	A	4.6%	4.6%
Neo Advertising SA	Geneva	CHF	300	P	V	52.3%	0.0%
Newsnet [1]	Zurich	CHF	–	B	V	100.0%	81.3%
Olmero AG	Opfikon	CHF	208	M	V	97.7%	97.7%
Picstars AG	Zurich	CHF	169	M	A	6.1%	7.0%

1 Sole proprietorship
2 Liquidated or in liquidation
3 Unless indicated, the share of Group votes corresponds to the share of Group capital
4 Incl. 1.9 per cent shares of non-controlling interests (cancellation procedure)
5 The share of voting rights is 50% per cent
6 No longer operational
7 Under incorporation

Business division
B = Paid Media
P = Free Media and Commercialisation
M = Marketplaces and Ventures

Consolidation and measurement methods
V = Full consolidation
E = Accounted for using the equity method
A = Valued at market value

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of [3] Group capital 2018	Share of [3] Group capital 2017
ricardo.ch AG	Zug	CHF	200	M	V	100.0%	100.0%
ricardo-shops GmbH [2]	Weil am Rhein	EUR	25	M	V	100.0%	100.0%
ricardo Sàrl	Valbonne	EUR	15	M	V	100.0%	100.0%
SMD Schweizer Mediendatenbank AG	Zurich	CHF	108	B	E	33.3%	33.3%
Swissdox AG	Zurich	CHF	100	B	E	33.3%	33.3%
Starticket AG	Zurich	CHF	913	M	V	100.0%	100.0%
Swisscom Directories AG	Zurich	CHF	2 174	M	E	31.0%	31.0%
AdUnit AG	Zurich	CHF	100	M	E	31.0%	31.0%
Tagblatt der Stadt Zürich AG	Zurich	CHF	200	B	V	–	65.0%
Tamedia Espace AG	Berne	CHF	4 900	B	V	100.0%	100.0%
DZB Druckzentrum Bern AG	Berne	CHF	9 900	B	V	100.0%	100.0%
Schaer Thun AG	Thun	CHF	2 250	B	V	100.0%	100.0%
Berner Oberland Medien AG	Thun	CHF	500	B	E	50.0%	50.0%
Thuner Amtsanzeiger [1]	Thun	CHF	–	B	E	48.0%	48.0%
Tamedia Publications romandes SA	Lausanne	CHF	7 500	B	V	100.0%	100.0%
Actua Immobilier SA	Carouge	CHF	330	B	E	39.0%	39.0%
CIL Centre d'Impression Lausanne SA	Lausanne	CHF	10 000	B	V	100.0%	100.0%
LC Lausanne Cités SA	Lausanne	CHF	50	B	E	–	50.0%
Société de Publications Nouvelles SPN SA	Geneva	CHF	1 000	B	E	–	50.0%
Virtual Network SA	Nyon	CHF	100	M	E	20.0%	20.0%
TicinOnline SA	Breganzona	CHF	1 100	P	E	25.8%	25.8%
Trendsales ApS	Copenhagen	DKK	125	M	V	55.6%	55.6%
Trendsales Finland Oy [2]	Helsinki	EUR	28	M	V	–	55.6%
TVtäglich [1]	Zurich	CHF	–	B	E	50.0%	50.0%
Ultimate Media B&M GmbH	Vienna	EUR	35	P	E	25.5%	25.5%
AHVV Verlags GmbH	Vienna	EUR	36	P	E	25.5%	25.5%
Verlag Finanz und Wirtschaft AG	Zurich	CHF	1 000	B	V	100.0%	100.0%
Zattoo International AG	Zurich	CHF	992	M	E	28.9%	28.9%
Zürcher Oberland Medien AG	Wetzikon	CHF	1 800	B	E	37.6%	37.6%
Zürcher Regionalzeitungen AG	Winterthur	CHF	475	B	V	100.0%	100.0%
LZ Linth Zeitung AG	Rapperswil-Jona	CHF	100	B	E	49.0%	–

1 Sole proprietorship
2 Liquidated or in liquidation
3 Without a note, the Group's share of voting rights corresponds to the Group's share of capital

4 Incl. 1.9 per cent shares of non-controlling interests (cancellation procedure)
5 The share of voting rights ist 50% per cent
6 No longer operational
7 Under incorporation

Business division
B = Paid Media
P = Free Media and Commercialisation
M = Marketplaces and Ventures

Consolidation and measurement methods
V = Full consolidation
E = Accounted for using the equity method
A = Valued at market value

Disclosures detailing material changes to the consolidated investments are provided in Note 1, and to investments in associated companies and joint ventures in Note 11.

Note 41

Transactions with related parties and companies

Transactions between Tamedia and its associates and joint ventures were mostly restricted to the areas of printing and media revenues.

in CHF 000	Associates [1]		Joint ventures [1]		Pension funds		Board of Directors and Management Board	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues	8 047	7 155	12 435	12 226	–	–	525	492
Operating expenses	(8 706)	(10 740)	(17)	(391)	(23 682)	(23 793)	(3 030)	(3 426)
Net financial income (loss)	3	147	1	2	–	–	–	–
Trade accounts receivable	1 047	992	841	1 702	–	–	35	8
Other current receivables	–	–	90	119	–	–	–	–
Loans receivable	–	–	–	–	–	–	–	–
Trade accounts payable	280	870	386	808	–	–	32	30
Other current payables	316	–	2	24	23	32	–	–
Current financial liabilities	–	–	–	–	–	–	–	–
Non-current financial liabilities	–	291	2 000	2 000	–	–	–	–

1 Associates and joint ventures are accounted for in the annual financial statements using the equity method.

In addition to the transactions disclosed in Note 42 and in the Compensation Report in relation to the Board of Directors and Management Board, Tamedia posted revenues totalling CHF 0.5 million for office rent and for printing services through Betriebsgesellschaft Schweizer Bauer, over which Martin Kall exerts a significant influence. Compensation to the Board of Directors and Management Board and transactions with companies controlled by members of the Tamedia Board of Directors explained in Note 42 and in the Compensation Report are recognised under transactions with the Board of Directors and Management Board.

There are no guarantees in place in relation to loans receivable and trade accounts receivable/payable from/to related parties and companies.

Note 42

Compensation of the Board of Directors, the Advisory Board and the Management Board

The compensation shown reflects the expenditures recognised in the income statement during the reporting year (irrespective of the dates on which these were paid). Included among the active members of the Board of Directors and Management Board are those individuals who completed their period of tenure during the year. No compensation was paid to former members or related parties of the Board of Directors, the Advisory Board and the Management Board.

Total compensation paid to the Board of Directors, the Advisory Board and the Management Board

in CHF 000	Directors [1]	Advisory Board Digital	Management Board	Total
2018				
Number of members per balance sheet date	7.0	3.0	8.0	**18.0**
Annual average of members	7.0[2]	3.3	7.3	**17.7**
Fees/salaries	2 046	67	3 956	**6 069**
Performance bonus and share of profits paid in cash	–	–	2 477	**2 477**
Share of profits paid in shares 2018 [3]	–	–	270[5]	**270**
Share of profits paid in shares 2017 [3]	–	–	383	**383**
Share of profits paid in shares 2016 [3]	–	–	274	**274**
Share of profits paid in shares 2015 [3]	–	–	1 099	**1 099**
Pension and social security contributions	227	–	1 212	**1 440**
Expense reimbursements	108	–	141	**249**
Non-monetary payments	–	–	3	**3**
Other compensation	–	–	–	**–**
Total	**2 382**	**67**	**9 815**	**12 264**

2017				
Number of members per balance sheet date	7.0	4.0	7.0	**18.0**
Annual average of members	7.0	4.0	7.0	**18.0**
Fees/salaries	2 039	80	3 785	**5 904**
Performance bonus and share of profits paid in cash	–	–	2 927[4]	**2 927**
Share of profits paid in shares 2017 [3]	–	–	383[5]	**383**
Share of profits paid in shares 2016 [3]	–	–	274	**274**
Share of profits paid in shares 2015 [3]	–	–	1 099	**1 099**
Share of profits paid in shares 2014 [3]	–	–	347	**347**
Pension and social security contributions	231	–	1 240	**1 470**
Expense reimbursements	108	–	135	**243**
Non-monetary payments	–	–	–	**–**
Other compensation	–	–	–	**–**
Total	**2 377**	**80**	**10 191**	**12 648**

1 The Board of Directors currently comprises the full-time Chairman/publisher and non-executive members.
2 For the calculation of the annual average number of entries and departures of members: Sverre Munck since 20 April 2018, Iwan Rickenbacher until 20 April 2018
3 See information on profit participation programme for executives
4 In Note 42 to the consolidated financial statements reports the long-term bonus for the head of Digital as accrued amount recognised in the income statement of the reporting year. In contrast, the long-term bonus plan for the Head of Digital is disclosed in the compensation report at the time of allocation in 2012.
5 Note 42 of the consolidated financial statements reports the share-based payments based on the amounts recognised in the income statement in the reporting year. In contrast, share-based payments are disclosed in the compensation report at the time of their allocation.

Additional fees and compensation

In the reporting year, Tamedia paid compensation for rent for office premises totalling CHF 3.0 million to Groupe Edipresse, over which Pierre Lamunière exerts a significant influence. Compensation for rent in the previous year amounted to CHF 3.3 million.

Profit participation programme for members of the Management Board

The current profit participation programme is valid for 2018. Members of the Management Board are entitled to participate as of their second year of service. A payment is made when the profit margin (net income in relation to revenues) reported by the Tamedia Group is or exceeds 8.0 per cent. A profit participation, which will be determined at the time, will be paid out of any amount exceeding the profit margin of 8.0 per cent, with 50 per cent being paid in cash and the remaining 50 per cent in shares.

The cash amount is paid out after the publication of the consolidated financial statements of Tamedia. The shares are allocated in the accounting year in which entitlement is acquired. The number of shares to be allocated is determined based on the average share price over the last 30 days before 31 December of the respective financial year. The shares are only transferred if the beneficiary has not given notice of termination of employment prior to 31 December of the third year after the accounting year in which entitlement to the share allocation was acquired. Recognition in the income statement is made on a pro rata basis over four years. This pro rata recognition over four years could result in pro rata disclosures even during reporting periods in which no new entitlement to profit participation is acquired.

For the shares allotted in the 2015, 2016 and 2017 financial years, personnel expenses of CHF 1.1 million, CHF 0.3 million and CHF 0.4 million respectively were recognised in the current year.

For the financial year 2018, the Management Board will be granted a profit participation of CHF 1.3 million, with CHF 0.3 million being for the shares allocated.

As part of the profit participation programme of the Management Board, 10,957 treasury shares were issued in 2018 for the 2014 financial year to the members of the Management Board. Measured in terms of market value on the allocation date, the total value of these shares is CHF 1.4 million.

Share-based component of the Management Board's profit participation

number	2018	2017
As of 1 January	55 080	49 330
Exercised	(10 957)	(5 663)
Allocated	10 432	11 413
As of 31 December	**54 555**	**55 080**
of which exercisable	25 609	10 957

in CHF/ number of shares	Allocation date	Blocked until	Fair value as of grant date	Fair value as of 31 December	Outstanding entitlements 2018	Outstanding entitlements 2017
	31.12.2014	31.12.2017	126.9	105.5	–	10 957
	31.12.2015	31.12.2018	171.0	105.5	25 609	25 609
	31.12.2016	31.12.2019	156.0	105.5	7 101	7 101
	31.12.2017	31.12.2020	138.0	105.5	11 413	11 413
	31.12.2018	31.12.2021	105.5	105.5	10 432	–

Note 43

Employee profit participation programme

The profit participation programme applicable for the 2018 financial year provides for the distribution of a profit participation if Tamedia achieves a profit margin (net income in relation to net revenues) of at least 4 per cent. Where net income exceeds 4 per cent of revenues, 5.75 per cent of the amount exceeding this margin will be paid out to Tamedia employees. With a profit margin of 12.8 per cent, the necessary margin was exceeded in the past reporting year. Tamedia therefore expects to pay out a total of CHF 5.5 million (previous year CHF 6.5 million) as profit participation to its employees. The expenses for the employee profit participation programme are recognised as personnel expenses in the 2018 financial statements (see Note 9).

Important events after the balance sheet date

Zattoo International AG

On 28 August 2018, Tamedia exercised its call option to raise its stake in Zattoo International AG and become the majority shareholder. Tamedia increases its shareholding in Zattoo International AG by 20.2 per cent, from 28.9 per cent to 50.1 per cent.

The transaction is still subject to the approval of the Federal Competition Commission. Therefore, no details on the assets and liabilities that would be acquired as part of a first-time consolidation can yet be provided.

Swisscom Directories AG

Tamedia's stake in Swisscom Directories AG was sold on 22 January 2019. See also Note 16 "Assets held for sale".

Report of the statutory auditor

to the General Meeting of Tamedia AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Tamedia AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated income statement, consolidated statement of total comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year ended and notes to the consolidated financial statements (pages 41–100), including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 6,885,000

We completed full scope audits in connection with the consolidated financial statements at twelve Group companies. At one of these companies, the audit was performed by another audit firm.

These Group companies represented 89% of the operating income and 88% of the assets of the Group.

As key audit matters, the following areas of focus were identified:

Impairment testing of goodwill

Impairment testing of intangible assets with an indefinite useful life

Acquisition of Goldbach Group AG

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 6,885,000
How we determined it	5% of income before taxes
Rationale for the materiality benchmark applied	We chose income before taxes as the benchmark because, in our view, it is the benchmark against which capital-market-oriented companies are most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 340,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises three business divisions – Paid Media, Free Media and Commercialisation, and Marketplaces and Ventures – and it is primarily active in Switzerland, although it owns small foreign subsidiaries. The Group audit team performed the audit work at eleven of the twelve Group companies subject to a full scope audit.

The full scope audit of one company was performed by another audit firm. As the Group auditor, we were adequately involved in the audit of the other audit firm in order to assess whether sufficient appropriate audit evidence was obtained from the audit procedures on the financial information of this company to provide a basis for our opinion. Our involvement comprised communicating the risks identified at Group level as well as determining the materiality thresholds, conducting discussions and inspecting the reporting during the interim audit and the year-end audit of this company.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Key audit matter	*How our audit addressed the key audit matter*
Goodwill (TCHF 1,025,846) comprises goodwill relating to the Paid Media division (TCHF 203,358), Free Media and Commercialisation division (TCHF 258,293) and the Marketplaces and Ventures division (TCHF 564,195). The goodwill of the Paid Media division represents one cash-generating unit. The goodwill of the Free Media and Commercialisation division consists of four cash-generating units. In the Marketplaces and Ventures division, on the other hand, each of the nine legal entities belonging to it represents a cash-generating unit. To test the goodwill of a cash-generating unit for impairment, its book value is compared with the recoverable amount, calculated as the net present value of the future cash flows (discounted cash flows or DCF) of the cash-generating unit in question. This requires assumptions to be made regarding revenue and cost growth, the change in net working capital and the discount rate applied to the forecast cash flows. Management has a defined process in place to make its forecasts for the divisions. The Board of Directors monitors this process and assesses whether the assumptions used are in line with the budget that it has approved. The outlook for the Paid Media and the Free Media and Commercialisation divisions is evaluated using a standard forecasting model in a multi-stage process. This process considers external research, non-recurring events, past results and general cyclical forecasts. For the Free Media and Commercialisation division the calculations of the value-in-use are also prepared on the basis of the business plans for the next three forecast years. For the Marketplaces and Ventures division, the calculations of the value-in-use are prepared on the basis of the business plans for the next five forecast years. We consider the impairment testing of goodwill to be a key audit matter because goodwill represents a significant asset category. In addition, Management has significant scope for judgement in applying the DCF method. Please refer to pages 80-82 (Notes to the consolidated financial statements)	We performed the following specific audit procedures: We assessed, with the support of internal specialists, the composition of the cash-generating units on the basis of the criteria set out by IAS 36. We assessed, with the support of an internal valuation expert, the appropriateness of the valuation model and checked it for logical consistency and mathematical correctness. We compared the 2018 business results with the forecasts made in 2017 for the cash-generating units to which goodwill is allocated. This allowed us to assess the accuracy of the forecasts made by Management. We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classifieds and inserts with economic and industry-specific forecasts. We checked for plausibility the applied discount rates against the cost of capital of the Group and comparable media companies, taking into account the country-specific particularities for the foreign cash-generating units. We compared the book value of the goodwill of all the cash-generating units with analogous publishing and digital companies using an alternative company valuation calculation based on industry-specific EBITDA multipliers. We tested the sensitivity analyses (stress tests) of the key assumptions. These analyses enabled us to assess any additional impairment of goodwill. Our audit results support the approach chosen by Management in assessing the impairment of goodwill.

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Impairment testing of intangible assets with an indefinite useful life

Key audit matter	*How our audit addressed the key audit matter*
Intangible assets with an indefinite useful life (TCHF 524,460) comprise intangible assets in the Paid Media division (TCHF 115,529) Free Media and Commercialisation division (TCHF 221,632) and the Marketplaces and Ventures division (TCHF 187,299). The intangible assets with an indefinite useful life of the Paid Media division represent one cash-generating unit. The intangible assets of the Free Media and Commercialisation division represent four cash-generating units. In the Marketplaces and Ventures division, on the other hand, each of the nine legal entities belonging to it represents a cash-generating unit. Management performs an annual review to determine whether the useful life is still indefinite with regard to brands and publishing rights. If the review leads to a reclassification as intangible assets with a finite useful life, the asset is amortised over its expected useful life. In order to test intangible assets with an indefinite useful life for impairment, the book value is compared with the recoverable amount, calculated as the net present value of the future cash flows of the cash-generating unit in question. This requires assumptions to be made regarding revenue and cost growth, the change in net working capital and the discount rate applied to the forecast cash flows. Management has a defined process in place to make its forecasts for the divisions. The Board of Directors monitors this process and assesses whether the assumptions used are in line with the medium-term budget that it has approved. We consider the impairment testing of intangible assets with an indefinite useful life to be a key audit matter because they represent a significant asset category. Additionally, Management has significant scope for judgement in calculating the recoverable amount of each intangible asset and fixing the useful life. Please refer to pages 80–82 (Notes to the consolidated financial statements)	To test for potential impairment and assess the appropriateness of the assumption of an indefinite useful life, we performed the following main audit procedures: We analysed whether there were any critical matters that could result in potential impairment, such as a change in market presence or where a reorganisation has been undertaken. To this end, we interviewed Management members and examined the minutes of the meetings of the Board of Directors and the Management Board. We compared the 2018 business results with the forecasts made in 2017 for the cash-generating units to which goodwill is allocated. This allowed us to assess the accuracy of the forecasts made by Management. We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classifieds and inserts with economic and industry-specific forecasts. We checked for plausibility the applied discount rates against the cost of capital of the Group and comparable media companies, taking into account the country-specific particularities for the foreign cash-generating units. We tested the sensitivity analyses (stress tests) of the key assumptions. These analyses enabled us to assess any potential impairment of intangible assets with an indefinite useful life. Our audit results support the approach chosen by Management to test for the impairment of intangible assets with an indefinite useful life and to assess the appropriateness of the useful lives accorded to these assets.

Acquisition of Goldbach Group AG

Key audit matter	*How our audit addressed the key audit matter*
As at 24 August 2018, after receiving approval by the Federal Competition Commission (COMCO), Tamedia acquired Goldbach Group AG for a price of TCHF 222,459. On the basis of the purchase price allocation, Tamedia recognised acquired identifiable intangible assets amounting to TCHF 195,918 and goodwill amounting to TCHF 103,905. In the identification and valuation of intangible assets, such as customer relationships, technologies and brands, Management has significant scope to apply its judgement; moreover, valuation requires management to make estimates. The calculation of the fair value of these intangible assets is performed on the basis of valuation models used by management. These valuation models include, among others, assumptions regarding future cash flows, revenue and cost growth, long-term growth rates and changes in net working capital and in the discount rate applied to the forecast cash flows. Owing to the numerous assumptions and estimates used by Management and the scope for judgement in the identification and valuation of intangible assets, the purchase price allocation was a key audit matter. Please refer to pages 55–57 (Notes to the consolidated financial statements)	We assessed the appropriateness of the acquired identifiable intangible assets and the liabilities taken over as of the acquisition date by testing the way Management went about identifying assets and liabilities. We tested the purchase price allocation prepared by Management and an external expert engaged by Management. In doing so, we evaluated the professional expertise and objectivity of this expert and performed the following audit procedures with the assistance of our valuation team: We assessed the completeness of the identifiable net assets, including intangible assets, and the liabilities. Our assessment was based on discussions with Management, the examination of the due diligence reports prepared during the acquisition process and our knowledge of the industry. We performed a series of substantive audit procedures to ensure the completeness and appropriate valuation of the acquired identifiable intangible assets and the liabilities taken over. We assessed the method used to determine the fair value of the brand rights and the customer relationships as well as how the method was applied. We challenged the assumptions applied by Management in the business plan for valuation purposes by comparing them with previous results and key assumptions relating to future cash flows. We tested the mathematical correctness of the calculation. We tested the calculation of the goodwill arising from the acquisition of Goldbach Group AG and we conclude that Management's calculation is in accordance with IFRS 3. Our audit results support the approach chosen by Management for the determination, valuation and disclosure of the purchase price allocation.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of Tamedia AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Claudio Berchtold
Audit expert Auditor in charge	Audit expert

Zurich, 25 February 2019

Income statement

in CHF 000	Note	2018	2017
Media revenue		373 603	380 709
Print revenue		3 182	3 136
Other operating revenue	5	104 388	98 479
Revenues		**481 174**	**482 325**
Costs of material and services		(79 604)	(75 851)
Personnel expenses		(201 739)	(187 018)
Other operating expenses	5	(131 269)	(130 402)
Operating income before depreciation and amortisation (EBITDA)		**68 562**	**89 054**
Depreciation and amortisation		(7 984)	(9 956)
Operating income (EBIT)		**60 577**	**79 097**
Financial income	5	78 354	82 930
Financial expense	5	(69 840)	(108 365)
Financial income, net	5	**8 514**	**(25 435)**
Income before taxes		**69 091**	**53 662**
Direct taxes	5	(4 335)	2 594
Net income		**64 756**	**56 256**

Balance sheet

in CHF 000	Note	31.12.2018	31.12.2017
Cash and cash equivalents		9 821	16 755
Trade accounts receivable	3	78 560	75 608
Other current receivables	3	8 629	21 027
Inventories		86	114
Accrued income and prepaid expenses		19 897	5 093
Current assets		**116 993**	**118 598**
Financial assets	3/4/11	53 362	44 076
Investments	7	1 541 528	1 320 671
Property, plant and equipment	4/12	108 337	113 091
Intangible assets		5 604	5 746
Non-current assets		**1 708 831**	**1 483 583**
Total assets		**1 825 824**	**1 602 181**
Trade accounts payable	3	16 025	16 938
Current interest-bearing liabilities	3/4	175 482	13 528
Other current liabilities	3	22 784	20 782
Deferred revenues and accrued liabilities	4	116 247	116 600
Current provisions		2 327	900
Current liabilities		**332 863**	**168 748**
Non-current interest-bearing liabilities	3/4	404 345	360 076
Non-current provisions		4 045	3 834
Non-current liabilities		**408 390**	**363 910**
Total liabilities		**741 253**	**532 658**
Share capital		106 000	106 000
Statutory capital reserves			
Reserves from capital contributions		100	100
Other capital reserves		26 961	26 961
Statutory capital reserves		27 060	27 060
Statutory retained earnings		53 000	53 000
Voluntary retained earnings	4	837 333	828 842
Net income		64 756	56 256
Treasury shares	8	(3 579)	(1 635)
Shareholders' Equity		**1 084 571**	**1 069 524**
Liabilities and shareholders' equity		**1 825 824**	**1 602 181**

Notes to the annual financial statements

Tamedia AG, Zurich is the parent company of the Tamedia Group. The direct and indirect investments held by Tamedia AG are shown in Note 40 to the consolidated financial statements.

The following overview reports the most significant products and services managed directly by the parent company by division:

Paid Media
- Annabelle
- Das Magazin
- Newsnet
- Schweizer Familie
- SonntagsZeitung
- Tages-Anzeiger

Advertising & Free Media
- 20 Minuten
- 20 minutes
- Tamedia Advertising

Publishing Services
- Customer Contact Centre
- Publishing logistics

Note 1

Disclosures on the principles applied in the annual financial statements

These annual financial statements of Tamedia AG, Zurich, were prepared in compliance with the provisions of the Swiss Accounting and Financial Reporting Act (Title 32 of the Swiss Code of Obligations).

The following significant principles were applied in the annual financial statements:

Trade accounts receivable
Trade accounts receivable are recognised at their nominal value. Provision is made for the credit risk using any specific valuation allowances and the general valuation allowances permitted under tax law.

Inventories
Inventories are measured at cost less a valuation allowance of up to 1/3 of the inventory value as permitted under tax law. Valuation allowances are made when the current cost is lower than the historic cost.

Financial assets
Non-current assets are measured individually at cost less valuation allowances. Borrowings are measured individually at their nominal value less valuation allowances.

Investments in other companies
Investments are measured individually at cost less valuation allowances.

Property, plant and equipment and intangible assets
Property, plant and equipment and intangible assets are capitalised at cost and are depreciated/amortised indirectly. The straight-line method is used for depreciation and amortisation. Any immediate depreciation/amortisation within the limits permitted under tax law is carried out at the discretion of the company. The minimum capitalisation limit is CHF 5,000. Small acquisitions and investments that do not reach this amount are recognised directly as an expense.

Revenue recognition

Revenue from goods is recognised when the risks and rewards of ownership of the goods sold have been transferred to the buyer. Revenue from services is recognised at the time the service is rendered and is accrued at the end of the year, provided that this revenue is invoiced in another period.

Barter transactions

Services rendered in barter transactions are recognised in Revenues. Services received in barter transactions are recognised under Other operating expenses.

Forward exchange transactions

Forward exchange transactions are entered into to hedge the currency risk of the purchase of newsprint and magazine paper and of investments in a foreign currency. Negative market values of forward exchange transactions are recognised as current or non-current liabilities. Changes in measurement are disclosed in financial income.

Number of staff

Note 2

The average annual number of staff is over 250 full-time employees for the period from 1 January to 31 December 2018 and for the equivalent period of the previous year.

Receivables and liabilities from/to direct or indirect investors/investments

Note 3

	2018			
in CHF 000	Shareholders	Investments	Third party	**Total**
Total assets				
Trade accounts receivable	–	7 571	70 989	**78 560**
Other current receivables	–	6 459	2 170	**8 629**
Financial assets	–	45 036	8 326	**53 362**
Liabilities and shareholders' equity				
Trade accounts payable	–	4 320	11 705	**16 025**
Current interest-bearing liabilities	–	55 184	120 298	**175 482**
Other current payables	–	9 225	13 559	**22 784**
Non-current interest-bearing liabilities	–	402 322	2 023	**404 345**

	2017			
in CHF 000	Shareholders	Investments	Third party	**Total**
Total assets				
Trade accounts receivable	–	2 357	73 251	**75 608**
Other current receivables	–	19 783	1 245	**21 027**
Financial assets	–	38 987	5 089	**44 076**
Liabilities and shareholders' equity				
Trade accounts payable	–	4 838	12 100	**16 938**
Current interest-bearing liabilities	–	13 230	298	**13 528**
Other current payables	–	5 305	15 477	**20 782**
Non-current interest-bearing liabilities	–	358 053	2 023	**360 076**

Notes and disclosures on additional balance sheet items

Note 4

Financial assets

in CHF 000	2018	2017
Loans to subsidiaries	45 036	38 987
Loans to third parties	150	150
Total loans	**45 186**	**39 137**
Shares in other investments	5 957	4 619
Other non-current financial assets (Lykke Coins)	2 000	–
Blocked account subscription insurance	220	320
Total other financial assets	**8 176**	**4 939**
Total financial assets	**53 362**	**44 076**

Property, plant and equipment

in CHF 000	2018	2017
Fixtures and fittings	1 939	2 411
IT equipment	1 050	1 319
Plant and machinery	941	1 471
Other movable property, plant and equipment	371	1 213
Total movable property, plant and equipment	**4 302**	**6 415**
Buildings	48 557	50 273
Land	39 171	39 171
Installations and building fixtures	16 292	17 200
Tenant fittings	15	31
Total real estate	**104 035**	**106 676**
Total property, plant and equipment	**108 337**	**113 091**

Current interest-bearing liabilities

in CHF 000	2018	2017
Current account liabilities	55 184	13 230
Bank loan	120 000	–
Other current interest-bearing liabilities	298	298
Total current interest-bearing liabilities	**175 482**	**13 528**

Deferred revenues and accrued liabilities

in CHF 000	2018	2017
Subscriptions	67 724	70 742
Personnel	25 136	25 850
Direct taxes	2 170	1 791
Other accrued liabilities	21 216	18 217
Total deferred revenues and accrued liabilities	**116 247**	**116 600**

Non-current interest-bearing liabilities

in CHF 000	2018	2017
Loans	402 322	358 053
Other non-current interest-bearing liabilities	2 023	2 023
Total non-current interest-bearing liabilities	**404 345**	**360 076**

Voluntary retained earnings

in CHF 000	2018	2017
Balance as of 1 January	**828 842**	**775 912**
Withdrawal/Allocation from appropriation of net income	8 609	53 015
Price loss realised on treasury shares	(117)	(85)
Balance as of 31 December	**837 333**	**828 842**

Since 2017, realised price losses from the use of treasury shares have been recognised under Voluntary retained earnings without affecting net income.

Notes and disclosures on income statement items

Note 5

Other operating revenue and other income

in CHF 000	2018	2017
Management fees	69 916	63 651
Transport revenues	24 642	27 746
Revenue from real-estate	7 732	7 808
Change in provisions for doubtful accounts	568	(3 358)
Other operating revenue	1 530	2 632
Total other operating revenues	**104 388**	**98 479**

Other operating expenses

in CHF 000	2018	2017
Distribution and sales expenses	(63 462)	(65 307)
Advertising and PR expenses	(16 223)	(16 818)
Rent, lease payments and licences	(16 206)	(11 798)
Management fees	(7 456)	(9 181)
Other expenses	(27 921)	(27 298)
Total other expenses	**(131 269)**	**(130 402)**

Financial results

in CHF 000	2018	2017
Interest income	1 764	1 995
Revenue from investments	63 433	75 678
Gain from sale of investments	12 398	3 242
Other financial income	758	2 016
Total financial income	**78 354**	**82 930**
Interest expense	(5 318)	(5 758)
Impairment on financial assets	(3 881)	(400)
Impairment on investments	(57 200)	(100 700)
Loss from the sale of investments	(240)	(888)
Other financial expenses	(3 201)	(620)
Total financial expenses	**(69 840)**	**(108 365)**
Total financial profit	**8 514**	**(25 435)**

Direct taxes

in CHF 000	2018	2017
Income (loss) from direct taxes	(4 335)	2 594

Tax repayments for the 2014 tax period for CHF 4.3 million were received in 2017. Together with the tax expenses for 2017, total earnings for direct taxes amounted to CHF 2.6 million.

Note 6

Net reversal of hidden reserves

in CHF 000	2018	2017
Material net reversal of hidden reserves	1 574	–

Note 7

Direct and indirect investments

See Note 40 to the consolidated financial statements

Note 8

Treasury shares

	2018		2017	
	number	in CHF 000	number	in CHF 000
Balance as of 1 January	10 929	1 635	7 652	1 251
Acquisition of treasury shares	25 637	3 584	8 940	1 319
Sale of treasury shares	(10 957)	(1 640)	(5 663)	(935)
Balance as of 31 December	**25 609**	**3 579**	**10 929**	**1 635**

Treasury shares were sold in connection with the profit participation programme for the Management Board (see Note 42 to the consolidated financial statements).

Note 9

Remaining amount of liabilities from leases equivalent to purchase agreements and other lease obligations, provided that they do not expire and cannot be terminated within twelve months of the balance sheet date

in CHF 000	2018	2017
Liabilities from leases equivalent to purchase agreements	2 647	1 212
Liabilities from fixed rental contracts	13 557	20 514

Note 10

Liabilities to employee benefit funds

in CHF 000	2018	2017
Liabilities to employee benefit funds	108	131

Note 11

Total amount of subordinated claims on borrowings

in CHF 000	2018	2017
Subordinated claims in favour of investments	15 962	8 919
Subordinated claims in favour of thirds	762	762

Note 12

Total amount of assets used as collateral for the company's own liabilities and assets subject to retention of title

in CHF 000	2018	2017
Buildings	48 557	–
Land	39 171	–
Securities	220	320
Total	**87 947**	**320**

Contingent liabilities

Note 13

Tamedia AG, Zurich has formed a VAT group with other Swiss group companies since 1 January 2017. The companies in this group are all jointly and severally liable for the VAT debts of the other members of the group.

A contingent liability in the amount of CHF 4.3 million has been recognised in respect of the shares of Goldbach Group AG that Tamedia AG did not yet hold as of the balance sheet date (1.9 per cent).

Shares and options for corporate bodies and staff

Note 14

	2018		2017	
	number	in CHF 000	number	in CHF 000
Shares allocated during financial year to members of the Management Board	10 432	1 090	11 413	1 567

The shares allotted are recognised at market value as of the respective balance sheet date.

Shareholdings of the Board of Directors, the Advisory Board and the Management Board

Note 15

The disclosure of compensation in accordance with the Ordinance Against Excessive Compensation in Listed Stock Corporations can be found in the compensation report. Information on the shareholdings of the Board of Directors, the Advisory Board and the Management Board is also disclosed below in accordance with the terms of the Swiss Code of Obligations Art. 663c.

Board of Directors

	2018		2017	
No. of shares	Shares owned	Total shares [1] owned including those held by related parties	Shares owned	Total shares [1] owned including those held by related parties
Pietro Supino	33 338	1 439 160	33 338	1 439 160
Martin Coninx	100	1 264 667[2]	100	1 264 667[2]
Marina de Planta	–	–	–	–
Martin Kall	–	–	–	–
Pierre Lamunière	2 000	3 804	2 000	3 804
Sverre Munck	–	–	–	–
Konstantin Richter	16 229	726 295	16 229	726 295
Iwan Rickenbacher	–	–	50	50

1 Including rights of usufruct and benefits
2 The stock includes the 393,234 registered shares with rights of usufruct owned by Hans-Heinrich Coninx

Advisory Board

	2018		2017	
No. of shares	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Emily Bell	–	–	–	–
Markus Gross	–	–	–	–
Mathias Müller von Blumencron	–	–	–	–
Sverre Munck	–	–	–	–

Management Board

No. of shares	2018 Shares owned	2018 Total shares owned including those held by related parties	2017 Shares owned	2017 Total shares owned including those held by related parties
Christoph Tonini	11 963	11 963	6 935	6 935
Christoph Brand	2 013	2 013	803	803
Michi Frank	–	–	–	–
Samuel Hügli	700	700	–	–
Marcel Kohler	100	100	–	–
Sandro Macciacchini	2 899	2 899	1 810	1 810
Serge Reymond	–	–	400	400
Andreas Schaffner	3 887	3 887	2 677	2 677

Note 16

Shareholdings of major shareholders

Name	2018 [1]	2017 [1]
Dr. Severin Coninx, Berne	13.20%	13.20%
Rena Maya Coninx Supino, Zurich	12.95%	12.95%
Dr. Hans Heinrich Coninx, Küsnacht	11.93% [2]	11.93% [2]
Annette Coninx Kull, Wettswil a.A.	11.85% [3]	11.85% [3]
Ellermann Lawena Stiftung, FL-Vaduz	6.87%	6.87%
Ellermann Pyrit GmbH, Stuttgart, Germany	4.31%	6.47%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%
Other members of the shareholders' agreement	2.14%	2.14%
Total members of the shareholders' agreement	**69.11%**	**71.26%**
Tweedy Browne Company LLC	**4.51%**	**4.51%**
Regula Hauser-Coninx, Weggis	**4.63%**	**4.63%**
Montalto Holding AG, Zug	1.83%	1.83%
Epicea Holding AG, Zug	1.42%	1.42%
Other members of the shareholders' group	0.69%	0.69%
Total members of the shareholders' group Reinhardt-Scherz	**3.94%**	**3.94%**

1 The disclosures as of 31 December relate to the total of 10.6 million registered shares issued.
2 Of which rights to usufruct in relation to 393,234 registered shares in the name of Martin Coninx (Männedorf) rights of usufruct in relation to 393,233 registered shares in the name of Claudia Isabella Coninx-Kaczynski (Zollikon) and rights to usufruct in relation to 393,233 registered shares in the name of Christoph Coninx (Oetwil an der Limmat).
3 Of which rights of usufruct in relation to 586,021 registered shares owned by Fabia Schulthess (Zurich) and rights of usufruct in relation to 586,022 registered shares owned by Andreas Schulthess (Wettswil).

Note 17

Important events after the balance sheet date

See Note 44 to the consolidated financial statements

The Board of Directors' proposed appropriation of available earnings

For the 2018 financial year, the Board of Directors will recommend to the Annual General Meeting of 5 April 2019 that a dividend of CHF 4.50 per share be distributed. In the previous year, the Annual General Meeting decided in favour of the proposal of the Board of Directors, resolving to distribute a dividend of CHF 4.50 per share.

in CHF 000	2018	2017
At the disposal of the General Meeting		
Balance brought forward	–	–
Net income	64 756	56 256
Retained earnings	**64 756**	**56 256**
Motion of the Board of Directors		
Retained earnings	**64 756**	**56 256**
Dividend payment	(47 700)	(47 700)
Allocation to voluntary retained earnings	(17 056)	(8 556)
Balance to be carried forward	**–**	**–**

Zurich, 25 February 2019

On behalf of the Board of Directors

Chairman
Pietro Supino

Head of Finances & Human Resources
Sandro Macciacchini

Report of the statutory auditor

to the General Meeting of Tamedia AG

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tamedia AG, which comprise the income statement, balance sheet and notes for the year ended 31 December 2018 (pages 108-115), including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2018 comply with Swiss law and the company's articles of incorporation.

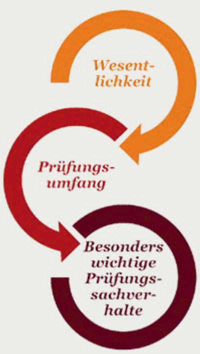
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 6,160,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter, the following area of focus has been identified:

Impairment testing of investments in and loans to subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could

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reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 6,160,000
How we determined it	5% of income before taxes and before impairment of investments in subsidiaries (rounded)
Rationale for the materiality benchmark applied	We chose income before taxes and before impairment of investments in subsidiaries as the benchmark because, in our view, it is the benchmark against which the performance of the entity is most commonly measured.

We agreed with the Audit Committee that we would report to them misstatements above CHF 308,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of investments in and loans to subsidiaries

Key audit matter	*How our audit addressed the key audit matter*
As at 31 December 2018, Tamedia AG has investments in subsidiaries in the amount of TCHF 1,541,528 and loans to subsidiaries of TCHF 45,036. Investments are stated individually at cost less impairment. Loans to subsidiaries are stated at their nominal value less impairment. To test investments in and loans to subsidiaries for impairment, the book values are compared with the recoverable amount. The recoverable	We performed the following specific audit procedures: We assessed, with the support of an internal valuation expert, the appropriateness of the valuation model and checked it for logical consistency and mathematical correctness. We compared the business results in 2018 with the forecasts made in 2017. This allowed us to assess with hindsight the accuracy of the estimates made by Management.

amount is calculated as the value-in-use from the present value of the future cash flows. Calculating the value-in-use requires assumptions to be made to determine the cash flows, especially regarding future revenue and cost growth and the change in net working capital. Other assumptions relate to the determination of the discount rate that is applied to the forecast cash flows. Management has a defined process in place to make its forecasts for the separate business divisions. The Board of Directors monitors this process and assesses whether the assumptions used are in line with the medium-term budget that it has approved. We consider the impairment testing of investments in and loans to subsidiaries to be a key audit matter because they are significant asset categories. In addition, Management has significant scope for judgement in calculating the value-in-use. Please refer to pages 80–82 (Notes to the consolidated financial statements).	We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classifieds and inserts with economic and industry-specific forecasts. We compared the discount rates with the costs of capital of the Group and of analogous media firms. Our audit results support the approach chosen by Management in assessing the impairment of investments in and loans to subsidiaries.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Claudio Berchtold
Audit expert Auditor in charge	Audit expert

Zurich, 25 February 2019

Compensation report

Content and method of determining compensation and shareholding programmes

The compensation and shareholdings awarded to the Board of Directors, the Advisory Board for Media Technology and Innovation and the Management Board are determined by the Board of Directors and submitted to the General Meeting of Shareholders for approval. Compensation is determined based on comparisons with competitors in Switzerland and abroad and other comparable companies. In order to attract and retain persons with the necessary capabilities and character traits, compensation is determined by considering both market conditions and performance factors. The Nomination and Compensation Committee assists the Board of Directors in defining the compensation system. Compensation paid to members of the Management Board is determined within the framework of the compensation system defined by the Board of Directors and based on recommendations to the Board of Directors by the Chief Executive Officer. The compensation principles are based on Articles 26 to 29 of the Articles of Incorporation of Tamedia AG.

Members of the Board of Directors

Fees for the members of the Board of Directors and the members of the Board committees are fixed. The aim in not having a variable salary component is to ensure that the members of the Board of Directors can act without their own interests in mind when making decisions concerning the compensation system and profit participation system of the Management Board.

Chairmanship of the Board of Directors

Chairmanship of the Board of Directors includes performing the executive task of publisher. As well as presiding over the Board of Directors of Tamedia AG, the Chairman usually also presides over the Boards of those subsidiaries that produce publications. It is designed as a full-time role so as to avoid any conflict of interest with other mandates. The Chairman only undertakes external mandates in the interests of the company, with any fees going to the company. Accordingly, the Chairman is the only member of the Board to have a contract of employment and to be insured against old age, death and disability in accordance with the prevailing social insurance legislation. The notice period is one year. The Chairman's employment contract does not provide for a performance bonus or participation in the company's profits or share ownership programme.

Advisory Board for Media Technology and Innovation

Compensation paid to members of the Advisory Board for Media Technology and Innovation consists of a fixed annual fee. Expenses are reimbursed according to the actual costs incurred.

Members of the Management Board

Compensation paid to the members of the Management Board is made up of a fixed amount and a variable component comprising a performance bonus and profit participation.

The performance bonus paid to current members of the Management Board and the Chief Executive Officer may not exceed 30 per cent and 60 per cent respectively of the fixed component. and is based on the overall performance of the Tamedia Group, the goals set for the individual divisions as well as on quantitative and qualitative personal goals defined in advance. The performance of the Tamedia Group is weighted at between 15 and 25 per cent, the quantitative personal goals at between 50 and 65 per cent and the qualitative personal goals at between 20 and 25 per cent. For the Chief Executive Officer, the weighting of the performance of the Tamedia Group is set at 60 per cent, with the quantitative and qualitative personal goals each weighted at 20 per cent. The members of the Management Board are also paid a supplementary profit participation, which is dependent on the performance of the Tamedia Group (see section on "Profit participation programme for members of the Management Board").

The Board of Directors sets the Chief Executive Officer's goals on an annual basis. Based on recommendations by the Chief Executive Officer, the Board of Directors sets the goals of the individual divisions as well as the personal goals of Management Board members in coordination with the Nomination and Compensation Committee, again on an annual basis. Quantitative goals in the member's division can be meeting a revenue or earnings target, for example.

In 2018, the net income target of the Tamedia Group was achieved. The quantitative personal goals were in the main achieved and in part exceeded. The qualitative personal goals were mostly exceeded.

The performance bonus paid to the CEO of the Goldbach Group is based on the Goldbach Group's compensation model and is structured so as to amount to 83 per cent of his fixed component if targets are met. He will only be entitled to it if he achieves a degree of target attainment of at least 80 per cent (qualitative and quantitative goals assessed separately). Below this threshold, there will be no entitlement in respect of the relevant target. The performance bonus is capped at 140 per cent in accordance with the Goldbach Group's compensation regulations. It is calculated based on quantitative and qualitative targets. The Goldbach Group's earnings make up 80 per cent. In other words, the extent to which the target has been achieved is determined by comparing the actual net profit generated by the Goldbach Group to the figure agreed in the forecast. Qualitative personal targets make up 20 per cent. These targets and their weightings are set by the Board of Directors on behalf of the Compensation Committee.

The CEO of the Goldbach Group also participates in a long-term incentive plan (LTIP) for selected members of Goldbach Group management. The amount due under the LTIP comprises the following two components in 2018:
- 6.4 per cent of the Goldbach Group's net profit attributable to shareholders of Goldbach Group AG
- 25 per cent of the increase in adjusted net profit from 2017 to 2018

The Board of Directors of the Goldbach Group takes the sum calculated in this way and uses an allocation matrix to allocate amounts due in the accounting year in which the entitlement was acquired. Amounts due are paid out in cash. 70 per cent of the amounts due to Swiss employees and 60 per cent of those due to foreign employees is blocked for three years (from the date of allocation). The remaining 30 and 40 per cent respectively is not subject to any such qualifying period. Blocked amounts due are only paid out if the beneficiary has not given notice of termination of employment prior to 31 December of the third year after the accounting year in which entitlement to the amount was acquired. Amounts due are calculated in accordance with the following principles in particular:
- Only the net profit attributable to shareholders of Goldbach Group AG is relevant.
- The difference over three years determines the amounts due. No allocations will be made if net income has decreased.
- Only an entitlement to a share of the LTIP can secure an annual allocation.
- The proportion of the bonus due to members of management plus the variable salary components may not exceed the upper limit for the performance bonus.

The amounts due to the CEO of the Goldbach Group under the LTIP for the financial year 2018 include a pro rata share (reflecting the time since the Goldbach Group was acquired by Tamedia) in the amount of CHF 0.06 million, 70 per cent of which is to be blocked for three years.

Members of the Management Board are insured against old age, death and disability in accordance with the prevailing social insurance legislation. The notice periods are one year.

Expenses and non-monetary payments

Members of the Board of Directors and the Management Board receive an expenses allowance each month, which covers all expenses below CHF 50. Beyond that, the currently valid rules on expenses for all employees apply. Tamedia does not provide company cars to the members of the Management Board, with one exception: the CEO of the Goldbach Group is provided with a company car, with the associated vehicle costs and expenses also being covered. Additional non-monetary benefits voluntarily provided by the company, such as free newspaper or magazine subscriptions or long-service awards, are subject to the same rules as for all employees.

Loans to officers and directors of the company

As of the balance sheet date, there were no outstanding loans to active and former members of the Board of Directors and Management Board.

Compensation of the Board of Directors, the Advisory Board and the Management Board

The compensation shown reflects the expenditures recognised in the income statement during the reporting year (irrespective of the dates on which these were paid). Included among the active members of the Board of Directors and Management Board are those individuals who completed their period of tenure during the year. No compensation was paid to former members or related parties of the Board of Directors, the Advisory Board and the Management Board.

Total compensation paid to the Board of Directors, the Advisory Board and the Management Board

in CHF 000	Directors [1]	Advisory Board Digital	Management Board	**Total**
2018				
Number of members per balance sheet date	7.0	3.0	8.0	**18.0**
Annual average of members	7.0[2]	3.3[3]	7.3	**17.7**
Fees/salaries	2 046	67	3 956	**6 069**
Performance bonus and share of profits paid in cash	–	–	2 477	**2 477**
Share of profits paid in shares 2018[4]	–	–	1 078[5]	**1 078**
Pension and social security contributions	227	–	1 154	**1 382**
Expense reimbursements	108	–	141	**249**
Non-monetary payments	–	–	3	**3**
Other compensation	–	–	–	**–**
Total	**2 382**	**67**	**8 809**	**11 257**
2017				
Number of members per balance sheet date	7.0	4.0	7.0	**18.0**
Annual average of members	7.0	4.0	7.0	**18.0**
Fees/salaries	2 039	80	3 785	**5 904**
Performance bonus and share of profits paid in cash	–	–	2 927	**2 927**
Share of profits paid in shares 2017[4]	–	–	1 534[5]	**1 534**
Pension and social security contributions	231	–	1 207	**1 437**
Expense reimbursements	108	–	135	**243**
Non-monetary payments	–	–	–	**–**
Other compensation	–	–	–	**–**
Total	**2 377**	**80**	**9 588**	**12 045**

1 The Board of Directors currently comprises the full-time Chairman/publisher and non-executive members.
2 For the calculation of the annual average number of entries and departures of members: Sverre Munck since 20 April 2018, Iwan Rickenbacher until 20 April 2018
3 For the calculation of the annual average number of entries and departures of members: Sverre Munck until 20 April 2018
4 See information on profit participation programme for executives
5 Share-based payments are disclosed in the compensation report at the time of their allocation. In contrast, Note 42 to the consolidated financial statements reports the accrued amount recognised in the income statement in the reporting year.

Compensation paid to the Board of Directors[1]

in CHF 000	Fees/ salaries	Performance bonus and profit participation	Pension and social security contributions	Expense reimbursements	Other compensation	**Total**
2018						
Pietro Supino	1 446	–	199	36	–	**1 681**
Martin Coninx	100	–	7	12	–	**119**
Marina de Planta	100	–	7	12	–	**119**
Martin Kall	100	–	–	12	–	**112**
Pierre Lamunière	100	–	5	12	–	**117**
Sverre Munck	70		–	8		**78**
Konstantin Richter	100	–	7	12	–	**119**
Iwan Rickenbacher	31	–	2	4	–	**36**
Total	**2 046**	**–**	**227**	**108**	**–**	**2 382**
2017						
Pietro Supino	1 439	–	199	36	–	**1 673**
Martin Coninx	100	–	7	12	–	**119**
Marina de Planta	100	–	7	12	–	**119**
Martin Kall	100	–	–	12	–	**112**
Pierre Lamunière	100	–	5	12	–	**117**
Konstantin Richter	100	–	7	12	–	**119**
Iwan Rickenbacher	100	–	5	12	–	**117**
Total	**2 039**	**–**	**231**	**108**	**–**	**2 377**

1 The functions of the members of the Board of Directors are disclosed in the corporate governance chapter.

Additional fees and compensation

In the reporting year, Tamedia paid compensation for rent for office premises totalling CHF 3.0 million to Groupe Edipresse, over which Pierre Lamunière exerts a significant influence. Compensation for rent in the previous year amounted to CHF 3.3 million.

Shares owned by members of the Board of Directors

No. of shares	2018 Shares owned	2018 Total shares[1] owned including those held by related parties	2017 Shares owned	2017 Total shares[1] owned including those held by related parties
Pietro Supino	33 338	1 439 160	33 338	1 439 160
Martin Coninx	100	1 264 667[2]	100	1 264 667[2]
Marina de Planta	–	–	–	–
Martin Kall	–	–	–	–
Pierre Lamunière	2 000	3 804	2 000	3 804
Sverre Munck	–	–	–	–
Konstantin Richter	16 229	726 295	16 229	726 295
Iwan Rickenbacher	–	–	50	50

1 Including rights of usufruct and benefits
2 The stock includes the 393,234 registered shares with rights of usufruct owned by Hans-Heinrich Coninx

Compensation paid to the Advisory Board for Media Technology and Innovation

in CHF 000	Fees/salaries [1]	Performance bonus and profit participation	Pension and social security contributions	Expense reimbursements	Other compensation	**Total**
2018						
Emily Bell	20	–	–	–	–	**20**
Markus Gross	20	–	–	–	–	**20**
Mathias Müller von Blumencron	20	–	–	–	–	**20**
Sverre Munck	7	–	–	–	–	**7**
Total	**67**	**–**	**–**	**–**	**–**	**67**
2017						
Emily Bell	20	–	–	–	–	**20**
Markus Gross	20	–	–	–	–	**20**
Mathias Müller von Blumencron	20	–	–	–	–	**20**
Sverre Munck	20	–	–	–	–	**20**
Total	**80**	**–**	**–**	**–**	**–**	**80**

1 The compensation paid to Pietro Supino is reported under compensation paid to the Board of Directors.

Shares owned by members of the Advisory Board for Media Technology and Innovation

No. of shares	**2018** Shares owned	**2018** Total shares owned including those held by related parties	**2017** Shares owned	**2017** Total shares owned including those held by related parties
Emily Bell	–	–	–	–
Markus Gross	–	–	–	–
Mathias Müller von Blumencron	–	–	–	–
Sverre Munck	–	–	–	–

Highest compensation paid to a member of the Management Board

in CHF 000	**2018 [1]**	**2017 [1]**
Type of compensation		
Fees/salaries	1 031	1 031
Performance bonus and share of profits paid in cash	955	1 292
Share of profits paid in shares	450	634
Pension and social security contributions	268	297
Expense reimbursements	23	23
Total	**2 727**	**3 276**

1 Compensation paid to Christoph Tonini (Chief Executive Officer)

Profit participation programme for members of the Management Board

The current profit participation programme is valid for 2018. Members of the Management Board are entitled to participate as of their second year of service. A payment is made when the profit margin (net income in relation to revenues) reported by the Tamedia Group is or exceeds 8.0 per cent. A profit participation, which will be determined at the time, will be paid out of any amount exceeding the profit margin of 8.0 per cent, with 50 per cent being paid in cash and the remaining 50 per cent in shares.

The cash amount is paid out after the publication of the consolidated financial statements of Tamedia. The shares are allocated in the accounting year in which entitlement is acquired. The number of shares to be allocated is determined based on the average share price over the last 30 days before 31 December of the respective financial year. The shares are only transferred if the beneficiary has not given notice of termination of employment prior to 31 December of the third year after the accounting year in which entitlement to the share allocation was acquired.

For the financial year 2018, the Management Board will be granted a profit participation of CHF 2.2 million, with CHF 1.1 million being for the shares allocated.

As part of the profit participation programme of the Management Board, 10,957 treasury shares were issued in 2018 for the 2014 financial year to the members of the Management Board. Measured in terms of market value on the allocation date, the total value of these shares is CHF 1.4 million.

Share-based component of the Management Board's profit participation

number	2018	2017
As of 1 January	55 080	49 330
Exercised	(10 957)	(5 663)
Allocated	10 432	11 413
As of 31 December	**54 555**	**55 080**
of which exercisable	25 609	10 957

in CHF/ number of shares	Allocation date	Blocked until	Fair value as of grant date	Fair value as of 31 December	Outstanding entitlements 2018	Outstanding entitlements 2017
	31.12.2014	31.12.2017	126.9	105.5	–	10 957
	31.12.2015	31.12.2018	171.0	105.5	25 609	25 609
	31.12.2016	31.12.2019	156.0	105.5	7 101	7 101
	31.12.2017	31.12.2020	138.0	105.5	11 413	11 413
	31.12.2018	31.12.2021	105.5	105.5	10 432	–

Shares owned by members of the Management Board

	2018		2017	
No. of shares	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Christoph Tonini	11 963	11 963	6 935	6 935
Christoph Brand	2 013	2 013	803	803
Michi Frank	–	–	–	–
Samuel Hügli	700	700	–	–
Marcel Kohler	100	100	–	–
Sandro Macciacchini	2 899	2 899	1 810	1 810
Serge Reymond	–	–	400	400
Andreas Schaffner	3 887	3 887	2 677	2 677

Report of the statutory auditor
to the General Meeting of Tamedia AG
Zürich

We have audited the remuneration report of Tamedia AG for the year ended 31 December 2018. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 124-127 of the remuneration report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report of Tamedia AG for the year ended 31 December 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Patrick Balkanyi	Claudio Berchtold
Audit expert Auditor in charge	Audit expert

Zürich, 25 February 2019

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Corporate Governance

Group structure and shareholders

Group structure
The Group's operational structure is shown on page 15 of the Annual Report.

The scope of consolidation includes the following listed company:

Name	Tamedia AG, Zurich
Location of registration	SIX Swiss Exchange, Switzerland listed since 2 October 2000
Market capitalisation	see section "Capital structure"
Treasury shares (as of 31 December 2018)	17,053
Securities symbol	TAMN
ISIN	CH 0011178255
Symbol:	
– Bloomberg	TAMN.SW
– Reuters	TAMN.S

Group companies not listed on a stock exchange are shown in Note 40 of the consolidated financial statements.

Significant shareholders
Significant shareholders and significant groups of shareholders and their holdings in Tamedia, to the extent known to Tamedia, are shown in the following table.

Principal shareholders

Name	2018 [1]	2017 [1]	2016 [1]
Dr. Severin Coninx, Berne	13.20%	13.20%	13.20%
Rena Maya Coninx Supino, Zurich	12.95%	12.95%	12.95%
Dr. Hans Heinrich Coninx, Küsnacht	11.93%[2]	11.93%[2]	11.93%
Annette Coninx Kull, Wettswil a.A.	11.85%[3]	11.85%[3]	11.85%
Ellermann Lawena Stiftung, FL-Vaduz	6.87%	6.87%	6.94%
Ellermann Pyrit GmbH, Stuttgart, Germany	4.31%	6.47%	6.93%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%	5.86%
Other members of the shareholders' agreement	2.14%	2.14%	2.15%
Total members of the shareholders' agreement	**69.11%**	**71.26%**	**71.80%**
Tweedy Browne Company LLC	**4.51%**	**4.51%**	**4.52%**
Regula Hauser-Coninx, Weggis	**4.63%**	**4.63%**	**4.63%**
Montalto Holding AG, Zug	1.83%	1.83%	1.83%
Epicea Holding AG, Zug	1.42%	1.42%	1.42%
Other members of the shareholders' group	0.69%	0.69%	0.69%
Total members of the shareholders' group Reinhardt-Scherz	**3.94%**	**3.94%**	**3.94%**

1 The disclosures as of 31 December relate to the total of 10.6 million registered shares issued.
2 Of which rights to usufruct in relation to 393,234 registered shares in the name of Martin Coninx (Männedorf) rights of usufruct in relation to 393,233 registered shares in the name of Claudia Isabella Coninx-Kaczynski (Zollikon) and rights to usufruct in relation to 393,233 registered shares in the name of Christoph Coninx (Oetwil an der Limmat).
3 Of which rights of usufruct in relation to 586,021 registered shares owned by Fabia Schulthess (Zurich) and rights of usufruct in relation to 586,022 registered shares owned by Andreas Schulthess (Wettswil).

The disclosure obligation is in compliance with Article 20 of the Swiss Stock Exchange and Securities Trading Act (SESTA) and with the provisions of the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (SESTO-FINMA), in particular the notices published on 6 and 9 July 2007 in the Swiss Official Gazette of Commerce.

In conjunction herewith, the following central features of the shareholders' agreement of the founding family are also made available to the public:

- All shareholders who are members of the founding family (pool shareholders), with the exception of Regula Hauser-Coninx, are bound by the shareholders' agreement (pool agreement). The pool agreement entered into effect as of the date of registration for a period of eight years, and was extended in 2008 until 2017. During the course of 2015 the founding family of Tamedia renewed its shareholders' agreement, which was due to expire in 2017, early and for an indefinite period.
- Among other things, the pool agreement serves the purpose of coordinating the exercise of the voting rights of pool members with regard to their representation on the Board of Directors.
- It also governs how pool shareholders exercise their voting rights in conjunction with other topics requiring the approval of shareholders, such as determining dividends.
- Pool shareholders are notified in advance of any other issues to be brought before the shareholders at the Annual General Meeting. If two thirds of the voting rights represented by the pool shareholders are cast for any such issue at a meeting of pool shareholders, the pool shareholders must unanimously vote in favour of this issue at the General Meeting. Otherwise, pool members are at liberty to exercise their voting rights as they choose.
- The agreement does not relate to matters which lie within the responsibility of the Board of Directors or the Management Board of Tamedia or that of its subsidiaries.
- The agreement includes a right of first refusal for all parties to the shareholders' agreement in the event that a pool shareholder wishes to transfer his/her shares to an independent third party (either with or without compensation). Should this be the case, said shareholder must first offer his/her shares to the pool members. The other pool shareholders have the right to purchase such shares at the current market price less a 20 per cent discount.
- Pool shareholders represent a group of shareholders who act in compliance with the requirements of Art. 20, Para. 3 of the Swiss Stock Exchange and Securities Trading Act (SESTA). Any future exchange of shares amongst the current pool shareholders will not result in an obligation to announce and make public any such change. If, however, the entire pool should sell shares and as such the percentage of pooled shares should fall below the legal thresholds (e.g. below 66⅔ per cent or below 50 per cent), the pool shall be required to inform the Swiss Stock Exchange and Tamedia. An obligation to notify shall also exist if a new member is added to the pool or one pool member no longer holds any shares.

The shareholders united under the shareholders' agreement, consisting of members of the founding family, held 69.11 per cent of the Tamedia registered shares on the balance sheet date, of which 67.00 per cent were subject to the provisions stipulated in the shareholders' agreement.

The Reinhardt-Scherz group of shareholders consists of Erwin Reinhardt, Muri, and Franziska Reinhardt-Scherz, Muri, and the entities under their control, Montalto Holding, Zug, and Epicea Holding AG, Zug.

The persons united in this group of shareholders jointly hold an investment of 417,342 registered shares of Tamedia AG or 3.94 per cent of the share capital.

Cross-shareholdings

During the current financial year, there were no cross-shareholdings based on either share capital holdings or on voting rights.

Capital structure

Capital structure and change in capital structure

Capital structure

in CHF mn	2018	2017	2016
Ordinary share capital	106.00	106.00	106.00
Ordinary increase in capital	–	–	–
Conditional share capital	–	–	–
Conditional increase in capital	–	–	–
Participation certificates	–	–	–
Dividend-right certificates	–	–	–
Convertible bonds	–	–	–

Additional information concerning changes in equity can be found in the statement of changes in equity on page 45 of the consolidated financial statements.

Registered shares

number		2018	2017	2016
Nominal value	in CHF	10	10	10
Voting rights per share		1	1	1
Number of issued shares		10 600 000	10 600 000	10 600 000
Number of shares entitled to dividends		10 574 391	10 589 071	10 592 348
Total number of voting rights		10 574 391	10 589 071	10 592 348
Number of outstanding shares (weighted average)		10 582 947	10 593 034	10 596 381
Number of treasury shares (as of balance sheet due date)		25 609	10 929	7 652

There are no differences in dividend rights or other priority rights with the exception of those described in the section "Limitations on transferability and nominee registrations" below.

Details with regard to market capitalisation can be found in the information for investors on page 39.

Limitations on transferability and nominee registrations

Upon request, purchasers of registered shares shall be registered as shareholders with voting rights if they specifically declare that they have purchased such shares in their own name and for their own account.

The Board of Directors may deny registration of the purchaser as a shareholder or beneficiary with voting rights to the extent that the shares held by the shareholder would exceed 5 per cent of the total number of shares recorded in the commercial register. Legal entities and partnerships, which are bound or affiliated in terms of capital and voting rights by a common management or in any other form, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Shareholders who were registered in the share register as of 14 September 2000 or purchasers who are family members of such shareholders shall be exempt from this restriction on registration.

During the reporting year, no exceptions to the said regulations were granted.

The Board of Directors may register nominees in the share register with voting rights of up to a maximum of 3 per cent of the share capital registered in the commercial register. Nominees are persons who, when applying for registration, do not specifically declare that they hold the shares for their own account. The Board of Directors may register nominees with more than 3 per cent of the registered share capital, granting them voting rights, insofar as the nominee in question has provided the company with the names, addresses and number of shares held by such persons for whom he/she holds 0.5 per cent or more of the registered share capital entered in the commercial register. The Board of Directors may enter into agreements with such nominees, which govern, among other items, the representation of the shareholders and their voting rights.

The Board of Directors may cancel the entries of shareholders or nominees in the share register retroactively to the date of entry should it be apparent after a hearing that such entries were made based on false information. The persons affected must be informed of said cancellation immediately.

Convertible bonds and options

Currently, there are no convertible bonds and options.

Board of Directors

Members of the Board of Directors

Information on the members of the Board of Directors and their other functions and business interests is provided in the Annual Report on pages 6 to 7.
Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

Election and term of office

The Board of Directors comprises at least five members who are individually elected by the Annual General Meeting for a term of office of one financial year. Their term of office expires on the date of the Annual General Meeting for the last financial year of their tenure. If elections to replace directors are held during the designated term, the newly elected directors shall serve the remaining tenure of their predecessors. The Annual General Meeting also elects the Chairman of the Board of Directors. Otherwise, the Board of Directors constitutes itself.

Internal organisation

The composition of the Board of Directors and the affiliation of its individual members to the committees are shown in the table below.

Name	Function	Member since	Term of office [1]	Business development committee [2]	Audit committee	Nomination and compensation committee [2]	Journalism committee [2]
Pietro Supino	Chairman	1991	2019	C		C	C
Martin Coninx	Member	2016	2019		M	M	
Martin Kall	Member	2013	2019	M		M	
Pierre Lamunière	Member	2009	2019	M			M
Sverre Munck	Member	2018	2019		M		
Marina de Planta	Member	2014	2019		C		
Konstantin Richter	Member	2004	2019		M		M

C: Committee chairman
M: Member

1 The period of office of all members of the Board of Directors ends at the next Annual General Meeting on 5 April 2019.
2 Christoph Tonini will also be invited to attend meetings in his role as CEO.

1 www.tamedia.ch/statuten

Authorities

The Board of Directors is responsible for defining the Group strategy. It reviews the Company's fundamental plans and objectives and identifies external risks and opportunities. The authorities and responsibilities of the Board of Directors and its committees, as well as the schedule of approval authorities with respect to the Management Board, are laid down in the Internal Governance Rules, which can be viewed online at www.tamedia.ch[1]. These include, in particular, the supervisory and control functions for the Board of Directors with the direct support of external parties, as well as the ongoing and comprehensive provision of information for all members of the Board.

The Board of Directors is also responsible for overseeing and monitoring the Management Board. The Management Board informs the Board of Directors during its regular meetings and upon special request with regard to the business developments and the Group's planned activities. Also in attendance at these meetings are the Chief Executive Officer as well as other members of the Management Board and other executive members of staff for business matters of relevance to them.

The full Board of Directors is informed by means of monthly written reports with regard to the consolidated monthly financial statements, business developments within the individual divisions and any further relevant business issues. Each quarter, all members of the Board of Directors are provided with written information as pertains to the development of the market share and every six months a report is sent with explanations to the semi-annual and annual financial statements. In addition, the Board of Directors also receives the minutes of meetings held by the Management Board as well as of those held by the four committees of the Board of Directors. The Management Board also informs the Chairman of the Board of Directors on a regular basis with regard to any incidents of particular significance.

Passing resolutions

The Board of Directors constitutes a quorum when the majority of its members are present. It makes decisions based on a majority vote of the members present. In the event of a tied vote, the Chairman has the casting vote. There are no statutory quorums for resolutions. Resolutions may also be passed by circular vote.

Meetings

The Board of Directors meets as often as business requires or if a meeting is requested by a member, but at least six times a year. In the reporting year, the Board of Directors, its committees and the Advisory Board for Media Technology and Innovation held the following meetings.

	Number of meetings
Directors	10[1]
Business Development Committee	–
Audit Committee	4
Nomination and Compensation Committee	3
Journalism Committee	3[2]
Advisory Board for Media Technology and Innovation	3

1 of which a three-day retreat and four telephone conferences
2 of which one telephone conference

[1] www.tamedia.ch/statuten

Committees

In addition to the committees described below, the Board of Directors may form other committees for specific functions. Members are appointed to committees in conjunction with the constitution of the Board of Directors and according to the same procedure. Generally, these committees do not make any binding decisions, but instead report to the Board of Directors as a whole, submit proposals for decisions and guidelines when appropriate and provide the Management Board with the necessary support for the implementation of such.

The following permanent committees currently exist:

- Nomination and Compensation Committee
- Business Development Committee
- Journalism Committee
- Audit Committee

The committees must be made up mostly of members of the Board of Directors and make their agendas and meeting minutes available to the entire Board of Directors. The Chairman of each committee informs the Board of Directors as a whole orally as to the results of such meetings.

Nomination and Compensation Committee

The Nomination and Compensation Committee addresses human resources matters in general and is responsible in particular for preparing nominations of members of the highest management level for whom the Board of Directors has direct responsibility. It also deals with the qualification and compensation of members of this management group and with the general compensation system including profit participation. Not included herein are the editors-in-chief and the programme directors, for whom the Journalism Committee is responsible.

The committee comprises three to four members. If the number of members of the Nomination and Compensation Committee falls below the minimum threshold of three, the Chairman shall nominate the missing member(s) from amongst the members of the Board of Directors, who will serve until the end of the next Annual General Meeting. The Chairman of the Management Board is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. The meetings held in the reporting year are listed in the overview in the Meetings section.

Business Development Committee

The Business Development Committee attends to the preparation and support of projects and agreements that fall within the remit of the Board of Directors and are related to the Swiss media market and new business ideas. The committee comprises three to four members. The Chairman of the Management Board is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. The meetings held in the reporting year are listed in the overview in the Meetings section. The Business Development Committee usually meets with the Advisory Board for Media Technology and Innovation.

Journalism Committee

The Journalism Committee deals with publication issues and nominates the editors-in-chief. It also deals with the performance evaluation and compensation of members of this management group. The Journalism Committee is responsible in particular for the regular journalistic discussions with the editors-in-chief and also concerns itself with promoting next-generation talent and publication projects.

The committee comprises three to four members. The Chairman of the Management Board is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. The meetings held in the reporting year are listed in the overview in the Meetings section.

Audit Committee

The Audit Committee oversees the financial reporting, compliance with accounting and reporting standards and with the rules for listing on the SIX Swiss Exchange, risk management and the internal controlling functions, financial corporate communication and compliance with legal oversight obligations (ad-hoc publicity) as well as any extraordinary accounting matters.

The Audit Committee also represents the Board of Directors as liaison with the external statutory auditors and monitors and assesses their work and impartiality on an ongoing basis. For this purpose, the Audit Committee reviews the reports required by law that are prepared by the statutory auditors and also the reports pertaining to any significant findings from the interim and final audits. Moreover, the committee is informed orally by the statutory auditors, the Chief Financial Officer and other management members from the finance division regarding the progress of the audit work. The fees for the audit of the consolidated financial statements and the individual financial statements are approved by the Audit Committee.

The Audit Committee comprises at least three members. The Chairman of the Board of Directors may not be a member of this committee. Meetings are held regularly, at least four times a year, and generally the Chief Financial Officer is in attendance (as representative of the Management Board) as well as the statutory auditors. For specific matters, the Audit Committee calls in outside experts when needed. The meetings held in the reporting year are listed in the overview in the Meetings section. These were attended by the Chief Financial Officer and the representative of the statutory auditors.

Advisory Board for Media Technology and Innovation

Information on the members of the Advisory Board and their other functions and business interests is provided in the Annual Report on page 8. Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

The Advisory Board for Media Technology and Innovation provides advice and support to the Tamedia Board of Directors and Management Board on matters relating to digital business and the company's digital transformation. The mission of the Advisory Board, which is composed of seasoned experts in the fields of digital media, online business and digital technology, is to identify trends and new digital business fields at an early stage and to provide an external perspective on new investment opportunities and strategic partnerships.

The composition of the Advisory Board is shown below:

Name	Function	Member since
Pietro Supino	Chairman	2013
Emily Bell	Member	2014
Markus Gross	Member	2013
Mathias Müller von Blumencron	Member	2013
Sverre Munck	Member	2013

The Advisory Board for Media Technology and Innovation generally convenes three times a year, once in the form of a retreat and twice together with the Business Development Committee. The meetings held in the reporting year are listed in the overview in the Meetings section.

[1] www.tamedia.ch/statuten

Management Board

Members of the Management Board

Information on the members of the Management Board and their other functions and business interests is provided in the Annual Report on pages 13 to 14. Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

Management contracts

During the year under review there were no management contracts between Tamedia and companies or private individuals stipulating the transfer of management responsibilities by Tamedia.

Compensation, shareholdings and loans

Information on compensation, shareholdings and loans granted to the Board of Directors, the Advisory Board for Media Technology and Innovation and the Management Board can be found in the Compensation report on pages 121 to 127.

Shareholders' participation rights

Restrictions on voting rights and representation

A shareholder may directly or indirectly exercise or cause to have exercised voting rights associated with his/her own shares or shares he/she represents up to a maximum of 5 per cent of the total number of shares registered in the commercial register. To this end, legal entities and partnerships which are bound or affiliated in terms of capital and voting rights by a common management or in any other way, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Institutional investor proxies within the meaning of Art. 689c of the Swiss Code of Obligations (custodian proxies, company officers and independent proxies) are exempt from this restriction on voting rights as long as the provisions of the Articles of Incorporation referred to in the previous paragraph have been adhered to by the owner(s).

Shareholders registered with more than 5 per cent of the voting rights in the share register are exempt from the aforementioned restriction of voting power.

Statutory quorums

According to the Articles of Incorporation of Tamedia AG, the Annual General Meeting makes resolutions and conducts elections based on an absolute majority of the represented voting rights. For the following resolutions, a minimum two-thirds majority of the represented voting rights and an absolute majority of the represented share capital are required: changes in the company's purpose; introduction of voting shares; restrictions on transferability of registered shares; approved or conditional capital increases; capital increases from shareholders' equity, in return for non-monetary contributions or for the purpose of acquisition of assets or granting special advantages; restriction or cancellation of subscription rights; transfer of the company's registered office and dissolution of the company without liquidation.

Convening the General Meeting

The General Meeting is held annually within six months of the end of the company's financial year. Extraordinary general meetings are convened as needed. Likewise, in addition to the statutory auditors, one or more shareholders, who combined represent at least 10 per cent of the company's share capital, may demand in writing that a general meeting be called indicating the subject matter to be discussed and proposals to be made.

The General Meeting is called by the Board of Directors no later than 20 days prior to the scheduled date of the meeting. The shareholders are notified via Tamedia's normal publications (see further information in section "Information policy" on page 138).

Agenda
Shareholders who together represent shares with a nominal value of CHF 1,000,000 may request that a matter for discussion be included on the agenda. The application for an item to be added to the agenda must be submitted in writing at least 60 days prior to the General Meeting with an indication of the subject to be discussed.

Registration in the share register
All shareholders registered with voting rights in the share register are entitled to take part and have voting power at the General Meeting. For organisational reasons, no further registrations will be made after 20 days before the General Meeting. Shareholders who sell their shares prior to the General Meeting no longer have any voting rights.

Changes of control and defensive measures

In accordance with the Swiss Stock Exchange Act, whoever, whether directly, indirectly or acting in concert with third parties, acquires equity securities of a listed Swiss company, which, when added to the equity securities already owned, exceed a threshold of 33.3 per cent of the overall voting rights of a target company, whether or not said voting rights may be exercised, must make a bid to the remaining shareholders to acquire all of the company's equity securities listed on the stock market. Before publicly offering its equity securities, the company may lay down in its Articles of Incorporation that a purchaser is not required to make a public sales offer of this kind (opting-out). Tamedia AG's Articles of Incorporation do not provide for any such opting-out. Similarly, there are no clauses governing changes of control.

Statutory auditors

Duration of the mandate and term of office of the lead auditor
The statutory auditors are appointed by the General Meeting for a period of one year.

PricewaterhouseCoopers AG has served as auditors for the consolidated financial statements since the financial year 2016. The separate financial statement of Tamedia AG has been audited by PricewaterhouseCoopers AG since 2016. Patrick Balkanyi assumed the role of lead auditor for the first time for the financial year 2016.

Audit fee
The fees for the audit of the consolidated financial statements and the separate financial statements total CHF 0.7 million (previous year: CHF 0.5 million), of which CHF 0.7 million relate to expenditures for the audit conducted by PricewaterhouseCoopers AG.

Additional fees
The total amount of fees paid to PricewaterhouseCoopers AG and/or its affiliated persons for additional financial services and IT advisory services amounted to CHF 0.1 million. Fees amounting to CHF 0.3 million had been incurred in the previous year for additional financial services and IT advisory services.

Supervisory and control instruments vis-à-vis the auditors
The nature of the supervisory and control instruments used by the Board of Directors to assess the external auditors is described in the section "Board of Directors – Audit Committee". The system of rotation governing the tenure of the lead auditor is seven years at the most, in compliance with the impartiality guidelines set down by EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary. A regular rotation of the statutory auditors is not foreseen.

Information policy

Information policy and ad-hoc publicity requirements

Tamedia follows an open and timely information policy that treats all target groups in the capital market equally. Detailed annual and semi-annual reports are published. The consolidated financial statements are prepared in accordance with IFRS standards (International Financial Reporting Standards) (see “Consolidation and measurement principles”, pages 46 to 55).

An agenda including the date of the General Meeting and the date of publication of the half-year report can be found on page 39.

Tamedia AG’s Articles of Incorporation can be viewed online at www.tamedia.ch.[1]

As a listed company, Tamedia is also obliged to inform the public of any price-sensitive information (ad-hoc publicity, Art. 53 Listing Rules). In addition to information on the financial developments, Tamedia also provides information regularly on current changes and developments.

For more detailed information on the company, visit the website at www.tamedia.ch. The official publication used for public announcements made by the company and announcements required by law is the Swiss Official Gazette of Commerce.

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