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Media release

Tamedia: First Half-Year affected by downturn in print advertising market and valuation allowance following Publicitas bankruptcy

The Swiss media group Tamedia generated revenues of CHF 477.5 million (-0.1 per cent) in the first half of the year. Tamedia's revenues in the print advertising market fell CHF 15.6 million year-on-year overall. The reasons behind the sharp drop in operating income (EBIT) to CHF 52.7 million (-44.6 per cent, EBIT margin 11.0 per cent) included a CHF 5.0 million valuation allowance for the corresponding receivable following the bankruptcy of the advertising agency Publicitas and a CHF 27.8 million increase in pension costs as per IAS 19. At CHF 45.4 million, normalised net income after taxes was also lower than last year (CHF 54.5 million).

Zurich, 28 August 2018 – At CHF 477.5 million, Tamedia's revenues for the first half of 2018 were virtually on a par with last year's (CHF 477.8 million). By contrast, net income before interest, taxes and depreciation and amortisation (EBITDA) fell markedly by 32.9 per cent to CHF 85.4 million (previous year: CHF 127.3 million). The two key factors behind this downturn were the CHF 5.0 million valuation allowance on receivables following the bankruptcy of the advertising agency Publicitas and a rise in pension costs as per IAS 19 of CHF 27.8 million. Financial expense and financial income rose, in particular due to exchange rate fluctuations, although these cancelled one another out overall. Net income before interest and taxes (EBIT) fell by 44.6 per cent to CHF 52.7 million (previous year: CHF 95.2 million). At CHF 45.4 million, normalised net income after taxes was lower than last year (CHF 54.5 million). Equity fell by CHF 1.1 million to CHF 1,968.5 million. The self-financing ratio is a very respectable 78.3 per cent (78.4 per cent as of the end of 2017).

Tamedia's Chief Executive Officer Christoph Toninin said: "Our media group made at least CHF 15 million less in the print advertising market than last year. We also had to make a valuation allowance following Publicitas's bankruptcy. These two factors put pressure on our net income. However, we made good progress in developing our digital news offers and in the Marketplaces and Ventures segment, which gives me confidence for the second half of the year."

In total, the Marketplaces and Ventures offers and Tamedia's digital publishing media contributed CHF 187.7 million (previous year: CHF 175.6 million) or 39.3 per cent to total revenues (pro forma). The share of all digital offers in EBITDA reached CHF 59.9 million (previous year: CHF 63.3 million) or 70.1 per cent and the share of EBIT CHF 43.4 million (previous year: CHF 46.8 million) or 82.3 per cent. The lower figures in comparison to 2017 are the result of pension costs being allocated as per IAS 19. These costs had been CHF 27.8 million lower last year than in the current reporting period.

Key Figures	2018-6 in CHF mn	2017-6 in CHF mn	Change in per cent
Tamedia Group			
Revenues	477.5	477.8	-0.1
Operating income before depreciation and amortisation (EBITDA)	85.4	127.3	-32.9
Margin (in per cent)	17.9	26.6	-32.9
Operating income (EBIT)	52.7	95.2	-44.6
Margin (in per cent)	11.0	19.9	-44.6
Net income	39.9	76.6	-47.9
of which attributable to Tamedia shareholders	26.3	65.5	-59.9
Cash flow from/(used in) operating activities before financial result and taxes	98.8	106.9	-7.6
Total assets	2 514.8	2 513.3 ¹	0.1
Equity ratio (in per cent) ²	78.3	78.4 ¹	-0.1
Paid Media			
Revenues	285.0	297.9	-4.3
of which intersegment	7.7	9.1	-14.8
EBITDA	21.6	37.1	-41.8
EBITDA-Margin (in per cent) ³	7.6	12.5	-39.2
Free Media and Commercialisation			
Revenues	75.8	71.8	5.5
of which intersegment	0.3	1.0	-68.0
EBITDA	14.7	18.9	-22.2
EBITDA-Margin (in per cent) ³	19.4	26.3	-26.3
Marketplaces and Ventures			
Revenues	124.9	118.2	5.7
of which intersegment	0.2	0.1	69.0
EBITDA	53.2	47.6	11.9
EBITDA-Margin (in per cent) ³	42.6	40.2	5.9
Average number of employees ⁴	3 224	3 308	-2.5

¹ as of 31.12.2017

² Equity to total assets

³ The margin relates to revenues

⁴ The average headcount does not include employees in associates/joint ventures

New IFRS standards

The first-time application of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” means that losses on receivables and the change in doubtful trade accounts receivable (as impairments of financial assets) are now reported under other operating expenses. The figures for the previous year, in which these impairments were still recognised as a reduction in revenues, have been restated accordingly. In all other respects, the introduction of the new standards will not have any further material impact on the disclosures in the consolidated financial statements.

Paid Media: valuation allowance and downturn in print advertising market

The operating revenues of the Paid Media business division, which encompasses all paid daily and weekly newspapers as well as magazines and printing centres, fell by 4.3 per cent to CHF 285.0 million. The decline is mainly due to falling print advertising revenue. Operating income before depreciation and amortisation (EBITDA) of the Paid Media business division fell from CHF 37.1 million to CHF 21.6 million. This equates to an EBITDA margin of 7.6 per cent (previous year: 12.5 per cent). The drop in EBITDA was dominated by the CHF 3.0 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 the rising euro. EBIT was CHF 7.4 million (previous year: CHF 22.9 million) and the EBIT margin stood at 2.6 per cent.

Free Media and Commercialisation: Neo Advertising now integrated

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 L’essentiel, Heute, heute.at, Metroxpress and BT, it now also encompasses the out-of-home company Neo Advertising and is to include Goldbach in the future too. At CHF 75.8 million, operating revenues in the Free Media and Commercialisation segment increased by 5.5 per cent year-on-year. This rise is primarily attributable to the acquisition of Neo Advertising. Operating income before depreciation and amortisation (EBITDA) dropped to CHF 14.7 million (previous year: CHF 18.9 million), putting the EBITDA margin at 19.4 per cent (previous year: 26.3 per cent). This drop comes mainly on the back of the decline in print advertising revenue, which could not be fully offset by digital forms of advertising, as well as a share of CHF 2.0 million in the valuation allowance following the bankruptcy of Publicitas. Operating income (EBIT) fell from CHF 17.5 million to CHF 12.7 million, putting the EBIT margin at 16.8 per cent (previous year: 24.3 per cent).

Marketplaces and Ventures: increase in revenues and net income

The Marketplaces and Ventures business division, which encompasses all non-publishing digital products, posted operating revenues of CHF 124.9 million. This equates to an increase of 5.7 per cent year-on-year. The JobCloud AG job platforms performed particularly well and significantly increased their net income once again. The Marketplaces and Ventures business division's operating income before depreciation and amortisation (EBITDA) increased as a result to CHF 53.2 million (previous year: CHF 47.6 million). The EBITDA margin now amounts to an outstanding 42.6 per cent (previous year: 40.2 per cent). Operating income (EBIT) improved from CHF 31.1 million in the previous year to CHF 36.7 million. The EBIT margin was 29.4 per cent (previous year: 26.3 per cent).

Goldbach Group – public notice procedure launched to cancel shares, with delisting in the pipeline

The positive decision by the Swiss Federal Competition Commission (COMCO) on 24 August 2018 enabled Tamedia to acquire over 97 per cent of the listed shares in the Goldbach Group. Tamedia already owns over 98 per cent of the Goldbach Group shares entered in the commercial register that are relevant for the cancellation of the remaining Goldbach shares within the meaning of Art. 137 of the Swiss Financial Market Infrastructure Act. An action in this regard has been brought before the Commercial Court of Zurich. Goldbach's remaining retail equity investors will receive a cash settlement. Tamedia plans to delist Goldbach Group AG (GBMNE) from the SIX Swiss Exchange by spring 2019 at the latest.

Majority stake acquired in Zattoo International AG

Tamedia increases its stake in Zattoo International AG to more than 50 per cent and takes over the majority. Zattoo is the clear market leader in Internet TV in Switzerland and also the number 1 in Germany. In addition to its consumer business, Zattoo is also a technical service provider for cable TV and IPTV providers. The strategic partnership between Tamedia and Goldbach creates new synergy opportunities for the marketing of Zattoo in Switzerland and Germany. The transaction is still subject to the approval of the COMCO.

Press conference and information for financial analysts

The press conference call in German will take place today, 28 August 2018, at 10.00 am. A conference call will also be held in English at 11.00 am for analysts and investors. The dial-in number for the conference calls is +41 58 310 50 00. Please dial in a few minutes before the conference starts.

If required, a conference call in English will be offered on the following day for investors and analysts from abroad.

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About Tamedia

Tamedia is the leading private media group in Switzerland. The digital platforms, daily and weekly newspapers and magazines of Tamedia offer overview, classification and selection. The company was founded in 1893 and employs a staff of approximately 3,400 in Switzerland, Austria, Denmark, France, Germany, Israel, Luxembourg and Serbia. It has been traded at the Swiss stock exchange since 2000.

Further information for media representatives about Tamedia:

<https://www.tamedia.ch/en/group/newsroom/media-releases>

A series of new pictures about Tamedia, including pictures of corporate buildings with the new logo mounted and on display, are to be found and downloadable free of charge in the photo gallery, the new corporate design and logo being introduced in January 2017.

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