



TX Group Ltd
Corporate Communications

Media release

TX Group: Economic downturn caused by the coronavirus crisis leads to a 13 per cent decline in revenues. Combined with an impairment for Tamedia, the result is a net loss of CHF 94.6 million for the 2020 financial year. Operating income staged a recovery in the second half of the year. Various activities managed significant growth for the year as a whole.

Due to the economic downturn associated with the coronavirus crisis, revenues for the TX Group in 2020 fell by CHF 143.8 million to CHF 935.8 million (-13.3 per cent). Operating income before the effects of business combinations (EBIT adj.) was CHF 83.3 million (previous year: CHF 155.2 million). Free cash flow before acquisitions and divestments (FCF adj.) was CHF 94.5 million (CHF 52.3 million less than the previous year), so improved significantly in the second half of the year. Impairment testing for goodwill showed that an impairment of CHF 85.0 million was needed for Tamedia as early as the first half of 2020. In terms of operating income (EBIT), this translates into a loss of CHF -70.9 million (previous year: CHF 70.4 million). Net income (loss) fell to CHF -94.6 million (previous year: CHF 97.8 million).

Zurich, 11 March 2021 – Revenues for the TX Group reduced by CHF 143.8 million or 13.3 per cent, compared with the previous year, from CHF 1079.5 million to CHF 935.8 million. The coronavirus crisis led to a 23 per cent decline in advertising revenues for the 2020 financial year. The printed newspapers of Tamedia and 20 Minuten were hit particularly hard by the loss of revenues. By contrast, revenues from subscriptions and individual sales remained largely stable. The advertising marketing and intermediary activities revenues of Goldbach were also negatively affected, as were revenues from external print customers. The digital platforms of TX Markets performed well with the exception of the JobCloud job platform, whose fortunes are dictated by the wider economy. Ricardo and Tutti enjoyed impressive growth. Zattoo, Doodle and various fintech interests within the Ventures section also recorded strong growth in various areas.

Operating income before depreciation and amortisation (EBITDA) dropped by CHF 66.2 million to CHF 130.6 million. The EBITDA margin came to 14.0 per cent (previous year: 23.4 per cent). Operating income before the effects of business combinations (EBIT adj.) was CHF 83.3 million (CHF –71.9 million). The EBIT margin (adj.) was 8.9 per cent (previous year: 14.4 per cent).

Due to ongoing depreciation and amortisation on Tamedia brands in the amount of CHF 11.1 million, which are now recognised from 1 January 2020, depreciation and amortisation from business combinations increased by CHF 9.1 million to CHF 69.2 million. Based on a goodwill impairment test for Tamedia (as a cash-generating unit), an impairment in the amount of CHF 85.0 million was recorded. Operating income (EBIT) amounted to CHF –70.9 million (previous year: CHF 70.4 million). The negative financial result of CHF –20.6 million reflects a loss from the sale of the two companies Olmero AG and Trendsales Aps in the amount of CHF 18.7 million.

Chairman and Publisher Pietro Supino summarises 2020 for the TX Group as follows: “As a broad-based media group and operator of highly frequented platforms, we operate close to the pulse of society. It is hardly surprising therefore that the main impact on our businesses in 2020 was from coronavirus – the event that dominated the year. Luckily for us, however, the impact was not wholly negative. Tamedia and 20 Minuten impressed with their reliable and diverse journalism. Media use reached record levels. Tamedia enjoyed a significant increase in digital subscriptions. By contrast, newspaper advertising revenues declined. Goldbach was hit hard by the crisis as well, although it did benefit from the recovery in advertising expenditure in the second half of the year. Business levels at TX Markets showed resilience during the crisis. The marketplaces Ricardo and Tutti enjoyed strong growth. The job platforms JobCloud and karriere.at in Austria have been affected by the economic impact of the crisis. There is much less volatility, however, compared with how dependent job advertisements used to be on the wider economy.”

Key Figures	2020 in CHF mn	2019 in CHF mn	Change in per cent
TX Group			
Revenues	935.2	1 079.5	–13.3
Operating income / (loss) before depreciation and amortisation (EBITDA)	130.6	196.8	–33.6
Margin ¹	14.0	18.2	–23.4
Operating income / (loss) before effects of business combinations (EBIT adj.)	83.3	155.2	–46.3
Margin ¹	8.9	14.4	–38.1
Operating income / (loss) (EBIT)	–70.9	70.4	–200.6
Margin ¹	–7.6	6.5	–216.1
Net income / (loss)	–94.6	97.8	–196.8
of which attributable to TX Group shareholders	–112.3	64.8	–273.4
Cash flow from / (used in) operating activities	128.1	169.2	–24.2
Cash flow after investing activities in property, plant and equipment and intangible assets (FCF adj.)	94.5	146.8	–35.6
Total assets	2 751.6	2 955.5	–6.9
Equity ratio (in per cent) ²	72.6	73.6	–1.4
TX Markets			
Revenues	200.5	215.0	–6.7
of which intersegment	1.3	1.1	19.2

EBIT adj.	67.5	81.4	-17.1
Margin ¹	33.7	37.9	-11.0
Goldbach			
Revenues	154.0	166.7	-7.6
of which intersegment	46.0	38.0	21.0
EBIT adj.	17.9	30.2	-40.8
Margin ¹	11.6	18.1	-35.8
20 Minuten			
Revenues	109.8	146.8	-25.2
of which intersegment	5.6	4.0	37.3
EBIT adj.	12.1	39.5	-69.4
Margin ¹	11.0	26.9	-59.2
Tamedia			
Revenues	470.4	548.1	-14.2
of which intersegment	22.5	29.3	-23.0
EBIT adj.	9.1	35.4	-74.2
Margin ¹	1.9	6.5	-69.9
Group & Ventures			
Revenues	199.9	170.0	17.6
of which intersegment	123.3	94.6	30.3
EBIT adj.	-3.0	-26.4	-88.7
Margin ¹	-1.5	-15.6	-90.4
Numbers of employees (FTE) ³	3 632	3 662	-0.8

¹ As a percentage of revenue

² Equity to total assets

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

Alternative key performance figures

The TX Group uses the following alternative key performance figures:

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

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

Restatement

As of 1 January 2020, a decentralised organisational structure was formed under the umbrella of the TX Group comprising four largely self-contained companies. All specialised platforms and marketplaces are integrated in the TX Markets segment, while advertising marketing and intermediary activities are incorporated in the Goldbach segment. The 20 Minuten segment includes free media in Switzerland and abroad. Paid media come under Tamedia. The Group's ventures and services are grouped within the Group & Ventures segment. The segment information from the previous year has therefore been adapted to the new segment structure.

Impairment

Printed newspapers are suffering from falling advertising revenues, with the decline accelerating due to the coronavirus crisis. Circulation is also reducing on account of structural changes. New digital subscriptions and revenues from online advertising, as well as some necessary cost measures, are not sufficient to compensate for these declines. In future therefore, lower cash flows are to be expected for the Tamedia segment (which is treated as a cash-generating unit for accounting purposes). In view of these developments, a write-down of goodwill and intangible assets with an indefinite useful life had become necessary by the middle of 2020. The increase in the discount rate before tax also had a negative impact on valuation. In total, the Tamedia impairment amounts to CHF 85.0 million in the TX Group balance sheet and will be charged to the TX Group annual results. Impairment testing for the other cash-generating units failed to show any need for impairment at the current time.

TX Markets: record figures for Ricardo and Tutti - fast recovery for Homegate - JobCloud hit by economic slowdown

At CHF 200.5 million, revenues for TX Markets are down by 6.7 per cent year-on-year. The impact of the coronavirus crisis on the different TX Markets platforms tended to vary. So while JobCloud saw a noticeable decline in orders during the coronavirus crisis, Homegate's property business recovered comparatively quickly. The platforms Tutti and Ricardo managed to break records. Overall, operating income before depreciation and amortisation (EBITDA) fell to CHF 74.1 million (previous year: CHF 85.9 million), with EBITDA also impacted by a CHF 1.9 million impairment on the interest in karriere.at. This put the EBITDA margin at 37.0 per cent (previous year: 40.0 per cent). Operating income before the effects of business combinations (EBIT adj.) was CHF 67.5 million (previous year: CHF 81.4 million). The EBIT margin (adj.) was 33.7 per cent (previous year: 37.9 per cent).

Goldbach: recovery in the second half of the year

The coronavirus crisis and the resulting cuts in advertising budgets had a significant impact on Goldbach's financial year. At CHF 154.0 million, revenues for Goldbach are down by CHF 12.8 million year-on-year. Out-of-home advertising and free media were hit particularly hard by the decline in advertising. TV, paid media and radio fared rather better. Overall, business did recover somewhat in the second half of the year, but the loss of revenues in the first half of the year could not be recouped. Operating income before depreciation and amortisation (EBITDA) dropped to CHF 27.2 million (previous year: CHF 36.2 million). This put the EBITDA margin at 17.7 per cent (previous year: 21.7 per cent). Operating income before the effects of business combinations (EBIT adj.) was CHF 17.9 million (previous year: CHF 30.2 million). The EBIT margin (adj.) was 11.6 per cent (previous year: 18.1 per cent).

20 Minuten: digital growth

An increased need for information in March of the reporting year helped 20 Minuten achieve a record high in terms of visits (256.6 million) and unique clients (12.4 million). Compared to the previous year, unique clients rose by 18.2 per cent over the year as a whole, with visits seeing a 39.0 per cent boost. As a result of the lockdown, sales of the printed newspaper fell by just short of 20 per cent on average. Both this and the general decline in advertising expenditure had a negative effect on net income for 20 Minuten. Revenues declined by 25.2 per cent to CHF 109.8 million. Despite suffering an operating loss at the half-year point, free media ended the year well in the black again. For example, operating income before depreciation and amortisation (EBITDA) amounted to CHF 12.3 million (previous year: CHF 39.6 million). This put the EBITDA margin at 11.2 per cent (previous year: 27.0 per cent). Operating income before the effects of business combinations (EBIT adj.) fell to CHF 12.1 million (previous year: CHF 39.5 million). The EBIT margin (adj.) was 11.0 per cent (previous year: 26.9 per cent).

Tamedia: growth in the user market

High user figures were recorded on the back of a growing need for independent quality journalism. This resulted in a substantial rise in the number of digital subscriptions sold to around 126,000 (up 43 per cent compared with the same period in the previous year). Printed newspapers also benefited in terms of individual sales. There was an overall increase of around 3 per cent in the paying readership across print and online media. The decline in the advertising market has been accentuated by ongoing structural change and the coronavirus crisis. Print revenue declined as well. The revenues for Annabelle were duly lost with its sale. At CHF 470.4 million, revenues for Tamedia are down by CHF 77.7 million year-on-year. As a result, operating income before depreciation and amortisation (EBITDA) fell by 77.8 per cent year-on-year to CHF 10.7 million. This put the EBITDA margin at 2.3 per cent (previous year: 8.8 per cent). Operating income before the effects of business combinations (EBIT adj.) was CHF 9.1 million (previous year: CHF 35.4 million). The EBIT margin (adj.) was 1.9 per cent (previous year: 6.5 per cent). With a view to restoring the business to a sustainable footing, the management board at Tamedia announced – at the time of publishing the semi-annual financial statements for 2020 – that costs had to reduce by 15 per cent or CHF 70 million overall before the end of 2022. At the same time, Tamedia is investing in its technological infrastructure and new digital offerings with the aim of further developing its journalism activities with regard to its growing mobile readership, and also in order to increase its digital subscriptions.

Group & Ventures: Ventures trims its portfolio - new set-up for central services

In the reporting year, the Ventures section trimmed its portfolio with the sale of Olmero and Renovero, allowing it to focus on the companies Zattoo and Doodle as well as the area of consumer fintech. The fintech portfolio was developed by increasing the interest in Neon and with investments in Lend (crowdfunding) and Selma Finance (digital asset management).

Central services were rearranged with a view to meeting the needs of Group companies as effectively as possible and achieving savings of CHF 20 million. The reduction in costs will be achieved by standardisation and automation and reducing the cost of materials.

Compared with the previous year, revenues for Group & Ventures increased by 17.6 per cent to CHF 199.9 million. A big factor in the increase in revenues is the reorganisation of the Group. In the Ventures section, the loss of revenues through the sale of Starticket and Olmero was offset by the increase in revenues at Zattoo. Operating income before depreciation and amortisation (EBITDA) increased to CHF 26.6 million (previous year: CHF -8.4 million). This put the EBITDA margin at 13.3 per cent (previous year: -4.9 per cent). Operating loss before the effects of business combinations (EBIT adj.) was CHF -3.0 million (previous year: CHF -26.4 million). The EBIT margin (adj.) was -1.5 per cent (previous year: -15.6 per cent).

Quality report 2020

Building on the “Quality in Journalism” manual by Publisher Pietro Supino and Quality Manager Res Strehle, Tamedia introduced regular quality monitoring for all media in 2017. The journalism offer is analysed annually in collaboration with the editors-in-chief and an independent expert and discussed with the editorial teams. The results are also published in an annual quality report. The 2020 report is attached.

In light of the new decentralised corporate structure, a separate quality monitoring initiative is being developed for 20 Minuten from 2021 onwards.

Press conference in German today, 11 March 2021

Time	10 a.m.
Webcast	Link
Questions	Please dial up to ask questions at the end of the conference: CH: +41 44 580 65 22, DE: +49 69 201 74 42 20 PIN: 75805283#

Analysts' call in English today, 11 March 2021

Time	12 p.m.
Dial-in	CH: +41 44 580 65 22, DE: +49 69 201 74 42 20, UK: +44 20 30 09 24 70, US: +1 87 74 23 08 30 PIN: 94099242# Please dial in a few minutes before the conference starts.

Notice regarding Annual General Meeting on Friday, 9 April 2021

Due to the ongoing coronavirus pandemic, there will be no physical Annual General Meeting for 2021 in order to protect the health of our shareholders and employees. Voting rights may only be exercised electronically or in writing via the independent proxy.

Contact

Patrick Matthey, Head of Communications
+41 44 248 41 35, patrick.matthey@tx.group

About TX Group

TX Group forms a network of digital platforms that provides users with information, orientation, entertainment and services every day. Four independent companies operate under the umbrella of TX Group: TX Markets comprises the classifieds and marketplaces; Goldbach stands for advertising marketing in Switzerland, Germany and Austria; 20 Minuten is the company for commuter media in Switzerland and abroad; Tamedia leads the paid daily and weekly newspapers and magazines into the future.

www.tx.group