

tamedia:

Press release

Tamedia Has a Slightly Positive Result in the First Half Year

Economic crisis results in a 15.9 percent decline in sales. The result is slightly positive at CHF 0.8 million. Discontinuation of the Solothurner Tagblatt as of end of September.

Zurich, 3 September 2009 – The results of the severe recession and also a collapse in advertising spending are significantly impacting Tamedia's net income in the first half of the year 2009. Sales (operating revenues) dropped by 15.9 per cent to CHF 389.0 million (previous year CHF 462.8 million). Operating expenses were reduced during the same period by merely 1.7 per cent to CHF 368.4 million. As a consequence, operating income before interest, taxes, depreciation and amortisation (EBIDTA) showed a downturn by 76.6 per cent to CHF 20.6 million (previous year CHF 88.2 million). Thus, the EBITDA margin is now at 5.3 per cent (previous year: 19.1 per cent). At CHF 3.5 million (previous year CHF 71.8 million) Tamedia's operating income after depreciation and amortisation (EBIT) reached a barely positive number. The EBIT margin is 0.9 per cent (previous year 15.5 per cent).

Results from continued operations declined in the first half year 2009 to a disappointing CHF 1.4 million (previous year: CHF 65.4 million). Not included in this figure are the early morning delivery activities, which are to be assigned to the Swiss Postal Service. Overall earnings, including discontinued operations, are now at CHF 0.8 million (previous year: CHF 59.4 million).

The decline in advertising investments, which began its downward spiral in June 2008, intensified. According to the advertising statistics published by Wemf, job ad placements in daily newspapers dropped dramatically by 47.4 per cent. As in past economic cycles, this collapse hit Alpha and Stellen-Anzeiger, the leading newspaper supplements featuring classified job ads, hard. Total advertising sales for Swiss daily newspapers declined by 24.3 per cent.

Key Data

(in CHF million)

	30.06.2009	30.06.2008 ¹	Change in %
Operating revenues	389,0	462,8	(15,9)
Operating income before depreciation and amortisation (EBITDA)	20,6	88,2	(76,6)
Margin in %	5,3	19,1	(72,2)
Operating income (EBIT)	3,5	71,8	(95,2)
Margin in %	0,9	15,5	(94,3)
Income from continued operations	1,4	65,4	(97,9)
Discontinued operations	(0,6)	(6,0)	(90,0)
Net income	0,8	59,4	(98,7)
Margin in %	0,2	12,8	(98,5)
Net income per share in CHF	0.06	5.86	(99,0)

¹ The values of the previous period were adjusted retroactively as a result of a restatement.

In order to meet the economic and structural developments head on, Tamedia took measures to reduce costs totalling CHF 47.8 million in the first half year. The company is assuming its social responsibility as employer with two social plans, which have been negotiated with the responsible personnel committees. Consequently, the cost-cutting measures, which will take complete effect in 2010, burden the half-year results with one-time restructuring costs in the amount of CHF 7.9 million. At the same time, Tamedia continued its commitment to expand the Online sector with additional participation interest and investments in the Newsnetz of Basler Zeitung, Berner Zeitung, Der Bund, Tages-Anzeiger and Thurgauer Zeitung as well as in 20 Minuten Online. Due to the future outlook in the economy, Tamedia expects to see the decline in advertising sales to continue until the end of 2010. However, with the announced measures to reduce costs as well as by taking advantage of synergy effects, a noticeable improvement in net income is expected to be seen starting in 2010.

Newspapers

Sales (operating revenues) in the Newspapers division decreased by 20.3 per cent to CHF 268.7 million. Almost all products in the division showed a decrease in revenue. For the first time since its launch, revenue and operating income for the commuter paper 20 Minuten was significantly lower than in the previous year. The decline was especially evident for SonntagsZeitung, for Finanz und Wirtschaft, which was strongly affected by the financial crisis, for Berner Zeitung and also for Tages-Anzeiger and its job ad supplements. The cost reduction measures already in place as a part of a new concept for the two titles Bund and Tages-Anzeiger will not show any positive effects on operating income until the second half of the year 2009. Operating income before depreciation and amortisation (EBITDA) in the Newspapers division declined from CHF 48.1 million in the previous year to CHF -9.3 million. Operating income (EBIT) dropped to CHF -11.1 million (previous year CHF 46.7 million). The EBIT margin plummeted by 18.0 percentage points to -4.1 per cent.

Magazines

The pervasive crisis in the automotive industry as well as structural shifts resulted in a strong decline in sales and operating income for Fachmedien Mobil. Operating income in the Magazines division was furthermore strained by the investments directly affecting the income statement made in the expansion of the new people magazine 20 Minuten Friday, launched at the end of 2008, which by far exceeded the expectations both as relates to readership as well as the advertising market. Taking these factors into consideration, the Magazines division was able to successfully stand out in the midst of an extremely negative market environment. As compared to the previous year (CHF 54.8 million), sales declined by 9.1 per cent to CHF 49.8 million. EBITDA in the Magazines division declined by 54.5 per cent to CHF 4.0 million (previous year CHF 8.7 million). The results in the EBIT category declined by the same token to CHF 3.8 million (previous year CHF 8.6 million). At 7.7 percentage points, the EBIT margin is 7.9 percentage points below the value in the previous year (15.6 per cent), however in the current market environment, this margin can be considered satisfactory.

Electronic Media

Sales in the Electronic Media division increased by 8.2 per cent to CHF 42.0 million. The Online news platform Newsnetz, which was launched a year ago in a joint effort with Basler Zeitung, saw significant increases both in terms of the number of visitors as well as in advertising revenue, and, towards the end of the first half year, it reached a break-even point for the first time on a monthly basis. The development continued on a positive note for 20 Minuten Online and Homegate as well. In contrast, however, the job ad platforms alpha.ch and jobwinner.ch experienced a decrease in revenue as a result of

the negative development in the economy, even though this was by far less evident as for the printed job ad supplements. With the exception of Radio 24, radio and television activities continued their disappointing trend. EBITDA in the Electronic Media division saw an improvement by CHF 0.3 million to CHF -1.4 million (previous year CHF -1.7 million). Operating income (EBIT) remained unchanged at CHF -3.1 million. The EBIT margin is now at -7.3 per cent (previous year: -7.9 per cent).

Services

The lower volumes in newspaper printing led to a drop in sales both in the printing facilities as well as in preprinting services. At CHF 118.6 million, sales in the Services division was 20.2 per cent below the value for the previous year of CHF 148.6 million during the first six months of the year. In consequence, EBITDA decreased by 17.3 per cent to CHF 27.4 million (previous year CHF 33.1 million). The margin rose slightly from 22.3 to 23.1 per cent. EBIT dropped by 29.7 per cent to CHF 13.8 million (previous year CHF 19.6 million), which led to a decline in the EBIT margin by 1.6 percentage points to 11.6 per cent (previous year 13.2 per cent). Not included in these results are the early morning delivery activities, which are itemised as discontinued operations.

Information by segment of continued operations

(in CHF million)

	Operating revenues		Operating income (EBIT)	
	30.06.2009	30.06.2008 ¹	30.06.2009	30.06.2008 ¹
Newspapers	268,7	337,1	(11,1)	46,7
Magazines	49,8	54,8	3,8	8,6
Electronic Media	42,0	38,8	(3,1)	(3,1)
Services	118,6	148,6	13,8	19,6
Elimination	(90,0)	(116,6)	0,0	0,0
Total	389,0	389,0	3,5	71,8

¹ The values of the previous period were adjusted retroactively as a result of a restatement.

Discontinuation of the Solothurner Tagblatt

Solothurner Tagblatt, a regional issue of Berner Zeitung, is to be suspended in the second half of September 2009. Espace Media Groupe has launched Solothurner Tagblatt in 2001 as an addition to the already existing regional issues. However, the title's readership development lagged significantly behind original expectations. Over the last few years, Solothurner Tagblatt has consistently been running up losses in the millions. The title's suspension, which is subject to a legally required participation process, will result in the reduction of 13.8 full-time jobs which will affect a total of 17 employees. For the employees concerned, a social compensation plan has been negotiated. The suspension will strain the results of the second half of the year 2009 with one-time restructuring costs in an amount that has not yet been determined and will not positively affect net income until after 2010.

Portrait

Tamedia is a Swiss media company with headquarters in Zurich. With its daily and weekly newspapers, magazines, online platforms, regional radio and TV stations as well as newspaper printing facilities, Tamedia is one of the leading media companies in Switzerland. The company was founded in 1893 and has been listed on the Swiss securities market since 2000 (symbol TAMN, securities number 1117825, ISIN CH001117825). Tamedia employs a total of 3,200 persons. After the approval of the Swiss Competition Commission, Tamedia plans to take over the Swiss business of Edipresse step by step until 2013.

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Our detailed 2009 half year report is available at:
www.tamedia.ch > Investor Relations > Financial Reports

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