

tamedia:

Press Release

Tamedia: prosperous first half of 2004

Implementation of restructuring leads to increasing profit despite declining operating revenues

Zurich, August 19, 2004. The interim report of Tamedia for the first six months of 2004 reflects a more pleasing picture again, in spite of another slight decline in print-advertising volumes. While operating revenues decreased by 4.2% to CHF 278.4 million, operating income before depreciation and amortization (EBITDA) surged by 269.1% to CHF 43.6 million (previous year: CHF 11.8 million). For the first half of 2004, Tamedia reports a consolidated profit of CHF 18.0 million (previous year: loss of CHF 3.8 million). The EBITDA margin rose to 15.6% (previous year: 4.1%). For the first time, all four divisions reported a positive EBITDA margin.

These developments show that the restructuring in various divisions – which was announced last year and has largely been completed - has already had a positive impact on the cost structure. The number of employees was reduced from 1,940 at the end of June 2003 to 1,665 at the end of June 2004.

Even though the economy is gaining strength, Tamedia does not yet expect revenues to rise considerably in the second half of 2004. In light of the slow improvement of the labor market, job advertisements are not forecast to make a quick recovery, either. Nevertheless, the positive trend on the operational level should continue in the second half.

Key figures for the first six months of 2004

(in mill. CHF)

	06/30/2004	06/30/2003	change. in %
Operating revenues	278.4	290.6	(4.2)
Operating expenses	(234.8)	(278.8)	(15.8)
Operating income before depreciation and amortizations (EBITDA)	43.6	11.8	269.1
Depreciation and amortization	(21.5)	(22.9)	(6.3)
Operating income (EBIT)	22.1	(11.1)	298.0
Group income / (loss)	18.0	(3.8)	574.0

Figures in parentheses indicate negative values

The above figures have been rounded. Since the actual calculations are done with greater precision, there may be slight differences.

Due to the profit-center structure, internal services are now calculated on the basis of market prices. Previously, the calculation was based exclusively on cost-effective prices (without considering depreciation charges). The comparative figures of the

first half of 2003 are based on the same principles applied to the first-half results of 2004. They therefore differ from the interim report released in 2003. A comparison with the first-half results published in August 2003 would not be meaningful.

Newspaper division

In the Newspaper division, the slight decline in commercial, classified and job advertisements resulted in a 2.3% decrease in revenues to CHF 172.7 million. Yet operating income before depreciation and amortization rose by 142.4% to CHF 27.7 million. This rise can above all be attributed to the successful restructuring. Furthermore, the 2003 result contained costs related to the commuter paper „Express“, which was not launched.

Important figures

(in mill. CHF)

	06/30/2004	06/30/2003	change. in %
Operating revenues	172.7	176.8	(2.3)
Operating expenses	(145.0)	(165.4)	(12.3)
Operating income before depreciation and amortizations (EBITDA)	27.7	11.4	142.4
Depreciation and amortization	(4.6)	(5.3)	(13.9)
Operating income (EBIT)	23.1	6.1	279.8

Figures in parentheses indicate negative values

Revenues at „**Tages-Anzeiger**“ (incl. „Stellenmarkt“ and „Alpha“) declined by CHF 2.0 million, or 1.8%, to CHF 108.6 million.

„**SonntagsZeitung**“ was unable to fully match last year’s good result. Revenues decreased by CHF 1.7 million, or 4.4%, to CHF 37.2 million.

„**Finanz und Wirtschaft**“ generated revenues of CHF 10.6 million, a slip of CHF 0.2 million, or 1.9%, over the previous-year period.

The switch from „**ZürichExpress**“ to „**Tagblatt der Stadt Zürich**“ in June 2003 resulted in a decline in revenues of CHF 1.4 million, or 15.3%, to CHF 7.5 million.

Tamedia’s shareholdings in „**Berner Zeitung**“ and „**20 Minuten**“ are recorded proportionally in accordance with the equity method. They contribute to the share in earnings in affiliated companies.

Magazine division

Even though revenues at the Magazines division fell by another 9.5% to CHF 46.9 million, EBITDA improved to CHF 3.7 million. The division for the first time reported a positive EBIT. As considerable restructuring costs weighed on the first half of 2003, the first six months of 2004 showed a clear improvement in terms of costs. The absence of „annabelle business“, „annabelle wohnen“ and „du“ also had a positive im-

pact on results. Due to the sale of cultural magazine „du“, revenues were down by CHF 1.3 million compared with the first half of 2003.

Important figures

(in mill. CHF)

	06/30/2004	06/30/2003	change. in %
Operating revenues	46.9	51.8	(9.5)
Operating expenses	(43.2)	(62.5)	(30.9)
Operating income before depreciation and amortizations (EBITDA)	3.7	(10.7)	134.8
Depreciation and amortization	(0.2)	(0.4)	(40.7)
Operating income (EBIT)	3.5	(11.1)	131.5

Figures in parentheses indicate negative values

Despite the absence of „annabelle business“ and „annabelle wohnen“, women’s magazine „annabelle“ saw revenues decline by no more than CHF 0.8 million, or 5.4%, to CHF 13.7 million.

„Facts“ reported revenues of CHF 11.3 million, representing another drop of CHF 3.2 million, or 22.0%, over the previous-year period.

„Schweizer Familie“ managed to achieve another slight year-on-year improvement in revenues: a rise of CHF 0.7 million, or 4.2%, to CHF 18.5 million.

Revenues at children’s magazine „Spick“ declined by CHF 0.4 million, or 21.7%, to CHF 1.5 million.

Electronic Media division

The Electronic Media division raised revenues by 6.3% to CHF 25.3 million in the first half. EBITDA, which was negative last year, improved considerably in the period under review. For the first time, it rose to a positive level of CHF 0.2 million. This improvement was not only due to the revenue growth but also to cost-related measures.

Important figures

(in mill. CHF)

	06/30/2004	06/30/2003	change. in %
Operating revenues	25.3	23.8	6.2
Operating expenses	(25.1)	(26.5)	(5.5)
Operating income before depreciation and amortizations (EBITDA)	0.2	(2.7)	108.6
Depreciation and amortization	(4.0)	(4.8)	(17.1)
Operating income (EBIT)	(3.8)	(7.5)	49.9

Figures in parentheses indicate negative values

Radio 24 and **TeleZüri** generated first-half revenues of CHF 13.3 million, a rise of CHF 2.4 million, or 21.7%, on the year. Both media were able to further extend their coverage from the previous-year period, strengthening their already solid positions.

Radio Basilisk reported revenues that were CHF 0.3 million, or 7.5%, lower than last year, coming in at CHF 3.5 million. Both its market share and coverage declined slightly.

Condor Communications saw revenues fall by CHF 2.2 million, or 33.3%, to CHF 4.4 million. While the Corporate and Commercial divisions are developing in line with expectations, the Entertainment division is feeling the absence of a large order.

Revenues of the **online activities** surged by 1.8 million, or 71.0%, to CHF 4.3 million.

Service division

The Services division primarily comprises printing and distribution activities, both for third-party and own products. Revenues including internal orders fell by 16.9% to CHF 101.2 million. In addition to the development of the economy, which again left clear marks externally and internally, the sale of BD Bücherdienst and ARO took revenues lower. The sale of Tamedia's holding in BD Bücherdienst as of September 25, 2003 thus resulted in the absence of book-distribution revenues of CHF 2.6 million in the first six months of this year. Compared with the first half of 2003, EBITDA declined to CHF 11.9 million.

Important figures

(in mill. CHF)

	06/30/2004	06/30/2003	change. in %
Operating revenues	101.2	121.8	(16.9)
Operating expenses	(89.3)	(108.0)	(17.3)
Operating income before depreciation and amortizations (EBITDA)	11.9	13.8	(13.6)
Depreciation and amortization	(12.6)	(12.4)	2.3
Operating income (EBIT)	(0.8)	1.4	(155.1)

Figures in parentheses indicate negative values

The **Waser Druck** unit, active in sheet printing, was integrated into **Meier Waser Druck** at the end of 2003. This 50% holding made a first-time contribution of CHF 3.8 million to revenues. In the first half of 2003, **Waser Druck** achieved revenues of CHF 5.2 million.

Lettershop **Regor** suffered a 13.5% decline in revenues to CHF 3.4 million. **Werd Verlag**, however, generated a 3.1% rise in revenues to CHF 2.7 million.

Balance sheet

Total assets rose from CHF 594.7 million to CHF 602.9 million, a rise of CHF 8.2 million in the first six months of 2004. The equity ratio improved to 55.6% from 53.6%. Shareholders' equity amounted to CHF 335.1 million as of June 30, 2004, up CHF 16.4 million, or 5.1%, from January 1, 2004. This increase is due not only to the first-half net income, but also to a CHF 1.4 million decline in the fair market values (net after tax) of the accounting hedges.

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