

Annual Report 2005



Year 2005 under review

Martin Kall

Chief Executive Officer

General environment and Tamedia: Overview

	2000	2001	2002	2003	2004	2005
GDP growth (real)	3.2%	0.9%	0.2%	0.0%	2.1%	1.9%
Unemployment rate (year end)	2.7%	2.6%	3.2%	4.1%	4.0%	3.8%
Advertising expenditures ¹ in MCHF	3'370	3'233	3'155	3'150	3'537	3'638
Tamedia in MCHF						
Operation revenues	818	756	640	574	567	650
EBITDA	201	146	72	28	103	127
EBIT	164	79	18	-41	63	95
Net income²⁾	140	43	20	-19	50	79

•1) Source: Mediafocus gross ad expenditures without media sector; from 2004 AIS without media. Not comparable to previous year because supplements and classifieds are included.

•2) from continuing operations

General environment 2005: slight recovery continues

Unemployment rate remains on a high level

- After the peak in 2003 the unemployment rate drops – but only slightly.

Slow growth

- Compared to previous year GDP increases by 1.9%. The outlook for the Swiss economy is favorable and shows higher growth rates.

Consumer Confidence

- The Consumer Confidence Index has improved and stands for the first time since 2000 in the positive range with + 4 Indexpoints.

Ad spendings slightly higher in 2005

Gross advertising in 2005 in MCHF ¹⁾	WEMF Advertising Statistics			WEMF AIS			
	2000	2001	2002	2003	2004	2005	04/05
Newspapers	2'250	2'150	1'861	1'651	1'623	1'635	0.7%
Magazines	379	346	307	566	552	598	8.3%
Professional Journals	404	390	378	14	12	21	75%
Print	3'032	2'886	2'547	2'230	2'187	2'254	3.1%
TV excl. Sponsoring	75	442	482	704	729	775	6.3%
Radio excl. Sponsoring	120	109	106	96	93	99	6.4%
Movie theaters	45	40	38	42	50	50	0%
Teletext/Online from 2003	14	14	14	45	46	53	15.2%
Outdoor advertising	592	603	571	391	376	391	4.0%
Total	4'342	4'166	3'826	3'507	3'481	3'622	4.0%

(1) Source: 1998-2002 WEMF Advertising Statistics (new typology from 2002), incl. Media. On a net basis.

2003-2005 WEMF Advertising Index Switzerland (AIS), without media. Not comparable to previous year. Gross expenditures (TV, Movie theaters)

Ad spendings: Newspapers still on a historical low, slight recovery in job classifieds

Slight recovery of ad spendings

- Ad spendings (excl. barter deals) increase according to WEMF-statistics in 2005 compared to previous year by 4%.

No recovery of Publicitas-Index

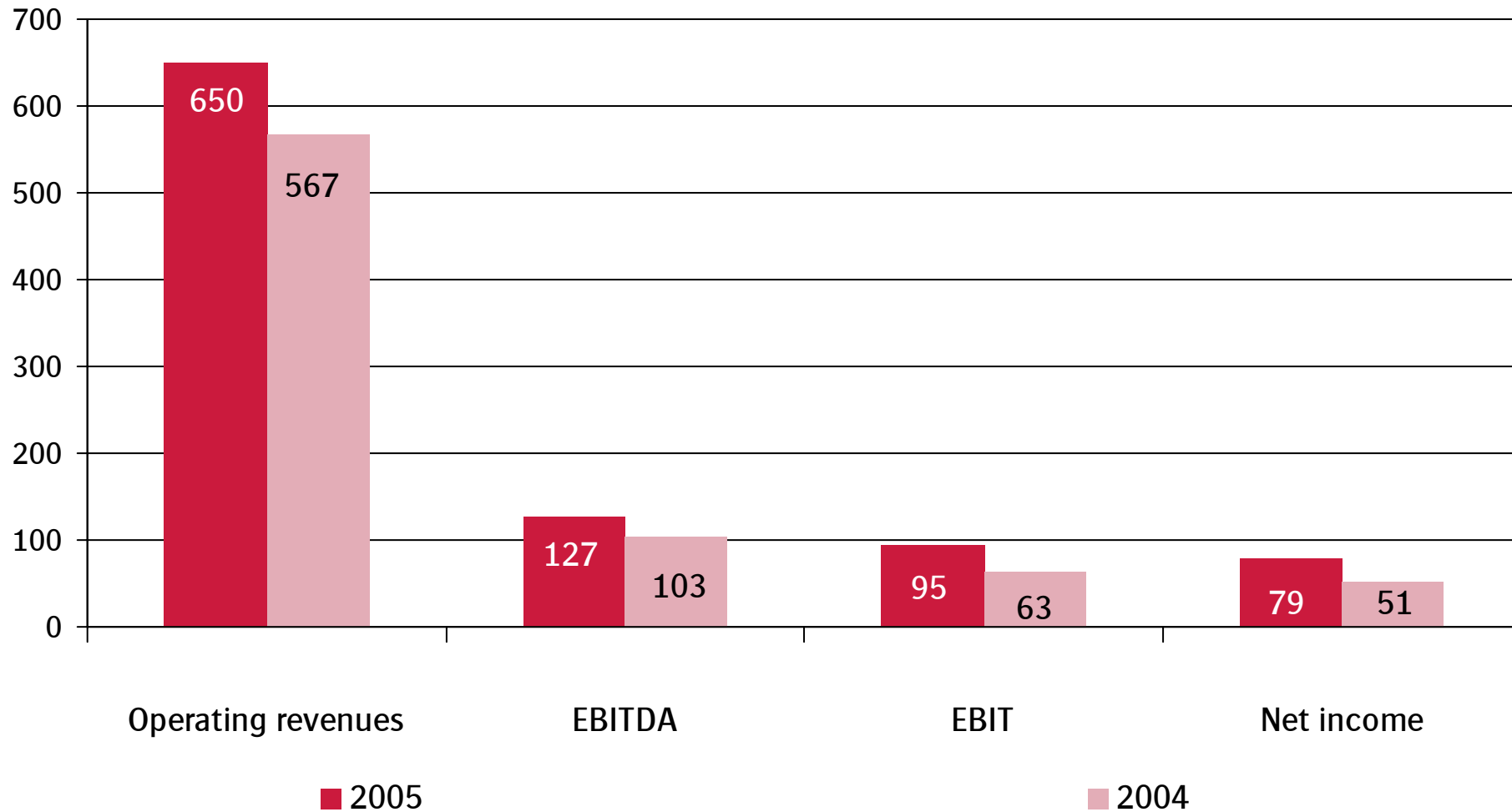
- The Publicitas-Index (ad spendings in daily papers) remains 2005 on a historical low (December 2005 = 92.9 vs. December 2004 = 94.3 Indexpoints).

Recovery in job classifieds

- The job classifieds soar by 10% according to Publicitas-Job-Classified-Index.

Revenues and net income in 2005 again higher

Financial results 2005 and 2004: Overview



Key issues in Newspaper division

- **Key figures 2005:**

- Revenues: 445,6 MCHF (+ 29,6%)
- EBITDA: 76.1 MCHF (+ 38,1%); margin: 17.0% (prior year 15.9%)
- EBIT: 71.6 MCHF (prior year 47.3 MCHF); margin: 16.0% (prior year 13.6%)

- **General Issues:**

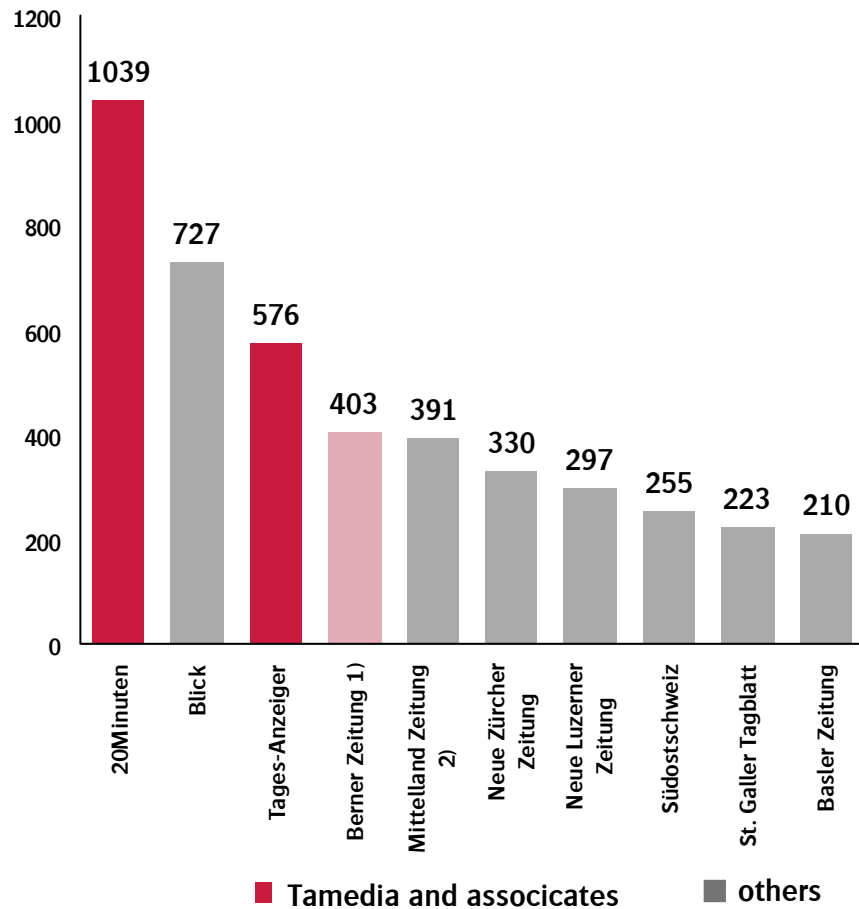
- Commercial ads in daily papers 1 (sold, German-speaking CH) 7% and daily papers 2 (sold, German-speaking CH) 6% lower (Source: VSW ad statistic)
- Job classifieds soar also in 2005

- **Tamedia specific issues:**

- Newspaper division split in two divisions: Newspapers Zurich und Newspapers Switzerland
- *Finanz und Wirtschaft* and *20 Minuten* successfully integrated in Tamedia backoffice
- Cooperation with *homegate.ch* successfully started
- Collaboration with Ziegler Druck and minority shareholding of 20%
- Acquisition of Huber & Co. AG; assurance of diversity of media and examination of synergies
- *20 Minuten* expands to St. Gall, launch of *20 Minutes* in the French speaking part of CH
- Split edition of *Tages-Anzeiger* on the left bank of lake Zurich successfully launched; further Split editions planned for 4 regions.
- Readership figures stable, *20 Minuten* with a readership of more than 1'000'000

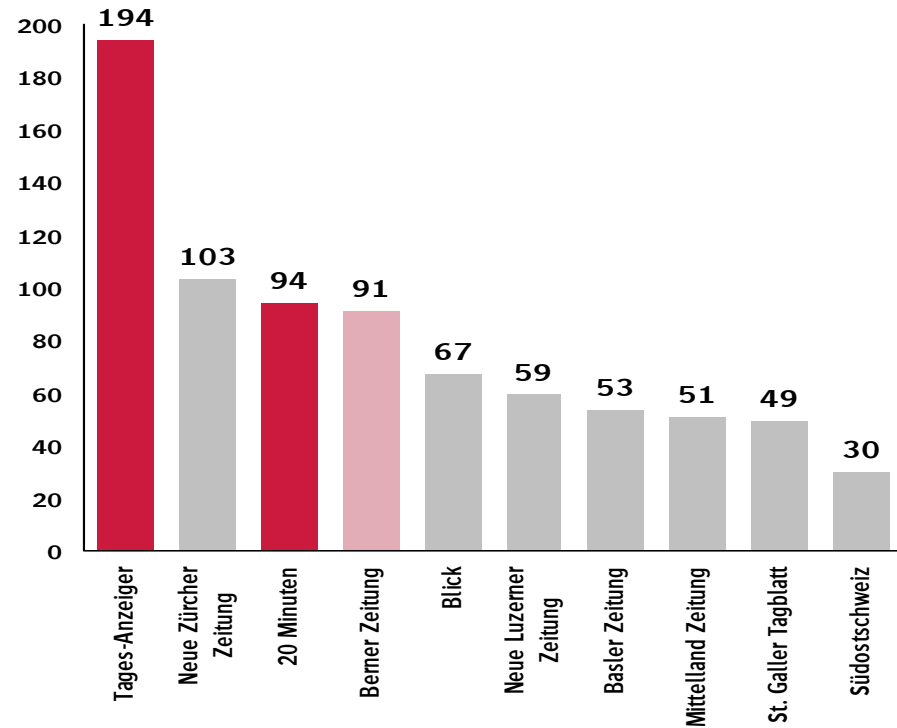
20 Minuten reaches over 1 Million readers

Top Swiss daily newspapers 2005
Readership in thousand



1) BZ from 2004 incl. Bund; 2) AZ was integrated in MLZ in 2002
Source: MACH Basic 2006-1 (Oct 04 – Sept 05)

Top Swiss daily newspapers 2005
By gross advertising revenues¹⁾ in MCHF

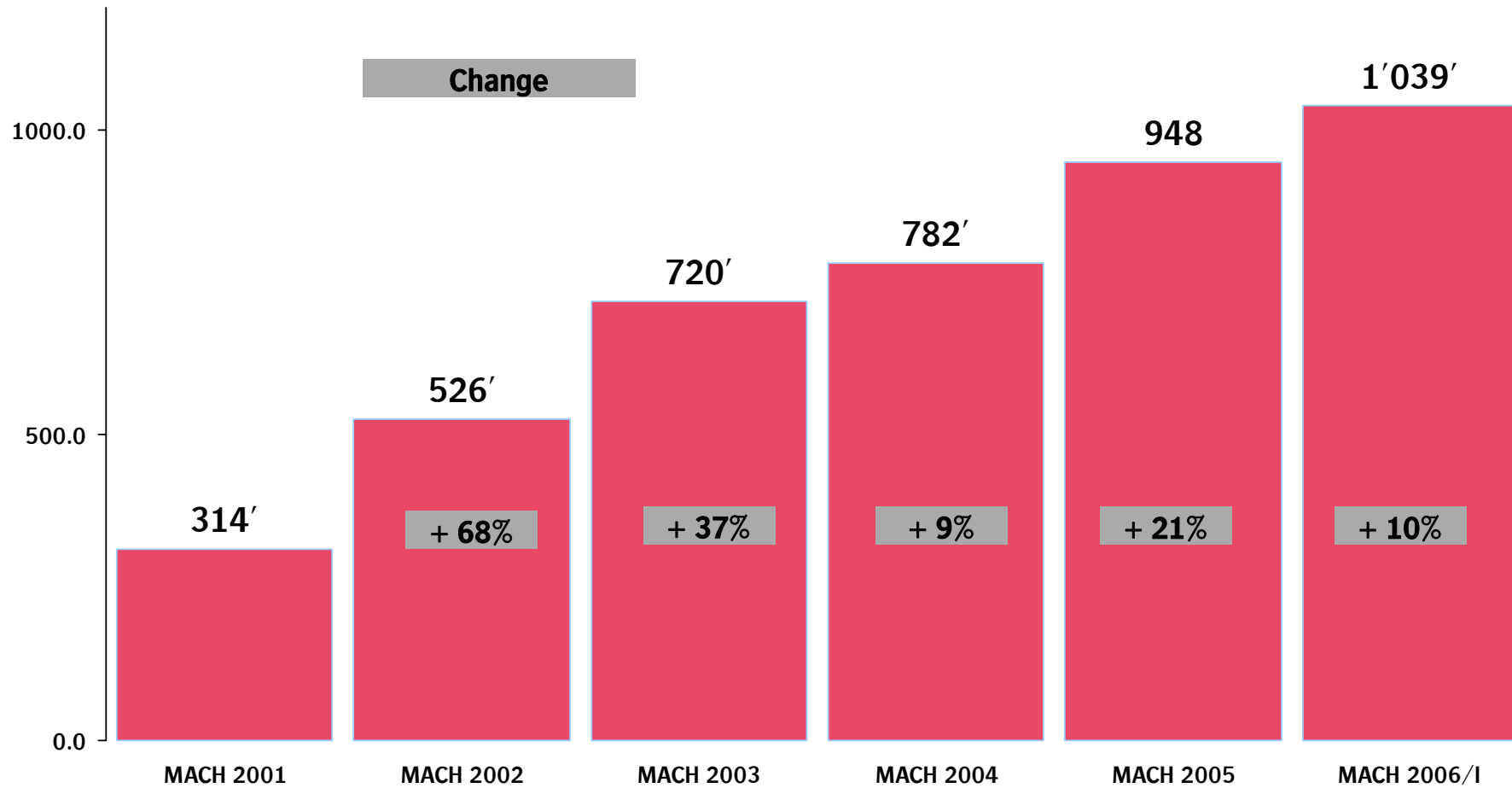


Note: 1) incl. supplements and classifieds

Source: AIS 2005 without media

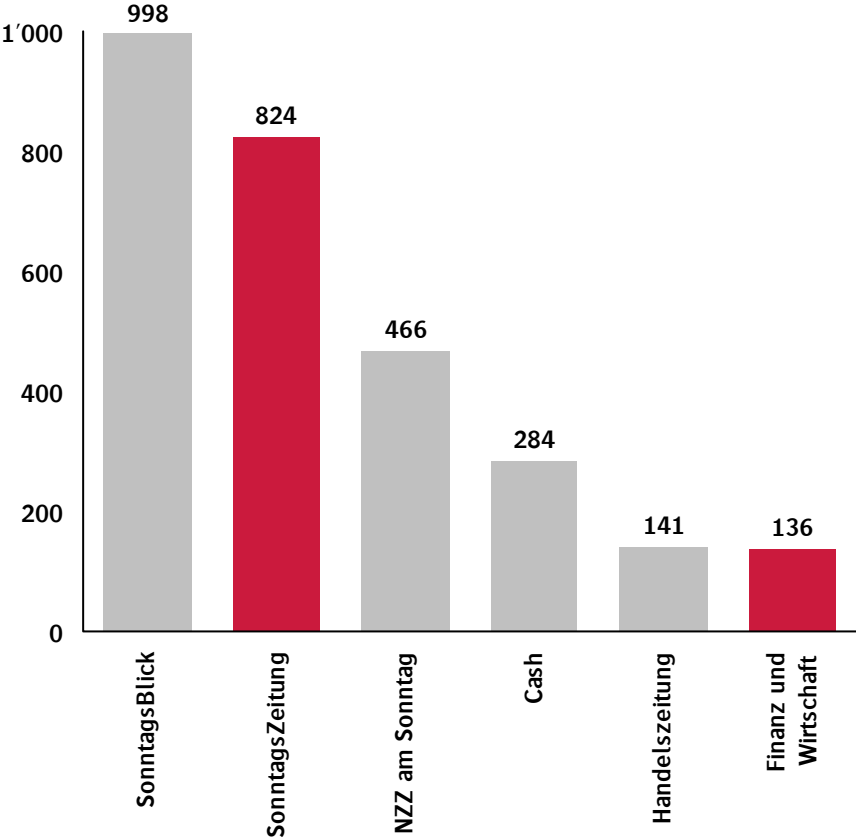
Investments pay off

Readership in thousand of *20 Minuten* in the German-speaking part of CH



SonntagsZeitung far ahead of competitors in advertising market

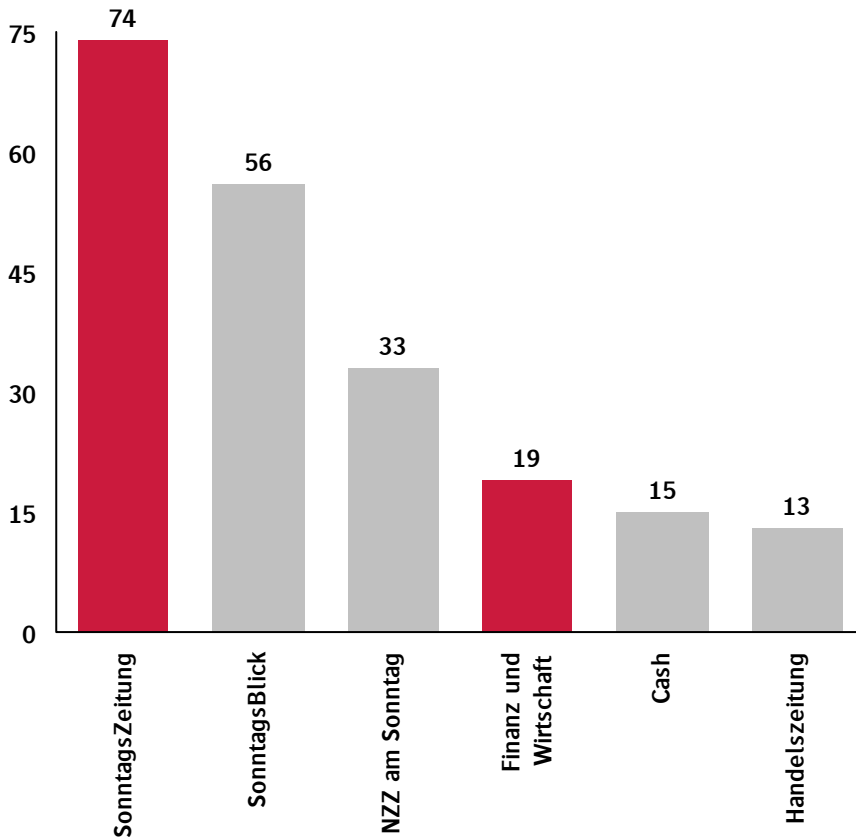
Top Swiss weekly & Sunday newspapers 2005
Readership in thousand



■ Tamedia ■ Others

Source: MACH Basic 2006-1 (Oct 04 – Sept 05)

Top Swiss weekly & Sunday newspapers 2005
By gross advertising revenues¹⁾ in MCHF

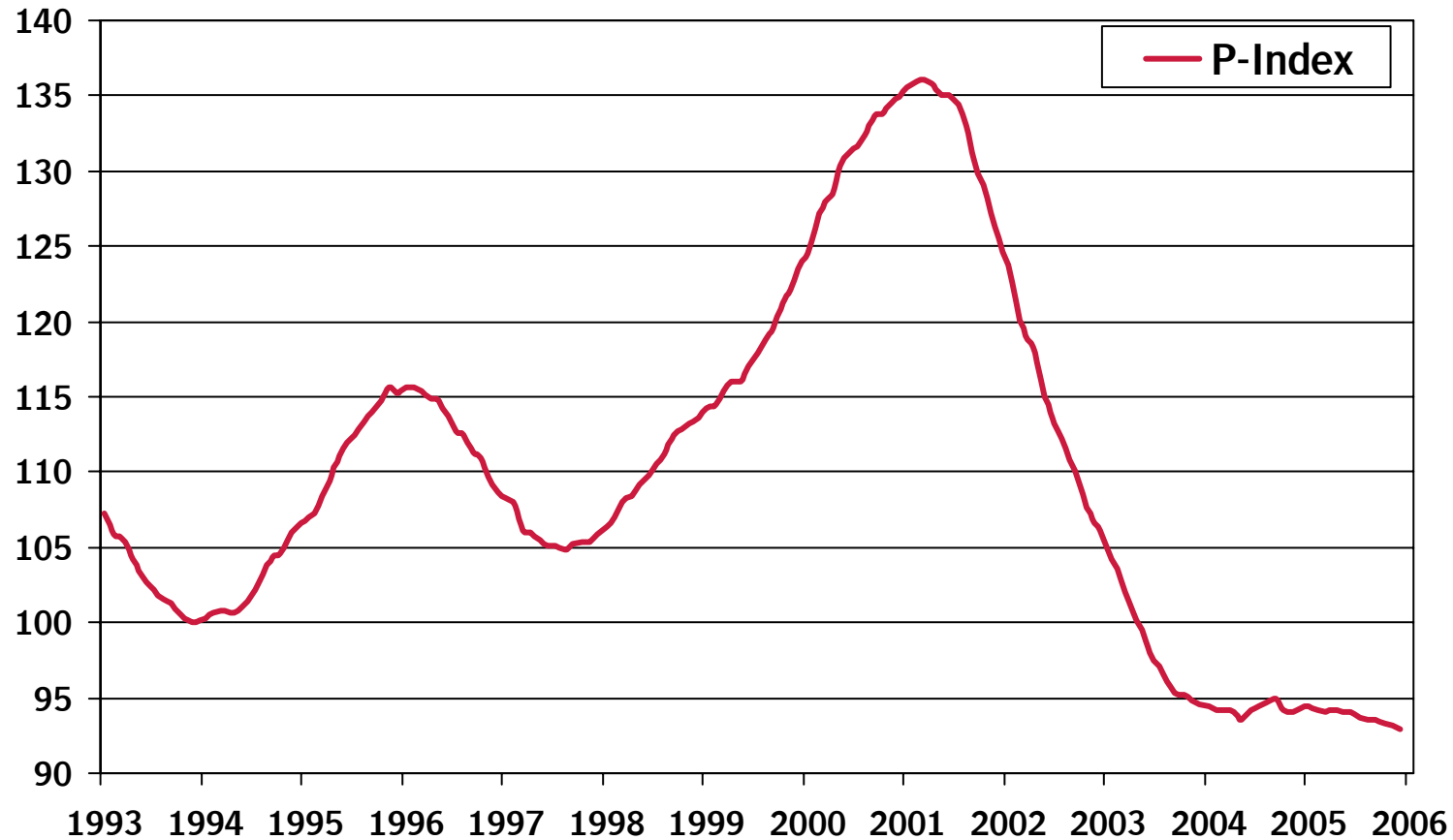


Note: 1) incl. supplements and classifieds

Source: AIS 2005 without media

Ad spendings in daily papers on a historical low since 1992

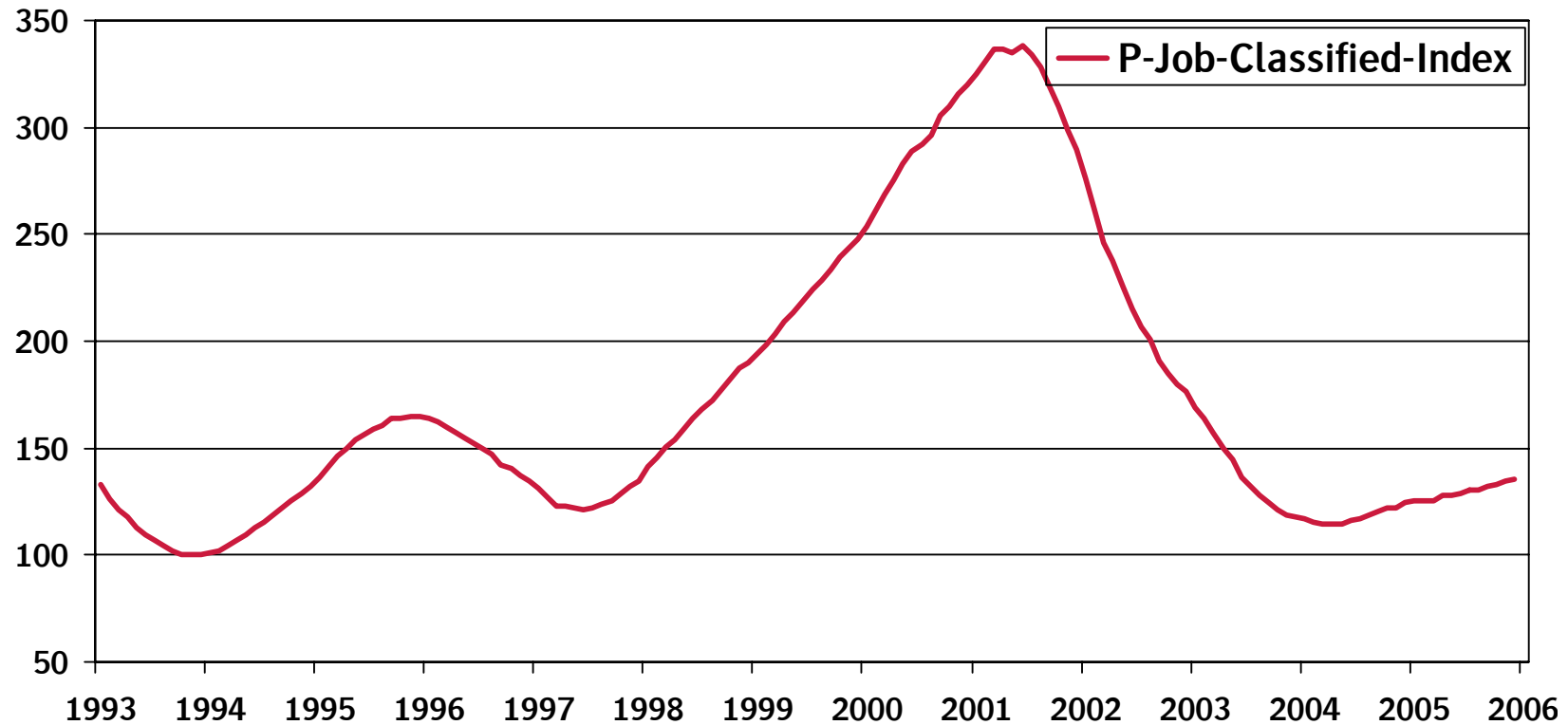
Publicitas-Index: Development of ad spendings in daily papers (12/1993 = 100)



Source: Publigroupe

Job classifieds are stable since the drop in 2001 and have risen by 22% since May 2004

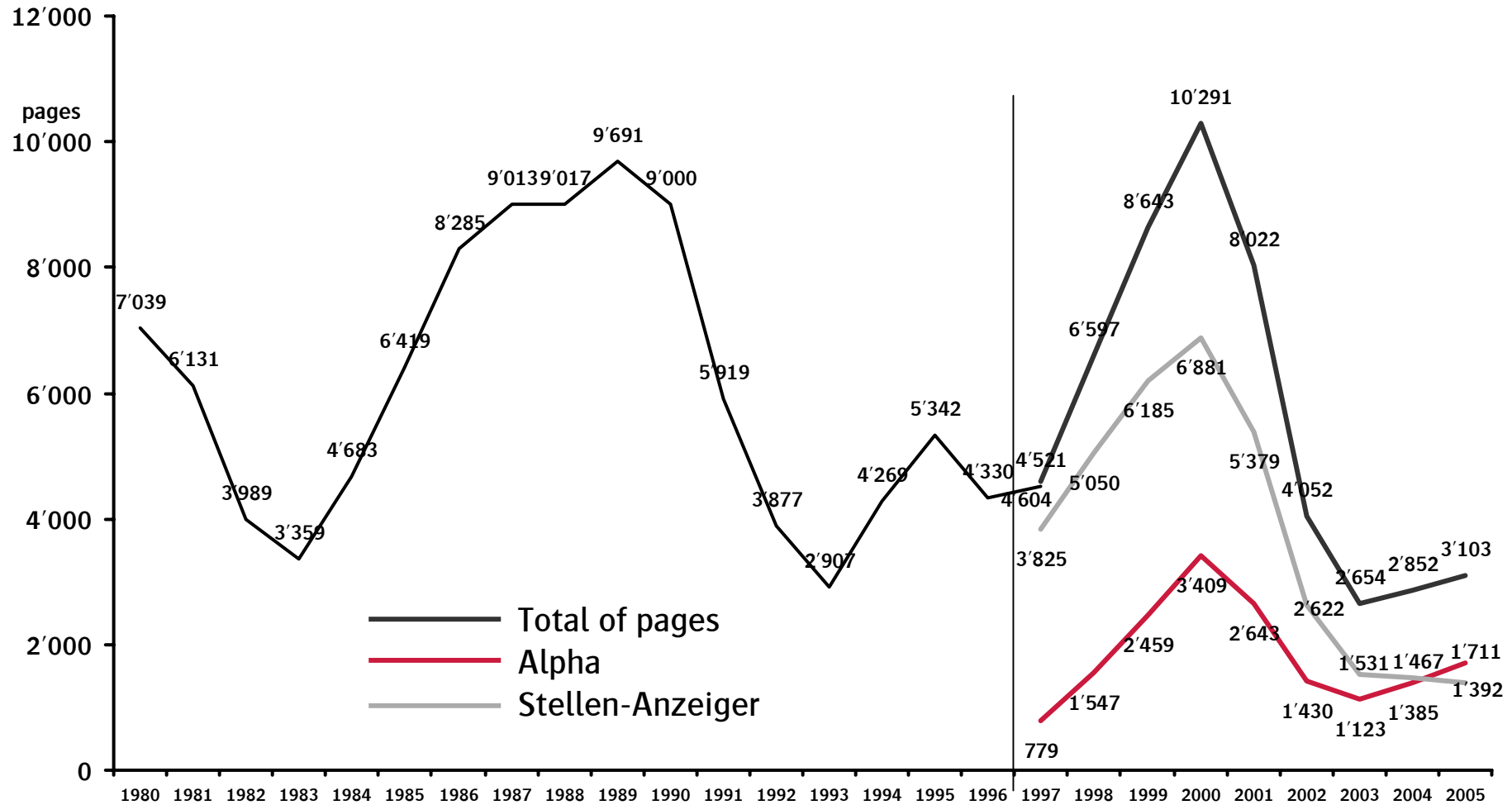
Publicitas-Index: Development of ad spendings in daily papers (12/1993 = 100)



Source: Publigruppe

Will the job classified market ever see old highs?

Number of pages: Tages-Anzeiger job classifieds



Source: ad statistics Schweizer Presse, Tages-Anzeiger

Key issues in Magazines division

- **Key figures 2005:**

- Revenues: 87.1 MCHF (-3,6%)
- EBITDA: 6.8 MCHF (prior year 8.7 MCHF); margin: 7.7% (prior year 9.6%)
- EBIT: 6.7 MCHF (prior year 8.5 MCHF); margin: 7.6% (prior year 9.4%)

- **General issues:**

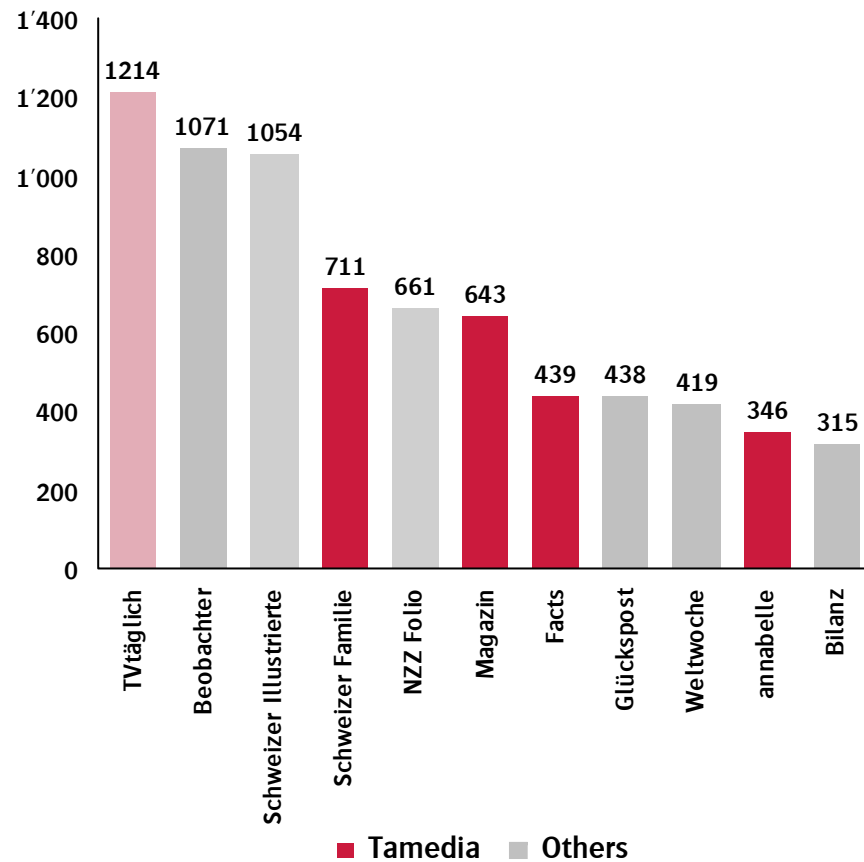
- Still strong competition in the weekly market

- **Tamedia specific issues:**

- Slump in revenues due to devistment of childrens' magazine *Spick*
- Results unsatisfactory and charged with loss at *Facts*
- The news magazine shall reach break-even with a new Editor-in-Chief and a strenghtened editorial team
- *annabelle* with enjoyable development in readers market and ad market as well
- *Schweizer Familie* increases revenues, readership figures stable
- *TVtäglich* again with higher readership

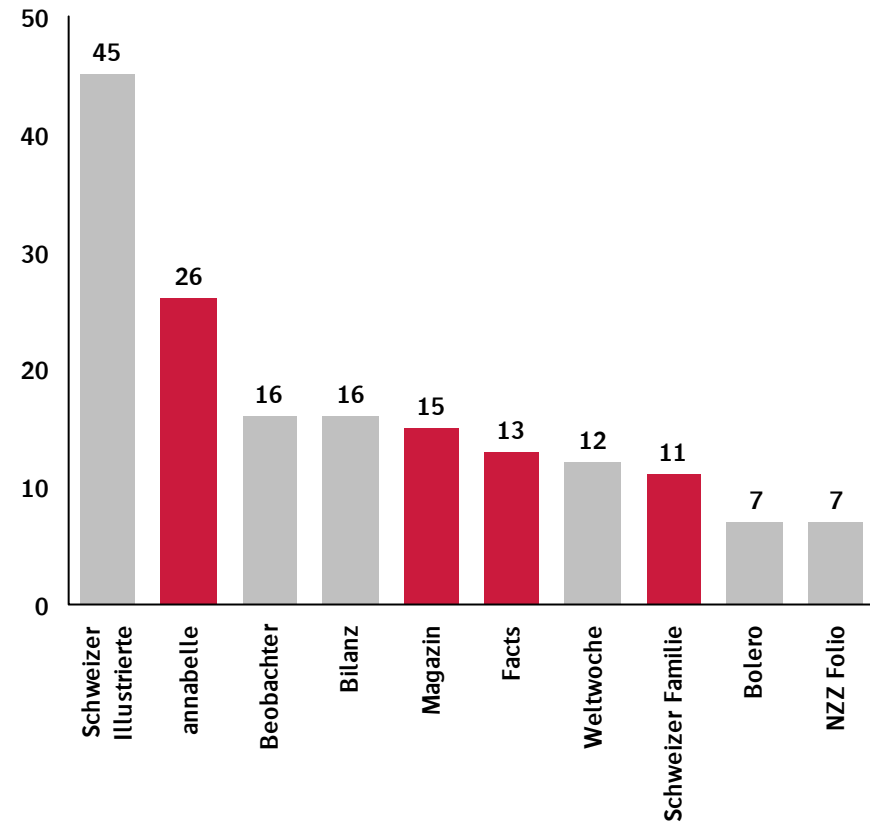
Tamedia with strong position in the magazines market

Top Swiss Magazines 2005
Readership in thousand



Source: MACH Basic 2006-1 (Oct 04 – Sept 05)

Top Swiss Magazines 2005
By gross advertising revenue in MCHF



Source: AIS 2005 without media

Key issues in Electronic media division

- **Key figures 2005:**

- Revenues: 50,7 MCHF –20,6%)
- EBITDA: 4,7 MCHF (prior year 2,1 MCHF); margin: 8,8% (prior year 3,2%)
- EBIT: -3,2 MCHF (prior year -5,6 MCHF); margin –5,9% (prior year –8,4%)

- **General issues:**

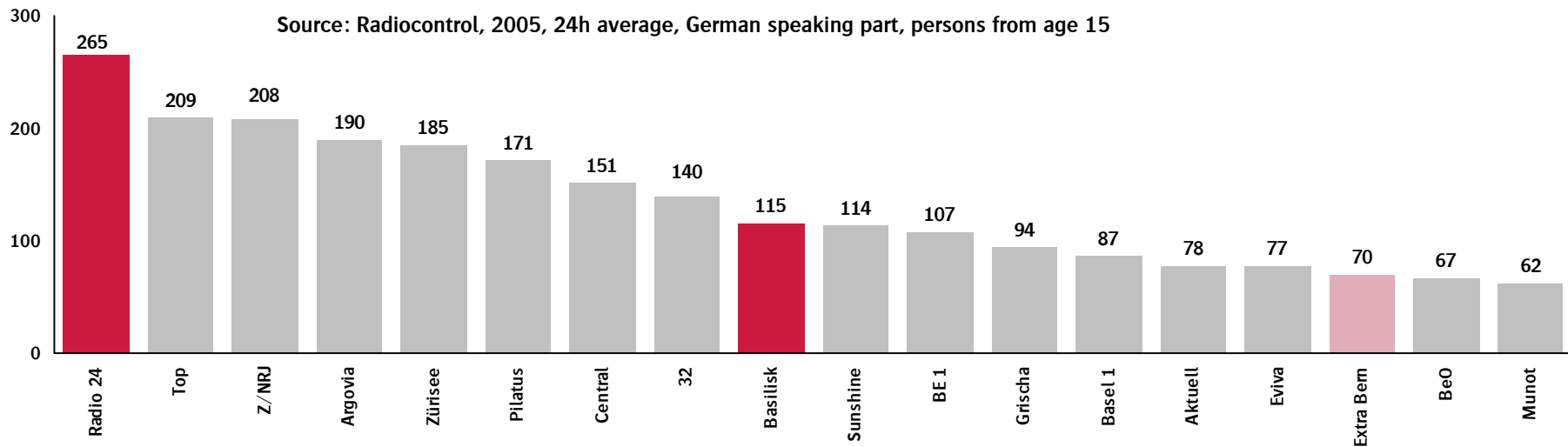
- RTVG adopted by the parliament ; Companies are restricted to two radio- and TV-stations; no boost in charges expected; advertising for light alcoholic beverages in regional TV-stations will be permitted

- **Tamedia specific issues:**

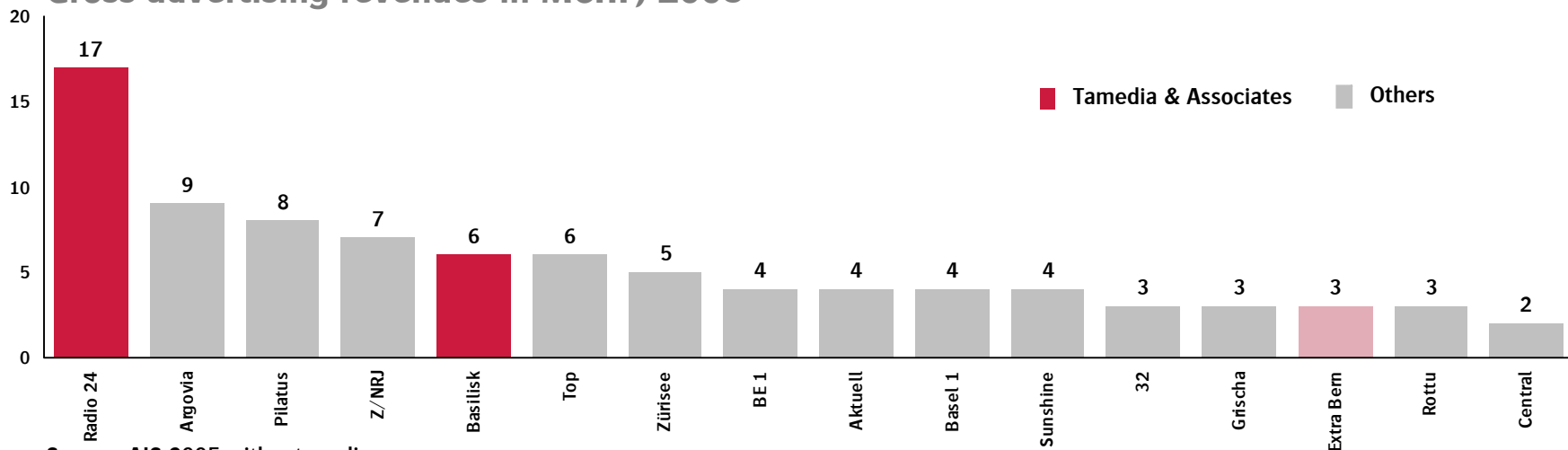
- Slump in revenues mainly due to divestment of Condor
- *TeleZüri* again with higher revenues and more viewers
- *Radio 24* with higher audience, advertising revenues slightly lower
- *Radio Basilisk* behind expectations, anew high impairment necessary
- Launch of the electronic market place *piazza.ch* in October 2005
- Decentralisation of online-activities stands the test
- Expansion of *20minuten.ch* to a leading news portal

Radio 24: by far the market leader

Daily audience in the German speaking part of Switzerland, 2005 in thousand



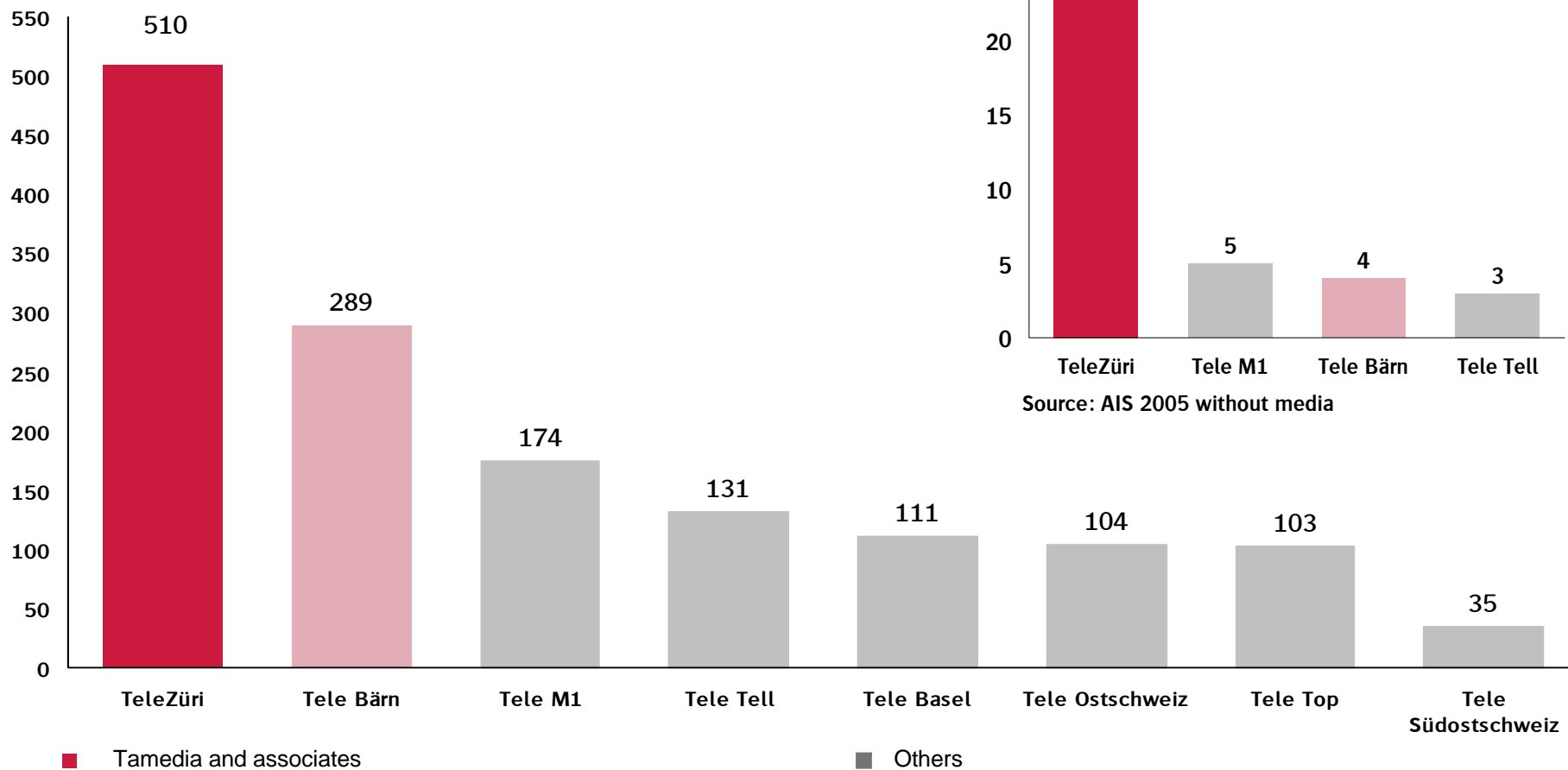
Gross advertising revenues in MCHF, 2005



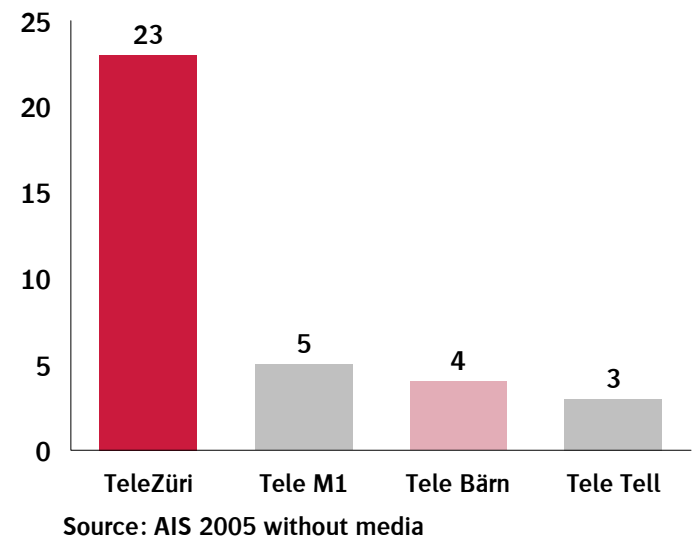
Source: AIS 2005 without media

TeleZüri: most successful private TV station

Daily viewers 2005
in thousand



Gross advertising revenues 2005
in MCHF



Source: Telecontrol 2005, 24h average, German speaking part, persons from age 3

Key issues in Services division

- **Key figures 2005:**

- Revenues: 214.7 MCHF incl. internal revenues (-2.6%)
- EBITDA: 39.6 MCHF (+6.7%); margin: 18.4% (prior year 19%)
- EBIT: 20 MCHF (prior year 12.8 MCHF); margin: 9.3% (prior year 6.6%)

- **General issues:**

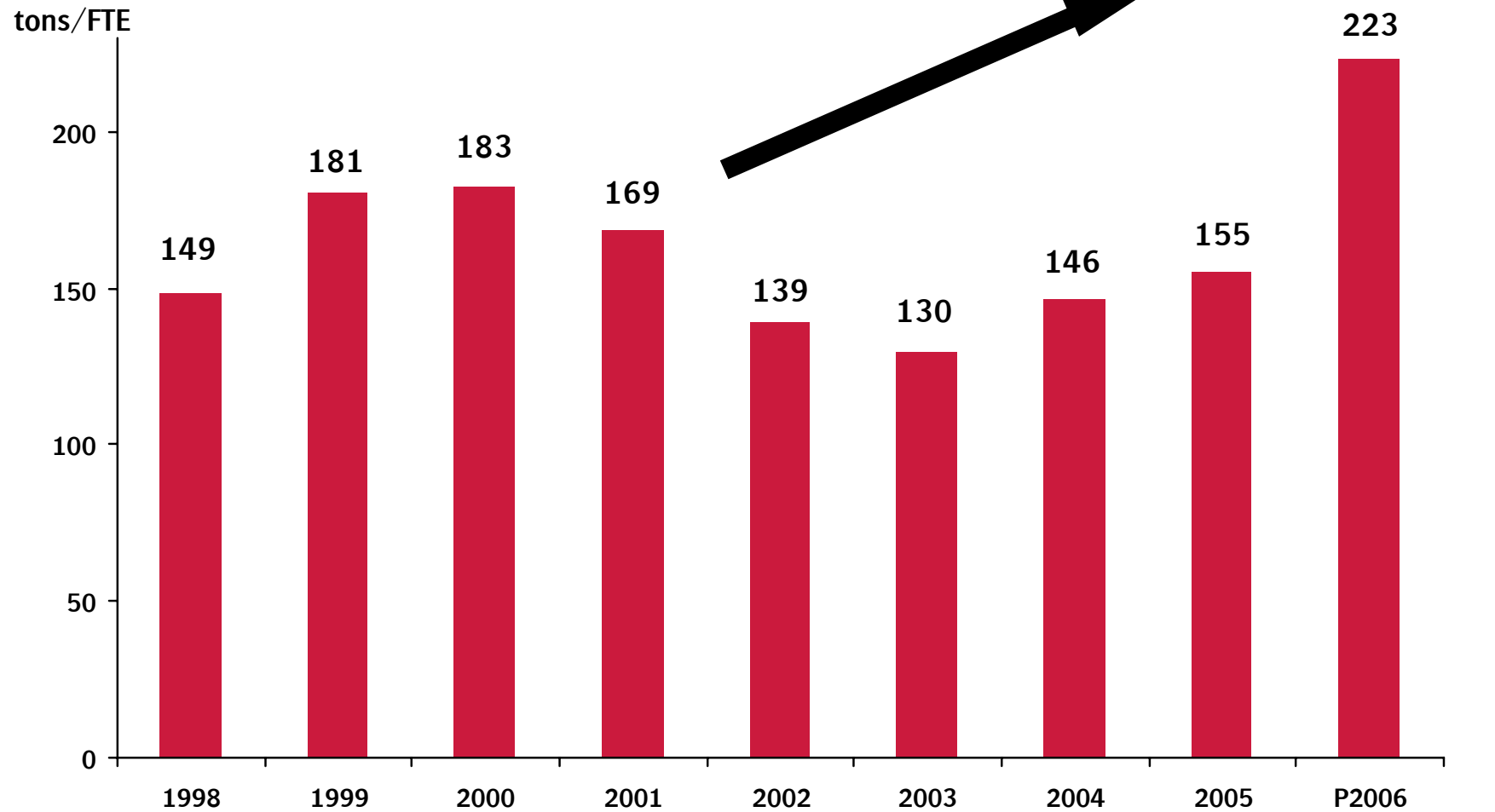
- Pressure on margins in printing industry remains high

- **Tamedia specific issues:**

- Second stage of new printing press installed in summer 2005
- Bubenberg won additional contracts (*Landbote*, *Thurgauer Zeitung*, editions of *20 Minuten* Zurich, St. Gall, Basle and Berne)
- Zuvo integrated Winterthur (*Landbote*) as a new distribution area and increased revenues and profitability
- Meier Waser Druck missed objectives and the company name was changed to Huber PrintPack as at 1 January 2006 (80% Huber & Co AG/20% Meier & Cie AG)
- Satisfactory development in the Call Center and in Production Services
- Sale of lettershop Regor and Werd Verlag

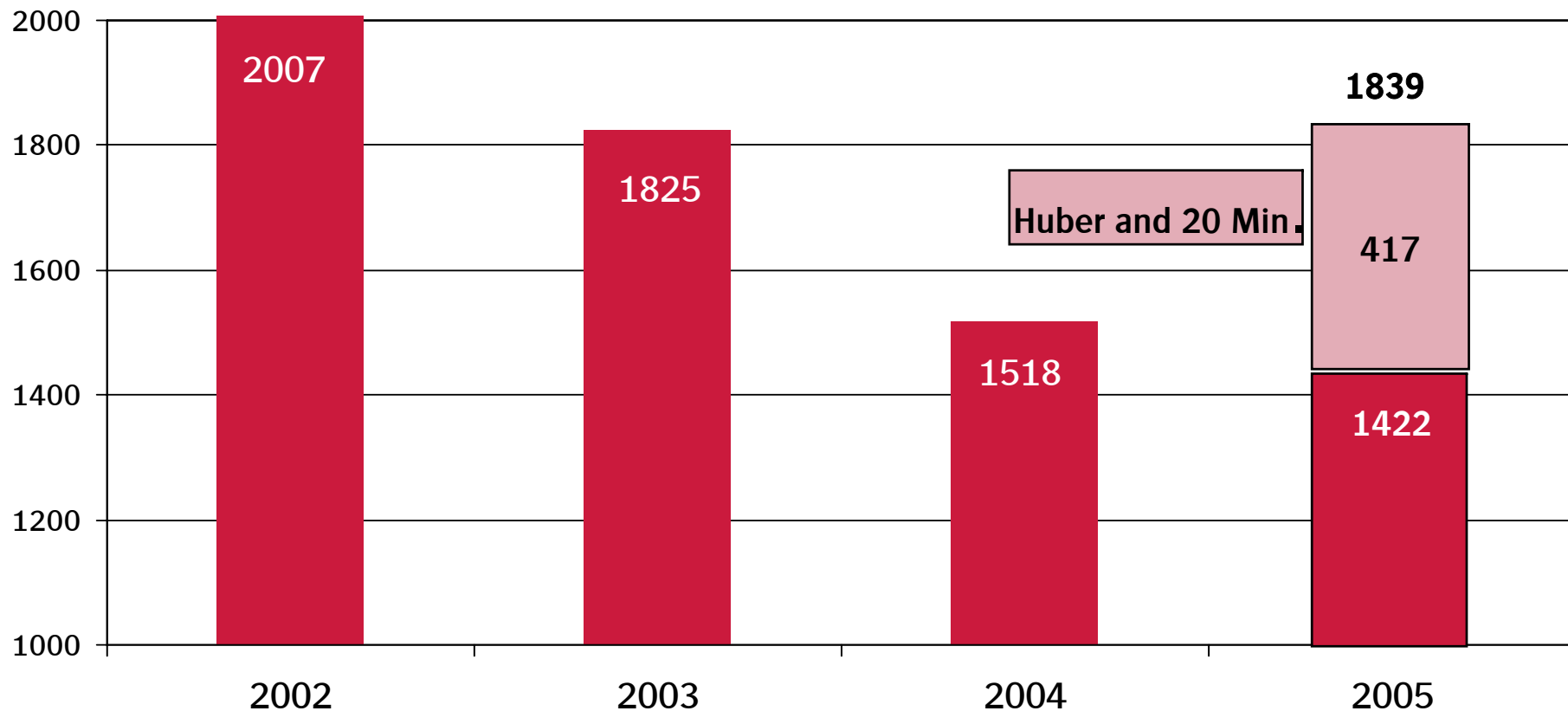
Bubenberg plans remarkable increase in productivity in 2006

Printed tonnage at Bubenberg per FTE and year



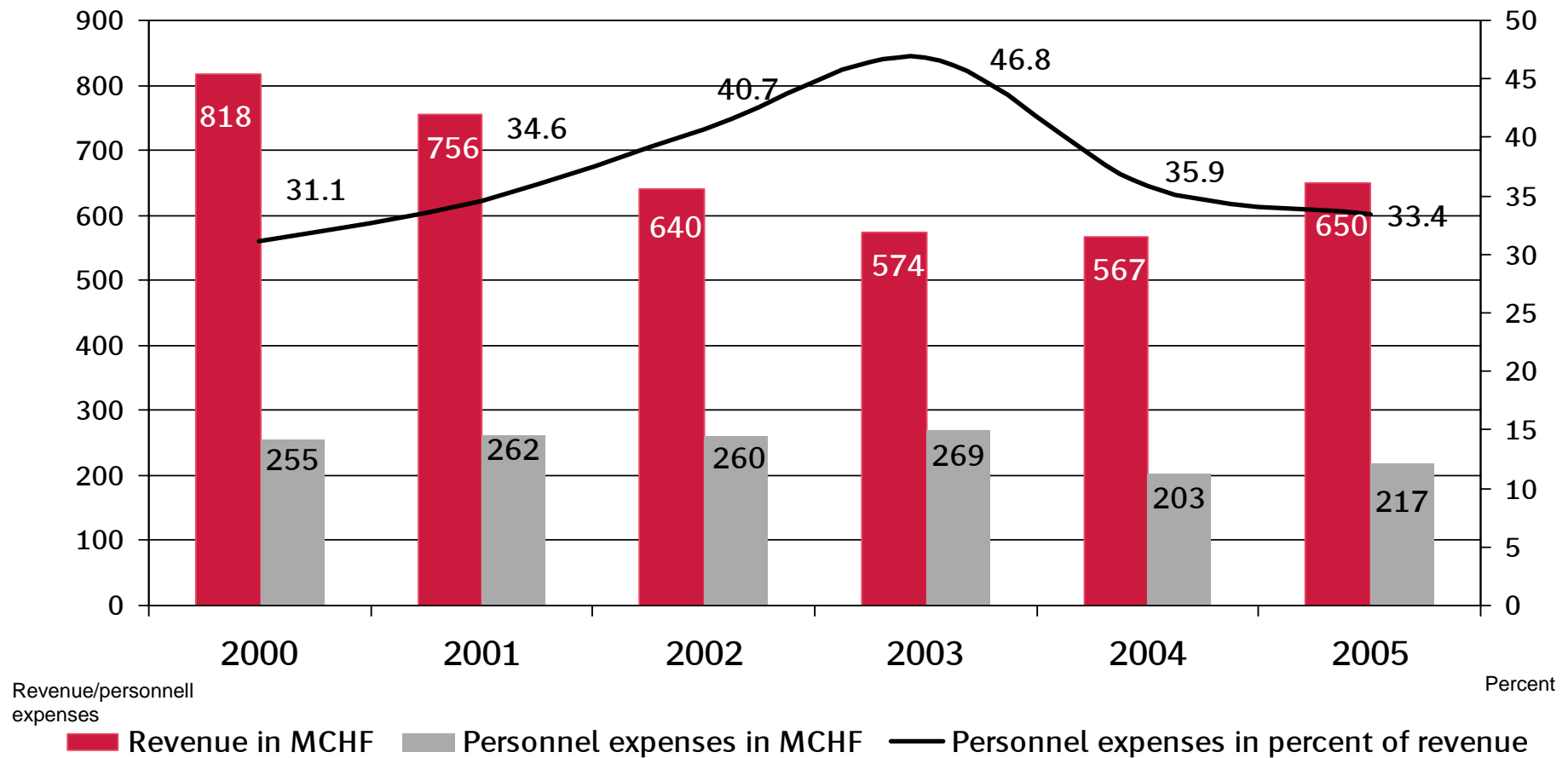
Headcount of Tamedia significantly higher due to acquisitions of 20 Minuten and Huber & Co. AG

Headcount of Tamedia at year-end between 2002 and 2005 in full time employees



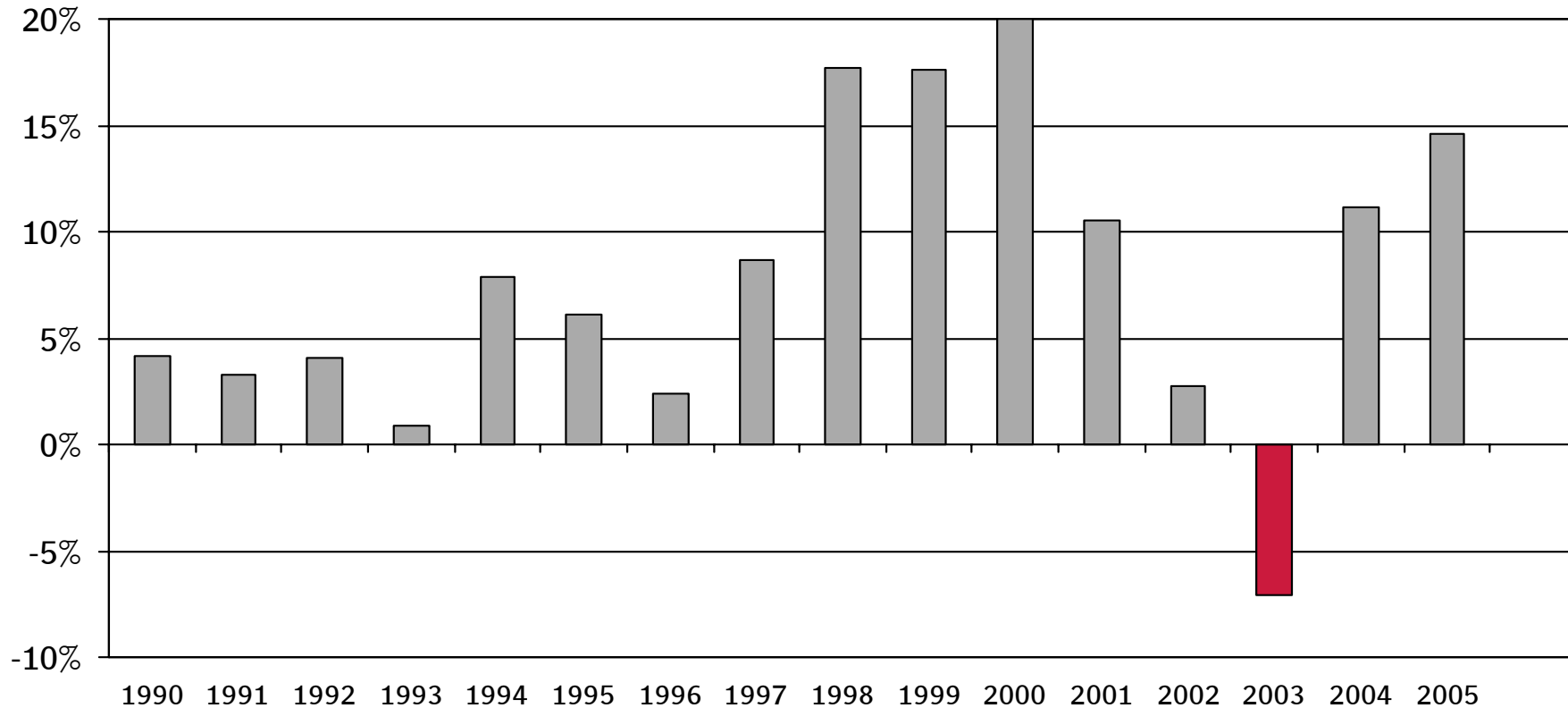
Personnel expenses in percent and compared to revenues declining and within the target corridor

Revenues, personnel expenses and personnel expenses in percent of revenue between 2000 and 2005



In 2005, Tamedia reached the fourth best EBIT within 15 years

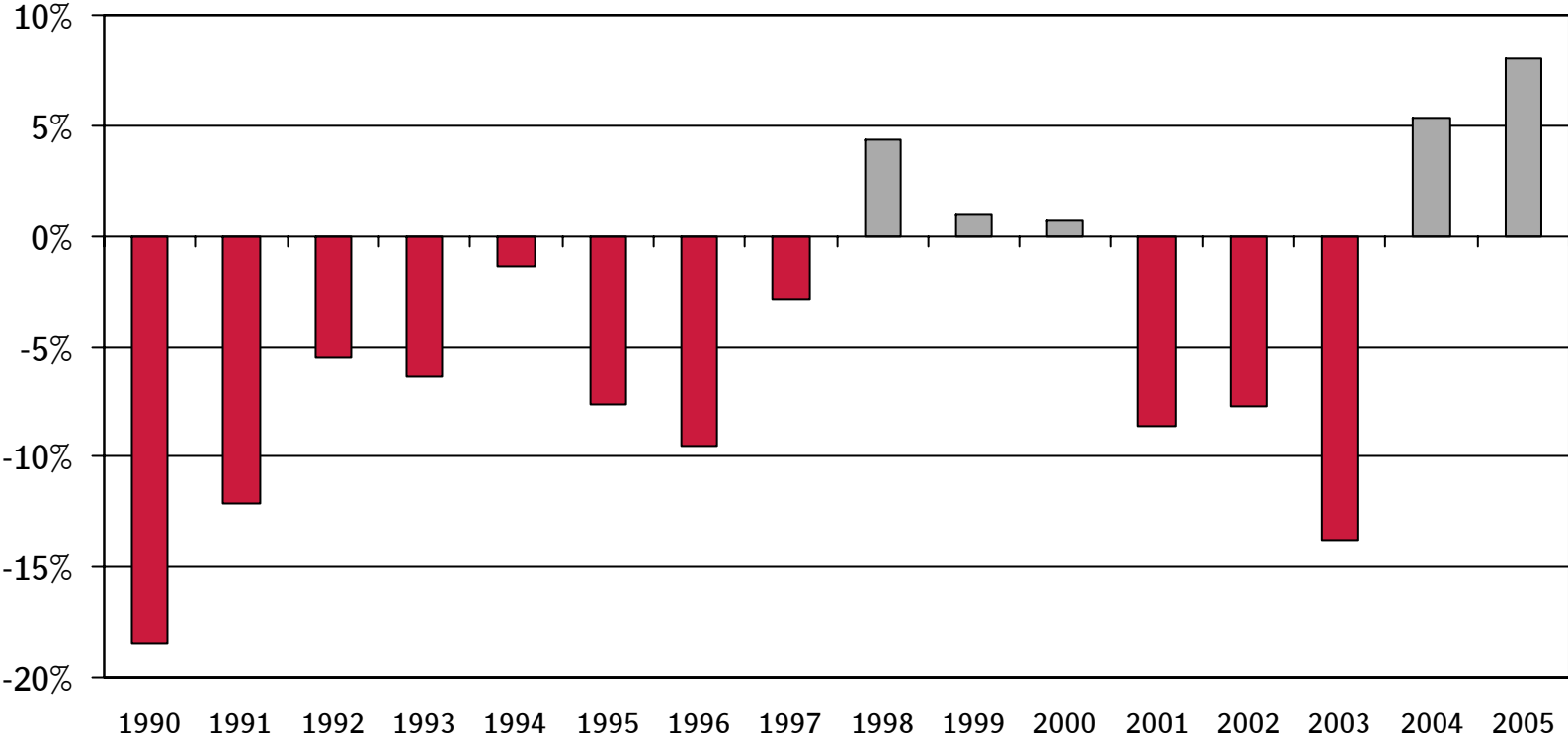
EBIT margin of Tamedia with job ads and *Alpha** since 1990



* Until 1995 the result of the products on EBIT-level were deducted from Tamedia's EBITDA. Between 1990 and 1994 EBIT was calculated along an average revenue per page and with a 80 percent margin.

Without job ads Tamedia reached best EBIT and best earnings structure since 15 years

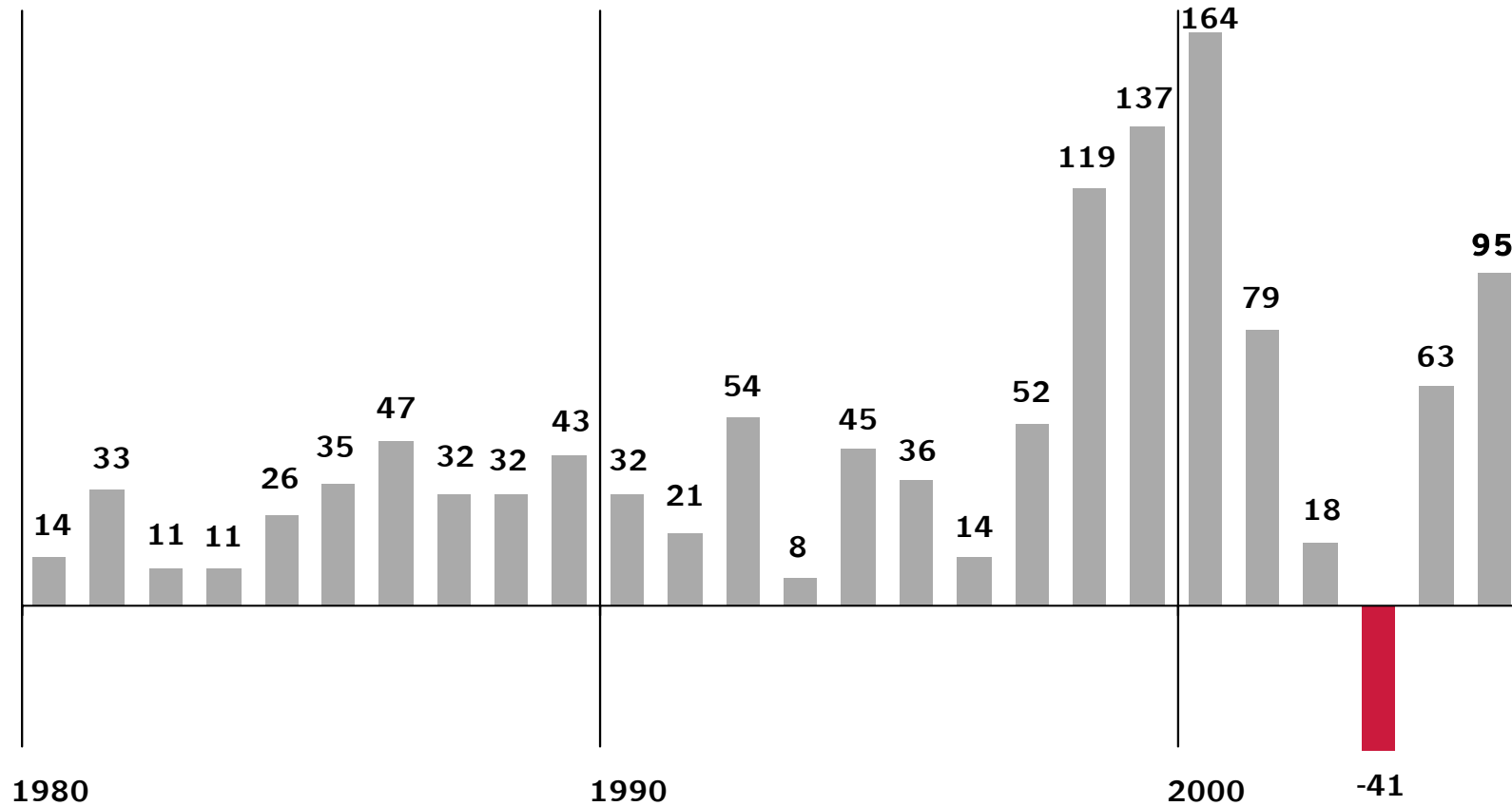
EBIT margin of Tamedia without job ads and *Alpha** since 1990



* Until 1995 the result of the products on EBIT-level were deducted from Tamedia's EBITDA. Between 1990 and 1994 EBIT was calculated along an average revenue per page and with a 80 percent margin.

The result represents the quality of the new business mix

Tamedia's EBIT since 1980 in MCHF



Outlook 2006

Economic Data

- Pleasing growth of Swiss economy
- Unemployment rate of 3.8% with a slight downward trend
- Consumer confidence improving

Media industry

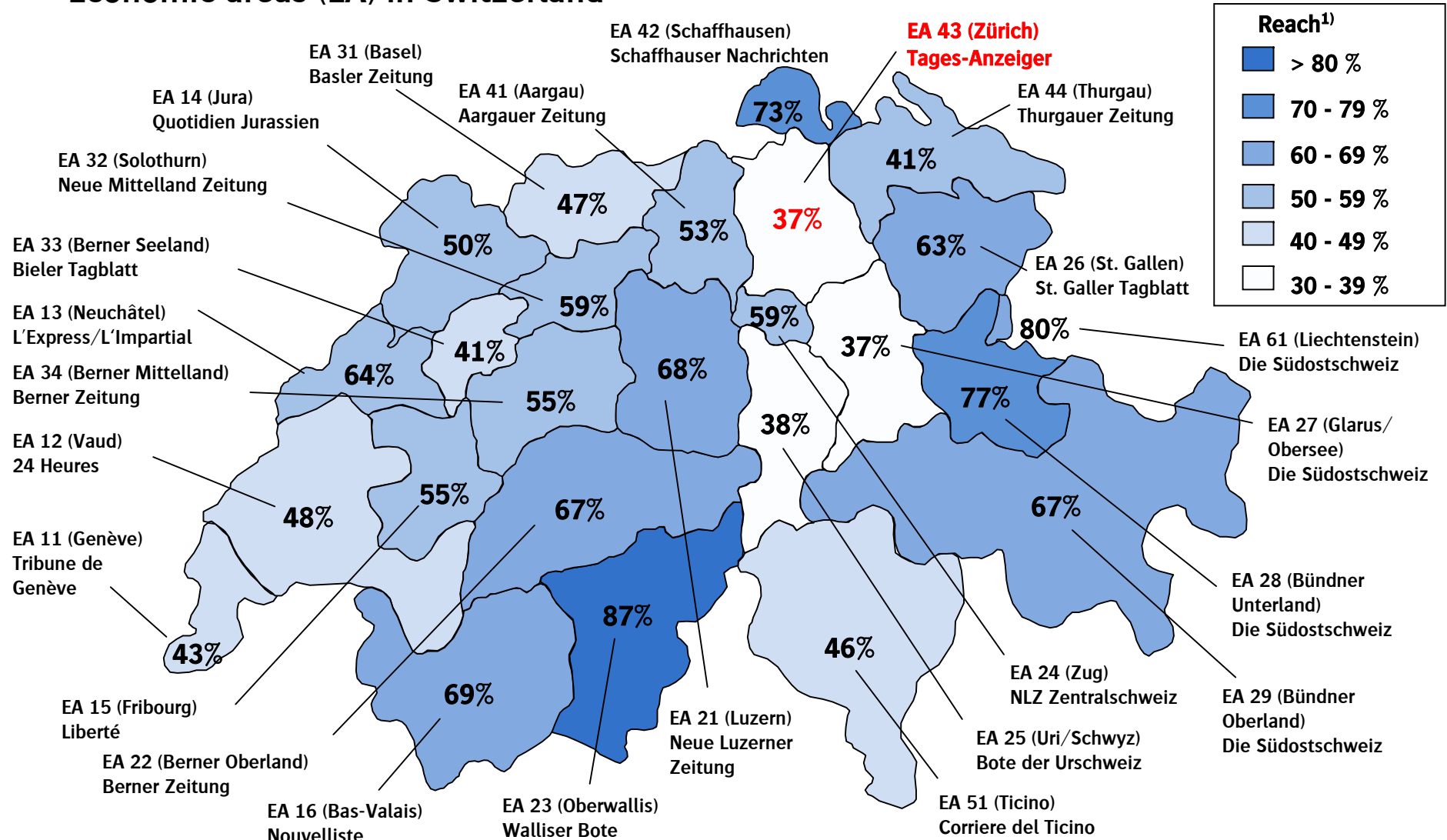
- No major changes in ad spendings expected; daily papers challenged as a category
- Slight increase in job classifieds expected; rebound in management job ads continues

Tamedia

- Focus on consolidation in Zurich's newspaper market
- Integration of Huber & Co AG
- Successful establishment of *20 minutes* in the French speaking part of CH
- Initiate the turnaround of newsmagazine *Facts*
- Continuous effort needed to achieve further cost-effectiveness

Tages-Anzeiger with big potential

Economic areas (EA) in Switzerland



Source: MACH Basic 2005, Switzerland

1) Reach defined as readership in the economic areas related to reading population (i.e. > 14 years)

Financial results 2005

Christoph Tonini

Chief Financial Officer

Remarks to financial results 2005

Segment information with slight changes:

- Newspapers incl. 20 Minuten AG and Huber & Co. AG
- Magazines without Spick (sold as at 1 January 2005)
- Electronic Media without Condor (sold as at 1 January 2005)
- Services without Regor (sold as at 1 January 2005)

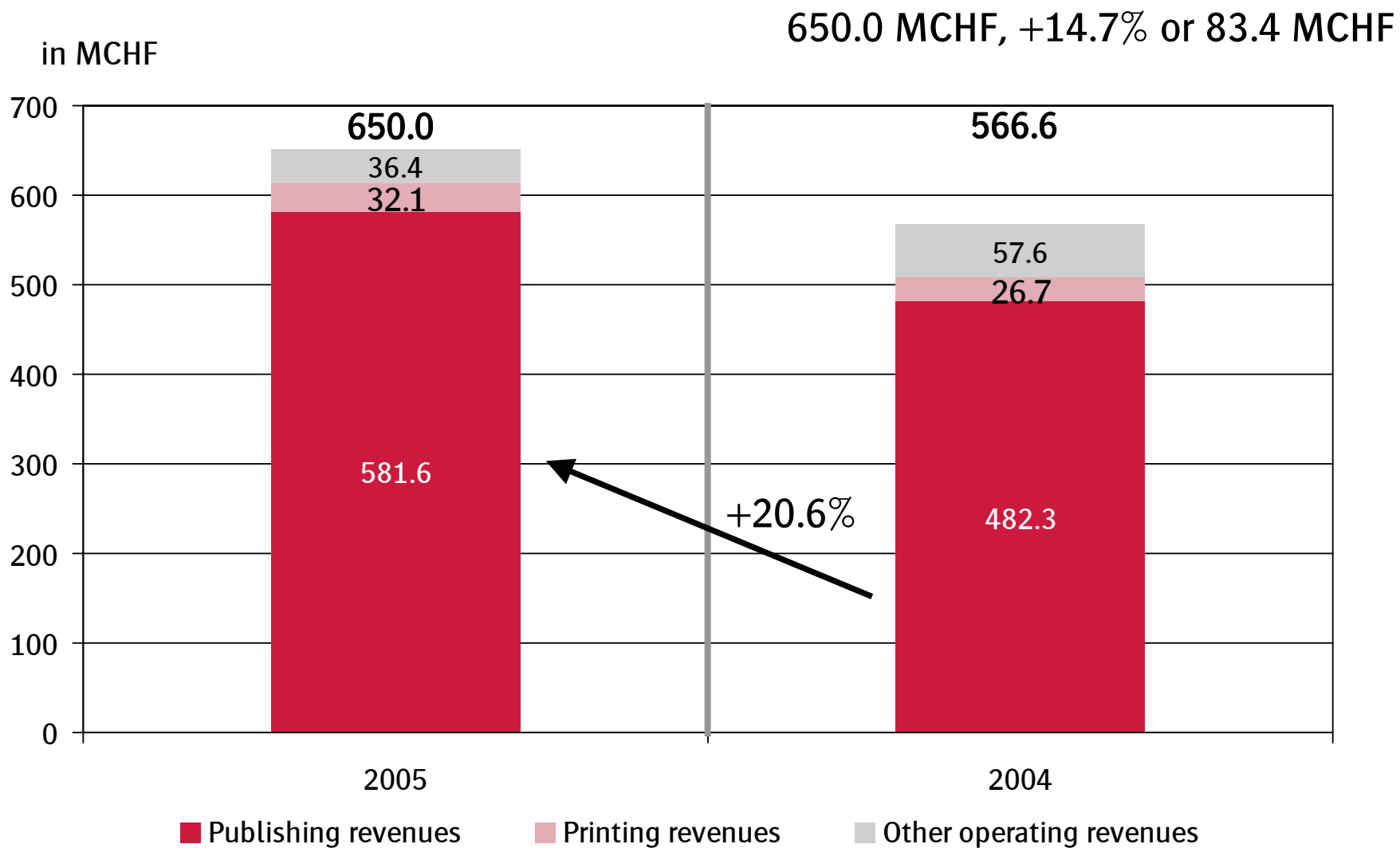
Impairment in the Electronic Media division:

- Due to unsatisfactory business developments at Radio Basilisk, Goodwill had to be adjusted by CHF 7.0 million.

IFRS 3 «Business Combination»:

- The new IFRS-standard for business combination has been applied. Goodwills are no longer depreciated

Publishing revenues higher mainly due to 20 Minuten



Revenue growth thanks to acquisitions

Publishing revenues:

+ 99.3 MCHF or 21%

- Remarkable increase thanks to integration of 20 Minuten AG and Huber & Co. AG (Thurgauer Zeitung)
- Better economic environment
- Slightly higher revenues in job classifieds (mainly management jobs *Alpha*)
- Strong increase of barter deals due to 20Minuten
- Positive impact due to national circulation of *Das Magazin*

Printing revenues:

+ 5.4 MCHF or 20%

- Strong increase in printing revenues due to the positive development in newspaper printing and the integration of Huber PrintPack AG

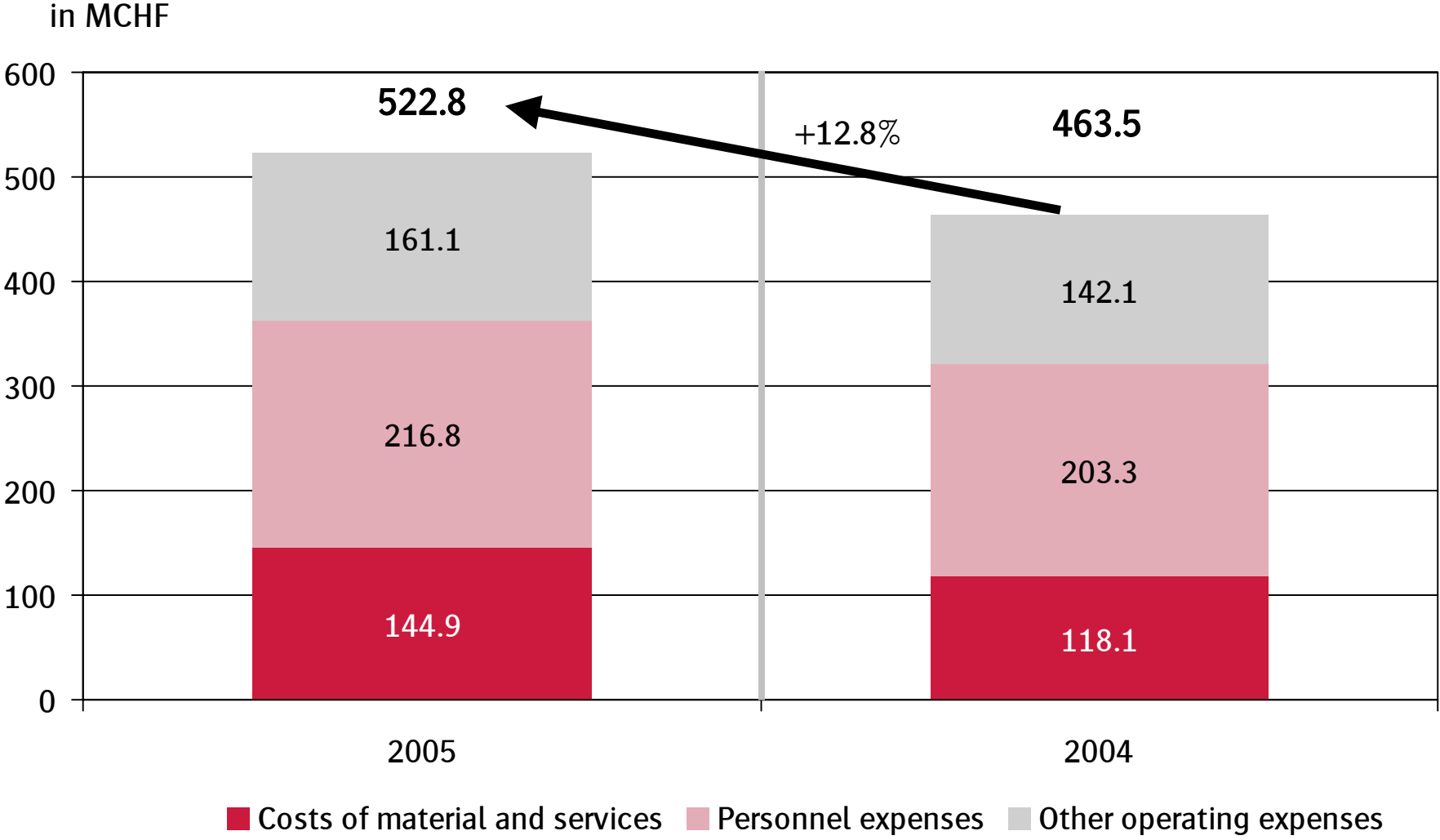
Other operating revenues:

- 21.2 MCHF or 37%

- Strong decrease in revenues mainly due to sale of Regor AG, Werd Verlag und Condor Communications AG as at 1 January 2005
- Integration of *20 Minuten* leads to a decrease of distribution revenues

Operating expenses only 12.8% higher

522.8 MCHF, +12.8% or 59.3 MCHF



Acquisitions cause rise in costs

Costs of material and services:

- Increase of 27 MCHF (23%) in higher paper costs and external services entirely attributable to higher volumes due to 20 Minuten AG and Huber & Co. AG

Other operating expenses:

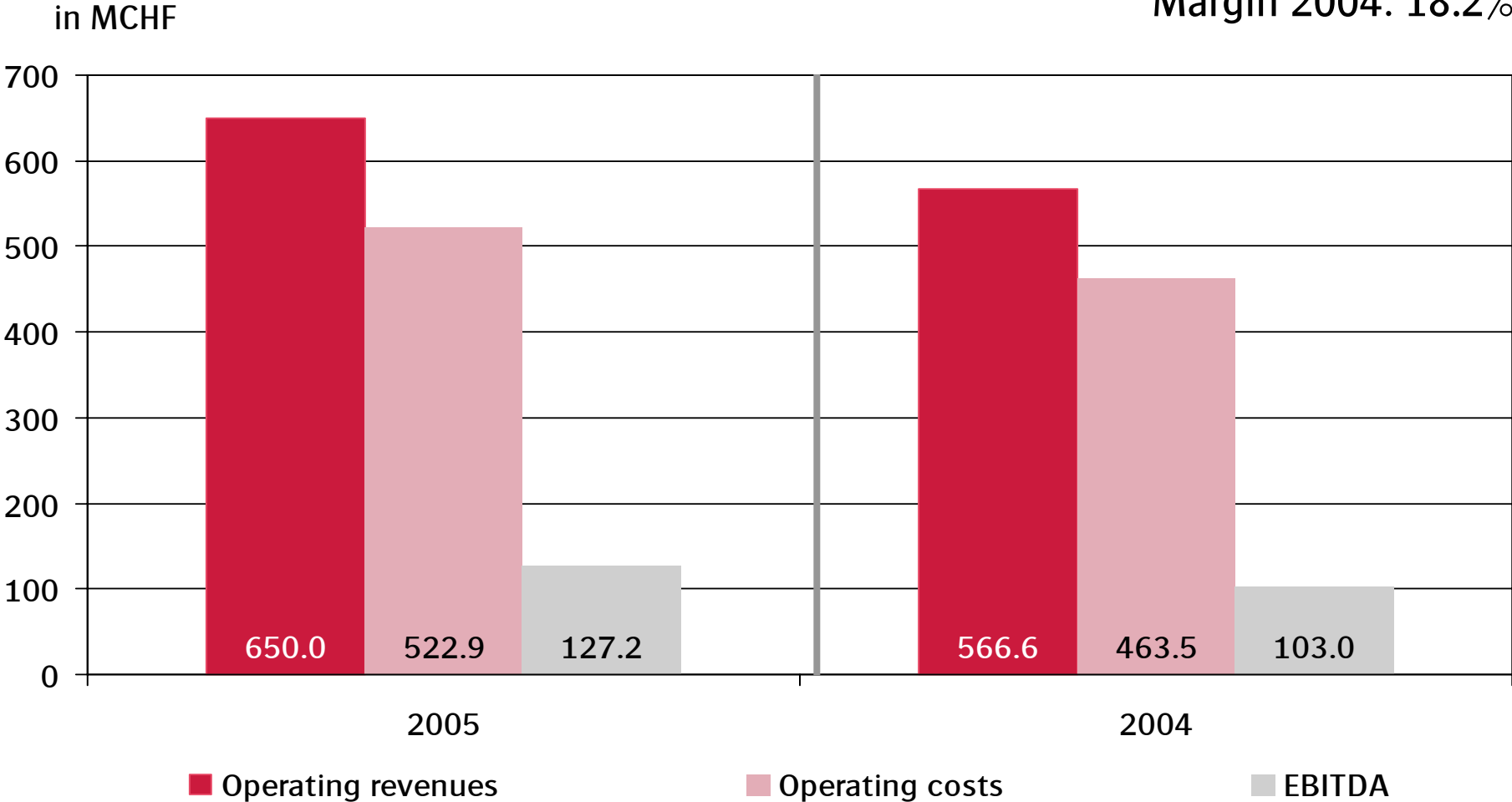
- Rise of 19 MCHF (13%)
- Increase disproportional to revenues and entirely due to integration of 20 Minuten AG and Huber & Co. AG

Personnel expenses:

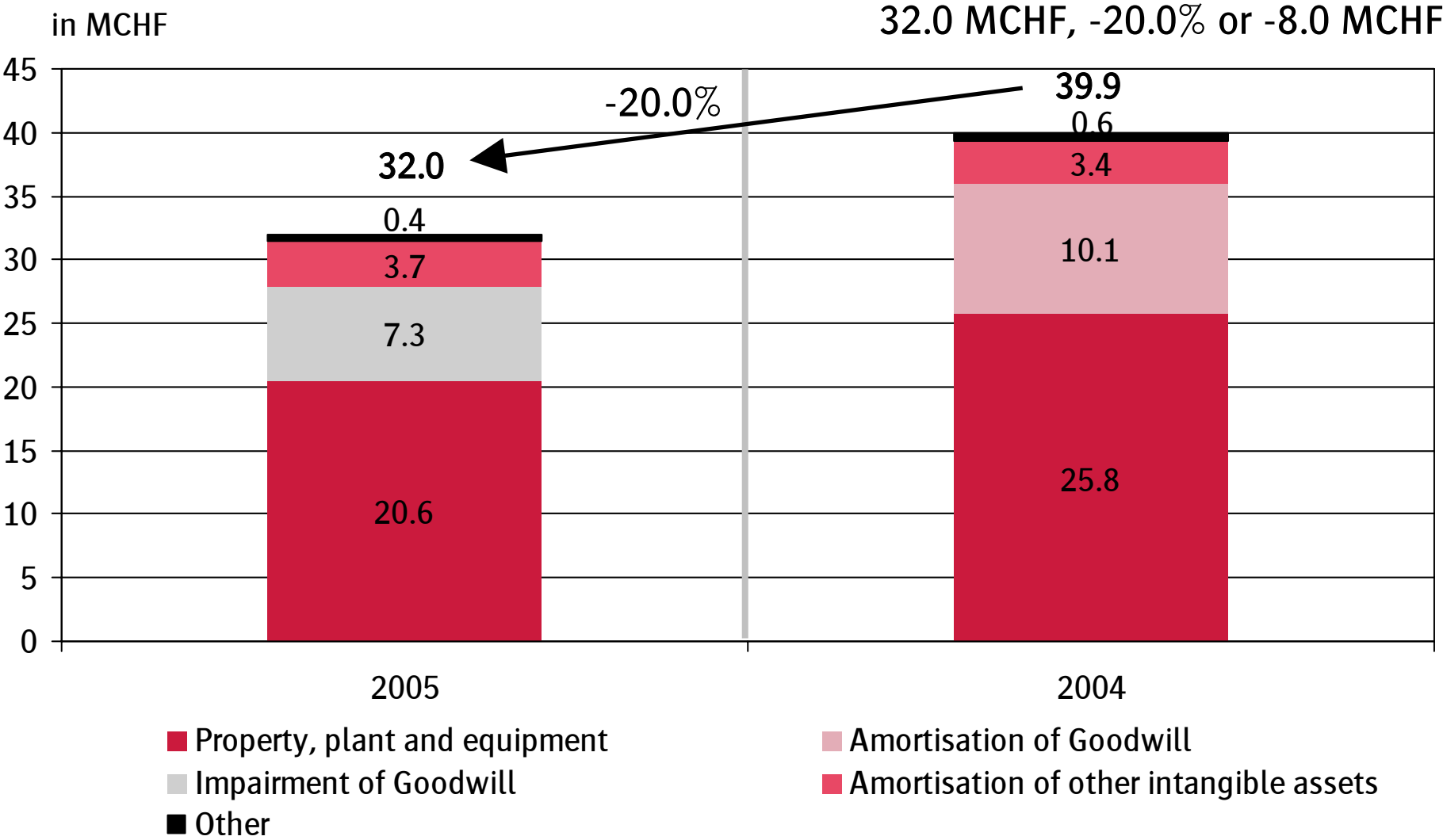
- Largest category of costs 13.5 MCHF higher:
 - 321 additional employees (+21%) at year end
 - Decrease of average number employees of 40 FTE (2.4%) in 2005
 - Personnel costs due to acquisitions 6.6% higher than previous year
 - Personnel expenses at 34% of operating revenues and within the target corridor
 - Higher costs for employee benefit plan due to higher net income and higher costs for success participation of executives

EBITDA increased by 23 percent

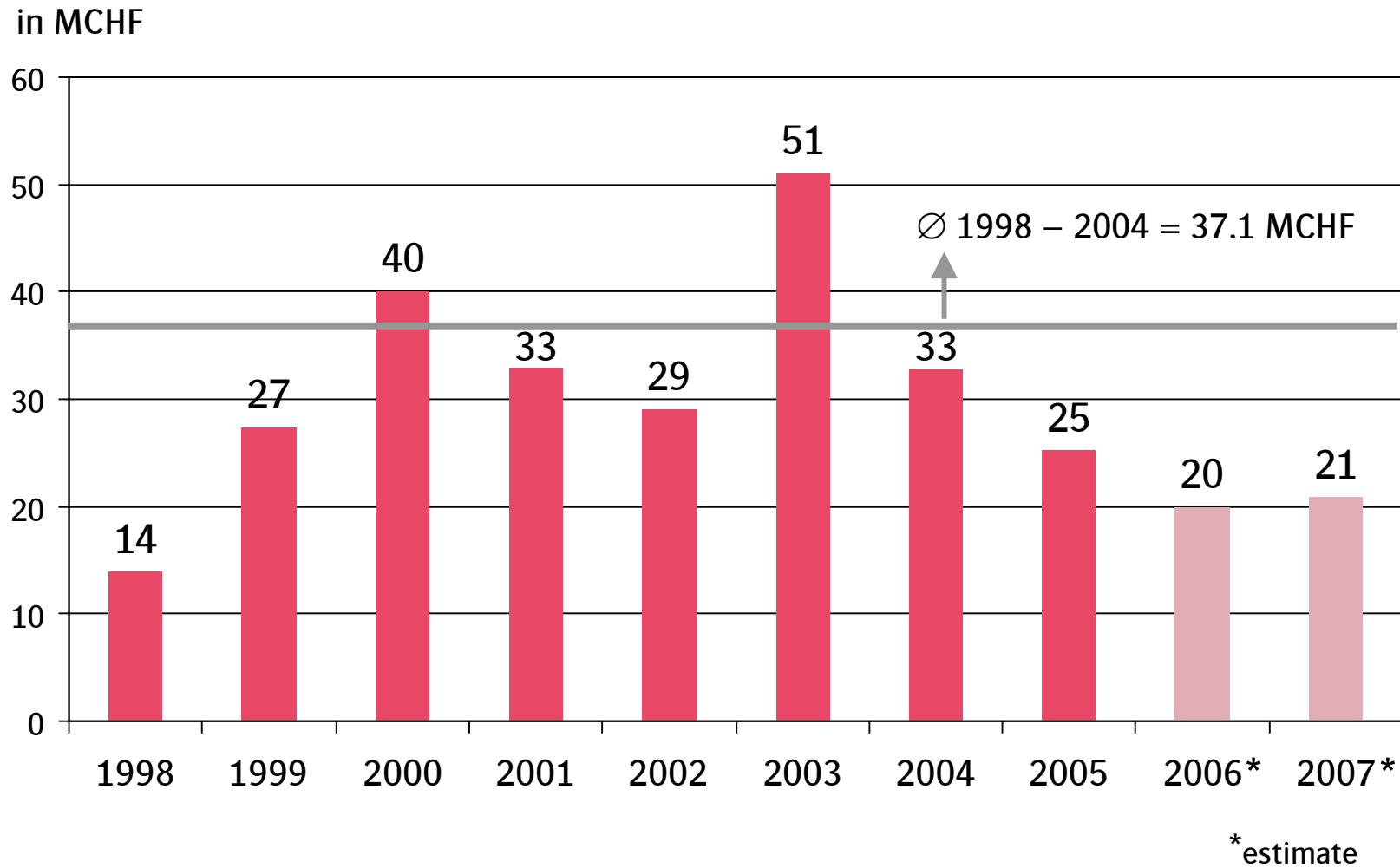
127.2 MCHF, +23.4% or 24.1 MCHF; margin 19.6%
 Margin 2004: 18.2%



Depreciation and amortisation down by 20%



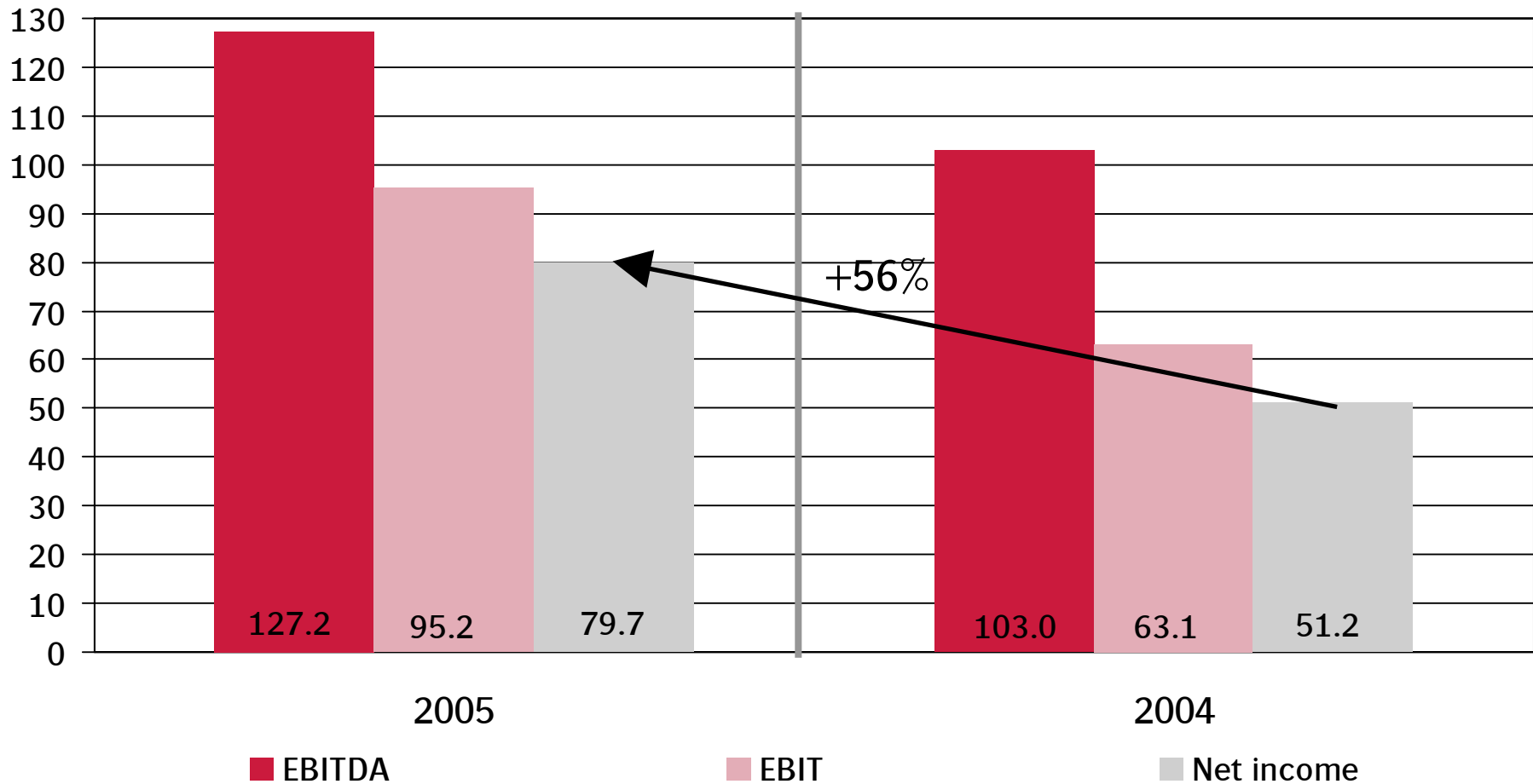
Decrease of average Capex continues



EBIT and net income up by more than 50%

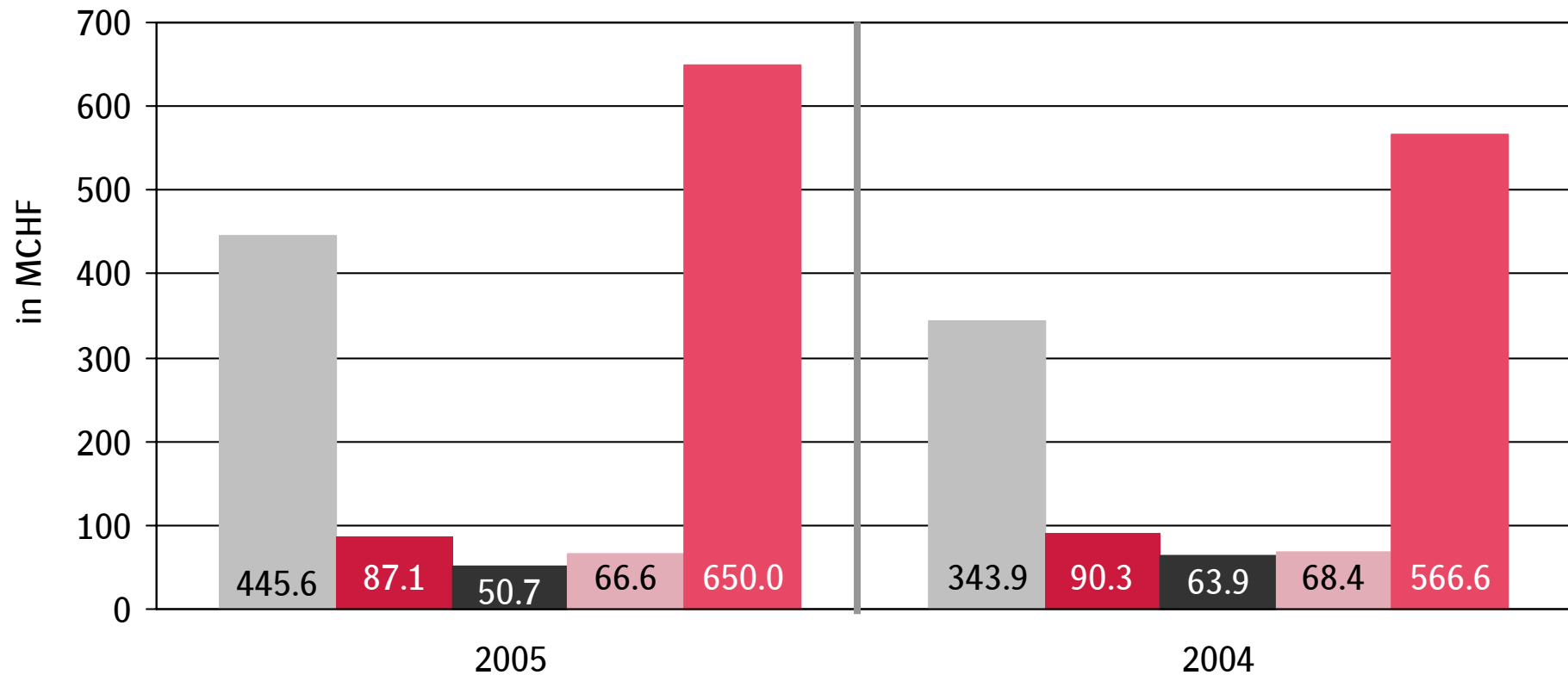
79.7 MCHF, +55.6% or 28.5 MCHF

in MCHF



Newspapers with significant increase of revenues* ...

Revenues:	+14.7% /	+83 MCHF		
Newspapers:	+29.6% /	+102 MCHF	Electr. Media:	-20.6% / -13 MCHF
Magazines:	-3.6% /	-3 MCHF	Services:	-2.6% / -2 MCHF

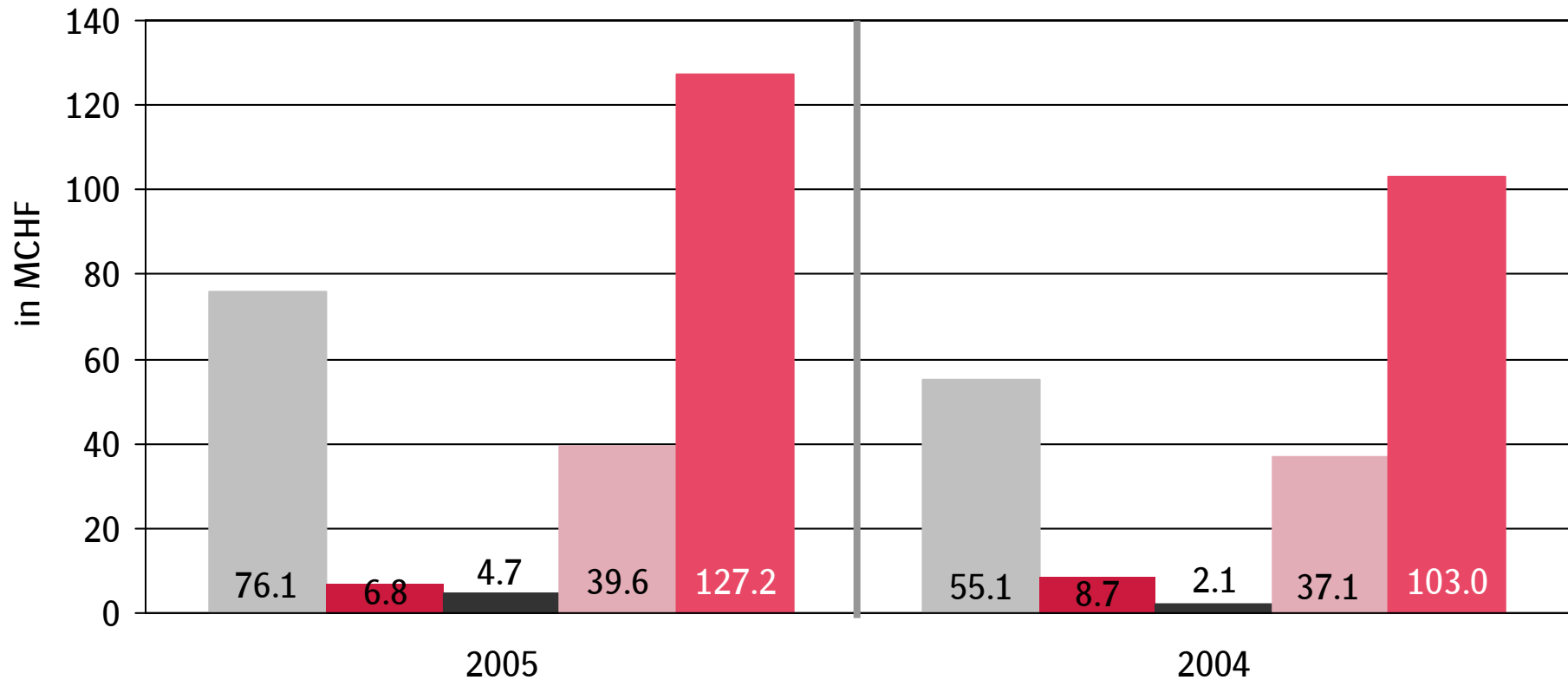


*consolidated

■ Newspapers ■ Magazines ■ E-Media ■ Services ■ Total

... and substantially better EBITDA (Total +23%)*

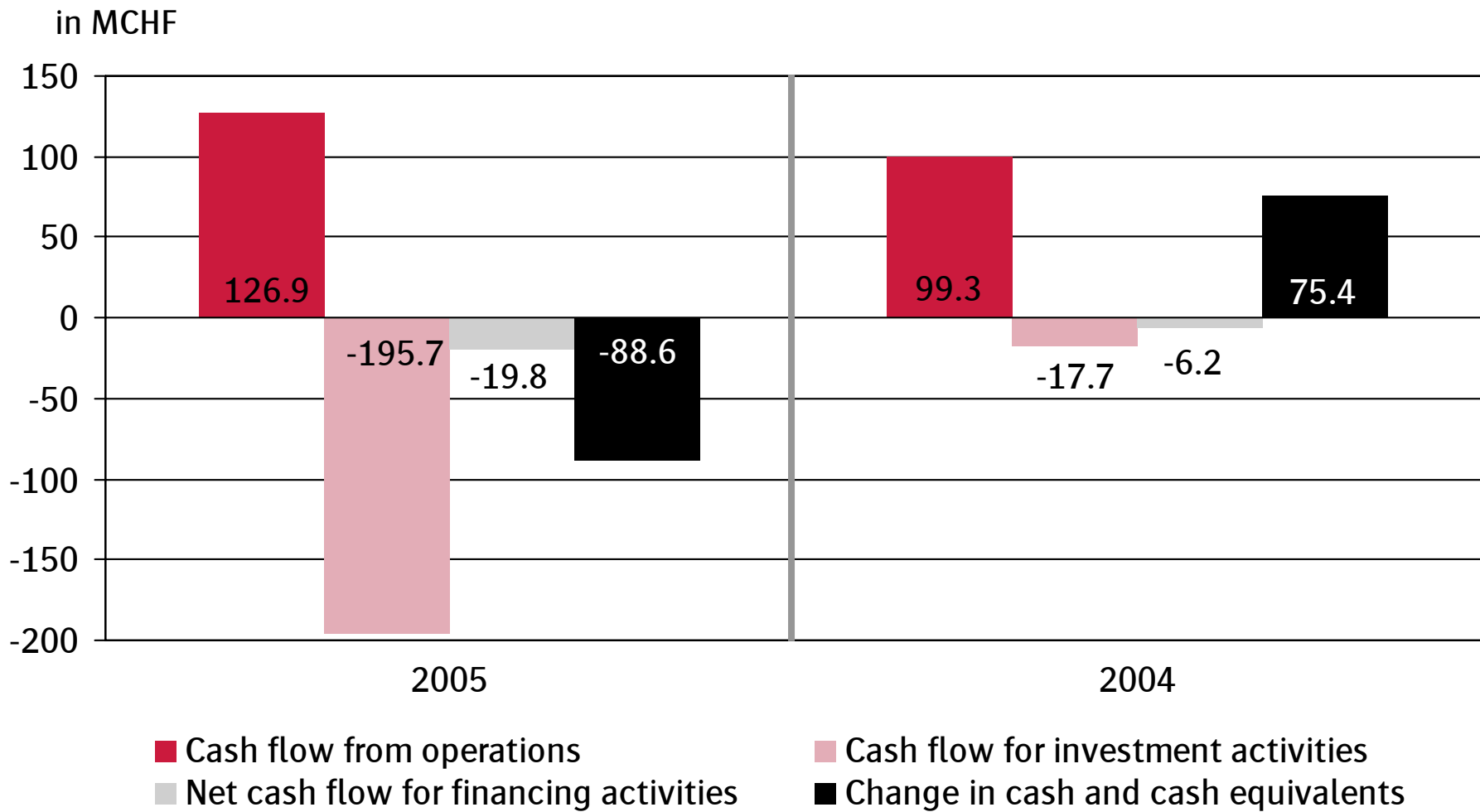
EBITDA:	+23.4% /	+24 MCHF		
Newspapers:	+38.1% /	+21 MCHF	Electr. Media:	+119.2% / +3 MCHF
Magazines:	-21.9% /	-2 MCHF	Services:	+6.7% / +2 MCHF



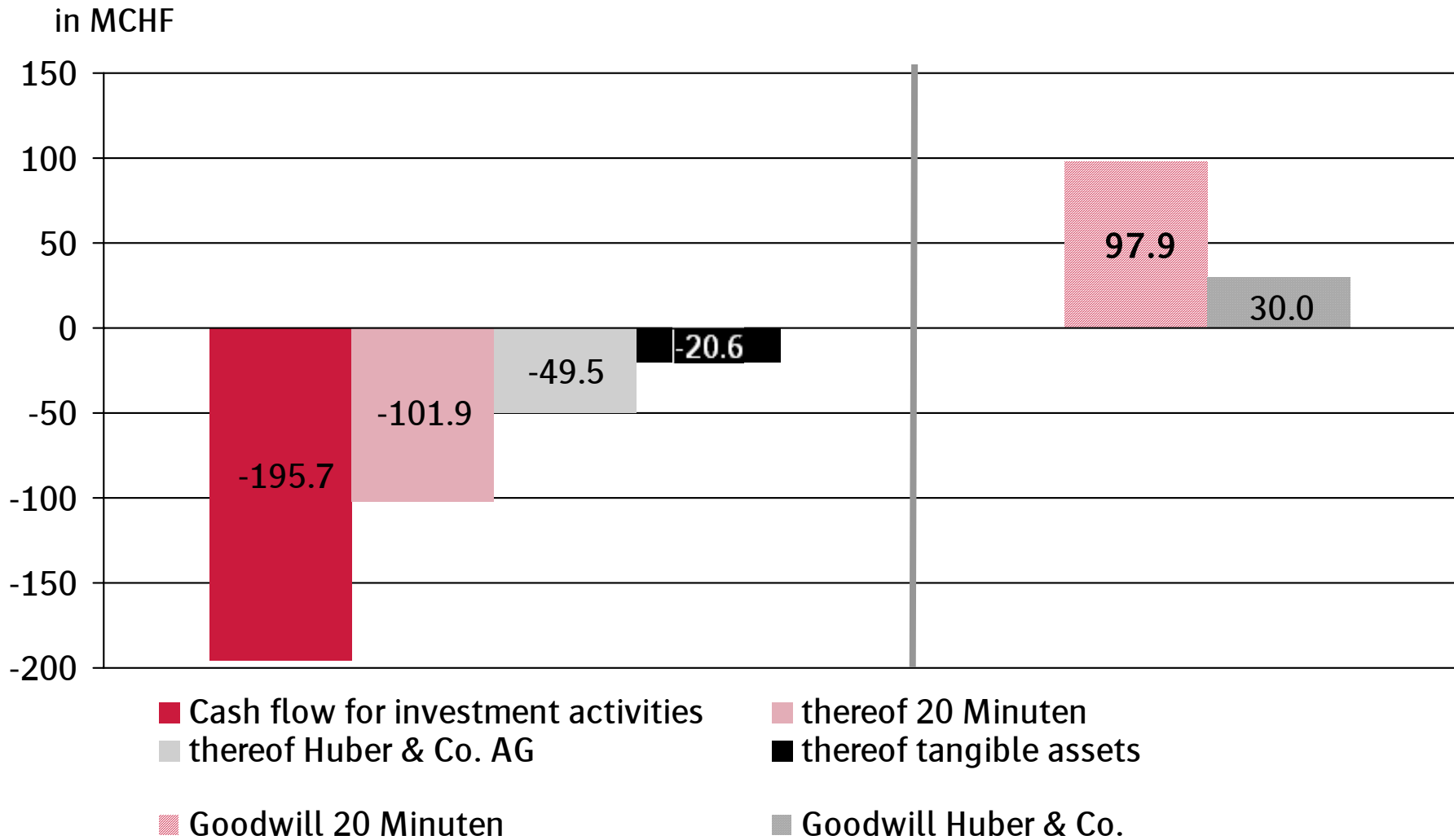
*consolidated

■ Newspapers ■ Magazines ■ E-Media ■ Services ■ Total

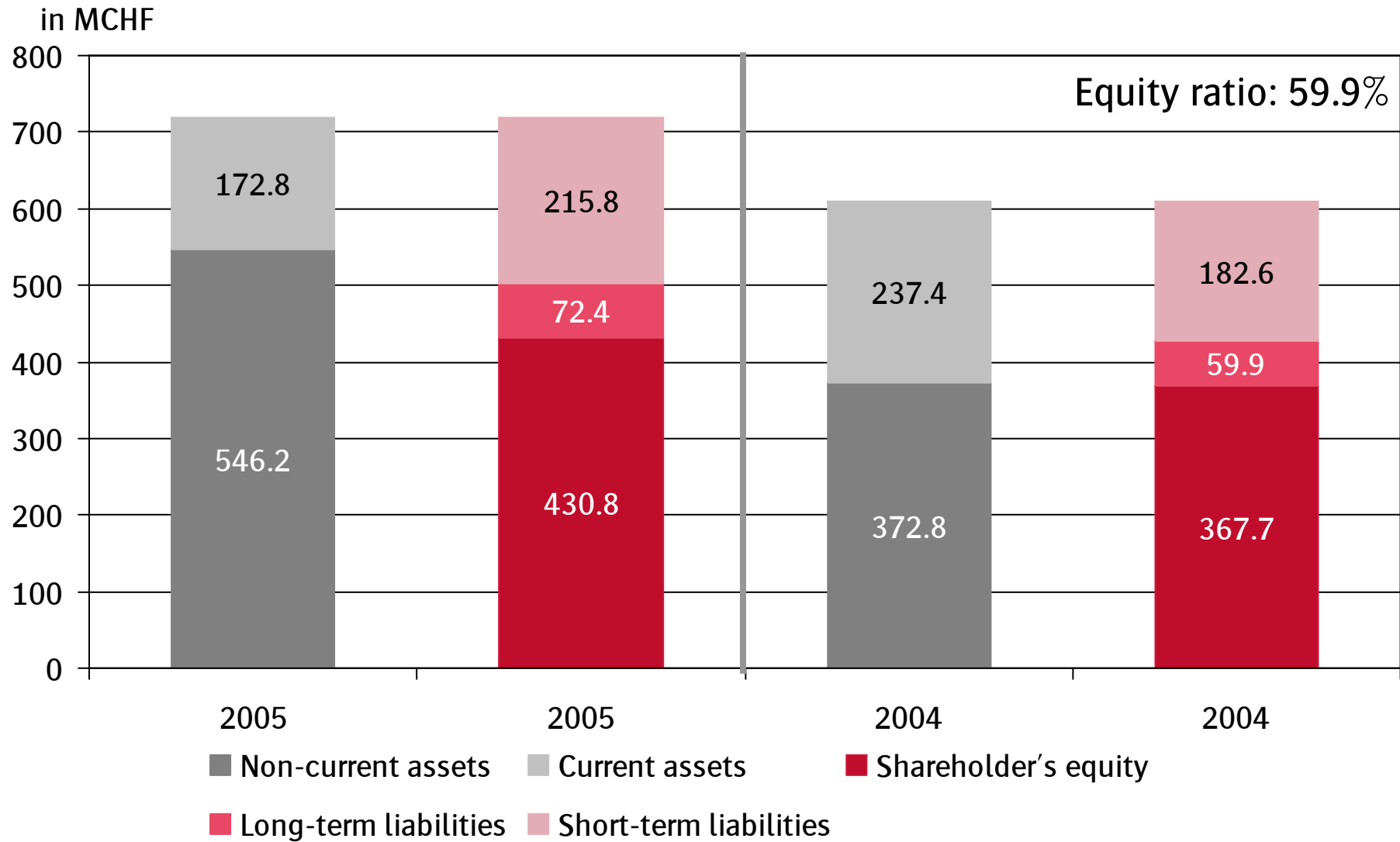
20 Minuten and Huber influence cash flow



Goodwill increases due to acquisitions by 128 MCHF



Balance sheet shows solid equity ratio



Significantly higher Shareholder's equity due to profit

Current assets:

- Current assets lower due to acquisitions and dividend payment by 74.9 MCHF

Balance Sheet total:

- The Balance sheet total increased significantly mainly because of the integration of 20 Minuten AG and Huber & Co. AG by 109 MCHF

Equity:

- Rises by 63.1 MCHF due to profit 2005

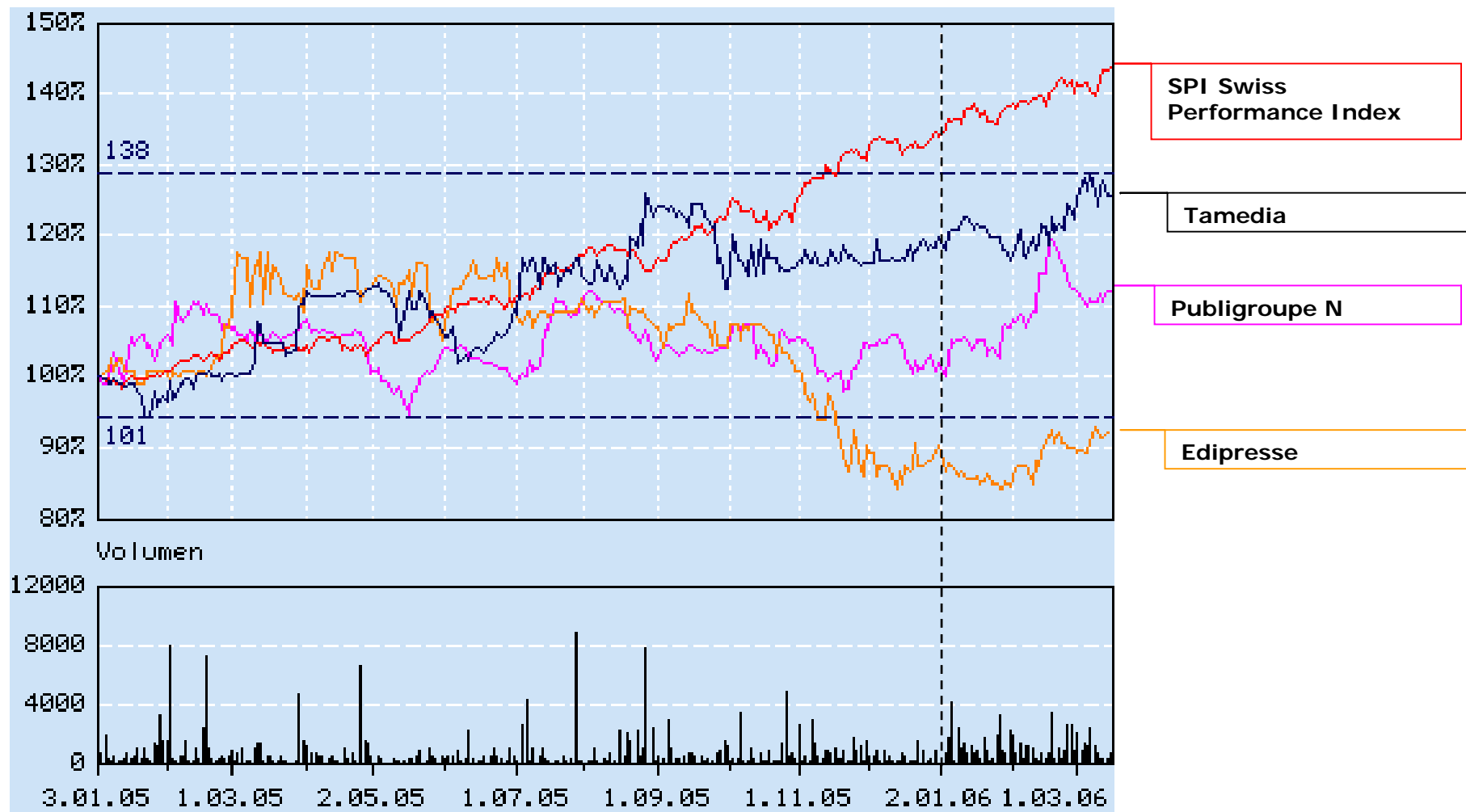
Equity ratio:

- Remains unchanged on a high level of 59.9%

Summary

- After the turnaround in 2004 the performance of Tamedia improved even further under slightly better market conditions
- EBITDA-margin increases to a sound 19.6%
- (Without impairment) all divisions show positive EBIT-results
- Equity ratio remains on a very high level
- Net liquidity remains high even after acquisitions

Share price development in 2005



Thank you for your attention!

