

tamedia:

Press release

Tamedia Increases Income and Maintains Result at High Level

The first time consideration of Espace Media Groupe and investments in new media projects result in a downturn of profitability

Zurich, 9 September, 2008 – The first time consideration of Espace Media Groupe and investments in new media projects distinctively define the results stated in Tamedia's semi-annual financial statements for the first half of the year 2008. Business revenue (operating income) increased by 32.1 per cent to 472.8 million primarily as a result of considering the daily newspapers, gazettes, special interest publications, electronic media and services of the Espace Media Groupe. The lower profitability of the Espace Media Groupe and the high costs for launching L'essentiel, News and Newsnetz as well as the further expansion of 20minuten.ch resulted in a significant downturn in the margins. At the same time, the potential synergies, which were already identified in the process of the merger between Tamedia and Espace Media Groupe, have not yet kicked in during the first half-year so as to be able to positively affect results. As a consequence, operating income before interest, taxes, depreciation and amortisation (EBIDTA) showed below-average growth by 9.7 per cent to CHF 85.0 million (previous year CHF 77.5 million). The EBITDA margin fell from 21.7 per cent in the first half-year 2007 to 18.0 per cent. Operating income after depreciation and amortisation (EBIT) rose also only slightly, compared to the comparison period by 2.7 per cent to CHF 68.6 million (previous year CHF 66.8 million). Thus, the new EBIT margin is now at 14.5 per cent (previous year: 18.7 per cent).

Results from continued operations declined in the first half year 2008 by 7.5 per cent to CHF 55.1 million (previous year: CHF 59.5 million). Not included in these results are the printing activities from Huber PrintPack AG in Frauenfeld and Benteli Hallwag Druck AG in Wabern. Overall earnings, including discontinued operations, dropped by 4.4 per cent to 49.0 million (previous year: CHF 51.2 million). Due to measures to improve overall performance and the integration of the two companies moving forward at a rapid pace, the objective to be able to achieve profitability levels with Espace Media Groupe medium-term comparable to those margins Tamedia has been accustomed to in the past still seems realistic.

The weakening economy especially influenced results at the end of the semester as seen in the number of investments in advertising. The Publicitas Index for advertising expenditures in the daily press initially showed a slight increase at the beginning of the year followed by decreasing results and in June reached a value lower than in the previous year. In addition to the economy, the European Football Championship 2008 held in Switzerland and Austria seemed to have had a negative impact on advertising expenditures. Despite this, after its decrease in June, sales volume from employment ads overall are still higher than the comparison value of the previous year.

Key Figures for Income Statement

(in CHF million)

	30/06/2008	30/06/2007	Change in %
Operating revenues	472.8	358.0	+32.1
Operating income before depreciation (EBITDA)	85.0	77.5	+9.7
Margin in %	18.0	21.7	(17.0)
Operating income (EBIT)	68.6	66.8	+2.7
Margin in %	14.5	18.7	(22.3)
Income for continued operations	55.1	59.5	(7.5)
Income for discontinued operations	(6.1)	(8.3)	(27.0)
Income	49.0	51.2	(4.4)
Margin in %	10.4	14.3	(27.6)

Figures in parentheses indicate negative values.

The figures shown in all the tables are rounded. Since the calculations are carried out with greater precision, there may be slight differences due to rounding.

Newspapers

Revenue (operating income) in the Newspaper division increased by 25.0 per cent to CHF 337.2 million. Contributed to the increase has the consideration of the complete edition of *Berner Zeitung*, *Bund* and the gazettes from Espace Media as well as *20 Minuten*, *20 minutes* and *Thurgauer Zeitung*. While *Finanz und Wirtschaft* continued to develop at a steady pace, *Tages Anzeiger* and *Sonntags Zeitung* showed lower revenue. *Alpha* and *Stellen-Anzeiger* are reporting slightly lower revenue figures as compared to the previous year. On the other hand, *20 Minuten* and *Thurgauer Zeitung* were able to significantly increase their income from advertising with employment ads. Because of investments in the commuter papers *20 minutes*, *L'essentiel* and *News* and the recently added newspapers from Espace Media, the operating expenses in this division rose disproportionately. The operating income before depreciation and amortisation (EBITDA) declined therefore by 7.2% to CHF 47.9 million. Operating income (EBIT) in the Newspaper division declined by 8.2 per cent to CHF 46.5 million, thus contributing 68.1 per cent to group earnings. The EBIT margin fell by 5.0 percentage points to 13.8 per cent.

Key Figures

(in CHF million)

	30/06/2008	30/06/2007	Change in %
Operating revenues	337.2	269.9	+25.0
Operating expenses	(289.4)	(218.3)	+32.6
Operating income before depreciation and amortizations (EBITDA)	47.9	51.6	(7.2)
Depreciation and amortizations	(1.4)	(0.9)	(49.9)
Operating income (EBIT)	46.5	50.7	(8.2)

Figures in parentheses indicate negative values.

Magazines

In the Magazine division, the special interest publications Fachmedien Mobil with *Autmobil Revue*, *Revue Automobile*, *Moto Sport Schweiz* and *Moto Sport Suisse* as well as the Fachmedien Agrar with *Schweizer Bauer* were newly added. Thanks to these titles now being considered and growth in *Schweizer Familie*, the magazines division is being reported with higher revenue at CHF 54.8 million at an increase of 37.9 per cent as compared to the same period in the previous year. While *Schweizer Familie* continues its growth in revenue, the women's magazine *Annabelle* recorded a slight decrease in turnover and results. The EBITDA in the magazines division rose by 58.4 per cent to CHF 8.7 million and the results in the EBIT category rose equally to CHF 8.6 million. At 1.9 percentage points higher as compared to the figure in the previous year (13.7 per cent), the EBIT margin is thus at 15.6 per cent.

Key Figures

(in CHF million)

	30/06/2008	30/06/2007	Change in %
Operating revenues	54.8	39.8	+37.9
Operating expenses	(46.1)	(34.3)	+34.6
Operating income before depreciation and amortizations (EBITDA)	8.7	5.5	+58.4
Depreciation and amortizations	(0,1)	(0,1)	+139.1
Operating income (EBIT)	8.6	5.4	+57.6

Figures in parentheses indicate negative values.

Electronic Media

Revenue in the Electronic Media division increased by 38.7 per cent to CHF 38.8 million. The growth in this division is for the most part due to the newly contained capital radio station *Capital FM*, *TeleBärn* and the internet real estate platform *Homegate*. Also contributed to the increase has the positive development of *20minuten.ch* as well as the employment ads internet platforms *alpha.ch* and *jobwinner.ch*. However, *Capital FM*, *Radio 24*, *TeleBärn* and *TeleZüri* were affected by an overall decrease in radio advertising and the shift in TV advertising spending to foreign based advertising windows and thus reported a slight decrease in revenue. Operating expenses in this division are much higher due to first time consideration of Espace Media's electronic media as well as investments made in the Newsnetz of *Berner Zeitung* and *Tages-Anzeiger*. EBITDA decreased by CHF 2.8 million to CHF -1.7 million. Operating income (EBIT) decreased by CHF 3.7 million to CHF -3.1 million CHF. The EBIT margin is new at -7.9 per cent (previous year: 2.1 per cent).

Key Figures

(in CHF million)

	30/06/2008	30/06/2007	Change in %
Operating revenues	38.8	28.0	+38.7
Operating expenses	(40.5)	(26.9)	+50.6
Operating income before depreciation and amortizations (EBITDA)	(1.7)	1.1	-
Depreciation and amortizations	(1.3)	(0.5)	+180.7
Operating income (EBIT)	(3.1)	0.6	-

Figures in parentheses indicate negative values.

Services

Once again, the Services division showed pleasing developments and reported income growth by 51.1 per cent to CHF 169.7 million. This increase is mostly due to first time consideration of the activities from Druckzentrum Espace, Büchler Grafino and the delivery organisation Bevo, which is located in Berne. Contributed to the positive development has once again the Druckzentrum Bubenberg in Zurich, which was able to significantly increase revenue thanks to improvements in utilised capacities and additional contracts. EBITDA in the services division increased by 55.6 per cent to CHF 30.2 million thus contributing 24.2 per cent to group earnings. Its margin rose slightly from 17.3 to 17.8 per cent. Its EBIT also increased as a result of the disproportional low rise in depreciation and amortisation of CHF 13.6 million (previous year CHF 9.3 million) by 63.9 per cent to CHF 16.6 million. Its EBIT margin rose by 0.8 percentage points to 9.8 per cent. Not included in these results are the printing activities of Huber PrintPack AG and Benteli Hallwag Druck AG, which are itemised as discontinued operations.

Key figures

(in CHF million)

	30/06/2008	30/06/2007	Change in %
Operating revenues	169.7	112.3	+51.1
Operating expenses	(139.5)	(92.9)	+50.1
Operating income before depreciation and amortizations (EBITDA)	30.2	19.4	+55.6
Depreciation and amortizations	(13,6)	(9.3)	+46.6
Operating income (EBIT)	16.6.	10.1	+63.9

Figures in parentheses indicate negative values.

Balance Sheet

In the first half of the year 2008, the balance sheet total increased from CHF 1,151.3 million by CHF 49.1 million to CHF 1,200.4 million. Equity decreased by CHF 2.8 million or 0.4 per cent to CHF 739.4 million. The decrease in equity was the result of dividends in the amount of CHF 42.4 million (CHF 4.00 per share) that were paid out, a reduction in the minority interests in equity by CHF 12.8 million and a decrease in treasury shares by CHF 0.5 million that was taken to fulfil the employee profit participation for 2007 that was drawn in shares. Positive results were not just able to offset these reductions that were fairly substantial. The equity ratio decreased slightly and is now at 61.6 per cent (end of 2007 64.5 per cent).

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