

tamedia:

Press release

Merger with Espace Media Groupe results in growth in sales at Tamedia

The Swiss media group Tamedia once again shows an increase in sales in 2008. The growth in sales is in large part a direct result of the merger with Espace Media Groupe that was consolidated for the first time for an entire year. Net income before taxes (EBIT) showed a slight decline, primarily due to the investments made in new media projects. Net income decreased disproportionately after high one-time tax and sales incidents in the previous year.

Zurich, 8 April 2009 - During the financial year 2008, Tamedia once again increased its sales (operating income) significantly by 21 per cent to CHF 897.5 million. The increase by CHF 154.3 million is for the most part a direct result of the merger with Espace Media Groupe that was taken into consideration for the first time for an entire year. Also contributing to overall growth were the commuter papers 20 Minuten, L'essentiel and News, as well as the Online platforms Homegate and Newsnetz. The negative developments in the economy as a whole were reflected in particular in the decrease in advertising sales in the second half of the year.

Operating income before depreciation and amortisation (EBITDA) declined by CHF 6.0 million or 4 per cent to CHF 153.9 million. 20 Minuten and Homegate as well as Espace Media Groupe, considered for the first time for an entire year, had a positive effect on the EBITDA operating income. Investments in the new media projects L'essentiel, the commuter paper News and Newsnetz resulted in a disproportionate increase in operating expenses by 27 percent. A direct consequence was a decrease in the EBITDA margin from 21 to 17 percent.

Operating income (EBIT) declined by 11 per cent or CHF 14.1 million and is being reported as CHF 119.4 million for 2008. All business divisions recorded positive figures at the EBIT category. Depreciation and amortisation, reported at CHF 34.5 million, was CHF 8.1 million higher, 31 percent respectively, than it was in the previous year. This increase can be attributed entirely to Espace Media Groupe and Homegate, while depreciation and amortisation of the previous activities showed a slight decline. The EBIT margin dropped significantly from 18 to 13 percent.

Reported net profit for 2008 is at CHF 105.8 million and thus 30 percent or CHF 44.8 million below the value for the previous year reported at CHF 150.6 million. The share of earnings in associated companies declined in the reporting year by CHF 5.3 million to CHF 0.8 million. As of January 2008, no longer being itemised are not only the portion of earnings allotted to Berner Zeitung AG and Bevo AG, which as a result of the merger with Espace Media Groupe have been fully consolidated since the fourth quarter of 2007, but also the portion of earnings for Homegate.

Merger of Espace Media and Tamedia is making progress

The merger of Espace Media and Tamedia progressed quickly last year. The company was able to analyse and merge each of the service sectors. Espace Media Groupe, which is included in the consolidated statements for the first time during an entire financial year, generated sales of CHF 224.6 million in 2008 and contributed CHF 20.6 million in earnings

in the EBIT category. Espace Media Groupe employees will be able to share in the overall profits for the first time ever in the history of the company in the form of a profit-sharing plan. The profit-sharing programme in place for Tamedia employees will continue unchanged.

The different printing activities of Benteli Hallwag and the Huber groupe as well as the early morning delivery activities of Bevo, Zuvo and Espace Media Groupe, which generated sales of CHF 67.8 million (previous year: CHF 92.2 million) are itemised as discontinued operations. The discontinued operations show a loss of CHF -4.5 million in the EBITDA category (previous year: CHF -11.8 million), primarily resulting from social plan expenses.

Regional newspapers showing continued market share loss

The Newspaper division increased its sales (operating income) as compared to third parties by 11 per cent to CHF 608.7 million. This increase is a direct result of the merger with Espace Media Groupe and the results of the commuter paper 20 Minuten. Operating income before depreciation and amortisation (EBITDA) declined by 26 per cent to CHF 74.4 million primarily as a result of the investments made in 20 minutes, L'essentiel and News. The EBITDA margin is at 11.6 percentage points significantly lower than its level in the previous year (18.2 per cent). The regional dailies continued to lose ground in the readership and advertising markets, thus resulting in a loss of market share. For this reason, various different projects are underway at this time to advance the development of the regional dailies in Berne and Zurich.

The Newspaper division showed an increase in sales by 12 per cent as compared to third parties to CHF 103.7 million. This increase is the result of including Fachmedien Agrar and Fachmedien Mobil of Espace Media Groupe in the annual figures for the first time during an entire financial year. The EBITDA in the magazines division declined by 18 per cent to CHF 12.7 million. The EBITDA margin is at 12.2 percentage points significantly lower than the reported figure in the previous year (16.6 per cent). The margin decrease can be attributed especially to the below-average profitability of Fachmedien Agrar and Fachmedien Mobil.

Electronic Media and Services showing strong growth

The Electronic Media division increased its sales as compared to third parties by 43 per cent to CHF 84.0 million. The growth in sales can especially be attributed to the larger investment in Homegate, the Online news platforms 20 Minuten Online and Newsnetz as well as the electronic media of Espace Media considered for the first time for a period of twelve months. The operating income before depreciation and amortisation (EBITDA) rose by 50 per cent to CHF 4.5 million. At 5.2 per cent, the EBITDA margin remains stable as compared to the previous year (4.8 per cent). The share of the Electronic Media division in the entity's overall income and net income is expected to increase over the upcoming years.

The Services division increased its sales to third parties significantly in the year under review by 131 per cent to CHF 101.3 million. The jump in sales is primarily due to newspaper printing operations of Bücher Grafino AG considered for the first-time for an entire year. The operating income before depreciation and amortisation (EBITDA) rose by 52 per cent to CHF 62.2 million. The EBITDA margin increased from 19.9 per cent in the previous year to 21.4 per cent in the year under review.

Significant events since balance sheet date: Merger with Edipresse Switzerland

On 4 March 2009, Edipresse and Tamedia made public their plans to merge their Swiss business activities. In a three-step process, Tamedia will take over Presse Publications SR S.A. (PPSR), which encompasses the most significant Swiss media activities by Edipresse, to be completed by early 2013. The purchase price for the first two investment steps that will involve the takeover of 50.1 per cent, range at CHF 226 million. The price for the third investment step for the remaining 49.9 per cent will depend on the business development

of Edipresse Switzerland. Plans for the third step involve an investment on the part of Groupe Edipresse in a Tamedia share package.

The two partners will jointly develop new products for their advertising customers and will especially concentrate on offering national solutions. Furthermore, the merger will result in substantial improvements in managing the costs of central service sectors as well as the development of new media products. In view of the potential of the advertising market Romandie, the two partners plan to merge the activities of the two commuter papers 20 minutes and Le Matin bleu as quickly as possible.

The transaction will be subject to applicable regulations pertaining to competition law and will not take effect until the Swiss Federal Competition Committee has given its approval.

Consolidated income statement	2007	2008	Change
	In million CHF	In million CHF	in %
Tamedia Group			
Sales (operating revenues)*	743.2	897.5	+ 20.8
Operating income			
Before depreciation and amortisation (EBITDA)	159.8	153.9	- 3.7
EBITDA margin (in %)	21.5	17.1	- 20.3
Operating income (EBIT)	133.5	119.4	- 10.6
EBITDA margin (in %)	18.0	13.3	- 25.9
Net income	150.6	105.8	- 29.8
Net income per share (in CHF)	14.79	10.27	- 30.6
Dividends per share (in CHF)**	4.00	3.00	- 25.0
Cash flow from operations	159.9	135.7	- 24.2
Balance sheet total	1 219.0	1 099.0	- 9.9
Equity ratio (in %)	65.9	68.0	+ 3.3
Newspapers			
Sales (operating revenues)***	547.7	608.7	+ 11.1
EBITDA	100.3	74.4	- 25.8
EBITDA margin (in %)	18.2	11.6	-
Magazines			
Sales (operating revenues)***	92.9	103.7	+ 11.6
EBITDA	15.6	12.7	- 18.5
EBITDA margin (in %)	16.6	12.2	-
Electronic Media			
Sales (operating revenues)***	58.6	84.0	+ 43.1
EBITDA	3.0	4.5	+ 49.7
EBITDA margin (in %)	4.8	5.2	-
Services			
Sales (operating revenues)***	43.9	101.3	+ 130.7
EBITDA	40.8	62.2	+ 52.3
EBITDA margin (in %)	19.9	21.4	-
Workforce as of 31 December****	2 442	2 513	+ 2.9

* Operating revenues toward third parties

** Recommendation of the Board of Directors

*** Operating revenues including intersegment

**** Number of full-time positions in continued operations not including contract workers

Outlook: Decrease in advertising investments expected

Tamedia does not expect any economic recovery in 2009. The increasing unemployment number and the decrease in economic growth are expected to lead to a decline in advertising investments. Tamedia expects that this development will spur structural changes in the media sector and also have a negative effect on customers, who will increasingly be sensitive to advertising costs. At the end of last year, Tamedia had already taken measures to reduce costs and will continue to monitor, as it has in the past, those media activities that are not reaching their goals.

Press conference and analysts' information

A press conference will be held today at 10.30 a.m. at the Tamedia headquarters at Werdstrasse 21 in Zurich. An analyst conference is also scheduled for analysts and investors at 1.30 p.m., and there will also be a conference call at 5.30 p.m.

Additional information:

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For further information on Tamedia, visit: www.tamedia.ch with newsletter service

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