Tamedia
Half-Year Report 2017

Zurich, 29 August 2017

Dear Shareholders
Dear Staff Members
Dear Friends and Partners of Tamedia

In a print advertising market that has remained in sharp decline, we have succeeded in closing the first half of 2017 with a good result that is on a par with the previous year in normalised terms. Whilst the decline in advertising affecting paid media took a toll on net income, free media were on a par with the previous year's result. This was due to a strong result for media network 20 Minuten and the transfer of Danish free newspaper Metroxpress to a joint publishing company formed with tabloid newspaper BT.

The Marketplaces and Ventures business division (formerly the Digital division) turned in another strong performance, with a significant increase in net income. Tamedia thus consolidated its position as Switzerland's leading digital media group. The ongoing development of the JobCloud and homegate.ch platforms was reflected in rising revenues and net income. Market place ricardo.ch held on to its Number 1 position with a slight drop in net income, which is attributable in to the upgrading of the platform. General classifieds platform tutti.ch continued to expand its leading position and is steadily approaching break-even. On the ticketing market, in the wake of the competition authorities' refusal to allow the merger of Starticket with a competitor, Tamedia will continue to develop using its own resources.

All Tamedia's 13 regional newspapers will work more closely together from the start of 2018. The independent editorial teams will continue to be managed by their own editors-in-chief. However, national reporting will be combined in a single, overarching editorial team which, thanks to centres of expertise, will enable the expansion of dossier knowledge and investments in new skills and products. As previously announced, 20 minutes in French-speaking Switzerland and Le Matin will in future be produced by a joint editorial team.

In the first few months of its existence, the new, central advertising market unit "Tamedia Advertising" has already overseen successful cross-media, cross-platform campaigns and, thanks to coverage of 80 per cent of the Swiss population, has won new customers. Based on the positive experience with Tamedia Advertising and in order to offer customers even more comprehensive advertising solutions, Tamedia is planning a partnership with out-of-home advertising company Neo Advertising from the end of the year. With the planned acquisition of a 51 per cent majority stake in Neo Advertising, Tamedia is entering the growing out-of-home advertising market.

In the first half of 2017, our media group's revenues decreased by 5.7 per cent because of falling print advertising revenue, to CHF 475.1 million (previous year: CHF 503.6 million). Net income before interest, taxes and depreciation and amortisation (EBITDA) rose, due to lower pension costs pursuant to IAS 19, by 27.7 per cent to CHF 127.3 million (previous year CHF 99.7 million). Net income before interest and taxes (EBIT) grew by 55.3 per cent to CHF 95.2 million (previous year CHF 61.3 million); this increase is due in part to lower depreciation and amortisation as a result of the extended useful life of Tamedia's three printing centres. Disregarding the non-recurring effects of pension costs pursuant to IAS 19, normalised net income after interest and taxes, is almost on a par with the previous year at CHF 54.5 million (CHF 55.9 million).

In total, the Marketplaces and Ventures offers and Tamedia's digital publishing media contributed CHF 174.8 million (previous year: CHF 155.4 million) or 37.1 per cent to total revenues (pro forma). The share of all digital offers in EBITDA reached CHF 63.3 million (previous year: CHF 49.7 million) or 49.7 per cent and the share in EBIT CHF 46.8 million (previous year: CHF 32.2 million) or 49.2 per cent. If pension costs pursuant to IAS 19 were to be disregarded, digital offers would have continued to make up over 50 per cent of EBITDA.

Operational reporting by Tamedia on the first half of 2017

The figures shown are rounded in every table. As the calculations are made with a higher level of numerical accuracy, it is possible that small rounding differences may occur.

Segment reporting has been adjusted to reflect the new corporate structure. The adjusted presentation follows the internal reporting guidelines. The business divisions Publishing Regional and National are now divided into the business divisions “Paid Media” and “Free Media”. Both business divisions encompass both print and digital revenues. The Digital business division remains unchanged, but has been renamed “Marketplaces and Ventures”. The figures for the equivalent period in the previous year have been retroactively adjusted.

Key figures

in CHF mn		30.06.2017	30.06.2016	Change in %
Revenues		475.1	503.6	(5.7)
Operating income before depreciation and amortisation (EBITDA)		127.3	99.7	27.7
Margin	in %	26.8	19.8	35.4
Operating income (EBIT)		95.2	61.3	55.3
Margin	in %	20.0	12.2	64.7
Net income		76.6	55.8	37.1
Margin	in %	16.1	11.1	45.3
Net income per share (undiluted)	in CHF	6.19	4.42	39.9
Cash flow from/(used in) operating activities		106.9	93.9	13.8
Total assets as of 30 June / 31 December		2 394.3	2 421.1	(1.1)
Equity ratio as of 30 June / 31 December	in %	75.8	72.5	4.5

Segment information

in CHF mn	30.06.2017	30.06.2016
Paid Media	296.2	319.9
Free Media	71.8	79.4
Marketplaces and Ventures	117.2	117.0
Eliminations and reconciliation IAS 19	(10.2)	(12.7)
Revenues	**475.1**	**503.6**
Paid Media	259.1	273.0
Free Media	52.9	60.5
Marketplaces and Ventures	69.7	72.1
Eliminations and reconciliation IAS 19	(33.9)	(1.7)
Operating expenses and share of net income/(loss) of associated companies/joint ventures	**347.7**	**403.9**
Paid Media	37.1	46.9
Free Media	18.9	18.9
Marketplaces and Ventures	47.6	44.9
Eliminations and reconciliation IAS 19	23.7	(11.0)
Operating income before depreciation and amortisation (EBITDA)	**127.3**	**99.7**
Paid Media	12.5%	14.7%
Free Media	26.4%	23.8%
Marketplaces and Ventures	40.6%	38.4%
EBITDA margin	**26.8%**	**19.8%**

Paid Media

The operating revenues of the Paid Media business division, which encompasses all paid daily and weekly newspapers as well as magazines, fell by 7.4 per cent to CHF 296.2 million. The decline is mainly due to falling print advertising revenue, which shrank by 12 per cent. Digital subscription revenues, in contrast, performed much better than expected. Operating income before depreciation and amortisation (EBITDA) of the Paid Media business division fell from CHF 46.9 million to CHF 37.1 million. This equates to an EBITDA margin of 12.5 per cent (previous year: 14.7 per cent). EBIT was CHF 22.9 million (previous year: CHF 27.3 million). At 7.7 per cent, the EBIT margin is 0.8 per cent lower than the previous year.

Free Media

The Free Media business division, which combines media network 20 Minuten and the investments in L'essentiel, Heute and heute.at as well as Metroxpress and BT has reported revenues of CHF 71.8 million, which are 9.6 per cent lower. Again, the decline is due to falling print advertising revenues. As a result of the transfer of Danish title Metroxpress to a joint publishing company with Berlingske Media, it was possible to largely eliminate the losses suffered by the free newspaper. Once the restructuring is complete this year, the publishing company will probably return to profit as early as 2018. Operating income before depreciation and amortisation (EBITDA) of the Free Media business division has attained the previous year's figure of CHF 18.9 million. The EBITDA margin was 26.4 per cent (previous year: 23.8 per cent). Operating income (EBIT) also remained unchanged at the previous year's figure of CHF 17.5 million. The EBIT margin has now reached 24.3 per cent, above the previous year's level of 22.0 per cent.

Marketplaces and Ventures

The Marketplaces and Ventures business division, which corresponds to the former Digital business division and encompasses all non-publishing products, has recorded revenues of CHF 117.2 million. JobCloud AG and property portal homegate.ch performed particularly well, significantly increasing their net income. The Marketplaces and Ventures business division’s operating income before depreciation and amortisation (EBITDA) increased as a result to CHF 47.6 million (previous year: CHF 44.9 million). The EBITDA margin reached a pleasing 40.6 per cent (previous year: 38.4 per cent). Operating income (EBIT) improved from CHF 27.4 million in the previous year to CHF 31.1 million. The EBITDA margin reached 26.5 per cent (prior year: 23.4 per cent).

Equity rose by CHF 58.6 million to CHF 1,814.7 million. The rise is due in part to actuarial changes pursuant to IAS 19 (Valuation of employee benefits) of CHF 57.9 million. The self-financing ratio is a solid 75.8 per cent compared with 72.5 per cent at the end of 2016.

We shall provide you with more information on the company’s most important projects and the performance of our media group when the net income for 2017 is published on 13 March 2018.

Yours sincerely,

Dr Pietro Supino
Publisher and Chairman of the Board of Directors

Christoph Tonini
Chief Executive Officer

Financial reporting by Tamedia on the first half of 2017

Consolidated income statement

in CHF mn	30.06.2017	30.06.2016
Media revenue	429.7	447.3
Print revenue	38.0	38.8
Other operating revenue	7.0	17.5
Other income	0.3	0.1
Revenues	**475.1**	**503.6**
Costs of material and services	(60.3)	(65.5)
Personnel expenses	(181.2)	(221.9)
Other operating expenses	(112.7)	(123.3)
Operating expenses	**(354.2)**	**(410.8)**
Share of net income/(loss) of associated companies/joint ventures	6.5	6.8
Operating income before depreciation and amortisation (EBITDA)	**127.3**	**99.7**
Depreciation and amortisation	(14.5)	(20.6)
Amortisation resulting from business combinations	(17.7)	(17.9)
Operating income (EBIT)	**95.2**	**61.3**
Financial income	0.8	2.6
Financial expense	(1.4)	(2.7)
Income before taxes	**94.6**	**61.2**
Income taxes	(18.0)	(5.4)
Net income	**76.6**	**55.8**
of which		
attributable to Tamedia shareholders	65.5	46.9
attributable to non-controlling interests	11.0	9.0

Earnings per share

in CHF	30.06.2017	30.06.2016
Net income per share (undiluted)	6.19	4.42
Net income per share (diluted)	6.17	4.41

Consolidated statement of total comprehensive income

in CHF mn	30.06.2017	30.06.2016
Net income	**76.6**	**55.8**
Value fluctuation of hedges	(0.2)	(0.3)
Currency translation differences	1.2	0.4
Income tax effects	(0.1)	0.1
Other comprehensive income/(loss) – to be reclassified via the income statement in future periods	**0.8**	**0.1**
Actuarial gains/(losses) IAS 19	57.9	(62.4)
Share of net income/(loss) recognised directly in the equity of associated companies/joint ventures	0.3	(3.3)
Income tax effects	(12.2)	13.1
Other comprehensive income/(loss) – not to be reclassified via the income statement in future periods	**46.0**	**(52.6)**
Other comprehensive income/(loss)	**46.8**	**(52.5)**
Total comprehensive income	**123.4**	**3.3**
of which		
Attributable to Tamedia shareholders	112.0	(5.3)
Attributable to non-controlling interests	11.4	8.6

Consolidated balance sheet

in CHF mn	30.06.2017	31.12.2016
Cash and cash equivalents	74.4	55.9
Current financial assets	0.2	1.4
Trade accounts receivable	134.3	159.6
Current financial receivables	1.1	7.6
Current tax receivables	11.1	9.2
Other current receivables	13.3	13.3
Accrued income and prepaid expenses	20.4	14.7
Inventories	4.7	4.0
Current assets before assets held for sale	**259.4**	**265.7**
Assets held for sale	–	43.2
Current assets	**259.4**	**308.9**
Property, plant and equipment	277.7	283.7
Investments in associated companies/joint ventures	281.5	290.6
Employee benefit plan assets	38.1	–
Other non-current financial assets	14.6	13.1
Deferred tax assets	3.9	3.9
Intangible assets	1 519.1	1 520.9
Non-current assets	**2 135.0**	**2 112.2**
Total assets	**2 394.3**	**2 421.1**
Current financial liabilities	1.1	31.4
Trade accounts payable	19.0	25.4
Current taxes liabilites	20.9	19.2
Other current liabilities	28.8	30.8
Deferred revenues and accrued liabilities	264.8	261.7
Current provisions	1.6	3.7
Current liabilities before liabilities associated with assets held for sale	**336.3**	**372.3**
Liabilities associated with assets held for sale	–	18.0
Current liabilities	**336.3**	**390.3**
Non-current financial liabilities	59.1	62.9
Employee benefit obligations	23.2	64.4
Deferred tax liabilities	150.3	136.5
Non-current provisions	10.7	10.9
Non-current liabilities	**243.3**	**274.7**
Total liabilities	**579.6**	**665.0**
Share capital	106.0	106.0
Treasury shares	(0.9)	(1.3)
Reserves	1 488.0	1 420.6
Equity, attributable to Tamedia shareholders	**1 593.0**	**1 525.3**
Equity, attributable to non-controlling interests	221.7	230.8
Equity	**1 814.7**	**1 756.1**
Total liabilities and shareholders' equity	**2 394.3**	**2 421.1**

Consolidated statement of cash flows

in CHF mn	30.06.2017	30.06.2016
Direct method		
Receipts from products and services sold	473.5	504.3
Personnel expense	(206.4)	(211.4)
Expenditures for material and services received	(167.6)	(205.6)
Dividends from associated companies/joint ventures	24.9	19.1
Cash flow from/(used in) operating activities before financial result and taxes	**124.4**	**106.5**
Interest paid	(0.3)	(1.0)
Interest received	0.2	0.1
Other financial result	0.7	(1.1)
Income taxes paid	(18.1)	(10.5)
Cash flow from/(used in) operating activities before interest and tax	**106.9**	**93.9**
Investment in property, plant and equipment	(2.3)	(2.4)
Sale of property, plant and equipment	0.0	0.8
Investments in consolidated companies	–	(32.6)
Sale of consolidated companies	–	5.5
Investments in interests in associated companies/joint ventures	(0.1)	–
Investment in other financial assets	(1.4)	(1.4)
Sale of other financial assets	7.5	–
Investments in intangible assets	(1.7)	(1.1)
Cash flow from/(used in) investing activities	**2.0**	**(31.2)**
Cash flow after investing activities	**109.0**	**62.7**
Dividends paid to Tamedia shareholders	(47.7)	(47.7)
Dividends paid to non-controlling interests	(20.5)	(16.8)
Proceeds of current financial liabilities	0.1	–
Repayment of current financial liabilities	(30.0)	(0.1)
Repayment of non-current financial liabilities	(0.3)	(42.6)
(Purchase)/sale of treasury shares	(0.6)	(0.3)
Acquisition of non-controlling interests	(2.4)	–
Sale of non-controlling interests	3.5	(0.2)
Cash flow from/(used in) financing activities	**(97.9)**	**(107.7)**
Impact of currency translation	**0.1**	**(0.0)**
Change in cash and cash equivalents	**11.1**	**(45.0)**
Cash and cash equivalents as of 1 January	55.9	98.6
Cash and cash equivalents from assets held for sale as of 1 January	7.3	–
Cash and cash equivalents as of 30 June	74.4	53.6
Cash and cash equivalents from assets held for sale as of 30 June	–	–
Change in cash and cash equivalents	**11.1**	**(45.0)**

Statement of changes in equity

in CHF mn	Share capital	Treasury shares	Currency translation differences	Reserves	**Equity, attributable to Tamedia shareholders**	Minority interests in equity	**Equity**
As of 31 December 2015	**106.0**	**(0.6)**	**(6.5)**	**1 326.8**	**1 425.8**	**235.8**	**1 661.5**
Net income/(loss)	–	–	–	46.9	**46.9**	9.0	**55.8**
Share of net income/(loss) recognised directly in the equity of associated companies/joint ventures	–	–	–	(3.3)	**(3.3)**	–	**(3.3)**
Value fluctuation of hedges	–	–	–	(0.3)	**(0.3)**	–	**(0.3)**
Actuarial gains/(losses) IAS 19	–	–	–	(62.0)	**(62.0)**	(0.5)	**(62.4)**
Currency translation differences	–	–	0.4	–	**0.4**	–	**0.4**
Income tax effects	–	–	(0.1)	13.1	**13.0**	0.1	**13.1**
Total comprehensive income	**–**	**–**	**0.3**	**(5.6)**	**(5.3)**	**8.6**	**3.3**
Dividends paid	–	–	–	(47.7)	**(47.7)**	(16.8)	**(64.5)**
Acquisition of non-controlling interests	–	–	–	(7.2)	**(7.2)**	6.8	**(0.4)**
Sale of minority interests	–	–	–	–	**–**	2.3	**2.3**
Contractual obligations to purchase non-controlling interests	–	–	–	(4.3)	**(4.3)**	–	**(4.3)**
Share-based payments	–	–	–	(0.4)	**(0.4)**	–	**(0.4)**
(Purchase)/sale of treasury shares	–	0.2	–	–	**0.2**	–	**0.2**
As of 30 June 2016	**106.0**	**(0.3)**	**(6.2)**	**1 261.7**	**1 361.2**	**236.8**	**1 598.0**
As of 31 December 2016	**106.0**	**(1.3)**	**(7.0)**	**1 427.6**	**1 525.3**	**230.8**	**1 756.1**
Net income/(loss)	–	–	–	65.5	**65.5**	11.0	**76.6**
Share of net income/(loss) recognised directly in the equity of associated companies/joint ventures	–	–	–	0.3	**0.3**	–	**0.3**
Value fluctuation of hedges	–	–	–	(0.2)	**(0.2)**	–	**(0.2)**
Actuarial gains/(losses) IAS 19	–	–	–	57.5	**57.5**	0.3	**57.9**
Currency translation differences	–	–	1.1	–	**1.1**	0.1	**1.2**
Income tax effects	–	–	(0.2)	(12.0)	**(12.2)**	(0.1)	**(12.3)**
Total comprehensive income	**–**	**–**	**0.9**	**111.1**	**112.0**	**11.4**	**123.4**
Dividends paid	–	–	–	(47.7)	**(47.7)**	(20.5)	**(68.2)**
Acquisition of non-controlling interests	–	–	–	(1.7)	**(1.7)**	(0.6)	**(2.4)**
Sale of minority interests	–	–	–	2.1	**2.1**	0.7	**2.7**
Contractual obligations to purchase non-controlling interests	–	–	–	3.4	**3.4**	–	**3.4**
Share-based payments	–	–	–	(0.6)	**(0.6)**	–	**(0.6)**
(Purchase)/sale of treasury shares	–	0.3	–	–	**0.3**	–	**0.3**
As of 30 June 2017	**106.0**	**(0.9)**	**(6.0)**	**1 494.0**	**1 593.0**	**221.7**	**1 814.7**

General

The unaudited interim consolidated financial statements as of 30 June 2017 were prepared in accordance with the International Accounting Standard (IAS) 34, “Interim Financial Reporting”. The same accounting policies were applied as in the 2016 Annual Report and the adjustments, which have been introduced since 1 January 2017, listed in the Accounting section were also taken into consideration. The interim consolidated statements were approved by the Board of Directors of Tamedia AG on 22 August 2017.

The accounting requires assessments and assumptions from the executive management and Board of Directors, which influence the reported assets and liabilities as well as contingent liabilities but also expenses and income during the reporting period. These estimates and assumptions take account of past experience as well as changes in the economic situation and are mentioned where relevant. As they are subject to risks and uncertainties, the actual results may differ from these estimates.

Accounting

Tamedia has adopted the following new and revised standards and interpretations. Their first-time application did not lead to any significant changes in the consolidation and measurement principles, in the assets or income situation or in the disclosures in the consolidated financial statements.

- IAS 7 “Disclosure Initiative” (amendments to IAS 7 Statement of Cash Flows) – 2017
- IAS 12 “Recognition of Deferred Tax Assets for Unrealised Losses” (amendments to IAS 12 Income Taxes) – 2017

The new and revised standards and interpretations that are to be applied to the consolidated financial statements for the first time in 2018 or later are not being applied earlier than required. IFRS 9 “Financial Instruments” replaces the reporting requirements for financial instruments of IAS 39 “Financial Instruments: Recognition and Measurement” and is only mandatory for financial years beginning on or after 1 January 2018. The new standard IFRS 15 “Revenue from contracts with customers” must be applied for the first time to financial years beginning on or after 1 January 2018 and the new standard IFRS 16 “Leases” must be applied for the first time to financial years beginning on or after 1 January 2019. The impact and changes resulting from the implementation of IFRS 9, IFRS 15 and IFRS 16 are assessed as minor. A conclusive and detailed estimate is in progress. Application of the other standards and interpretations to be applied from 2018 onwards is not expected to result in any significant changes to the consolidation and measurement principles or to the financial position and financial performance.

Restatement

Segment reporting has been adjusted to reflect the new corporate structure. The adjusted presentation follows the internal reporting. The business divisions Publishing Regional and National are now divided into the business divisions “Paid Media” and “Free Media”. Both business divisions encompass both print and digital revenues. The Digital business division remains unchanged, but has been renamed “Marketplaces and Ventures”.

The figures for the prior period were adjusted as a consequence of the restatement. The restatement only affects segment reporting, which is shown in the “Segment information” section in tabular form. The restatement has no effect on the other components of interim reporting.

in CHF mn	Paid Media	Free Media	Marketplaces and Ventures	Eliminations and reconciliation IAS 19	**Total**
30.6.2016 – after Restatement					
Revenue third parties	307.8	79.3	116.5	–	**503.6**
Revenue intersegment	12.1	0.1	0.5	(12.7)	**–**
Revenues	**319.9**	**79.4**	**117.0**	**(12.7)**	503.6
Operating expenses	(274.1)	(60.7)	(77.6)	1.7	**(410.8)**
Share of net income/(loss) of associated companies/joint ventures	1.0	0.3	5.5	–	**6.8**
Operating income before depreciation and amortisation (EBITDA)	**46.9**	**18.9**	**44.9**	**(11.0)**	99.7
Margin [1]	14.7%	23.8%	38.4%	–	19.8%
Depreciation and amortisation	(15.3)	(0.1)	(5.2)	–	**(20.6)**
Amortisation resulting from business combinations [2]	(4.3)	(1.3)	(12.3)	–	**(17.9)**
Operating income (EBIT)	**27.3**	**17.5**	**27.4**	**(11.0)**	61.3
Margin [1]	8.5%	22.0%	23.4%	–	12.2%
Average number of employees [3]	2 311	370	606	–	**3 286**

in CHF mn	Publishing Regional	Publishing National	Digital	Eliminations and reconciliation IAS 19	**Total**
30.6.2016 – before Restatement					
Revenue third parties	210.6	176.6	116.5	–	**503.6**
Revenue intersegment	22.9	0.1	0.5	(23.5)	**–**
Revenues	**233.5**	**176.7**	**117.0**	**(23.5)**	503.6
Operating expenses	(200.9)	(144.8)	(77.6)	12.5	**(410.8)**
Share of net income/(loss) of associated companies/joint ventures	0.3	0.9	5.5	–	**6.8**
Operating income before depreciation and amortisation (EBITDA)	**32.9**	**32.9**	**44.9**	**(11.0)**	99.7
Margin [1]	14.1%	18.6%	38.4%	–	19.8%
Depreciation and amortisation	(15.3)	(0.1)	(5.2)	–	**(20.6)**
Amortisation resulting from business combinations [2]	(2.7)	(2.9)	(12.3)	–	**(17.9)**
Operating income (EBIT)	**14.9**	**29.9**	**27.4**	**(11.0)**	61.3
Margin [1]	6.4%	16.9%	23.4%	–	12.2%
Average number of employees [3]	1 923	758	606	–	**3 286**

1 The margin relates to revenues.
2 The amortisation from business combinations comprises amortisation from customer bases and publishing rights acquired and capitalised as part of a business combinations.
3 The average headcount does not include employees in associated companies/joint ventures.

Segmentation

in CHF mn	Paid Media	Free Media	Marketplaces and Ventures	Eliminations and reconciliation IAS 19	**Total**
As of 30 June 2017					
Revenue third parties	287.2	70.8	117.1	–	**475.1**
Revenue intersegment	9.1	1.0	0.1	(10.2)	**–**
Revenues	**296.2**	**71.8**	**117.2**	**(10.2)**	475.1
Operating expenses	(260.5)	(52.7)	(74.8)	33.9	**(354.2)**
Share of net income/(loss) of associated companies/joint ventures	1.5	(0.2)	5.2	–	**6.5**
Operating income before depreciation and amortisation (EBITDA)	**37.1**	**18.9**	**47.6**	**23.7**	**127.3**
Margin [2]	12.5%	26.4%	40.6%	**–**	26.8%
Depreciation and amortisation	(9.9)	(0.5)	(4.1)	–	**(14.5)**
Amortisation from business combinations [3]	(4.3)	(1.0)	(12.4)	–	**(17.7)**
Operating income (EBIT)	**22.9**	**17.5**	**31.1**	**23.7**	95.2
Margin [2]	7.7%	24.3%	26.5%	**–**	20.0%
Average number of employees [4]	2 400	297	612	–	**3 308**

in CHF mn	Paid Media	Free Media	Marketplaces and Ventures	Eliminations and reconciliation IAS 19	**Total**
As of 30 June 2016 [1]					
Revenue third parties	307.8	79.3	116.5	–	**503.6**
Revenue intersegment	12.1	0.1	0.5	(12.7)	**–**
Revenues	**319.9**	**79.4**	**117.0**	**(12.7)**	503.6
Operating expenses	(274.1)	(60.7)	(77.6)	1.7	**(410.8)**
Share of net income/(loss) of associated companies/joint ventures	1.0	0.3	5.5	–	**6.8**
Operating income before depreciation and amortisation (EBITDA)	**46.9**	**18.9**	**44.9**	**(11.0)**	**99.7**
Margin [2]	14.7%	23.8%	38.4%	**–**	19.8%
Depreciation and amortisation	(15.3)	(0.1)	(5.2)	–	**(20.6)**
Amortisation from business combinations [3]	(4.3)	(1.3)	(12.3)	–	**(17.9)**
Operating income (EBIT)	**27.3**	**17.5**	**27.4**	**(11.0)**	61.3
Margin [2]	8.5%	22.0%	23.4%	**–**	12.2%
Average number of employees [4]	2 311	370	606	–	**3 286**

1 The figures of the prior period have been adjusted due to a restatement. Further details can be found in the section on the restatement.
2 The margin relates to revenues.
3 The amortisation from business combinations comprises amortisation from customer bases and publishing rights acquired and capitalised as part of a business combinations.
4 The average headcount does not include employees in associated companies/joint ventures.

Further information on the individual segments can be found in the operational reporting.

Changes to the group of consolidated companies

There were the following changes to the group of consolidated companies in the first half of 2017.

Metroxpress

The two Danish daily newspapers BT and Metroxpress formed a partnership as of the start of 2017 and have jointly founded the new publishing company BTMX P/S. As the previous publisher of BT, Berlingske Media holds 70 per cent of the company and, as the publisher of Metroxpress, Tamedia holds 30 per cent. Together, BT and Metroxpress have the biggest readership for print and the second biggest audience for digital news sites in Denmark.

As a result of placing the activity of Metroxpress in the joint company, assets of CHF 13.4 million and liabilities of CHF 3.2 million were transferred (Free Media segment). The market value of the activity of Metroxpress is CHF 9.4 million. The difference between the market value and transferred equity of CHF –0.8 million was recognised in other operating expenses in the first half of 2017.

The shares in BTMX P/S were recognised at CHF 9.4 million. This equates to the market value of the activity of Metroxpress cited in the preceding paragraph. The value of the shares will be updated in accordance with the equity method.

Additional changes to the group of consolidated companies

There are no additional changes to the group of consolidated companies to be taken into consideration.

Income statement

Information on the business segments' revenues, EBITDA and EBIT as well as on selected media can be found in the segment information in the operational reporting.

Personnel expenses declined by CHF 40.7 million from the previous year to CHF 181.2 million. Of that fall, CHF 3.7 million is attributable to changes to the group of consolidated companies and CHF 34.8 million to one-off effects in connection with the application of IAS 19 "Employee Benefits", due chiefly to plan amendments (lowering of the technical interest rate and the conversion rate).

The share of net income in associates and joint ventures fell by CHF 0.3 million from the previous year, to CHF 6.5 million. The share of net income in the 25.5 per cent investments Ultimate Media B&M GmbH and AHVV Verlags GmbH was taken into consideration from 1 September 2016 and the share of net income in BTMX P/S from 1 January 2017. In contrast, the shares of net income in Moneypark AG and La Broye Hebdo SA were no longer recognised, due to the sale of shares in 2016.

Depreciation and amortisation decreased by CHF 6.2 million from the previous year, to CHF 32.2 million. The decline is due to the extension of the depreciation period for printing machines at the three printing centres and to the loss of depreciation and amortisation on platforms operated by Ricardo, the use of which was only planned for a limited period following the acquisition.

In the first half of 2017, other financial income totalled CHF –0.6 million, a decrease of CHF -0.5 million year-on-year. The change to the measurement of Tamedia's obligation to buy non-controlling interests resulted in a loss of CHF –0.1 million in the first half of 2017, whilst in the first half of 2016 a gain of CHF 1.4 million was recognised in this connection. Net interest rose by CHF 0.8 million to CHF –0.1 million year-on-year, as a result of the lower financial liabilities. At CHF –0.3 million, exchange rate effects were virtually neutral in the first half of the year (previous year CHF 0.1 million) whilst financial expenses in accordance with IAS 19 were CHF –0.1 million (prior year CHF –0.4 million).

As in the same period of the previous year there were no discontinued operations as of 30 June 2017.

The effective tax rate rose sharply from 8.7 per cent in the first half of 2016 to 19.1 per cent in the first half of 2017. The main reason for the rise were the reimbursements and changes to tax deferrals in respect of current income taxes recognised in the first half of 2016, which were smaller in 2017. These are offset by the influence of unrecognised deferred tax assets relating to loss carryforwards, which have not been realised due to the income situation of the companies concerned. The effects of participations exemptions and other non-taxable income and the tax effects on investments cancel each other out.

Balance sheet

In the first half of 2017, total assets decreased by CHF 26.8 million from CHF 2,421.1 million to CHF 2,394.3 million. Equity increased by CHF 58.6 million to CHF 1,814.7 million. The equity ratio now stands at 75.8 per cent. The actuarial changes required in accordance with IAS 19 resulted in a positive amount of CHF 57.9 million (before deferred taxes), which was recorded directly in equity in the statement of total comprehensive income, while a reduction of CHF 62.4 million had to be taken into consideration in the first half of the prior year. CHF 47.7 million (CHF 4.50 per share) was distributed to the Tamedia AG shareholders as a dividend. In the course of the first six months of 2017, treasury shares worth CHF 0.9 million were also used for equity components due from the executive management's profit sharing. The minority interests in equity fell by CHF 9.1 million to CHF 221.7 million.

The current assets before assets held for sale decreased by CHF 6.3 million to CHF 259.4 million. The increase of CHF 18.4 million in cash and cash equivalents, to CHF 74.4 million, and the decrease in trade accounts receivable of CHF 25.3 million to CHF 134.3 million are due to seasonal factors.

Non-current assets grew by CHF 22.7 million to CHF 2,135.0 million. In the first half of 2017, investments in property, plant and equipment and intangible assets totalled CHF 4.0 million, of which roughly half are attributable to the capitalisation of IT equipment and software projects and a further CHF 0.7 million to capitalisation of assets under construction. The property, plant and equipment and intangible assets of Starticket totalling CHF 20.0 million, which were reported at 31 December 2016 as assets held for sale, were disclosed in the first half year as assets and liabilities from continued operations (for more, see the section below on assets held for sale). The investments were offset by depreciation and amortisation of CHF 32.2 million. Changes to property, plant and equipment and intangible assets due to changes in the group of consolidated companies and due to disposals and material currency effects were not recognised in the first half of 2017. Among the financial assets, shares in investments in associates and joint ventures decreased by CHF 9.1 million net to CHF 281.5 million. The change comprises the addition of associated investment BTMX P/S, the positive share of net income in associates and joint ventures and the reduction due to the dividends paid by those investments. At 30 June 2017 there are employee benefit assets totalling CHF 38.1 million held by various benefit plans, whereas at the end of 2016 employee benefit liabilities were reported for all benefit plans. The positive trend is due chiefly to the performance of the employee benefit assets. Non-current financial assets increased by CHF 1.5 million because of the granting of loans to third parties and associates. Deferred tax assets are unchanged at CHF 3.9 million.

At the end of the first half of 2017, there are no longer any assets held for sale. After the competition commission refused to allow the creation of a joint Swiss ticketing group involving partners Ticketcorner AG and Starticket AG, Tamedia will continue to grow Starticket AG using its own resources. The assets of CHF 29.8 million that were held for sale as at 31 December 2016 (which included cash and cash equivalents of CHF 7.3 million) and liabilities of CHF 14.8 million of Starticket AG will therefore again be recognised in the balance sheet as assets and liabilities from continued operations. As a result of placing the activity of Metroxpress in the partnership with Danish daily newspaper BT, assets of CHF 13.4 million and liabilities of CHF 3.2 million were transferred (Free Media segment). These were disclosed as held for sale as at 31 December 2016 (see also Changes to the group of consolidated companies).

The current liabilities before liabilities associated with assets held for sale posted a fall of CHF 36.0 million to CHF 336.3 million. This is due chiefly to the repayment of the short-term bank loan in the amount of CHF 30.0 million. Further changes are due to seasonal fluctuations in trade accounts payable (reduction of CHF 6.5 million) and the deferred revenues and accrued liabilities (increase of CHF 3.1 million). Roughly half of the reduction of CHF 2.0 million in current provisions is due to their use for redundancy plan benefits and to the reversal of provisions for bonuses.

Non-current liabilities decreased by CHF 31.3 million to CHF 243.3 million. Employee benefit obligations as per IAS 19 fell by CHF 41.2 million to CHF 23.2 million. Non-current financial liabilities decreased mainly as a result of the reduction in the obligation to purchase non-controlling interests on the basis of put options (the non-controlling interests of Starticket AG were acquired in the first half of 2017). The long-term bank loans totalling CHF 50.0 million remained unchanged from 31 December 2016. The main reason for the increase of CHF 13.8 million in deferred tax liabilities to CHF 150.3 million was changes in employee benefit assets and liabilities. Non-current provisions remained virtually unchanged from 31 December 2016.

Financial instruments

in CHF 000	category	30.06.2017 Carrying value	Fair value	31.12.2016 Carrying value	Fair value
Cash and cash equivalents	1	74 362	74 362	55 943	55 943
Current financial assets (forward exchange contracts and interest rate hedges)	4	242	242	1 388	1 388
Trade accounts receivable	2	134 287	134 287	159 558	159 558
Current financial receivables	2	1 065	1 065	7 592	7 592
Other non-current financial assets		14 624	14 635	13 141	13 188
of which other investments	3	9 686	9 686	9 518	9 518
of which loans receivable	2	4 507	4 518	3 277	3 323
of which other non-current financial assets	2	346	346	346	346
Current financial liabilities	5	1 132	1 132	31 439	31 439
Trade accounts payable	5	18 954	18 954	25 407	25 407
Other liabilities	5	10 433	10 433	9 350	9 350
Non-current financial liabilities		59 120	59 092	62 865	62 836
of which liabilities to banks and loans	5	52 291	52 266	52 340	52 312
of which purchase price obligations	4	6 825	6 825	7 204	7 204
of which obligations to purchase own equity instruments	4	–	–	3 321	3 321
Categorisation of financial instruments as per IAS 39					
Cash and cash equivalents	1	74 362	74 362	55 943	55 943
Loans and trade accounts receivable	2	140 204	140 215	170 774	170 821
Financial instruments held for sale	3	9 686	9 686	9 518	9 518
Financial instruments held for trading purposes	4	(6 583)	(6 583)	(9 137)	(9 137)
Financial liabilities measured at amortised cost	5	(82 811)	(82 786)	(118 536)	(118 508)

Wherever possible, fair value is determined by market prices. If these are not available, the Group does its own calculations, which are generally based on the discounted cash flow method.

Tamedia uses the following measurement hierarchy for determining the fair value of financial instruments:

- Level 1
  Listed, unadjusted market price in active markets.
- Level 2
  Fair values calculated on the basis of observable market data. Either listed prices on non-active markets or non-listed prices are used.
  Such market values may also be derived from prices indirectly.
- Level 3
  Fair values that are not calculated on the basis of observable market data.

The forward exchange contracts included under current and non-current financial assets and liabilities are the only financial instruments that are classified as Level 2 in the fair value hierarchy. The other investments as well as the purchase price obligations and the obligations to purchase own equity instruments are classified as Level 3 in the fair value hierarchy. All other financial instruments carried at fair value are classified as Level 1. There are no transfers between the three levels.

Events after the balance sheet date

Neo Advertising SA

Tamedia is planning to acquire a 51 per cent majority stake in Neo Advertising SA, which is headquartered in Geneva. Neo Advertising is one of Switzerland's leading companies in the area of so-called out-of-home advertising. Founded in 2003, the company operates and markets around 12,000 digital and analogue outdoor advertising spaces in German-speaking and French-speaking Switzerland. Together with Neo Advertising, Tamedia wants to further develop the Swiss outdoor advertising market.

The transaction is subject to the approval of the Federal Competition Commission. Therefore, no details on the assets and liabilities that would be acquired as part of a first-time consolidation can yet be provided.

Financial calendar

The annual report for 2017 will be published on 13 March 2018.

Investor Relations

Tamedia AG
Christoph Zimmer
Werdstrasse 21
CH - 8021 Zurich
Tel.: +41 (0)44 248 41 90
Fax: +41 (0)44 248 50 26
E-mail: christoph.zimmer@tamedia.ch