



GROUPE
EDIPRESSE

Notes on the Edipresse Group's results for financial year 2005

Lausanne, 11 April 2006

- The Group is presenting its financial statements under IFRS standards for the first time.
- Turnover increased by 5.9% on account of growth in emerging markets and the launch of new titles.
- Group EBITDA increased 7.9% to CHF 85.7 million.
- Group net income attributable to Group shareholders amounted to CHF 40.3 million (CHF 10.4 million in 2004).
- Substantial investment of CHF 24 million in launching around fifteen new titles, a CHF 8 million increase on the previous financial year.
- Acquisition of 70% of the Hong Kong-based publishing group CML in June 2005.
- Launch of *Le Matin Bleu*, French Switzerland's first free daily, in October 2005.
- Continuation of the industrial restructuring program; sale of the print facility in Romania, closure of the Barcelona unit, grouping together of the Swiss newspaper printing facilities in progress.
- The increased competition in the newspaper sector caused by the advent of free dailies in French Switzerland will hold back results in 2006.

General commentary

In overall terms, the Group's revenues increased by CHF 49.7 million (+5.9%) to stand at CHF 894.4 million. This increase is due to new product launches (CHF +45.3 million) and to the net impact of changes in consolidation scope (CHF +7 million). The magazine division increased by 17.3% to CHF 410 million while newspapers decreased slightly by 0.7% to CHF 354 million. In geographic terms, the slight decline (-0.8%) in turnover in Switzerland was offset by moderate growth in the Iberian Peninsula (+2.9%) and sustained growth in Eastern Europe (+33%).

Group EBITDA increased 7.9% to CHF 85.7 million. However, adjusted EBITAL is the main indicator of the Group's earnings capacity. This indicator comprises EBIT adjusted for material special items (i.e. material non-operating elements such as restructuring expenses, pension fund impacts, impairment etc.) and for launch expenses. It was up 8.9% on 2004.

In terms of segment-adjusted EBITAL, newspapers accounted for 38.9% (47.4% in 2004) of the Group's profitability, while magazines represented 38.2% (32.3% in 2004), print facilities 17.5% (16.9% in 2004) and other activities 5.4% (3.4% in 2004).

Group net income amounted to CHF 37.5 million (CHF 8.6 million in 2004), of which CHF +40.3 million was attributable to the Group's shareholders and CHF -2.8 million was attributable to minority interests.

New standards

For the 2005 financial year Edipresse is presenting its financial statements under IFRS standards (International Financial Reporting Standards) for the first time.

Owing to this change of standards, 2004 Group net income of CHF -11 million according to the previous Swiss GAAP RPC standards has become CHF +8.6 million as per IFRS and equity capital in the opening 2005 balance sheet has increased from CHF 263 million under Swiss GAAP RPC to CHF 282 million according to IFRS.

The most significant impacts arising from the implementation of IFRS are:

- Extraordinary results and restructuring expenses are from now on part of operating profit;
- Results of associated companies are from now on part of operating profit;
- Impacts connected with the Edipresse pension fund are included in the income statement and the balance sheet;
- There is no longer any systematic amortization of goodwill (this has been replaced by an annual impairment test);
- EBIT and the breakdown of assets by segment are shown.

In general, the financial report gives more detail concerning the development of the financial statements during the year.

Newspapers

Newspaper turnover represents 40% of the Group total. In 2005 it amounted to CHF 353.7 million, which was slightly down on 2004 (CHF 356.2 million). This slight decline is attributable to persistently depressed advertising revenues in the Swiss daily press; at the end of 2005 the Publicitas index was down 1.5% compared with 2004.

A new formula of the daily *24 heures*, comprising four regional editions and intended to strengthen the title's Vaud identity, was launched in February 2005.

Le Matin semaine, a popular supraregional tabloid daily, consolidated its position in 2005, with a circulation of 76 410 copies (+7 078 compared with 2004) and a daily readership of 353 000 persons. *Le Matin dimanche*, a family-oriented product, also progressed with a print run of 217 392 copies (+9,447) and 591 000 readers.

Le Matin Bleu marks a strategic change in the newspaper landscape in French Switzerland. Launched on 31 October 2005, French Switzerland's first free daily is a success. The print run is 120 000 copies and the target is young urban readers. *Le Matin Bleu* is distributed in 44 localities. Since March 2006 it has had to reckon with its new competitor *20 minutes*.

In June Edipresse took a stake in the capital of *swissfriends.ch*, the largest serious internet dating site in Switzerland.

Magazines

Magazine turnover accounts for 46% of the Group's total business. It reached CHF 410 million in 2005, an increase of CHF 60.5 million over 2004 (+17.3%).

This figure is attributable to good development of our titles, particularly in the emerging countries (Romania, Russia, Ukraine) and has been achieved despite a measure of economic gloom in the Euro zone (Spain, Portugal, Greece). The situation in Poland has improved significantly since the country joined the European Union.

In June 2005 Edipresse made an important strategic step by taking over the Hong Kong-based publishing group CML, which carries on business in seven Asian countries, including China. Its main title, the magazine *Tatler*, is a recognized brand in Asia. A very interesting platform has thus been established for expanding the Group's activities in a region that is enjoying the world's strongest economic growth.

In 2005 Edipresse invested more than CHF 21 million in launch costs for its magazine segment. The various subsidiaries completed around fifteen successful launches, taking the number of published titles to around 160 in fifteen countries.

Major 2005 launches included in particular *Citizen K* (an up-market women's magazine, Spain), *Siete* (a men's weekly, Spain), *FHM* (a men's monthly, Portugal), *Samaya* (a monthly advisory magazine for women, Russia), *Hot* (a shopping guide, Poland), *Haroshije Raditeli* (a parents monthly, Ukraine) and *Computer Bild* (a computing monthly, Romania).

Print facilities and other activities

The turnover (third-party customers) of the print facility segment accounts for 14% of Group turnover, down 6% on the previous year.

In 2005 Edipresse continued to withdraw from the general printing sector, which is considered non-strategic, with the sale of its print facility in Romania and the closure of its unit in Barcelona. At the end of 2005, Edipresse still owns only two general print facilities - Imprimeries Réunies in Switzerland and the Rivadeneyra print facility in Madrid.

Newspaper printing, on the other hand, continues to be strategic for the Group, which wants to be able to control the whole of the production/distribution chain for its dailies. The project to group together all these activities on the Bussigny site is moving forward as planned and a new web press should be operational in summer 2006.

In 2005 Edipresse made a total investment of more than CHF 30 million in its print facility segment.

Edipresse's shareholdings in Payot Naville Distribution and Epsilon yielded satisfactory results. Infotec, a financial information distribution company in which Edipresse has a 40% stake, developed favourably in 2005 with the signing of several large contracts with banking customers and a strategic partnership with the London Stock Exchange for the British market.

Outlook for 2006

In spite of some signs of improvement, the economic situation in Europe is still uncertain; it is therefore not easy to make forecasts as far as the trend in advertising is concerned.

On the positive side, additional cost savings will be made by the Group and the contribution to results of the recent acquisitions and launches should increase.

On the other hand, the price of paper will increase and the development of free dailies in French Switzerland, with the arrival of a competing title, will put pressure on our newspaper margins.

KEY FIGURES

ANALYSIS OF OPERATING PROFIT (EBIT)

(in thousands of CHF)	2005	2004	+/- %
Adjusted segment EBITAL			
Newspapers	34 348	38 473	-10.7%
Magazines	33 714	26 195	28.7%
Print facilities	15 427	13 686	12.7%
Other activities	4 843	2 738	76.9%
Total adjusted segment EBITAL	88 332	81 092	8.9%
Unallocated expenses	(12 010)	(11 038)	8.8%
Adjusted EBITAL	76 322	70 054	8.9%
Material special items	494	(28 885)	n.a.
Launch costs	(23 918)	(16 189)	47.7%
Operating profit (EBIT)	52 898	24 980	111.8%

REVENUE ANALYSIS

(in thousands of CHF)	2005	2004	+/- %
Primary level - by activity			
Newspapers	353 719	356 223	-0.7%
Magazines	409 956	349 457	17.3%
Print facilities	129 664	138 015	-6.1%
Other activities	1 047	1 009	3.8%
Total	894 386	844 704	5.9%
Secondary level - by geographic region			
Switzerland	466 056	469 832	-0.8%
Iberian Peninsula	278 637	270 780	2.9%
Eastern Europe	138 487	104 092	33.0%
Asia	11 206	0	n.a.
Total	894 386	844 704	5.9%

OTHER INDICATORS

(in thousands of CHF)	2005	2004	+/- %
Net borrowings	182 023	155 191	17.3%
Debt : Equity ratio	36 : 64	36 : 64	
Cash generated from operations	80 715	93 576	-13.7%
Investments	90 099	71 840	25.4%

(in FTEs)	2005	2004	+/- %
Headcount	3 872	3 636	6.5%

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(in thousands of CHF)	2005	2004
Advertising	413 440	373 492
Copy sales	231 742	225 189
Subscriptions	72 366	69 589
Printing	123 154	135 058
Other	53 684	41 376
Revenues	894 386	844 704
Personnel expenses	(307 242)	(305 689)
Cost of supplies	(163 386)	(154 921)
Direct expenses	(278 118)	(236 550)
Other operating expenses	(66 683)	(72 745)
Results from associated companies	6 728	4 599
Earnings Before Interest, Taxes, Depreciation and Amortization	85 685	79 398
Depreciation and amortization	(37 009)	(40 750)
(Impairment)/reversal of impairment	4 222	(13 668)
Earnings Before Interest and Taxes	52 898	24 980
Interest expenses	(10 119)	(10 743)
Net financial income	2 559	1 719
Net income before taxes	45 338	15 956
Taxes	(7 878)	(7 357)
Group net income	37 460	8 599

Attributable to

Group shareholders	40 268	10 365
Minority interests	(2 808)	(1 766)

Basic and diluted earnings per share (in CHF)

Bearer shares	34.75	8.87
Registered shares	6.95	1.77

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

(in thousands of CHF)	2005	2004
Property, plant and equipment	265 269	290 353
Investment property	27 135	18 864
Goodwill	134 253	100 386
Intangible assets	25 465	16 677
Investments in associated companies	77 338	63 645
Other financial assets	19 386	10 918
Employee benefit assets	11 195	0
Deferred tax assets	22 400	11 088
Non-current assets	582 441	511 931
Non-current assets classified as held for sale	3 207	5 821
Inventories	25 238	27 617
Trade and other receivables	129 402	110 119
Prepayments	19 554	20 516
Financial assets	5 010	4 837
Cash and cash equivalents	26 398	50 651
Current assets	208 809	219 561
Total assets	791 250	731 492
Share capital	58 535	58 535
Share premium	27 279	27 279
Treasury shares	(7 888)	(4 208)
Retained earnings	229 902	190 863
Other reserves	2 253	(933)
Equity attributable to Group shareholders	310 081	271 536
Minority interests	8 617	10 055
Equity	318 698	281 591
Provisions	12 969	19 638
Borrowings	186 510	194 208
Employee benefit liabilities	0	158
Other liabilities	36 171	22 042
Deferred tax liabilities	30 681	20 391
Non-current liabilities	266 331	256 437
Provisions	12 895	12 369
Borrowings	21 911	11 634
Deferred subscription revenues	29 914	27 702
Accruals	44 336	44 184
Trade and other payable	97 165	97 575
Current liabilities	206 221	193 464
Total equity and liabilities	791 250	731 492

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of CHF)	2005	2004
Operating activities		
Group net income	37 460	8 599
Reversal of non-cash items	39 248	80 752
Dividends received from associates	4 007	4 225
Cash generated from operations	80 715	93 576
Changes in working capital	(16 446)	8 502
Interest paid	(8 381)	(10 024)
Interest received	2 418	2 160
Taxes paid	(6 670)	(4 270)
Operating cash flow	51 636	89 944
Investing activities		
Purchases of tangible and intangible assets	(47 709)	(45 449)
Acquisitions, net of cash acquired	(30 712)	(9 230)
Purchases of other financial assets	(11 678)	(17 161)
Disposals of tangible and intangible assets	15 549	13 911
Divestments, net of cash transferred	4 158	1 456
Proceeds from disposals and repayments of other financial assets	2 098	673
Cash flow from investing activities	(68 294)	(55 800)
Financing activities		
Dividends paid to Group shareholders	(6 439)	(6 439)
Dividends paid to minority interests	(735)	(101)
Sale/(purchase) of treasury shares	(3 680)	(3 502)
Increase/(decrease) in financial liabilities	6 244	(38 779)
Repayments of finance lease obligations	(3 094)	(1 786)
Cash flow from financing activities	(7 704)	(50 607)
Net increase/(decrease) in cash and cash equivalents	(24 362)	(16 463)
Cash and cash equivalents at beginning of year	50 651	67 236
Effect of exchange rate movements	109	(122)
Cash and cash equivalents at end of year	26 398	50 651

Calendar

11.04.2006	2005 Annual Report available on the website www.edipresse.com
26.04.2006	Publication of the 2005 Annual Report
02.06.2006	Annual General Meeting
September 2006	Publication of Half-Year Results

Investor Relations

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