

Notes on the Edipresse Group's results for financial year 2006

Lausanne, 12 April 2007

- **Turnover decreased slightly (-0.8%), owing mainly to the changes in scope in the industrial area.**
- **Group EBITDA increased 4.1% to CHF 92.1 million.**
- **Group net income amounted to CHF 30.1 million (CHF 37.5 million in 2005).**
- **The Group continued to invest strongly in the launch of new products for a total amount of CHF 19.8 million (CHF 23.9 million in 2005).**
- **The agreement reached with the *RBA Group* in the fourth quarter will create the largest magazine group in Spain and will enhance the profitability of Edipresse's business in that country.**

General commentary

In overall terms, the Group's revenues decreased slightly (-0.8%), owing mainly to the changes in scope in the industrial area. Advertising income increased by 7.7% thanks to the impact of new launches and a very good performance in some markets (Eastern Europe, Asia). In contrast, copy sales were down slightly (-3%) owing to the contraction of the markets in Spain and Portugal. Subscription revenue, which relates mainly to newspapers in Switzerland, remained stable. Other revenue increased by 8.2% to reach CHF 58.1 million, due to the expansion of our multimedia and custom publishing activities, among other reasons.

Personnel expenses decreased by 1.2%. They include restructuring costs connected with redundancy programs in Spain, Portugal and Switzerland totalling CHF 11.8 million. The greater part of this amount (CHF 8.4 million) concerned Spain. The other operating expenses include in particular the result of various asset disposals (including *IRL*, *Liberis Publications* and a building owned for investment purposes), which yielded a cumulative capital gain of CHF 12.1 million.

The Group's EBITDA increased from CHF 88.5 million to CHF 92.1 million (+4.1%) owing in particular to the favourable net impact of material special items (asset disposals etc.).

Adjusted EBITAL is the principal indicator of the Group's earnings capacity. Adjusted EBITAL corresponds to EBIT (operating profit) adjusted for material special items (including goodwill impairment and gains on disposal of assets) and launch expenses. This indicator was down 11.6% on 2005, a decrease that is attributable among other reasons to the impact of the strong competition from the free dailies on our titles in French-speaking Switzerland and a very tough market situation in the Iberian Peninsula. While the impact connected with the free dailies is structural in nature, the outlook for our business in the Iberian Peninsula looks encouraging following the agreement reached with the company *RBA*. Our business activities in Eastern Europe have, for their part, improved their profitability.

The Group's income statement for 2006 comprises a heading "discontinued operations", in line with the provisions of IFRS 5. This concerns Edipresse's shareholding in the Geneva-based financial information company *Infotec*. In October 2006, Edipresse indicated its intention to withdraw from this area, which is considered to be non-strategic, in the short term. For this reason, the activity is included under discontinued operations.

Before the impact of discontinued operations, Group net income amounted to CHF 34.7 million, an increase of 0.8% compared with the 2005 figure of CHF 34.5 million. After discontinued operations, Group net income came in at CHF 30.1 million, of which CHF 29.9 million is attributable to Group shareholders and CHF 0.2 million to minority shareholders.

In overall terms, equity increased by CHF 48.2 million to reach CHF 366.9 million. The Group's net borrowings amounted to CHF 192.8 million at the end of the financial year as against CHF 182 million at the end of 2005. The Debt : Equity ratio strengthened to stand at 34 : 66 (2005: 36 : 64).

Newspapers

Newspaper turnover amounted in 2006 to CHF 357.4 million, which was slightly up on 2005 (CHF 353.7 million). It represents 40.3% of total Group turnover.

Le Matin Bleu, a free daily aimed at young people which was launched on 31 October 2005, has been a great success and has established itself as the market leader in French-speaking Switzerland with more than 400 000 readers. Distribution will be further extended to new regions. The turnover of this new title has exceeded expectations.

The editorial formulas of Edipresse's other daily titles (*Le Matin semaine*, *24 heures*, *Tribune de Genève*) were successfully revised and modernised during 2006. These publications' internet sites will be completely revamped in spring 2007.

The other sites linked to the newspapers (*jobup.ch*, *homegate.ch*, *swissfriends.ch*) achieved excellent results in 2006, with major increases in audience (in excess of 347 million page views for all the sites together, up 100 million on 2005). From 2006 onwards, the information portal *edicom.ch* brings together all the small ads from the newspapers. In January 2007, Edipresse created *Romandie Online*, the leading internet advertising agency in French Switzerland, in a joint venture with its partner *Virtual Network*. *Romandie Online* sells 16 web sites, including all those for Edipresse's publications, which represent more than 50 million page views per month.

Magazines

The magazine activities of the Edipresse Group cover 15 countries, including Switzerland, France (since February 2006), Spain, Portugal, Poland, Romania, Ukraine and Russia, together with six Asian countries, including China / Hong Kong. The portfolio of magazines owned by the Group comprises more than 140 titles. It publishes international titles such as *Cosmopolitan*, *Elle*, *FHM*, *In Style*, *Stuff* or *Joy* under licence in various countries.

Magazine turnover accounts for 49.2% of the Group's business activity. In 2006, it stood at CHF 436.6 million, an increase of 26.7 million compared with 2005 (+6.5%).

The magazine market experienced a sluggish economic situation in the markets of the Euro Zone (Spain, Portugal). The improvement of results in Poland continued in 2006. The emerging countries (Romania, Russia, Ukraine, Asian countries) were characterized by their good level of economic activity.

In February 2006, Edipresse acquired the high-end lifestyle magazine *Citizen K International*, which is based in Paris. Edipresse already successfully launched the Spanish edition of the magazine in 2005.

In the fourth quarter of 2006, a very important agreement was signed in Spain between Edipresse and the Spanish group *RBA*. This agreement provides for a significant portion of the two Groups' magazine businesses to be merged in order to create the largest Spanish magazine group. The joint company should become operational by the second half of 2007 at the latest.

In 2006, the Edipresse Group invested CHF 13.3 million in launch expenses for its magazine segment. Major 2006 launches include in particular *Stuff* (men's consumer electronics monthly, Portugal), *Mama, eto ya!* (parent/child monthly, Russia), *Elle Decoration* (home & design monthly, Romania), *Polina* (practical women's weekly, Ukraine), *Viva! Biografii* (people/celebrity quarterly, Romania), *Familia mea baby* (parent/child monthly, Romania) and *TV Ekran* (weekly TV guide, Ukraine).

Print facilities and other activities

The turnover (third-party customers) of the print facility segment was CHF 92 million and accounts for 10.4% of Group turnover, down 29.1% on the previous year. This heavy reduction stems from changes in scope, given that the group is in the process of withdrawing from commercial printing, which is deemed non-strategic. Effective 1 July 2006, *IRL* was sold to *Swiss Printers*, a company in which Edipresse henceforth has a 16% shareholding. The *I-Press* print facilities were sold in September 2006.

The economic situation for print facilities continued to be difficult in 2006. Thanks to above-average use of production capacity, the Group's remaining print facilities, the *CIE* newspaper plant in Switzerland and *Rivadeneira* in Spain, achieved satisfactory results.

The Group made total investments of CHF 31.4 million in its Print facilities segment in 2006, representing the end of the investment program at the *CIE* in Bussigny. The new *KBA*-brand web press was put into production in July 2006. Printing of the daily *Le Temps* was transferred to Bussigny and the *CIEG* site in Geneva was closed down. The *CIE* at Bussigny prints more than 250 million copies a year.

Edipresse's shareholdings in *Payot Naville Distribution* and *Epsilon* achieved satisfactory results. *Infotec*, a Geneva-based financial information distribution company, achieved a fine increase in revenues. In order to guarantee the future development of *Infotec*, in the second half Edipresse took the decision to exit from this segment and put its shareholding in the company up for sale. A transaction is expected to take place during the first half of 2007.

Outlook for 2007

At the Swiss level, newspaper advertising began to recover in the last quarter of 2006. If this favourable trend continues, the results of Edipresse's dailies will immediately benefit. On the other hand, the heavy competition from free dailies will continue to weigh down margins, as will newsprint paper prices, which will increase by around 6%.

The Group expects the sluggish market situation for magazines in the Iberian Peninsula to continue in 2007. The joint venture with *RBA* will enable an improvement in results, despite this unfavourable environment. Strong business growth in emerging markets should continue and the new launches made in 2005 and 2006 will begin to bear fruit.

Internet activities should also experience strong growth in 2007, with further development of our existing sites and the launch of several new thematic portals.

KEY FIGURES

(in thousands of CHF)	2006	2005	+/- %
Revenues	886 825	894 386	-0.8%
Group net income before discontinued operations	34 739	34 475	0.8%
Group net income	30 090	37 460	-19.7%
Adjusted EBITAL	69 973	79 132	-11.6%
Material special items	6 534	(6 218)	n.a.
Launch costs	(19 837)	(23 918)	-17.1%
EBIT	56 670	48 996	15.7%

Revenues by business segment

Newspapers	357 419	353 719	1.0%
Magazines	436 635	409 956	6.5%
Print facilities	91 953	129 664	-29.1%
Other activities	818	1 047	-21.9%
Total	886 825	894 386	-0.8%

Total assets	872 361	791 250	10.3%
Equity	366 888	318 698	15.1%
Net borrowings	192 806	182 023	5.9%
Debt : Equity ratio	34 : 66	36 : 64	
Operating cash flow	71 014	80 715	-12.0%
Investments	74 756	90 099	-17.0%

(in CHF)

Dividend per bearer share	5.50	5.50	0.0%
Dividend per registered share	1.10	1.10	0.0%
Earnings per bearer share	25.85	34.75	-25.6%
Earnings per registered share	5.17	6.95	-25.6%

Edipresse Group Headcount

3 683	3 872	-4.9%
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Includes 100% of the headcount of fully consolidated and proportionally consolidated Group companies.

CONSOLIDATED INCOME STATEMENT

(in thousands of CHF)	2006	2005
Advertising	445 480	413 440
Copy sales	224 703	231 742
Subscriptions	72 742	72 366
Printing	85 830	123 154
Other	58 070	53 684
Revenues	886 825	894 386
Personnel expenses	(303 614)	(307 242)
Cost of supplies	(152 555)	(163 386)
Direct expenses	(286 231)	(278 118)
Other operating expenses	(60 136)	(66 683)
Results from associated companies	7 846	9 538
Earnings Before Interest, Taxes, Depreciation and Amortization	92 135	88 495
Depreciation and amortization	(35 335)	(37 009)
(Impairment)/reversal of impairment	(130)	(2 490)
Earnings Before Interest and Taxes	56 670	48 996
Interest expenses	(9 948)	(10 119)
Net financial income	2 255	2 559
Net income before taxes	48 977	41 436
Taxes	(14 238)	(6 961)
Group net income before discontinued operations	34 739	34 475
Discontinued operations	(4 649)	2 985
Group net income	30 090	37 460
Attributable to		
Group shareholders	29 929	40 268
Minority interests	161	(2 808)
Basic and diluted earnings per share (in CHF)		
Bearer shares	25.85	34.75
Registered shares	5.17	6.95

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

(in thousands of CHF)	2006	2005
Property, plant and equipment	241 346	265 269
Investment property	17 966	27 135
Goodwill	155 401	134 253
Intangible assets	26 587	25 465
Investments in associated companies	61 402	77 338
Other financial assets	57 759	19 386
Employee benefit assets	56 073	11 195
Deferred tax assets	24 213	22 400
Non-current assets	640 747	582 441
Non-current assets classified as held for sale	24 879	3 207
Inventories	21 441	25 238
Trade and other receivables	142 686	129 402
Prepayments	24 915	19 554
Financial assets	1 265	5 010
Cash and cash equivalents	16 428	26 398
Current assets	231 614	208 809
Total assets	872 361	791 250
Share capital	58 535	58 535
Share premium	27 279	27 279
Treasury shares	(7 689)	(7 888)
Retained earnings	275 133	229 902
Other reserves	1 235	2 253
Equity attributable to Group shareholders	354 493	310 081
Minority interests	12 395	8 617
Equity	366 888	318 698
Provisions	10 456	12 969
Borrowings	185 428	186 510
Other liabilities	41 597	36 171
Deferred tax liabilities	42 375	30 681
Non-current liabilities	279 856	266 331
Liabilities associated with non-current assets held for sale	2 655	
Provisions	9 990	12 895
Borrowings	23 806	21 911
Deferred subscription revenues	29 021	29 914
Accruals	49 470	44 336
Trade and other payables	110 675	97 165
Current liabilities	225 617	206 221
Total equity and liabilities	872 361	791 250

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of CHF)	2006	2005
Operating activities		
Group net income	30 090	37 460
Reversal of non-cash items	35 453	39 248
Dividends received from associates	5 471	4 007
Cash generated from operations	71 014	80 715
Changes in working capital	(11 760)	(16 446)
Interest paid	(9 200)	(8 381)
Interest received	3 021	2 418
Taxes paid	(7 184)	(6 670)
Operating cash flow	45 891	51 636
Investing activities		
Purchases of tangible and intangible assets	(44 551)	(47 709)
Acquisitions, net of cash acquired	(22 550)	(30 712)
Purchases of other financial assets	(7 655)	(11 678)
Disposals of tangible and intangible assets	9 087	15 549
Divestments, net of cash transferred	11 999	4 158
Proceeds from disposals and repayments of other financial assets	5 441	2 098
Cash flow from investing activities	(48 229)	(68 294)
Financing activities		
Dividends paid to Group shareholders	(6 439)	(6 439)
Dividends paid to minority interests	(334)	(735)
Sale/(purchase) of treasury shares		(3 680)
Increase in financial liabilities	19 899	15 781
Decrease in financial liabilities	(17 851)	(9 537)
Repayments of finance lease obligations	(3 091)	(3 094)
Cash flow from financing activities	(7 816)	(7 704)
Net increase/(decrease) in cash and cash equivalents	(10 154)	(24 362)
Cash and cash equivalents at beginning of year	26 398	50 651
Effect of exchange rate movements	184	109
Cash and cash equivalents at end of year	16 428	26 398

Calendar

12.04.2007	2006 Annual Report available on the website www.edipresse.com
27.04.2007	Publication of the 2006 Annual Report
31.05.2007	Annual General Meeting
September 2007	Publication of Half-Year Results

Investor Relations

Edipresse Group
 Christopher Bolton, CFO
 Tel. +41 (21) 349 45 26
christopher.bolton@edipresse.com
www.edipresse.com