



SUMMARY OF EDIPRESSE GROUP'S RESULTS FOR THE FINANCIAL YEAR 2009



EDIPRESSE
GROUP

KEY FIGURES

(in thousands of CHF)

Income Statement from continuing operations		2009	2008	+ / - %
Revenues		178 603	301 347	-40.7%
Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment		55	34 163	-99.8%
Margin	in %	-	11.3	-100.0%
Earnings Before Interest and Taxes		(24 128)	24 410	-198.8%
Margin	in %	-13.5	8.1	-266.7%

Pro forma revenues by business segment

Magazines		152 930	269 619	-43.3%
Other activities		25 673	31 728	-19.1%
Total continuing operations		178 603	301 347	-40.7%
Discontinued operations		363 395	436 909	-16.8%
Pro forma Group total		541 998	738 256	-26.6%

Segment result pro forma adjusted for special items

Magazines		1 801	13 575	-86.7%
Other activities		243	(796)	-130.5%
Total continuing operations		2 044	12 779	-84.0%
Discontinued operations		18 970	40 872	-53.6%
Pro forma Group total		21 014	53 651	-60.8%

Balance Sheet

Balance sheet total		622 863	681 393	-8.6%
Equity		286 401	297 053	-3.6%
Net debts		166 295	137 195	21.2%
Debt : Equity ratio		37 : 63	32 : 68	
Equity : Balance sheet ratio		46%	44%	5.5%
Operating cash flow from continuing operations		1 119	21 659	-94.8%
Investments from continuing operations		38 243	16 734	128.5%

(in CHF)

Dividend per bearer share		5.50	5.50	
Dividend per registered share		1.10	1.10	
Earnings per bearer share		(29.35)	26.30	-211.6%
Earnings per registered share		(5.87)	5.26	-211.6%

2008 comparative figures have been restated to take discontinued operations into account.

FINANCIAL REVIEW

CHANGES OF SCOPE

On 3 March 2009 Edipresse and Tamedia announced an important strategic merger. In a first phase, effective as of January 2010, Tamedia acquired 49.9% of the company PPSR, which represents the major part of Edipresse's operations in Switzerland. In a second stage, Tamedia will buy an additional 0.2% of PPSR at the beginning of 2011 and then the remaining 49.9% at the beginning of 2013.

In December 2009 the Group also sold its 33% equity stake in the Spanish Group RBA Edipresse SL. Furthermore Edipresse has decided to put up for sale the magazine *Citizen K International* and the company Focus Ediciones SL in Madrid.

IFRS STANDARDS

Application of the IFRS accounting standards (in particular the standard IFRS 5), makes it compulsory to have a separate classification between "discontinued activities" and "continuing activities". Discontinued activities comprise Spanish assets (RBA Edipresse SL, Focus Ediciones in Madrid), the magazine *Citizen K International* and the Swiss companies, which are the subject of the agreement with Tamedia, although they were managed entirely by the Edipresse Group in 2009.

Net income from «discontinued activities» is incorporated in our IFRS accounts in a single separate line, without indicating the turnover and the corresponding expenses. From now on, only continuing activities will be the subject of a detailed presentation in the consolidated financial statements. Continuing activities consist of the operations in Eastern European countries and Asia, the activities of Edipresse Luxe (*Bilan*, *Worldtempus*) as well as the management of a real-estate portfolio.

PRO FORMA ACCOUNTS

The significant changes of scope mentioned above, the size of the individual items (restructuring costs, results of disposals and

value adjustments) and application of the IFRS 5 standard make it difficult to draw a comparison with the 2008 accounts. For that reason pro forma accounts, which fully reintegrate the activities under management, have been reconstituted under segment reporting.

These pro forma accounts also isolate the special, exceptional and non-recurrent items. When adjusted in this way, the Group's revenues decreased from CHF 738.2 million to CHF 542 million, representing a decrease of CHF 196.2 million (-26.6%).

Three separate factors were responsible for this decrease:

- A drop in operating revenues over the entire consolidation scope, due to the sharp contraction of the advertising market. Impact of CHF 132.1 million;
- A drop in revenues from Eastern European countries when converted into Swiss francs, owing to the significant depreciation of the exchange rates. Impact of CHF 39.1 million;
- Change of scope (Portugal). Impact of CHF 25 million.

Faced with a very difficult market situation, the Edipresse Group reacted vigorously and succeeded in limiting the impact of the sharp drop in turnover by massively cutting its costs. Operating profit (EBIT), when adjusted for the special items, fell from CHF 48.8 million to CHF 13.2 million.

IFRS ACCOUNTS

Unless otherwise stated, all remarks on the financial statements as of 31 December 2009 concern the performance of continuing activities.

In accordance with the IFRS 5 standard, the 2008 consolidated income statement and the consolidated cash flow statement have been adapted so as to be comparable with those of the 2009 financial year.

(in millions of CHF)					2009
	Magazines	Other activities	Total continuing activities	Discontinued activities	Pro forma accounts
Revenues	152.9	25.7	178.6	363.4	542.0
Segment result adjusted for special items	1.8	0.2	2.0	19.0	21.0
Unallocated expenses					(7.8)
Operating profit (EBIT) adjusted for special items					13.2
					2008
Revenues	269.6	31.7	301.3	436.9	738.2
Segment result adjusted for special items	13.6	(0.8)	12.8	40.9	53.7
Unallocated expenses					(4.9)
Operating profit (EBIT) adjusted for special items					48.8

FINANCIAL REVIEW

REVENUES

Globally, the revenues from the Edipresse Group's continuing activities fell from CHF 301.3 million to CHF 178.6 million compared with the previous financial year, representing a decrease of CHF 122.7 million. Assuming an unchanged consolidation scope and constant exchange rates, revenues posted a decrease of CHF 59.4 million (-19.7%), as a result of poor economic conditions.

OPERATING EXPENSES

The changes of consolidation scope following the removal of our Portuguese subsidiaries and the decrease in the exchange rates mentioned above, combined with good cost control, explain the drop in operating expenses for continuing activities during the year 2009 compared with the same period of the previous year. Globally, they recorded a decrease of CHF 88.8 million, representing 33.2%.

The increase in other operating expenses of CHF 12.2 million is attributable to the recording in the accounts of a CHF 19.8 million gain on the disposal of our Portuguese subsidiaries in 2008.

Assuming an unchanged scope and constant exchange rates, and excluding the results of disposals of shareholdings, operating expenses posted a decrease of CHF 43.8 million (-15.2%).

EARNINGS

Operating profit before depreciation of continuing activities reached the break-even point in 2009 thanks to the cost-cutting efforts and programs. Excluding the significant special items recorded in 2009 and 2008, the decrease in earnings would be limited to CHF 15.4 million instead of CHF 34.2 million, according to the consolidated income statement.

Depreciations and impairments rose from CHF 9.8 million to CHF 24.2 million, representing an additional expense of CHF 14.4 million. This increase is due mainly to the booking of an impairment on the Asian operations, where the profitability has not achieved the expectations because of the advertising market important concentration.

The deterioration of the financial earnings of approximately CHF 2.9 million is attributable to the recording in the accounts of an exceptional reversal on a financial liability of CHF 6.5 million in 2008. If this exceptional item is excluded, the financial earnings would show an improvement due to the decline in interest rates in 2009.

In view of the above, the net earnings for continuing activities stood at CHF -29.6 million.

The earnings from discontinued activities of CHF -2.7 million marked a decrease of CHF 17 million compared with 2008. This decrease stems from the deterioration of the margins on the Swiss and Spanish operations and from the posting of various impairments (RBA Edipresse SL, Citizen K). Note 18 provides additional details of the discontinued activities. In accordance with IFRS 5, the depreciations on tangible and intangible assets of discontinued activities have been stopped and associated and jointly-controlled entities have been taken out of the consolidation scope since the date on which they were classified in this category.

The Group's net income was CHF -32.3 million (CHF 30.4 million in 2008).

CASH FLOW

The consolidated cash flow statement shows in detail the operations of the continuing activities and itemizes separately the operating, investment and financing flows generated with the discontinued activities.

Operating cash flow from continuing activities increased to 3.6 million, thanks to an improvement in working capital of CHF 7.2 million posted in particular in Poland and Asia, which offsets the decrease in operating cash flow.

Cash flow from discontinued activities fell from CHF 59.4 million to CHF 17 million, due mainly to the decrease in operating cash flow in Switzerland and Spain.

Investments in continuing activities totalled CHF 38.2 million. The greater part of these investments concerned the construction of a new building in Lausanne to accommodate the editorial staffs of different Group titles, the repurchase of 40% of the shares held by the minority shareholders of Focus Ediciones, 14.6% of the shares held by the minority shareholders of the Russian subsidiary Edipresse Konliga and 65% of the capital of Edipresse Wizaz, a Polish website.

SEGMENT REPORTING

Note 5 to the financial statements provides the segment reporting information required by the IFRS standards.

The Edipresse Group now applies the IFRS 8 standard, which came into force on 1 January 2009. The definition of the operating sectors is given in section 2.5 of the accounting principles.

The income from the magazines segment (magazines and Internet) fell by CHF 117.9 million. This decrease is due to the removal of the Portuguese subsidiaries from the consolidation scope on 30 June 2008, but also to the significant impact of the deterioration of exchange rates in the markets in which the Group is active, in particular in Eastern European countries. These two factors were compounded by the decline in advertising revenues.

The operating profit of the magazines segment was down by CHF 47.1 million on 2008, but the figure is not directly comparable. If the significant special items recorded during the two periods are excluded, the profit for the segment stands at CHF 1.8 million compared with CHF 13.6 million in 2008. The reduction in revenues was partially offset by cost-cutting programs.

The other operations (printing and real estate) also saw a decline in their turnover from CHF 31.7 million to CHF 25.7 million. The operating profit was nevertheless slightly up on the previous year.

BALANCE SHEET

The large variations between the headings of the consolidated balance sheet as at 31 December 2009 and at 31 December 2008 are attributable to the classification of the PPSR, Citizen K Interna-

FINANCIAL REVIEW

tional and Spanish magazines operations under «discontinued activities».

In overall terms, compared with 31 December 2008, the balance sheet total fell from CHF 681.4 million to CHF 622.9 million, representing a decrease of CHF 58.5 million. Equity declined by CHF 10.7 million to CHF 286.4 million. This decrease is attributable mainly to the negative result for 2009, the payment of a dividend and the repurchase of own shares, which was partially offset by a positive adjustment on pension plans.

Discontinued activities at 31 December 2009 accounted for assets worth CHF 364.1 million and for liabilities worth CHF 98.6 million.

The other headings of the balance sheet concern the assets and liabilities of the continuing activities.

The Group's net debts at the closing date amounted to CHF 166.3 million compared with CHF 137.2 million at the end of 2008. This increase in debt of CHF 29.1 million resulted primarily from the removal of the cash flow generated by discontinued activities from the calculation of net debt in 2009 (in 2008 this cash flow had amounted to CHF 14.8 million); the balance is attributable to the repurchase of shares held by the minority shareholders in Spain and Russia and the construction of a new building in Lausanne. It does not take into account the sale of the first tranche of 49.9% of PPSR to Tamedia for CHF 225 million (before adjustment for working capital) received in 2010. The debt-to-equity ratio according to the balance sheet amounts to 37/63 (2008: 32/68). ■

CONSOLIDATED INCOME STATEMENT

(in thousands of CHF)	2009	2008
Advertising	84 318	151 364
Copy sales	49 959	85 521
Subscriptions	2 522	6 351
Printing	22 315	27 749
Other revenues	19 489	30 362
Revenues	178 603	301 347
Personnel expenses	(56 259)	(76 774)
Cost of supplies	(36 773)	(53 822)
Direct expenses	(69 671)	(133 078)
Other operating expenses	(15 792)	(3 621)
Results from associated companies	(53)	111
Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment	55	55
Tangible assets depreciation and amortization	(4 008)	(5 958)
Intangible assets depreciation and amortization	(1 702)	(1 485)
(Impairment)/reversal of impairment	(18 473)	(2 310)
Earnings Before Interest and Taxes	(24 128)	24 410
Interest expenses	(5 020)	(8 261)
Other financial result	(573)	5 534
Net income before taxes	(29 721)	21 683
Taxes	158	(5 623)
Group net income from continuing operations	(29 563)	16 060
Discontinued operations	(2 718)	14 318
Group net income	(32 281)	30 378

Attributable to

Group shareholders	(31 616)	30 209
Minority interests	(665)	169

Basic and diluted earnings per share (in CHF)

Bearer shares	(29.35)	26.30
Registered shares	(5.87)	5.26

2008 comparative figures have been restated to take discontinued operations into account.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

(in thousands of CHF)	2009	2008
Property, plant and equipment	21 239	178 762
Investment property	66 566	11 271
Goodwill	47 599	153 899
Intangible assets	15 262	51 585
Investments in associated companies	294	92 848
Non-current loans and receivables	22 622	6 325
Other financial assets	5 619	32 161
Deferred tax assets	1 989	5 759
Non-current assets	181 190	532 610
Non-current assets classified as held for sale	364 120	
Inventories	2 203	7 488
Trade and other receivables	46 826	96 982
Prepayments and accrued income	9 255	15 428
Other financial assets	7	573
Cash and cash equivalents	19 262	28 312
Current assets	441 673	148 783
Total assets	622 863	681 393
Share capital	58 535	58 535
Share premium	27 279	27 279
Treasury shares	(28 358)	(26 916)
Retained earnings	245 309	251 902
Other reserves	(18 169)	(16 433)
Equity attributable to Group shareholders	284 596	294 367
Minority interests	1 805	2 686
Equity	286 401	297 053
Provisions	675	1 881
Borrowings	668	143 492
Employee benefit liabilities		37 082
Other liabilities	3 522	11 715
Deferred tax liabilities	8 193	24 685
Non-current liabilities	13 058	218 855
Liabilities associated with non-current assets held for sale	98 622	
Provisions	1 101	9 524
Borrowings	184 889	22 015
Other liabilities		4 328
Deferred subscription revenues	1 474	30 212
Accruals and deferred income	18 720	38 981
Tax liabilities	116	2 961
Trade and other payables	18 482	57 464
Current liabilities	323 404	165 485
Total equity and liabilities	622 863	681 393

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of CHF)	2009	2008
Operating activities from continuing operations		
Group net income	(29 563)	16 060
Reversal of non-cash items	30 682	3 507
Dividends received from associates		2 092
Cash generated from operations	1 119	21 659
Changes in working capital	7 208	(10 041)
Interest paid	(4 960)	(7 361)
Interest received	1 928	1 508
Taxes paid	(1 708)	(3 108)
Operating cash flow from continuing operations	3 587	2 657
Operating cash flow from discontinued operations	16 980	59 437
Operating cash flow	20 567	62 094
Investing activities from continuing operations		
Purchases of tangible and intangible assets	(20 165)	(10 246)
Acquisitions, net of cash acquired	(17 548)	(4 212)
Purchases of other financial assets	(530)	(2 276)
Disposals of tangible and intangible assets	1 183	17 341
Divestments, net of cash transferred	1 029	38 078
Proceeds from disposals and repayments of other financial assets	656	1 723
Cash flow from investing activities from continuing operations	(35 375)	40 408
Cash flow from investing activities from discontinued operations	3 780	(62 660)
Cash flow from investing activities	(31 595)	(22 252)
Financing activities from continuing operations		
Dividends paid to Group shareholders	(5 917)	(6 327)
Dividends paid to minority interests	(55)	(376)
Sale/(purchase) of treasury shares	(1 442)	(18 424)
Increase in financial liabilities	30 469	15 829
Decrease in financial liabilities	(7 900)	(12 796)
Repayments of finance lease obligations	(978)	(1 394)
Cash flow from financing activities from continuing operations	14 177	(23 488)
Cash flow from financing activities from discontinued operations	1 775	(1 797)
Cash flow from financing activities	15 952	(25 285)
Net increase/(decrease) in cash and cash equivalents	4 924	14 557
Cash and cash equivalents at beginning of year	28 312	15 100
Cash and cash equivalents in relation with the deconsolidation of jointly-controlled entities	(11 723)	
Effect of exchange rate movements	15	(1 345)
Cash and cash equivalents at end of year	21 528	28 312
Of which:		
- Continuing operations: included in "cash and cash equivalents" in the consolidated balance sheet	19 262	13 481
- Discontinued operations: included in "Non-current assets classified as held for sale" in the consolidated balance sheet	2 266	14 831
Cash and cash equivalents at end of year	21 528	28 312

2008 comparative figures have been restated to take discontinued operations into account.

SEGMENT REPORTING

(in thousands of CHF)				2009			2009	
	Magazines	Other activities	Eliminations	IFRS Group total	Discontinued operations before eliminations	Inter-companies eliminations	Discontinued operations for IFRS 8	Pro forma Group total
Advertising	84 318			84 318	209 693	(4 535)	205 158	289 476
Sales	52 481			52 481	126 939		126 939	179 420
Printing		22 315		22 315	17 864	(925)	16 939	39 254
Other revenues	16 131	3 358		19 489	19 000	(4 641)	14 359	33 848
External revenues	152 930	25 673		178 603	373 496	(10 101)	363 395	541 998
Internal revenues								
Revenues	152 930	25 673	0	178 603	373 496	(10 101)	363 395	541 998
Total operating expenses	(147 771)	(23 083)		(170 854)	(336 595)	10 101	(326 494)	(497 348)
Other (expenses) / income - net	(96)	(2)		(98)	1 486		1 486	1 388
Amortization and Impairment	(3 209)	(2 345)		(5 554)	(25 091)		(25 091)	(30 645)
Total segment expenses (adjusted for special items)	(151 076)	(25 430)	0	(176 506)	(360 200)	10 101	(350 099)	(526 605)
Results from associated companies	(53)			(53)	5 674		5 674	5 621
Segment result adjusted for special items	1 801	243		2 044	18 970		18 970	21 014
Unallocated expenses				(7 804)				(7 804)
Earnings Before Interest and Taxes adjusted for special items	1 801	243		(5 760)	18 970		18 970	13 210
Special items	(17 118)	(1 250)		(18 368)	(28 345)		(28 345)	(46 713)
Earnings Before Interest and Taxes	(15 317)	(1 007)		(24 128)	(9 375)		(9 375)	(33 503)

(in thousands of CHF)				2008			2008	
	Magazines	Other activities	Eliminations	IFRS Group total	Discontinued operations before eliminations	Inter-companies eliminations	Discontinued operations for IFRS 8	Pro forma Group total
Advertising	151 364			151 364	276 137	(7 231)	268 906	420 270
Sales	91 872			91 872	132 817		132 817	224 689
Printing		27 749		27 749	20 861	(1 716)	19 145	46 894
Other revenues	26 383	3 979		30 362	21 555	(5 514)	16 041	46 403
External revenues	269 619	31 728		301 347	451 370	(14 461)	436 909	738 256
Internal revenues	1 214		(1 214)					
Revenues	270 833	31 728	(1 214)	301 347	451 370	(14 461)	436 909	738 256
Total operating expenses	(253 320)	(29 179)	1 214	(281 285)	(390 140)	14 431	(375 709)	(656 994)
Other (expenses) / income - net	47	2		49	(121)		(121)	(72)
Amortization and Impairment	(4 096)	(3 347)		(7 443)	(27 517)		(27 517)	(34 960)
Total segment expenses (adjusted for special items)	(257 369)	(32 524)	1 214	(288 679)	(417 778)	14 431	(403 347)	(692 026)
Results from associated companies	111			111	7 310		7 310	7 421
Segment result adjusted for special items	13 575	(796)		12 779	40 902	(30)	40 872	53 651
Unallocated expenses				(4 904)				(4 904)
Earnings Before Interest and Taxes adjusted for special items	13 575	(796)		7 875	40 902	(30)	40 872	48 747
Special items	18 209	(1 674)		16 535	(13 721)		(13 721)	2 814
Earnings Before Interest and Taxes	31 784	(2 470)		24 410	27 181	(30)	27 151	51 561