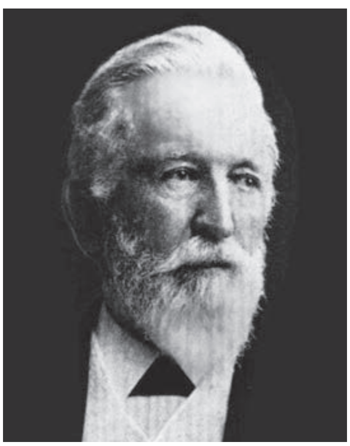
Annual Report 2017
Tamedia



The founder of the “Tages-Anzeiger”

Wilhelm Girardet, the great-great-grandfather of today's leadership generation, founded the "Tages-Anzeiger" in 1893.


Der Bund.

“BZ Berner Zeitung” and “Der Bund”

The daily newspapers “Der Bund” and “BZ Berner Zeitung” became part of Tamedia Ltd after the latter acquired Espace Media Ltd in Berne in 2007.

Advancing Digitization

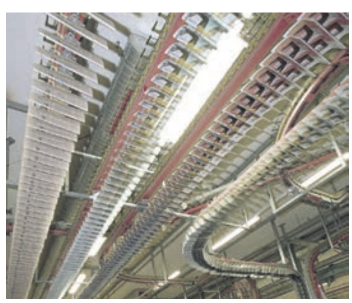
Both the media usage and the consumers' behavior has radically changed with digitization.

The Publisher

Pietro Supino explains how Tamedia is responding to disruptive trends and addressing the challenges of the digital age.

What Switzerland thinks

Lucas Leemann (left) and Fabio Wasserfallen conduct scientific surveys for Tamedia.



The Research Desk

Journalists of Tamedia regularly publish relevant, trailblazing results of their research.

Gaining a Foothold in Romandy

With the acquisition of the Swiss business activities of Edipresse Ltd, Tamedia also publishes newspapers such as “Le Matin”, “24 heures” and “Tribune de Genève”.

Fake News

"Fake News" are not new, as the example of the Hitler diaries in "Stern" magazine shows. But they peaked during Trump's presidential campaign in 2016.

Key figures

in CHF mn		2017	2016	Change
Income statement				
Revenues		974.2	1 004.8	–3.0%
Operating income before depreciation and amortisation (EBITDA)		245.2	201.0	22.0%
Margin		25.2%	20.0%	25.8%
Operating income (EBIT)		180.7	113.5	59.3%
Margin		18.6%	11.3%	64.3%
Net income		170.2	122.3	39.1%
of which				
attributable to Tamedia shareholders		146.9	104.7	40.3%
attributable to non-controlling interests		23.3	17.6	32.2%
Revenue by business division with third parties				
Paid Media		586.0	616.8	–5.0%
Free Media		153.2	162.3	–5.6%
Marketplaces and Ventures		235.0	225.6	4.1%
Balance sheet				
Current assets		330.9	308.9	7.1%
Non-current assets		2 182.5	2 112.2	3.3%
Balance sheet total		2 513.3	2 421.1	3.8%
Liabilities		543.7	665.0	–18.2%
Equity		1 969.6	1 756.1	12.2%
Financial key data				
Equity ratio		78.4	72.5	8.0%
Return on equity		8.6	7.0	24.0%
Employee key data				
Headcount as of balance sheet date[1]		3 261	3 296	–1.1%
Revenue per staff member[2]	in CHF 000	304.0	306.2	–0.7%
Key figures per share				
Net income per share	in CHF	13.87	9.89	40.3%
Dividends per share	in CHF	4.50[3]	4.50	0.0%
Dividend yield[4]		3.3%	2.9%	13.0%
Price/earnings ratio[4]	x	9.9	15.8	–37.0%

1 Number of full-time equivalents
2 Based on the average number of employees
3 Proposed appropriation of profit by the Board of Directors
4 Based on year-end price

The annual report 2017 of Tamedia
is also available as mobile app for iOS and Android.

Guiding our traditional core business into a prosperous future

Dr. Pietro Supino,
Publisher and Chairman

Ladies and Gentlemen

Looking back over the financial year just gone, two long-term ambitions that stretch well beyond 2017 remain significant. The first is a fundamental overhaul of how our paid-for daily newspapers are produced. This is essential if we are to counter the persistent pressure being exerted on their business model and ensure viable foundations for independent journalism. The second objective is to develop new offers and to achieve again growth as a company. This is because, despite a dynamic trend over recent years, our revenues have flatlined as our core business has been in decline and looks set to remain so for the time being. Alongside tending to our core business, therefore, we also need to diversify our portfolio and invest in new areas.

As well as pursuing these two arms of our strategy, we do not want to neglect our ongoing activities in a challenging environment. In particular, the market for print advertising continued to shrink, forcing us to contend with a CHF 35 million drop in our income. Nevertheless, the overall result at year-end was good, and even up slightly on the previous year after adjusting for exceptional items.

Our Management Board headed by Christoph Tonini, our management and our employees showed great dedication in facing up to the operational challenges day in, day out. They developed new solutions with creativity and took action with decisiveness, the sum total of which brought about the good result for the year. They all deserve high praise and much thanks for this. Our employees have a profit participation of CHF 2,446 per full-time equivalent (as against CHF 2,156 in the previous year) in this pleasing result. The positive year-end result means that we can pay out an unchanged dividend of CHF 4.50 per share.

As well as doing our day-to-day work, we also made successful progress in the strategic areas that I referred to earlier.

As part of our "Project 2020", the editors-in-chief and publishing directors of all newspapers were joined by other key individuals to answer the question of how we will have to position ourselves in order to keep on producing good-quality journalism if income falls by a third – something that seems likely in the foreseeable future if the current trend continues.

We launched the project back in December 2016. Led by Ueli Eckstein, who was a member of the Management Board for many years, over 30 colleagues from across the company came up with ideas, proposed solutions and devised action plans. The final strategy was approved in August 2017 before being refined over subsequent weeks. Implementation then began on 8 January 2018, since when the company's combined skills in domestic and international politics, the economy, business, knowledge, culture, society and sport as well as the research desk have been pooled in the two new Tamedia editorial teams in German- and French-speaking Switzerland.

Bundling our expertise in this systematic way is laying the foundations from which we want to fulfil our mission in journalism – with painstaking research, with background reports, with data journalism and infographics, and, across the board, by using the new opportunities that technology is opening up for us.

Of course, we are well aware of the predicament of balancing quality and diversity. Preserving the latter comes at the expense of the resources available in the individual editorial teams, while pooling resources boosts quality but erodes diversity. Faced with this dilemma, we have to come down on the side of quality: only hard-hitting editorial teams equipped with sufficient resources can perform their roles for the service of society and public affairs.

It goes without saying that bundling expertise is most expedient where there is broad diversity in the media system – in other words, more so at international and national level than regionally and locally. In our small country, this represents a unique opportunity to embed our offers in readers' minds.

Maintaining distinct identities is still important emotionally, both from a reader's perspective and for media makers. This is why our newspapers have retained their own editorial teams, whose skills extend beyond purely local and regional affairs. Part of their work is also to make selections and set priorities from different points of view – and to keep on developing their publications under their own steam.

Producing media, especially newspapers, is a complex process. A mere few weeks into the new era, it is unsurprising that not everything is running perfectly just yet. However, it is remarkable how smoothly the changeover has gone and how well it has been received in the main. Our editorial teams deserve a major compliment for all their hard work in this regard, from the design and planning on the drawing board right through to the brass tacks of the actual implementation.

If we are to remain an attractive employer and a successful business, we have to be able to retain the best journalists in our editorial teams and entice new ones to join them. Over the past few months, therefore, we have developed a concept with the working title of "Career Prospects for Journalists", which adds a new "expert" career pathway to our existing ones. This is geared towards accelerating skills development and digital transformation on our editorial teams and improving the transfer of expertise within our Group.

The "Career Prospects for Journalists" project is closely linked to the "Quality in Journalism" initiative, which we implemented at all our media last year with a quality monitoring programme. This is based on the manual that sets out our philosophy, which was published in May 2017. As well as upholding the general rules of the trade, we want to evaluate and further improve the quality of our journalism based on nuanced definitions of "added value". We give an account of our Group-wide quality monitoring programme, which is headed up by the former *Tages-Anzeiger* editor-in-chief Res Strehle, in a dedicated report.

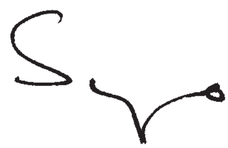
We can be pleased that the many varied efforts being made to give journalism a healthy future are bearing fruit. In other countries too, major media outlets such as the *Financial Times*, the *Washington Post*, the *Economist* and the *New York Times* – as well as some that are rather more comparable with us on grounds of their size, such as *de Volkskrant* in the Netherlands or Norway's Amedia Group – show that there is reason to be confident.

One example of a successful transformation that ranks as outstanding even in the entire global media industry is that of *20 Minuten*. Having a strong presence in all parts of the country is allowing the publication to more than offset a shrinking print market by growing its digital channels. Meanwhile, a clear strategy and a good helping of know-how are opening up potential areas of growth in other countries – we already have a presence in Denmark, Luxembourg and Austria.

The example of 20 Minuten demonstrates how the challenging advertising market is still an attractive business. Advertisements have been a mainstay for Tamedia since day one. This is why the acquisition of the Goldbach Group, which we announced shortly before the end of the year, is an excellent fit for us. It will allow us to further develop new offers for our key advertising customers and provide them with better service, creating attractive opportunities for leveraging synergy effects, specifically in the highly promising area of data-based advertising. Ultimately, the move will allow us to achieve growth at Group level once again following a few years of flatlining. Following the same logic, we also took a majority stake in the out-of-home advertising company Neo Advertising. We want to continue expanding our business volume in the next few years in partnership with our proven management teams.

We are also seeking to generate growth with our specialist ad platforms and marketplaces and especially in our new "Ventures" division, which includes such exciting activities as Doodle and Zattoo. We also believe that Tamedia can add value in the fintech sector and with data-based activities in general. Last year, we identified attractive development opportunities for all our business divisions and are currently going through some of the most promising with a fine-tooth comb. Minority stakes are another option, depending on how closely they relate to our core business or in the case of investments abroad.

This kind of business development from a position of strength would be unthinkable without the trust and loyalty of our shareholders, something that we do not take for granted and for which I would like to take this opportunity to give my heartfelt thanks. We are remaining committed to our core business and intend to guide it into a prosperous future. We are also taking inspiration from Sweden's Wallenberg dynasty: "To move from the old to what is about to come is the only tradition worth keeping." In this spirit, we will endeavour to create lasting added value through quality journalism, attractive advertising opportunities and innovative digital offers.



Dr Pietro Supino
Publisher and Chairman of the Board of Directors

Pietro Supino

Martin Coninx

Martin Kall

Pierre Lamunière

Marina de Planta

Konstantin Richter

Iwan Rickenbacher

Pietro Supino, Publisher

Chairman of the Board of Directors, Chairman of the Journalism Committee, Chairman of the Nomination and Compensation Committee, Chairman of the Business Development Committee and Chairman of the Advisory Board for Media Technology and Innovation

Dr. Pietro Supino (CH/I/1965) has been publisher and Chairman of Tamedia since May 2007. He was elected to the Board of Directors in 1991. He has also been Chairman of the Swiss Media Association since 2016. Pietro Supino completed his studies in law and economics with a doctorate from the University of St. Gallen. He also gained a Master's from the London School of Economics and Political Science and was admitted to the Zurich bar. He attended the Columbia School of Journalism in New York, which prepared him well for his future as a publisher. He has been a member of the Board of Visitors since 2012. Between 1989 and 1998 Pietro Supino gained experience as a lawyer and in business consultancy before founding a private bank with partners in Zurich. He is currently also Chairman of Tamedia Espace AG, of Tamedia Publications romandes SA, of Zürcher Regionalzeitungen AG, of the Supervisory Board of DJ Digitale Medien GmbH in Vienna and of the Cheva Plattas da Fex supporting association. In addition he is also Vice Chairman of Edita SA in Luxembourg and a member of the Supervisory Board of Ultimate Media Beteiligungs- und Management GmbH in Vienna and of the Foundation Boards/Boards of Directors of the Foundation for Constructivist, Concrete and Conceptual Art in Zurich, the Family Business Network Switzerland and the Camera di Commercio Italiana per la Svizzera.

Martin Coninx

Member of the Nomination and Compensation Committee and of the Audit Committee

Martin Coninx (CH/1970) has been a member of the Board of Directors since April 2016. He has been a member of the Board of Directors and Managing Partner of Research Partners AG since 2014. He also sits on the Boards of Directors of schweizeraktien.net AG and eyeonX AG. Martin Coninx worked for Tamedia from 2004 until the end of 2013, initially as Publishing Director and then as Managing Director of Finanz und Wirtschaft AG. He previously held posts as Marketing Director at Publicitas in Shanghai, as Head of Marketing for the magazine Bilanz and as an auditor and business consultant at a subsidiary of Ernst & Young. Martin Coninx studied Business Management at the Zurich University of Applied

Sciences in Winterthur and went on to gain a Swiss federal diploma in Publishing Management from the Swiss Media Association's Media Institute.

Martin Kall

Member of the Nomination and Compensation Committee and of the Business Development Committee

Martin Kall (CH/D/1961) has been a member of the Board of Directors since April 2013. He is Chairman of the Shareholders' Meeting of Verlags AG Schweizer Bauer in Berne, Chairman of the Board of Directors of pension fund specialist Prevanto AG and Chairman of the Board of Directors of the St. Gallen-based media firm Kömedia AG. From April 2002 until December 2012 Martin Kall was CEO of Tamedia. Before working for Tamedia, Martin Kall was a member of the Ringier AG Group Management, where he headed both the European Publishing Division and the Swiss Magazines Division. From 1989 to 1996 he was with Bertelsmann Group, finishing as CEO of Bertelsmann Fachinformation GmbH in Munich. In 1989, he earned an MBA from Harvard Business School. He completed his studies in history and economics at the University of Freiburg im Breisgau and at the London School of Economics and Political Science in 1987 with a degree in economics ("Diplom-Volkswirt").

Pierre Lamunière

Member of the Business Development Committee and of the Journalism Committee

Pierre Lamunière (CH/1950) has been a member of the Board of Directors since May 2009. After completing his studies in the US (MBA Wharton School, University of Pennsylvania) Pierre Lamunière joined Edipresse Group in 1977. From 1987, he headed the company as General Manager, and in 1998 he was named Chairman of the Board of Directors and Chief Executive Officer. From 1997 to 2002 Pierre Lamunière served on the Board of Directors of Swiss Post. He is Chairman of Lamunière Holding SA and its subsidiaries. Pierre Lamunière is also a member of the Management Board of the International Federation of the Periodical Press (FIPP) on which he served as Chairman from 2007 to 2009. From March 2008 to 2016, he was on the Board of Directors of Banque Cantonal Vaudoise (BCV).

Marina de Planta

Chair of the Audit Committee

After studying economics at Geneva University, Marina de Planta (CH/1965) worked for Ernst & Young for seventeen years, based in Geneva, Zurich and Hong Kong. She qualified as a tax expert with the Swiss Institute of Certified Accountants and Tax Consultants in 1992. Since 2010, Marina de Planta has been a partner and tax expert at the law practice Ducrest Heggli Avocats LLC in Geneva. Marina de Planta is a member of the Board of Directors of AXA Insurance Ltd. and of AXA Life Ltd. in Winterthur. She also lectures in tax law at the School of Business Administration in Geneva and is a member of the Geneva Committee of Human Rights Watch.

Konstantin Richter

Member of the Journalism Committee and of the Audit Committee

Konstantin Richter (D/1971) has been a member of the Board of Directors since 2004. He began his professional career in 1997 as an assistant editor at the media trade magazine Columbia Journalism Review in New York. He was a reporter for the Wall Street Journal in Brussels from 1999 to 2001, and from 2004 to 2005 was the Co-Managing Director of the Rogner & Bernhard publishing company in Hamburg and Berlin. He is now based in Berlin, working as a freelance writer and journalist. He is the author of the novels "Bettermann" (2007), "Kafka war jung und brauchte das Geld" (2011) and "Die Kanzlerin – Eine Fiktion" (2017). He is a regular contributor to Die Zeit and Die Welt and is also a contributing writer for the US news portal Politico. He was awarded the German Reporter Prize in 2011 for an article in Die Zeit. Konstantin Richter has a BA in English Literature and Philosophy from Edinburgh University and a Master's degree from the Columbia University Graduate School of Journalism in New York.

Iwan Rickenbacher

Member of the Journalism Committee and of the Business Development Committee

Prof. Dr. Iwan Rickenbacher (CH/1943) has been a member of the Board of Directors since 1996. He began his professional career in 1975 as Director of the Teachers' College of the Canton of Schwyz. From 1988 to 1992, he served as General Secretary of the Christian Democratic People's Party of Switzerland (CVP) in Berne. He has been working as an independent communications consultant since 1992. He is a member of the Board of Directors of Axenstein Park AG and of Axenstein Immobilien AG in Neerach. In 2000, he was appointed Honorary Professor at the University of Berne. After obtaining his teacher's certificate, Iwan Rickenbacher studied educational sciences and graduated with a doctorate.

Emily Bell

Markus Gross

Mathias Müller von Blumencron

Sverre Munck

The Advisory Board for Media Technology and Innovation was created in autumn 2013. It has the mandate to provide advice and support to the Board of Directors and Management Board on matters relating to the further development of digital business and to the company's digital transformation. The mission of the Advisory Board, which is composed of seasoned experts in the fields of digital media, online business and digital technology, is to identify trends and new digital business fields at an early stage and to provide an external perspective on new investment opportunities and strategic partnerships.

Emily Bell

(GB/1965) has been a member of the Advisory Board for Media Technology and Innovation since February 2014. She is a professor and director of the Tow Center for Digital Journalism at the Columbia University Graduate School of Journalism in New York. Emily Bell is an internationally recognised expert and commentator on media issues. Until 2010, she was editor-in-chief of the Guardian website and director for digital content for Guardian News and Media Group. In this function she and her web team introduced new forms of communication such as live blogging, multimedia formats and social media. Since 2013, Emily Bell has been a member of the Board of Directors of Scott Trust, owner of Guardian Media Group.

Markus Gross

(CH/D/1963) has been a member of the Advisory Board for Media Technology and Innovation since October 2013. He is director of the Computer Graphics Laboratory at the Swiss Federal Institute of Technology Zurich (ETHZ), Vice President for Global Research and Development and head of Disney Research. A native of Saarland, Markus Gross studied electronics and information technology at Saarland University, graduating with a PhD in computer graphics and image processing in 1989. He has worked at the Swiss Federal Institute of Technology Zurich since 1994 and founded its computer graphics laboratory. Since 2008, he has been director of Disney Research Zurich, one of the Walt Disney Company's international research facilities working in the fields of video technology, computational cinematography and human and face animation. Markus Gross received a technical achievement award from the Academy of Motion Picture Arts and Sciences in 2013.

Mathias Müller von Blumencron

(CH/D/1960) has been a member of the Advisory Board for Media Technology and Innovation since October 2013. He works as a consultant and author. In his capacity as editor-in-chief, he has been responsible for all digital products of Frankfurter Allgemeine Zeitung from 2013 until end 2017. Mathias Müller von Blumencron studied law and business administration at St. Gallen, Hamburg and Kiel. After completing his studies as a journalist at Henri Nannen Schule, he initially joined business magazine Das Capital as editor, before going on to work for WirtschaftsWoche. In 1992, Mathias Müller von Blumencron joined Der Spiegel magazine, first as editor for the Germany II section, then as correspondent in Washington and New York; from 2000, he built up Spiegel Online as editor-in-chief to the leading news site in Germany. From 2008 to 2013 he has been, co-editor-in-chief of both the print and online editions.

Sverre Munck

(N/1953) has been a member of the Advisory Board for Media Technology and Innovation since October 2013. He is an investor and a professional board member. Sverre Munck was Chairman of the Board of Opera Software ASA from June 2014 until December 2016. Currently he is Chairman of the Oslo Science Center and of the Digital Advisory Forum at Media24 in South Africa. He studied economics at Yale University and received his PhD from Stanford University in 1983. After completing his studies, Sverre Munck worked initially as an advisor to the Norwegian Ministry of Finance before working at McKinsey & Company Inc. from 1984 to 1987. He went on to be appointed director of Loki AS. In 1994, he joined Schibsted ASA as Chief Financial Officer and was subsequently appointed executive vice president of Multimedia in 1998.

Setting the course for success

Christoph Tonini,
Chief Executive Officer

In many respects, 2017 was an extraordinarily challenging year for our company. The decline of the print advertising market accelerated further. To counter this trend, we focused in the past financial year on reorganising the editorial teams of our daily newspapers and expanding our digital content. In spite of the unfavourable market conditions, the Tamedia media group closed the 2017 financial year with a good result of CHF 170.2 million. In addition to solid operating income, this profit includes non-operating income in the form of extraordinary actuarial gains resulting from the valuation of employee benefits.

The journalistic achievements of our publishing media in the past year were impressive. The editorial teams of Tages-Anzeiger and SonntagsZeitung were key members of the international media team that revealed the noteworthy Paradise Papers. On the local stage, Zürichsee-Zeitung joined forces with other media publications to shed light on the salaries paid to Communal Parliament Presidents in St. Gallen. Although these articles all focus on very different topics and geographical regions, they have one thing in common: a long period of research. Such research can only be done if there are sufficient resources. Thanks to our joint network and the efficiency gained from the new organisational structure for the editorial teams of our daily newspapers, we can continue to conduct such in-depth research even in times of falling advertising revenue.

Our paid-for daily newspapers now obtain their content relating to cross-regional national, foreign, business and sports news from the new Tamedia editorial teams in the German- and French-speaking areas of Switzerland, which frees up resources for local and regional reporting and editorials. When it comes to content, we are also investing in the further development of research skills, data journalism, analysis, moving image formats and digital storytelling.

The two media brands with the widest reach in French-speaking Switzerland, 20 minutes and Le Matin, also bundled their resources in the past year and now use content provided by a joint editorial network. The strengthening of the digital offer should support the brand Le Matin, which has been in the red for many decades.

The changed habits and needs of the readers of our publications require us to constantly adapt our products and offers. Our other daily newspapers followed the example of Tages-Anzeiger, which launched a successful daily newsletter. Der Bund introduced the new City Talk column, while the Zürcher Regionalzeitungen revamped their app and range of e-newspapers. Users are also increasingly willing to pay for digital content. To keep up with this trend, we launched new digital offers last year, such as the day pass and an exclusive offer for mobile devices. Our initial experiences with these additional payment models give us reason to be confident about the digital future of our publications.

We are not only challenged by the need to further develop our offers for our readers, but also by the advertising market. Although our central advertising market organisation Tamedia Advertising has already been successful on the market in its first year of business, the declining trend for advertising bookings with print products remains unabated. In 2017, print advertising bookings declined more sharply for national customers in particular than in previous years. At the same time Tamedia Advertising saw a substantial increase in revenue for digital advertising offers, in particular programme advertising, video spots and content advertising, but this increase failed to offset fully the loss of revenue affecting the print advertising business.

To be even better prepared in future and to offer our advertising customers an even wider range of products, we decided to invest in two new areas of business in 2017. We entered the growth market for digital outdoor advertising by acquiring a controlling interest in Neo 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. The intended takeover of the Goldbach Group will also enable us to enlarge our offer to include TV and radio advertising and to further expand our position in the digital advertising market. The combination of Tamedia, Goldbach and Neo Advertising will allow us in future to tender 360-degree offers with a wide reach for TV, radio, print, online and outdoor advertising to our customers in Switzerland and abroad. As this will also benefit our journalistic output, it is a real opportunity for the Swiss media market. In the digital arena in particular and in our two neighbouring countries Austria and Germany, we intend to join forces to continue along the growth path we have embarked upon and to consider investments in Swiss programme content with our new partners ProSiebenSat.1 and RTL.

Segment information

in CHF 000	2017	2016
Paid Media	603 833	640 105
Free Media	154 429	162 525
Marketplaces and Ventures	235 533	228 355
Eliminations	(19 576)	(26 205)
Revenues	**974 219**	**1 004 779**
Paid Media	(521 216)	(546 028)
Free Media	(103 777)	(123 553)
Marketplaces and Ventures	(143 700)	(143 040)
Eliminations	39 680	8 806
Operating expenses and share of net income/(loss) of associates / joint ventures	**(729 013)**	**(803 815)**
Paid Media	82 617	94 077
Free Media	50 652	38 972
Marketplaces and Ventures	91 833	85 315
Eliminations	20 104	(17 399)
Operating income before depreciation and amortisation (EBITDA)	**245 206**	**200 965**
Paid Media	13.7%	14.7%
Free Media	32.8%	24.0%
Marketplaces and Ventures	39.0%	37.4%
EBITDA margin	**25.2%**	**20.0%**

Our digital classified, marketplace and service offers were again successful in the market in the past year and made a substantial contribution to our result. But pressure from international competitors is growing strongly, and big providers such as Amazon, Facebook Marketplace and Wish are now entering the Swiss digital market. We are therefore constantly investing in improving our offers. For example, the technological platform for ricardo.ch was upgraded last year and now serves as a basis for launching further innovative new products. The leading real estate platform homegate.ch was redesigned, and the internationally successful scheduling platform Doodle continued to grow in the past year and expanded its services by using, among others, the technology offered by the Israeli chatbot start-up Meekan, which has belonged to Doodle since 2016. We also invested in the autumn in the mobile flea market Tradono, fully acquiring the Swiss business and enlarging our stake in Denmark, where we now have a controlling interest. At the same time as this takeover, we decided to merge Tradono Denmark and our vintage fashion platform Trendsales. We further expanded our portfolio by investing in two new offers. Our new interest in gebraucht.de will enable us to apply the know-how and experience of the Berlin-based start-up with regard to the processing of transactions and shipments to the benefit of further developing ricardo.ch and tutti.ch. We also acquired a stake in the start-up Picstars, which connects companies and potential brand ambassadors on social media. This new advertising trend meets an ever-growing need of our customers.

The Swiss media sector continued to change in the past year. Declining revenue for print advertising led to further consolidation, but also opened up new opportunities for cooperation. This is one of the reasons why our printing centres were able to gain new customers. The high capacity utilisation of our printing centres lowers the printing prices for our own and for external products and eases the pressure on the editorial teams. Other media conglomerates are also developing further. The NZZ media group and AZ Media announced their intention in the autumn to set up a joint venture and merge their regional media divisions. The Federal Office for Communications is also working on a new law for electronic media, but the contents are not yet known. The future therefore remains interesting and the competitive environment challenging. We have set the course in 2017 to ensure our future success, both in terms of content and business operations.

Christoph Tonini
Chief Executive Officer

Christoph Tonini

Christoph Brand

Samuel Hügli

Marcel Kohler

Sandro Macciacchini

Serge Reymond

Andreas Schaffner

Christoph Tonini
Chief Executive Officer

Christoph Tonini (CH/I/1969) has been Chief Executive Officer of Tamedia since January 2013. He joined Tamedia in April 2003 as Chief Financial Officer and member of the Management Board and in addition he took over in 2004 the responsibility of the Services Division. From 2008 to 2012 he was responsible among others for the Newspapers Switzerland, Media Switzerland and most recently the Digital & 20 Minuten Division. He was also Deputy CEO from 2007. Before joining Tamedia, Christoph Tonini held various positions for Ringier between 1998 and 2003. Ultimately, he held the position of Head of Ringier Hungary and Romania. Christoph Tonini completed an MBA at St. Gallen University from 2001 to 2003. Prior to that, he completed an apprenticeship in offset printing and studied at the Swiss Engineering School for Printing and Packaging (esig) in Lausanne from 1990 to 1993.

Christoph Brand
Classifieds & Marketplaces

Christoph Brand (CH/1969) has been a member of the Management Board since 1 October 2012 and is responsible for the Classifieds & Marketplaces Division. Formerly CEO of software company Adcubum, Christoph Brand was CEO of telecommunications firm Sunrise from 2006 to 2010, where he implemented a successful growth strategy. Prior to this, Brand was CEO of Bluewin and held key positions at Swisscom, latterly as Chief Strategy Officer and member of the Group Executive Board. In addition to his operational responsibilities, he also served on the boards of directors of Directories, Cinetrade, Swisscom Mobile and Micronas. Christoph Brand studied economics at the University of Berne from 1989 to 1995 and completed the Advanced Management Programme at INSEAD in 2000.

Samuel Hügli
Technology & Ventures

Samuel Hügli (CH/1970) has been a member of the Management Board since January 2017. He is responsible for the Technology & Ventures Division, which also includes the platforms doodle.com, meekan.com, olmero.ch/renovero.ch and starticket.ch. Between 2000 and 2011, Samuel Hügli held various positions at Ringier. As Head of Technology & Informatics and later as Group CIO, he was in-charge of the media company's IT before he was appointed CFO of the Ringier Group in 2007. In 2012, Samuel Hügli became an independent management consultant for companies in Switzerland and in South Africa. He also served on several boards of directors. The trained typographer holds different management degrees from the ZFU, the St. Gallen Business School as well as the London Business School. Most recently, he attended a Strategic Business Management course at the University of Cape Town in South Africa.

Marcel Kohler
Advertising & Commuter Media

Marcel Kohler (CH/1960) has been a member of the Management Board since January 2013 and is responsible for the Advertising & Commuter Media Division. He had previously been CEO of the 20 Minuten media network since 2006. He entered the media industry in 1982 when he joined Schaffhauser Bock. From 1985 Marcel Kohler worked in the publishing division of the Neue Zürcher Zeitung for over 20 years. He initially held the position of key account manager, before progressing to sales manager, head of advertising and deputy publishing director. He was also a member of the project team responsible for the launch of NZZ am Sonntag. He completed sales management training at the Swiss Marketing and Advertising Institute (SAWI) in Biel as well as further training in systems marketing at the University St. Gallen.

Sandro Macciacchini
Finances & Human Resources

Sandro Macciacchini (CH/1966) has been a member of the Management Board since 1 January 2008 and is responsible for the Finances & Human Resources Division. He took over as head of Tamedia's Legal Department in 2003. He completed his law studies in 1995, qualifying as an attorney-at-law and beginning his career at a Berne-based law firm before working as a legal counsel for the Swiss Press Association until 1999. Sandro Macciacchini completed his dissertation on media law in April 2003. In 2006 he completed CAS training in financial and business accounting, and in 2009 he was awarded a Master of Advanced Studies Corporate Finance degree.

Serge Reymond
Paid Media

Serge Reymond (CH/1963) has been a member of the Management Board since 1 May 2011 and is responsible for the Paid Media Division. In addition he's an associate of Power Matrix Sàrl since end of 2015. Serge Reymond studied mathematics and economics at Lausanne University, gaining a first degree and an MBA. Prior to joining Tamedia, he worked for Galenica and the Swatch Group, among others, before taking on the management of the kiosk retail and distribution company Naville Détail based in the French-speaking part of Switzerland in 1997. In 2007 Serge Reymond was appointed as the CEO of the entire Naville Group. Serge Reymond joined the Edipresse Group as deputy chief executive officer in 2009, taking on the role of CEO of Edipresse Suisse with effect from 1 June 2009.

Andreas Schaffner
Publishing Services

Andreas Schaffner (CH/F/1963) has been a member of the Management Board since 1 November 2009 and is responsible for the Publishing Services Division. In this position he is responsible for the three printing centres in Berne, Lausanne and Zurich, as well as the areas preliminary services, publishing logistics and reader market services. After completing a bookbinder apprenticeship, Andreas Schaffner acquired professional and management experience in the graphic arts industry prior to studying engineering at the Ecole Suisse d'Ingénieurdes Industries Graphiques in Lausanne. In 1995 he joined Ringier as a project manager, where he headed various services and printing areas before becoming CEO of Ringier Print Adligenswil in 2005. Andreas Schaffner, who successfully completed a part-time Executive MBA, was a member of the Ringier Switzerland Management Board from 2007 to 2009.

Shareholders Meeting of Tamedia AG

Board of Directors

Chairman
Pietro Supino [2,3,4,5]

Members
Martin Coninx [1,3]
Martin Kall [3,4]
Pierre Lamunière [2,4]
Marina de Planta [1]
Konstantin Richter [1,2]
Iwan Rickenbacher [2,4]

Advisory Board for Media Technology and Innovation
Emily Bell
Markus Gross
Mathias Müller von Blumencron
Sverre Munck

Company Secretary
Reto Spiri

Management Board

CEO
Christoph Tonini

Corporate Development & Projects
Christian Haberbeck

Communications
Christoph Zimmer

Paid Media
Serge Reymond

User Market
Editorial departments
24 heures
Annabelle
Bilan
BZ Berner Zeitung
Der Bund
Finanz und Wirtschaft
hommages.ch
Le Matin
Le Matin Dimanche
Newsnet
Schweizer Familie
SonntagsZeitung
Tages-Anzeiger
Tribune de Genève
Zürcher Regionalzeitungen
Gazettes and supplements
Participations:
Berner Oberland Medien
Lausanne-Cités
GHI
others

Advertising & Commuter Media
Marcel Kohler

Advertising
Digital News & Development
Commuter Media
20 Minuten
20 minutes
heute.at
Neo Advertising
Participations:
20 minuti
L'essentiel
BT/Metroxpress
tio.ch

Classifi ds & Marketplaces
Christoph Brand

autoricardo.ch
homegate.ch
ricardo.ch
tutti.ch
Tradono
Participations:
gebraucht.de
JobCloud

Technology & Ventures
Samuel Hügli

IT
IT Publishing
Corporate IT
Digital Technology Services
Ventures
Doodle
Meekan
olmero.ch
renovero.ch
Starticket
Participations:
Book-a-Tiger
local.ch/search.ch
moneypark.ch
Picstar
zattoo.ch

Publishing Services
Andreas Schaffner

Prepress
Printing facility Berne
Printing facility Lausanne
Printing facility Zurich
Reader market services
Logistics

Finances & HR
Sandro Macciacchini

Controlling
Corporate finances and accountancy
Corporate purchasing
Facility management
Human resources
Legal services

As of 1.1.2018

[1] Members of the Audit Committee
[2] Members of the Journalism Committee
[3] Members of the Nominating and Compensation Committee
[4] Members of the Business Development Committee
[5] Chairman of the Advisory Board for Media Technology and Innovation

Market assessment

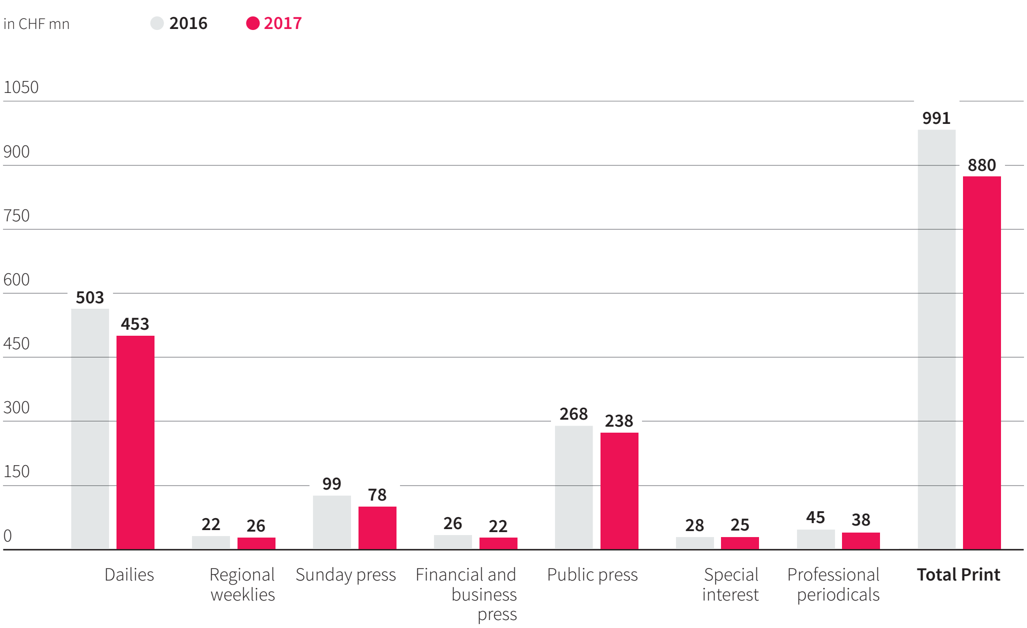
Decoupling of economic performance and print advertising market

The global economy experienced a broad-based upswing in 2017. According to the purchasing managers' indices (PMI), industrial production enjoyed robust growth in the US and more or less exploded in Europe, not only in the traditionally strong economies of Germany, Austria and the Netherlands, but also in France, Italy and Spain, where the order books of the manufacturing industry were full by the end of the year. Switzerland benefited from this global trend and the economic recovery gathered momentum. While growth was mainly supported by the industrial sector at the beginning of 2017, most service sectors also posted growth by the end of the year. This positive economic performance was also reflected in the unemployment figures. After the average unemployment rate adjusted for seasonal fluctuations was stuck at 3.3 per cent for a year and a half, it dropped by 0.1 per cent to 3.2 per cent in 2017. By year-end, the seasonally adjusted unemployment rate was 3.0 per cent.

Total gross advertising expenditure exceeded CHF 6 billion for the first time in 2017, which equals adjusted year-on-year organic growth of 4.5 per cent. This growth once again primarily benefited the digital media, as confirmed by the market research institutes GfK Switzerland AG and Nielsen (Switzerland) in Media Focus, their study of the advertising market. The services (CHF +136 million), leisure, food and tourism (CHF +125 million) and finance (CHF +79 million) sectors in particular posted growing advertising expenditure compared with the previous year. The product groups beverages (CHF –29 million) and vehicles (CHF –13 million) spent considerably less on advertising than in the previous year.

The online advertising figures have included the figures for search desktop advertising since the beginning of 2017, and since July 2017 also the figures for search mobile advertising. This adds credibility to the overall analysis of the advertising market. The market shares of the individual media types also shifted further to the disadvantage of print advertising in the past year. At 29 per cent, newspapers and magazines in December earned the same revenue from advertising as television. Together with radio (4 per

Net advertising expenditure Print 2017



Source: Inseratestatistik WEMF AG für Werbemedienforschung cent), the traditional electronic media now hold the largest share of the advertising market, thereby surpassing print advertising for the first time. Online advertising already holds a market share of 28 per cent of total gross advertising revenue. Outdoor advertising now accounts for 9 per cent of the market, while as in the previous year cinema advertising only accounts for 1 per cent.

While the Media Focus statistics only measure gross advertising expenditure, the advertising statistics of WEMF AG für Werbemedienforschung are based on the net print advertising revenues reported by the media companies. These advertising statistics therefore provide a more reliable picture of the development of the advertising market for newspapers and magazines. Overall, the printed press lost over 11 per cent in revenues year-on-year in 2017, which points to a decoupling of the print advertising market from the general performance of the economy. All press categories posted losses in advertising revenue. This decline was particularly marked in the case of the Sunday press, with a decrease in advertising revenue of over 21 per cent. The daily press 1, with a circulation of over 50,000, also sustained a substantial loss, losing 11 per cent year-on-year. The same is likewise true of the popular press. While the advertising statistics of WEMF indicate that the job market for print advertisements contracted sharply by –14 per cent, the Adecco Swiss Job Market Index suggests that personnel recruitment improved during the winter quarter by 6 per cent compared to the previous year.

Aft r the Swiss economy posted solid growth in the reporting year, economic research institutes and banks are forecasting further notable growth for 2018 thanks to the positive impetus of the global economy. Due to the decoupling of economic performance from print advertising, Tamedia expects a further reduction in revenue from print advertising in the current year. In contrast, the digital publishing platforms are likely to benefit once again from the shift to digital advertising offers, albeit to a lesser extent than the international providers.

Paid Media

The paid media of Tamedia, that are now grouped together with the newspaper printers in the Paid Media business division, faced the challenge of a significant decline in the print advertising market in 2017. In order to maintain the quality of editorial coverage despite falling advertising revenue and be able to invest in new digital offers and expertise, Tamedia announced a reorganisation of its editorial teams in the summer to take effect at the start of 2018. Two national Tamedia editorial teams, one for German-speaking Switzerland and one for French-speaking Switzerland, will in future report on national and international topics and also provide cross-regional sports coverage. Despite the use of shared centres of expertise in the cross-regional area, the regional daily newspapers are remaining independent and will continue to maintain different profiles, an individual positioning and an independent political approach. The editors-in-chief of the new Tamedia editorial teams will decide jointly with the editors of the publications on all channels on the presentation of the newspaper, have overall commenting authority and create all local, regional and other publication-specific contents from the existing locations. Tamedia's media delivered impressive content in the past year with outstanding research and reporting, using new vehicles and new digital offers for subscribers.

For example, together with international partners the media 24 heures, Der Bund, Le Matin Dimanche, SonntagsZeitung, Tages-Anzeiger and Tribune de Genève revealed the so-called Paradise Papers in the autumn of 2017 that contain evidence of dubious transactions by Swiss companies in risk countries and tax havens. Tamedia was at the heart of a global alliance of 90 media companies that jointly analysed the extensive documents. The Washington-based International Consortium of Investigative Journalists received the renowned Pulitzer Prize for the series of articles published in 2016 on the so-called Panama Papers to which the SonntagsZeitung and Le Matin Dimanche also contributed. The award, which can only be presented to US media, was explicitly also earmarked by the Pulitzer Prize Jury for the international partners.

The Tamedia editorial teams not only carried out persistent research internationally but also in their regions. For example, together with other media and following lengthy legal proceedings, the Zürichsee-Zeitung published the salaries of the 77 St. Gallen Communal Parliament Presidents.

In order also to inform readers better via digital means, Tamedia's regional newspapers last year gradually introduced curated newsletters. These are compiled alternately by different journalists from the applicable editorial team and summarise the most relevant developments and best articles from the current newspaper.

The SonntagsZeitung last year celebrated its 30-year anniversary with a special supplement in which the newspaper's initial editors reported on anecdotes and mishaps from its early days.

Tamedia's paid media continued to develop not just in terms of content but also technologically. In order also to inform occasional readers about the key events of the past few hours, the mobile apps of the BZ Berner Zeitung, Tages-Anzeiger and Tribune de Genève were supplemented with the "What you've missed" function. This proposes three articles to users that are of particular relevance to them based on their previous reading behaviour. Furthermore, Tamedia introduced new digital subscription models for all regional newspapers such as the day pass that permits access to all offers of the selected media brand for 24 hours. The expansion of the digital offer was refl cted in sharply rising subscription numbers, with over 30,000 persons choosing to take out a digital subscription in the last nine months of the year.

The Schweizer Familie magazine that has been extremely successful for many years launched a new leisure portal with a wide range of editorial content. The magazine's contents were not simply transferred to the web but embedded in a new application inviting users to discover and plan their free time and thereby building on the core competencies of Schweizer Familie.

Tamedia's three newspaper printing facilities, the Centre d'Impression Lausanne, Druckzentrum Bern and Druckzentrum Zürich, gained important new print customers in the reporting year. In the course of the year they will take over all newspaper print orders from Ringier as well as printing the daily newspapers of LZ Medien that were previously printed in Adligenswil. The high capacity utilisation of the printing centres makes an important contribution to the reduction in costs of both Tamedia's own newspapers and third-party publications that benefit from attractive printing prices.

Revenues from third parties generated by the Paid Media business division fell by 5.0 per cent in 2017 to CHF 586.0 million (previous year: CHF 616.8 million). The decline in revenues was mainly caused by the major slowdown in the advertising market. Consequently, operating income before depreciation and amortisation (EBITDA) fell by 12.2 per cent to CHF 82.6 million (previous year: CHF 94.1 million), which also affected the EBITDA margin, which is now at 13.7 per cent (previous year: 14.7 per cent).

Total Audience

Media combinations	Total Audience [1] 2017-2	Total Audience [1] 2016-2	Change
20 Minuten D-CH GES/20min.ch D-CH	3 032 000	3 093 000	–2.0%
20 Minuten Friday/friday-magazine.ch	1 105 000	1 013 000	9.1%
20 Minuten National GES/20 Minuten Online & Tio.ch	4 098 000	4 178 000	–1.9%
20 Minutes F-CH éd. totale/20min.ch W-CH	1 081 000	1 119 000	–3.4%
20 Minuti I-CH/tio.ch	262 000	283 000	–7.4%
24 Heures éd. totale/24heures.ch	597 000	553 000	8.0%
24 Heures, TdG, Le Matin/Newsnet W-CH	1 105 000	1 143 000	–3.3%
Annabelle/annabelle.ch	382 000	395 000	–3.3%
Annabelle, Fémina/PoolFéminin	717 000	717 000	0.0%
BZ/Bund GES/Newsnet Bern	886 000	846 000	4.7%
BZ/Bund GES/bernerzeitung,ch)	740 000	693 000	6.8%
BZ/Bund GES/derbund.ch	606 000	582 000	4.1%
Bilan/bilan.ch	172 000	175 000	–1.7%
Femina/femina.ch	337 000	324 000	4.0%
Finanz und Wirtschaft/fuw.ch	204 000	196 000	4.1%
Le Matin/LeMatin.ch	713 000	778 000	–8.4%
Metropool, 24 Heures, Tribune de Genève, Le Matin/Newsnet National	3 213 000	3 186 000	0.8%
Metropool/Newsnet D-CH	2 229 000	2 187 000	1.9%
Tages-Anzeiger/tagesanzeiger.ch	1 627 000	1 554 000	4.7%
Tribune de Genève/tdg.ch	538 000	506 000	6.3%

Source: WEMF AG, Total Audience 2017-2 and 2016-2, CH; Readers and Unique Users per month; figu es rounded to full thousands.
1 The Total Audience 2016-2 study builds methodically on the coverage studies MACH Basic 2016-2 (Survey: April 2015-March 2016) and NET-Metrix-Profile 2016-1 (Survey: October 2015-December 2015). The Total Audience 2017-2 study builds methodically on the coverage studies MACH Basic 2017-2 (Survey: April 2016-March 2017) and NET-Metrix-Profile 2017-1 (Su vey: October 2016-December 2016).

Readership

Title	MACH Basic [1] 2017-2	MACH Basic [1] 2016-2	Change
20 Minuten D-CH GES	1 358 000	1 369 000	–0.8%
20 Minuten Friday	428 000	425 000	0.7%
20 Minutes F-CH éd. totale	486 000	502 000	–3.2%
20 Minuti I-CH	88 000	88 000	0.0%
24 Heures éd. totale	176 000	168 000	4.8%
Annabelle	243 000	241 000	0.8%
Bilan	47 000	59 000	–20.3%
BZ/Bund GES (total issue BZ Berner Zeitung, incl. Der Bund)	323 000	339 000	–4.7%
Das Magazin	538 000	597 000	–9.9%
Der Landbote	48 000	54 000	–11.1%
Femina	233 000	251 000	–7.2%
Finanz und Wirtschaft	91 000	89 000	2.2%
GuideTV	209 000	208 000	0.5%
Le Matin (Mon-Sat)	234 000	239 000	–2.1%
Le Matin Dimanche	395 000	418 000	–5.5%
L'essentiel (Luxembourg)	130 000[2]	141 000[2]	–7.8%
Metropool (incl. Replica)	838 000	900 000	–6.9%
Metropool Weekend (incl. Replica)	1 054 000	1 130 000	–6.7%
Metropool and ZRZ GES N (incl. Replica)	1 002 000	1 072 000	–6.5%
Metropool and ZRZ GES N Weekend (incl. Replica)	1 236 000	1 313 000	–5.9%
Metroxpress (Denmark)	459 000[3]	509 000[3]	–9.8%
Schweizer Familie	594 000	646 000	–8.0%
SonntagsZeitung	581 000	624 000	–6.9%
Tagblatt der Stadt Zürich	126 000	106 000	18.9%
Tages-Anzeiger	417 000	460 000	–9.3%
Télétop Matin	258 000	274 000	–5.8%
Tribune de Genève	107 000	107 000	0.0%
TV täglich	508 000	525 000	–3.2%
Zürcher Unterländer	43 000	46 000	–6.5%
Zürichsee-Zeitung	63 000	67 000	–6.0%

Source: WEMF AG, MACH Basic 2017-2 and 2016-2, CH; figu es rounded to full thousands.
1 Relates to readership: Survey period MACH Basic 2017-2: April 2016 to March 2017; Survey period MACH Basic 2016-2: April 2015 to March 2016
2 Source: TNS ILRES, 2016.II and 2017.II under https://www.tns-ilres.com/news/tns-ilres/
3 Source: TNS Gallup, 2nd + 3rd quarter 2016 and 2nd +3rd quarter 2017 under http://www.tns-gallup.dk/statistik/laesertal

Free Media

The newly created Free Media business division comprises the national media brands 20 Minuten, 20 minutes, the investment in 20 minuti in Ticino and the investments in BT and Metroxpress in Denmark, l'essentiel in Luxembourg and Heute as well as heute.at in Austria. As at Paid Media, print advertising was also down at Free Media. The significant rise in advertising revenue in the digital segment fully offset the decline in print advertising. As of the start of 2018, the editorial teams of 20 minutes and Le Matin have bundled their editorial resources. The merging of the editorial teams is intended to enable the Le Matin brand, that has been in the red for decades, to develop further and the losses to be reduced. The two brands will retain their own identity and continue to position themselves independently.

20 Minuten also remained Switzerland's most far-reaching media brand in 2017. Moreover, several members of the 20 Minuten family increased their overall reach compared with the previous year: For instance, the print and digital offers of 20 Minuten in German-speaking Switzerland now reach 1.997 million users each day and the Italian version 20 minuti with its online portal tio.ch was also up slightly on the previous year. The lifestyle magazine 20 Minuten Friday increased its overall reach by 6.2 per cent and now provides a good 736,000 users with news about fashion, beauty and stars, including also in French-speaking Switzerland from 2018.

The free media launched several new offers in the past year, particularly also for younger target groups. For instance, a new radio station has been available directly in the app itself since last May for users of the successful 20 Minuten app. Also attributable to the music category is the newly launched "LOUD" video series from 20 Minuten Tilllate. This provides news from the world of music and brings newcomers from a range of different genres closer to viewers in an unconventional manner. The lifestyle magazine 20 Minuten Friday also launched the new video series "Beauty Minutes". The video blogger shares her long-standing expertise as a hair and make-up artist in brief and professional tutorials.

The targeted and reliable provision of advertisements is of central importance to the free media that are financed exclusively via advertising. Tamedia therefore adopted new measures against ad blockers in the past year. Access to Tamedia's media offers via desktop computers with ad blockers has no longer been possible since the autumn of 2017. In order to be able to access the contents again, the ad blocker has to be deactivated or a promotional video played back. Users can now alternatively purchase a subscription from 20 Minuten for CHF 2 per week. The campaign has already resulted in a significant reduction of the ad blocker share without exerting a negative impact on overall usage.

Tamedia's advertising market, since the end of 2016 restructured under Tamedia Advertising, has already established itself successfully in the market. Tamedia newspapers, bundled under "Tamedia Advertising Newspapers", came out a straight first in the 2017 Media Award. This serves as an additional incentive to position Tamedia Advertising even better and develop new offers. The acquisition of Neo Advertising will enable Tamedia also to offer its customers outdoor advertising. Thanks to the combination of print and online advertising with posters and digital outdoor advertising, the advertising customers of Tamedia and Neo Advertising should benefit from new offers and be able to book cross-media and cross-platform campaigns in a simpler manner.

The next logical step on the way to comprehensive 360-degree offers for advertising customers is the aspired partnership with the Goldbach Group. As announced at the end of 2017, Tamedia and Goldbach are pursuing a strategic partnership with the aim of jointly becoming one of Switzerland's marketers with the widest reach. Furthermore, the offers in Germany and Austria are to be developed further and the two companies have therefore agreed on a public takeover bid. The Goldbach Group employing around 340 staff in Switzerland, Germany and Austria is to continue to be managed as an integrated marketing company within the Tamedia media group at its existing location in Küsnacht. Under the Tamedia umbrella, Goldbach will serve as the centre of expertise for TV, video, audio and third-party digital advertising. The aim is to drive forward the ad-sales and marketing services strategy of Goldbach in Germany, Austria and Switzerland. At the time of printing of the annual report, the result of the investigation by the Swiss Competition Commission was still pending.

Revenues from third parties generated by the Free Media business division fell by 5.6 per cent in 2017 to CHF 153.2 million (previous year: CHF 162.3 million). However, operating income before depreciation and amortisation (EBITDA) recorded a sharp rise of 30.0 per cent to CHF 50.7 million (previous year: CHF 39.0 million). This is particularly also attributable to the conclusion of the investment phase in Metroxpress after the publication entered into cooperation with the Danish newspaper BT. The EBITDA margin accordingly grew to 32.8 per cent (previous year: 24.0 per cent).

Circulation

Title	Circulation [1] 2017	Circulation [1] 2016	Change
20 Minuten GES	451 176	442 994	1.8%
20 Minuten Friday	132 532	151 504	–12.5%
20 minutes GES	174 248	183 498	–5.0%
20 minuti	32 173	31 929	0.8%
24Heures GES	55 147	57 336	–3.8%
Annabelle	42 526	51 255	–17.0%
BO Berner Oberländer	15 444	16 297	–5.2%
Bilan	9 283	11 441	–18.9%
Der Bund	38 923	39 948	–2.6%
BZ Berner Zeitung Ausgabe Stadt & Region Bern	39 367	42 391	–7.1%
BZ Berner Zeitung GES [2]	133 424	140 036	–4.7%
BZ Emmental	12 578	13 227	–4.9%
BZ Langenthaler Tagblatt	9 702	10 087	–3.8%
Das Magazin	300 323	329 266	–8.8%
Der Landbote	25 586	26 656	–4.0%
Femina	99 959	114 510	–12.7%
Finanz und Wirtschaft	24 955	24 669	1.2%
Furttaler	16 135	15 887	1.6%
GuideTV	129 196	134 760	–4.1%
Le Matin semaine	37 634	40 979	–8.2%
Le Matin Dimanche	100 059	113 868	–12.1%
L'essentiel (Luxembourg) [3]	101 992	102 852	–0.8%
Rümlanger	3 854	3 830	0.6%
Schweizer Familie	148 279	166 692	–11.0%
SonntagsZeitung	158 924	168 662	–5.8%
Tagblatt der Stadt Zürich	126 594	127 950	–1.1%
Tages-Anzeiger	148 705	157 323	–5.5%
Télétop matin	101 877	115 519	–11.8%
Tribune de Genève	36 100	37 339	–3.3%
TT Thuner Tagblatt	17 410	18 086	–3.7%
Zürcher Unterländer	16 462	17 040	–3.4%
Zürichsee-Zeitung	27 805	28 927	–3.9%

Source: WEMF AG, Circulation bulletin 2017 and 2016
1 Total circulation. Survey period begins on 1 July and ends on 30 June of the following year.
2 BZ Berner Zeitung total issue (incl. Der Bund)
3 https://www.tns-ilres.com/news/tns-ilres/2017/etude-tns-ilres-plurimedia-luxembourg-2017ii/

User figures

Websites	NET-Metrix-Profil 2017-2 [1]	NET-Metrix-Profil 2016-2 [1]	Change
20 Minuten Friday	827 000	772 000	7.1%
20 minutes Friday	248 000	258 000	–3.9%
20 Minuten Online & Tio.ch Kombi	3 284 000	3 247 000	1.1%
20min.ch D-CH	2 478 000	2 527 000	–1.9%
20min.ch W-CH	902 000	883 000	2.2%
tio.ch	218 000	260 000	–16.2%
20 Minuten Tillate	1 113 000	1 057 000	5.3%
Bilan	123 000	134 000	–8.2%
doodle.com	1 028 000	1 112 000	–7.6%
fuw.ch	140 000	142 000	–1.4%
heute.at	1 015 000[2]	1 169 000[2]	–13.2%
homegate.ch	1 901 000	1 919 000	–0.9%
lessentiel.lu	1 093 481[3]	1 037 157[3]	5.4%
Der Landbote	90 000	87 000	3.4%
Newsnet Bern	708 000	650 000	8.9%
bernerzeitung.ch	529 000	497 000	6.4%
derbund.ch	393 000	313 000	25.6%
Newsnet DCH	1 751 000	1 758 000	–0.4%
Newsnet National	2 554 000	2 532 000	0.9%
Newsnet WCH	955 000	924 000	3.4%
24heures.ch	518 000	507 000	2.2%
LeMatin.ch	566 000	619 000	–8.6%
tdg.ch	585 000	449 000	30.3%
PoolFéminin	285 000	286 000	–0.3%
annabelle.ch	161 000	172 000	–6.4%
femina.ch	128 000	117 000	9.4%
schweizerfamilie.ch	61 000	(-)	(-)
tagesanzeiger.ch	1 382 000	1 396 000	–1.0%
Tamedia Network - Full Reach	4 486 000	4 672 000	–4.0%
Tamedia Publications romandes	991 000	956 000	3.7%
Tamedia Zürcher Regionalzeitungen	180 000	(-)	(-)
zsz.ch	69 000	66 000	4.5%
zuonline.ch	46 000	46 000	0.0%

Source: NET-Metrix AG, NET-Metrix-Profile 2017-2 and 2016-2, CH; Unique Use s (persons) per month; figu es rounded to full thousands
1 Survey period from 1 April to 30 June of the respective year of publication
2 ÖWA-plus 2017-II
3 Source: TNS ILRES, 2016.II and 2017.II under https://www.tns-ilres.com/news/tns-ilres/

Marketplaces and Ventures

The Marketplaces and Ventures business division once again generated a good result in the reporting year. Following a strong growth phase spanning several years, the focus in the previous year fell particularly on the further development of the platforms.

ricardo.ch renewed significant parts of the technological basis of the platform in the course of 2017 in order to be able in the months to come to use this basis and the user experience to introduce new services and further enhance the user experience. Furthermore, Axa Winterthur and Tamedia announced their intention at the start of 2018 to join forces to develop new offers in the mobility sector. AXA Winterthur will acquire a 50 per cent stake in the vehicle platform autoricardo.ch belonging to Tamedia. This promising partnership was still awaiting the approval of the Federal Competition Commission at the time of printing of the annual report.

The e-commerce sentiment barometer was measured for the third time by the University of Applied Sciences in Business Administration Zurich and Swiss Post. According to the study in which over 12,000 people were canvassed, the two online marketplaces ricardo.ch and tutti.ch are among the four most popular marketplaces among the Swiss, with ricardo.ch coming out top. In order to expand the portfolio further in the area of classifieds and marketplaces and benefit from the potential know-how in transaction and shipment processing, Tamedia invested in the German start-up gebraucht.de at the end of 2017.

The scheduling platform Doodle that celebrated its ten-year anniversary in 2017 carried out a thorough revamp of its premium offer and among other things launched a Doodle app for iMessage from Apple. This enables different persons to negotiate a date directly in iMessage Chat without having to leave the chat.

Switzerland’s leading real estate platform homegate.ch once again performed excellently and further grew both its revenues and net income. Based on its current data about the housing and real estate market, homegate.ch compiles various analyses and studies on an ongoing basis, from the homegate.ch Rental Index and the Online Home Market Analysis through to illustrations with a high user value for househunters. For example, homegate.ch published a rental map for the city of Zurich that links the average rent of an apartment with the city’s tram stops. The ImmoStreet.ch platform belonging to homegate.ch has facilitated a considerably faster and more user-friendly property search for users since undergoing a fundamental revamp in 2017.

Tamedia fully acquired the Swiss business of the mobile fl a market Tradono in the autumn and increased its investment in the former parent company Tradono ApS in Denmark to a controlling interest. As part of this acquisition, Tradono and the Danish vintage fashion platform Trendsales merged in order to create a joint team for further developing both platforms.

A survey conducted last year in partnership with the LINK Institute by JobCloud, Switzerland's leading enterprise in the digital job market (among others jobs.ch and jobup.ch), revealed that when job seekers are asked to name the job portals that first spring to mind, jobs.ch and jobup.ch clearly come out top. The success of job seekers serves as the basis for the business success of JobCloud AG. The job platforms operated by JobCloud once again performed excellently in the reporting year and achieved further growth thanks to an upturn in the employment market.

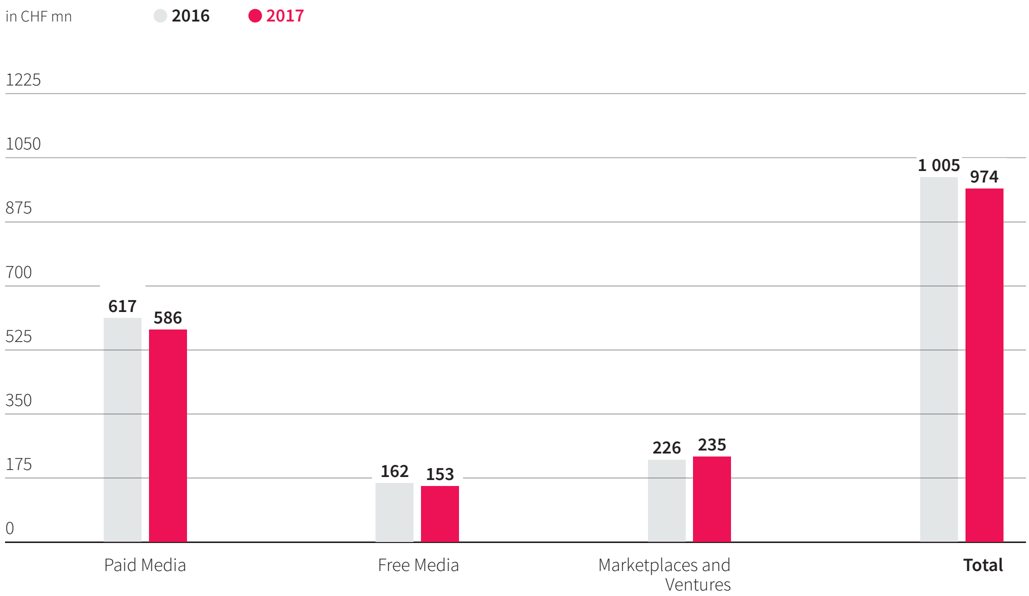
The ticketing platform Starticket recorded double-digit year-on-year revenue growth and gained a large number of new event customers in 2017. These include the Fête des Vignerons wine festival held every 20 years, one of Switzerland's largest public events. Starticket also pushed ahead in the reporting year with the merging and further development of the ticketing systems of Starticket and the former Ticketportal AG so that one of Europe's most state-of-the-art and efficient ticketing platforms has been available to partners and customers since the start of 2018.

In order to support interesting new business ideas, Tamedia acquired a non-controlling interest in the sponsorship marketplace Picstars. Picstars markets the social media reach of talents and event visitors. Tamedia will support the platform for talents, events and brands in its further growth.

The revenues from third parties generated by the Marketplaces and Ventures business division rose in 2017 by 4.1 per cent to CHF 235.0 million (previous year: CHF 225.6 million). The organic growth of the platforms from JobCloud AG and homegate.ch made a particular contribution to revenue growth, while revenue from Fashion Friends is no longer included owing to the disposal in 2016. Operating income before depreciation and amortisation (EBITDA) rose by 7.6 per cent to CHF 91.8 million (previous year: CHF 85.3 million). The EBITDA margin rose further to 39.0 per cent (previous year: 37.4 per cent.

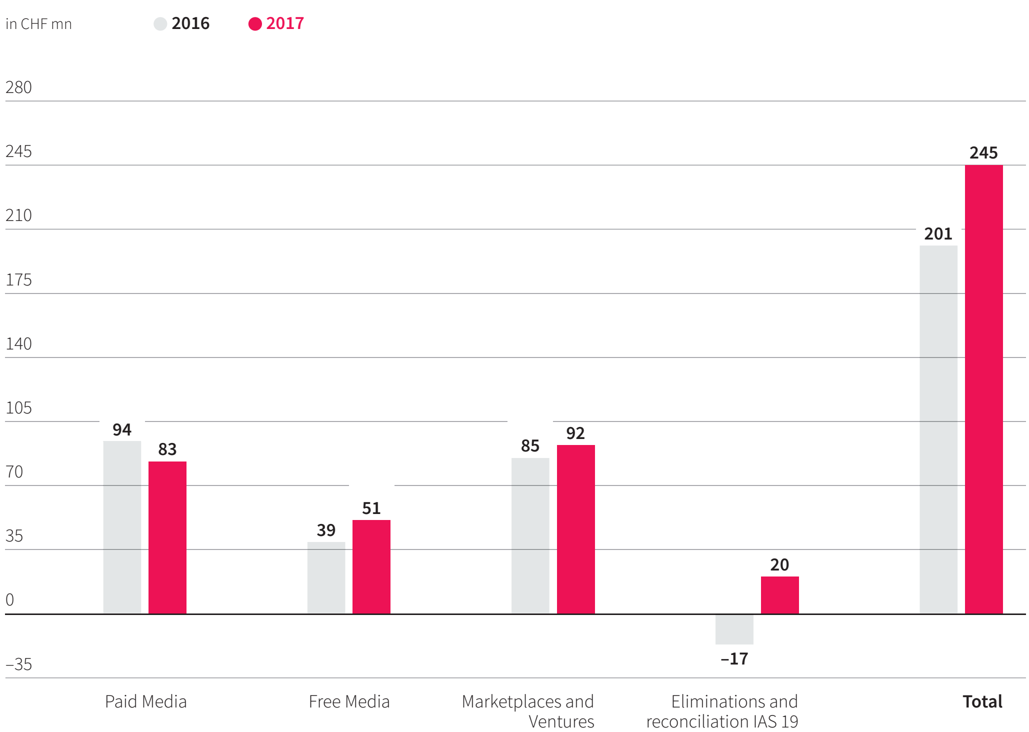
Revenues third parties by segment

Exhibit 1



EBITDA by segment

Exhibit 2



Financial overview

Accounting

In 2017, Tamedia adopted the following new and revised standards and interpretations. Their application for the first time did not result in 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")
- IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses" (amendments to IAS 12 "Income Taxes")

Changes to the group of consolidated companies

Acquisitions

Tamedia completed two transactions in the Marketplaces and Ventures segment. As at 31 October 2017, Tamedia AG acquired another 50 per cent of the shares in Tradono Switzerland AG. As at 8 December 2017, Tamedia AG contributed its previous 25.6 per cent share in Tradono ApS to Trendsales ApS, whilst the previous majority shareholders of Tradono ApS contributed their 74.4 per cent. Tamedia and the former majority shareholders of Tradono ApS each hold a share in Trendsales ApS and Tradono ApS, which were merged with retroactive effect to 1 January 2017, of 55.6 per cent and 44.4 per cent respectively.

Disposal of consolidated companies and activities

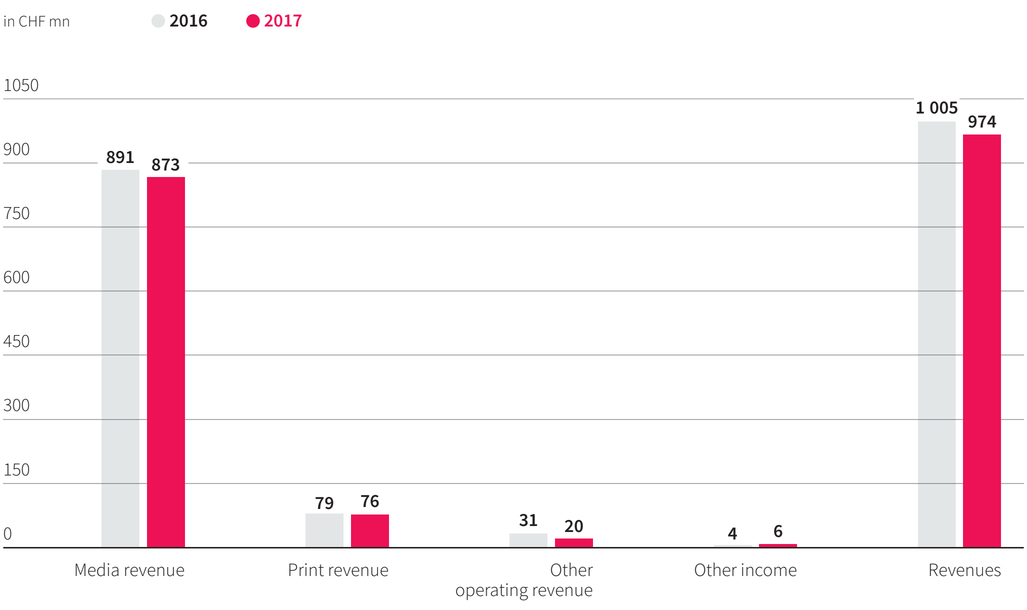
The two Danish daily newspapers BT and Metroxpress formed a partnership as of the start of 2017 and have jointly founded the new publishing company BTMX P/S. As the previous publisher of BT, Berlingske Media holds 70 per cent of the company and, as the publisher of Metroxpress, Tamedia holds 30 per cent.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

Revenues

Tamedia's revenues fell by 3.0 per cent, or CHF 30.6 million, to CHF 974.2 million. This was due to the structural decline in revenues affecting existing activities. Further information on changes in revenues can be found in the segment reporting for each business division.

Exhibit 3

Revenues



Operating income before depreciation and amortisation (EBITDA) and operating income (EBIT)

Operating income before depreciation and amortisation (EBITDA) increased by CHF 44.2 million or 22.0 per cent to CHF 245.2 million. The EBITDA margin rose from 20.0 per cent in the previous year to 25.2 per cent.

Personnel expenses fell by CHF 48.9 million from the previous year to CHF 385.1 million. Of that fall, CHF 34.0 million is attributable 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).

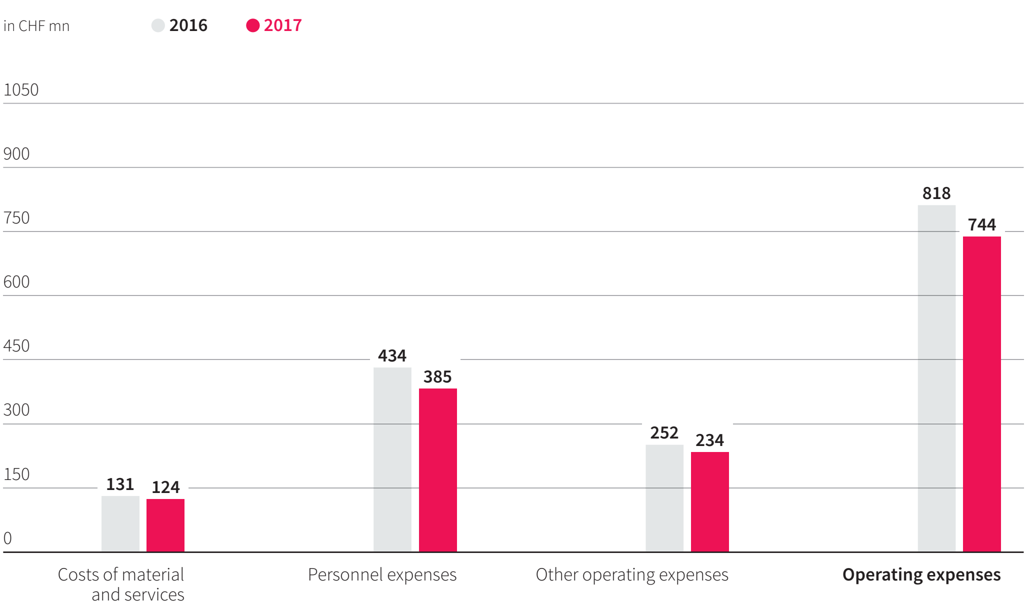
The share of net income of associates and joint ventures rose by CHF 0.8 million to CHF 14.6 million in 2017.

Operating income (EBIT) rose by 59.3 per cent or CHF 67.3 million to CHF 180.7 million. No impairment on goodwill was recognised in 2017 (previous year CHF 11.0 million). The EBIT margin rose from 11.3 per cent in the previous year to 18.6 per cent in 2017.

Depreciation and amortisation decreased by CHF 23.0 million from the previous year, to CHF 64.5 million, of which CHF 11.2 million relates to ongoing depreciation and amortisation. The increased expected operational life of the printing centres was the biggest contributor to the decline. Moreover, there was no more depreciation and amortisation on two platforms operated by Ricardo in 2017, the use of which was only planned for a limited period following the acquisition. No impairment on goodwill was recognised in 2017, compared to a figure of CHF 11.0 million in the previous year.

Operating expenses

Exhibit 4



Net income (loss)

The reported net income for 2017 of CHF 170.2 million represents an increase of 39 per cent or CHF 47.9 million over the previous year's level of CHF 122.3 million. The net income attributable to Tamedia's shareholders increased from CHF 104.7 million to CHF 146.9 million, or by 40 per cent. The financial result shrank from CHF 24.1 million to CHF –1.0 million. This decline is due mainly to the gain of CHF 25.2 million made on the sale of investments, which was recognised in the previous year.

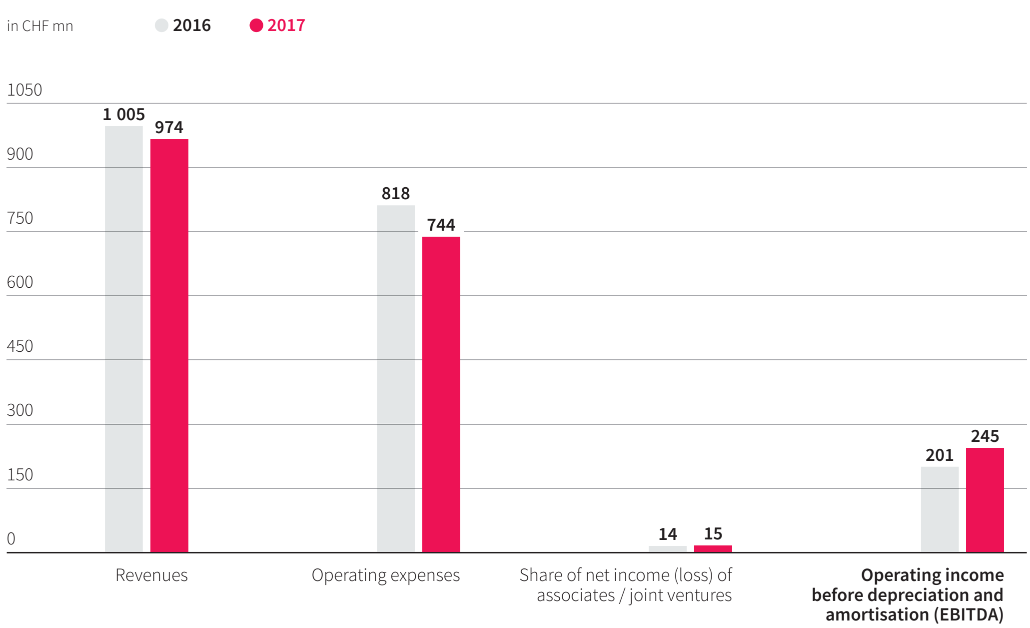
The expected average income tax rate equals the weighted average of the rates of the consolidated companies. This remained unchanged in 2017 at 21.3 per cent.

The effective tax rate decreased from 11.0 per cent to 5.3 per cent. Reimbursements and changes to tax deferrals in respect of current income taxes, due in particular to loss carryforwards and investment deductions, the tax-effective use of which was not previously deemed likely, resulted from previous periods. Unrecognised deferred tax assets on tax loss carryforwards result from the estimate that, based on their financial performance, the relevant companies do not fulfil the prerequisites for the realisation of losses. Once again, there were tax effects on investments, which mainly resulted from book depreciation and amortisation on their carrying amounts (without any deferred tax consequences) and significantly reduced the tax expenses.

In the run-up to the vote on the Corporate Tax Reform Act III, the canton of Vaud has decided to reduce tax rates significantly with effect from 1 January 2019. Following the rejection by voters of the Corporate Tax Reform Act III at the start of 2017, the cantonal government has to report to the cantonal parliament with a view to reassessing the situation. On 1 November 2017, the cantonal government published details of how it planned to proceed and confirmed the reduced cantonal income tax rate of 3.33 per cent as of 1 January 2019, which will lead to a reduction in the combined effective tax rate from the present figure of roughly 21.5 per cent to around 14 per cent. The report is expected to be available in 2018 and will need to be approved by the cantonal parliament. Tamedia's view is that tax rates will only be adjusted once approval has been granted. Tamedia will only therefore apply the new tax rate once the report has been approved. The adjusted tax rate would reduce deferred tax liabilities by CHF 13.4 million in net terms, which would result in tax revenue of the same amount.

Exhibit 5

Operating income before depreciation and amortisation (EBITDA)



Balance sheet and equity

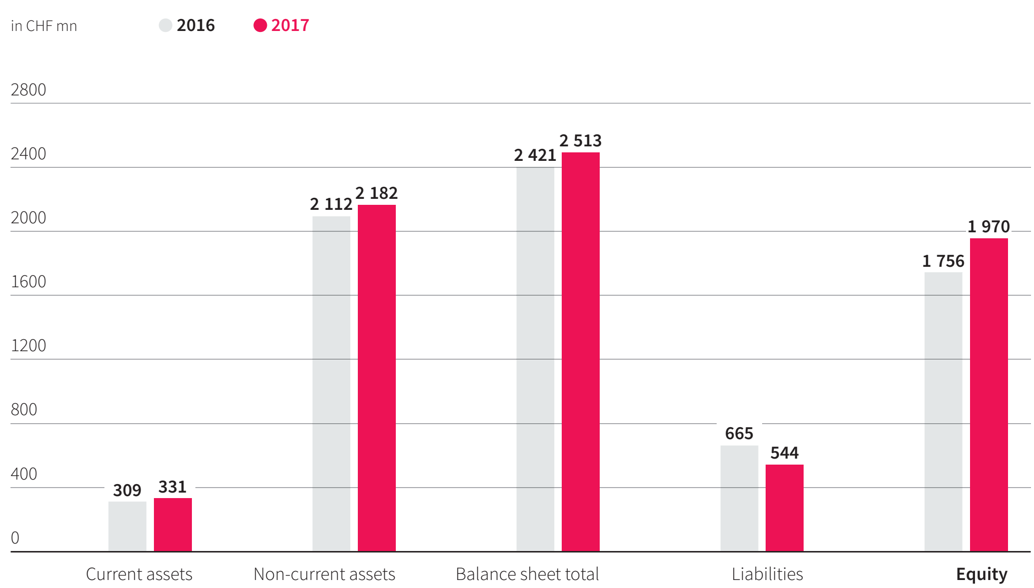
Total assets increased by CHF 92.2 million, from CHF 2,421.1 million to CHF 2,513.3 million. Equity rose by CHF 213.5 million to CHF 1,969.6 million. In addition to the net income level achieved, contributory factors included the revaluation of employee benefits that was recognised in the statement of comprehensive income. The net amount of CHF 96.4 million (after deferred taxes) recognised directly as equity resulted mainly from the performance on plan assets (previous year CHF 43.8 million). CHF 47.7 million (CHF 4.50 per share) was distributed to the Tamedia AG shareholders as a dividend. The company's equity ratio rose from 72.5 per cent to 78.4 per cent.

The current assets from continuing operations increased by CHF 65.2 million to CHF 330.9 million. Cash and cash equivalents grew by CHF 67.5 million to total CHF 123.4 million. As of 31 December 2017, there are no assets held for sale (previous year: CHF 43.2 million). 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 Starticket AG that were held for sale as at 31 December 2016 will therefore again be recognised in the balance sheet as assets and liabilities from continuing operations. As a result of placing the activity of Metroxpress in the partnership with Danish daily newspaper BT, net asset that were disclosed as held for sale as at 31 December 2016 were transferred.

Non-current assets rose by CHF 70.2 million or 3.3 per cent to CHF 2,182.5 million. Property, plant and equipment and intangible assets decreased by CHF 22.4 million to CHF 1,782.2 million. Changes to the group of consolidated companies resulted in an increase in property, plant and equipment and intangible assets of CHF 10.2 million. Investments amounted to CHF 11.2 million. The additions are offset by depreciation of property, plant and equipment and amortisation of intangible assets of CHF 64.5 million and disposals of CHF 1.4 million.

Balance sheet

Exhibit 6



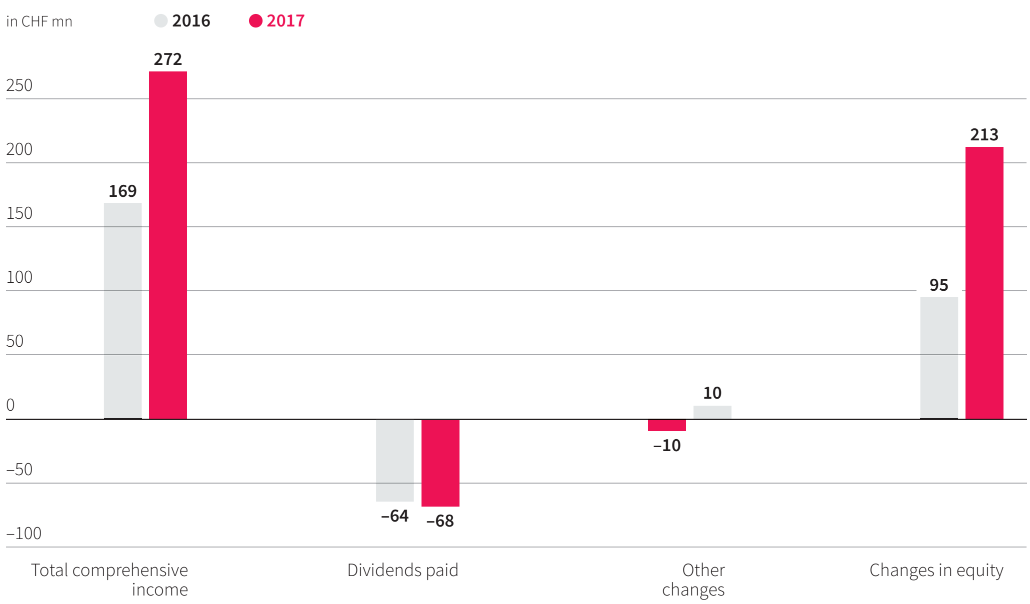
The share of equity in associates and joint ventures rose slightly in 2017 and now stands at CHF 291.0 million. The revaluation of benefit plans means that net plan assets of CHF 75.0 million will be included in the balance sheet for 2017. Employee benefit assets and liabilities totalled CHF 94.4 million and CHF 19.3 million respectively. Other investments increased in 2017 as a result of the acquisition of interests in Picstars AG and Gebraucht.de GmbH and further investments were made in the existing investments Book a Tiger Household Services GmbH and firstbird GmbH. Other non-current financial assets nevertheless fell by CHF 1.6 million to CHF 11.6 million as a result of the fall in long-term receivables.

The current liabilities from continuing operations declined by CHF 18.4 million to CHF 353.9 million. The credit facility of CHF 270.0 million agreed for the acquisition of ricardo.ch AG was terminated in the reporting year and all short and long-term credit of CHF 30.0 million and CHF 50.0 million respectively was repaid. The fall in current financial liabilities of CHF 27.5 million to CHF 4.0 million can essentially be attributed hereto. Trade accounts payable increased by CHF 13.5 million, of which CHF 7.5 million was attributable to the reclassification in connection with assets held for sale. Deferred revenues and accrued liabilities rose by CHF 5.7 million and include higher deferred subscription and online revenues of CHF 3.7 million and the increase in deferred personnel expenses of CHF 3.3 million. These are higher for 2017 due primarily to the profit participation programme for the Management Board and employees. As of 31 December 2017, there are no longer any liabilities associated with assets held for sale (previous year: CHF 18.0 million).

Non-current liabilities fell by CHF 84.8 million to CHF 189.8 million. This was primarily the result of the reduction in long-term credit of CHF 50.0 million. Employee benefit obligations decreased by CHF 45.1 million to CHF 19.3 million as a result of the revaluation of benefit plans. Deferred tax liabilities increased by CHF 16.9 million to CHF 153.4 million.

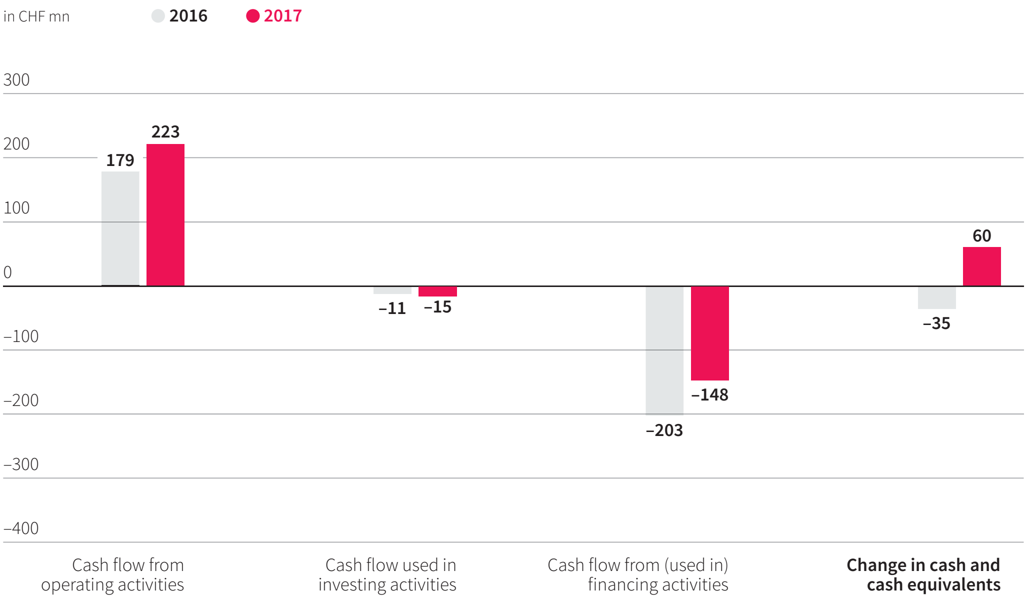
Exhibit 7

Changes in equity



Cash flow

Exhibit 8



Multi-year comparison

		2017	2016	2015	2014	2013
Revenues	CHF mn	974.2	1 004.8	1 063.8	1 114.5	1 069.1
Growth		–3.0%	–5.5%	–4.5%	4.2%	5.0%
Operating income before depreciation and amortisation (EBITDA)	CHF mn	245.2	201.0	243.4	240.7	197.1
Growth		22.0%	–17.5%	1.2%	22.1%	–0.7%
Margin [1]		25.2%	20.0%	22.9%	21.6%	18.4%
Operating income (EBIT)	CHF mn	180.7	113.5	130.6	170.4	127.7
Growth		59.3%	–13.1%	–23.3%	33.4%	–8.1%
Margin [1]		18.6%	11.3%	12.3%	15.3%	11.9%
Net income (loss) of continuing operations	CHF mn	170.2	122.3	334.0	159.5	118.5
Growth		39.1%	–63.4%	109.4%	34.7%	–5.1%
Margin [1]		17.5%	12.2%	31.4%	14.3%	11.1%
Headcount (average)	Number	3 204	3 282	3 338	3 471	3 394
Revenues per employee	CHF 000	304.0	306.2	318.7	321.1	315.0
Current assets	CHF mn	330.9	308.9	343.2	367.9	281.2
Non-current assets	CHF mn	2 182.5	2 112.2	2 165.6	1 788.2	1 895.4
Total assets	CHF mn	2 513.3	2 421.1	2 508.9	2 156.2	2 176.6
Liabilities	CHF mn	543.7	665.0	847.4	699.1	773.0
Equity	CHF mn	1 969.6	1 756.1	1 661.5	1 457.0	1 403.6
Cash flow from (used in) operating activities	CHF mn	223.3	178.6	195.3	201.7	185.1
Cash flow from (used in) investing activities	CHF mn	(14.6)	(11.1)	(250.1)	(49.3)	(91.6)
Cash flow after investing activities	CHF mn	208.6	167.5	(54.9)	152.4	93.5
Cash flow from (used in) financing activities	CHF mn	(149.0)	(202.9)	56.8	(109.0)	(144.8)
Cash flow from (used in) discontinued operations	CHF mn	–	–	–	–	0.9
Change in cash and cash equivalents	CHF mn	60.2	(35.4)	1.2	43.3	(50.3)
Return on equity [2]		8.6%	7.0%	20.1%	11.0%	8.5%
Equity ratio [3]		78.4%	72.5%	66.2%	67.6%	64.5%
Internal financing ratio of net investment [4]		1527.4%	1609.2%	78.1%	409.5%	202.1%
Quick ratio II [5]		92.3%	70.3%	76.9%	67.0%	65.9%
Debt factor [6]	x	1.0	2.3	2.7	1.9	2.7

1 As a percentage of revenue
2 Net income (loss) including non-controlling interests to shareholders' equity at year-end
3 Equity to total assets
4 Cash flow from (used in) operating activities to cash flow from (used in) investment activities
5 Current assets excluding inventories to current liabilities (of continuing operations)
6 Net debt (liabilities less current assets excluding inventories) to cash flow from (used in) operating activities

Share price performance from 3 January 2012 to 30 January 2018

Tamedia R
SPI overall index smoothed Source: Thomson Reuters Datastream

Share price

in CHF	2017	2016	2015	2014	2013
High	161.80	183.90	175.50	128.80	116.00
Low	132.00	150.00	124.50	106.10	96.70
Year-end	138.00	156.00	171.00	126.90	107.90

Market capitalisation

in CHF mn	2017	2016	2015	2014	2013
High	1 715	1 949	1 860	1 365	1 230
Low	1 399	1 590	1 320	1 125	1 025
Year-end	1 463	1 654	1 813	1 345	1 144

Financial calendar

Annual General Meeting	20 April 2018
Half-year report	28 August 2018

Key figures per share

in CHF		2017	2016	2015	2014	2013
Net income (loss) per share (undiluted)		13.87	9.89	30.32	13.81	10.68
Net income (loss) per share (diluted)		13.82	9.86	30.27	13.79	10.67
EBIT per share		17.06	10.71	12.32	16.07	12.06
EBITDA per share		23.15	18.97	22.97	22.71	18.60
Free cash flow per share		19.70	15.81	(5.18)	14.38	8.83
Shareholders' equity per share [1]		163.46	143.95	134.52	115.09	115.03
Dividends per share		4.50 [2]	4.50	4.50	4.50	4.00
Dividend pay-out rate [3]		28.0%	39.0%	14.3%	29.9%	35.8%
Dividend yield [4]		3.3%	2.9%	2.6%	3.5%	3.7%
Price/earnings ratio [4]	x	9.9	15.8	5.6	9.2	10.1
Price to EBIT ratio [4]	x	8.1	14.6	13.9	7.9	9.0
Price to EBITDA ratio [4]	x	6.0	8.2	7.4	5.6	5.8
Price to revenues ratio [4]	x	1.5	1.6	1.7	1.2	1.1
Price to free cash flow ratio [4]	x	7.0	9.9	(33.0)	8.8	12.2
Price to equity ratio [4]	x	0.8	1.1	1.3	1.1	0.9

1 Equity, attributable to Tamedia shareholders
2 Proposed appropriation of profit by the Board of Directors
3 Based on net income (loss)
4 Based on year-end price

Capital structure

The share capital of CHF 106 million is divided into 10,600,000 registered shares at nominal value of CHF 10 each. There is no authorised or conditional capital. The company holds treasury shares for profit participation plans as per Notes 32 and 42.

A binding shareholders' agreement is in place for 67.00 per cent of the shares. The signatories to the agreement currently own 71.26 per cent of the shares.

Appropriation of profit

Tamedia pursues a results-based distribution policy. As a rule, 35 to 45 per cent of profit is distributed in the form of dividends.

Investor Relations

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Consolidated income statement

in CHF 000	Note	2017	2016
Media revenue	4	872 826	891 492
Print revenue	5	76 071	78 890
Other operating revenue	6	19 687	30 693
Other income	7	5 636	3 704
Revenues		**974 219**	**1 004 779**
Costs of material and services	8	(124 107)	(131 058)
Personnel expenses	9	(385 136)	(434 022)
Other operating expenses	10	(234 335)	(252 459)
Share of net income (loss) of associates / joint ventures	11	14 565	13 723
Operating income before depreciation and amortisation (EBITDA)		**245 206**	**200 964**
Depreciation and amortisation	12	(29 043)	(40 247)
Amortisation resulting from business combinations	12	(35 418)	(36 221)
Impairment	12	–	(11 023)
Operating income (EBIT)		**180 744**	**113 474**
Financial income	13	5 185	33 165
Financial expense	13	(6 143)	(9 112)
Income before taxes		**179 785**	**137 527**
Income taxes	14	(9 589)	(15 190)
Net income (loss)		**170 196**	**122 338**
of which			
attributable to Tamedia shareholders		146 938	104 747
attributable to non-controlling interests	17	23 258	17 591

Earnings per share

in CHF	Note	2017	2016
Net income (loss) per share (undiluted)	18	13.87	9.89
Net income (loss) per share (diluted)	18	13.82	9.86

Consolidated statement of total comprehensive income

in CHF 000	Note	2017	2016
Net income		**170 196**	**122 338**
Value fluc uation of hedges / financial ass ts	38	(2 475)	(503)
Currency translation differences		5 418	(575)
Income tax effects		(428)	149
Other comprehensive income (loss) – to be reclassifie via the income statement in future periods		**2 516**	**(928)**
Actuarial gains/(losses) IAS 19	23	121 872	55 312
Share of net income (loss) recognised directly in equity of associates / joint ventures	11	2 757	3 998
Income tax effects		(25 504)	(11 477)
Other comprehensive income (loss) – not to be reclassifie via the income statement in future periods		**99 125**	**47 833**
Other comprehensive income (loss)		**101 641**	**46 905**
Total comprehensive income (loss)		**271 837**	**169 243**
of which			
attributable to Tamedia shareholders		248 177	151 574
attributable to non-controlling interests		23 660	17 669

Consolidated balance sheet

in CHF 000	Note	31.12.2017	31.12.2016
Cash and cash equivalents		123 438	55 943
Current financial ass ts		2 119	1 388
Trade accounts receivable	19	158 824	159 558
Current financial eceivables		12 125	7 592
Current tax receivables		10 546	9 234
Other current receivables		8 412	13 252
Accrued income and prepaid expenses		11 109	14 695
Inventories	20	4 288	4 020
Current assets before assets held for sale		**330 860**	**265 684**
Assets held for sale	16	–	43 183
Current assets		**330 860**	**308 867**
Property, plant and equipment	21	270 474	283 683
Investments in associates/joint ventures	11	290 959	290 612
Employee benefit plan ass ts	23	94 371	–
Other non-current financial ass ts	22	11 579	13 141
Deferred tax assets	15	3 373	3 896
Intangible assets	24/25	1 511 712	1 520 909
Non-current assets		**2 182 467**	**2 112 241**
Total assets		**2 513 326**	**2 421 107**
Current financial liabilitie	26	3 973	31 439
Trade accounts payable	27	38 940	25 407
Current tax liabilities		12 130	19 197
Other current liabilities	28	29 359	30 832
Deferred revenues and accrued liabilities	29	267 413	261 749
Current provisions	30	2 105	3 665
Current liabilities before liabilities associated with assets held for sale		**353 920**	**372 289**
Liabilities associated with assets held for sale	16	–	18 026
Current liabilities		**353 920**	**390 315**
Non-current financial liabilitie	26	6 412	62 865
Employee benefit obli ations	23	19 336	64 419
Deferred tax liabilities	15	153 421	136 534
Non-current provisions	30	10 657	10 855
Non-current liabilities		**189 826**	**274 672**
Total liabilities		**543 746**	**664 987**
Share capital	31	106 000	106 000
Treasury shares	32	(1 635)	(1 251)
Reserves		1 627 187	1 420 581
Equity, attributable to Tamedia shareholders		**1 731 552**	**1 525 330**
Equity, attributable to non-controlling interests		238 028	230 791
Equity		**1 969 580**	**1 756 120**
Total liabilities and shareholders’ equity		**2 513 326**	**2 421 107**

Consolidated statement of cash flows

in CHF 000	Note	2017	2016
Direct method			
Receipts from products and services sold	4/5/6	954 533	974 023
Personnel expense	9	(400 935)	(412 872)
Expenditures for material and services received	8/10	(326 657)	(368 783)
Dividends from associates / joint ventures	11	25 916	19 354
Cash fl w from (used in) operating activities before financial esult and taxes		**252 856**	**211 722**
Interest paid	13	(464)	(1 839)
Interest received	13	359	1 170
Other financial esult	13	(1 438)	(1 197)
Income taxes paid	14	(28 051)	(31 247)
Cash fl w from (used in) operating activities		**223 263**	**178 609**
Investments in property, plant and equipment	21	(6 634)	(5 207)
Sale of property, plant and equipment	21	3 752	1 314
Sale of assets held for sale	16	–	17 449
Investments in consolidated companies	1	295	(40 640)
Sale of consolidated companies	1	–	5 443
Investments in interests in associates/joint ventures	11	(490)	(12 665)
Sale of investments in associates/joint ventures	11	590	22 060
Investments in other financial ass ts	22	(7 613)	(4 618)
Sale of other financial ass ts	22	–	7 645
Investments in intangible assets	24	(4 518)	(1 880)
Cash fl w from (used in) investing activities		**(14 617)**	**(11 099)**
Cash fl w after investing activities		**208 645**	**167 510**
Dividends paid to Tamedia shareholders	31	(47 684)	(47 700)
Dividends paid to non-controlling interests		(20 527)	(16 753)
Capital repayment to non-controlling interests		–	(12 574)
Proceeds of current financial liabilitie	26	–	46
Repayment of current financial liabilitie	26	(30 002)	(3 999)
Repayment of non-current financial liabilitie	26	(50 619)	(120 219)
(Purchase)/sale of treasury shares	32	(1 319)	(1 250)
Acquisition of non-controlling interests		(2 364)	(3 308)
Sale of non-controlling interests		3 503	2 900
Cash fl w from (used in) financing activitie		**(149 010)**	**(202 857)**
Impact of currency translation		**539**	**(39)**
Change in cash and cash equivalents		**60 174**	**(35 386)**
Cash and cash equivalents as of 1 January		55 943	98 649
Cash and cash equivalents from assets held for sale as at 1 January		7 320	–
Cash and cash equivalents as of 31 December		123 438	55 943
Cash and cash equivalents from assets held for sale as at 31 December		–	7 320
Change in cash and cash equivalents		**60 174**	**(35 386)**

Statement of changes in equity

in CHF 000	Share capital	Treasury shares	Currency translation differences	Reserves	**Equity, attributable to Tamedia shareholders**	Equity, attributable to non-controlling interests	**Equity**
As of 31 December 2015	**106 000**	**(579)**	**(6 474)**	**1 326 814**	**1 425 762**	**235 766**	**1 661 528**
Net income (loss)	–	–	–	104 747	**104 747**	17 591	**122 338**
Share of net income (loss) recognised directly in equity of associates/joint ventures	–	–	–	3 998	**3 998**	–	**3 998**
Value fluc uation of hedges	–	–	–	(503)	**(503)**	–	**(503)**
Actuarial gains/(losses) IAS 19	–	–	–	55 168	**55 168**	144	**55 312**
Currency translation differences	–	–	(540)	–	**(540)**	(35)	**(575)**
Income tax effects	–	–	44	(11 341)	**(11 297)**	(30)	**(11 327)**
Total comprehensive income	**–**	**–**	**(496)**	**152 070**	**151 574**	**17 669**	**169 243**
Dividends paid	–	–	–	(47 700)	**(47 700)**	(16 753)	**(64 453)**
Changes in the group of consolidated companies	–	–	–	–	**–**	189	**189**
Acquisition of non-controlling interests	–	–	–	(7 633)	**(7 633)**	3 408	**(4 225)**
Sale of non-controlling interests	–	–	–	2 715	**2 715**	3 084	**5 799**
Capital reduction of non-controlling interests	–	–	–	–	**–**	(12 574)	**(12 574)**
Contractual obligations to purchase non-controlling interests	–	–	–	(359)	**(359)**	–	**(359)**
Share-based payments	–	–	–	1 644	**1 644**	–	**1 644**
(Purchase)/sale of treasury shares	–	(672)	–	–	**(672)**	–	**(672)**
As of 31 December 2016	**106 000**	**(1 251)**	**(6 970)**	**1 427 551**	**1 525 330**	**230 791**	**1 756 120**
Net income (loss)	–	–	–	146 938	**146 938**	23 258	**170 196**
Share of net income (loss) recognised directly in equity of associates/joint ventures	–	–	–	2 757	**2 757**	–	**2 757**
Value fluc uation of hedges/financial ass ts	–	–	–	(2 475)	**(2 475)**	–	**(2 475)**
Actuarial gains/(losses) IAS 19	–	–	–	121 737	**121 737**	135	**121 872**
Currency translation differences	–	–	5 124	–	**5 124**	294	**5 418**
Income tax effects	–	–	(825)	(25 078)	**(25 903)**	(28)	**(25 932)**
Total comprehensive income	**–**	**–**	**4 299**	**243 879**	**248 177**	**23 660**	**271 837**
Dividends paid	–	–	–	(47 684)	**(47 684)**	(20 527)	**(68 210)**
Acquisition of non-controlling interests	–	–	–	(3 467)	**(3 467)**	1 104	**(2 363)**
Sale of non-controlling interests	–	–	–	4 744	**4 744**	3 001	**7 744**
Contractual obligations to purchase non-controlling interests	–	–	–	3 405	**3 405**	–	**3 405**
Share-based payments	–	–	–	1 431	**1 431**	–	**1 431**
(Purchase)/sale of treasury shares	–	(384)	–	–	**(384)**	–	**(384)**
As of 31 December 2025	**106 000**	**(1 635)**	**(2 671)**	**1 629 858**	**1 731 552**	**238 028**	**1 969 580**

Notes to the consolidated financial statements

Consolidation and measurement principles

Consolidation principles

General
The consolidated financial statements of Tamedia AG, Werdstrasse 21, Zurich (Switzerland), and its subsidiaries are prepared in compliance with Swiss company law and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The consolidation is based on the individual financial statements of the consolidated companies as of 31 December, which are prepared according to uniform accounting principles. All standards issued by the IASB and all interpretations issued by the International Financial Reporting Interpretations Committee that were in force by the balance sheet date have been considered during the preparation of the consolidated fi ancial statements.

The preparation of the consolidated financial statements requires that the Management Board and the Board of Directors make estimates and assumptions that impact the amounts of the assets and liabilities, contingent liabilities, as well as the expenditures and income disclosed in the consolidated financial statements for the reporting period. These estimates and assumptions not only take past experience into account, but also developments in the state of the economy, and are mentioned wherever relevant in the Notes. As they are subject to risks and uncertainties, the actual results may differ from these estimates. During the reporting year, estimates and assumptions concerning the adjustment of tax rates in the Canton of Vaud (see Note 14) and concerning the expected increased operational life of the printing centres (see Note 12 and 21) had a particularly significant impact on the consolidated financial statements. Detailed information on the assessment of the financial risks is provided in Note 37.

The consolidated fi ancial statements were approved by the Board of Directors on 26 February 2018. The Board of Directors proposes that the Annual General Meeting of 20 April 2018 approves the consolidated financial statements.

Changes in accounting policies in 2017
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

Impact of new accounting policies in 2018 and thereafter
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. The International Accounting Standards Board IASB published the fi al version of IFRS 9 “Financial Instruments” on 24 July 2014, thereby completing the various phases of its extensive financial instruments project. IFRS 9 replaces the reporting requirements for financial instruments of IAS 39 “Financial Instruments: Recognition and Measurement” and includes provisions on hedge accounting and the impairment of financial instruments. The first mandatory adoption of IFRS 9 is planned for financial years beginning on or aft r 1 January 2018. The impact and changes resulting from the implementation of IFRS 9 are deemed to be slight in terms of their materiality.

On 28 May 2014, the IASB also published a new standard on revenue recognition (IFRS 15 “Revenue from Contracts with Customers”). The mandatory first adoption of this standard applies for financial years beginning on or aft r 1 January 2018. Tamedia plans to retrospectively apply the standard. IFRS 15 combines the previous standards and interpretations that contained provisions on revenue recognition into a single standard. IFRS 15 must be applied to all revenue transactions across all sectors and comprises a principle-based five-level model for determining the time (or time period) and amount at which revenues are to be recognised. The standard also requires extensive disclosure requirements. Tamedia has analysed material consolidated revenues with customers based on the five-step IFRS 15 model. Among other things, this entailed a review of the requirements of IFRS 15 with regard to the timing or period of recognition of revenues, the recognition of multiple-element arrangements and variable revenue components. Tamedia does not expect the implementation of the new standard to entail any material adjustments to the revenue figures in the consolidated income statement. However, the introduction of the new standard is expected to necessitate additional disclosures in the Notes to the Annual Report.

On 13 January 2016, the IASB published its new standard on leases (IFRS 16 "Leases"). Lessees generally have to recognise all leases with their assets and liabilities in the balance sheet, except for short-term leases with a term of less than one year and leases where the underlying asset is of low value. The first mandatory adoption of IFRS 16 is planned for financial years beginning on or after 1 January 2019. The analysis of the impacts and changes resulting from the implementation of IFRS 16 is still ongoing. A more detailed estimate will be made in 2018. However, the capitalisation and depreciation of right-of-use assets under IFRS 16 will significantly reduce EBITDA, whilst the impact on EBIT and net income is expected to be slight in terms of materiality.

Application of the following relevant standards and interpretations is not expected to result in any significant changes to the consolidation and measurement principles or to the financial position and financial performance.

- IFRS 2 "Classification and Measurement of Share-based Payment Transactions" (amendments to IFRS 2 "Share-based Payment") – 2018
- IFRS 4 Applying IFRS 9 "Financial Instruments" together with IFRS 4 "Insurance Contracts" (amendments to IFRS 4 "Insurance Contracts") – 2018
- IAS 40 "Transfers of Investment Property " amendments to IAS 40 "Investment Property" – 2018
- IFRS 17 "Insurance Contracts" – 2021
- IFRS 10/IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures") – deferred indefinitely

Restatement

Segment reporting has been adjusted to refl ct 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 prior period were adjusted as a consequence of the restatement. The restatement only affects segment reporting, which is shown in the table below. The restatement has no effect on the other components of the Annual Report.

in CHF 000	Paid Media	Free Media	Marketplaces and Ventures	Eliminations and reconci-liation IAS 19	**Total**
2016 - after restatement					
Revenues third parties	616 818	162 331	225 630	–	**1 004 779**
Revenues intersegment	23 287	194	2 724	(26 205)	**–**
Revenues	**640 105**	**162 525**	**228 355**	**(26 205)**	**1 004 779**
Operating expenses	(547 936)	(125 152)	(153 257)	8 806	**(817 538)**
Share of net income (loss) of associates / joint ventures	1 908	1 599	10 217	–	**13 723**
Operating income before depreciation and amortisation (EBITDA)	**94 077**	**38 972**	**85 315**	**(17 399)**	**200 965**
Margin [1]	14.7%	24.0%	37.4%	–	20.0%
Depreciation and amortisation	(29 689)	(484)	(10 073)	–	**(40 246)**
Amortisation resulting from business combinations [2]	(8 622)	(2 612)	(24 987)	–	**(36 221)**
Impairment	–	–	(11 023)	–	**(11 023)**
Operating income (EBIT)	**55 766**	**35 876**	**39 232**	**(17 399)**	**113 475**
Margin [1]	8.7%	22.1%	17.2%	–	11.3%
Average number of employees [3]	**2 327**	**345**	**609**	**–**	**3 282**

in CHF 000	Publishing National	Publishing National	Digital	Eliminations and reconci-liation IAS 19	**Total**
2016 - before restatement					
Revenues third parties	425 155	354 005	225 619	–	**1 004 779**
Revenues intersegment	45 565	358	2 724	(48 647)	**–**
Revenues	**470 720**	**354 363**	**228 344**	**(48 647)**	**1 004 779**
Operating expenses	(403 844)	(291 682)	(153 261)	31 248	**(817 539)**
Share of net income (loss) of associates / joint ventures	1 044	2 462	10 217	–	**13 723**
Operating income before depreciation and amortisation (EBITDA)	**67 920**	**65 143**	**85 300**	**(17 399)**	**200 964**
Margin [1]	14.4%	18.4%	37.4%	–	20.0%
Depreciation and amortisation	(29 725)	(449)	(10 073)	–	**(40 247)**
Amortisation resulting from business combinations [2]	(5 478)	(5 755)	(24 987)	–	**(36 221)**
Impairment	–	–	(11 023)	–	**(11 023)**
Operating income (EBIT)	**32 717**	**58 939**	**39 217**	**(17 399)**	**113 474**
Margin [1]	7.0%	16.6%	17.2%	–	11.3%
Average number of employees [3]	**1 911**	**761**	**609**	**–**	**3 282**

1 The margin relates to revenues.
2 Amortisation of business combinations includes the amortisation of the customer base and publishing rights acquired and capitalised as part of a business combination.
3 The average headcount does not include employees in associates/joint ventures.

Group of consolidated companies

All companies over which Tamedia AG exercises control either directly or indirectly are included in the consolidated financial statements. Companies acquired during the reporting year are included in the consolidated financial statements as of the date on which control was assumed, and companies sold are excluded from the consolidated financial statements as of the date on which control was surrendered.

Consolidation method

The consolidated financial statements comprise the financial statements of the parent company and the companies it controls. The company gains control if it:

– can exercise power of disposal over the associated companies,
– is exposed to fluctuations in returns as a result of its association, and
– is able to influence returns on the basis of its power of disposal.

The assets, liabilities, revenues and expenses of the companies included in the group of consolidated companies are accounted for in their entirety using the full consolidation method. The non-controlling interests in equity and net income (loss) are disclosed separately in the balance sheet and the income statement.

Joint ventures in which Tamedia AG directly or indirectly holds 50 per cent of the voting rights or over whose financial and operational decisions it exercises control based on agreements entered into with partners, thereby owning rights to the net assets of the joint venture, are accounted for using the equity method.

Investments in companies in which Tamedia AG directly or indirectly holds less than 50 per cent of the voting rights (associates) and over whose financial or operational decisions it does not exercise any control but over which it has significant influence are also accounted for using the equity method.

The recognition of joint ventures and associates in the consolidated financial statements is explained under investments in associates and joint ventures.

Capital consolidation

The share of equity of consolidated companies is accounted for using the acquisition method. There is the option with regard to any business combination of measuring the non-controlling interests at fair value or according to the proportion of assets acquired. In the case of business combinations that are achieved in stages, the fair value of the previously held equity interest is remeasured to fair value at the date control is transferred. Any gains or losses and any costs incurred in relation to the acquisition are directly recognised in the income statement.

Treatment of intercompany profits

Profits on intragroup sales not yet realised through sales to third parties as well as gains from the intragroup transfer of property, plant and equipment and investments in subsidiaries are eliminated in the consolidation.

Foreign currency translation

The consolidated financial statements of Tamedia are presented in CHF. Monetary items in foreign currency in the individual financial statements are translated at the exchange rate applicable on the balance sheet date. Foreign currency transactions executed during the financial year are recognised at the average monthly exchange rate. The resulting exchange rate differences are recognised directly in the income statement. Assets and liabilities of subsidiaries whose functional currency is not the CHF are converted in the consolidated financial statements using the price on the reporting date, while items in the income statement are converted using the average price.

Measurement policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank account balances and time deposits with an original term of up to three months, which are measured at nominal value.

Current financial assets

Current financial assets include marketable securities, time, sight and demand deposits with an original maturity of more than three months but not more than twelve months, as well as current derivative financial instruments.

Publicly traded marketable securities are measured at quoted market prices as of the balance sheet date. Securities that are not publicly traded are measured at fair value. Time, sight and demand deposits are measured at nominal value. Any realised and unrealised price differences for these items and for marketable securities are recognised in the income statement, with the exception of unrealised price differences for derivative financial instruments designated as accounting hedges (see "Measurement policies for derivative financial instruments").

Receivables

Receivables are measured at their nominal value. Bad debt provisions are charged to the income statement for doubtful receivables whose collection is uncertain. A valuation allowance is made for overall risk, the amount of which is based on past experience.

Inventories

Inventories are measured at their purchase or production cost according to the weighted average method, but at most at their net realisable value minus the expected costs of completion and disposal.

Items with a low inventory turnover and those that are difficult to dispose of are impaired based on business criteria.

Property, plant and equipment

Property, plant and equipment are measured at the higher of amortised cost less depreciation considered necessary for business reasons, with the exception of land, which is recognised at cost.

Improvements to leased properties are capitalised and depreciated in line with the term of the lease. Any options for extension of the leases are not taken into account. The costs of any maintenance and repairs that do not add value are charged directly to the income statement.

With the exception of additional impairment necessary for business reasons, depreciation is charged on a straight-line basis over uniform useful lives established within the Group.

The following depreciation periods apply:

Buildings used for operational purposes	40 years
Buildings not used for operational purposes	40 years
Installations and ancillary structures	3–25 years
Plant and machinery	3–25 years
Vehicles	4–10 years
Fixtures and fittings	5–10 years
IT equipment	3–5 years

Investments in associates and joint ventures

Investments in associates (i.e. companies in which Tamedia AG directly or indirectly holds between 20 per cent and 50 per cent of the voting rights without exerting control over any financial and operational decisions, or less than 20 per cent of the voting rights where a significant influence can be exercised in another way) and in joint ventures are recognised using the equity method. The Group's shares in losses that exceed the acquisition cost are only recognised if Tamedia has a legal or de facto obligation to share in further losses or to participate in any ongoing or initiated financial restructuring.

Non-current financial assets

Non-current financial assets include other investments, non-current loans, non-current derivative financial instruments and other non-current financial assets.

Other investments (less than 20 per cent of the voting rights) are stated at fair value. Unrealised gains – net aft r taxes – are taken to the statement of comprehensive income until realised. Impairment losses are recognised in the income statement.

Non-current loans are measured at amortised cost.

Non-current derivative financial instruments (held for trading) are measured at fair value. Both realised and unrealised price differences are recognised in the income statement, with the exception of those for derivative financial instruments designated as cash flow hedges (see “Measurement policies for derivative financial instruments”).

Other non-current financial assets (available for sale) are also measured at fair value. Unrealised gains – net after taxes – are taken to the statement of comprehensive income until realised. Impairment losses are recognised in the income statement.

Intangible assets

Acquired intangible assets are recognised at cost and amortised using the straight-line method over their expected useful life. Intangible assets with an indefinite useful life are tested annually for impairment and an annual review is carried out to determine whether the useful life is still indefinite. The costs of intangible assets generated by the Group are charged to the income statement as they arise. Trademarks/URLs are classified as intangible assets with an indefinite useful life if they can be used and renewed at no material cost and for an indefinite time and such a possibility is envisaged.

The following depreciation periods apply:

Goodwill	no amortisation
Trademarks/URL	generally no amortisation
Customer bases/publishing rights	5–20 years
Capitalised software project costs	3–5 years

Goodwill and intangible assets

At the time of initial consolidation, the assets and liabilities of a company – or the net assets acquired – and the contingent liabilities are measured at fair value. Any positive difference between the consideration paid and the acquired net assets calculated according to these policies is recognised as goodwill in the year of acquisition. The goodwill thus calculated is not amortised but is instead tested for impairment every year. If there is any indication of a possible goodwill impairment, its value is re-assessed and, if necessary, written off as an impairment. Any negative difference between the consideration paid and the net assets is recognised immediately in the income statement following a review.

In the event of disposal of consolidated companies, the difference between the sales price and other shares held, as well as transferred net assets, which could also include some remaining goodwill, is reported in the consolidated income statement as income from the sale of investments.

The position that a company or a product has within the market at the time a purchase agreement is entered into is reflected in the purchase price that is paid for this acquisition. This position is by definition not a separate component and therefore cannot be measured. It forms an integral component of the goodwill acquired.

Impairment of non-current assets

Impairment tests are performed on property, plant and equipment, intangible assets with finite useful lives and financial assets if events or changes in circumstances indicate that the carrying amount may have been impaired. The determination of their impairment is based on estimates and assumptions made by the Management Board and Board of Directors. As a result, it is possible that the actual values realised may deviate from these estimates. If the carrying amount is higher than the recoverable amount, an impairment is made in the income statement to the value which appears to be recoverable based on the discounted, anticipated future income, or a higher net sales value.

Assets held for sale

Assets held for sale are individual assets and liabilities held for sale or those of disposal groups and – where applicable – discontinued business divisions. Assets are only reclassified under this item if the Board of Directors or Management Board has decided to proceed with the sale and has begun to actively seek buyers. Additionally, the asset or disposal group must be immediately sellable. As a general rule, the transaction should take place within one year. Non-current assets or disposal groups that are classified as held for sale are no longer depreciated or amortised. If the carrying amount is higher than the fair value less the costs of disposal, this will give rise to an unscheduled impairment loss. The gain or loss (aft r taxes) from any changes in the measurement of assets held for sale are reported separately under the Note “Assets held for sale”.

Leases

Property, plant and equipment acquired under leases that transfer all the risks and rewards incidental to ownership to the consolidated companies are classified as finance leases. Such assets are recognised at the commencement of the lease at the lower of cost or the present value of the future, non-cancellable lease payments, and the corresponding liabilities are deferred and reported depending on their maturity date under current or non-current financial liabilities.

Gains from sale and leaseback transactions that meet the definition of finance leases are deferred in the balance sheet and amortised over the lease term.

Lease payments for operating leases are recognised on a straight-line basis and charged directly to the income statement.

Financial liabilities

Financial liabilities are initially recognised at the amount paid less transactioncosts incurred, and then measured at amortised cost in subsequent periods. Any differences between the amount paid (less transaction costs) and the repayment value are calculated over the repayment period using the effective interest rate method and are recognised in the income statement.

Financial liabilities are classified as current except where the Group has an unlimited entitlement to defer payment of the liability to a date at least twelve months aft r the balance sheet date.

Borrowing costs that are incurred directly in conjunction with the purchase, construction or completion of an asset that requires a substantial period until being put to its intended use are capitalised as part of the costs of the asset in question. All other borrowing costs are charged to the income statement in the reporting period in which they are incurred.

Provisions

Provisions are only recognised if an obligation exists or appears probable based on a past event and when the amount of such obligation can be reliably estimated.

Possible obligations and those that cannot be reliably estimated are disclosed as contingent liabilities.

Employee benefits

Tamedia has both defined contribution and defined benefit pension plans. Employee benefit plans are largely in line with the regulations and conditions prevailing in Switzerland. The majority of employees are insured concerning old age, disability and death under the autonomous employee benefit plans of the Tamedia Group. All other employees are insured under group insurance contracts with insurance companies. Contributions to the employee benefit plans are made by both the employer and the employees pursuant to legal requirements and in accordance with the respective plan policies.

The pension plans of the Danish companies are defined contribution plans under which contributions are paid to public pension plans. There are no other payment obligations. The contributions are recognised immediately as personnel expenses.

Every year, an independent actuary calculates the defined benefit obligation in accordance with the criteria stipulated by the IFRS, using the projected unit credit method. The obligations correspond to the present value of the anticipated future cash fl ws. The plan assets and income are calculated annually. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

An economic benefit will result if the company can at some point in the future reduce its contributions. The amount that should become available to the company as a reduction of future contributions is defined as the present value of the difference between the service cost and the contributions laid down in the respective plan policies, and must be capitalised in compliance with the limitation imposed by IAS 19.64. The effects of the employer contribution reserves are also considered.

Of the pension cost, the current employee service cost and past service cost, plan settlements, etc. are reported as personnel expenses while the interest result is recognised in the financial result.

Any funding deficit of the defined benefit liability plans is recognised as an employee benefit liability. This is calculated by deducting the present value of the employee benefit obligation from the plan assets measured at fair value.

The calculations to determine the plan assets, employee benefit obligation and pension cost take into account long-term actuarial assumptions such as the discount rate, expected future salary increases, mortality rates and expected future pension increases, which can differ from the actual results and will have an impact on net assets, the financial position and earnings positions. As pension plans are long term in nature, these estimates should be seen to be subject to a significant element of uncertainty.

Contributions to defined contribution plans are recognised in the income statement.

Taxes

Current taxes are recognised in the period to which they relate on the basis of the local operating income figures reported by the consolidated companies in the reporting year.

Deferred tax liabilities resulting from measurement differences between tax and consolidated values are calculated and recognised using the liability method. In the process, all temporary differences between the values included in the tax returns and those in the consolidated financial statements are taken into consideration. The tax rates used are the anticipated local tax rates. Depending on the underlying transaction, any change in deferred taxes is recognised in the income statement, total comprehensive income or directly in equity.

Deferred tax loss carryforwards and deferred taxes arising from temporary differences are only capitalised if it is likely that gains will be realised in future that would allow the loss carryforwards or the deductible differences to be offset for tax purposes.

Product development

All costs incurred for product development during the financial year are taken to the income statement whenever the restrictive capitalisation requirements for development costs as per IAS 38 are not fully met.

Revenues

Revenues are realised if the material risks associated with ownership have been transferred to the purchaser or the services have been rendered, the amount of the revenues can be reliably determined and the resulting accrual of an economic benefit is sufficiently probable. Revenues are stated net of sales reductions, losses on receivables and value-added tax. Revenues and expenses from barter transactions are reported gross. Any consideration not yet received is accounted for on an accruals basis.

As regards activities where the material opportunities and risks do not apply to Tamedia or sums are collected in the interest of third parties, revenues are only shown in the amount of the relevant commission or the share of the revenues to which the Group is entitled.

Revenues within the advertising market include revenue from the sale of advertising space (e.g. commercial advertisements and classified advertising) in published newspapers and magazines and revenues from digital business models within the categories of displays, affiliate marketing and online classified. Revenues from the advertising market in the digital area are equivalent to the sale of advertising space in the publishing area. Revenues from the advertising market are realised when advertisements appear. This is also when the revenues are recognised.

Revenues within the user market include revenues from the sale of newspapers and magazines to subscribers, retailers and wholesalers. Revenues from sales also include the sale of digital applications and formats. Revenues from the user market in the digital area are equivalent to those in the publishing area. Here, the service is provided over a period of time (the duration of the subscription). Revenues are therefore recognised over the course of the relevant subscription.

Print revenue includes proceeds from newspaper printing and commercial printing. Proceeds are realised when printed products are delivered and recognised at this time.

Other operating revenue mainly includes revenues from transport, merchandise revenues and other revenue items which would not be material on their own. The various items incorporate various smaller sources of revenue. These include income from the staff restaurant, intermediary fees for mortgages, visualisation support for the marketing of property, sale of petrol, etc.

Other income includes income from asset disposals, income from evaluations of previously non-consolidated investments and other revenue items which would not be material on their own.

Other operating revenue and other income are recognised when the economic benefit of a transaction can be established with some reliability and the benefit has accrued during the reporting period.

Segment reporting

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.

The accounting policies described above also apply to segment reporting, whereas pension costs are shown separately together with the eliminations.

The revenues, expenses and net income of the various segments include offsetting between the business divisions. Such offsetting is carried out on an arm’s length basis.

Derivative financial instruments

Forward contracts and options with financial institutions are not entered into on a speculative basis, but selectively and exclusively for the purpose of mitigating the specific foreign currency and interest rate risks associated with business transactions. Foreign currency derivatives are measured according to the settlement of the hedged items as fair value hedges or as cash flow hedges, either in conjunction with the underlying transactions or separately at fair value as of the balance sheet date.

Derivative financial instruments, such as interest rate swaps, foreign currency transactions and certain derivative financial instruments embedded in basic agreements are recognised in the balance sheet at fair value, either as current or non-current financial assets or liabilities. The changes in fair value are charged either to the income statement or to the statement of comprehensive income, depending on the purpose for which the respective derivative financial instruments are used.

In the case of fair value hedges, the change in fair value of the effective share (of the derivative financial instrument and the underlying transaction) is recognised immediately in the income statement. The changes in fair value of the effective share of derivative financial instruments classed as cash flow hedges and qualifying for treatment as such are taken to the statement of comprehensive income until the underlying transactions can be recognised in the income statement.

Changes in the fair value of derivative financial instruments that are not considered to be accounting hedges (as understood by the definition given above) or that do not qualify as such are recognised in the income statement as components of financial income or expenses. This also applies to fair value hedges and cash flow hedges as described above as soon as such financial instruments cease to qualify as accounting hedges.

Contractual obligations to purchase the Group's own equity instruments (such as put options on non-controlling interests) result in the recognition of a financial liability, which is recognised at the present value of the exercise amount in equity. The fair value of the financial liability is regularly reviewed and any deviation from first-time recognition is recognised in the financial result.

Transactions with related parties and companies

Transactions with associates, joint ventures and related parties are conducted on an arm's length basis. In addition to the information disclosed in Note 41 details relating to the compensation of the Board of Directors and Management Board are disclosed in the Compensation Report.

Notes to the consolidated income statement, statement of comprehensive income, balance sheet, statement of cash flows and statement of changes in equity

The figures in the consolidated financial statements have been rounded. As the calculations are made with a higher level of numerical accuracy, it is possible that small rounding differences may occur.

Note 1

Changes to the group of consolidated companies

In the 2017 financial year, the following material changes occurred in relation to the group of consolidated companies:

Acquisition of consolidated companies and activities 2017

Tradono Switzerland AG, Tradono ApS Denmark

Tamedia concluded two transactions in the Marketplaces and Ventures segment. These are shown together for reasons of materiality.

As at 31 October 2017, Tamedia AG acquired another 50 per cent of shares in Tradono Switzerland AG. Since the acquisition took place in several steps, the previously held shares must be taken into consideration at a fair value of CHF 0.3 million at the date control is transferred. The difference compared with the previous value of these interests is CHF 0.3 million, which is reported as a gain under other income.

As at 8 December 2017, Tamedia AG contributed its previous 25.6 per cent share in Tradono ApS to Trendsales ApS, whilst the previous majority shareholders of Tradono ApS contributed their 74.4 per cent. In return for their contribution, the previous majority shareholders of Tradono ApS received a 44.4 per cent share in Trendsales ApS and Tradono ApS, which were merged with retroactive effect to 1 January 2017. From Tamedia's perspective, the 25.6 per cent share in Tradono ApS has increased by 30.0 per cent to 55.6 per cent. Since the acquisition took place in several steps, the previously held shares must be taken into consideration at a fair value of CHF 2.8 million at the date control is transferred. As this equates to the previous value of these shares, no changes in the measurement of assets had to be taken into account.

The purchase price for the two transactions amounted to CHF 4.7 million. Of that total, CHF 0.4 million was paid in cash. The remaining purchase price was paid in the form of an investment of the previous majority shareholders of Tradono ApS in 44.4 per cent of Trendsales ApS. No additional purchase price obligations were taken into consideration. Costs of CHF 0.2 million were incurred in connection with the transactions.

Assets of CHF 11.7 million and liabilities of CHF 3.2 million were acquired upon first consolidation of the company. In addition to cash and cash equivalents of CHF 0.7 million, the assets comprise goodwill and intangible assets not subject to amortisation equalling 80 per cent of the total assets or CHF 9.4 million in total. The assets do not include any material accounts receivable. The goodwill of CHF 9.4 million arose from the strong market position and the expected synergy effects resulting from the merging of existing activities. It is assumed that the goodwill is not deductible for tax purposes. The disclosures on first consolidation are based on preliminary figures and estimates.

The revenues from the two transactions recognised since the acquisition date total CHF 0.1 million and the net loss CHF -0.8 million. Had the acquisition taken place with effect from 1 January 2017, the revenues reported for 2017 would have been CHF 0.5 million higher, while reported net income would have been CHF 2.7 million lower.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	433
Other components of the purchase price	4 310
Purchase price of newly acquired interests	**4 743**
Equity value of the previously held interests before revaluation gain	2 755
+/– Revaluation gain	324
Fair value of previously held interests	**3 080**
Purchase price / equivalent value of transaction after revaluation gain	**7 823**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	727
Trade accounts receivable	28
Property, plant and equipment	2
Deferred tax assets	581
Intangible assets	10 207
Other assets	182
Total assets	**11 728**
Trade accounts payable	(144)
Deferred revenues and accrued liabilities	(134)
Non-current financial liabilitie	(2 618)
Employee benefit obli ations	–
Deferred tax liabilities	(173)
Other liabilities	(142)
Total liabilities	**(3 211)**
Net assets	**8 517**
Remaining minority interests	(694)
Purchase price / equivalent value of transaction after revaluation gain	**7 823**

Cash and cash equivalents bought	727
Cash and cash equivalents paid	(433)
Net infl w of cash	**295**

Revenues recognised since acquisition date	**142**
Net income recognised since acquisition date	**(829)**

Disposal of consolidated companies and activities 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 equals the fair value of the activity of Metroxpress. The shares will be accounted for using the equity method (investments in associates, see Note 11).

Additional changes to the group of consolidated companies

The following changes were implemented to simplify the corporate structure: Tutti.ch AG was merged with Tamedia Espace AG retroactively to 1 July 2017. Tradono ApS Denmark was merged with Trendsales ApS retroactively to 1 January 2017.

In the reporting year 2016, the following significant acquisitions and disposals were made, which must also be disclosed in this Annual Report in accordance with the requirements of IAS 1 “Presentation of Financial Statements”:

Acquisitions of consolidated companies and activities 2016

The acquisitions of consolidated companies are detailed below.

Adextra AG, ImmoStreet.ch S.A., Ticketportal AG, Meekan Solutions Ltd., JoinVision E-Services GmbH

Tamedia concluded five transactions in the Marketplaces and Ventures segment. These are shown together for reasons of materiality.

As at 12 February 2016, Tamedia AG acquired 100 per cent of the shares in Adextra AG, headquartered in Zurich. On 11 April 2016, Homegate AG acquired a further 80 per cent interest in property platform ImmoStreet.ch S.A., thereby increasing its stake from 20 to 100 per cent. Since the acquisition took place in several steps, the previously held shares must be taken into consideration at a fair value of CHF 7.4 million at the date control is transferred. The difference compared with the previous value of these interests is CHF 1.2 million, which is reported as a gain under other income. As at 21 April 2016, Starticket AG acquired 100 per cent of the shares in ticketportal AG, headquartered in St. Gallen, and as at 28 June 2016 Doodle AG acquired 100 per cent of the shares in Meekan Solutions Ltd., headquartered in Israel. On 1 October 2016, Jobcloud AG acquired a 100 per cent interest in the software company JoinVision E-Services GmbH, headquartered in Vienna, Austria.

The purchase price for the five transactions amounted to CHF 48.9 million. Of that total, CHF 46.4 million was paid in cash. Purchase price obligations of CHF 2.5 million were also taken into consideration, of which CHF 1.9 million relates to a variable purchase price which may turn out to be lower depending on business developments in 2019. The adjustment to the purchase price obligation of CHF 0.6 million to reflect the current market value, was recognised as financial income in 2017. No material costs were incurred in relation to the transactions.

Assets of CHF 69.4 million and liabilities of CHF 13.2 million were acquired upon first consolidation of the companies. In addition to cash and cash equivalents of CHF 9.3 million, the assets comprise goodwill and intangible assets not subject to amortisation equalling 55 per cent of the total assets or CHF 38.1 million in total. The assets also include receivables with a fair value of CHF 2.8 million. The gross amount of the receivables was CHF 3.0 million, of which CHF 0.2 million was impaired.

The goodwill of CHF 32.3 million arose from the strong market position in Switzerland and the expected synergy effects resulting from the merging of existing activities and the cost improvements in central areas. It is assumed that the goodwill is not deductible for tax purposes.

The revenues from the five transactions recognised in 2016 since the acquisition date total CHF 8.2 million and the net income recognised since the acquisition date is CHF 1.4 million. Had the acquisition taken place with effect from 1 January 2016, the revenues reported for 2016 would have been CHF 3.2 million higher, while reported net income would have been CHF 0.4 million lower.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	46 364
Purchase price obligation	2 515
Purchase price of newly acquired interests	**48 879**
Equity value of the previously held interests before revaluation gain	6 208
+/– Revaluation gain	1 173
Fair value of previously held interests	**7 381**
Purchase price / equivalent value of transaction after revaluation gain	**56 260**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	9 341
Trade accounts receivable	2 845
Property, plant and equipment	67
Intangible assets	54 736
Other assets	2 439
Total assets	**69 428**
Trade accounts payable	(712)
Deferred revenues and accrued liabilities	(4 034)
Employee benefit obli ations	(1 900)
Deferred tax liabilities	(4 109)
Other liabilities	(2 412)
Total liabilities	**(13 168)**
Net assets	**56 260**
Purchase price / equivalent value of transaction after revaluation gain	**56 260**

Cash and cash equivalents acquired	9 341
Cash and cash equivalents paid	(46 364)
Net outfl w of cash	**(37 023)**

Revenues recognised since acquisition date	**8 205**
Net income recognised since acquisition date	**1 398**

DJ Digitale Medien GmbH

As of 29 August 2016, Tamedia AG acquired 51 per cent of the shares in DJ Digitale Medien GmbH, headquartered in Vienna, Austria. DJ Digitale Medien GmbH comprises the digital offering of the Austrian commuter newspaper Heute. The print division of Heute comes under AHVV Verlags GmbH, a company in which Tamedia has a share aft r acquiring 25.5 per cent of the shares in the associated company Ultimate Media B&M GmbH (investments in associates, see Note 11).

The purchase price for the 51 per cent share in DJ Digitale Medien GmbH totals CHF 6.6 million in cash. Transaction costs of CHF 0.2 million were incurred.

Assets of CHF 7.5 million and liabilities of CHF 0.6 million were acquired upon first consolidation of DJ Digitale Medien GmbH. In addition to cash and cash equivalents of CHF 0.1 million, the assets comprise goodwill equalling 86 per cent of the total assets or CHF 6.4 million in total. The assets also comprise receivables with a fair value of CHF 0.1 million (no receivables were impaired).

The goodwill of CHF 6.4 million relating to DJ Digitale Medien GmbH arose from the strong market position in Austria and the expected synergy effects with existing activities and the cost improvements in central areas. It is assumed that the goodwill is not deductible for tax purposes.

The revenues of DJ Digitale Medien GmbH in 2016 recognised since the acquisition date total CHF 1.0 million and the net loss recognised since the acquisition date is CHF –0.3 million. Had the acquisition taken place with effect from 1 January 2016, the revenues reported for 2016 would have been CHF 1.3 million higher, while reported net income would have been CHF 0.6 million lower.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	6 627
Purchase price	**6 627**

in CHF 000	Values on initial consolidation
Cash and cash equivalents	133
Trade accounts receivable	102
Property, plant and equipment	33
Intangible assets	7 143
Other assets	48
Total assets	**7 459**
Trade accounts payable	(177)
Deferred revenues and accrued liabilities	(81)
Non-current financial liabilitie	(163)
Deferred tax liabilities	(171)
Other liabilities	(50)
Total liabilities	**(642)**
Net assets	**6 817**
Remaining minority interests	(189)
Purchase price	**6 627**

Cash and cash equivalents acquired	133
Cash and cash equivalents paid	(6 627)
Net outfl w of cash	**(6 494)**

Revenues recognised since acquisition date	**952**
Net income recognised since acquisition date	**(333)**

Disposal of consolidated companies and activities 2016

Swiss Online Shopping AG

On 31 March 2016, Tamedia AG acquired a further 37.3 per cent interest in Swiss Online Shopping AG, thereby increasing its stake from 62.7 to 100 per cent. On 01 April 2016, Tamedia AG sold its 100 per cent interest in Swiss Online Shopping AG. Following the deconsolidation, assets of CHF 17.0 million (of which CHF 2.9 million were cash and cash equivalents) and liabilities of CHF 7.1 million were transferred. The sales price amounted to CHF 8.4 million. Transaction costs of CHF 0.6 million were incurred.

Additional changes to the group of consolidated companies 2016

The following changes were implemented to simplify the corporate structure: car4you Schweiz AG was merged with ricardo.ch AG retroactively to 1 January 2016. Swiss Classified Media AG was merged with Tamedia AG retroactively to 1 January 2016. Acquired as of 21 April 2016, Ticketportal AG was merged with Starticket AG retroactively to 1 July 2016.

As of 1 October 2016, Verlag Finanz und Wirtschaft AG acquired 100 per cent of the shares in the event management company Forum Executive AG. The purchase price was CHF 0.6 million in cash. Forum Executive AG was merged with Verlag Finanz und Wirtschaft AG retroactively to 1 October 2016.

Segment information

Note 2

in CHF 000	Paid Media	Free Media	Marketplaces and Ventures	Eliminations and reconciliation IAS 19	Total
2017					
Revenue third parties	586 028	153 231	234 960		**974 219**
Revenue intersegment	17 805	1 198	574	(19 576)	**–**
Revenues	**603 833**	**154 429**	**235 533**	**(19 576)**	974 219
Operating expenses	(522 452)	(105 248)	(155 558)	39 680	**(743 578)**
Share of net income (loss) of associates / joint ventures	1 236	1 471	11 858	–	**14 565**
Operating income before depreciation and amortisation (EBITDA)	**82 617**	**50 652**	**91 833**	**20 104**	**245 206**
Margin [1]	13.7%	32.8%	39.0%	–	25.2%
Depreciation and amortisation	(20 213)	(590)	(8 241)	–	**(29 043)**
Amortisation resulting from business combinations [2]	(8 623)	(1 947)	(24 849)	–	**(35 418)**
Impairment	–	–	–	–	**–**
Operating income (EBIT)	**53 781**	**48 115**	**58 744**	**20 104**	**180 744**
Margin [1]	8.9%	31.2%	24.9%	–	18.6%
Average number of employees [3]	**2 289**	**299**	**617**	**–**	**3 204**
2016					
Revenue third parties	616 818	162 331	225 630	–	**1 004 779**
Revenue intersegment	23 287	194	2 724	(26 205)	**–**
Revenues	**640 105**	**162 525**	**228 355**	**(26 205)**	**1 004 779**
Operating expenses	(547 936)	(125 152)	(153 257)	8 806	**(817 538)**
Share of net income (loss) of associates / joint ventures	1 908	1 599	10 217	–	**13 723**
Operating income before depreciation and amortisation (EBITDA)	**94 077**	**38 972**	**85 315**	**(17 399)**	**200 965**
Margin [1]	14.7%	24.0%	37.4%	–	20.0%
Depreciation and amortisation	(29 689)	(484)	(10 073)	–	**(40 246)**
Amortisation resulting from business combinations [2]	(8 622)	(2 612)	(24 987)	–	**(36 221)**
Impairment	–	–	(11 023)	–	**(11 023)**
Operating income (EBIT)	**55 766**	**35 876**	**39 232**	**(17 399)**	**113 475**
Margin [1]	8.7%	22.1%	17.2%	–	11.3%
Average number of employees [3]	**2 327**	**345**	**609**	**–**	**3 282**

1 The margin relates to revenue.
2 Amortisation of business combinations includes the amortisation of the customer base and publishing rights acquired and capitalised as part of business combinations.
3 The average headcount does not include employees in associates/joint ventures.

Segment reporting has been adjusted to refl ct 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.

Information on assets, liabilities, interest, investments and income taxes is not disclosed as this is not reported internally by segment either.

No single customer accounted for more than 10 per cent of consolidated revenues.

All material revenues are earned in Switzerland and all material non-current asset items are located in Switzerland. The revenues achieved in foreign currencies by the following Group companies and their non-current assets in foreign currencies are not deemed to be material as regards the consolidated income statement and the consolidated balance sheet. Trendsales ApS and Tradono Switzerland AG, which are allocated to the Marketplaces and Ventures segment, and MetroXpress A/S, which is allocated to the Free Media segment, are domiciled in Denmark and prepare their financial statements in Danish krone. Ricardo-shops GmbH, ricardo Sàrl, DJ Digitale Medien GmbH and JoinVision E-Services GmbH, which belong to the Marketplaces and Ventures segment, prepare their financial statements in euro. Meekan Solutions Ltd., which is allocated to the Marketplaces and Ventures segment, is domiciled in Israel and prepares its financial statements in shekel.

Further information on the individual segments can be found in the operational reporting section on pages 14 to 26.

Note 3

Foreign currency conversion

The following exchange rates were applied to convert foreign currencies:

in CHF	2017	2016
Exchange rate at year's end		
1 EUR	1.17	1.08
100 DKK	15.69	14.46
100 ILS	28.13	26.63
Average exchange rate		
1 EUR	1.11	1.09
100 DKK	14.96	14.63
100 ILS	27.43	25.91

Note 4

Media revenues

in CHF 000	2017	2016
Advertising market	546 221	560 557
User market	258 490	261 594
Other media activities	68 115	69 342
Total media revenue	**872 826**	**891 492**
of which barter transactions	28 552	31 236

At 90 per cent, media revenues made by far the largest contribution to revenues. Media revenues declined by CHF 18.7 million or 2 per cent year-on-year to CHF 872.8 million. Advertising market revenues dropped by CHF 14.3 million or 3 per cent from the previous year to CHF 546.2 million. While revenues from both commercial advertisements and classified advertisements contracted further, revenues from online advertising grew compared with the previous period. User market revenues declined by a further CHF 3.1 million or 1 per cent from the previous year to CHF 258.5 million. Revenues from other media activity also fell by CHF 1.2 million, or 2 per cent.

Note 5

Print revenues

in CHF 000	2017	2016
Newspaper printing	54 412	57 472
Other printing revenues	21 658	21 418
Total	**76 071**	**78 890**

Print revenues accounted for 8 per cent of revenues (previous year 8 per cent). Print revenues declined by CHF 2.8 million or 4 per cent year-on-year to CHF 76.1 million. The decline in revenues from newspaper printing is due in particular to the Le Temps print order, which, since 1 January 2017, has no longer been printed at Druckzentrum Lausanne.

Other operating revenue

Note 6

in CHF 000	2017	2016
Transport	9 068	10 516
Merchandise revenues	481	5 966
Delivery	–	334
Management fees and services to related parties and third parties	2 560	3 203
Gain on buildings used for operational purposes	2 733	3 032
Handling charges, shipping costs	1 327	2 085
Various items	3 517	5 557
Total	**19 687**	**30 693**

Other operating revenue accounted for 2 per cent of total revenues (previous year 3 per cent). Other operating revenue declined by 36 per cent in total to CHF 19.7 million. Transport revenue declined by 14 per cent, or CHF 1.4 million year-on-year due to lost orders. Merchandise revenues and revenues from delivery reduced significantly due to the deconsolidation of Swiss Online Shopping AG. Its revenues continued to be recognised in the previous year for three months until the time of the sale. The various items incorporate various smaller sources of revenue such as revenue from the staff restaurant, intermediary fees for mortgages, visualisation support for the marketing of property, sale of petrol and other items which would not be material on their own.

Other income

Note 7

in CHF 000	2017	2016
Gain on disposal of property, plant and equipment	5 005	2 413
Revaluation gain on previously non-consolidated investments	324	1 173
Various items	306	118
Total	**5 636**	**3 704**

The gain on asset disposals in 2017 mostly resulted from the sale of a lot of land in Bussigny by CIL Centre d'Impression Lausanne SA, while the prior-year figure chiefly comprised the gain from the sale of the printing facility on Rudolf-Diesel-Strasse in Winterthur. The revaluation gain on a step-up acquisition totalled CHF 0.3 million (previous year CHF 1.2 million). In 2017, this relates to the shares previously held in Tradono Switzerland AG (previous yeas ImmoStreet.ch S.A.). More information about these transactions can be found in the explanation of the changes to the group of consolidated companies in Note 1.

Costs of materials and services

Note 8

in CHF 000	2017	2016
Costs of material	49 651	53 708
Merchandise expenses	1 121	5 053
Costs of services	73 335	72 297
Total	**124 107**	**131 058**

Costs of materials and services accounted for 13 per cent of revenues during the reporting period (previous year 13 per cent), falling by 5 per cent to CHF 124.1 million. Expenditure on paper fell by a further 8 per cent in 2017, to CHF 36.2 million, due chiefly to the loss of commuter newspaper Metroxpress, which is no longer consolidated. The decline in the cost of merchandise is mainly attributable to the sale of Swiss Online Shopping AG in 2016, whose net income (loss) was recognised for three months up to the time of sale during the previous year. The cost of third-party services rose by 1 per cent compared with the previous period.

Note 9

Personnel expenses

in CHF 000	2017	2016
Salaries and wages	338 356	349 124
Social security	52 015	52 765
Employee benefit expens [1]	(20 104)	17 473
Other personnel expense	14 869	14 660
Total	**385 136**	**434 022**

1 The expense reported for IAS 19 includes the positions Current employer service costs, Effect of plan curtailments/settlements, Past service cost, Administration costs excl. Employer contributions (recognised under Social security) as set out in Note 23. The impact from interest payable and the anticipated returns on plan assets is recognised under Net financial esult (loss).

At 40 per cent of revenues, personnel expenses continue to represent the largest expense item, Personnel expenses declined by CHF 48.9 million from the previous year to CHF 385.1 million. Of that fall, CHF 34.0 million is attributable 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).

Aft r taking into account one-off effects such as the recognition and reversal of provisions for social plans and the impact of past service costs and changes to the group of consolidated companies, current personnel expenses were down by approximately CHF 9.2 million on the previous period.

Number of employees

Number	2017	2016
As of 31 December	3 261	3 296
Average	3 204	3 282

The headcount (converted to full-time equivalents) shrank by 35 FTEs or 1 per cent, from 3,296 to 3,261 FTEs by year end. The average headcount for the year was 3,204, which represents a decrease of 78 FTEs or 2 per cent on the previous year.

Other operating expenses

Note 10

in CHF 000	2017	2016
Distribution and sales expenses	95 281	108 845
Advertising and public relations	59 607	54 501
Rent, lease payments and licences	25 179	23 101
General operating expenses	53 460	66 012
Income from disposal from the asset deal	809	–
Total	**234 335**	**252 459**
of which barter transactions	28 552	31 236

Other operating expenses accounted for 24 per cent of revenues (previous year 25 per cent) and were down by 7 per cent or CHF 18.1 million to CHF 234.3 million. General operating expenses include, among other things, expenditure for purchases and repairs, expenditure on consultancy, general administrative expenditure, expenses incurred by people travelling on behalf of and representing the Group and other operating expenditure. In the previous year, general operating expenses included an endowment / donation for a professorship of Media Technology at ETH Zurich and for an ETH Media Technology Centeramounting to CHF 2.9 million. As a result of placing the activity ofMetroxpress in a joint venture, a loss of CHF –0.8 million was incurred (see Note 1).

Associates/joint ventures

Note 11

in CHF 000	2017	2016
Share of net income (loss) of associates / joint ventures	14 565	13 723
Equity share in associates / joint ventures	290 959	290 612

The share of net income in associates and joint ventures rose by CHF 0.8 million to CHF 14.6 million in 2017. 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. Furthermore, the 20 per cent share in Hotelcard AG was sold as at 30 August 2017.

The share of equity in associates and joint ventures rose by CHF 0.3 million net to CHF 291.0 million. The acquisition of shares in BTMX P/S and Carcodex AG increased the carrying amount of associates in 2017. The sale of the shares in Hotelcard AG and the acquisition of additional shares in Tradono Switzerland AG and Tradono ApS reduced the share in the equity of associates and joint ventures.

An impairment of CHF 0.9 million (previous year CHF 1.6 million) on the carrying amounts of associates and joint ventures is recognised in the financial result in the income statement (Paid Media segment). The expectations for future income were reduced as a result of accelerated structural decline, which led to a decline in the underlying value in use associated with the carrying amount. The values in use were calculated using the discounted cash fl w method.

Swisscom has given Tamedia a put option for the 31 per cent investment held by Tamedia in Swisscom Directories AG, with Tamedia giving Swisscom a call option. These rights may be redeemed with effect from 1 July 2018. Based on the valuation as of 31 December 2017, no value needs to be recognised for the options.

Share of net assets and income in associates/joint ventures

Detailed financial information on the single company deemed to be a material associated company is provided below. The reported amounts refer to the 100 per cent stake in the company and include the fair value adjustments at the time of acquisition as well as any deviations caused by differences in application of accounting policies. The income statement includes in particular the depreciation and amortisation to be recognised by Tamedia on the intangible assets owned at the takeover date.

in CHF 000	2017	2016
Name	Swisscom Directories AG	Swisscom Directories AG
Share of Group capital	31.0%	31.0%
Balance sheet		
Current assets	161 881	168 716
Non-current assets	692 866	726 910
Total assets	**854 747**	**895 626**
Current liabilities	106 358	109 861
Non-current liabilities	51 809	63 522
Total equity	696 580	722 243
of which attributable to Tamedia	215 940	223 895
Liabilities and shareholders' equity	**854 747**	**895 626**
Income Statement		
Revenues	211 950	217 374
Income before taxes	**32 106**	**35 929**
Income taxes	(6 707)	(5 427)
Net income	**25 399**	**30 502**
Other comprehensive income	8 894	12 895
Total comprehensive income	**34 293**	**43 397**
of which attributable to Tamedia	10 631	13 453
Dividends received (pro-rata)	18 566	14 981

As of the end of 2017, the other associates and joint ventures are assessed as not material on an individual basis.

The shares of Tamedia in the net assets and income of associates and joint ventures are listed below.

in CHF 000	Swisscom Directories AG	Other associates	Joint ventures	**Total**
2017				
Current assets	50 183	28 210	12 010	90 403
Non-current assets	214 788	72 584	6 347	293 719
Assets	**264 971**	**100 793**	**18 357**	**384 122**
Current liabilities	32 971	23 839	8 105	64 915
Non-current liabilities	16 061	10 737	1 450	28 248
Equity	215 940	66 217	8 802	290 959
Liabilities	**264 971**	**100 793**	**18 357**	**384 122**
Accumulated unrecognised share of losses	–	–	–	–
Carrying value of the investments in associates / joint ventures	**215 940**	**66 217**	**8 802**	**290 959**
Share of net income (loss) of associates / joint ventures				
Revenues	65 705	76 298	21 944	163 946
Income before taxes	**9 953**	**8 252**	**1 973**	**20 177**
Income taxes	(2 079)	(2 767)	(433)	(5 279)
Net income	**7 874**	**5 485**	**1 540**	**14 899**
Unrecognised share of losses	–	(334)	–	(334)
Carrying value of the net income (loss) of associates/joint ventures	**7 874**	**5 151**	**1 540**	**14 565**
Other comprehensive income	2 757	–	–	2 757
Total comprehensive income	**10 631**	**5 151**	**1 540**	**17 322**

in CHF 000	Swisscom Directories AG	Other associates	Joint ventures	**Total**
2016				
Current assets	52 302	23 955	11 175	87 432
Non-current assets	225 342	60 291	6 465	292 098
Assets	**277 644**	**84 246**	**17 640**	**379 530**
Current liabilities	34 057	14 030	7 794	55 881
Non-current liabilities	19 692	12 033	1 647	33 372
Equity	223 895	58 183	8 200	290 278
Liabilities	**277 644**	**84 246**	**17 640**	**379 530**
Accumulated unrecognised share of losses	–	334	–	334
Carrying value of the investments in associates / joint ventures	**223 895**	**58 517**	**8 200**	**290 612**
Share of net income (loss) of associates / joint ventures				
Revenues	67 386	51 008	21 987	140 381
Income before taxes	**11 138**	**4 631**	**1 586**	**17 355**
Income taxes	(1 682)	(1 759)	(526)	(3 967)
Net income	**9 455**	**2 873**	**1 060**	**13 388**
Unrecognised share of losses	–	334	–	334
Carrying value of the net income (loss) of associates/joint ventures	**9 455**	**3 207**	**1 060**	**13 723**
Other comprehensive income	3 998	–	–	3 998
Total comprehensive income	**13 453**	**3 207**	**1 060**	**17 720**

Associates and joint ventures are accounted for using the equity method. A distinction is made between joint ventures and joint operations when assessing joint arrangement companies. These companies are deemed to be joint ventures because, in all cases and on the basis of contractual agreements, Tamedia exercises control over financial and operational decisions together with partners and holds rights to the company's net assets.

Except for Virtual Network SA (30 June), all of the associates and joint ventures have a balance sheet date of 31 December under commercial law. As none of the associates and joint ventures have shares that are publicly traded, there are no published share prices. As most of the associates and joint ventures do not apply IFRS, their available financial statements have been adjusted to reflect IFRS principles, requiring estimates to be made in some cases. Adjustments may be necessary in the coming years if new information becomes available.

Details on transactions with associates and joint ventures are disclosed in Note 41.

Note 12

Depreciation and amortisation

in CHF 000	2017	2016
Depreciation and amortisation	29 043	40 247
Amortisation resulting from business combinations	35 418	36 221
Impairment	–	11 023
Total	**64 462**	**87 490**
of which depreciation of property, plant and equipment	20 055	30 040
of which amortisation of intangible assets	44 407	46 427
of which impairment on goodwill	–	11 023

Depreciation and amortisation decreased by CHF 23.0 million from the previous year, to CHF 64.5 million, of which CHF 11.2 million relate to ongoing depreciation and amortisation. Tamedia updated its estimate of the expected operational life of the printing centres during the reporting year. The resulting increased expected operational life is the biggest contributor to the decreased depreciation and amortisation. Moreover, there was no longer any depreciation and amortisation on two platforms operated by Ricardo in 2017, the use of which was only planned for a limited period following the acquisition.

Depreciation and amortisation resulting from mergers include the depreciation and amortisation from customer bases and publishing rights acquired and recognised in connection with mergers. Depreciation and amortisation resulting from mergers remained stable.

Following the annual goodwill impairment test for each cash-generating unit, no impairment on goodwill was recognised on 31 December 2017, while impairment on goodwill of CHF 11.0 million was recognised in the previous year (see also Note 25).

Note 13

Financial results

in CHF 000	2017	2016
Interest income	359	1 170
Gains from sale of investments	375	25 228
Currency exchange gains	2 215	1 628
Other financial in ome	2 236	5 139
Financial income	**5 185**	**33 165**
Interest expense	(444)	(1 839)
Interest expense from leasing	(20)	–
Impairment of financial ass ts	(400)	–
Currency exchange losses	(2 278)	(1 917)
Financial expense from IAS 19	(413)	(912)
Loss from the sale of investments	(1 037)	(658)
Other financial expens	(1 551)	(3 786)
Financial expense	**(6 143)**	**(9 112)**
Total	**(959)**	**24 053**

The financial result shrank from CHF 24.1 million to CHF –1.0 million. In 2017, a gain of CHF 0.3 million was made on the sale of the shares in associated company Journal de Morges SA, whilst in the previous year a gain of CHF 25.2 million from the sale of a 14 per cent stake in MoneyPark AG and the revaluation gain from the first time revaluation of the remaining 6 per cent investment in the market value was reported. In the reporting year, other financial income included in particular the reduction in purchase price obligation (see Note 26) of CHF 1.9 million (previous year financial expenses of CHF 2.0 million). In 2017, there were no material changes to the measurement of Tamedia's obligations to purchase non-controlling interests, which are included in the balance sheet as financial obligations under financial liabilities (see Note 26) (previous year CHF 4.9 million).

The loss from the the sale of investments includes the loss from the sale of Hotelcard AG (see Note 11). Other financial expenses comprise an impairment of CHF 0.9 million (previous year CHF 1.6 million) on associates and joint ventures (see Note 11).

Income taxes

Note 14

in CHF 000	2017	2016
Current income taxes	17 712	22 887
Deferred income taxes	(8 123)	(7 697)
Total	**9 589**	**15 190**

Analysis of tax expense

in CHF 000	2017	2016
Income before taxes	179 785	137 527
Average income tax rate	21.3%	21.3%
Expected tax expense (using weighted average tax rates)	**38 235**	**29 279**
Credits and income taxes incurred from previous periods	(3 899)	(7 992)
Use of previously unrecognised loss carryforwards	(5 703)	(695)
Unrecognised deferred tax assets on tax loss carryforwards	1 643	8 213
Impact of Swiss participation exemption and other non-taxable items	(2 616)	(2 827)
Non-tax-deductible impairment on goodwill	–	2 420
Change in deferred taxes due to change in tax rates	(716)	–
Tax effects on investments	(17 728)	(13 278)
Other impacting items	373	69
Income taxes	**9 589**	**15 190**
Effective tax rate	5.3%	11.0%

The expected average income tax rate equals the weighted average of the rates of the consolidated companies. This remained unchanged in 2017 at 21.3 per cent.

The effective tax rate decreased from 11.0 per cent to 5.3 per cent. Reimbursements and changes to tax deferrals in respect of current income taxes, due in particular to loss carryforwards and investment deductions, the tax-effective use of which was not previously deemed likely, resulted from previous periods. Unrecognised deferred tax assets on tax loss carryforwards result from the estimate that, based on their financial performance, the relevant companies do not fulfil the prerequisites for the realisation of losses. Once again, there were tax effects on investments, which mainly resulted from book depreciation and amortisation on their carrying amounts (without any deferred tax consequences) and significantly reduced the tax expenses.

In the run-up to the vote on the Corporate Tax Reform Act III, the canton of Vaud has decided to reduce tax rates significantly with effect from 1 January 2019. Following the rejection by voters of the Corporate Tax Reform Act III at the start of 2017, the cantonal government has to report to the cantonal parliament with a view to reassessing the situation. On 1 November 2017, the cantonal government published details of how it planned to proceed and confi med the reduced cantonal income tax rate of 3.33 per cent as of 1 January 2019, which will lead to a reduction in the combined effective tax rate from the present figure of roughly 21.5 per cent to around 14 per cent. The report is expected to be available in 2018 and will need to be approved by the cantonal parliament. Tamedia's view is that tax rates will only be adjusted once approval has been granted. Tamedia will only therefore apply the new tax rate once the report has been approved. The adjusted tax rate would reduce deferred tax liabilities by CHF 13.4 million in net terms, which would result in tax revenue of the same amount.

Note 15

Deferred tax assets and liabilities

in CHF 000	2017	2016
Other property, plant and equipment	158	158
Financial assets	318	43
Employee benefit obli ations	4 034	13 825
Intangible assets	51	–
Capitalized tax loss carryforwards	15 849	11 035
Other balance sheet items	90	69
Total deferred tax assets, gross	**20 500**	**25 130**
Trade accounts receivable	(1 721)	(1 445)
Land and buildings	(14 540)	(14 955)
Other property, plant and equipment	(5 579)	(5 431)
Financial assets	(1)	(887)
Employee benefit plan ass ts	(19 818)	–
Intangible assets	(123 500)	(129 496)
Provisions	(4 100)	(4 202)
Other balance sheet items	(1 289)	(1 352)
Total deferred tax liabilities, gross	**(170 548)**	**(157 768)**
Total deferred tax assets, net	**(150 048)**	**(132 638)**
of which deferred tax assets stated in the consolidated balance sheet	3 373	3 896
of which deferred tax liabilities stated in the consolidated balance sheet	(153 421)	(136 534)

Deferred tax assets and liabilities are offset within the consolidated companies if they have the right to do so and if they relate to taxes levied by the same tax authority. Such offsetting amounted to CHF 17.1 million in 2017 (previous year: CHF 21.2 million). The change in deferred taxes is shown in the following table:

in CHF 000	2017	2016
As of 1 January	**(132 638)**	**(125 805)**
Change in group of consolidated companies	256	(4 442)
Reclassifi ation to assets held for sale	(805)	1 413
Deferred tax income	8 123	7 697
Taxes on other comprehensive income	(25 167)	(11 327)
Currency translation differences	183	(174)
As of 31 December	**(150 048)**	**(132 638)**

Tax loss carryforwards

in CHF 000	2017	2016
Recognised tax loss carryforwards	**15 849**	**11 035**
Weighted average income tax rate	19.1%	17.3%
Corresponding to effective tax loss carryforwards	**(82 772)**	**(63 641)**
Past due 1 year	(370)	(464)
Past due 2 to 5 years	(60 320)	(45 224)
Past due after more than 5 years	(22 082)	(17 953)

Whether or not the capitalised tax loss carryforwards can be realised depends on the taxable profits generated in the future. Detailed analyses of anticipated future profits over a period of several years, which also take into account known changes to existing tax laws, form the basis for the assessment of the likelihood of their realisation. The companies affected fulfil the prerequisites for realisation based on their current and expected financial performance. As of 31 December 2017, (net) deferred tax assets of CHF 2.6 million (previous year: deferred tax assets of CHF 1.7 million) had been capitalised for Group subsidiaries that suffered losses in this or the previous year.

in CHF 000	2017	2016
Unrecognised tax loss carryforwards	**(38 238)**	**(71 395)**
Past due 1 year	–	(5 029)
Past due 2 to 5 years	(53)	(16 959)
Past due after more than 5 years	(38 186)	(49 407)

Assets held for sale

Note 16

As of 31 December 2017, there are no net assets held for sale (previous year: CHF 25.2 million).

Aft r 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 continuing 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) and were disclosed as held for sale as at 31 December 2016 (see also Changes to the group of consolidated companies).

There are no material, individual business segments that are held for sale as at 31 December 2017. Therefore, as in the previous year there is no separate mention of discontinued operations.

in CHF 000	2017	2016
Cash and cash equivalents	–	7 320
Trade accounts receivable	–	1 679
Current tax receivables	–	346
Other accounts receivable	–	82
Accrued income and prepaid expenses	–	454
Current assets held for sale	**–**	**9 881**
Property, plant and equipment held for sale	–	2 057
Intangible assets	–	31 245
Assets held for sale	**–**	**33 302**
Total assets	**–**	**43 183**
Trade accounts payable	–	(10 278)
Other current payables	–	(504)
Deferred revenues and accrued liabilities	–	(2 354)
Current liabilities associated with assets held for sale	**–**	**(13 136)**
Employee benefit obli ations	–	(2 109)
Deferred tax liabilities	–	(2 781)
Liabilities associated with assets held for sale	**–**	**(4 890)**
Liabilities held for sale	–	(18 026)
Net assets held for sale	**–**	**25 157**

Note 17

Non-controlling interests in net income

in CHF 000	2017	2016
Non-controlling interests in income	24 534	22 349
Non-controlling interests in loss	(1 276)	(4 758)
Total	**23 258**	**17 591**

Disclosures on the subsidiaries with non-controlling interests are provided in Note 33.

Note 18

Earnings per share

		2017	2016
Weighted average number of shares outstanding during the year			
Number of issued shares		10 600 000	10 600 000
Number of treasury shares (weighted average)		6 966	3 619
Number of outstanding shares (weighted average)		**10 593 034**	**10 596 381**
Undiluted			
Net income (loss) attributable to shareholders	in CHF 000	146 938	104 747
Weighted average of outstanding shares applicable for this calculation		10 593 034	10 596 381
Net income (loss) per share	in CHF	**13.87**	**9.89**
Diluted			
Net income (loss) attributable to shareholders	in CHF 000	146 938	104 747
Weighted average of outstanding shares applicable for this calculation		10 629 030	10 625 168
Net income (loss) per share	in CHF	**13.82**	**9.86**

The dilution takes into account the possible impact of share-based payments to the Management Board of Tamedia AG.

Note 19

Trade accounts receivable

in CHF 000	2017	2016
Trade accounts receivable from third parties	161 768	160 578
Trade accounts receivable from associates / joint ventures	2 702	3 136
Provisions for doubtful trade accounts receivable	(5 646)	(4 155)
Total	**158 824**	**159 558**

Trade accounts receivable were largely unchanged compared with the previous year and amounted to CHF 158.8 million. Provisions of CHF 5.6 million have been set aside for doubtful trade accounts receivable.

Trade accounts receivable are non-interest bearing and are typically due within a period of 30 days. Their due dates as of the balance sheet date are shown in the table below.

Due dates of trade accounts receivable from third parties and associates/joint ventures

in CHF 000	2017	2016
Not yet due	133 698	134 903
Past due up to 30 days	19 388	15 981
Past due 30 to 60 days	2 607	4 956
Past due 60 to 90 days	959	1 970
Past due 90 to 120 days	351	959
Past due over 120 days	7 468	4 946
As of 31 December	**164 470**	**163 714**

The change in provisions for doubtful trade accounts receivable is shown in the following table:

in CHF 000	2017	2016
As of 1 January	**(4 155)**	**(3 890)**
Change in group of consolidated companies	–	790
Increase	(3 070)	(2 693)
Reversals	297	162
Used during the financial y ar	1 329	1 475
Currency translation differences	(46)	1
As of 31 December	**(5 646)**	**(4 155)**

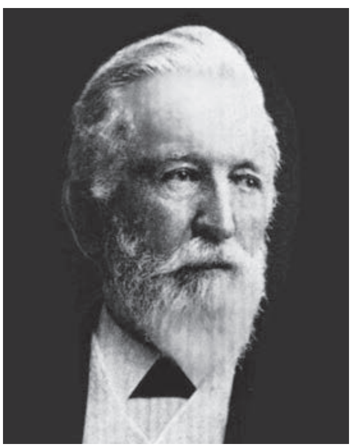
Inventories

Note 20

in CHF 000	2017	2016
Raw, auxiliary and operating materials	4 240	3 945
Trade merchandise	49	75
Total	**4 288**	**4 020**

Inventories mainly relate to paper supplies held at the printing centres. These remained stable compared with the previous year.

125 Years Tamedia



The founder of the “Tages-Anzeiger”

Wilhelm Girardet, the great-great-grandfather of today's leadership generation, founded the "Tages-Anzeiger" in 1893.

Page 3

“BZ Berner Zeitung” and “Der Bund”

The daily newspapers “Der Bund” and “BZ Berner Zeitung” became part of Tamedia Ltd after the latter acquired Espace Media Ltd in Berne in 2007.

Advancing Digitization

Both the media usage and the consumers' behavior has radically changed with digitization.

Pages 4, 8, 11, 12

The Publisher

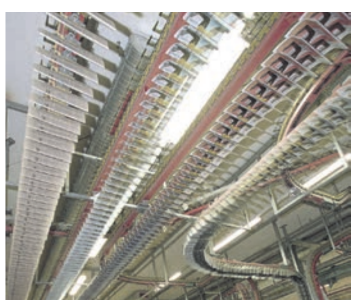
Pietro Supino explains how Tamedia is responding to disruptive trends and addressing the challenges of the digital age.

Pages 2 and 3

What Switzerland thinks

Lucas Leemann (left) and Fabio Wasserfallen conduct scientific surveys for Tamedia.

Page 10



The Research Desk

Journalists of Tamedia regularly publish relevant, trailblazing results of their research.

Page 5

Gaining a Foothold in Romandy

With the acquisition of the Swiss business activities of Edipresse Ltd, Tamedia also publishes newspapers such as “Le Matin”, “24 heures” and “Tribune de Genève”.

Fake News

"Fake News" are not new, as the example of the Hitler diaries in "Stern" magazine shows. But they peaked during Trump's presidential campaign in 2016.

Page 9

The journalist and member of Tamedia's board of directors, Konstantin Richter (left), in conversation with chairman of the board and publisher Pietro Supino.

"A strong foundation for the future of journalism"

125 years ago, the first issue of the "Tages-Anzeiger" was published. With that, the story of Tamedia, the leading private media company in Switzerland today, began. Pietro Supino, Chairman of the Board of Directors of Tamedia Ltd, talks about his role as a publisher and the radical transformation the media industry is undergoing.

Interview: Konstantin Richter

The "Tages-Anzeiger" and Tamedia are now 125 years old, and you've been publisher for a little more than ten years. Can you remember your first day at work?

Pietro Supino I remember that Peter Hartmeier, who was editor-in-chief of the "Tages-Anzeiger" at the time, conducted an interview with me together with the reporter Constantin Seibt. That was pretty tricky for me, since I had never given an interview before. It was also quite unusual for those two journalists to interview their own publisher. After we finished, Constantin Seibt put together some notes for me – tips on how to get through an interview successfully.

What was his advice to you?

Well, one thing he said was that the most dangerous part of an interview comes at the end, when you think it's over.

So, did his notes help you?

(Goes to his desk and takes a piece of paper out of a drawer): I still keep them with me.

When I read interviews with you, I get the feeling that you don't like being interviewed. You don't seem as laid back as you are in a normal conversation or at a Board of Directors meeting.

That's true – I don't go looking for public exposure. It's the part of my job that interests me the least. Nevertheless, I've got used to the fact that as a publisher you're a public figure. I've learned to deal with that and I've even recently been complimented on my public appearances. If you're a publisher with a certain amount of power, you need to give people an idea of who you are and how you think. Still, if I were to begin showing signs of vanity because of this, I would appreciate it if you would intervene and point that out to me.

Of course, definitely – you have my word! What do you like most about being a publisher?

I like the complexity of the work. Barnaby Skinner, who is our chief data journalist, recently quoted the German author Fritz J. Raddatz in an article in the "SonntagsZeitung". Wait just a second… (looks for the article on his phone); here it is: "A true publisher must be a father and a mother, a nurse and a disciplinarian, a believer and a challenger, a duellist and a second, a confessor and an altar boy, and a saint and a philanderer…"

So, you're a saint and a philanderer?

Well, I myself wouldn't use those exact terms. Still, it's true that as a publisher you need to take on very different tasks and roles. I also get to spend time with many interesting people every day, both in and outside the office. Naturally, my job entails a great deal of responsibility, but I view that as a privilege. We as a publishing family ensure that editors and journalists can do their jobs and keep people extensively informed, which in turn ensures that people remain knowledgeable and can form their own opinions.

Both of us come from this publishing family and grew up with the business. One can't study publishing, however. You yourself studied law and worked for years as a banker. How would you describe your path to becoming a publisher?

I had to change my way of looking at things. Before becoming a publisher, I spent a semester at Columbia Journalism School, where you also studied. I also read a lot about media and the development of media – and I continue to read a lot about these subjects. Still, it took a long time for me to become emotionally ready for publishing. Today I can say that journalism has become a passion for me. But what was it like for you? You were already a journalist when you joined our Board of Directors – so you took the opposite route, so to speak.

That's true. In the beginning, I almost exclusively took the journalist point of view in Board of Directors meetings. I've now come to view the company in terms of the big picture and I'm also very interested in its non-publishing activities. I also now understand that not every change automatically affects the quality of a publication in a negative way. Although I have to add that you always have to examine each case to decide what is acceptable and reasonable.

That's particularly true when you consider how the media landscape is now changing in such a fundamental way. We're currently working on consolidating our strengths in centres of expertise. And although we have been criticised for it, we also want to make sure that we retain our journalistic quality even in these times of declining revenue, and possibly even improve our level of quality.

You're referring to the project 2020. What's your response to the criticism of that project?

There are two issues of particular concern to me. The first involves media diversity. That's because our restructuring measures are reducing this diversity – and diversity is a component of the quality of the media landscape. However, I think what we're doing is acceptable in Switzerland because when you look at the big picture, you see there's already an enormous variety of information, and new types of media that compete with us are also continuously entering the scene. Diversity within individual media formats has also increased. The opinion-forming publications and portals are no longer party organs but instead platforms that present a variety of opinions and points of view. That's why I don't think we're in danger of losing diversity in a general sense.

And the second issue?

The second issue involves the identity of individual publications, which is a sensitive topic. Identity is just as important to our readers as it is to our employees. When we pool editorial teams for different publications, it affects the identity of our readers, our employees and the publications themselves. It's therefore crucial that we enable a better form of journalism in our new structure – by which I mean the consolidation of resources – and thus create a new identity. This is the key challenge, and if we don't succeed here others will rightfully say that we have destroyed certain values. However, if we do succeed, which we must, we will create a strong foundation for the future of journalism in Switzerland.

When the Board of Directors discussed Project 2020 for the first time, we both said we can't limit our focus to efficiency alone when implementing such a radical restructuring programme. We also need to create added value.

We've been working on that for years now – by promoting investigative journalism, for example. One of the most pleasant occasions I can recall in this regard was the recent fifth anniversary celebration for our research desk in Bern. We also invested in data journalism in the early stages of its development. In doing so, we discovered that although technological development puts pressure on the traditional newspaper business model, it also opens up new opportunities for journalism. I

I also think that Tamedia is doing a lot for journalism, and that this is not always noticed by the public. Perhaps it's a question of how we present ourselves. The research desk. Quality monitoring. Tamedia data mining. All of this sounds distant, almost technocratic…

That may be. Critics who call for the introduction of government support for media repeatedly claim that we don't feel strongly enough about journalism. Some even say that we wish to sell off our newspapers. All of this is completely untrue. Publishing has been the core of our family business for 125 years now.

Still, it's also true that we have invested a great deal in our non-publishing activities. What do you think Wilhelm Girardet …

… our great-great-grandfather and the founder of the company…

…would say if he could see the company today? After all, it's not just the "Tages-Anzeiger" anymore; it's also "Jobs", "Tutti", "Doodle"…

He would definitely like it. What we do, basically corresponds to his original idea. Publishing is the core element, and the advertising market has always been the second pillar, which explains why we're seeking to acquire "Goldbach". "20 Minuten" fits in well with our origins as a gazette. Moreover, with our specialised platforms and the marketplaces "jobs.ch", "homegate.ch", "tutti.ch" and "ricardo.ch", we have succeeded in transferring our classified ads' business to the digital world. Then there are the start-ups, such as "Zattoo", "Doodle", "Starticket" and "Olmero" and "Renovero". Our goal, of course, is to ensure that all these components remain in harmony and that the whole is always worth more than the sum of its parts.

Let's conclude now – which as you know is the most dangerous part of the interview! Can you think of a question that would be particularly difficult for you to answer?

The question I think about the most, but which I am unable to answer, is where will we be in ten or twenty years and how we can achieve our goals with regard to journalistic quality. Right now we're in the best position to continue producing good journalism over the next two decades. The expertise of our employees, the trust of our readers, the commitment of our family – all of these things motivate me and make me feel confident. Sometimes I worry, though, and I think Wilhelm Girardet probably experienced the same feelings. After all, uncertainty is always a part of business. It's not something negative; it just means you never know what's going to happen – the outcome is always open. And when you think about, it's nice not to always know where things might take you.

Konstantin Richter was born in 1971 and has been a member of the Tamedia Board of Directors since 2004. He began his career in 1997 as an assistant editor at the media trade magazine "Columbia Journalism Review" in New York. He then worked as a reporter for the "Wall Street Journal" in Brussels, and from 2004 to 2005 he served as the Co-Managing Director of the publishing company Rogner & Bernhard in Hamburg and Berlin. He is now based in Berlin, where he works as a freelance writer and journalist. Konstantin Richter is the author of the novels "Bettermann" (2007), "Kafka war jung und brauchte das Geld" (2011) and "Die Kanzlerin – Eine Fiktion" 2017. He writes for the weekly newspaper "Die Zeit", the daily "Die Welt" and the US news portal "Politico". In 2011, he was awarded the German Reporter Prize for an article he wrote for "Die Zeit". Konstantin Richter has a Bachelor degree in English Literature and Philosophy from the University of Edinburgh and a Master's degree from the Columbia University Graduate School of Journalism in New York.

Pietro Supino was born in 1965. He has been Chairman of the Board of Directors of Tamedia Ltd for more than ten years and is also serving as the publisher of all the company's publications and online media. He is the grandson of Werner Coninx and the son of Werner Coninx' daughter, Rena Coninx, as well as the nephew of the former Chairman of the Board of Tamedia Ltd, Hans Heinrich Coninx. As such, he is a member of the fi› h generation of the publishing family, which continues to hold a majority interest in Tamedia Ltd. Pietro Supino studied Law and Economics at the University of St. Gallen and at the London School of Economics. In 1994, he completed a doctoral dissertation on the subject of "Rechtsgestaltung mit Trust aus Schweizer Sicht" ("Shaping Law through Trusts from a Swiss Perspective"). He is admitted to the Zurich bar and holds a Master of Law. A› er pursuing a career in banking, Pietro Supino began preparing for his new role by, among other things, attending the Columbia Journalism School for one semester.

"Publishing has been the core of our family business for 125 years."

Pietro Supino

Since 125 years

On 2 March 1893, 125 years ago, the "Tages-Anzeiger" rolled o©the presses for the first time and soon became the best-selling newspaper in Switzerland. Since that time, Tamedia Ltd, as the original publisher is named today, has advanced to become the leading private media company in the country. Tamedia currently generates annual revenues of more than CHF 1 billion and employs approximately 3,700 women and men. The company's publications are read by 80 per cent of the Swiss population.

In addition to the "Tages-Anzeiger", Tamedia publishes more than 50 newspapers, magazines and online media publications, including major dailies such as "Der Landbote" from Winterthur, the "BZ Berner Zeitung"and "Der Bund", both from Bern, "24 heures", "Le Matin" from Lausanne and "Tribune de Genève". The wide-reaching free daily newspaper "20 Minuten" is published in three languages, while the "SonntagsZeitung" and "Le Matin Dimanche" are among the leading Sunday print publications in Switzerland. Tamedia Ltd also publishes the high-profile magazines "Schweizer Familie", "Annabelle" and "Das Magazin".

Strong online presence as well

Over the last few years, Tamedia has also transformed itself into the leading digital media company in Switzerland. The media group, in which the founding family still holds a majority interest, operates "ricardo.ch", Switzerland's most popular online marketplace. The classified ad platform "tutti.ch" is the market leader in German-speaking Switzerland and Ticino. "homegate.ch" and "immostreet.ch" are the leading platforms for the housing and real estate market in most Swiss regions. "Starticket.ch" is the second-largest ticket marketer in Switzerland. With a 50 per cent interest in JobCloud Ltd and its job platforms (including "jobs.ch" and "jobup.ch"), Tamedia is one of the leading companies in the job classifieds' sector as well. "Doodle", the world's leading online calendar and scheduling platform, is also a Tamedia company. With its innovative strength and continuous development, Tamedia has achieved great success in its first 125 years and is well equipped to deal with the transformation in the media industry that is currently under way and will continue in the future.

Journalists will need to possess an adequate degree of technological expertise in future.

Smarter journalism

Robot texts, research algorithms, machine learning: Digitisation is making promising data technologies available to editorial teams at newspapers and online platforms. But how smart is it really to rely on automation and artificial intelligence?

Text: Michael Marti (Member of Tamedia's Editorial Board for German-Speaking Switzerland)

Most people still generally believe that news and reports are written by humans – but the fact is that several media companies are already publishing articles written by robots, mainly in the form of brief reports on financial news and sports, for example. Here, algorithms insert structured data into lexical templates like a stencil and then link this data to create text components.

Indeed, the field of journalism is undergoing a dramatic transformation, and robots that write news stories are only one example of this development. "Smart journalism" is the name given to this new type of journalism supported by artificial intelligence.

Testing technologies and tools

Software programs can also use moving-image pools to create graphics and video reports, while algorithms are able to analyse huge data sets. Systems equipped with artificial intelligence can analyse patterns in photos, recognise faces and speech, and transform spoken words into text.

Editorial teams at Tamedia also test technologies and tools for smart journalism applications. The tool Tadam ("Tamedia Data Mining"), for example, helps journalists search through huge amounts of data. Tadam also makes it possible to monitor all types of content without having to wait until it turns up in search engine results or is offered by news agencies. "Those who work in journalism need to acquire this type of technological expertise," says editor and project manager Titus Plattner.

Expectations and concerns

Still, digital journalism has created both expectations and concerns. The optimists say automation offers an opportunity to free editors from having to perform repetitive tasks, thereby enabling them to carry out more relevant research activities. Sceptics warn that smart technologies are potentially dangerous because they can be used to produce and distribute fake news – in other words, to disseminate disinformation in order to manipulate media audiences. In many cases, artificial intelligence is still not smart enough to convince a human audience that the source of an article or report is human. Sasha Koren, Editor of the Mobile Innovation Lab at the British newspaper "Guardian", had the following to say: "The highly praised chat robots that are used to disseminate news on Facebook are a disappointment, as they can't do much more than call up simple conversation elements from databases."

Still, no one doubts that artificial intelligence and data mining are ushering in a new era of journalism in terms of the way content is targeted at media audiences. Whereas readers remained more or less unknown to journalists and publishing companies during the print era, a flood of user data that cannot be ignored is now available for media outlets.

News outlets are competing for our attention, and good content alone is no longer enough to attract it. That's because media outlets now have to compete with global technology companies that already have a major edge when it comes to the use of data-based technologies. Netflix, Amazon and Facebook are able to offer products tailored to their users because they are able to predict their customers' behaviour. The more data they collect, the more they can optimise this forecasting process.

"Those who work in the field of journalism need to acquire technological expertise"

Media companies that wish to survive in this environment need to get to know their audiences in a similar way. At the beginning of 2017, "Tages-Anzeiger online" introduced a tool for obtaining feedback from readers. The question "Was this article worth reading?" now appears at the end of each article or report; readers can give their feedback by clicking "Yes" or "No".

Huge potential

The analysis of user data is the decisive step for premium content business. Data specialists at Tamedia are developing the associated algorithms and metrics. One of the objectives is to determine the willingness of users to pay for a specific article and then offer suitable articles to them. Initial results show that there is a direct connection between journalistic quality, reader satisfaction and marketability.

The use of algorithms and artificial intelligence in editorial teams is still in its infancy, but the potential for future applications appears to be huge. Nevertheless, the content offered by quality media continues to be shaped by journalists, and this represents the most important difference between quality media and automated platforms such as Facebook or Twitter. Moreover, it is extremely hard to imagine that untiring robots might be setting the agenda for the public discourse any time soon.

The right content for every customer

Readers' willingness to pay for digital content is greater than most people assume.

Text: Marc Isler (Head Digital Sales Development)

In the summer of 2017, the newspapers published by Tamedia introduced what they call the "Premium Model". Each day, a small number of so-called "Abo+" ("Subscription+") articles are available on the digital platforms to paying customers only. Those who do not have a subscription must purchase digital access if they wish to read such articles. Thanks to "Abo+", more than 1,600 new paying customers were acquired every week in December 2017. One of the main factors of success here was the introduction of new subscription models such as the "Tagespass" ("day pass" – CHF 2.00 for 24 hours of access) and the mobile app subscription (CHF 9.00 per month), whereby the latter attracted an above-average number of users from younger target groups in particular. Media companies have an advantage here in that they can control the product and the entire sales process. High-quality platforms offer an ideal environment for fee-based content. The principle here is similar to that for e-commerce applications: Those who are able to offer the right customers interesting content at the right time benefit from the increasing willingness of users to pay for such content.

Uncovering what's supposed to remain secret

The "Sonntags-Zeitung" was taking a close look at the decline of Swissair as early as the spring of 2000.

Back in 2012, a research desk that now has ten journalists and two interns from French- and German-speaking Switzerland began to produce content in both languages for Tamedia publications. Over the last six years, the team has researched and written numerous articles that politicians, government officials, business managers and military officials would have preferred to keep secret.

Text: Thomas Knellwolf (Co-Head of Tamedia's Research Desk)
Oliver Zihlmann (Head of Department at Tamedia Editorial Board for German-speaking Switzerland)

In June 2014, government officials equipped with radiation detectors began knocking on the doors of dozens of apartments in Biel and La Chaux-de-Fonds. They ended up finding radioactivity levels well above legal limits in 40 buildings. The raids were triggered by an article published by the Tamedia research desk team. After searching through documents from the Swiss Federal Archives, Titus Plattner and Dominik Balmer discovered that individuals working on watches and clocks in their homes and studios had used highly radioactive paint to illuminate clock and watch faces, hands and dials up until the late 1960s.

For decades, Tamedia journalists have been uncovering things that politicians, business managers and generals would prefer to keep secret. Arthur Rutishauser, for example, discovered that Swissair was about to fold. Catherine Boss, Martin Stoll and Karl Wild revealed how the head of Switzerland's armed forces, Roland Nef, had sexually harassed his former girlfriend. Nef was forced to step down. Christian Brönnimann's article on one of the biggest corruption scandals inside the Swiss Federal Government led to the reorganisation of an entire department at the State Secretariat for Economic Affairs (SECO).

So how exactly do the researchers go about their work? And what exactly is the research desk? On 14 August 2014, a reporter went on a chase through the city of Geneva. He was pursuing a bicycle thief who had stolen a bike that journalists had equipped with a GPS sender and then left unlocked on the street. The journalists located the bike using a laptop. By the time the reporter caught up with the bike, it was already on display in the window of a second-hand bike shop – complete with a price tag of CHF 299.90. The thief was gone, but the report caused a sensation.

Innovative approaches

This example illustrates one of the driving forces behind the research desk: creativity. Innovative approaches are needed if previously unknown facts are to come to light. The first major Swiss data journalism projects were cooked up by the research desk team.

One of the first projects was the award-winning "Accident Atlas" produced by Martin Stoll and Julian Schmidli. This was followed by numerous data scoops, such as the one involving the collection and analysis of data from all Swiss retirement homes (Alexandre Haederli and Catherine Boss) and the analysis of rulings of Swiss judges on asylum applications (Simone Rau and Barnaby Skinner).

> Articles derived from the research results are often published simultaneously in Tamedia newspapers from Geneva to Zurich.

The research desk was established in 2012. Today, the team counts ten journalists. Publisher Pietro Supino also sponsors two interns – one from French-speaking Switzerland and one from German-speaking Switzerland. Research desk journalists from both parts of the country have worked closely together from the very beginning, and their articles and reports are often published simultaneously in Tamedia newspapers from Geneva to Zurich.

Investigative freedom

The basic idea turned out to be successful, however, because the research desk offered its journalists the freedom to focus on stories that were not part of the normal reporting routine – stories that would have otherwise been left untold. The result were reports that made headlines throughout Switzerland.

Thomas Knellwolf, for example, discovered in 2014 that an Islamic State cell was operating in Switzerland. Knellwolf also made headlines with a series of articles on the FIFA scandal that he wrote with Mario Stäuble. Iwan Städler and Simone Rau each won the Swiss Journalism Award: Städler for his story on the National Councillor Christoph Mörgeli from the Swiss People's Party SVP, Rau for her report on a prison inmate in Zug who went on a hunger strike and starved to death. Kurt Pelda and Bernhard Odehnal are two other research desk reporters who have a broad range of international experience.

Since 2012, Tamedia has been sending a group of its journalists every year to a three-week course in investigative reporting at the renowned Columbia Journalism School in New York. Among other things, the course off rs an outstanding networking opportunity for journalists from around the world. Participation in the course also illustrates another core aspect of the research desk: global collaboration.

Global collaboration

Since 2013, the research desk team has been working hand in hand with journalists from "The Guardian", "Le Monde", the "Süddeutsche Zeitung", "The New York Times" and dozens of other newspapers. Tamedia research desk reporters such as Mario Stäuble, Christian Brönnimann and Marie Parvex have made important Swiss contributions to major revelations that were presented in five separate series of reports. These reports were based on data leaks in the financial sector.

The leaks had a huge impact in Switzerland and all around the world. For example, the Offshore Leaks in 2013 led to the lifting of banking secrecy laws in Austria and Luxembourg and the introduction of an automated information exchange system in Switzerland. In 2015, the research desk uncovered a massive money laundering scandal (Swiss Leaks) in Geneva. The revelations surrounding the Panama Papers in 2016 and the Paradise Papers in 2017 brought to light numerous shady business activities. The reports led the Swiss Federal Government to tighten the supervision of lawyers, and commodity and raw-materials companies may soon be facing tougher laws as a result.

Pulitzer Prize

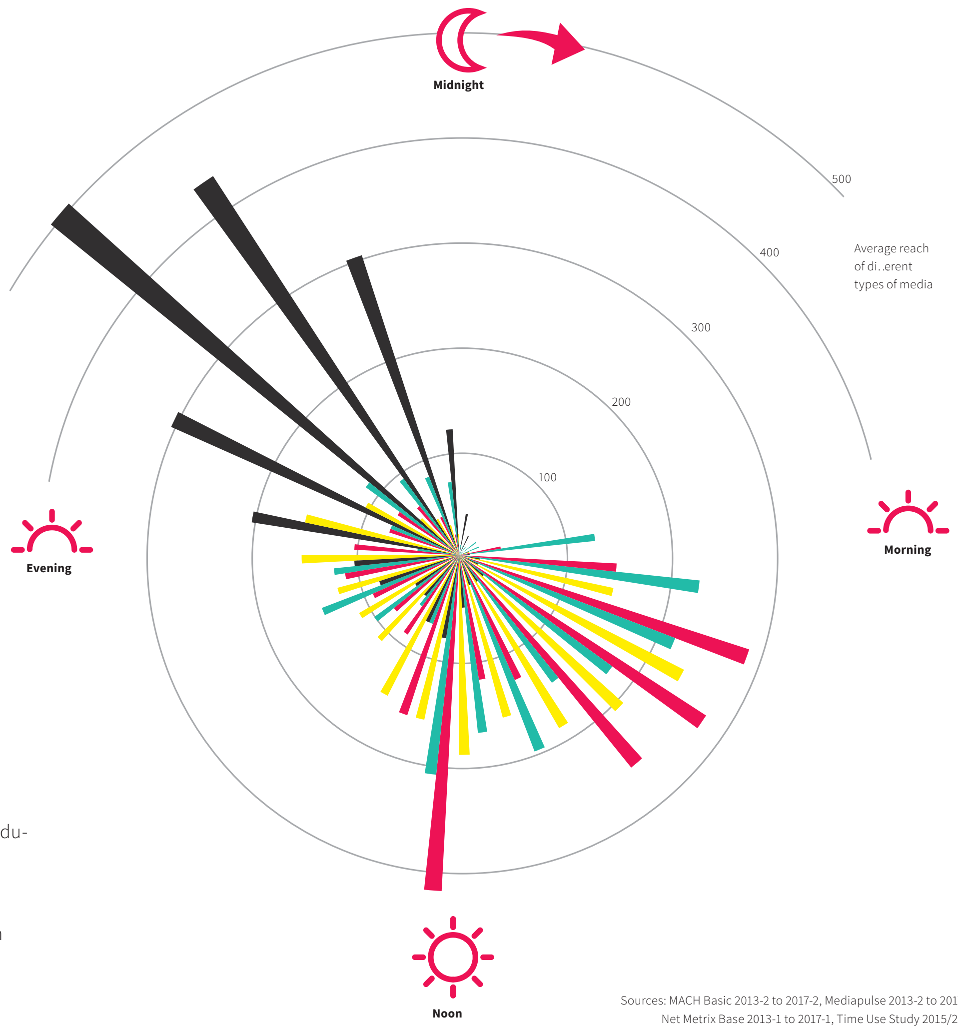
The International Consortium of Investigative Journalists, which includes the Tamedia research desk, was awarded the Pulitzer Prize for its work on revealing the Panama Papers. One of the ten articles cited for the award was a story on the financial transactions made by Vladimir Putin's entourage in Zurich. One of the authors of that report was Oliver Zihlmann.

These days, data journalism and international cooperation are a normal part of day-to-day journalistic activities. Time zones do sometimes cause problems, however. For example, during the conference calls that were held for the Paradise Papers investigation, the "Guardian" reporter in Australia had to whisper because the calls were held at 11 pm Australian time and his children were asleep. The Canadian and Swiss reporters were under constant pressure on the other hand: The Canadians had to get their children ready for kindergarten at 6 am, while the Swiss had to finish up their work so they could pick up their kids from school.

First the Web, then the newspaper – television in the evening

Over the last few years, the Internet has firmly established itself alongside traditional print media (i.e. newspapers and magazines), radio and television. Nearly 80 per cent of the people in Switzerland use the Internet every day or almost every day. This means that the Web is now used more frequently than television in German- and French-speaking Switzerland.

Infographic: Daniel Barben
Text: Artur K. Vogel



Sources: MACH Basic 2013-2 to 2017-2, Mediapulse 2013-2 to 2017-2, Net Metrix Base 2013-1 to 2017-1, Time Use Study 2015/2016

Printed newspapers and magazines are read most often in the morning and during lunchtime.

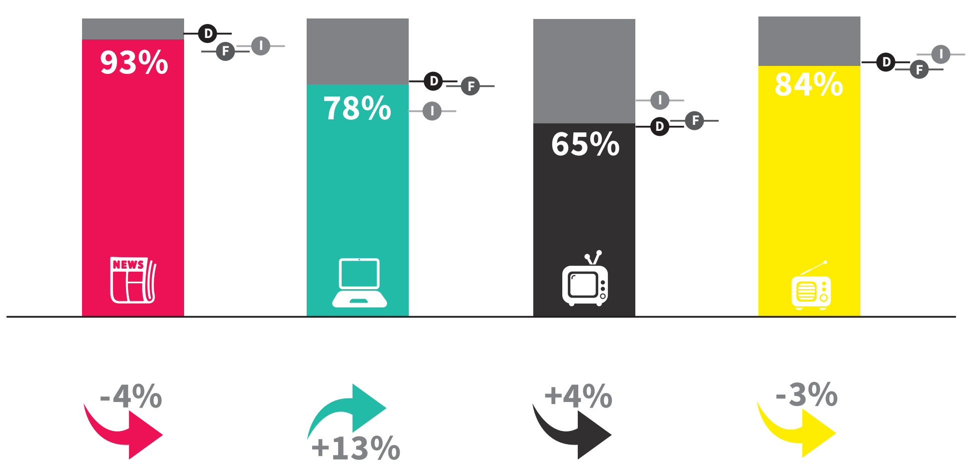
News portals reach initial peak use before print media. Use then begins to drop off gradually after 1 pm.

Television is mostly watched between 6 pm and midnight.

Radio is mostly listened to between 8 and 9 am.

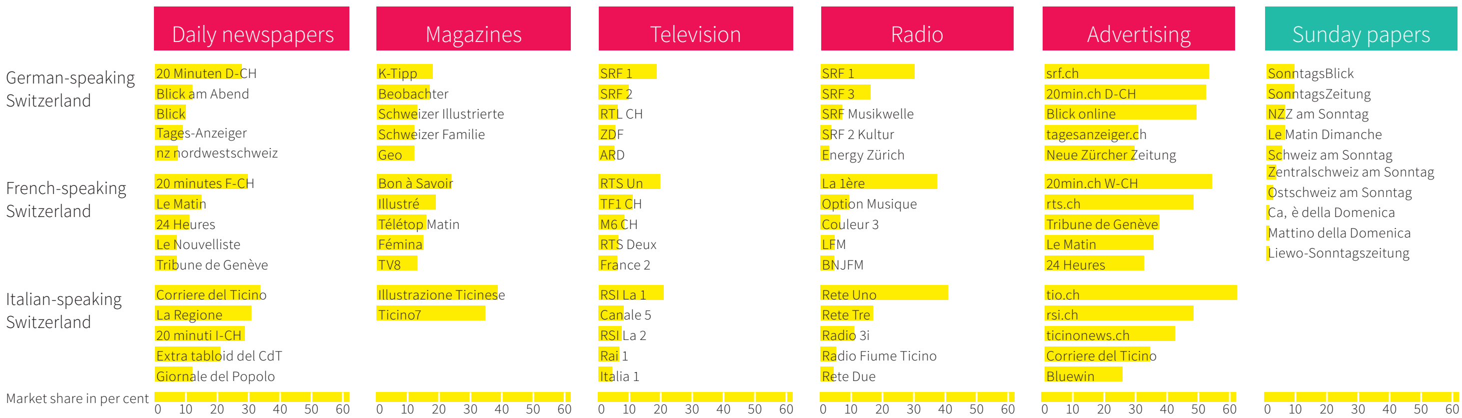
93 per cent of the population read newspapers
Newspapers and magazines are the most important media among all language groups in Switzerland, as 90% or more of the population read them. More than 80% of the population in all language regions listen to the radio every day. Approximately 65% of the population in German- and French-speaking Switzerland watch television on a daily basis; the figure for Ticino is 75%. Television is also used more than the Internet in Ticino, while the situation in German and French-speaking Switzerland is exactly the opposite.

Developments over the last five years
The use of newspapers, magazines, television and radio in Switzerland has declined slightly since 2013, whereby television viewing patterns have developed erratically over the years. Use of the Internet, on the other hand, has continuously increased.



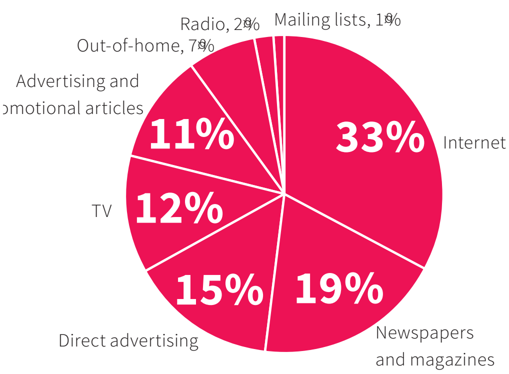
Who uses which media, and where classified ads are placed – and by whom

"20 Minuten" in German-speaking Switzerland and "20 Minutes" in French-speaking Switzerland each reach around 30% of the respective populations, making them the most widely read daily publications. "20 Minuten" is followed in German-speaking Switzerland by the tabloid dailies "Blick am Abend" and "Blick" (12% and 10%, respectively), which in turn are followed closely by the "Tages-Anzeiger" (9%). In French-speaking Switzerland, the Tamedia dailies "Le Matin" (15%) and "24 heures" (11%) occupy second and third place, respectively. Only in Ticino does "20 Minuti" (29%) have two somewhat strong competitors: "Corriere del Ticino" (34%) and "La Regione" (31%). The Tamedia portals 20minuten.ch, tagesanzeiger.ch, tdg.ch ("Tribune de Genève"), lematin.ch, 24heures.ch and tio.ch ("20 Minuti") also occupy top positions online.



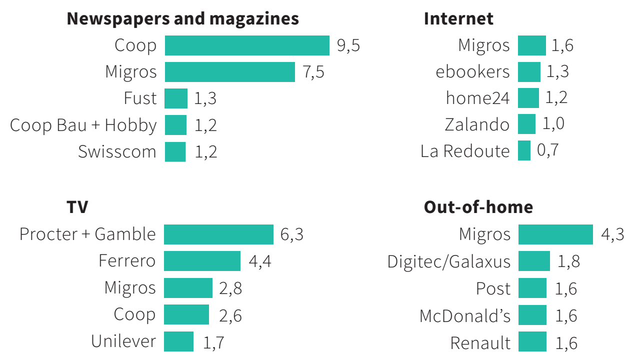
Advertising revenue

The majority of net advertising revenue is accounted for by the Internet (33%) as well as newspapers and magazines (slightly more than 19%).
These are followed by direct advertising formats and television advertising.

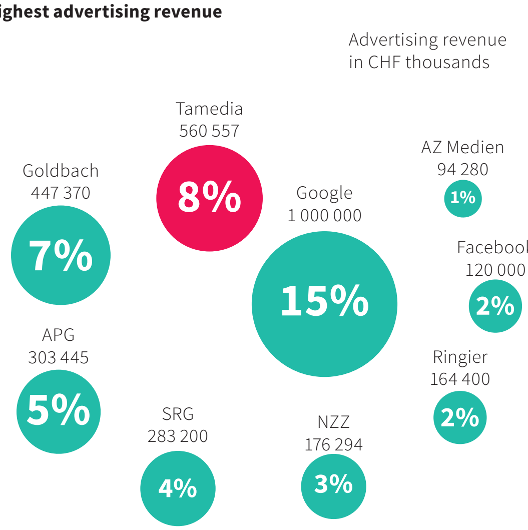


The top advertising customers

Coop and Migros place the most advertisements in newspapers and magazines by far; Coop is also among the top television advertisers. Surprisingly, the Kinder chocolate brand dominates television advertising. Migros is fourth in television advertising, behind Mediashop. Migros is behind the online companies ebookers and home24 in Internet advertising. McDonald's is the leader in out-of-home advertising, followed by Swisscom, Migros, Renault and Coop.



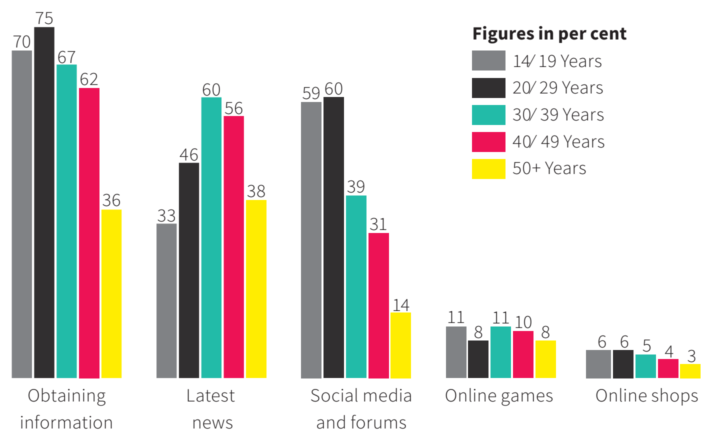
Highest advertising revenue



Sources: Mach Basic 2017-2, Net Metrix 2017-2, Mediapulse 2017-2, IGEM digiMonitor 2017, Stiftung Werbestatistik Schweiz 2017, financial and annual reports, own estimates, Media Focus 2017

Internet use

Di, erent age groups use the Internet to meet di, erent needs:
The 20-29 age group is the most active in social media and forums, and in terms of obtaining information in general, while 30-39-year olds are at the top when it comes to obtaining the latest news.



"Data-driven journalism", an expression which has only been in common use for less than ten years, became well-known as a result of a number of shocking revelations. We talked to six specialists in this up-and-coming area of work.

Text: Paul Ronga (Journalist at «Tribune de Genève»)

"It's satisfying to find the people behind the data"

In 2009, an expenses scandal in the UK Parliament led to dozens of MPs being forced to resign and some of them ending up in prison. Seven years later, the Panama Papers brought down a whole string of ministers and company bosses. These stories, based on vast amounts of data, are the most famous examples of data-driven journalism (DDJ), an expression that has only been in common parlance since 2009. Six specialists in this area of work – still in its infancy in Switzerland – talked to us:

Alexandre Haederli, 34,
Tamedia research desk

"Data journalism is about using data to expose a problem," explains Alexandre Haederli, a journalist on the research desk at Tamedia: "The data is one of the sources you use before doing the normal work of a journalist." Most notably, he published a major report on procurement by the state, aŸer having to fight hard to get hold of the information: "At first I used Excel. But computer code makes your work reproducible. There are two big advantages to that: your methods can be verified by someone else, and they can easily be re-used. Because lots of data, including from the federal administration, is re-issued every year."

Alexandra Kohler, 30,
Neue Zürcher Zeitung

Alexandra Kohler has been working as a data journalist in the NZZ Storytelling team since 2015. The team comprises 14 people: graphic designers, journalists and soŸware developers. "Data is one way of finding stories, and also of explaining them," she says. For example, you can incorporate meaningful visuals in a long-format report on changes in global eating habits, or react on the same day to a terrorist truck attack in Barcelona and put it in the context of attacks over the last 40 years. It was her interest in statistics that brought her to data journalism.

Barnaby Skinner, 43,
Tamedia editorial team

"What I find most interesting is starting from the pure, abstract data and finding the people behind it. That's very satisfying," says Barnaby Skinner, head of the data desk at Tamedia, which as of 1 January 2018 brings together eight data journalists. He took his first steps in DDJ back in 2012: at that time he was a technology specialist and, together with a soŸware developer, worked out which places in Switzerland were the cheapest to live in. Then, based on data that he collected himself, he wrote a profile of the Swiss woman who rents out the most Airbnb properties in the country. Computer-assisted analysis of 30,000 judgments also helped him to show the connection between judges' political leanings and the severity of their decisions in asylum cases.

Timo Grossenbacher, 30,
Swiss Radio and Television

"When I started out in 2014, I asked the Federal O¤ice of Public Health for statistics on the number of cases of flu," says the data journalist at SRF (Swiss Radio and Television). "We had a long debate: they had already produced an assessment of the situation and felt that a journalist should not be allowed to interpret the data for himself." Recently, an institution o¤ered him "interesting raw data" of its own accord. For him, that represents an important development: "People are beginning to accept that a journalist interprets data." In November his team analysed seven million Instagram accounts in order to publish a report on falsified accounts submitted by people working for Swiss influencers.

Duc-Quang Nguyen, 39,
Swissinfo

Before joining Swissinfo in 2013, Duc-Quang Nguyen was a researcher and analyst for a hedge fund: "I was attracted by the transparency of data journalism. You publish your computer code, which is virtually unheard of in the academic world: so not only the method but also the workflow can be reproduced." The code for every report based on his research is published on Github, a site for hosting computer code. Duc-Quang Nguyen has mainly produced a series of articles and infographics on immigration, which have all been translated into the ten languages used on the Swissinfo site. He used a workflow that he developed specially for this medium.

Fanny Giroud, 34,
"24 heures"

"What interests me most about DDJ is how you can move from looking at abstract lines of code to describing an actual phenomenon in society," says Fanny Giroud. She has been an online journalist with "24 heures" since 2008 and took a course in data journalism at the Columbia University School of Journalism in New York in 2015. In particular, Fanny Giroud has published data on absenteeism in the Grand Council ("Grosser Rat") for the canton Vaud, and research on the Swiss Post home delivery service. Since 1 January 2018, Fanny Giroud has been a member of the Tamedia data desk, led by Barnaby Skinner: "This has created a place for sharing ideas. Data journalism works best in a team."

Questions to fake news hunter Andre Wolf

Why do some people respond so strongly to fake news?
Any of us can be susceptible to fake news if it meets our own basic expectations. The stronger that expectation is, the more receptive you are to any kind of information which is in line with it. And especially when fake news presents itself as the "true facts", it seems to be even more difficult to recognise.

Does fake news reach a mass audience?
That's only the case with a very few false news stories.

Should the quality media be addressing the subject of fake news and helping to educate people about it?
Of course, the quality media have to be careful not to become an instrument for fake news by paying it too much attention. But yes, we should talk about fake news, but it needs to be handled carefully and in the right context. The media mustn't simply publicise the fake story by repeating it, but should ensure that the receivers of false news understand that it is false news, by being clear and straightforward ourselves.

How much attention should serious media pay to fake news?
Here we have to be careful not to open up a phantom debate by addressing a topic that should never have been allowed to crop up in our reporting at all. So fake news needs to be monitored by members of staff who are familiar with the mechanisms of fake news and social media and don't just jump on the bandwagon every time there's a public outcry.

Do we actually reach the consumers of fake news who only live in the social media bubble?
The filter bubble effect and inability to reach users are overstated. Facebook and its bubble effect can have an opinion-forming effect, it's true; however, it doesn't seem to be the case that people in general live in filter bubbles and are only aware of limited information.

Andre Wolf is a fake news hunter with Mimikama. The organisation, based in Vienna, was founded in 2011 with the aim of exposing and fighting Internet misuse, Internet fraud and false news stories. Its findings are published on Mimikama.at

Discussions about fake news cause insecurity for many media users.

Fake news is a challenge for the quality media

Since at least the US presidential campaign in 2016, the concept of fake news has been familiar here in Switzerland, too. The question of how to handle deliberately disseminated false information puts the quality media to the test.

Text & Interview: Jean-Claude Gerber (Head Digital/Science at «20 Minuten»)

Out of all the many false news stories that were deliberately disseminated during the 2016 US presidential campaign, one in particular stuck: the one about a paedophile ring that the Clintons were supposed to have run from a Washington pizza restaurant.

This invented story caused great political damage and even resulted in one nutter turning up there with an assault rifle. This example shows how fake news can develop a dangerous momentum of its own. And we must assume that false news on social media is not a passing phenomenon.

Careful checking
What does this mean for the editorial teams of quality media outlets? In terms of taking a professional approach, nothing has changed. Information from social media needs to be handled just as carefully as information from any other source. "Every story has to be checked and double-checked, in terms of its source and its plausibility, before it is published," says Res Strehle, former editor-in-chief of the “Tages-Anzeiger”. That is the difference between the quality news media and social media.

But the quality media must face up to the fact that they have suffered a certain loss of trust among parts of the public. Winning that trust back will not be easy. One way is always to correct any mistakes that creep into the reporting.

Strengthening the trust
"Serious media have to admit their mistakes and publish corrections," says Strehle. Even though it may be hard for the journalists in question to admit their mistakes, that's the only way to establish transparency and trust. That is also how we distance ourselves from the intentional false news on social media.

Guido Keel, Head of the Institute for Applied Media Science at ZHAW, also recommends that newspapers occasionally use a specific report to show readers how journalists ensure that their articles reflect reality as closely as possible. In general, he advises entering into debate with readers more, including on social media, and getting them involved in the process of finding new stories.

Involving readers
Marco Boselli, editor-in-chief of "20 Minuten", also thinks that involving young readers in particular is an effective way of winning back their trust: "If readers can recognise themselves in our output, we can reclaim them from social media and the influence of fake news."

Fake news may present the serious media with new challenges, but it need not constitute a direct threat, provided that editors do their job carefully. That's why Res Strehle says: "The quality media have to take matters into their own hands and work conscientiously every day to prove that they only offer readers real news."

Intentional false stories

The term "fake news" has been in the Duden dictionary since 2017. It refers to deliberately false news stories that are disseminated mainly on social media such as Facebook or Twitter.

The authors of fake news aim either to generate as many clicks and as much attention and advertising revenue as possible, or to damage their political opponents. The first category includes, for example, posts on Facebook promising gift vouchers or great prizes to people who click on them.

Mistakes do also creep into reporting by the quality media, but these cannot be described as fake news. That is because fake news, unlike the serious media, is deliberately intended to spread false information. Mistakes in the quality media on the other hand are normally followed by a rectification stating the true facts.

Lucas Leemann (left) and Fabio Wasserfallen ensure that Tamedia polls are conducted scientifically.

Online polls before referendums

Tamedia has been carrying out online polls before federal referendums for four years now. The method has proven to be more successful than traditional telephone polling.

Text: Daniel Waldmeier (Deputy head of politics at «20 Minuten»)

Pros and Cons

A comparison of the standard method with online surveys.

Weighted analysis of large-scale online surveys:

+ Large samples from all parts of the country enable detailed analysis.
+ Accurate forecasts.
– Some uncertainty about the weighting process.
– With an open-access online poll, manipulation cannot be entirely ruled out despite numerous safety precautions.

Standard method (random sampling)

+ Tried and tested concept based on random sampling theory.
+ Accurate forecasts, assuming that the random sample is actually representative.
– People questioned on the phone tend to give an answer that is socially desirable, but vote diff rently in reality.
– Problem of refusals: Up to 90%of calls in current surveys remain unanswered.

For a very long time, it was almost exclusively "the man with the bow tie" who checked out the opinions of Swiss voters: until he retired, Claude Longchamp tracked public opinion and, on referendum Sundays, analysed voters' motivations. However, since the referendum on the initiative to stop mass immigration in February 2014, there has been an alternative to traditional telephone polling. It was then that the free newspaper "20 Minuten" carried out the first online poll, in cooperation with political scientists Lucas Leemann and Fabio Wasserfallen. Since then, twelve Tamedia titles have been involved in referendum polls: from the "Tages-Anzeiger" in Zurich to "Le Matin" in western Switzerland. Thanks to the vast reach of the newspapers' news portals, 15,000 to 40,000 people regularly take part in the polls.

Accurate forecasts

Over the past four years, polls on 38 motions have been published. In about half of those, the last poll before the date of the vote was closer to the official result than the poll carried out by Swiss Radio and Television (SRG). If you draw a linear comparison of public opinion between the penultimate and the last poll and the date of the vote, online polling performs even better. That is partly why political parties, committees and associations now keenly await the publication of Tamedia polls. "By working with the data we have been able to make many important findings," says Fabio Wasserfallen, who is an Associate Professor at the University of Salzburg. "For example, in the referendum campaign about the Enforcement Initiative, we saw early on how support had really plummeted – at a time when most commentators still didn't believe it would be rejected."

Innovative statistical methods

This good performance comes only thanks to innovative statistical methods. The idea is that whereas, with the standard method, at least in theory a random sample is selected which is already representative, with online polls you initially have to accept some distortions. Older people and women are under-represented. Afterwards, though, the huge sample is put through a complex, multi-stage weighting process and corrected so that it corresponds to the makeup of the voting population as closely as possible. In this process, Leemann and Wasserfallen take political, geographic and demographic information into account. According to Leemann – who is an Assistant Professor at the University of Zurich and carries out empirical research on democracy – astonishingly reliable forecasts can be made in this way from samples that are in some cases completely skewed: "Before the presidential elections in the USA in 2012, they only questioned Xbox players. But even so, by using sophisticated weighting processes, researchers at Columbia University were still able to make more accurate predictions about the support for Barack Obama than most of the telephone polls."

Global trend

It's clear that both telephone and big online polls have their strengths and weaknesses. In the initiative to phase out nuclear energy, for example, according to the Tamedia poll two weeks before the referendum, 57 per cent intended to put "Yes" on their voting paper – but in the end the "Yes" share of the vote was only 46 per cent. Polls can only ever be estimates, which are subject to uncertainty (see text box). As a result of changing communication behaviours, the problems of telephone polls have become more acute in recent times: the difficulty of contacting people and an increasing tendency to refuse to take part make it more and more difficult to generate a representative random sample. But according to Urs Bieri, Co-Director of the GFS Bern Institute which carries out the SRG polls, the method is still constantly being refined. For example, since early 2016 voters have also been contacted on their mobile phones. "Since we changed our methodology, we have taken the lead again." However, online polls could also have their place in survey research in future. "They are hotly debated in academic circles." Weighted online polls are long-established in the USA: the "New York Times" and the broadcaster "CBS News" rely on this kind of survey. Having spent time doing research in America, Leemann and Wasserfallen were quick to recognise the huge potential of online polls in public opinion research. So it was the two political scientists who took the initiative on a collaboration with Tamedia: they wanted to put the latest research findings to the test in a field trial.

Better understanding

Even though the two are pioneers in the field of political online polling, they do not seek out the limelight. They remain primarily scientists. They deliberately keep out of political wrangling and prefer to leave the of the poll results to the editors: "We don't pass any comment on whether an "arena" appearance, a poster or any other campaign activity has helped one side or the other," says Wasserfallen. Another aspect of the project that

> "Thanks to the polling, we know very quickly what motivated the voters to reach a particular decision in a referendum."

Leemann and Wasserfallen enjoy is the follow-up poll which is always published a few days after a referendum Sunday.

"Thanks to the polling, we know very quickly what motivated the voters to reach a particular decision in a referendum." This provides the necessary evidence if there is speculation after a vote about the reasons for a yes or a no result.

Huge investment needed in e-commerce

Swiss retailing is in a state of flux as it moves away from shops and goes online. The classified and small ads business has also gone online. That is why Tamedia is pushing ahead with its digital growth strategy, and with great success.

Text: Artur K. Vogel (Former editor-in-chief of «Der Bund»)

Just a few years ago, it would have been unthinkable: city-centre shops in prime locations such as Bern's “Unter den Lauben” arcades are standing empty. The papered-over shop windows remind us that the retail business is struggling: according to estimates by the market research institute GFK Switzerland, about 5000 out of a total of 50 000 retail outlets have had to close since 2010.

There are two factors behind this trend: firstly, in 2016 the Swiss spent about 10 billion francs on buying in other countries. That means that more than one in ten francs spent on food and consumer goods went into foreign co‹ ers. And secondly, online retailing, even though it is still at a relatively low level, is growing fast:

> "On tutti.ch users interact directly. On ricardo.ch, we act as intermediaries between buyers and sellers."
>
> Francesco Vass

according to GFK Switzerland, 7.8 billion Swiss francs were spent on the Internet in 2016. The proportion of consumer electronics sold online is particularly high (almost 30% of total sales in 2017), and the same is true of clothing and shoes (about 18% in 2017).

One Credit Suisse survey estimates that online retailing could double by 2022. At the moment it is still on a relatively modest scale: according to GFK Switzerland, 15.3% of Swiss retail sales in the non-food sector were made online in 2016; in the food sector it was only 1.9%.

Marketplaces and classified ads

A distinction is made in online retailing between online shops, online marketplaces and classified ads platforms. Online shops include, for example, the Migros subsidiaries Digitec and Galaxus, which sell their own goods, the Coop subsidiaries Interdiscount and Fust, Brack.ch, Amazon and an aggressive Chinese retailing service called AliExpress. In addition there are over 10 000 online shops, large and small, which belong to retail chains, sole traders and other companies trying to o‹ er their customers an attractive online service and in this way safeguard their sales.

Online marketplaces are platforms where users can o‹ er their goods for sale. The biggest marketplace in Switzerland is ricardo.ch, which belongs to Tamedia; one new competitor is siroop.ch, run by Coop and Swisscom, and Galaxus has now also entered the marketplace business. Ebay on the other hand, which is very strong elsewhere, has only a fraction of the turnover of ricardo.ch in Switzerland. Online marketplaces do not sell their own goods but help with advertising and marketing, processing transactions and handling payments, and they take commission for doing so.

The providers of classified and small ads platforms, such as tutti.ch and homegate.ch, both of which belong to Tamedia, and jobs.ch, which Tamedia operates in partnership with Ringier, act like marriage brokers: they make the connection between the provider and the customer without being that much involved in how the transaction proceeds. Francesco Vass explains the di‹ erence like this: "On tutti.ch users interact directly. On ricardo.ch, we act as intermediaries between buyers and sellers." He knows what he's talking about: until the end of 2017, Vass, who comes from Ticino, was in charge of tutti.ch; on 1 January 2018 he took over responsibility for ricardo.ch.

Not yet profitable everywhere

There is huge potential, but growth does not come for free. "To survive in online business takes huge investment," says Francesco Vass, "and that's in a market that is not yet profitable everywhere." For example, tutti.ch is still "just in the red" even a£er seven years. However, the situation is "getting better all the time; sales are almost doubling year on year." Every day an average of 16,000 advertisements are placed on tutti.ch; on the best day so far the total reached 31,000. Francesco Vass attributes the rapid growth in the general classified ads business to a number of factors: the platform is easy to use, because the processes have been simplified: "You can place an ad online in 30 seconds." And because the ads on tutti.ch are free, you can advertise things that are only worth a few francs. "In the past, when small ads had to be printed and you had to pay for them, it was only worth doing for high-value goods," believes Francesco Vass.

In addition, in recent years people have become more aware of the concept of sustainability, and so they are more willing to buy and use second-hand goods. Ricardo.ch on the other hand, unlike tutti.ch, is profitable, as Christoph Brand confirms, but it has to fight for position.

Brand is a member of the Tamedia Management Board and responsible for the Classifieds & Marketplaces division. He is also Chairman of the Board of Directors of ricardo.ch AG. The significant investment that Francesco Vass referred to "is concentrated on developing the platform", said Brand in an interview with the "Luzerner Zeitung".

Linking on- and offline sales

Experts say that the most successful players on the market are those who link online and o‹ line sales e‹ iciently and take full advantage of the trend towards digitisation. Marcel Zumstein, of the leading Swiss stationery chain

Der stationäre Einzelhandel stagniert, während die Online-Geschä£e boomen.

As online retailing grows, the logistics requirements increase.

Continued from page 11

Zumstein AG, which has its flagship store on the Rennweg in Zurich and other branches in Bern, Basel and Zurich, tells us how it works: "Our own online shop generates good and increasing numbers of sales," says Zumstein, "because we show the same stock that is available in our shops and the multi-channel service offers our customers real added value."

As well as having its own online shop, Zumstein also has a presence on various retailing platforms. However, sales on these external platforms are less than in their own online shop, says Marcel Zumstein, and "overall, online sales are in the low double-digit range as a percentage of total sales." Zumstein does not see a strict divide between in-store and online sales, because "many of the purchases made in store are preceded by online research."

Can the clock be turned back?

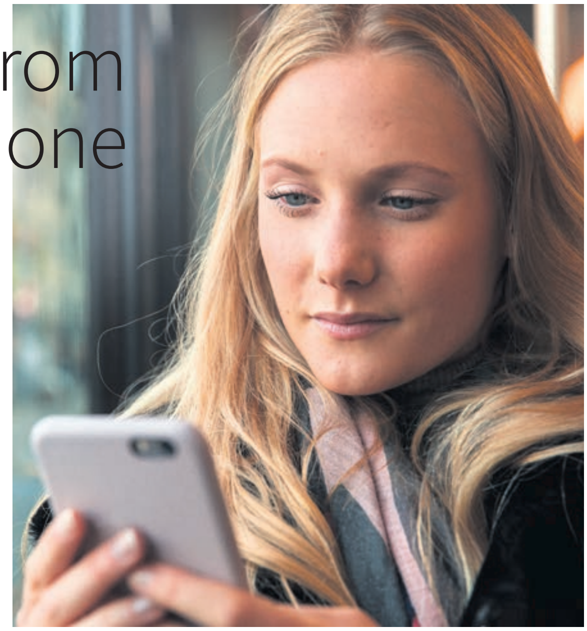
Francesco Vass also confirms that retailers need to keep an eye on the balance between online and offline sales: "Convergence is becoming more and more important."

Indeed, there are signs of a trend towards linking efficient online sales with the face-to-face experience of the real world. For example, "Zur Rose" started out nearly 25 years ago as a wholesaler for medical practitioners and became one of the leading mail-order pharmacies in Europe. Now, in partnership with Migros, "Zur Rose" has started opening bricks-and-mortar pharmacies.

But no-one knows exactly where this journey will end. "Will people still own things in the future?" wonders Francesco Vass. "Or will we just hire the drill that, after all, we only need once a year, from someone in the neighbourhood who has one? And will we be able to check on an online platform who has a drill and how much it costs to hire? Will people still buy cars? And bikes?"

The so-called sharing economy is all the rage now. Retail platforms and online market places will have to respond to that. As Francesco Vass knows, the market is always changing.

Tickets straight from the smartphone



Starticket was founded in 2003 and is now the second biggest ticket agent in Switzerland. Every year, Starticket sells several million tickets for events all over Switzerland, via a network of 1500 advance ticket sales outlets, a call centre and an online shop at starticket.ch. At the start of 2011, Starticket became the first ticket agent in Switzerland to introduce mobile tickets, which people can buy, pay for and download directly on their smartphones by using an app. Since last year, Tamedia has owned 100% of the shares in Starticket.

Find your appointments faster

Doodle.com, founded in 2007 and currently available in 11 languages, is the world's leading online calendar tool. Doodle is free and offers a wide range of ways of arranging meetings and setting up polls to find the best time for appointments. With Doodle Premium, the online calendar planner also offers an ads-free professional tool for individuals, companies and organisations.

Doodle is used by more than 26 million people every month and has been fully owned by Tamedia since 2014.

The major online marketplace

Ricardo.ch Ltd was founded in Baar (ZG) in November 1999 under the name auktion24.ch and has been part of the Ricardo Group since 2008. In 2015 Tamedia took a holding in ricardo.ch. More than three million members are currently trading on ricardo.ch every year, making the site Switzerland's biggest online marketplace. The Ricardo Group also includes the new and used car sales portal autoricardo.ch.

A platform for free small ads

Tutti.ch was launched in 2010 by the Norwegian media group Schibsted and established itself as one of the leading marketplaces for free adverts. In 2013, Tamedia amalgamated its small ads platform piazza.ch with tutti.ch. Visitors to the tutti.ch site can find adverts in all kinds of categories including furniture, apartments, electronics, jobs, baby & child, clothing and cars. Tutti.ch is now wholly owned by Tamedia.

For home owners and tenants

Homegate.ch is Switzerland's leading real estate portal. Anyone looking for apartments and other real estate will find a multitude of properties to rent or buy, in all parts of the country. The complete site can be downloaded to tablets and smartphones. The portal also offers a mortgage comparison service and editorial articles. Homegate further strengthened its market-leading position when it took over Immostreet.ch in 2016.

For employers and job-seekers

Jobs.ch is Switzerland's leading job platform. It is an efficient recruitment resource for employers and job-seekers. In addition to the job adverts, the e-recruitment service makes it easy for companies to find suitable candidates. Careers advice is also available for job-seekers. The media companies Tamedia and Ringier each own 50% of the shares in JobCloud Ltd, which operates jobs.ch and other job markets.

Leading directories

Local.ch and search.ch are platforms off ring comprehensive listings and information for private individuals, businesses and administrative organisations. Local.ch is one of the leading directories in French-speaking Switzerland and search.ch in German-speaking Switzerland. Since 1 July 2015, local.ch and search.ch have been combined as part of Swisscom Directories Ltd. This is owned 69% by Swisscom Ltd and 31% by Tamedia Ltd.

Note 21 Property, plant and equipment

in CHF 000	Land	Buildings, installations and ancillary facilities	Technical equipment and machinery	Furnishings, motor vehicles and works of art	Advance payments and assets under construction	**Total**
Historical cost						
As of 31 December 2015	**67 230**	**314 483**	**252 289**	**17 546**	**327**	**651 875**
Additions of consolidated companies	–	–	185	197	–	**382**
Disposals of consolidated companies	–	–	(33)	(168)	–	**(201)**
Additions	–	657	2 320	811	1 420	**5 208**
Disposals	–	(4 166)	(5 633)	(362)	–	**(10 161)**
Transfers	–	1 015	326	206	(1 548)	**(1)**
Reclassifi ation as assets held for sale	–	–	(2 540)	(744)	–	**(3 284)**
Currency effects	–	–	(1)	(2)	–	**(3)**
As of 31 December 2016	**67 230**	**311 989**	**246 913**	**17 484**	**199**	**643 815**
Additions of consolidated companies	–	–	9	–	–	**9**
Disposals of consolidated companies	–	–	–	–	–	**–**
Additions	–	1 190	2 713	530	2 201	**6 633**
Disposals	(1 351)	(1 552)	(3 379)	(957)	–	**(7 239)**
Transfers	–	4	1 253	–	(1 257)	**–**
Reclassifi ation as assets held for sale	–	–	2 403	20	–	**2 423**
Currency effects	–	–	29	(3)	–	**26**
As of 31 December 2017	**65 879**	**311 630**	**249 941**	**17 074**	**1 143**	**645 667**
Cumulative amortisation, depreciation and impairment						
As of 31 December 2015	–	**151 347**	**176 980**	**11 940**	**–**	**340 267**
Disposals of consolidated companies	–	–	(5)	(96)	–	**(101)**
Depreciation and amortisation	–	9 286	19 230	1 525	–	**30 040**
Disposals	–	(4 163)	(4 359)	(323)	–	**(8 846)**
Reclassifi ation as assets held for sale	–	–	(894)	(333)	–	**(1 227)**
Currency effects	–	–	(1)	(1)	–	**(1)**
As of 31 December 2016	–	**156 469**	**190 951**	**12 712**	**–**	**360 132**
Disposals of consolidated companies	–	–	–	–	–	**–**
Depreciation and amortisation	–	9 224	9 750	1 081	–	**20 055**
Disposals	–	(1 552)	(3 330)	(953)	–	**(5 834)**
Reclassifi ation as assets held for sale	–	–	821	9	–	**830**
Currency effects	–	–	18	(8)	–	**10**
As of 31 December 2017	**–**	**164 141**	**198 210**	**12 842**	**–**	**375 194**
Net carrying value of assets						
As of 31 December 2016	**67 230**	**155 520**	**55 962**	**4 772**	**199**	**283 683**
As of 31 December 2017	**65 879**	**147 489**	**51 731**	**4 232**	**1 143**	**270 474**

Property, plant and equipment declined by a total of CHF 13.2 million from CHF 283.7 million to CHF 270.5 million. Investments grew from CHF 5.2 million to CHF 6.6 million. The majority of the investments made during the reporting period related to technical equipment and machinery. The additions were offset by depreciation and amortisation of CHF 20.1 million and disposals of CHF 1.4 million. In the reporting year, Tamedia revised its estimate regarding the expected operational life of the printing centres. The decline in depreciation and amortisation is mostly due to the expected period being extended on the basis of this estimate. The property, plant and equipment and intangible assets of Starticket totalling CHF 20.0 million, including property, plant and equipment worth CHF 1.6 million, which were reported at 31 December 2016 as assets held for sale, were again considered as assets and liabilities from continuing operations (see Note 16 on assets held for sale). Details on the pledging of property, plant and equipment are given in Note 39.

Other non-current financial assets

Note 22

in CHF 000	2017	2016
Other investments	10 787	9 518
Non-current loans to third parties	401	550
Non-current loans to associates / joint ventures	–	2 727
Other non-current financial ass ts	391	346
Total	**11 579**	**13 141**

Other non-current financial assets decreased by CHF 1.6 million to CHF 11.6 million. In 2017, interests were acquired in the other investments Picstars AG and gebraucht.de and further investments were made in the existing investments Book a Tiger Household Services GmbH and firstbird GmbH. Details on the market values are given in Note 38.

Due to the purchase of additional interests in Tradono Switzerland AG and the conversion of a loan into equity, there are no longer any long-term loans receivable relating to associates/joint ventures. Other non-current financial assets remained stable year-on-year.

Details on pledges of other financial assets can be found in Note 39.

Employee benefits

Note 23

Tamedia has a range of defined benefit plans in Switzerland. These plans are managed in accordance with the legal requirements and are managed by autonomous, legally independent pension funds. The Board of Trustees, as the highest management body of these pension funds, is composed of an equal number of employee and employer representatives.

The plan participants are insured against the economic consequences of old age, disability and death, with the benefits governed by the respective plan policies on the basis of the contributions paid. Depending on the individual plan, the employer pays contributions of at least 50 per cent up to a maximum of 60 per cent to the pension funds.

The pension funds can change their financing system (contributions and future benefits). In the event of a funding deficit, determined in accordance with the legal requirements of Switzerland, and if other measures are unsuccessful, the pension funds may charge the employer deficit reduction contributions.

All insurance risks are borne by the pension funds. These risks can be broken down into demographic and financial risks, and are regularly assessed by the Board of Trustees, which is also responsible for asset management.

The management of the plan assets aims at securing the insured parties’ benefit entitlements over the long term using the contributions paid by the employees and employer as stipulated in the plan policies. Criteria such as security, the generation of a return on investments that is in line with the market, risk distribution, efficiency and guarantee of the necessary liquid assets are all taken into account.

Risk capacity, calculated in accordance with recognised rules, is taken into account when determining the investment strategy. The structure of the plan assets takes particular account of the pension obligations, including the plan's actual financial position and expected changes to the number of insured members. The plan assets are thus distributed across different asset classes, markets and currencies, while ensuring that there is sufficient market liquidity. The target return on plan assets is determined within the context of risk capacity, and should play a key role in financing the benefits promised.

Actuarial assumptions

in per cent	2017	2016
Discount rate as of 1 January	0.68	0.80
Discount rate as of 31 December	0.60	0.68
Expected salary increases	1.00	1.00
Expected pension increases	–	–
Mortality table	BVG 2015 GT	BVG 2010 GT
Date of most recent actuarial calculation	31.12.2017	31.12.2016

Amounts recognised in the balance sheet

in CHF 000	2017	2016
Employee benefit obli ations as of 31 December	(1 829 895)	(1 878 500)
Employee benefit plan ass ts as of 31 December	1 904 930	1 811 972
Overfunding/(liabilities) as of 31 December	**75 035**	**(66 528)**
Adjustment of asset limit	–	–
Net plan assets/(net plan liabilities) as of 31 December	**75 035**	**(66 528)**
of which net plan assets	94 371	–
of which employee benefit obli ations in liabilities before liabilities associated with assets held for sale	(19 336)	(64 419)
of which employee benefit obli ations in liabilities associated with assets held for sale	–	(2 109)

Amounts recognised in the income statement

in CHF 000	2017	2016
Current employer service cost	(31 937)	(34 585)
Past service cost	29 187	(4 815)
Effect of plan curtailments/settlements	–	–
Interest cost for employee benefit obli ations	(12 615)	(15 004)
Interest income on plan assets	12 202	14 092
Administration costs (excl. asset management costs)	(939)	(942)
Company's net periodic pension cost	**(4 102)**	**(41 254)**
of which employee benefit expense and administ ation costs	(3 689)	(40 342)
of which net interest on net plan assets/(net plan liabilities)	(413)	(912)

In 2017, the past service cost or expense was mainly attributable to plan amendments (lowering of the technical interest rate and the conversion rate) and, in 2016, to the abolition of limits on capital withdrawal on retirement (both Tamedia AG pension fund).

Amounts recognised in the statement of comprehensive income

in CHF 000	2017	2016
Actuarial gains/(losses) on employee benefit obli ations	1 809	(2 340)
Gain on plan assets, excluding interest	120 063	57 652
Total	**121 872**	**55 312**

Composition of actuarial gains

in CHF 000	2017	2016
Actuarial gains/losses through changes in		
financial assumption	(16 161)	(27 605)
demographic assumptions	731	10 054
adjustments due to experience	17 239	15 211
Total	**1 809**	**(2 340)**

Changes in employee benefit obligations

in CHF 000	2017	2016
Present value as of 1 January	(1 878 500)	(1 886 256)
Interest cost	(12 615)	(15 004)
Current employer service cost	(31 937)	(34 585)
Employee contributions	(21 807)	(21 215)
Benefits aid	84 907	85 861
Past service cost	–	(4 815)
Effect of plan curtailments/settlements	29 187	–
Change in group of consolidated companies	–	796
Administration costs (excl. asset management costs)	(939)	(942)
Actuarial gains/(losses)	1 809	(2 340)
Present value as of 31 December	**(1 829 895)**	**(1 878 500)**
of which plan liabilities for current employees	(756 390)	(812 584)
of which plan liabilities for retired employees	(1 073 505)	(1 065 916)

Changes in plan assets

in CHF 000	2017	2016
Fair value as of 1 January	1 811 972	1 782 680
Interest income on plan assets	12 202	14 092
Employer contributions	23 793	22 869
Employee contributions	21 807	21 215
Benefits aid	(84 907)	(85 861)
Effect of plan curtailments/settlements	–	–
Change in group of consolidated companies	–	(675)
Gain on plan assets, excluding interest	120 063	57 652
Fair value as of 31 December	**1 904 930**	**1 811 972**

Allocation of plan assets

in CHF 000	2017	2016
Listed market prices		
Cash and cash equivalents	5 231	10 792
Equity securities	611 413	555 443
Bonds	614 886	626 562
Real estate	295 657	284 552
Investment funds	232	1 485
Total listed market prices	**1 527 419**	**1 478 834**
Not publicly traded fair values		
Equity securities	–	–
Bonds	–	–
Real estate	241 661	229 464
Other	135 850	103 674
Total non-listed market prices	**377 511**	**333 138**
Total assets at fair value	**1 904 930**	**1 811 972**
of which Tamedia AG shares	–	–
of which assets used by Group companies	–	–

Expected contributions for the coming year

in CHF 000	2017	2016
Employer contributions	23 713	22 997
Employee contributions	21 306	20 506

Maturity of employee benefit obligations

in years	2017	2016
Weighted average duration of employee benefit obli ations in years	14.2	14.5

Sensitivity analysis

in CHF 000	2017	2016
Effects on employee benefit obli ations as of 31 December in the event of		
Decrease of the discount rate by 0.25%	(66 636)	(69 833)
Increase of discount rate by 0.25%	62 420	65 364
Decrease in salary increases by 0.25%	4 190	4 268
Increase of salary increases by 0.25%	(4 257)	(4 314)
Decrease in life expectancy by 1 year	66 889	66 151
Increase of life expectancy by 1 year	(65 740)	(65 079)

Contributions to defined contribution plans

in CHF 000	2017	2016
Total	1 663	1 663

Liabilities to employee benefit funds

in CHF 000	2017	2016
Liabilities to Tamedia employee benefit unds	1 159	803
Liabilities to other employee benefit unds	–	–
Total	**1 159**	**803**

Note 24 Intangible assets

in CHF 000	Goodwill	Publishing rights, brand rights and other legal rights	Recognised soft are project costs	Other intangible assets, assets under construction	**Total**
Historical cost					
As of 31 December 2015	**909 713**	**783 174**	**73 689**	**132**	**1 766 708**
Additions of consolidated companies	39 082	17 279	4 850	–	**61 210**
Disposals of consolidated companies	(14 752)	(2 026)	(2 668)	–	**(19 447)**
Additions	–	211	1 395	275	**1 880**
Disposals	–	(21)	(964)	(9)	**(995)**
Transfers	–	–	371	(371)	**–**
Reclassifi ation as assets held for sale	(11 192)	(22 500)	(6 867)	–	**(40 560)**
Currency effects	(15)	(48)	39	–	**(24)**
As of 31 December 2016	**922 835**	**776 068**	**69 844**	**26**	**1 768 773**
Additions of consolidated companies	9 408	–	800	–	**10 208**
Disposals of consolidated companies	–	–	–	–	**–**
Additions	–	1	3 141	1 376	**4 518**
Disposals	–	(30)	(3 791)	–	**(3 821)**
Transfers	–	–	30	(30)	**–**
Reclassifi ation as assets held for sale	7 303	10 863	6 851	–	**25 018**
Currency effects	2 752	590	371	–	**3 713**
As of 31 December 2017	**942 298**	**787 493**	**77 246**	**1 372**	**1 808 410**
Cumulative amortisation, depreciation and impairment					
As of 31 December 2015	**47 282**	**119 033**	**49 729**	**48**	**216 092**
Disposals of consolidated companies	(12 873)	(19)	(2 425)	–	**(15 317)**
Depreciation and amortisation	–	36 221	10 203	4	**46 427**
Impairment	11 023	–	–	–	**11 023**
Disposals	–	(21)	(964)	(9)	**(995)**
Transfers	–	–	16	(16)	**–**
Reclassifi ation as assets held for sale	–	(6 341)	(2 974)	–	**(9 315)**
Currency effects	(38)	(9)	(4)	–	**(51)**
As of 31 December 2016	**45 393**	**148 864**	**53 581**	**26**	**247 864**
Disposals of consolidated companies	–	–	–	–	**–**
Depreciation and amortisation	–	35 418	8 989	–	**44 407**
Impairment	–	–	–	–	**–**
Disposals	–	(29)	(3 791)	–	**(3 820)**
Transfers	–	–	–	–	**–**
Reclassifi ation as assets held for sale	–	3 684	2 958	–	**6 642**
Currency effects	1 411	59	134	–	**1 604**
As of 31 December 2017	**46 804**	**187 998**	**61 869**	**26**	**296 697**
Net carrying value of assets					
As of 31 December 2016	**877 442**	**627 205**	**16 263**	**–**	**1 520 909**
As of 31 December 2017	**895 494**	**599 495**	**15 377**	**1 346**	**1 511 712**

Intangible assets decreased by CHF 9.2 million from CHF 1,520.9 million to CHF 1,511.7 million. Acquisitions resulted in an increase of CHF 10.2 million in intangible assets. Changes to the group of consolidated companies include the addition of intangible assets belonging to Tradono Switzerland AG and Tradono ApS. Further information on this is provided in Note 1 on changes to the group of consolidated companies. The other additions of CHF 4.5 million mainly concern software project costs that can be capitalised. The additions are offset by depreciation and amortisation of CHF 44.4 million. No impairment on goodwill was recognised in 2017 (previous year: CHF 11.0 million). Further information on this can be found in Note 25 below. Disposals in 2017 related to various capitalised software project costs. The property, plant and equipment and intangible assets of Starticket AG totalling CHF 20.0 million, including intangible assets worth CHF 18.4 million, which were reported at 31 December 2016 as assets held for sale, were again considered as assets from continuing operations.

Goodwill and intangible assets with an indefinite useful life

Note 25

in CHF 000	2017	2016
Business division		
Paid Media	178 814	178 814
Free Media	149 455	148 904
Marketplaces and Ventures	567 225	549 724
Total	**895 494**	**877 442**

In addition to goodwill, intangible assets (trademarks/URLs) with indefinite useful lives are found in the following business divisions:

in CHF 000	2017	2016
Business division		
Paid Media	43 648	43 648
Free Media	74 580	74 580
Marketplaces and Ventures	185 625	185 625
Total	**303 853**	**303 853**

Goodwill of CHF 290.1 million and intangible assets with indefinite useful lives of CHF 89.0 million are related to the largest cash-generating unit. These were tested for impairment on the basis of the value in use, growth rate calculation, discount rate and other assumptions in the Marketplaces and Ventures segment.

The goodwill and intangible assets with indefinite useful lives were tested for impairment for each cash-generating unit on 31 December 2017. The cash-generating units are determined at a level below the segments, provided they are largely independent of other assets. Their values in use were calculated using the discounted cash fl w method.

The calculations on which the business plans are based refer to the values generated in the current year, the budget figures for 2018 and the medium-term expectations for each of the business divisions. The budget figures include the latest estimates relating to changes in revenues and costs. The estimates relating to the changes in revenues take into account external market data (WEMF, Media Focus, NET-Metrix) and are based on the current numbers of readers or users. Future changes in these numbers are forecast individually. Measures serving to improve net income are taken into account only if they have been officially approved and are already being implemented. The business plans take account of business risks with differing assessments. The business plans cover a period of five years. For the following years, the growth rate was set at –2.25 per cent for Paid Media and 0.0 per cent and -2.25 per cent for Free Media, while the rate for Marketplaces and Ventures was set at 1.0 per cent (previous year: -2.5 per cent for Paid Media, 0.0 and –2.5 per cent for Free Media and 1.0 per cent for Marketplaces and Ventures).

The discount rates applied (WACC) are shown in the following table.

WACC before tax	2017	2016
Paid Media	8.6–8.7%	7.0–8.0%
Free Media	8.4–8.7%	6.7–8.8%
Marketplaces and Ventures	8.4–10.1%	9.1–10.0%

The discount rates before tax applied to the significant cash-generating units amounted to 8.6 per cent (previous year: 8.0 per cent) for Paid Media, 8.7 per cent (previous year: 8.8 per cent) for Free Media and 9.4 per cent (previous year: 10.0 per cent) for Marketplaces and Ventures.

No impairment needs to be considered for 2017. In the previous year, impairments of CHF 11.0 million were recognised in the Marketplaces and Ventures business division for Danish vintage fashion platform Trendsales.

Impairment of goodwill and intangible assets with an indefinite useful life could result from changes in the fundamental data used for impairment testing, such as an ongoing deterioration in the gross margin or a change in cost structure.

The possible effects as at 31 December are presented on the basis of an assumed reduction in free cash fl w and an increase in WACC.

in CHF 000	2017	2016
Effects on goodwill and intangible assets with unlimited use		
of a reduction in cash flow b		
10%		
Paid Media	–	–
Free Media	–	–
Marketplaces and Ventures	(14 818)	(1 077)
20%		
Paid Media	–	–
Free Media	(298)	(467)
Marketplaces and Ventures	(39 081)	(2 177)
WACC increased by 2%		
Paid Media	–	–
Free Media	(1 922)	(1 382)
Marketplaces and Ventures	(56 226)	(2 623)

A 10 or 20 per cent decline in free cash fl w for the cash-generating unit ricardo.ch would give an achievable value some CHF 14.8 million or CHF 36.2 million below the carrying amount. A 2 per cent increase in WACC would give an achievable value of CHF 44.5 million below the carrying amount. Considered individually, any impact on the other units is not significant.

Financial liabilities

in CHF 000	2017	2016
Current liabilities to banks	2 019	30 626
Other current financial liabilities o third parties	1 954	813
Current financial liabilitie	**3 973**	**31 439**
Non-current liabilities to banks	803	50 048
Non-current loans from third parties	–	–
Non-current loans to associates/joint ventures	2 000	2 000
Other non-current financial liabilities o third parties	3 318	10 525
Other non-current financial liabilities o related companies	291	291
Non-current financial liabilitie	**6 412**	**62 865**
Financial liabilities	**10 385**	**94 304**
Weighted average interest rate		
Due within 1 year	0.5%	0.5%
Due 1 to 5 years	0.7%	0.7%
Due beyond 5 years	n/a	n/a

Financial liabilities decreased by CHF 83.9 million to CHF 10.4 million. A credit facility of CHF 270.0 million was agreed for the acquisition of ricardo.ch AG on 8 September 2015. All short- and long-term credit drawn on this was repaid in full in the reporting year and the framework agreement was terminated.

Current and non-current liabilities to banks include the market value of hedging transactions for the foreign currency risk (see Note 38). The purchase price obligation from the acquisition of Swiss Classified Media, for which early settlement was agreed in 2018, is recognised among other current financial liabilities to third parties. The purchase price obligation from the acquisition of Meekan Solutions Ltd. is included in other non-current financial liabilities to third parties. The amount concerned depends on future economic developments. Adjustments to purchase price obligations in order to refl ct current market values as well as fair value adjustments totalling CHF 1.5 million net have been recognised in the financial result (previous year: CHF -2.0 million). Other non-current financial liabilities to third parties also comprise the contractually assumed obligation of CHF 2.0 million (previous year: CHF 2.6 million) in connection with the "ETH Media Technology Initiative" development partnership. The current portion of this, CHF 0.3 million, has been recognised under other current financial liabilities. Tamedia's obligations to purchase non-controlling interests on the basis of put options no longer apply following the acquisition of non-controlling interests in Starticket AG and Trendsales ApS. This has seen other non-current financial liabilities to third parties reduce by CHF 3.3 million.

Cash flow associated with net financial liabilities

in CHF 000	Cash and cash equivalents	current financia assets	current financia receivables	current financia liabilities	non-current financia liabilities	Net financia liabilities
As of 1 January 2017	**55 943**	**1 388**	**7 592**	**(31 439)**	**(62 865)**	**(29 381)**
Addition / Disposal of cash and cash equivalents and current financial ass ts	59 340	–	4 532	–	–	**63 873**
Repayment of financial liabilitie	–	–	–	30 002	50 619	**80 620**
Investment in consolidated companies	295	–	–	–	–	**295**
other non-cash changes	–	731	–	(926)	4 224	**4 030**
Transfers	7 320	–	–	(1 610)	1 610	**7 320**
Currency effects	539	–	–	–	–	**539**
As of 31 December 2017	**123 438**	**2 119**	**12 125**	**(3 973)**	**(6 412)**	**127 296**

Note 27

Trade accounts payable

in CHF 000	2017	2016
Trade accounts payable to third parties	37 263	24 575
Trade accounts payable to associates / joint ventures	1 677	833
Total	**38 940**	**25 407**

The total amount of trade accounts payable was CHF 38.9 million, which is CHF 13.5 million more than in the previous year. Of that amount, CHF 7.5 million is attributable to the reclassification from liabilities associated with assets held for sale. Trade accounts payable are non-interest bearing and are normally payable within a period of 30 days.

Note 28

Other current liabilities

in CHF 000	2017	2016
Liabilities to public authorities	10 824	10 687
Liabilities to insurance companies	2 702	1 439
Liabilities to employee benefit unds	1 159	803
Liabilities to employees	727	883
Advance payments from customers	3 007	7 669
Other current liabilities	10 939	9 350
Total	**29 359**	**30 832**

Other current payables decreased by CHF 1.5 million to CHF 29.4 million. Other current liabilities are non-interest bearing and are normally payable within a period of 30 days.

Note 29

Deferred revenues and accrued liabilities

in CHF 000	2017	2016
Deferred subscription revenues	147 013	149 776
Deferred online revenues	56 121	49 574
Deferred personnel expenses	37 671	34 354
Other accrued liabilities	26 608	28 045
Total	**267 413**	**261 749**

Deferred revenues and accrued liabilities increased by CHF 5.7 million from CHF 261.7 million to CHF 267.4 million. Deferred subscription revenues dropped by a further CHF 2.8 million or 2 per cent year-on-year. This decline can be attributed to the performance of sales revenues. Deferred online revenue increased by 13 per cent, which is mainly attributable to increased deferred revenue associated with Jobcloud AG. In addition, deferred online revenue now also includes deferred revenue from Olmero AG, which was still recognised as other deferred revenues and accrued liabilities in the previous year. The values from the previous year were reclassified accordingly. The increase in deferred personnel expenses of CHF 3.3 million to CHF 37.7 million, or 10 per cent, is attributable to the deferrals in connection with the profit participation programme for the Management Board and employees, which are higher than in the previous year.

Provisions

Note 30

in CHF 000	Long service awards	Personnel provisions/ Restructuring	Restoration costs + inherit-ed pollution	Litigation risk, other	**Total**
As of 1 January 2016	**9 449**	**1 920**	**600**	**900**	**12 870**
Change in group of consolidated companies	–	–	–	–	**–**
Increase	1 195	2 082	214	304	**3 795**
Reversal	(70)	(123)	–	(97)	**(290)**
Used during the financial y ar	(740)	(1 069)	–	(44)	**(1 853)**
Currency effects	–	–	(1)	(1)	**(2)**
As of 31 December 2016	**9 835**	**2 810**	**813**	**1 062**	**14 520**
Due within 1 year	823	2 552	69	221	**3 665**
Due between 1 and 5 years	9 012	257	745	841	**10 855**
As of 1 January 2017	**9 835**	**2 810**	**813**	**1 062**	**14 520**
Increase	793	908	–	411	**2 112**
Reversal	–	(96)	–	(302)	**(398)**
Used during the financial y ar	(882)	(2 196)	(226)	(221)	**(3 525)**
Currency effects	–	–	12	41	**53**
As of 31 December 2017	**9 745**	**1 425**	**600**	**992**	**12 762**
Due within 1 year	788	1 241	–	77	**2 105**
Due between 1 and 5 years	8 958	184	600	915	**10 657**

Current and non-current provisions decreased by CHF 1.8 million, from CHF 14.5 million to CHF 12.8 million. The decline is attributable to the use of provisions in connection with the long-term bonus plan and social plans. The increase in personnel provisions is a result of social plans agreed in 2017. The provision for long-service awards remained largely unchanged. Use of provisions only slightly exceeded the requirement for new provisions. The outfl w of non-current provisions is expected within the next five years.

The provision for long-service awards is determined on the basis of actuarial principles. The personnel provisions consist mainly of costs that are still expected in conjunction with agreed restructuring measures. Restoration costs and inherited pollution include the estimated costs of restoring rented properties to their original state once they have been vacated and guarantees for the removal of inherited pollution from properties sold. The due dates for restoration costs of rented premises are governed by the terms of the relevant agreements. The provisions for litigation risks relate to current cases. Other provisions include several different items, which, if considered individually, are not material in nature.

The amount set aside for provisions and the point in time at which such will result in a cash outfl w are based on best possible estimates and may deviate from actual circumstances in the future.

Share capital

Note 31

There are still 10,600,000 fully paid-up registered shares with a par value of CHF 10.00 each.

There is a shareholders' agreement for 67.0 per cent of the 10.6 million registered shares of Tamedia AG. The members to the shareholders' agreement currently own 71.26 per cent of the shares.

On 7 April 2017, the shareholders approved the proposal of the Board of Directors that a dividend of CHF 4.50 per share be distributed for the 2016 financial year. For the 2017 financial year, the Board of Directors will propose to the Annual General Meeting of 20 April 2018 that a dividend of CHF 4.50 per dividend-bearing share be distributed.

Disclosures on the major shareholders of Tamedia AG in accordance with the terms of the Swiss Code of Obligations Art. 663c are provided in Note 15.

Note 32

Treasury shares

		2017	2016
Number of treasury shares			
As of 1 January		7 652	3 555
Additions		8 940	7 643
Disposals		(5 663)	(3 546)
As of 31 December		**10 929**	**7 652**
Initial value of treasury shares	in CHF 000		
As of 1 January		1 251	579
Additions		1 319	1 254
Disposals		(935)	(581)
As of 31 December		**1 635**	**1 251**
Market value		**1 508**	**1 194**
Paid/received prices	in CHF		
Additions (weighted average)		147.51	163.46
min.		132.70	151.25
max.		159.93	182.89
Disposals (weighted average)		165.09	162.71
min.		165.09	150.39
max.		165.09	162.81

The year-end price of treasury shares was CHF 138.0, compared to CHF 156.0 at the end of the previous year. Share price changes over time can be seen in the chart on page 34.

As part of the profit participation programme for members of the Management Board (see also Note 42), 5,663 treasury shares with a total value of CHF 0.9 million were issued. In total, 8,940 additional treasury shares were purchased in the 2017 financial year.

Further disclosures in relation to the consolidated financial statements

Subsidiaries with non-controlling interests

Note 33

The Group companies of Tamedia and their respective shares of capital and voting rights are detailed in Note 40. The balance sheet date for all Group companies is 31 December. With regard to non-controlling interests, there are no significant statutory, contractual or regulatory restrictions affecting access to or use of the Group's assets or with regard to Tamedia's settlement of its obligations.

Detailed information on the Group companies with significant non-controlling interests is provided in the table below (figures prior to intercompany eliminations).

in CHF 000	2017	2016
Name	Jobcloud AG	Jobcloud AG
Share of Group capital	50.0%	50.0%
Capital share attributable to non-controlling interests	50.0%	50.0%
Balance sheet		
Current assets	69 004	50 516
Non-current assets	483 693	491 280
Assets	**552 697**	**541 796**
Current liabilities	60 175	54 874
Non-current liabilities	42 128	43 503
Equity, attributable to Tamedia shareholders	230 197	226 710
Attributable to non-controlling interests	220 197	216 710
Liabilities	**552 697**	**541 796**
Income statement		
Revenues	98 723	90 818
Income before taxes	**56 181**	**50 711**
Income taxes	(11 492)	(10 235)
Net income	**44 689**	**40 476**
Other comprehensive income	693	(84)
Total comprehensive income	**45 382**	**40 391**
of which attributable to non-controlling interests	22 691	20 196
Dividends paid to non-controlling interests	19 204	16 502
Cash fl ws		
Cash flow f om (used in) operating activities	55 960	47 652
Cash flow f om (used in) investing activities	(11 576)	7 337
Cash flow f om (used in) financing activitie	(38 408)	(58 151)
Change in cash and cash equivalents	**5 976**	**(3 162)**

Tamedia and Ringier have agreed on a control option that enables Tamedia to carry out its consolidation pursuant to IFRS.

Sureties, subordinated claims and guarantee obligations to the benefit of third parties/related parties

Note 34

in CHF 000	2017	2016
Subordinated claims in favour of related parties	150	350
Subordinated claims in favour of third parties	762	–
Guarantee liabilities in favour of third parties	30	256
Total	**942**	**606**

As of the balance sheet date, there were subordinated claims to the benefit of related parties totalling CHF 0.4 million (previous year CHF 0.4 million). There were also guarantee obligations to the benefit of third parties for CHF 0.03 million (previous year CHF 0.3 million). There are no further sureties, subordinated claims or guarantee obligations.

Note 35

Operating leases and rental commitments

Rental agreements are currently in place for property as well as leases for vehicles and office equipment. The leases have a residual term of between one and four years and are generally at fixed conditions. The residual terms of the property rental agreements are usually between one and five years. Various rental agreements feature options to extend the rental period. For those rental agreements where an extension is deemed probable, the extension is taken into account when determining the rental commitment. The increase in rental commitments for land, buildings and business premises is due to the reassessment of various rental agreements for which an extension is now deemed probable.

in CHF 000	2017	2016
Land, buildings and offi e premises	45 042	36 942
Machinery and furnishings	1 403	2 411
Total	**46 445**	**39 353**
Due within 1 year	9 423	10 607
Due between 1 and 5 years	26 992	27 503
Due beyond 5 years	10 029	1 242
Total	**46 445**	**39 353**
Costs recognised in the financial y ar under the item rent, lease payments and licences (see Note 10)	12 121	13 287

Note 36

Pending transactions

Framework agreements are entered into with major suppliers of newsprint and magazine paper. There were no agreements relating to future delivery periods as of the balance sheet date. There are no other pending transactions as of the balance sheet date.

Note 37

Information on financial risk management

The Board of Directors convenes regularly to discuss the assessment of risks (at one meeting in 2017). It compared its assessments with those from the previous year and aligned them with the assessments prepared by the Management Board. The Board of Directors and Management Board apply different operational risk management processes that are documented regularly and systematically. The assessment of opportunities and risks is also incorporated into portfolio management.

The Board of Directors and Management Board consider the following risks to be significant: dependence on the general economic trend in Switzerland, the impacts of structural changes in the media sector, changes in behaviour of advertising customers and media consumers and changes in broader economic and legal conditions. These include in particular the licence-fee-financed free competition from SRG, the merging of its marketing activities with those of Swisscom and Ringier and further increases in the postal charges for the delivery of newspapers and magazines as well as restrictions under competition law or bans on collaborations with other companies in spite of the increasing competition provided by global players such as Google, Facebook and Amazon.

New projects at home and abroad, technical faults affecting IT systems and the rise of cyber crime are also considered to present a risk. In contrast, risks associated with operational errors and weaknesses or natural hazards are assessed as being less critical.

Interest rate risk

Interest rate risk is managed centrally. Short-term interest rate risks are generally not hedged. The interest rate risk associated with the credit facility drawdown to finance the acquisition of the Ricardo Group was not hedged. As of the balance sheet date, there were no hedges of long-term interest rate risks.

The risk resulting from changes in market interest rates mainly relates to current and non-current financial liabilities.

The following table provides details of the items that are subject to interest rate risks and shows the impact of a possible change in interest rates on the Group's net income before taxes.

in CHF 000	2017 Variable interest rate	2017 Fixed interest rate	2016 Variable interest rate	2016 Fixed interest rate
Assets				
Cash and cash equivalents	123 438	–	55 943	–
Loans receivable	–	401	–	3 277
Liabilities				
Liabilities to banks and bank loans	–	2 822	–	80 674
Loans payable	–	2 000	–	2 000
Other interest-bearing financial liabilitie	–	5 564	–	11 629
Impact on earnings before taxes at a change of +/– 0.1%	+/– 123		+/– 56	

Currency risk

Risks relating to exchange rate fluctuations may result in particular from the purchase of paper or investments. Currency risks are hedged centrally and thus minimised to the extent that such action is considered expedient.

At present, currency risks result mainly from purchases made in foreign currency and investments in other companies that are managed in a foreign currency. The equivalent value of purchases in foreign currency amounted to CHF 78.6 million in 2017 (previous year: CHF 63.6 million). The risks applied for the most part to transactions in euro and were hedged for paper purchases in 2018 in the amount of CHF 41.0 million (hedging in 2016 for paper purchases in 2017 amounted to CHF 43.3 million). The foreign currency risk on investments in other companies was hedged with forward contracts in euro, Danish krone and Israeli shekel equalling CHF 43.6 million (previous year: CHF 53.2 million). Additional forward contracts to hedge the foreign currency risk on investments in other companies in euro, Danish krone and Israeli shekel for CHF 14.7 million were entered into aft r the balance sheet date (previous year: CHF 17.1 million). Details of the hedges for 2017 using forward exchange transactions can be found in Note 38.

The effects on net income before taxes of a possible change in the exchange rates of 5 per cent on the items in the balance sheet in euro, Danish krone and Israeli shekel amounted to CHF -0.9 million as at the end of 2017 (previous year: CHF -0.8 million).

Credit default risk

Trade accounts receivable are constantly monitored using standardised processes that are also supported by external debt collection partners. Standard guidelines are used to make the necessary value adjustments (see also: Measurement guideline for accounts receivable). With the exception of the receivables from one customer, whose outstanding bills account for around 10 per cent of total receivables and are continuously monitored, the threat of cluster risks is minimised through the large number and broad distribution of receivables from customers across all market segments. Quantitative information on credit risk resulting from operations can be found in Note 19 "Trade accounts receivable".

The credit risk to which cash and cash equivalents and other financial assets are exposed relates to counterparty defaults, in which case the maximum risk is the carrying amount. Cash and cash equivalents are mostly held at three big Swiss banks and, based on the current Standard & Poor's credit ratings, their credit default risk is rated as low.

Liquidity risk

The risk of not having access to sufficient liquidity to settle liabilities is covered by a liquidity plan, which is continuously updated. The liquidity plan takes both day-to-day operations and accounts receivable and liabilities into account.

In order to optimise the available financial resources, liquidity management and long-term financing are undertaken centrally. This means that capital can be procured cost-effectively and ensures that the liquidity available matches the payment obligations.

The due dates of financial liabilities are shown in the table below.

in CHF 000	Not yet due/ at call	Up to 3 months	4 to 12 months	Due between 1 and 5 years	Due beyond 5 years	Total
2017						
Financial liabilities	1 657	804	1 520	6 448	–	**10 429**
of which derivative financial instrument	–	505	1 514	803	–	**2 822**
Trade accounts payable	38 940	–	–	–	–	**38 940**
Other liabilities	10 939	–	–	–	–	**10 939**
Total	**51 536**	**804**	**1 520**	**6 448**	**–**	**60 308**
2016						
Financial liabilities	30 568	556	926	63 063	–	**95 113**
of which derivative financial instrument	–	156	469	–	–	**624**
Trade accounts payable	25 407	–	–	–	–	**25 407**
Other liabilities	9 350	–	–	–	–	**9 350**
Total	**65 325**	**556**	**926**	**63 063**	**–**	**129 869**

Capital management

The capital defined in conjunction with capital management corresponds to reported equity.

Capital management ensures that the necessary capital for operational activities can be made available from funds earned by the Group itself and that financial liabilities can usually be settled from the Group's own funds within a period of three to five years. The dividends paid to shareholders are adjusted as a means of managing capital. The aim is to pay dividends to shareholders in the range of 35 to 45 per cent of net income and to report an equity ratio that is significantly higher than 50 per cent over the long term.

Financial instruments

in CHF 000	category	2017 Carrying value	2017 Fair value	2016 Carrying value	2016 Fair value
Cash and cash equivalents	1	123 438	123 438	55 943	55 943
Current financial ass ts		2 119	2 119	1 388	1 388
of which forward exchange contracts and interest rate hedges	4	2 119	2 119	1 388	1 388
Trade accounts receivable	2	158 824	158 824	159 558	159 558
Current financial eceivables	2	12 125	12 125	7 592	7 592
Other non-current financial ass ts		11 579	11 565	13 141	13 188
of which other investments	3	10 787	10 787	9 518	9 518
of which loans receivable	2	401	387	3 277	3 323
of which other non-current financial ass ts	2	391	391	346	346
Current financial liabilitie	5	3 973	3 973	31 439	31 439
Trade accounts payable	5	38 940	38 940	25 407	25 407
Other liabilities	5	10 939	10 939	9 350	9 350
Non-current financial liabilitie		6 412	6 378	62 865	62 836
of which liabilities to banks and loans	5	3 094	3 060	52 340	52 312
of which purchase price obligations	4	3 318	3 318	7 204	7 204
of which obligations to purchase own equity instruments	4	–	–	3 321	3 321
Categorisation of financial instruments as per IAS 3					
Cash and cash equivalents	1	123 438	123 438	55 943	55 943
Loans and trade accounts receivable	2	171 741	171 727	170 774	170 821
Financial instruments held for sale	3	10 787	10 787	9 518	9 518
Financial instruments held for trading purposes	4	(1 200)	(1 200)	(9 137)	(9 137)
Financial liabilities measured at amortised cost	5	(56 946)	(56 912)	(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 fl w 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 and interest rate hedges 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.

Forward currency contracts

in CHF 000	2017	2016
Contract volume	84 581	96 498
Fair value, due	(703)	763
Due within 1 year	100	763
Due within 1 and 5 years	(803)	–
Due beyond 5 years	–	–
Cash fl w hedge disclosures		
Cash flow hed es recognised directly in other comprehensive income as of 31 December	465	816
Used for hedging as planned	1 917	754
Recognised directly in the income statement	(114)	(53)

Forward euro contracts totalling CHF 41.0 million existed as of the balance sheet date to hedge the foreign currency risk arising from the framework agreements for the purchase of newsprint and magazine paper. The foreign currency risk on investments in other companies was also hedged in 2017 with forward contracts in euro, Danish krone and Israeli shekel equalling CHF 43.6 million. Additional forward contracts to hedge the foreign currency risk on investments in other companies in euro, Danish krone and Israeli shekel for CHF 14.7 million were entered into aft r the balance sheet date. The hedging transactions are recognised in the income statement upon realisation together with the underlying transactions.

Depending on their maturity dates, the fair values of these derivative financial instruments are reported under current or non-current financial receivables or liabilities as appropriate.

Note 39

Assets pledged or as collateral or subject to liens

in CHF 000	2017	2016
Mortgages securing financial liabilitie	–	239 133
related to land and buildings with a net carrying value of	–	195 841
Assets securing subscription insurance	320	320
from securities with a value of	320	320
Assets pledged as collateral or subject to liens	**320**	**239 453**
from assets with a consolidated value of	**320**	**196 161**

Investments in other companies

Note 40

The companies of the Tamedia Group included the following on 31 December 2017:

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of [4] Group capital 2017	Share of [4] Group capital 2016
Tamedia AG	Zurich	CHF	106 000	B/P	V	–	–
20 minuti Ticino SA	Lugano	CHF	300	P	E	50.0%	50.0%
Adextra AG	Zurich	CHF	100	M	V	100.0%	100.0%
Book a Tiger Household Services GmbH	Berlin	EUR	128	M	A	3.9%	3.7%
Book a Tiger Switzerland AG	Zurich	CHF	111	M	E	40.7%	34.0%
Carcodex AG	Zurich	CHF	100	M	E	20.0%	–
DJ Digitale Medien GmbH	Vienna	EUR	71	P	V	51.0%	51.0%
Doodle AG	Zurich	CHF	100	M	V	100.0%	100.0%
Doodle Deutschland GmbH	Berlin	EUR	250	M	V	100.0%	100.0%
Meekan Solutions Ltd.	Kibutz Shefaim	ILS	150	M	V	100.0%	100.0%
DZZ Druckzentrum Zürich AG	Zurich	CHF	100	B	V	100.0%	100.0%
Edita SA	Luxembourg	EUR	50	P	E	50.0%	50.0%
Gebraucht.de GmbH	Berlin	EUR	29	M	A	3.5%	–
Homegate AG	Zurich	CHF	1 000	M	V	90.0%	90.0%
ImmoStreet.ch SA	Lausanne	CHF	700	M	V	90.0%	90.0%
Hotelcard AG	Thun	CHF	190	M	E	–	20.0%
Jobcloud AG	Zurich	CHF	100	M	V	50.0%	50.0%
Jobsuchmaschine AG	Zurich	CHF	100	M	V	50.0%	50.0%
JoinVision E-Services GmbH	Vienna	EUR	50	M	V	50.0%	50.0%
Karriere.at GmbH	Linz	EUR	40	M	E	24.5%	24.5%
fi stbird GmbH	Vienna	EUR	49	M	A	6.2%	3.9%
Journal de Morges SA	Morges	CHF	100	B	E	–	49.0%
MetroXpress A/S	Copenhagen	DKK	662	P	V	100.0%	100.0%
BTMX P/S	Copenhagen	DKK	1 000	P	E	30.0%	–
MoneyPark AG	Freienbach	CHF	324	M	A	4.6%	6.1%
Newsnet [1]	Zurich	CHF	–	B	V	81.3%	81.3%
Olmero AG	Opfi on	CHF	208	M	V	97.7%	97.7%
Picstars AG	Zurich	CHF	146	M	A	7.0%	–
ricardo.ch AG	Zug	CHF	200	M	V	100.0%	100.0%
ricardo-shops GmbH	Weil am Rhein	EUR	25	M	V	100.0%	100.0%
ricardo Sàrl	Valbonne	EUR	15	M	V	100.0%	100.0%
Schweizerische Depeschenagentur AG	Berne	CHF	2 000	B	E	29.4%	29.4%
SMD Schweizer Mediendatenbank AG	Zurich	CHF	108	B	E	33.3%	33.3%
Swissdox AG	Zurich	CHF	100	B	E	33.3%	33.3%
Starticket AG	Zurich	CHF	913	M	V	100.0%	87.6%
Swisscom Directories AG	Zurich	CHF	2 174	M	E	31.0%	31.0%
AdUnit AG	Zurich	CHF	100	M	E	31.0%	–
Tagblatt der Stadt Zürich AG	Zurich	CHF	200	B	V	65.0%	65.0%

1 Sole proprietorship
2 Merged with Trendsales ApS and Tamedia Espace AG
3 in liquidation
4 Share of Group votes corresponds to share of Group capital

Business division
B = Paid Media
P = Free Media
M = Marketplaces and Ventures

Consolidation and measurement methods
V = Full consolidation
E = Accounted for using the equity method
A = Valued at market value

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of [4] Group capital 2017	Share of [4] Group capital 2016
Tamedia Espace AG	Berne	CHF	5 000	B	V	100.0%	100.0%
DZB Druckzentrum Bern AG	Berne	CHF	9 900	B	V	100.0%	100.0%
Schaer Thun AG	Thun	CHF	2 250	B	V	100.0%	100.0%
Berner Oberland Medien AG	Uetendorf	CHF	500	B	E	50.0%	50.0%
Thuner Amtsanzeiger [1]	Thun	CHF	–	B	E	48.0%	48.0%
Tamedia Publications romandes SA	Lausanne	CHF	7 500	B	V	100.0%	100.0%
Actua Immobilier SA	Carouge	CHF	330	B	E	39.0%	39.0%
CIL Centre d'Impression Lausanne SA	Lausanne	CHF	10 000	B	V	100.0%	100.0%
LC Lausanne Cités SA	Lausanne	CHF	50	B	E	50.0%	50.0%
Société de Publications Nouvelles SPN SA	Geneva	CHF	1 000	B	E	50.0%	50.0%
Virtual Network SA	Nyon	CHF	100	M	E	20.0%	20.0%
TicinOnline SA	Breganzona	CHF	1 100	P	E	25.8%	25.8%
Tradono ApS [2]	Copenhagen	DKK	176	M	E	–	25.6%
Tradono Switzerland AG	Zurich	CHF	100	M	V	100.0%	50.0%
Trendsales ApS	Copenhagen	DKK	125	M	V	55.6%	88.0%
Trendsales Finland Oy [3]	Helsinki	EUR	28	M	V	55.6%	44.9%
Tutti.ch AG [2]	Zurich	CHF	1 100	M	V	–	100.0%
TVtäglich [1]	Zurich	CHF	–	B	E	50.0%	50.0%
Ultimate Media B&M GmbH	Vienna	EUR	35	P	E	25.5%	25.5%
AHVV Verlags GmbH	Vienna	EUR	36	P	E	25.5%	25.5%
Verlag Finanz und Wirtschaft G	Zurich	CHF	1 000	B	V	100.0%	100.0%
Zattoo International AG	Zurich	CHF	925	M	E	31.0%	31.0%
Zürcher Oberland Medien AG	Wetzikon	CHF	1 800	B	E	37.6%	37.6%
Zürcher Regionalzeitungen AG	Winterthur	CHF	475	B	V	100.0%	100.0%

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Consolidation and measurement methods
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Disclosures detailing material changes to the consolidated investments are provided in Note 1, and to investments in associates and joint ventures in Note 11.

Transactions with related parties and companies

Note 41

Transactions between Tamedia and its associates and joint ventures were mostly restricted to the areas of printing and media revenues.

in CHF 000	Associates [1]		Joint ventures [1]		Pension funds		Board of Directors and Management Board	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues	7 155	7 723	12 226	12 818	–	–	492	465
Operating expenses	(10 740)	(10 717)	(391)	(68)	(23 793)	(22 869)	(3 426)	(4 060)
Net financial in ome (loss)	147	51	2	4	–	–	–	–
Trade accounts receivable	992	1 403	1 702	1 733	–	–	8	10
Loans receivable	–	2 727	–	–	–	–	–	–
Trade accounts payable	870	454	808	378	–	–	30	25
Other current payables	–	412	24	–	32	803	–	–
Current financial liabilitie	–	–	–	–	–	–	–	–
Non-current financial liabilitie	291	–	2 000	2 000	–	–	–	–

1 Associates and joint ventures are accounted for in the annual financial s atements using the equity method.

In addition to the transactions disclosed in Note 42 and in the Compensation Report in relation to the Board of Directors and Management Board, Tamedia posted revenues totalling CHF 0.5 million for office rent and for printing services through Betriebsgesellschaft Schweizer Bauer, over which Martin Kall exerts a significant influence. Compensation to the Board of Directors and Management Board and transactions with companies controlled by members of the Tamedia Board of Directors explained in Note 42 and in the Compensation Report are recognised under transactions with the Board of Directors and Management Board.

There are no guarantees in place in relation to loans receivable and trade accounts receivable/payable from/to related parties and companies.

Compensation of the Board of Directors, the Advisory Board and the Management Board

Note 42

The compensation shown reflects the expenditures recognised in the income statement during the reporting year (irrespective of the dates on which these were paid). Included among the active members of the Board of Directors and Management Board are those individuals who completed their period of tenure during the year. No compensation was paid to former members or related parties of the Board of Directors, the Advisory Board and the Management Board.

Total compensation paid to the Board of Directors, the Advisory Board and the Management Board

in CHF 000	Directors [1]	Advisory Board Digital	Management Board	Total
2017				
Number of members per balance sheet date	7.0	5.0	7.0	**19.0**
Annual average of members	7.0	5.0	7.0	**19.0**
Fees/salaries	2 039	80	3 785	**5 904**
Performance bonus and share of profits aid in cash	–	–	2 927	**2 927**
Share of profits aid in shares 2017 [3]	–	–	383[5]	**383**
Share of profits aid in shares 2016 [3]	–	–	274	**274**
Share of profits aid in shares 2015 [3]	–	–	1 099	**1 099**
Share of profits aid in shares 2014 [3]	–	–	347	**347**
Pension and social security contributions	231	–	1 240	**1 470**
Expense reimbursements	108	–	135	**243**
Non-monetary payments	–	–	–	**–**
Other compensation	–	–	–	**–**
Total	**2 377**	**80**	**10 191**	**12 648**
2016				
Number of members per balance sheet date	7.0	5.0	7.0	**19.0**
Annual average of members	7.0	5.3[2]	7.0	**19.3**
Fees/salaries	2 043	85	3 750	**5 878**
Performance bonus and share of profits aid in cash	–	–	2 053[4]	**2 053**
Share of profits aid in shares 2016 [3]	–	–	275[5]	**275**
Share of profits aid in shares 2015 [3]	–	–	1 092	**1 092**
Share of profits aid in shares 2014 [3]	–	–	347	**347**
Share of profits aid in shares 2013 [3]	–	–	152	**152**
Pension and social security contributions	231	0	1 175	**1 407**
Expense reimbursements	108	–	131	**239**
Non-monetary payments	–	–	–	**–**
Other compensation	–	–	–	**–**
Total	**2 382**	**85**	**8 974**	**11 442**

1 The Board of Directors currently comprises the full-time Chairman/publisher and non-executive members.
2 For the calculation of the annual average number of entries and departures of members:
Thomas Sterchi untli 24 March 2016
3 See information on profit articipation programme for executives
4 In Note 42 to the consolidated financial s atements reports the long-term bonus for the head of Digital as accrued amount recognised in the income statement of the reporting year. In contrast, the long-term bonus plan for the Head of Digital is disclosed in the compensation report at the time of allocation in 2012.
5 Note 42 of the consolidated financial s atements reports the share-based payments based on the amounts recognised in the income statement in the reporting year. In contrast, share-based payments are disclosed in the compensation report at the time of their allocation.

Additional fees and compensation

In the reporting year, Tamedia paid compensation for rent for office premises totalling CHF 3.3 million to Groupe Edipresse, over which Pierre Lamunière exerts a significant influence. Compensation for rent in the previous year amounted to CHF 3.9 million.

Profit participation programme for members of the Management Board

The current profit participation programme is valid for 2017. Members of the Management Board are entitled to participate as of their second year of service. Samuel Hügli, who has been a member of the Management Board since January 2017, already participated in the programme during his first year of service. A payment is made when the profit margin (net income in relation to revenues) reported by the Tamedia Group is or exceeds 8.0 per cent. A profit participation, which will be determined at the time, will be paid out of any amount exceeding the profit margin of 8.0 per cent, with 50 per cent being paid in cash and the remaining 50 per cent in shares.

The cash amount is paid out aft r the publication of the consolidated financial statements of Tamedia. The shares are allocated in the accounting year in which entitlement is acquired. The number of shares to be allocated is determined based on the average share price over the last 30 days before 31 December of the respective financial year. The shares are only transferred if the beneficiary has not given notice of termination of employment prior to 31 December of the third year aft r the accounting year in which entitlement to the share allocation was acquired. Recognition in the income statement is made on a pro rata basis over four years. This pro rata recognition over four years could result in pro rata disclosures even during reporting periods in which no new entitlement to profit participation is acquired.

For the shares allotted in the 2014, 2015 and 2016 financial years, personnel expenses of CHF 0.3 million, CHF 1.1 million and CHF 0.3 million respectively were recognised in the current year.

For the financial year 2017, the Management Board will be granted a profit participation of CHF 1.9 million, with CHF 0.4 million being for the shares allocated.

As part of the profit participation programme of the Management Board, 5,663 treasury shares were issued in 2017 for the 2013 financial year to the members of the Management Board. Measured in terms of market value on the allocation date, the total value of these shares is CHF 0.9 million.

Share-based component of the Management Board's profit participation

number	2017	2016
As of 1 January	49 330	45 775
Exercised	(5 663)	(3 546)
Allocated	11 413	7 101
As of 31 December	**55 080**	**49 330**
of which exercisable	10 957	5 663

in CHF/ number of shares	Allocation date	Blocked until	Fair value as of grant date	Fair value as of 31 December	Outstanding entitlements 2017	Outstanding entitlements 2016
	31.12.2013	31.12.2016	107.9	138.0	–	5 663
	31.12.2014	31.12.2017	126.9	138.0	10 957	10 957
	31.12.2015	31.12.2018	171.0	138.0	25 609	25 609
	31.12.2016	31.12.2019	156.0	138.0	7 101	7 101
	31.12.2017	31.12.2020	138.0	138.0	11 413	–

Employee profit participation programme

Note 43

The profit participation programme applicable for the 2017 financial year provides for the distribution of a profit participation if Tamedia achieves a profit margin (net income in relation to revenues) of at least 4 per cent. Where net income exceeds 4 per cent of revenues, 5.75 per cent of the amount exceeding this margin will be paid out to Tamedia employees. With a profit margin of 17.5 per cent, the necessary margin was exceeded in the past reporting year. Tamedia therefore expects to pay out a total of CHF 6.5 million (previous year CHF 5.8 million) as profit participation to its employees. The expenses for the employee profit participation programme is recognised as personnel expenses in the 2017 financial statements (see Note 9).

Note 44

Important events after the balance sheet date

Neo Advertising SA

Tamedia has acquired a 52 per cent majority stake in Neo Advertising SA, which is headquartered in Geneva. Neo Advertising is one of Switzerland's innovative companies in the area of so-called out-of-home advertising. It operates and markets around 12,000 digital and analogue outdoor advertising spaces in German-speaking and French-speaking Switzerland.

The purchase price for Neo Advertsing SA is CHF 9.8 million. The assets acquired amount to CHF 34.5 million and the liabilities to CHF 19.9 million. In addition to cash and cash equivalents of CHF 2.0 million, the assets comprise goodwill and non-amortisable intangible assets of CHF 16.0 million. The goodwill of CHF 4.5 million was created from the strong market position in digital and analogue outdoor advertising space, especially in French-speaking Switzerland, as well as combinations with existing advertising offers from Tamedia.

It is assumed that the goodwill is not deductible for tax purposes. The disclosures on first consolidation are based on preliminary figures and estimates.

Goldbach Media

Tamedia AG and the Board of Directors of Goldbach Group AG have reached agreement on a public takeover bid. On Friday, 22 December 2017, Tamedia gave advance notice of a public offer to buy all 6,091,352 shares issued in Goldbach Group AG. The offer is based on a price of CHF 35.50 in cash per registered share of Goldbach Group AG. This equates to a purchase price of around CHF 216 million for 100 per cent of the shares. If the takeover takes place based on delivery of more than 50 per cent of the shares, Tamedia envisages delisting the Goldbach Group from the SIX Swiss Exchange. The two largest shareholders in the Goldbach Group, Dr Beat Curti and Veraison Sicav, have assured Tamedia they will deliver their shares. Dr Beat Curti and companies he controls currently hold 19.84 per cent of the shares in total (not including options), while Veraison Sicav, represented by Veraison Capital AG, holds 19.09 per cent of the company's shares.

The Goldbach Group comprises, among other entities, the TV marketer Goldbach Media (Switzerland) AG, in which the RTL subsidiary IP Deutschland GmbH and the ProSiebenSat.1 subsidiary SevenOne Media (Schweiz) AG each hold 23 per cent of the shares, as well as the digital advertising marketer Goldbach Audience (Switzerland) AG, in which IP Deutschland and SevenOne Media each hold 24.95 per cent. Further significant investments in Switzerland include swiss radioworld AG, in which IP Deutschland and SevenOne Media each hold 23 per cent, and Goldbach lnteractive (Switzerland) AG, a 100 per cent subsidiary of Goldbach Group AG.

No details on the assets and liabilities that would be acquired as part of a first-time consolidation can be provided yet.

The transaction is still subject to the approval of the Federal Competition Commission.

Joint Venture involving Autoricardo and AXA Winterthur

Tamedia and AXA Winterthur are joining forces to come up with combined new offers for the Swiss vehicle market. With this in mind, the Autoricardo part of the business is being transferred to a new subsidiary (yet to be founded) in which AXA Winterthur will have a 50 per cent stake – as well as providing expertise in the areas of insurance, mobility and finance. The rights envisaged will ensure Tamedia retains control.

The transaction is still subject to the approval of the Federal Competition Commission.

Report of the statutory auditor

to the General Meeting of Tamedia AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Tamedia AG and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, consolidated statement of total comprehensive income, statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements (pages 36-93), including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 8,900,000

We completed full scope audits in connection with the consolidated financial statements at ten Group companies. At one of these companies, the audit was performed by another audit firm.

These Group companies represented 91% of the operating income and 90% of the assets of the Group.

As key audit matters, the following areas of focus were identified:

- Impairment testing of goodwill
- Impairment testing of intangible assets with an indefinite useful life

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Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises three business divisions – Paid Media, Free Media and Marketplaces and Ventures – and it is primarily active in Switzerland, although it owns small foreign subsidiaries. The Group audit team performed the audit work at nine of the ten Group companies subject to a full scope audit.

The full scope audit of one company was performed by another audit firm. As the Group auditor, we were adequately involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work on the financial information of this company by the other audit firm to provide a basis for our opinion. Our involvement comprised the inspection of the reporting, conducting discussions during the interim audit and the year-end audit, communicating the risks identified at Group level and determining the materiality thresholds for the audit of this company.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 8,900,000
How we determined it	5% of income before taxes
Rationale for the materiality benchmark applied	We chose income before taxes as the benchmark because, in our view, it is the benchmark against which capital-market-oriented companies are most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 445,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Key audit matter	*How our audit addressed the key audit matter*
Goodwill (TCHF 895'494) comprises goodwill relating to the Paid Media division (TCHF 178'814), Free Media division (TCHF 149'455) and the Marketplaces and Ventures division (TCHF 567'225). The goodwill of the Paid Media division and the goodwill of the Free Media division represent in each case a cash-generating unit. In the Marketplaces and Ventures division, on the other hand, each of the nine legal entities belonging to it represents a cash-generating unit. To test the goodwill of a cash-generating unit for impairment, its book value is compared with the recoverable amount, calculated as the net present value of the future cash flows (discounted cash flows or DCF) of the cash-generating unit in question. This requires assumptions to be made regarding revenue and cost growth, the change in net working capital and the discount rate applied to the forecast cash flows. Management has a defined process in place to make its forecasts for the divisions. The Board of Directors monitored this process and assessed whether the assumptions used were in line with the budget as approved by the Board. The outlook for the Paid Media and the Free Media divisions is evaluated using a standard forecasting model in a multi-stage process. This process considers external research, non-recurring events, past results and general cyclical forecasts. For the Marketplaces and Ventures division, the calculations of the value-in-use are prepared on the basis of the business plans for the next five forecast years. We consider the impairment testing of goodwill to be a key audit matter because goodwill represents a significant asset category. In addition, Management has significant scope for judgement in applying the DCF method. Please refer to pages 75–77 (Notes to the consolidated financial statements)	We performed the following specific audit procedures: • We assessed, with the support of internal specialists, the composition of the cash-generating units on the basis of the criteria set out by IAS 36. • We assessed, with the support of an internal valuation expert, the appropriateness of the valuation model and checked it for logical consistency and mathematical correctness. • We compared the forecasts made for 2017 with the actual business results in 2017 of the cash-generating units to which goodwill is allocated. This allowed us to assess with hindsight the accuracy of the forecasts made by Management. • We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classifieds and inserts with economic and industry-specific forecasts. • We checked for plausibility the applied discount rates against the cost of capital of the Group and comparable media companies, taking into account the country-specific particularities for the foreign cash-generating units. • We compared the goodwill of all of the cash-generating units with analogous publishing and digital companies using an alternative company valuation calculation based on industry-specific EBITDA multipliers. • We tested the sensitivity analyses (stress tests) of the key assumptions. These analyses enabled us to assess any additional impairment of goodwill. Our audit results support the approach chosen by Management in assessing the impairment of goodwill.

Impairment testing of intangible assets with an indefinite useful life

Key audit matter	*How our audit addressed the key audit matter*
Intangible assets with an indefinite useful life (TCHF 303'853) comprise intangible assets in the Paid Media division (TCHF 43'648), Free Media division (TCHF 74'580) and the Marketplaces and Ventures division (TCHF 185'625). The intangible assets of the Paid Media division and intangible assets of the Free Media division represent in each case a cash-generating unit. In the Marketplaces and Ventures division, on the other hand, each of the nine legal entities belonging to it represents a cash-generating unit. Management performs an annual review to determine whether the useful life is still indefinite with regard to brands and publishing rights. If the review leads to a reclassification as intangible assets with a finite useful life, the asset is amortised over its expected useful life. In order to test intangible assets with an indefinite useful life for impairment, the book value is compared with the recoverable amount, calculated as the net present value of the future cash flows of the cash-generating unit in question. This requires assumptions to be made regarding revenue and cost growth, the change in net working capital and the discount rate applied to the forecast cash flows. Management has a defined process in place to make its forecasts for the divisions. The Board of Directors monitored compliance with this process and assessed whether the assumptions corresponded to those approved by the Board of Directors for use in medium-term planning. We consider the impairment testing of intangible assets with an indefinite useful life to be a key audit matter because they represent a significant asset category. Additionally, Management has significant scope for judgement in calculating the recoverable amount of each intangible asset and fixing the useful life. Please refer to pages 75–77 (Notes to the consolidated financial statements)	To test for potential impairment and assess the appropriateness of the useful lives fixed by Management, we performed the following main audit procedures: • We identified critical matters that could result in potential impairment, such as a change in market presence or where a reorganisation has been undertaken. To this end, we interviewed Management members and examined the minutes of the meetings of the Board of Directors and the Management Board. • We compared the forecasts made for 2017 with the actual business results in 2017 of the cash-generating units that have intangible assets with indefinite useful lives. This allowed us to assess with hindsight the accuracy of the forecasts made by Management. • We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classifieds and inserts with economic and industry-specific forecasts. • We checked for plausibility the applied discount rates against the cost of capital of the Group and comparable media companies, taking into account the country-specific particularities for the foreign cash-generating units. • We tested the sensitivity analyses (stress tests) of the key assumptions. These analyses enabled us to assess any potential impairment of intangible assets with an indefinite useful life. Our audit results support the approach chosen by Management to test for the impairment of intangible assets with an indefinite useful life and to assess the appropriateness of the useful lives fixed by Management.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of Tamedia AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Cüneyt Budakoglu
Audit expert Auditor in charge	Audit expert

Zurich, 26 February 2018

Income statement

in CHF 000	Note	2017	2016
Media revenue		380 709	342 757
Print revenue		3 136	3 401
Other operating revenue	5	98 479	98 509
Revenues		**482 325**	**444 667**
Costs of material and services		(75 851)	(74 091)
Personnel expenses		(187 018)	(152 711)
Other operating expenses	5	(130 402)	(150 621)
Operating income before depreciation and amortisation (EBITDA)		**89 054**	**67 243**
Depreciation and amortisation		(9 956)	(9 871)
Operating income (EBIT)		**79 097**	**57 372**
Financial income	5	82 930	145 370
Financial expense	5	(108 365)	(103 061)
Financial income, net	5	**(25 435)**	**42 309**
Income before taxes		**53 662**	**99 680**
Direct taxes	5	2 594	1 018
Net income		**56 256**	**100 699**

Balance sheet

in CHF 000	Note	31.12.2017	31.12.2016
Cash and cash equivalents		16 755	9 496
Trade accounts receivable	3	75 608	78 073
Other current receivables	3	21 027	3 559
Inventories		114	126
Accrued income and prepaid expenses		5 093	2 786
Current assets		**118 598**	**94 041**
Financial assets	3/4/11	44 076	64 869
Investments	7	1 320 671	1 414 105
Property, plant and equipment	4/12	113 091	117 197
Intangible assets		5 746	6 839
Non-current assets		**1 483 583**	**1 603 010**
Total assets		**1 602 181**	**1 697 051**
Trade accounts payable	3	16 938	14 655
Current interest-bearing liabilities	3/4	13 528	74 558
Other current liabilities	3	20 782	11 803
Deferred revenues and accrued liabilities	4	116 600	114 874
Current provisions		900	1 378
Current liabilities		**168 748**	**217 268**
Non-current interest-bearing liabilities	3/4	360 076	415 387
Non-current provisions		3 834	2 976
Non-current liabilities		**363 910**	**418 363**
Total liabilities		**532 658**	**635 631**
Share capital		106 000	106 000
Statutory capital reserves			
Reserves from capital contributions		100	100
Other capital reserves		26 961	26 961
Statutory capital reserves		27 060	27 060
Statutory retained earnings		53 000	53 000
Voluntary retained earnings	4	828 842	775 912
Net income		56 256	100 699
Treasury shares	8	(1 635)	(1 251)
Shareholders' Equity		**1 069 524**	**1 061 420**
Liabilities and shareholders' equity		**1 602 181**	**1 697 051**

Notes to the annual financial statements

Tamedia AG, Zurich is the parent company of the Tamedia Group. The direct and indirect investments held by Tamedia AG are shown in Note 40 to the consolidated financial statements.

The Tamedia Group's advertising market was restructured under the umbrella of Tamedia Advertising in 2017, with Tamedia AG serving as the central contracting partner of the Tamedia Group with regard to its advertising customers. The advertising revenues are passed on to the Group companies providing the service. Tamedia AG receives commission. In this context, the relevant organisational units of the Group companies at Tamedia AG were mostly centralised.

The following overview reports the most significant products and services managed directly by the parent company by division:

Paid Media
- Annabelle
- Das Magazin
- Newsnet
- Schweizer Familie
- SonntagsZeitung
- Tages-Anzeiger

Advertising & Free Media
- 20 Minuten
- 20 minutes
- Tamedia Advertising

Publishing Services
- Customer Contact Centre
- Publishing logistics

Note 1

Disclosures on the principles applied in the annual financial statements

These annual financial statements of Tamedia AG, Zurich, were prepared in compliance with the provisions of the Swiss Accounting and Financial Reporting Act (Title 32 of the Swiss Code of Obligations).

The following significant principles were applied in the annual financial statements:

Trade accounts receivable
Trade accounts receivable are recognised at their nominal value. Provision is made for the credit risk using any specific valuation allowances and the general valuation allowances permitted under tax law.

Inventories
Inventories are measured at cost less a valuation allowance of up to one third of the inventory value as permitted under tax law. Valuation allowances are made when the current cost is lower than the historic cost.

Financial assets
Non-current assets are measured individually at cost less valuation allowances. Borrowings are measured individually at their nominal value less valuation allowances.

Investments in other companies
Investments are measured individually at cost less valuation allowances.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are capitalised at cost and are depreciated/amortised indirectly. The straight-line method is used for depreciation and amortisation. Any immediate depreciation/amortisation within the limits permitted under tax law is carried out at the discretion of the company. The minimum capitalisation limit is CHF 5,000. Small acquisitions and investments that do not reach this amount are recognised directly as an expense.

Revenue recognition

Revenue from goods is recognised when the risks and rewards of ownership of the goods sold have been transferred to the buyer. Revenue from services is recognised at the time the service is rendered and is accrued at the end of the year, provided that this revenue is invoiced in another period.

Barter transactions

Services rendered in barter transactions are recognised in revenues. Services received in barter transactions are recognised under Other operating expenses.

Forward exchange transactions

Forward exchange transactions are entered into to hedge the currency risk of future purchases of newsprint and magazine paper and of investments in foreign currencies. Negative market values of forward exchange transactions are recognised as current or non-current liabilities. Changes in measurement are disclosed in financial income.

Number of staff

Note 2

The average annual number of staff is over 250 full-time employees for the period from 1 January to 31 December 2017 and for the equivalent period of the previous year.

Receivables and liabilities from/to direct or indirect investors/investments

Note 3

in CHF 000	Shareholders	Investments	Third party	Total
	2017			
Total assets				
Trade accounts receivable	–	2 357	73 251	**75 608**
Other current receivables	–	19 783	1 245	**21 027**
Financial assets	–	38 987	5 089	**44 076**
Liabilities and shareholders' equity				
Trade accounts payable	–	4 838	12 100	**16 938**
Current interest-bearing liabilities	–	13 230	298	**13 528**
Other current payables	–	5 305	15 477	**20 782**
Non-current interest-bearing liabilities	–	358 053	2 023	**360 076**

in CHF 000	Shareholders	Investments	Third party	Total
	2016			
Total assets				
Trade accounts receivable	–	25 646	52 428	**78 073**
Other current receivables	–	631	2 928	**3 559**
Financial assets	–	60 686	4 183	**64 869**
Liabilities and shareholders' equity				
Trade accounts payable	–	6 278	8 377	**14 655**
Current interest-bearing liabilities	–	44 260	30 298	**74 558**
Other current payables	–	412	11 392	**11 803**
Non-current interest-bearing liabilities	–	362 783	52 604	**415 387**

Note 4

Notes and disclosures on additional balance sheet items

Financial assets

in CHF 000	2017	2016
Loans to subsidiaries	38 987	60 686
Loans to third parties	150	550
Total loans	**39 137**	**61 236**
Shares in other investments	4 619	3 313
Blocked account subscription insurance	320	320
Total other financial ass ts	**4 939**	**3 633**
Total financial ass ts	**44 076**	**64 869**

Property, plant and equipment

in CHF 000	2017	2016
Fixtures and fitting	2 411	2 838
IT equipment	1 319	2 220
Plant and machinery	1 471	1 997
Other movable property, plant and equipment	1 213	309
Total movable property, plant and equipment	**6 415**	**7 364**
Buildings	50 273	51 970
Land	39 171	39 171
Installations and building fix ures	17 200	18 653
Tenant fitting	31	40
Total real estate	**106 676**	**109 833**
Total property, plant and equipment	**113 091**	**117 197**

Current interest-bearing liabilities

in CHF 000	2017	2016
Current account liabilities	13 230	44 260
Bank loan	–	30 000
Other current interest-bearing liabilities	298	298
Total current interest-bearing liabilities	**13 528**	**74 558**

Deferred revenues and accrued liabilities

in CHF 000	2017	2016
Subscriptions	70 742	71 537
Personnel	25 850	21 147
Direct taxes	1 791	6 267
Other accrued liabilities	18 217	15 923
Total deferred revenues and accrued liabilities	**116 600**	**114 874**

Non-current interest-bearing liabilities

in CHF 000	2017	2016
Loans	358 053	362 783
Bank loan	–	50 000
Other non-current interest-bearing liabilities	2 023	2 604
Total non-current interest-bearing liabilities	**360 076**	**415 387**

Voluntary retained earnings

in CHF 000	2017	2016
Balance as of 1 January	**775 912**	**804 172**
Withdrawal/Allocation from appropriation of net income	53 015	(14 396)
Offs t of acquisition discount	–	(13 863)
Price loss realised on treasury shares	(85)	–
Balance as of 31 December	**828 842**	**775 912**

From 2017, realised price losses from the use of treasury shares are recognised in voluntary retained earnings without affecting net income. In the previous year, realised price losses from the use of treasury shares were charged to the income statement.
Swiss Classified Media AG, Zurich, was merged with Tamedia AG, Zurich, retroactively to 1 January 2016. Assets of CHF 15.2 million and liabilities of CHF 0.3 million were transferred under the merger. The resulting acquisition discount of CHF 13.8 million was offset against free reserves.

Notes and disclosures on income statement items

Note 5

Other operating revenue and other income

in CHF 000	2017	2016
Management fees	63 651	54 623
Transport revenues	27 746	29 189
Revenue from real-estate	7 808	7 791
Change in provisions for doubtful accounts	(3 358)	(303)
Other operating revenue	2 632	7 210
Total other operating revenues	**98 479**	**98 509**

Other operating expenses

in CHF 000	2017	2016
Distribution and sales expenses	(65 307)	(68 950)
Advertising and PR expenses	(16 818)	(15 774)
Rent, lease payments and licences	(11 798)	(12 345)
Management fees	(9 181)	(23 230)
Other expenses	(27 298)	(30 323)
Total other expenses	**(130 402)**	**(150 621)**

Financial results

in CHF 000	2017	2016
Interest income	1 995	1 800
Revenue from investments	75 678	115 429
Gain from sale of investments	3 242	21 036
Gain from sale of securities	–	22
Other financial in ome	2 016	7 084
Total financial in ome	**82 930**	**145 370**
Interest expense	(5 758)	(6 838)
Impairment on financial ass ts	(400)	(22 200)
Impairment on investments	(100 700)	(65 500)
Loss from the sale of investments	(888)	(5 719)
Other financial expense	(620)	(2 805)
Total financial xpenses	**(108 365)**	**(103 061)**
Total financial p ofi	**(25 435)**	**42 309**

Direct taxes

in CHF 000	2017	2016
Revenue from direct taxes	2 594	1 018

Tax repayments for the 2014 tax period for CHF 4.3 million were received in 2017. Together with the tax expenses for 2017, total earnings for direct taxes amounted to CHF 2.6 million.
A tax audit for the years 2012 to 2014 was carried out in 2016 and led to tax repayments of more than CHF 4.8 million. This resulted in total earnings of CHF 1.0 million for direct taxes in 2016.

Note 6

Net reversal of hidden reserves

in CHF 000	2017	2016
Material net reversal of hidden reserves	–	1 564

Note 7

Direct and indirect investments

See Note 40 to the consolidated financial statements

Note 8

Treasury shares

	2017		2016	
	number	in CHF 000	number	in CHF 000
Balance as of 1 January	7 652	1 251	3 555	579
Acquisition of treasury shares	8 940	1 319	7 643	1 254
Sale of treasury shares	(5 663)	(935)	(3 546)	(581)
Balance as of 31 December	**10 929**	**1 635**	**7 652**	**1 251**

Treasury shares were sold in connection with the profit participation programme for the Management Board (see Note 42 to the consolidated financial statements).

Note 9

Remaining amount of liabilities from leases equivalent to purchase agreements and other lease obligations, provided that they do not expire and cannot be terminated within twelve months of the balance sheet date

in CHF 000	2017	2016
Liabilities from leases equivalent to purchase agreements	1 212	2 102
Liabilities from fi ed rental contracts	20 514	12 844

Note 10

Liabilities to employee benefit funds

in CHF 000	2017	2016
Liabilities to employee benefit unds	131	124

Note 11

Total amount of subordinated claims on borrowings

in CHF 000	2017	2016
Subordinated claims in favour of investments	9 680	34 300

Total amount of assets used as collateral for the company's own liabilities and assets subject to retention of title

Note 12

in CHF 000	2017	2016
Buildings	–	51 970
Land	–	39 171
Securities	320	320
Total	**320**	**91 461**

Contingent liabilities

Note 13

Tamedia AG, Zurich has formed a VAT group with other Swiss group companies since 1 January 2017. The companies in this group are all jointly and severally liable for the VAT debts of the other members of the group.

Shares and options for corporate bodies and staff

Note 14

	2017		2016	
	number	in CHF 000	number	in CHF 000
Shares allocated during financial y ar to members of the Management Board	11 413	1 567	7 101	1 108

The shares allotted are recognised at market value as of the respective balance sheet date.

Shareholdings of the Board of Directors, the Advisory Board and the Management Board

Note 15

The disclosure of compensation in accordance with the Ordinance Against Excessive Compensation in Listed Stock Corporations can be found in the compensation report. Information on the shareholdings of the Board of Directors, the Advisory Board and the Management Board is also disclosed below in accordance with the terms of the Swiss Code of Obligations Art. 663c.

Board of Directors

	2017		2016	
No. of shares	Shares owned	Total shares [1] owned including those held by related parties	Shares owned	Total shares [1] owned including those held by related parties
Pietro Supino	33 338	1 439 160	33 338	1 439 160
Martin Coninx	100	1 264 667[2]	500	1 265 067[2]
Marina de Planta	–	–	–	–
Martin Kall	–	–	–	–
Pierre Lamunière	2 000	3 804	2 000	3 804
Konstantin Richter	16 229	726 295	16 229	726 295
Iwan Rickenbacher	50	50	50	400

1 Including rights of usufruct and benefit
2 The stock includes the 393,234 registered shares with rights of usufruct owned by Hans-Heinrich Coninx

Advisory Board

	2017		2016	
No. of shares	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Emily Bell	–	–	–	–
Markus Gross	–	–	–	–
Mathias Müller von Blumencron	–	–	–	–
Sverre Munck	–	–	–	–
Thomas Sterchi	–	–	–	–

Management Board

No. of shares	2017 Shares owned	2017 Total shares owned including those held by related parties	2016 Shares owned	2016 Total shares owned including those held by related parties
Christoph Tonini	6 935	6 935	4 266	4 266
Christoph Brand	803	803	192	192
Ueli Eckstein	–	–	–	–
Samuel Hügli	–	–	–	–
Marcel Kohler	–	–	20	20
Sandro Macciacchini	1 810	1 810	1 260	1 260
Serge Reymond	400	400	–	–
Andreas Schaffne	2 677	2 677	2 066	2 066

Note 16

Shareholdings of major shareholders

Name	2017 [1]	2016 [1]
Dr. Severin Coninx, Berne	13.20%	13.20%
Rena Maya Coninx Supino, Zurich	12.95%	12.95%
Dr. Hans Heinrich Coninx, Küsnacht	11.93% [2]	11.93% [2]
Annette Coninx Kull, Wettswil a.A.	11.85% [3]	11.85% [3]
Ellermann Lawena Stiftung, FL-Vaduz	6.87%	6.94%
Ellermann Pyrit GmbH, Stuttgart, Germany	6.47%	6.93%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%
Other members of the shareholders' agreement	2.14%	2.15%
Total members of the shareholders' agreement	**71.26%**	**71.80%**
Tweedy Browne Company LLC	**4.51%**	**4.52%**
Regula Hauser-Coninx, Weggis	**4.63%**	**4.63%**
Montalto Holding AG, Zug	1.83%	1.83%
Epicea Holding AG, Zug	1.42%	1.42%
Other members of the shareholders' group	0.69%	0.69%
Total members of the shareholders' group Reinhardt-Scherz	**3.94%**	**3.94%**

1 The disclosures as of 31 December relate to the total of 10.6 million registered shares issued.
2 Of which rights to usufruct in relation to 393,234 registered shares in the name of Martin Coninx (Männedorf) rights of usufruct in relation to 393,233 registered shares in the name of Claudia Isabella Coninx-Kaczynski (Zollikon) and rights to usufruct in relation to 393,233 registered shares in the name of Christoph Coninx (Schlieren).
3 Of which rights of usufruct in relation to 586,021 registered shares owned by Fabia Schulthess (Zurich) and rights of usufruct in relation to 586,022 registered shares owned by Andreas Schulthess (Wettswil).

Note 17

Important events after the balance sheet date

See Note 44 to the consolidated financial statements

The Board of Directors' proposed appropriation of available earnings

For the 2017 financial year, the Board of Directors will recommend to the Annual General Meeting of 20 April 2018 that a dividend of CHF 4.50 per share be distributed. In the previous year, the Annual General Meeting decided in favour of the proposal of the Board of Directors, resolving to distribute a dividend of CHF 4.50 per share.

in CHF 000	2017	2016
At the disposal of the General Meeting		
Balance brought forward	–	–
Net income	56 256	100 699
Retained earnings	**56 256**	**100 699**
Motion of the Board of Directors		
Retained earnings	**56 256**	**100 699**
Dividend payment	(47 700)	(47 700)
Allocation to voluntary retained earnings	(8 556)	(52 999)
Balance to be carried forward	**–**	**–**

Zurich, 26 February 2018

On behalf of the Board of Directors

Chairman
Pietro Supino

Head of Finances & Human Resources
Sandro Macciacchini

Report of the statutory auditor

to the General Meeting of Tamedia AG

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tamedia AG which comprise the balance sheet as at 31 December 2017, income statement and notes for the year then ended (pages 100-107), including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2017 comply with Swiss law and the articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 7,7o0,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Impairment testing of investments in and loans to subsidiaries

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future

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events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 7,7o0,000
How we determined it	5% of income before taxes and before impairment of investments in subsidiaries (rounded)
Rationale for the materiality benchmark applied	We chose income before taxes and before impairment of investments in subsidiaries as the benchmark because, in our view, it is the benchmark against which the performance of the entity is most commonly measured.

We agreed with the Audit Committee that we would report to them misstatements above CHF 385,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of investments in and loans to subsidiaries

Key audit matter	*How our audit addressed the key audit matter*
As at 31 December 2017, Tamedia AG has investments in subsidiaries in the amount of TCHF 1'320'671 and loans to subsidiaries in the amount of TCHF 38'987. Investments are stated individually at cost less impairment. Loans to subsidiaries are stated at their nominal value less impairment. To test investments in and loans to subsidiaries for impairment, the book values are compared with the recoverable amount. The recoverable amount is calculated as the value-in-use from the present value of the future cash flows.	We performed the following specific audit procedures: • We assessed, with the support of an internal valuation expert, the appropriateness of the valuation model and checked it for logical consistency and mathematical correctness. • We compared the business results of the year under review with the forecasts made in the prior year. This allowed us to assess with hindsight the accuracy of the estimates made by Management.

Calculating the value-in-use requires assumptions to be made in determining the cash flows, especially regarding future revenue and cost growth and the change in net working capital. Other assumptions relate to the determination of the discount rate that is applied to the forecast cash flows. Management has a defined process in place to make its forecasts for the separate business divisions. The Board of Directors monitors this process and assesses whether the assumptions used are in line with the medium-term budget that it has approved. We consider the impairment testing of investments in and loans to subsidiaries to be a key audit matter because they are correlated and both of them are significant asset categories. In addition, Management has significant scope for judgement in calculating the value-in-use. Please refer to pages 75–77 (Notes to the consolidated financial statements)	• We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classifieds and inserts with economic and industry-specific forecasts. • We compared the discount rates with the costs of capital of the Group and of analogous media firms. Our audit results support the approach chosen by Management in assessing the impairment of investments in and loans to subsidiaries.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Cüneyt Budakoglu
Audit expert Auditor in charge	Audit expert

Zurich, 26 February 2018

Compensation report

Content and method of determining compensation and shareholding programmes

The compensation and shareholdings awarded to the Board of Directors, the Advisory Board for Media Technology and Innovation and the Management Board are determined by the Board of Directors and submitted to the General Meeting of Shareholders for approval. Compensation is determined based on comparisons with competitors in Switzerland and abroad and other comparable companies. In order to attract and retain persons with the necessary capabilities and character traits, compensation is determined by considering both market conditions and performance factors. The Nominating and Compensation Committee assists the Board of Directors in defining the compensation system. Compensation paid to members of the Management Board is determined within the framework of the compensation system defined by the Board of Directors and based on recommendations to the Board of Directors by the Chief Executive Officer. The compensation principles are based on Articles 26 to 29 of the Articles of Incorporation of Tamedia AG.

Members of the Board of Directors

Fees for the members of the Board of Directors and the members of the Board committees are fixed. The aim in not having a variable salary component is to ensure that the members of the Board of Directors can act without their own interests in mind when making decisions concerning the compensation system and profit participation system of the Management Board.

Chairmanship of the Board of Directors

Chairmanship of the Board of Directors includes performing the executive task of publisher. As well as presiding over the Board of Directors of Tamedia AG, the Chairman usually also presides over the Boards of those subsidiaries that produce publications. It is designed as a full-time role so as to avoid any conflict of interest with other mandates. The Chairman only undertakes external mandates in the interests of the company, with any fees going to the company. Accordingly, the Chairman is the only member of the Board to have a contract of employment and to be insured against old age, death and disability in accordance with the prevailing social insurance legislation. The notice period is one year. The Chairman's employment contract does not provide for a performance bonus or participation in the company's profits or share ownership programme.

Advisory Board for Media Technology and Innovation

Compensation paid to members of the Advisory Board for Media Technology and Innovation consists of a fixed annual fee. Expenses are reimbursed according to the actual costs incurred.

Members of the Management Board

Compensation paid to the members of the Management Board is made up of a fixed amount and a variable component comprising a performance bonus and profit participation.

The performance bonus paid to members of the Management Board and the Chief Executive Officer may not exceed 30 per cent and 60 per cent respectively of the fixed component, and is based on the overall performance of the Tamedia Group, the goals set for the individual divisions as well as on quantitative and qualitative personal goals defined in advance. The performance of the Tamedia Group is weighted at between 15 and 25 per cent, the quantitative personal goals at between 50 and 65 per cent and the qualitative personal goals at between 20 and 25 per cent. For the Chief Executive Officer, the weighting of the performance of the Tamedia Group is set at 60 per cent, with the quantitative and qualitative personal goals each weighted at 20 per cent. The members of the Management Board are also paid a supplementary profit participation, which is dependent on the performance of the Tamedia Group (see section on "Profit participation programme for members of the Management Board").

The Board of Directors sets the Chief Executive Officer's goals on an annual basis. Based on recommendations by the Chief Executive Officer, the Board of Directors sets the goals of the individual divisions as well as the personal goals of Management Board members in coordination with the Nominating and Compensation Committee, again on an annual basis. Quantitative goals in the member's division can be meeting a revenue or earnings target, for example.

In 2017, the net income target of the Tamedia Group was exceeded. The quantitative personal goals were in the main achieved and in part exceeded. The qualitative personal goals were mostly exceeded.

Members of the Management Board are insured against old age, death and disability in accordance with the prevailing social insurance legislation. The notice periods are one year.

Expenses and non-monetary payments

Members of the Board of Directors and the Management Board receive an expenses allowance each month, which covers all expenses below CHF 50. Beyond that, the currently valid rules on expenses for all employees apply. Tamedia does not provide company cars to the members of the Management Board. The same rules as for all other employees apply with respect to additional non-monetary benefits voluntarily provided by the company, such as free newspaper or magazine subscriptions or long-service awards.

Loans to officers and directors of the company

As of the balance sheet date, there were no outstanding loans to active and former members of the Board of Directors and Management Board.

Compensation of the Board of Directors, the Advisory Board and the Management Board

The compensation shown reflects the expenditures recognised in the income statement during the reporting year (irrespective of the dates on which these were paid). Included among the active members of the Board of Directors and Management Board are those individuals who completed their period of tenure during the year. No compensation was paid to former members or related parties of the Board of Directors, the Advisory Board and the Management Board.

Total compensation paid to the Board of Directors, the Advisory Board and the Management Board

in CHF 000	Directors [1]	Advisory Board Digital	Management Board	Total
2017				
Number of members per balance sheet date	7.0	5.0	7.0	**19.0**
Annual average of members	7.0	5.0	7.0	**19.0**
Fees/salaries	2 039	80	3 785	**5 904**
Performance bonus and share of profits aid in cash	–	–	2 927	**2 927**
Share of profits aid in shares 2017 [3]	–	–	1 534[5]	**1 534**
Pension and social security contributions	231	–	1 207	**1 437**
Expense reimbursements	108	–	135	**243**
Non-monetary payments	–	–	–	**–**
Other compensation	–	–	–	**–**
Total	**2 377**	**80**	**9 588**	**12 045**
2016				
Number of members per balance sheet date	7.0	5.0	7.0	**19.0**
Annual average of members	7.0	5.3[2]	7.0	**19.3**
Fees/salaries	2 043	85	3 750	**5 878**
Performance bonus and share of profits aid in cash	–	–	1 904[4]	**1 904**
Share of profits aid in shares 2016 [3]	–	–	1 098[5]	**1 098**
Pension and social security contributions	231	0	1 119	**1 350**
Expense reimbursements	108	–	131	**239**
Non-monetary payments	–	–	–	**–**
Other compensation	–	–	–	**–**
Total	**2 382**	**85**	**8 002**	**10 469**

1 The Board of Directors currently comprises the full-time Chairman/publisher and non-executive members.
2 For the calculation of the annual average number of entries and departures of members:
Thomas Sterchi untli 24 March 2016
3 See information on profit articipation programme for executives
4 The long-term bonus plan for the Head of Digital is disclosed in the compensation report at the time of allocation in 2012. In contrast, Note 42 to the consolidated financial s atements reports the long-term bonus plan for the Head of Digital as the accrued amount recognised in the income statement in the reporting year.
5 Share-based payments are disclosed in the compensation report at the time of their allocation. In contrast, Note 42 to the consolidated financial s atements reports the accrued amount recognised in the income statement in the reporting year.

Compensation paid to the Board of Directors[1]

in CHF 000	Fees/ salaries	Performance bonus and profi participation	Pension and social security contributions	Expense reimbursements	Other compensation	**Total**
2017						
Pietro Supino	1 439	–	199	36	–	**1 673**
Martin Coninx	100	–	7	12	–	**119**
Marina de Planta	100	–	7	12	–	**119**
Martin Kall	100	–	–	12	–	**112**
Pierre Lamunière	100	–	5	12	–	**117**
Konstantin Richter	100	–	7	12	–	**119**
Iwan Rickenbacher	100	–	5	12	–	**117**
Total	**2 039**	**–**	**231**	**108**	**–**	**2 377**
2016						
Pietro Supino	1 443	–	199	36	–	**1 678**
Martin Coninx	73	–	5	9	–	**87**
Claudia Coninx-Kaczynski	27	–	2	3	–	**32**
Marina de Planta	100	–	5	12	–	**117**
Martin Kall	100	–	–	12	–	**112**
Pierre Lamunière	100	–	7	12	–	**119**
Konstantin Richter	100	–	7	12	–	**119**
Iwan Rickenbacher	100	–	6	12	–	**118**
Total	**2 043**	**–**	**231**	**108**	**–**	**2 382**

1 The functions of the members of the Board of Directors are disclosed in the corporate governance chapter.

Additional fees and compensation

In the reporting year, Tamedia paid compensation for rent for office premises totalling CHF 3.3 million to Groupe Edipresse, over which Pierre Lamunière exerts a significant influence. Compensation for rent in the previous year amounted to CHF 3.9 million.

Shares owned by members of the Board of Directors

No. of shares	2017 Shares owned	2017 Total shares [1] owned including those held by related parties	2016 Shares owned	2016 Total shares [1] owned including those held by related parties
Pietro Supino	33 338	1 439 160	33 338	1 439 160
Martin Coninx	100	1 264 667[2]	500	1 265 067[2]
Marina de Planta	–	–	–	–
Martin Kall	–	–	–	–
Pierre Lamunière	2 000	3 804	2 000	3 804
Konstantin Richter	16 229	726 295	16 229	726 295
Iwan Rickenbacher	50	50	50	400

1 Including rights of usufruct and benefit
2 The stock includes the 393,234 registered shares with rights of usufruct owned by Hans-Heinrich Coninx

Compensation paid to the Advisory Board for Media Technology and Innovation

in CHF 000	Fees/salaries [1]	Performance bonus and profi participation	Pension and social security contributions	Expense reimbursements	Other compensation	Total
2017						
Emily Bell	20	–	–	–	–	**20**
Markus Gross	20	–	–	–	–	**20**
Mathias Müller von Blumencron	20	–	–	–	–	**20**
Sverre Munck	20	–	–	–	–	**20**
Total	**80**	**–**	**–**	**–**	**–**	**80**
2016						
Emily Bell	20	–	–	–	–	**20**
Markus Gross	20	–	–	–	–	**20**
Mathias Müller von Blumencron	20	–	–	–	–	**20**
Sverre Munck	20	–	–	–	–	**20**
Thomas Sterchi	5	–	–	–	–	**5**
Total	**85**	**–**	**–**	**–**	**–**	**85**

1 The compensation paid to Pietro Supino is reported under compensation paid to the Board of Directors.

Shares owned by members of the Advisory Board for Media Technology and Innovation

No. of shares	2017 Shares owned	2017 Total shares owned including those held by related parties	2016 Shares owned	2016 Total shares owned including those held by related parties
Emily Bell	–	–	–	–
Markus Gross	–	–	–	–
Mathias Müller von Blumencron	–	–	–	–
Sverre Munck	–	–	–	–
Thomas Sterchi	–	–	–	–

Highest compensation paid to a member of the Management Board

in CHF 000	2017 [1]	2016 [1]
Type of compensation		
Fees/salaries	1 031	1 031
Performance bonus and share of profits aid in cash	1 292	840
Share of profits aid in shares	634	501
Pension and social security contributions	297	268
Expense reimbursements	23	23
Total	**3 276**	**2 664**

1 Compensation paid to Christoph Tonini (Chief Executive Offi er)

Profit participation programme for members of the Management Board

The current profit participation programme is valid for 2017. Members of the Management Board are entitled to participate as of their second year of service. Samuel Hügli, who has been a member of the Management Board since January 2017, already participated in the programme during his first year of service. A payment is made when the profit margin (net income in relation to revenues) reported by the Tamedia Group is or exceeds 8.0 per cent. A profit participation, which will be determined at the time, will be paid out of any amount exceeding the profit margin of 8.0 per cent, with 50 per cent being paid in cash and the remaining 50 per cent in shares.

The cash amount is paid out aft r the publication of the consolidated financial statements of Tamedia. The shares are allocated in the accounting year in which entitlement is acquired. The number of shares to be allocated is determined based on the average share price over the last 30 days before 31 December of the respective financial year. The shares are only transferred if the beneficiary has not given notice of termination of employment prior to 31 December of the third year aft r the accounting year in which entitlement to the share allocation was acquired.

For the financial year 2017, the Management Board will be granted a profit participation of CHF 3.1 million, with CHF 1.5 million being for the shares allocated.

As part of the profit participation programme of the Management Board, 5,663 treasury shares were issued in 2017 for the 2013 financial year to the members of the Management Board. Measured in terms of market value on the allocation date, the total value of these shares is CHF 0.6 million.

Share-based component of the Management Board's profit participation

number	2017	2016
As of 1 January	49 330	45 775
Exercised	(5 663)	(3 546)
Allocated	11 413	7 101
As of 31 December	**55 080**	**49 330**
of which exercisable	10 957	5 663

in CHF/ number of shares	Allocation date	Blocked until	Fair value as of grant date	Fair value as of 31 December	Outstanding entitlements 2017	Outstanding entitlements 2016
	31.12.2013	31.12.2016	107.9	138.0	–	5 663
	31.12.2014	31.12.2017	126.9	138.0	10 957	10 957
	31.12.2015	31.12.2018	171.0	138.0	25 609	25 609
	31.12.2016	31.12.2019	156.0	138.0	7 101	7 101
	31.12.2017	31.12.2020	138.0	138.0	11 413	–

Shares owned by members of the Management Board

	2017		2016	
No. of shares	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Christoph Tonini	6 935	6 935	4 266	4 266
Christoph Brand	803	803	192	192
Ueli Eckstein	–	–	–	–
Samuel Hügli	–	–	–	–
Marcel Kohler	–	–	20	20
Sandro Macciacchini	1 810	1 810	1 260	1 260
Serge Reymond	400	400	–	–
Andreas Schaffne	2 677	2 677	2 066	2 066

Report of the statutory auditor

to the General Meeting of Tamedia AG

Zürich

We have audited the remuneration report of Tamedia AG for the year ended 31 December 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 113 to 118 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Tamedia AG for the year ended 31 December 2017 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Patrick Balkanyi	Cüneyt Budakoglu
Audit expert Auditor in charge	Audit expert

Zürich, 26 February 2018

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Corporate Governance

Group structure and shareholders

Group structure
The Group's operational structure is shown on page 12 of the Annual Report.

The scope of consolidation includes the following listed company:

Name	Tamedia AG, Zurich
Location of registration	SIX Swiss Exchange, Switzerland listed since 2 October 2000
Market capitalisation	see section "Capital structure"
Treasury shares (as of 31 December 2017)	10,929
Securities symbol	TAMN
ISIN	CH 0011178255
Symbol:	
– Bloomberg	TAMN.SW
– Reuters	TAMN.S

Group companies not listed on a stock exchange are shown in Note 40 of the consolidated financial statements.

Significant shareholders
Significant shareholders and significant groups of shareholders and their holdings in Tamedia, to the extent known to Tamedia, are shown in the following table.

Principal shareholders

Name	2017 [1]	2016 [1]	2015 [1]
Dr. Severin Coninx, Berne	13.20%	13.20%	13.20%
Rena Maya Coninx Supino, Zurich	12.95%	12.95%	12.95%
Dr. Hans Heinrich Coninx, Küsnacht	11.93%[2]	11.93%[2]	11.93%
Annette Coninx Kull, Wettswil a.A.	11.85%[3]	11.85%[3]	11.85%
Ellermann Lawena Stiftung, FL-Vaduz	6.87%	6.94%	6.94%
Ellermann Pyrit GmbH, Stuttgart, Germany	6.47%	6.93%	6.93%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%	5.86%
Other members of the shareholders' agreement	2.14%	2.15%	2.15%
Total members of the shareholders' agreement	**71.26%**	**71.80%**	**71.80%**
Tweedy Browne Company LLC	**4.51%**	**4.52%**	**4.53%**
Regula Hauser-Coninx, Weggis	**4.63%**	**4.63%**	**4.63%**
Montalto Holding AG, Zug	1.83%	1.83%	1.83%
Epicea Holding AG, Zug	1.42%	1.42%	1.42%
Other members of the shareholders' group	0.69%	0.69%	0.69%
Total members of the shareholders' group Reinhardt-Scherz	**3.94%**	**3.94%**	**3.94%**

1 The disclosures as of 31 December relate to the total of 10.6 million registered shares issued.
2 Of which rights to usufruct in relation to 393,234 registered shares in the name of Martin Coninx (Männedorf) rights of usufruct in relation to 393,233 registered shares in the name of Claudia Isabella Coninx-Kaczynski (Zollikon) and rights to usufruct in relation to 393,233 registered shares in the name of Christoph Coninx (Schlieren).
3 Of which rights of usufruct in relation to 586,021 registered shares owned by Fabia Schulthess (Zurich) and rights of usufruct in relation to 586,022 registered shares owned by Andreas Schulthess (Wettswil).

The disclosure obligation is in compliance with Article 20 of the Swiss Stock Exchange and Securities Trading Act (SESTA) and with the provisions of the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (SESTO-FINMA), in particular the notices published on 6 and 9 July 2007 in the Swiss Official Gazette of Commerce.

In conjunction herewith, the following central features of the shareholders' agreement of the founding family are also made available to the public:

- All shareholders who are members of the founding family (pool shareholders), with the exception of Regula Hauser-Coninx, are bound by the shareholders' agreement (pool agreement). The pool agreement entered into effect as of the date of registration for a period of eight years, and was extended in 2008 until 2017. During the course of 2015 the founding family of Tamedia renewed its shareholders' agreement, which was due to expire in 2017, early and for an indefinite period.
- Among other things, the pool agreement serves the purpose of coordinating the exercise of the voting rights of pool members with regard to their representation on the Board of Directors.
- It also governs how pool shareholders exercise their voting rights in conjunction with other topics requiring the approval of shareholders, such as determining dividends.
- Pool shareholders are notified in advance of any other issues to be brought before the shareholders at the Annual General Meeting. If two thirds of the voting rights represented by the pool shareholders are cast for any such issue at a meeting of pool shareholders, the pool shareholders must unanimously vote in favour of this issue at the General Meeting. Otherwise, pool members are at liberty to exercise their voting rights as they choose.
- The agreement does not relate to matters which lie within the responsibility of the Board of Directors or the Management Board of Tamedia or that of its subsidiaries.
- The agreement includes a right of first refusal for all parties to the shareholders' agreement in the event that a pool shareholder wishes to transfer his/her shares to an independent third party (either with or without compensation). Should this be the case, said shareholder must first offer his/her shares to the pool members. The other pool shareholders have the right to purchase such shares at the current market price less a 20 per cent discount.
- Pool shareholders represent a group of shareholders who act in compliance with the requirements of Art. 20, Para. 3 of the Swiss Stock Exchange and Securities Trading Act (SESTA). Any future exchange of shares amongst the current pool shareholders will not result in an obligation to announce and make public any such change. If, however, the entire pool should sell shares and as such the percentage of pooled shares should fall below the legal thresholds (e.g. below 66⅔ per cent or below 50 per cent), the pool shall be required to inform the Swiss Stock Exchange and Tamedia. An obligation to notify shall also exist if a new member is added to the pool or one pool member no longer holds any shares.

The shareholders united under the shareholders' agreement, consisting of members of the founding family, held 71.26 per cent of the Tamedia registered shares on the balance sheet date, of which 67.00 per cent were subject to the provisions stipulated in the shareholders' agreement.

The Reinhardt-Scherz group of shareholders consists of Erwin Reinhardt, Muri, and Franziska Reinhardt-Scherz, Muri, and the entities under their control, Montalto Holding, Zug, and Epicea Holding AG, Zug.

The persons united in this group of shareholders jointly hold an investment of 417,342 registered shares of Tamedia AG or 3.94 per cent of the share capital.

Cross-shareholdings

During the current financial year, there were no cross-shareholdings based on either share capital holdings or on voting rights.

Capital structure

Capital structure and change in capital structure

Capital structure

in CHF mn	2017	2016	2015
Ordinary share capital	106.00	106.00	106.00
Ordinary increase in capital	–	–	–
Conditional share capital	–	–	–
Conditional increase in capital	–	–	–
Participation certifi ates	–	–	–
Dividend-right certifi ates	–	–	–
Convertible bonds	–	–	–

Additional information concerning changes in equity can be found in the statement of changes in equity on page 40 of the consolidated financial statements.

Registered shares

number		2017	2016	2015
Nominal value	in CHF	10	10	10
Voting rights per share		1	1	1
Number of issued shares		10 600 000	10 600 000	10 600 000
Number of shares entitled to dividends		10 589 071	10 592 348	10 596 445
Total number of voting rights		10 589 071	10 592 348	10 596 445
Number of outstanding shares (weighted average)		10 593 034	10 596 381	10 599 072
Number of treasury shares (as of balance sheet due date)		10 929	7 652	3 555

There are no differences in dividend rights or other priority rights with the exception of those described in the section “Limitations on transferability and nominee registrations” below.

Details with regard to market capitalisation can be found in the information for investors on page 34.

Limitations on transferability and nominee registrations

Upon request, purchasers of registered shares shall be registered as shareholders with voting rights if they specifically declare that they have purchased such shares in their own name and for their own account.

The Board of Directors may deny registration of the purchaser as a shareholder or beneficiary with voting rights to the extent that the shares held by the shareholder would exceed 5 per cent of the total number of shares recorded in the commercial register. Legal entities and partnerships, which are bound or affiliated in terms of capital and voting rights by a common management or in any other form, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Shareholders who were registered in the share register as of 14 September 2000 or purchasers who are family members of such shareholders shall be exempt from this restriction on registration.

During the reporting year, no exceptions to the said regulations were granted.

The Board of Directors may register nominees in the share register with voting rights of up to a maximum of 3 per cent of the share capital registered in the commercial register. Nominees are persons who, when applying for registration, do not specifically declare that they hold the shares for their own account. The Board of Directors may register nominees with more than 3 per cent of the registered share capital, granting them voting rights, so far as the nominee in question has provided the company with the names, addresses and number of shares held by such persons for whom he/she holds 0.5 per cent or more of the registered share capital entered in the commercial register. The Board of Directors may enter into agreements with such nominees, which govern, among other items, the representation of the shareholders and their voting rights.

The Board of Directors may cancel the entries of shareholders or nominees in the share register retroactively to the date of entry should it be apparent aft r a hearing that such entries were made based on false information. The persons affected must be informed of said cancellation immediately.

Convertible bonds and options
Currently, there are no convertible bonds and options.

Board of Directors

Members of the Board of Directors
Information on the members of the Board of Directors and their other functions and business interests is provided in the Annual Report on pages 4 to 5.
Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

Election and term of office
The Board of Directors comprises at least five members who are individually elected by the Annual General Meeting for a term of office of one financial year. Their term of office expires on the date of the Annual General Meeting for the last financial year of their tenure. If elections to replace directors are held during the designated term, the newly elected directors shall serve the remaining tenure of their predecessors. The Annual General Meeting also elects the Chairman of the Board of Directors. Otherwise, the Board of Directors constitutes itself.

Internal organisation
The composition of the Board of Directors and the affiliation of its individual members to the committees are shown in the table below:

Name	Function	Member since	Term of offi e [1]	Business [2] development committee	Audit committee	Nomination and[2] compensation committee	Journalism [2] committee
Pietro Supino	Chairman	1991	2017	C		C	C
Martin Coninx	Member	2016	2017		M	M	
Martin Kall	Member	2013	2017	M		M	
Pierre Lamunière	Member	2009	2017	M			M
Marina de Planta	Member	2014	2017		C		
Konstantin Richter	Member	2004	2017		M		M
Iwan Rickenbacher	Member	1996	2017	M			M

C: Committee chairman
M: Member

1 The period of offi e of all members of the Board of Directors ends at the next Annual General Meeting on 20 April 2018.
2 Christoph Tonini will also be invited to attend meetings in his role as CEO.

1 www.tamedia.ch/statuten

Authorities

The Board of Directors is responsible for defining the Group strategy. It reviews the Company's fundamental plans and objectives and identifies external risks and opportunities. The authorities and responsibilities of the Board of Directors and its committees, as well as the schedule of approval authorities with respect to the Management Board, are laid down in the Internal Governance Rules, which can be viewed online at www.tamedia.ch.[1] These include, in particular, the supervisory and control functions for the Board of Directors with the direct support of external parties, as well as the ongoing and comprehensive provision of information for all members of the Board.

The Board of Directors is also responsible for overseeing and monitoring the Management Board. The Management Board informs the Board of Directors during its regular meetings and upon special request with regard to the business developments and the Group's planned activities. Also in attendance at these meetings are the Chief Executive Officer as well as other members of the Management Board and other executive members of staff for business matters of relevance to them.

The full Board of Directors is informed by means of monthly written reports with regard to the consolidated monthly financial statements, business developments within the individual divisions and any further relevant business issues. Each quarter, all members of the Board of Directors are provided with written information as pertains to the development of the market share and every six months a report is sent with explanations to the semi-annual and annual financial statements. In addition, the Board of Directors also receives the minutes of meetings held by the Management Board as well as of those held by the four committees of the Board of Directors. The Management Board also informs the Chairman of the Board of Directors on a regular basis with regard to any incidents of particular significance.

Passing resolutions

The Board of Directors constitutes a quorum when the majority of its members are present. It makes decisions based on a majority vote of the members present. In the event of a tied vote, the Chairman has the casting vote. There are no statutory quorums for resolutions. Resolutions may also be passed by circular vote.

Meetings

The Board of Directors meets as oft n as business requires or if a meeting is requested by a member, but at least six times a year. In the reporting year, the Board of Directors, its committees and the Advisory Board for Media Technology and Innovation held the following meetings.

	Number of meetings
Directors	10[1]
Business Development Committee	–
Audit Committee	5
Nomination and Compensation Committee	3
Journalism Committee	4[2]
Advisory Board for Media Technology and Innovation	3

1 of which a three-day retreat and four telephone conferences
2 of which one telephone conference

[1] www.tamedia.ch/statuten

Committees

In addition to the committees described below, the Board of Directors may form other committees for specific functions. Members are appointed to committees in conjunction with the constitution of the Board of Directors and according to the same procedure. Generally, these committees do not make any binding decisions, but instead report to the Board of Directors as a whole, submit proposals for decisions and guidelines when appropriate and provide the Management Board with the necessary support for the implementation of such.

The following permanent committees currently exist:

- Nomination and Compensation Committee
- Business Development Committee
- Journalism Committee
- Audit Committee

The committees must be made up mostly of members of the Board of Directors and make their agendas and meeting minutes available to the entire Board of Directors. The Chairman of each committee informs the Board of Directors as a whole orally as to the results of such meetings.

Nomination and Compensation Committee

The Nomination and Compensation Committee addresses human resources matters in general and is responsible in particular for preparing nominations of members of the highest management level for whom the Board of Directors has direct responsibility. It also deals with the qualification and compensation of members of this management group and with the general compensation system including profit participation. Not included herein are the editors-in-chief and the programme directors, for whom the Journalism Committee is responsible.

The committee comprises three to four members. If the number of members of the Nomination and Compensation Committee falls below the minimum threshold of three, the Chairman shall nominate the missing member(s) from amongst the members of the Board of Directors, who will serve until the end of the next Annual General Meeting. The Chief Executive Officer is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. The meetings held in the reporting year are listed in the overview in the Meetings section.

Business Development Committee

The Business Development Committee attends to the preparation and support of projects and agreements that fall within the remit of the Board of Directors and are related to the Swiss media market and new business ideas. The committee comprises three to four members. The Chairman of the Management Board is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. The meetings held in the reporting year are listed in the overview in the Meetings section. The Business Development Committee usually meets with the Advisory Board for Media Technology and Innovation.

Journalism Committee

The Journalism Committee deals with publication issues and nominates the editors-in-chief. It also deals with the performance evaluation and compensation of members of this management group. The Journalism Committee is responsible in particular for the regular journalistic discussions with the editors-in-chief and also concerns itself with promoting next-generation talent and publication projects.

The committee comprises three to four members. The Chief Executive Officer is invited to attend meetings. The Chairman of the Board of Directors chairs the committee. The meetings held in the reporting year are listed in the overview in the Meetings section.

Audit Committee

The Audit Committee oversees the financial reporting, compliance with accounting and reporting standards and with the rules for listing on the SIX Swiss Exchange, risk management and the internal controlling functions, financial corporate communication and compliance with legal oversight obligations (ad-hoc publicity) as well as any extraordinary accounting matters.

The Audit Committee also represents the Board of Directors as liaison with the external statutory auditors and monitors and assesses their work and impartiality on an ongoing basis. For this purpose, the Audit Committee reviews the reports required by law that are prepared by the statutory auditors and also the reports pertaining to any significant findings from the interim and final audits. Moreover, the committee is informed orally by the statutory auditors, the Chief Financial Officer and other management members from the finance division regarding the progress of the audit work. The fees for the audit of the consolidated financial statements and the individual financial statements are approved by the Audit Committee.

The Audit Committee comprises at least three members. The Chairman of the Board of Directors may not be a member of this committee. Meetings are held regularly, at least four times a year, and generally the Chief Financial Officer is in attendance (as representative of the Management Board) as well as the statutory auditors. For specific matters, the Audit Committee calls in outside experts when needed. The meetings held in the reporting year are listed in the overview in the Meetings section. These were attended by the Chief Financial Officer and the representative of the statutory auditors.

Advisory Board for Media Technology and Innovation

Information on the members of the Advisory Board and their other functions and business interests is provided in the Annual Report on page 6. Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

The Advisory Board for Media Technology and Innovation provides advice and support to the Tamedia Board of Directors and Management Board on matters relating to digital business and the company's digital transformation. The mission of the Advisory Board, which is composed of seasoned experts in the fields of digital media, online business and digital technology, is to identify trends and new digital business fields at an early stage and to provide an external perspective on new investment opportunities and strategic partnerships.

The composition of the Advisory Board is shown below:

Name	Function	Member since
Pietro Supino	Chairman	2013
Emily Bell	Member	2014
Markus Gross	Member	2013
Mathias Müller von Blumencron	Member	2013
Sverre Munck	Member	2013

The Advisory Board for Media Technology and Innovation generally convenes three times a year, once in the form of a retreat and twice together with the Business Development Committee. The meetings held in the reporting year are listed in the overview in the Meetings section.

[1] www.tamedia.ch/statuten

Management Board

Members of the Management Board

Information on the members of the Management Board and their other functions and business interests is provided in the Annual Report on pages 10 to 11 Article 31 of the Articles of Incorporation[1] regulates the number of other functions permitted.

Management contracts

During the year under review there were no management contracts between Tamedia and companies or private individuals stipulating the transfer of management responsibilities by Tamedia.

Compensation, shareholdings and loans

Information on compensation, shareholdings and loans granted to the Board of Directors, the Advisory Board for Media Technology and Innovation and the Management Board can be found in the Compensation report on pages 113 to 118.

Shareholders' participation rights

Restrictions on voting rights and representation

A shareholder may directly or indirectly exercise or cause to have exercised voting rights associated with his/her own shares or shares he/she represents up to a maximum of 5 per cent of the total number of shares registered in the commercial register. To this end, legal entities and partnerships which are bound or affiliated in terms of capital and voting rights by a common management or in any other way, as well as individuals, legal entities and partnerships acting in concert or with a view to circumventing the provision at hand, shall be considered to be one entity.

Institutional investor proxies within the meaning of Art. 689c of the Swiss Code of Obligations (custodian proxies, company officers and independent proxies) are exempt from this restriction on voting rights as long as the provisions of the Articles of Incorporation referred to in the previous paragraph have been adhered to by the owner(s).

Shareholders registered with more than 5 per cent of the voting rights in the share register are exempt from the aforementioned restriction of voting power.

Statutory quorums

According to the Articles of Incorporation of Tamedia AG, the Annual General Meeting makes resolutions and conducts elections based on an absolute majority of the represented voting rights. For the following resolutions, a minimum two-thirds majority of the represented voting rights and an absolute majority of the represented share capital are required: changes in the company's purpose; introduction of voting shares; restrictions on transferability of registered shares; approved or conditional capital increases; capital increases from shareholders' equity, in return for non-monetary contributions or for the purpose of acquisition of assets or granting special advantages; restriction or cancellation of subscription rights; transfer of the company's registered office and dissolution of the company without liquidation.

Convening the General Meeting

The General Meeting is held annually within six months of the end of the company's financial year. Extraordinary general meetings are convened as needed. Likewise, in addition to the statutory auditors, one or more shareholders, who combined represent at least 10 per cent of the company's share capital, may demand in writing that a general meeting be called indicating the subject matter to be discussed and proposals to be made.

The General Meeting is called by the Board of Directors no later than 20 days prior to the scheduled date of the meeting. The shareholders are notified via Tamedia's normal publications (see further information in section "Information policy" on page 130).

[1] www.tamedia.ch/statuten

Agenda

Shareholders who together represent shares with a nominal value of CHF 1,000,000 may request that a matter for discussion be included on the agenda. The application for an item to be added to the agenda must be submitted in writing at least 60 days prior to the General Meeting with an indication of the subject to be discussed.

Registration in the share register

All shareholders registered with voting rights in the share register are entitled to take part and have voting power at the General Meeting. For organisational reasons, no further registrations will be made aft r 20 days before the General Meeting. Shareholders who sell their shares prior to the General Meeting no longer have any voting rights.

Changes of control and defensive measures

In accordance with the Swiss Stock Exchange Act, whoever, whether directly, indirectly or acting in concert with third parties, acquires equity securities of a listed Swiss company, which, when added to the equity securities already owned, exceed a threshold of 33.3 per cent of the overall voting rights of a target company, whether or not said voting rights may be exercised, must make a bid to the remaining shareholders to acquire all of the company's equity securities listed on the stock market. Before publicly offering its equity securities, the company may lay down in its Articles of Incorporation that a purchaser is not required to make a public sales offer of this kind (opting-out). Tamedia AG's Articles of Incorporation do not provide for any such opting-out. Similarly, there are no clauses governing changes of control.

Statutory auditors

Duration of the mandate and term of office of the lead auditor

The statutory auditors are appointed by the General Meeting for a period of one year.

PricewaterhouseCoopers AG accepted the mandate as auditors of the consolidated financial statements for the first time for the financial year 2016. The separate financial statement of Tamedia AG has been audited by PricewaterhouseCoopers AG since 2016. Patrick Balkanyi assumed the role of lead auditor for the first time for the financial year 2016.

Audit fee

The fees for the audit of the consolidated financial statements and the separate financial statements total CHF 0.5 million (previous year: CHF 0.7 million), of which CHF 0.5 million relate to expenditures for the audit conducted by PricewaterhouseCoopers AG.

Additional fees

The total amount of fees paid to PricewaterhouseCoopers AG and/or its affiliated persons for additional financial services and IT advisory services amounted to CHF 0.3 million. Fees amounting to CHF 0.16 million had been incurred in the previous year for additional financial services and IT advisory services.

Supervisory and control instruments vis-à-vis the auditors

The nature of the supervisory and control instruments used by the Board of Directors to assess the external auditors is described in the section "Board of Directors – Audit Committee". The system of rotation governing the tenure of the lead auditor is seven years at the most, in compliance with the impartiality guidelines set down by EXPERTsuisse, the Swiss Fiduciary Association. A regular rotation of the statutory auditors is not foreseen.

Information policy

Information policy and ad-hoc publicity requirements

Tamedia follows an open and timely information policy that treats all target groups in the capital market equally. Detailed annual and semi-annual reports are published. The consolidated financial statements are prepared in accordance with IFRS standards (International Financial Reporting Standards) (see “Consolidation principles”, pages 41 to 50).

An agenda including the date of the General Meeting and the date of publication of the half-year report can be found on page 34.

Tamedia AG’s Articles of Incorporation can be viewed online at www.tamedia.ch.[1]

As a listed company, Tamedia is also obliged to inform the public of any price-sensitive information (ad-hoc publicity, Art. 53 Listing Rules). In addition to information on the financial developments, Tamedia also provides information regularly on current changes and developments.

For more detailed information on the company, visit the website at www.tamedia.ch. The official publication used for public announcements made by the company and announcements required by law is the Swiss Official Gazette of Commerce.

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[1] www.tamedia.ch/statuten

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