

## ***Media release***

### **PubliGroupe makes the leap into the future**

- **Sales and profits increase in 2007**
- **Large investments in growth as international and multimedia group**
- **Dividend rises from CHF 12 to CHF 13**
- **Double-digit increases in sales and earnings this year**

Lausanne, 19 March 2008 – **PubliGroupe, an international Swiss-based multimedia group, recorded a 3.6% rise in sales in 2007 (1.7% after adjusting for acquisitions) to CHF 2.16 billion. All areas contributed to this positive performance. International business was particularly dynamic with growth of 12.7%, though the highest percentage growth of all was generated by PubliGroupe's activities in digital and interactive markets.**

**The improvement in operating result (EBIT) of 0.4% to CHF 68.9 million was driven mainly by the positive performance of PubliPresse and by the CHF 10.3 million of profit from the sale of investments. EBIT would have been much higher without the one-off costs and provisions associated with the implementation of PubliGroupe's strategic refocusing which, together with a 40% increase in R&D costs, had a total negative effect of CHF 10 million on results. A downturn in the cinema business in the fourth quarter also had a negative impact on EBIT. Net profit went up by 35.6% to CHF 73.1 million, though this increase was mainly due to the sale of the 4.5% stake in US company 24/7 Real Media.**

**The companies acquired over the course of the year had a minimal initial impact on 2007 results, but they will make a substantial contribution to the 2008 figures. PubliGroupe believes that it will achieve double-digit growth this year even without further acquisitions. Owing to the good results and the positive outlook for 2008, the Board of Directors is proposing to the Annual General Meeting that it approve an increase in the dividend from CHF 12 to CHF 13 per share.**

**Swiss business as the foundation for international and digital growth**

The strongest growth during the year under review was posted by the international activities run through the Publicitas Promotion Network (PPN), which increased sales by 12.7% to CHF 423.5 million. The growth of PPN's business also meant that the online sales structures had to be built up and this, plus exceptional costs from the restructuring of US operations, resulted in a 44.8% drop in EBIT to CHF 5.3 million.

Advertisement business in Switzerland (PubliPresse) increased by 1.1% to CHF 1,512.1 million, mainly because of job advertisements. Thanks to cost reductions and the optimization of structures and processes, and despite one-off expenditure of CHF 5 million on building up the new "Media Sales" segment, PubliPresse increased its EBIT by 17.4% to CHF 22.3 million.

Directories sales (PubliDirect) rose 2.6% to CHF 132.8 million. While print products declined slightly, online products grew, profiting from greater collaboration with Swisscom Directories in the online segment. Owing to the cost of strengthening the sales organization, EBIT fell slightly to CHF 47.7 million (2006 CHF 51.0 million).

The "Business under development" segment performed very well, with growth of 15% to CHF 124.5 million. The online advertising sales firm web2com (+9.4%) and the e-business consultancy namics (+37.6%) did particularly well. Thanks to cinecom and Radiotele, the latter being part of PubliGroupe since July 2006, revenues from electronic media rose sharply – by 44.8% in the TV sector and 58% in radio. The online marketing services firm zanox, which PubliGroupe took over in 2007 together with German company Axel Springer AG, performed even better than expected with pro forma sales growth of 55.0% to EUR 165 million and pro forma EBITDA growth of 84% to EUR 15 million. However its results did not have any significant effect on PubliGroupe's 2007 EBIT since participation in the company was still consolidated by the equity value method in 2007.

The weak performance of cinema advertising in the fourth quarter led to painful losses at cinecom, pulling the "Business under development" segment into the red with a loss of CHF 8.3 million. cinecom's loss had a negative effect on overall group results. It is responsible for the 7.6% decline in EBIT shown in the pro forma annual accounts (excluding non-recurring items). Corrective measures have been taken, however, to ensure that this activity returns to profitability this year as part of the new "Media Sales" organization.

The transformation of PubliGroupe into an internationally active multimedia group that focuses more intently on digital and interactive media resulted in costs of approximately CHF 10 million. This figure was made up of CHF 5.8 million for organizational adjustments, and a CHF 3.6 million (or 40%) year-on-year increase in R&D costs. If it hadn't been for these items, the increase in group EBIT would have been much higher. In the end, EBIT came to CHF 68.9 million, which is 0.4% higher than the previous year.

The financial result improved significantly from CHF 16.7 million to CHF 34.6 million, mainly because of the gain of CHF 28.9 million made on the sale of the 4.5% stake in 24/7 Real Media. After deducting minority interests and allowing for results from discontinued activities, net profit increased by 35.6% to CHF 73.1 million. Earnings per share rose to CHF 30.50.

**Rapid implementation of the international and multimedia growth strategy**

PubliGroupe has lost no time implementing the strategy approved in March 2007 to position the company as an international multimedia services provider with a focus on digital services. In the meantime the group has undergone a reorganization as previously announced, and since the beginning of this year has structured itself into four pillars: "Media Sales" (advertising sales), "Search & Find" (Directories), "Digital & Marketing Services" (consulting and services) and "Custom Publishing". The new management organization under CEO Hans-Peter Rohner has also been implemented since the beginning of the year.

Eight acquisitions have been completed over the last 12 months. All of them conform to PubliGroupe's strategy and all will help to strengthen its international market position substantially, especially in the "Digital & Marketing Services" segment. These include the German company ZANOX.de AG, a leading international online marketing services provider. This was the biggest ever acquisition made by PubliGroupe. The company has performed even better than expected over the last year. Further strategically important acquisitions came with the purchase of the leading Dutch marketing and media services company Schreiner & Van Bokkel Group B.V., Indian company Mediascope Publicitas and APR Media of Canada. In China, PubliGroupe entered into new and very promising alliances at the beginning of this year with Huashang Interactive Media and advertising sales company City Media. With the acquisition of Bégécom, a French publisher of telephone directories, PubliGroupe became the second largest supplier of directories in France. The "Custom Publishing" segment, which previously only operated in Asia, finally gained a platform for its planned European expansion by buying Denon Group of Switzerland.

PubliGroupe's CEO Hans-Peter Rohner made the following comments: "With the rapid implementation of the new strategy, PubliGroupe has taken an important step towards becoming an internationally active multimedia organization. Thanks to the solid performance of our traditional business, our investments in digital and international operations could be funded largely from our own resources."

**Confident about 2008**

The continued implementation of the new strategy will turn PubliGroupe into an increasingly global group. International business as a proportion of total revenue will rise from 18% in 2007 to 29% in 2008. PubliGroupe is well prepared for these changes both financially and organizationally. With equity capital of CHF 596 million and an equity ratio of 44.7%, PubliGroupe continues to enjoy a very solid financial foundation. The "Media Sales" business segment has a completely new organization and will operate with a modern, consistent image under the unique and redesigned "Publicitas" brand.

Hans-Peter Rohner is confident: "PubliGroupe's new strategic focus and recent acquisitions have unleashed a new dynamic, which will be translated into strong growth in international markets and in the new "Digital & Marketing Services" segment. In fact, the companies acquired in 2007 will generate around CHF 350 million of revenue, of which 97% will come from outside Switzerland, and about 60% from electronic, digital and interactive media. Barring an unexpected economic downturn, PubliGroupe will also post a significant increase in operating earnings in 2008. The costs associated with implementation of the new strategy and structure mainly occurred in 2007 and will not have much impact on 2008 results. Meanwhile, the companies acquired in 2007 will be contributing 12 months' worth of results for the first time. PubliGroupe believes, therefore, that even without any further acquisitions it will achieve double-digit sales and earnings growth this year.

## Key figures

in millions of CHF	2007			2006			Change 2006-2007	
	IFRS	Pro forma excluding non-recurring items and before the changes in the consolidation scope		IFRS	Pro forma excluding non-recurring items		IFRS	Pro forma
Revenue	<b>2'161.2</b>	(39.0)	2'122.2	<b>2'086.6</b>	2'086.6		<b>+ 3.6%</b>	+ 1.7%
Gross margin	<b>456.8</b>	(7.7)	449.1	<b>443.8</b>	443.8		<b>+ 2.9%</b>	+ 1.2%
EBITDA	<b>55.9</b>	(5.8)	50.1	<b>62.2</b>	(1.2)	61.0	<b>- 10.1%</b>	- 17.9%
Operating result (EBIT)	<b>68.9</b>	(6.6)	62.3	<b>68.6</b>	(1.2)	67.4	<b>+ 0.4%</b>	- 7.6%
Net financial result	<b>34.6</b>	(33.7)	0.9	<b>16.7</b>	(5.1)	11.6	<b>+ 107.2%</b>	- 92.2%
Net result, share of PubliGroupe Ltd.	<b>73.1</b>	(40.5)	32.6	<b>53.9</b>	(6.8)	47.1	<b>+ 35.6%</b>	- 30.8%
Number of employees at the end of the period	2'973			2'773			+ 7.2%	

## Segment reporting

in millions of CHF

	PubliDirect		PubliPresse		Publicitas Promotion Network		Business under development		Corporate and others						
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006					
Revenue	+ 2.6%	132.8	129.4	+ 1.1%	1'512.1	1'495.5	+ 12.7%	423.5	375.9	+ 15.0%	124.5	108.3	+ 3.7%	41.9	40.4
Gross margin	+ 1.2%	108.2	106.9	+ 1.5%	232.2	228.7	+ 8.1%	78.8	72.9	+ 7.9%	45.3	42.0	+ 9.0%	31.5	28.9
EBITDA	- 16.0%	30.0	35.7	+ 10.8%	24.7	22.3	- 37.4%	6.2	9.9	-	(4.4)	2.1	-	(0.6)	(7.8)
Share in net result of associates	+ 7.1%	19.5	18.2	-	-	-	- 66.7%	0.2	0.6	- 66.7%	(0.1)	(0.3)	+ 84.4%	8.3	4.5
EBIT	- 6.5%	47.7	51.0	+ 17.4%	22.3	19.0	- 44.8%	5.3	9.6	-	(8.3)	(2.5)	-	1.9	(8.5)
Number of employees at the end of the period	+ 13.1%	570	504	- 7.1%	1'211	1'303	+ 21.8%	603	495	+ 41.2%	401	284	+ 0.5%	188	187

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**The results 2007 (summarized report of 19 Mars 2008) and the financial report are available on:**

<http://www.publigroupe.com/en/media-relations/downloads/key-figures.html>

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