

Media release

Lausanne, 13 March 2009

Operating result positive overall in 2008 – Advertising markets and Media Sales-Publicitas hit hard by the financial and economic crisis – Amortizations of goodwill and financial assets explain the net loss of CHF - 42.1 million

- **EBIT of CHF 40 million thanks to the positive results of the business segments Search & Find, Digital & Marketing Services and Custom Publishing and to a gain made on the sale of real estate assets.**
- **Net loss of CHF - 42.1 million caused by the worsening results of Media Sales-Publicitas, goodwill amortizations totalling CHF 33.8 million, including CHF 28.9 million at Media Sales and fall in the stock market value of the 19.9% interest in Edipresse and 1.4% in Tamedia which has a CHF 44.7 million impact on the result.**
- **These trends have been confirmed in the early part of 2009: the downturn in press advertising is continuing and activities in the online field are still growing strongly. Cost structures are being permanently adjusted to the trend of declining business activities, while investments in growth activities continue.**
- **The group already achieves 14% of its gross margin in the online/digital segment with sales up 23% at CHF 123 million. This makes PubliGroupe a leading player in this particular field in Switzerland. These figures do not include zanox (47.5% interest) whose sales stand at CHF 322 million (+23.5%).**
- **Media Sales-Publicitas has changed its business model to create a fresh dynamic on markets which are undergoing far-reaching changes.**
- **Dividend of CHF 3.50 (2007: CHF 13.-) gross per share paid out in PubliGroupe shares.**

The origins of the deficit for 2008 are concentrated on the Media Sales-Publicitas environment

The different activity areas of PubliGroupe have experienced widely varying trends with double digit downturns in the sale of the conventional media; this is primarily affecting Media Sales whose turnover is 11.7% lower at CHF 1,735.5 million. On the other hand, double digit growth rates are reported in the universe of interactive commercial communication from which the

Search & Find (Directories/Yellow Pages, print and online) and Digital & Marketing Services are benefiting. Consolidated sales are therefore 1.9% lower at CHF 2,120.6 million. The decline in Switzerland is 10.3% (75.3% of sales) with an increase of 34% on international markets (24.7% of sales) thanks to acquisitions.

Media Sales has reported a general reduction of turnover. Sales are down overall by 12% in Switzerland and 11.7% on foreign markets. This reduction is affecting all the media except for the Internet (+15%) and television (+7%). For Media Sales as a whole, these reductions correspond to a narrowing of the gross margin of CHF 37.4 million (-11.9%), which is not offset by an initial cost reduction of CHF 22 million (-7.5%).

The operating result of Media Sales before goodwill amortizations is therefore reduced to zero (CHF 0.1 million) with substantial goodwill writedowns (CHF 28.9 million) for its Cinecom (cinema business) and Radiotele (radio business) subsidiaries. Confronted with the same environment, the stock market value of PubliGroupe's interests in the Swiss publishing companies (19.9% in Edipresse and 1.4% in Tamedia) has fallen substantially. Pursuant to the IFRS accounting standards this necessitates substantial value adjustments affecting the financial result to the tune of CHF 44.7 million. Finally, revision of growth targets on the Chinese market has led to a partial depreciation of the 10% minority shareholding interests in the City Media advertising management group and 17% in Huashang Interactive Media, necessitating an additional financial charge of CHF 7.7 million. The amortizations of goodwill and financial assets in the Media Sales environment therefore give rise to a total charge of CHF 81.3 million and explain the net loss for 2008 of CHF 42.1 million (2007: net profit of CHF 73.1 million) reported by PubliGroupe.

Search & Find, Digital & Marketing Services and Custom Publishing have achieved positive performance and are supporting the group EBIT which stands at CHF 40 million (-41.9%)

Search & Find, together with Digital & Marketing Services, are successfully dealing with the crisis thanks to substantial progress made in the field of online services.

Search & Find (EBIT of CHF 37.6 million) is proving resilient in face of the economic downturn. Its sales have increased by 2.9% to CHF 136.6 million, thanks to the success of online products (+22.7%), which compensates the stagnation of printed products (-5.5%), and also as a result of the integration of the French Bégécom company. Two major projects have been implemented on the internet with a relaunch on a wider base of the www.local.ch portal in cooperation with the joint venture partner Swisscom Directories and the launch in France of the www.local.fr portal. These make the division a major player in the field of online search tools on the local markets. Integration of the Bégécom group in France has been delayed largely by social problems which have now been resolved. However, the delay is still temporarily affecting the results of this company on which a goodwill amortization of CHF 3.6 million has had to be made.

The companies belonging to Digital & Marketing Services (EBIT of CHF 6.8 million) continue to develop their services focused on the improvement of performance and return on investment of their clients' commercial communication. namics, which specialises in consulting and development of e-business solutions, has consolidated its position as a Swiss leader and a key player in Germany with growth of 8.3%; this increases its sales figure to CHF 39.2 million. The Dutch marketing and media services company SVBmedia acquired in December 2007 has reached a turnover of CHF 178.4 million. It is contributing to the sound development of Digital & Marketing Services which has reported sales worth CHF 217.5 million. zanox, the online marketing services provider in which PubliGroupe has a 40% (47.5% from 2009) share, has

achieved sales worth CHF 322 million thanks to 23.5% growth and an EBITDA of CHF 29.7 million (+42.4%). As zanox is consolidated by the equity method, only the group share of its net results (CHF 3.6 million) appears in the income statement of Digital & Marketing Services.

Custom Publishing (EBIT of 1.2 million) is reporting results which are modest, but nevertheless in line with expectations thanks to Emphasis in Asia and Denon in Europe. Its sales are 18.7% down at CHF 30.5 million because of the loss of an important contract in Asia in 2007 which has not yet been offset.

The three segments Search & Find, Digital & Marketing Services and Custom Publishing are therefore contributing an aggregate EBIT of CHF 45.6 million which, with a pre-tax profit of CHF 42.9 million on the sale of real estate assets, enabled PubliGroupe to achieve an EBIT of CHF 40 million (2007: CHF 68.9 million), despite goodwill amortizations totalling CHF 33.8 million.

On a like for like basis, excluding non-recurring items (such as goodwill amortizations and gains on the sale of assets), the EBIT stands at CHF 29.7 million. The decline is admittedly considerable (-47.7%) because of the lower results of Media Sales, but the figure remains distinctly positive.

Continuing double digit growth in the digital field makes the group an important player in this sector – This field already represents 14% of the group's gross margin.

Allowing for all its business segments, PubliGroupe reported sales worth CHF 123 million in 2008 for the provision of services directly linked to the digital/online activity, up 23% on 2007, making it a leading player in this segment in Switzerland.

In 2008, PubliGroupe is therefore already achieving 14% of its gross margin in these sectors which continue to grow and gain market shares in the prevailing economic downturn.

The figures do not include sales of CHF 322 million (+23.5%) by the online marketing services provider zanox in which PubliGroupe has a 40% interest (47.5% from 2009).

The economic situation continues to worsen and is affecting the advertising markets, the media and PubliGroupe. It is bringing about faster structural changes in the branch.

2009 will be another difficult year, especially for Media Sales which is heavily exposed to the continuing substantial reduction of advertising spending in the conventional media, especially in the press where the downturn currently exceeds 20% per month on the Swiss market.

PubliGroupe will emerge from this recession thanks to the strength of Search & Find in a period of economic weakness, further growth and development in the digital/online domain of all its business segments, in particular Digital & Marketing Services, and in the long term a new dynamic of Media Sales brought about by the new business model adapted to the present and future needs of the market which is undergoing a process of rapid change.

For the time being, PubliGroupe will continue to adapt the cost structure of Media Sales to the new market conditions; it will also go on cutting its central costs with the aim of obtaining savings of more than CHF 20 million in 2009 after an initial cost reduction of around CHF 25 million in 2008. These plans are being permanently reviewed in the light of the trend of business. Media Sales has also reduced its exposure to the risks presented by remote developing markets by scaling down its infrastructures in continental China. The group shares

of the two joint ventures whose activities were slow in getting off the ground in Beijing and Shanghai have now been taken over by its Chinese partner, the City Media advertising management group, at the beginning of 2009. In exchange, PubliGroupe has increased its interest in City Media from 10% to 12%.

The zanox participation continues to benefit from the attraction for advertisers in this period of crisis of a business model based essentially on performance-related remuneration which is resulting in growth of more than 30% at the beginning of 2009.

PubliGroupe is convinced that the present valuation of its interests in Edipresse and Tamedia reflects neither their intrinsic value nor their development potential. On the other hand, a divestment might be envisaged at a later date.

The consolidated balance sheet shows shareholders' equity totalling CHF 431.3 million, equivalent to 39.1% of the balance sheet. The debt level of CHF 185 million remains stable. This sound situation provides backing for the group's transformation strategy.

The Media Sales-Publicitas business model is changing

The media industry is undergoing major structural changes which are taking place even faster because of the economic situation. Inter-media competition is growing with the arrival of new players from the Internet world; media groups are diversifying their offering and experiencing a trend towards concentration. Prices are under pressure.

In this fast-changing world, Publicitas wants to position itself clearly as a partner of the media for the promotion and sale of their advertising offer, whatever form this may take. The press sector remains very important and the allmedia strategy is being continued. The sale of online media, television, radio and cinema will be continued in a targeted manner in cooperation with their operators.

The business model is set to undergo far-reaching changes. Publicitas will offer the benefit of its sales force and order management systems to the media via a flexible and transparent range of services comprising a choice of different modules. Remuneration for Publicitas services will no longer be based solely on turnover in the form of commissions, but also on a scale of charges for individual products or transactions, depending on the particular services required. The media owners will therefore no longer have to choose between either an exclusive management contract or a commission agreement; both will gradually disappear. They will of course find in the new offering the equivalent of the services from which they benefit today; however, they will enjoy much greater flexibility in the choice and level of the services that they wish to use.

This new offer will be proposed in Switzerland as the current contracts will expire. In the meantime the current contracts will be fully respected.

Publicitas intends to continue the development of an open digital platform for the management and transmission of advertising orders. This platform is an open interface between the advertisers who place orders and the media and it will be offered to all the players on this particular market.

This business model clarifies the position of Publicitas as a partner of the media. The flexibility and modularity of the new service offering will help to make it more dynamic on a sound and transparent and economic foundation.

Board of Directors

As already indicated, Mr Philippe Pidoux, Chairman of the Board since 1995, is coming to the end of his term of office and will retire at the next Ordinary General Meeting. In order to replace him, the Board will propose that the Group CEO, Mr Hans-Peter Rohner, be elected to the Board, with a view to then appointing him chairman. Elected in 2008, Mr Etienne Jornod has indicated his decision to retire for personal reasons at the next General Meeting. Subject to the election of Mr Rohner and the re-election of Mr Peter Brunner and Mr Jean-Pierre Jeannet, the board will therefore have seven members in future.

Dividend

At the next General Meeting on 29 April, the Board of Directors will be proposing the payment of a dividend of CHF 3.50 gross per share, to be paid essentially in the form of PubliGroupe shares and partly in cash to cover the 35% withholding tax liability on the dividend. The PubliGroupe shares which are to be distributed come from the portfolio of treasury shares. No capital increase will therefore be required. The shares will be distributed in a ratio which will depend on the average closing price of the last five trading days before the General Meeting. Fractions will be paid out in cash and there will be no trading of rights.

Key figures

in millions of CHF	2008			2007			Change 2007-2008	
	IFRS	Pro forma excluding non- recurring items		IFRS	Pro forma excluding non- recurring items		IFRS	Pro forma
Revenue	2'120.6	-	2'120.6	2'161.2	-	2'161.2	- 1.9%	- 1.9%
Gross margin	446.3	-	446.3	456.8	-	456.8	- 2.3%	- 2.3%
EBITDA	67.7	(41.5)	26.2	55.9	(12.1)	43.8	+ 21.1%	- 40.2%
Operating result (EBIT)	40.0	(10.3)	29.7	68.9	(12.1)	56.8	- 41.9%	- 47.7%
Net financial result	(54.8)	52.4	(2.4)	34.6	(31.3)	3.3		
Net result, share of PubliGroupe Ltd.	(42.1)	46.2	4.1	73.1	(43.4)	29.7		- 86.2%
Number of employees at the end of the period	3'003			2'973			+ 1.0%	

Segment reporting

in millions of CHF

	Search & Find		Media Sales			Custom Publishing			Digital & Marketing Services			Corporate and others			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
Revenue	+2.9%	136.6	132.8	-11.7%	1'735.5	1'966.4	-18.7%	30.5	37.5	-	217.5	34.4	-3.1%	40.6	41.9
Gross margin	+0.6%	108.9	108.2	-11.9%	276.1	313.5	+5.7%	12.9	12.2	+67.0%	53.1	31.8	-4.4%	30.1	31.5
EBITDA	-4.3%	28.7	30.0	-77.8%	4.4	19.8	-58.1%	1.8	4.3	-	5.1	2.3	-	27.7	(0.5)
Depreciation and amortisation	+55.6%	(1.4)	(0.9)	-30.3%	(4.6)	(6.6)	-	(0.6)	(0.1)	-	(1.9)	(0.4)	+6.9%	(6.2)	(5.8)
Impairment loss	-	(4.8)	(0.9)	-	(28.9)	(0.2)	-	-	-	-	-	-	-	(0.1)	-
Share in net result of associates	-22.6%	15.1	19.5	+50.0%	0.3	0.2	-	-	-	-	3.6	(0.1)	-78.3%	1.8	8.3
EBIT	-21.2%	37.6	47.7	-	(28.8)	13.2	-71.4%	1.2	4.2	-	6.8	1.8	-	23.2	2.0
Number of employees at the end of the period	+4.9%	598	570	-5.6%	1'747	1'851	+85.0%	111	60	+19.4%	363	304	-2.1%	184	188

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**The results 2008 (summarized report of 13 March 2009)
 and the financial report are available on :**

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

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