

PubliGroupe
IFRS – Restatement 2004 and major
changes

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IFRS – Restatement 2004 and major changes

1. Summary

- **Key Messages**
- **Summary Major Changes**

2. Major impacts of IFRS on PubliGroupe accounts

- **Overview changes**
- **Balance sheet - Structural & value changes**
- **P&L - Structural & value changes**

3. IAS 14 - segment reporting

Summary

- **PubliGroupe introduces the IFRS standards as from the 2005 year-end closing (publication in March 2006), with the IFRS comparative year 2004.**
- **The restatement 2004 has a huge impact on shareholders' equity, group's interest (+CHF 134 Mio to CHF 515 Mio, predominantly due to the application of the Fair Value principle on asset). The net result increases by CHF 3.5 Mio to CHF 56 Mio.**
- **The fair value presentation of the securities position will increase the volatility of the group net result. In 2004 and probably more important in 2005, the gains from the securities position will have a significant positive impact on the group net result.**

Summary - Major Changes Restatement 2004

in million of CHF

	Swiss GAAP ARR 2004	IFRS 2004	Changes	Notes
Total assets	912	1057	145	Impact fair value, intangibles, real estate, other
Liabilities	480	491	11	Employee benefits, other
Shareholders' equity, group's interest	381	515	134	
ARR : Net liquidity	41	-		New definition
IFRS : Cash and cash equivalents	-	57		
Operating result (EBIT)	67	76	9	Reclassifications +13, new standards -4
Net result	53	56	3	New standards
Cash flows from operating activities	50	50		

IFRS PubliGroupe - major changes (1)

IAS 39 Financial instruments	All financial instruments at Fair Value <ul style="list-style-type: none"> • marketable securities : FV through P/L • strategic investments : Available For Sale (AFS)
IFRS 3 Business combinations	<ul style="list-style-type: none"> • <u>Swiss GAAP ARR</u> : PubliGroupe applied the permitted variant to record goodwill directly in deduction of equity • <u>IFRS</u> : goodwill and intangible recorded in the B/S • Yearly impairment test
IAS 19 Employee Benefits	<ul style="list-style-type: none"> • Actuary calculations for pension liabilities, no deficit • Recognition of a portion of the employer's foundations assets in PubliGroupe's B/S • Provision for jubilee benefits
IAS 37 Provisions	<ul style="list-style-type: none"> • Strict criterion for recognition of restructuring costs
IFRS 2 Share-based payment	<ul style="list-style-type: none"> • Expenses recognized in P/L • Old option plan : volatility in the P/L

IFRS PubliGroupe - major changes (2)

IAS 12 Income taxes	<ul style="list-style-type: none"> • Greater accuracy of deferred taxes calculation • Tax losses carry forward recognized in B/S
IAS 16 / IAS 40 Owner occupied and Investment property	<ul style="list-style-type: none"> • Distinction between owner occupied and investment properties • Parts of the buildings (and not globally by building), depreciation over lifetime • Income, expenses and depreciation in EBIT
IAS 28 Investments in associates	<ul style="list-style-type: none"> • Closing date for one big associate • IFRS version of local GAAP accounts to calculate
IAS 1 Presentation of financial statements	<ul style="list-style-type: none"> • No more extraordinary items : Now in EBIT : restructuring, gain/loss on sale of buildings or participations
IAS 14 Segment reporting	<ul style="list-style-type: none"> • Disclosure of EBIT, assets and liabilities per segment • First segment is based on division structure • Review of segment content compared to Swiss GAAP

Balance sheet - Assets

in million of CHF

	Swiss GAAP ARR 2004	IFRS 2004	Changes	Notes
Cash on hand and in banks	57	57		
Marketable securities	99	106	7	Market value
Receivables and accruals	379	379		
Current assets	535	542	7	
Tangible assets	118	139	21	Depreciation of properties' parts
Intangible assets	3	35	32	Goodwill & other intangible assets
Investments in associated companies	116	116		
Financial assets	140	221	81	Market value
Deferred tax assets	0	4	4	
Non-current assets	377	515	138	
Total assets	912	1057	145	

Balance sheet - Liabilities and equity

in million of CHF

	Swiss GAAP ARR 2004	IFRS 2004	Changes	Notes
Financial debts	115	115		
Payables, accruals and taxes payables	330	328	(2)	
Provisions	23	33	10	Employee benefits
Long-term debts	12	15	3	
Liabilities	480	491	11	
Share capital PubliGroupe Ltd.	25	25		
Treasury shares	(52)	(52)		
Reserves	356	486	130	Impact of new standards
Net result, group's interest	53	56	3	
Shareholders' equity, group's interest	381	515	134	
Minority interests	51	51		
Total equity	432	566	134	
Total liabilities and equity	912	1057	145	

Balance Sheet - structural changes assets

Swiss GAAP

Assets

Cash on hand and in banks

Marketable securities

Trade receivables

Other receivables

Work in progress

Accrued income and prepaid expenses

Current assets

Land and buildings

Other fixed assets

Loans

Investments in associated companies

Other investments

Non-current assets

Total assets

IFRS

Assets

Cash on hand and in banks

Marketable securities

Accounts receivables

Taxes receivables

Accrued income and prepaid expenses

Current assets

Tangible assets

Intangible assets

Investments in associated companies

Financial assets

Deferred tax assets

Non-current assets

Total assets



Balance Sheet - structural changes liabilities

Swiss GAAP

Liabilities and equity

Bank debt

Trade payables

Other payables

Accrued liabilities

Short-term liabilities

Long-term debt

Long-term Provisions

Long-term liabilities

Liabilities

Share capital PubliGroupe Ltd.

Treasury shares

Reserves

Group net result

Shareholders' equity, group's interest

Minority interests

Total equity

Total liabilities and equity

IFRS

Liabilities and equity

Financial debts

Accounts payables

Taxes payables

Accrued expenses and deferred income

Short-term provisions

Short-term liabilities

Long-term debts

Long-term provisions

Provisions for deferred taxes

Long-term liabilities

Liabilities

Share capital PubliGroupe Ltd.

Treasury shares

Reserves

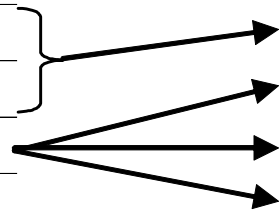
Net result, group's interest

Shareholders' equity, group's interest

Minority interests

Total equity

Total liabilities and equity



Balance Sheet & Equity - major changes

CHF million

Shareholder's equity (Swiss GAAP)	381	
<i>(Group's interest)</i>		
<u>Assets</u>		
Marketable securities (FV through P/L)	+ 7	
Employer's foundations	+ 12	
Investments	+ 68	
Land and properties	+ 21	
Goodwill and intangibles	+ 33	
Deferred tax assets	+ 4	
<u>Liabilities</u>		
Liabilities regarding IAS 19 and IFRS 2	- 9	
Various positions (assets and liabilities)	- 2	
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Shareholder's equity (IFRS)	515	+ 134
<i>(Group's interest)</i>		

Income Statement

in million of CHF

	Swiss GAAP ARR 2004	IFRS 2004	Changes	Notes
Turnover	1'981	1'981		
Purchases	(1'434)	(1'436)	(2)	Reclassification extraordinary
Sales reductions	(106)	(100)	6	result
Gross margin	441	445	4	
Personnel expenses	(289)	(292)	(3)	Employee benefits
General and administrative expenses	(96)	(92)	4	Reclassifications + reversal adjustments ARR
Other income and expenses	-	5	5	Property income
EBITDA	56	66	10	
Depreciation	(9)	(11)	(2)	Goodwill, intangible assets and property
Share in net income of associated companies	20	22	2	New standards + closing 30 June in one associate
Operating result (EBIT)	67	76	9	
Financial result	11	7	(4)	Reclassification property result + fair value
Extraordinary result	4	-	(4)	Reclassification on various lines
Result before taxes	83	83	0	
Taxes	(18)	(13)	5	Effective tax rates
Net result	65	70	5	
Net result, group's share	53	56	3	

IFRS Income statement : structural changes

Swiss GAAP

Turnover

Purchases

Sales reductions

Gross margin

Personnel expenses

Rent and occupancy expenses

General and administrative expenses

Bad debt expenses

Operating depreciation

Share in net income of associated companies

Operating result

Financial income

Financial expenses

Real estate income

Real estate expenses

Financial result

Extraordinary income

Extraordinary expenses

Extraordinary result

Result before taxes

Taxes

Minority interests

Group net result

IFRS

Turnover

Purchases

Sales reductions

Gross margin

Personnel expenses

General and administrative expenses

Other income and expenses

EBITDA

Depreciation

Impairment loss

Share in net income of associated companies

Operating result (EBIT)

Financial result

Result before taxes

Taxes

Net result

Net result attributable to :

- Minority interest

- **Equity holders of PubliGroupe Ltd**

Income statement - major changes

	<i>CHF million</i>	
	EBIT	Net result
Result 2004 (Swiss GAAP)	67	53
<i>(attributable to the equity holders of PubliGroupe Ltd)</i>		
A. Reclassification in EBIT		
Reclassifications from finance, extraordinary and taxes	4	
Real estate : reclassification from financial result	9	
Sub total	<u>13</u>	
B. Changes in net result		
Real estate : lower depreciation	1	1
Impairment on the investment 24/7 Real Media		-3
Gains on marketable securities		6
Provisions and bad debt allocation	-2	-2
IAS 12 : income taxes		4
Employee benefits and share based payments	-2	-2
Various	-1	-1
Sub total	<u>-4</u>	<u>3</u>
Result 2004 (IFRS)	76	56
<i>(attributable to the equity holders of PubliGroupe Ltd)</i>		

IAS 14 - Segment reporting

PubliGroupe Primary Segment

according nature of business (no change from previous presentation under Swiss GAAP)

however: some changes in definition/scope of segments

PubliGroupe Secondary Segment

according geography (change: Swiss PPN entities now presented under Switzerland)

Segment reporting - PubliGroupe Primary Segments

- **PubliDirect: Directories and local search&find business**
- **PubliPresse: Swiss press advertising sales and services**
- **Publicitas Promotion Network (PPN): International press advertising sales and services**
- **Business under development: Other PubliGroupe strategic business units**
- **Corporate and Others**

Segment reporting - PubliGroupe Secondary Segments

- **Switzerland**
- **Europe without Switzerland**
- **Other regions**

Segment reporting - PubliDirect: Definition

Definition

Directories and local search&find business (print and online)

Changes IFRS vs Swiss GAAP

- Fundgrueb: New, previously PubliPresse**
- Auto Börse Medien (60%): New, previously PubliPresse**

Companies/ Units included in segment

- LTV (48.5%)**
- Amitel**
- Local (51% as from 2005)**
- Fundgrueb und Auto Börse Medien (60%)**
- Swisscom Directories (49%, associated)**
- The Guide Company (30%, associated)**
- Others**

Segment reporting - PubliPresse: Definition

Definition

Swiss press advertising sales & services

Changes IFRS vs Swiss GAAP

- **Editing houses and editing participations (fully consolidated & associates) now included in 'Corporate and Others'**
- **Fundgrueb now included in PubliDirect**
- **Auto Börse Medien (60%) now included in PubliDirect**

Companies/ Units included in segment

- **Publicitas**
- **Publimedia**
- **Publimag**
- **Mosse**
- **Others**

Segment reporting - PPN: Definition

Definition

International press advertising including trans-national advertising sales, foreign domestic advertising sales and international customised publishing

Changes IFRS vs Swiss GAAP

- China now included in PPN (previously others)**

Companies/ Units included in segment

- all PPN companies world-wide**
- Emphasis**

Segment reporting - Business under development - Definition

Definition

PubliGroupe strategic business units and companies which today are not reported as an individual sector

Changes IFRS vs Swiss GAAP

– New classification, previously presented under 'Others'

Companies/ Units included in segment

- Namics**
- Cinecom**
- Plasmedia (50%, associated)**
- web2com**

Segment reporting - Corporate and Others: Definition

Definition

All units with a predominantly internal service focus and editing companies and participations

Changes IFRS vs Swiss GAAP

- **New classification, previously presented under 'Others' and under 'PubliService'**

Companies/ Units included in segment

- **PubliGroupe SA including all real estate**
- **Consultas**
- **Mediacconnect**
- **Iware**
- **Editing companies (fully consolidated and associates)**
- **Others**

Conclusion

- **No surprise**
- **Significant increase of Shareholder's equity, as expected**
- **2005 net result will benefit from IFRS Fair Value principle (marketable securities)**
- **Communication of 2005 results on March 29, 2006**