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Key figures

in CHF mn	2016	2015	Change
Income statement			
Revenues	1 004.8	1 063.8	-5.5%
Operating income before depreciation and amortisation (EBITDA)	201.0	243.4	-17.5%
Margin	20.0%	22.9%	-12.6%
Operating income (EBIT)	113.5	130.6	-13.1%
Margin	11.3%	12.3%	-8.0%
Net income	122.3	334.0	-63.4%
of which			
attributable to Tamedia shareholders	104.7	321.4	-67.4%
attributable to non-controlling interests	17.6	12.6	39.5%
Operating revenue by division (third parties)			
Publishing Regional	425.2	468.8	-9.3%
Publishing National	354.0	374.0	-5.4%
Digital	225.6	221.0	2.1%
Balance sheet			
Current assets	308.9	343.2	-10.0%
Non-current assets	2 112.2	2 165.6	-2.5%
Balance sheet total	2 421.1	2 508.9	-3.5%
Liabilities	665.0	847.4	-21.5%
Equity	1 756.1	1 661.5	5.7%
Financial key data			
Equity ratio	72.5	66.2	9.5%
Return on equity	7.0	20.1	-65.3%
Employee key data			
Headcount as of balance sheet date ¹	3 296	3 366	-2.1%
Revenue per employee ² in CHF 000	306.2	318.7	-3.9%
Key figures per share			
Net income per share in CHF	9.89	30.32	-67.4%
Dividends per share in CHF	4.50 ³	4.50	0.0%
Dividend yield ⁴	2.9%	2.6%	9.6%
Price/earnings ratio ⁴ x	15.8	5.6	179.8%

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 2016 of Tamedia is also available as mobile app for iOS and Android.

Connectivity and innovation



Dr. Pietro Supino,
Publisher and Chairman

Ladies and Gentlemen

As publisher, one of my personal highlights of the last year was the research conducted by Barnaby Skinner for the article entitled “Das Parteibuch der Richter beeinflusst die Asylentscheide” (“How judges’ party membership influences decisions on asylum”), which was published in the Tages-Anzeiger on 10 October 2016. He was one of three Tamedia representatives to complete the Lede Program for Data Journalism at Columbia University in New York the previous summer. Over several months of intensive training, participants learn how to programme and work with databases. These skills enabled over 30,000 rulings of the Swiss Federal Supreme Court to be downloaded and the names of the judges involved to be extracted and linked with their affiliation to a political party. The research shows a clear correlation between judges’ party membership and how they ruled in asylum proceedings brought before the Swiss Federal Administrative Court. This research would not have been possible only a few short years ago. The example illustrates how to harness technological development to serve our profession and core values, how we can exploit new opportunities to generate publicity on the key issues faced by democratic society and how we can help foster dialogue based on fact. Another four Tamedia candidates will be taking part in the next Lede Program this summer.

The overriding objective is to develop technological expertise in all our editorial teams alongside honing skills in conventional journalism. For one thing, journalists will need to be technologically competent in future and for another, this competence can be integrated into the increasingly interdisciplinary make-up of our editorial teams.

A second good example of this strategic thrust is TaDaM, Tamedia Data Mining – a tool kit of software and storage and processing capacity that allows journalists to process and analyse large volumes of data in all manner of different formats. Potential applications range from monitoring current websites, for instance the number of accidents reported to various police authorities, through to major journalistic projects like the Panama Papers story. This will bring both a marked increase in efficiency and an improvement in quality. The stored data will thus become like an enormous journalistic memory, while computer-aided analysis will enable datasets to be processed in hitherto inconceivable volumes. This will also simplify and cultivate work between journalists. The project is one offshoot of our innovation fund launched two years ago and has its roots in an initiative set up by the investigative journalist Titus Plattner from Le Matin Dimanche. Together with his colleagues Didier Orel from our IT department and Olivier Steiner from Corporate Development, he presented the innovation last autumn at Stanford University’s Computation + Journalism Symposium, sparking a great deal of interest.

A somewhat different but just as exciting development is the voting surveys that have been carried out across the Group’s news platforms for one year now. Swiss voters are being asked for their opinions on the relevant proposals in several waves before the vote and in a follow-up survey. Since our digital offerings reach 80 per cent of the population, the surveys guarantee a large number of participants weighted according to demographic, geographic and political variables, meaning they can provide observations and in-depth analyses that are representative of a wide range of

people and places. The results are used by our editorial teams and give us an extensive insight into people's political opinions and voting patterns.

These examples demonstrate that technological development not only leads to disruptions that challenge us but also opens up new opportunities. I am therefore delighted that the initiative to establish a professorship and media technology centre at ETH Zurich, an endeavour that we have been pursuing since November 2015, was launched in December of last year with wide support. The initiative aims to generate the knowledge required to develop future media offerings, to consolidate Switzerland's position as a centre for media, to have an impact across the world and to tap into new perspectives – on behalf of both the media industry itself and media graduates.

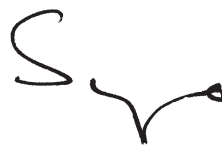
Networking and innovation were also our reasons for getting involved in Matter, a Californian venture capital investment fund. Matter focuses on start-ups in the publishing sector whose mission is to “inform, empower and connect”. It takes a “design thinking” approach, which centres on customer needs and also shows a lot of promise for us at Tamedia. As its first partner outside the US, we are working to expand our horizons and to discover new ideas and approaches that will help us develop. We are planning for at least three project teams to take part in Matter's partner programmes this year.

All these efforts and initiatives are necessary if we are to face the inevitable structural shift in the way the media industry does business. Despite some outstanding innovations, even including numerous new digital advertising offerings, advertising revenues last year declined sharply. It is reassuring to see that revenues from the user market are stable and that losses in print revenues affecting commuter media are largely being offset by growing digital revenues. I am also pleased to see that we have numerous ideas and starting points at our disposal to address the falling revenue and keep our business profitable. However,

we know from experience how demanding the associated changes will be. We cannot avoid further consolidation measures and are considering how we can retain critical mass in order to preserve – and ideally further expand – the level of journalistic services, both internally by setting up centres of expertise and in the wider industry by forging smart partnerships. The expansion of 20 Minuten (“20 Minutes”) into Austria and the organic development of Doodle are good examples of how else we can generate growth again. We will strive to take the next major steps this year.

Although it would be dangerous to underestimate the challenges ahead, we are well-positioned to overcome them. Having been in the pipeline for quite some time and seamlessly implemented at the turn of the year, the company's new organization will also play a key role in our future. Thanks to the strategy of digital transformation and diversification across an attractive participation portfolio which we have pursued for many years, our media group is in a good position despite the unfavourable market trend of the last financial year, enabling us to pay out an unchanged dividend of CHF 4.50 per share and, most of all, giving us confidence for the future trend.

The Management Board headed by Christoph Tonini and all my colleagues deserve my utmost compliments and heartfelt thanks for making this financial year a success under the given circumstances and for putting us in a good position for further development.



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 Chairman and publisher since May 2007. He was elected to the Board of Directors of Tamedia in 1991. 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 Espace Media AG, Tamedia Publications romandes SA and Zürcher Regionalzeitungen AG. In addition, he is Chairman of the Supervisory Board of DJ Digitale Medien GmbH and a member of the Supervisory Boards of AHVV Verlags GmbH and Ultimate Media Beteiligungs-

und Management GmbH in Vienna as well as being Vice Chairman of Edita SA in Luxembourg and a member of the Board of Directors of the Swiss news agency Schweizerische Depeschagentur AG. Pietro Supino is also Chairman of the Swiss Media Association, a member of the Board of Trustees of the Foundation for Constructive, Concrete and Conceptual Art in Zurich, a member of the boards of the Family Business Network Switzerland and the Camera di Commercio Italiana per la Svizzera, and Chairman of the Friends of Cheva Plattas da Fex. Pietro Supino completed his studies in law and economics with a doctorate from the University of St. Gallen. He has also been admitted to the Zurich bar and holds a Masters from the London School of Economics and Political Science. 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.

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. Among other roles, he is Vice Chairman of the Supervisory Board of Frankfurter Allgemeine Zeitung GmbH (FAZ) in Frankfurt am Main and a member of the Supervisory Board of Funke Mediengruppe GmbH & Co. KGaA (formerly the WAZ Group) in Essen and of the Board of Directors of Lichtblick SE in Hamburg. He is also 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. Since March 2008, he has been on the Board of Directors of Banque Cantonale 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. She is also an independent board member of various Swiss companies, she 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) and "Kafka war jung und er brauchte das Geld" (2011) and is a regular contributor to the German-language Sunday newspaper Welt am Sonntag and to the weekly Die Zeit. 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. 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) and director of Disney Research Zurich. 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 head of Disney Research Zurich, one of the Walt Disney Company's three 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. In his capacity as editor-in-chief, he has been responsible for all digital products of Frankfurter Allgemeine Zeitung since October 2013. 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 was editor-in-chief of Spiegel Online and from 2008 to 2013, 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. 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.

Ready to master the digital future



Christoph Tonini,
Chief Executive Officer

2016 was a challenging financial year. Contracting by more than 10 per cent, the print advertising market did considerably worse than expected. To counter the cost effects of this development, we introduced additional measures to enhance efficiency during the course of the year, not least as a result of which our media group ended the financial year with a respectable result of CHF 122.3 million. Our successful classifieds, marketplaces and ventures, various tax effects and the sale of part of our minority stake in [Moneypark](#) also made an important contribution to the result.

The transformation of Tamedia into a digital media group accelerated further in spite of the difficult market environment. In the past year, more than half of our operating income was for the first time generated by our publishing and commercial digital products. As we worked hard to achieve this objective in the past few years, we are proud of having reached this important interim goal. This development is even more impressive if it is remembered that, back in 2012, we still wrote a loss on our consolidated digital products.

Our new advertising market organisation Tamedia Advertising is also much influenced by digitisation. The previous decentralised sales teams have been consolidated in this central advertising market organisation under the management of Marcel Kohler since autumn 2016. This bundling of expertise makes it possible for us to react to changes in customer needs with greater agility and to develop new products more quickly. Tamedia Advertising is in digital contact with 78 per cent of the Swiss people and its cross-media campaigns reach at least 60 per cent of the inhabitants of all economic regions. Thanks to this coverage and the singular depth of data made possible by our strong digital portfolio,

we will be able to develop other innovative advertising offers to improve our efficiency for our advertising customers and finance our publishing services.

The use of media on smartphones requires subtle but still noticeable advertising. To achieve this, Tamedia Advertising has set up a special team working exclusively on native advertising. The native advertising media are created in collaboration with the customer by an independent, non-editorial team which gives journalistic form to the advertising customer's communication requirements. Ideally speaking, this form of advertising, which is difficult to distinguish from journalistic content but is still clearly marked as advertising, is experienced as added value by the readers. Another innovation in the Swiss advertising market involved the launch of interest-focused target group advertising at the beginning of last year and more purposeful advertising based on sociodemographic criteria within the Tamedia network at the end of the year.

At the same time as we repositioned our advertising sales, we also appointed a joint management for the publication and marketing teams of our paid daily and weekly newspapers and magazines. Serge Reymond took over as the head of the Paid Media division. The new division, which in addition to the publishing and marketing teams also comprises the editorial teams of the paid daily and weekly newspapers and magazines, will focus in particular on the development of paid digital content. The circulation and readership figures for the regional printed daily newspapers contracted in tandem with the overall market in 2016, while digital use, and in particular daily use, increased again. Since spring 2016, all our regional daily newspapers have been using a digital payment model. In the

autumn, we launched another new product in French-speaking Switzerland with the digital evening newspaper Le Matin du Soir. It is our declared objective to multiply the current 28,000 digital subscribers in the coming years and to make the contents even more attractive for our current subscribers.

Segment information

in CHF 000

	2016	2015
Publishing Regional	470 720	519 840
Publishing National	354 363	376 076
Digital	228 344	221 017
Eliminations	(48 647)	(53 131)
Revenues	1 004 779	1 063 802
Publishing Regional	(402 800)	(438 067)
Publishing National	(289 220)	(303 570)
Digital	(143 044)	(150 621)
Eliminations	31 248	71 904
Operating expenses and share of net income (loss) of associated companies/joint ventures	(803 815)	(820 354)
Publishing Regional	67 920	81 772
Publishing National	65 143	72 506
Digital	85 300	70 396
Eliminations	(17 399)	18 773
Operating income before depreciation and amortisation (EBITDA)	200 964	243 447
Publishing Regional	14.4%	15.7%
Publishing National	18.4%	19.3%
Digital	37.4%	31.9%
EBITDA margin	20.0%	22.9%

The former Digital division was split into two separate divisions, Classifieds & Marketplaces and Technology & Ventures at the beginning of 2017. The new organisational structure takes account of the growing importance of our digital activities, which have evolved into important earnings drivers in the past few years under the management of Christoph Brand. For the first time, a central IT department comprising both Publishing & Corporate IT and Digital Technology Services is part of the new Technology & Ventures division under the management of Samuel Hügli.

We also continued to develop our digital expertise in all other divisions. While the editorial teams focused on the dialogue with users, the expansion of the video portfolio and training and further education courses in research and data journalism, our development expertise was strengthened by additional developers and data analysts. A new team focusing entirely on the development of digital products and digital marketing was also established in the Paid Media division.

20 Minuten, the media carrier with the biggest reach, serves as inspiration for many new products. Last year, the

largest media network in Switzerland already generated almost 40 per cent of its income with digital advertising sales. We further expanded our commuter media portfolio by investing in Austria's largest-circulation commuter newspaper Heute and the heute.at news portal. Like L'essentiel in Luxembourg and Metroxpress in Denmark, Heute and heute.at will benefit from our commuter media network. As they will share a technical platform, they will also be able to benefit from substantial cost and development advantages. In addition, the editorial teams exchange news reports, photos and increasingly also video content. In Denmark, the commuter newspaper Metroxpress, which has been able to further expand its position as leader in the readers market in the past few years, entered into a partnership with the daily newspaper BT. The joint subsidiary in which Tamedia owns 30 per cent of the shares is expected to already be in the black by the end of 2017. Together, BT and Metroxpress reach the largest printed readership and their aim is to do the same with the digital readership in Denmark by 2018.

Our new corporate design introduced at the beginning of this year also visibly expresses the digital transformation of Tamedia into the largest digital media empire in Switzerland. The new logo symbolises a T based on the historic font of Tages-Anzeiger but with a design language that points towards the digital future. The new image with a new font and more colours symbolises the common values, qualities and objectives of all the employees of our publishing media, classifieds, marketplaces and ventures. "Stay curious" is our new claim. In keeping with this motto we will again approach the opportunities and challenges of the digital transformation this year with curiosity, openness and vigour, because we are ready to master the digital future.



Christoph Tonini
Chief Executive Officer



Christoph Tonini



Christoph Brand



Ueli Eckstein



Samuel Hügli



Marcel Kohler



Sandro Macciacchini



Serge Reymond



Andreas Schaffner

Christoph Tonini
Chief Executive Officer

Christoph Brand
Classifieds & Marketplaces

Ueli Eckstein
Regional Media German-speaking
Switzerland

Christoph Tonini (CH/1/1969) 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. In recent years he has headed, among others, the Services, 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 (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 Bern from 1989 to 1995 and completed the Advanced Management Programme at INSEAD in 2000.

Ueli Eckstein (CH/1952) has been a member of the Management Board from September 2009 until December 2016 and was responsible for the Regional Media German-speaking Switzerland Division. He was previously Deputy CEO and head of AZ Medien's print media division. A trained typesetter, Ueli Eckstein had already worked for Tamedia during the period from 1976 until 1997. After having worked as an accountant for the former Tages-Anzeiger AG, he was, among other activities, a member of the management board, the manager of the accounting department and director of controlling and deputy publishing director of the Tages-Anzeiger. From 1995 to 1997, before changing to AZ Medien, Ueli Eckstein managed the publishing division of the SonntagsZeitung. His education included studies at the Technical

School of the Graphic Arts Industry Zurich (TGZ) and the Controller-Akademie Gauting in Germany. Ueli Eckstein will continue to work for Tamedia as Head of Special Projects in the field of journalism after his ordinary retirement in mid-2017.

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 Macciachini
Finances & Human Resources

Sandro Macciachini (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 Macciachini 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.

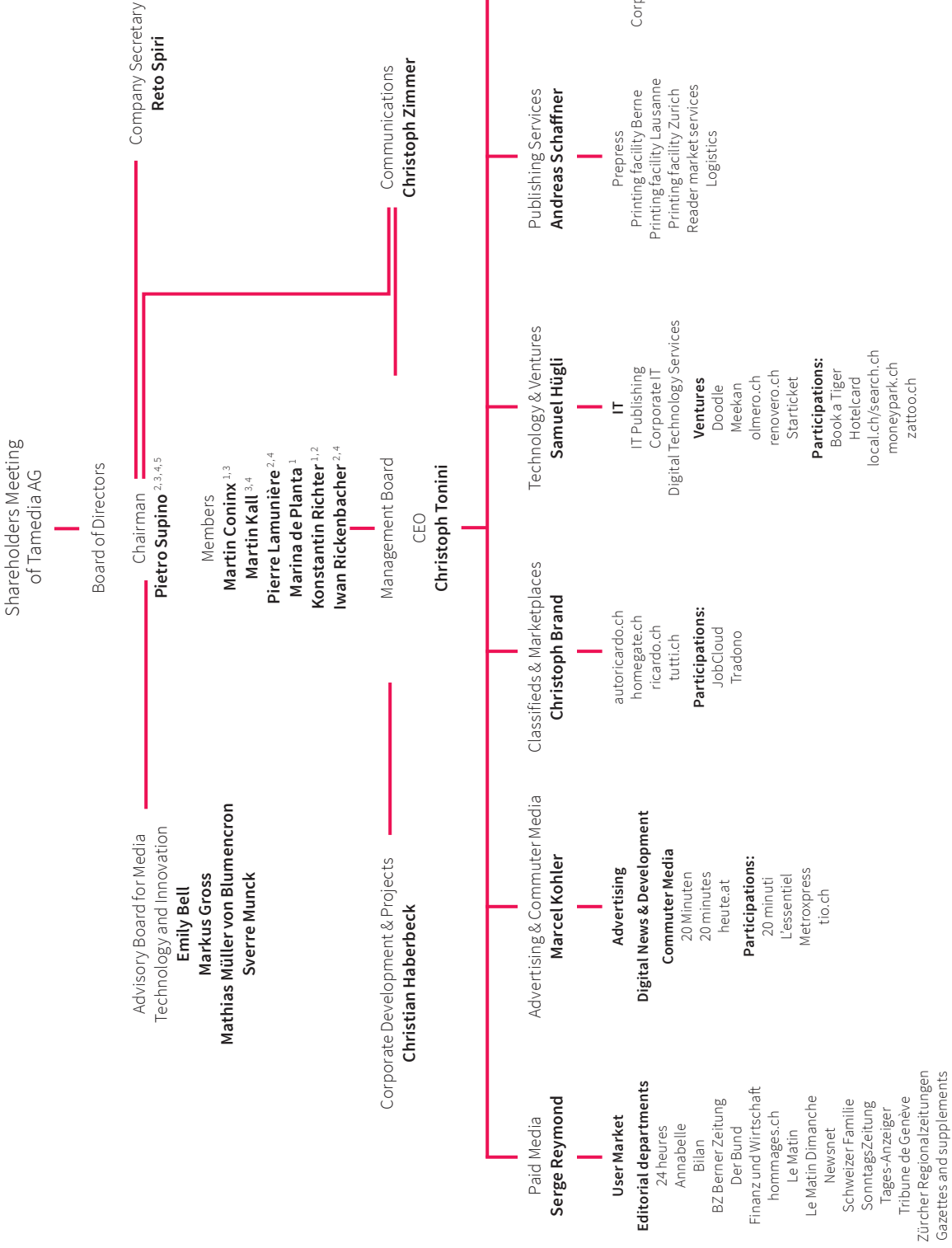
Serge Reymond
Paid Media

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'Ingénieur des 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.



As of 1. 1. 2017

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

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Market assessment

Print advertising market develops contrary to Swiss economy

In 2016, the global economy grew moderately. Whilst growth in the USA lagged behind expectations in the first half of the year, its economy clearly started to grow from Q3, buoyed by private consumer spending and particularly by foreign trade. The markets in the euro countries continued on the path to recovery in the reporting year and were in particular supported by private consumer spending and government expenditure. The crash of the Chinese economy, which has been feared for years, also failed to materialise in 2016. The Swiss economy was able to benefit from this positive global economic situation and grew overall. Foreign trade and private consumer spending proved to be a major driver for this, even though the latter did not come up to expectations. The unemployment rate was at 3.3 per cent at mid-year 2016, which corresponds to a year-on-year increase of 0.1 percentage points.

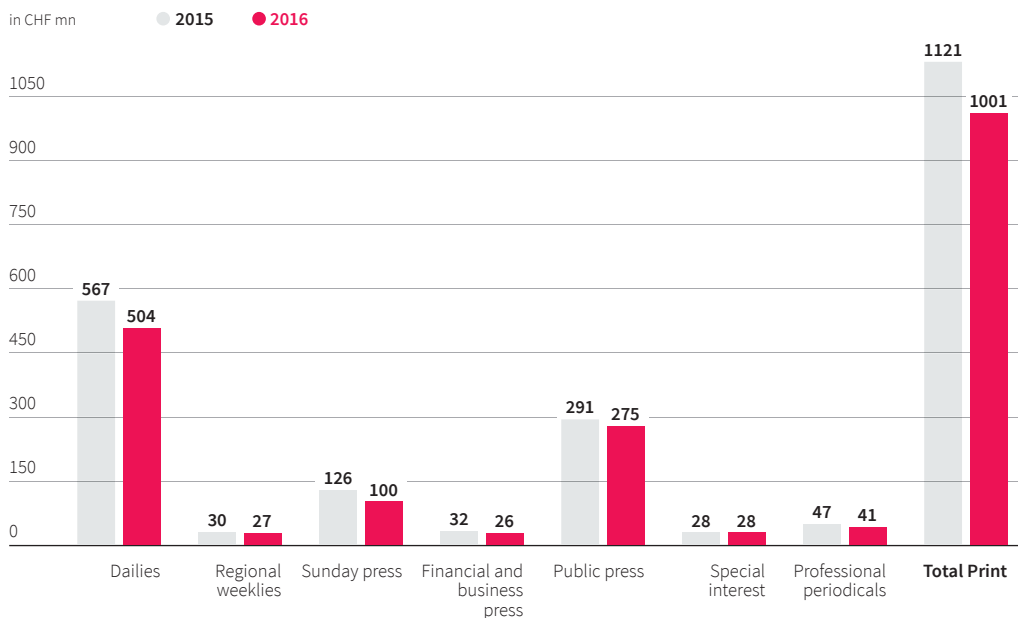
For the first time Media Focus, which is owned by market research institutes GfK Switzerland AG and The Nielsen Company (Switzerland) GmbH, also included search advertising in its study of the advertising market and adjusted the results retrospectively to the year 2014. Despite this improved picture of reality, gross advertising expenditure in the Swiss advertising market grew only marginally year-on-year at CHF 3.7 billion or 0.07 per cent. The sectors leisure/tourism (+ CHF 16 million), food (+ CHF 14 million) and retail trade (+ CHF 8.9 million) in particular posted growing advertising expenditure. In contrast, the finance, events and cosmetics + personal care sectors spent less on advertising than in the previous year at over CHF 10 million each.

The market share of the individual media types also shifted further to the disadvantage of print advertising in the past year. Newspapers and magazines still hold the largest share of the advertising market at 39 per cent, but lost more than 5 percentage points of their advertising revenue year-on-year. In contrast, electronic media, which includes TV, radio, cinema, teletext and internet were able to expand their advertising revenues by almost 3 per cent and so achieved a market share of almost 49 per cent.

12

Operational reporting and market environment

Net advertising expenditure Print 2016



Source: Ineratestatistik WEMF AG für Werbemedienforschung

Outdoor advertising also posted a major increase of 8 per cent, claiming a substantial 12 per cent of the advertising market. Online advertising, which now also includes search advertising, already accounts for 12 per cent of the advertising market. For certain products and sectors, such as household appliances, construction, the financial market and fashion, the digital advertising share is well above 20 per cent, according to Media Focus.

Whilst the market shares of 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 as reported by the media companies. These advertising statistics thus provide a more reliable reflection of the market trend. Overall, the printed press experienced an 11 per cent year-on-year drop in revenues in 2016. All press categories posted losses in advertising revenue. This decline was particularly marked in the case of the Sunday press, with a 21 per cent decrease in advertising revenue. The daily press 1, with a circulation of over 50,000, posted a substantial loss, losing 11 per cent year-on-year. In contrast, the public press lost a below-average 5 per cent year on year. Print advertisements developed differently in the jobs market. According to the Adecco Swiss Job Market Index, recruitment rose by 12 per cent year-on-year until Q3 2016. The job vacancy advertisements of printed publications could not benefit from this trend. According to the WEMF advertising statistics, they lost 17 per cent in revenues year-on-year.

In the wake of the recovery of the economy from stagnation in the reporting year, economic research institutes and banks are forecasting further, even accelerated growth for 2017, due to the continued positive impulses in the global economy. Based on a decoupling of economic development from print media, Tamedia expects a further reduction in revenue in print advertising in the current year. In contrast, we anticipate that our publishing platforms will be able to benefit from the shift of advertising to the web.

BZ BERNER ZEITUNG
BZ LANGENTHALER TAGBLATT
THUNER TAGBLATT
BERNER OBERLÄNDER

Tages-Anzeiger

Der Bund

24heures

Tribune
de Genève

Publishing Regional

The advertising market for regional daily newspapers saw a sharp and stronger than average decline in the reporting year that posed a particularly fierce challenge for the Publishing Regional segment. In particular, advertising in the daily and regional weekly press, which is so vital for Tamedia, fell sharply. The structural decline accelerated, despite a stable economic situation. However, thanks to consistent efficiency improvement measures and successful collaboration models, the Publishing Regional business division was still able to close the year with a solid net income.

Tamedia's regional daily newspapers once again produced some outstanding stories in 2016. It is not without reason that several contributions of the teams of the Berner Zeitung and the Tages-Anzeiger/Newsnet were honoured with a European Newspaper Award. A prize was also awarded to 12-App, which daily repackages the 12 best stories from Tamedia's media for further consumption. This innovative app has successfully established itself in the first year following its launch and has already generated a loyal readership.

The design of the blogs on the news platforms of all the regional newspapers has been updated and a new consumer culture column has been introduced. In addition, the individual regional titles have extended their digital offer for their readership. For example, Der Bund has started the City Talk project, financed by the Tamedia innovation fund for outstanding ideas. The aim of the digital forum is to increase the interaction with its readers. Berner Zeitung, which also

has its roots in the same region, has launched the BEsonders (BE special) series in collaboration with the Swiss School of Journalism (MAZ). A portrait of special people, who are introduced to the users via aesthetic films and personal interviews, is published mid-month on the paper's online platform.

The two newspapers published in Western Switzerland 24heures and Tribune de Genève, announced the expansion of their collaboration in autumn 2016. Thanks to their increased collaboration on cross-regional topics, there will be more capacity to strengthen local reporting. This new offering of 24heures and Tribune de Genève has been available to readers since the start of 2017.

There were also some changes in German-speaking Switzerland. For example, a new news desk has been set up in the editorial office of the Landbote in Winterthur's old town, and the editorial team of the Zürichsee-Zeitung has moved office from Stäfa to new, modern premises in Wädenswil. The Zurich regional newspaper alliance, which includes not only Der Landbote and the Zürichsee-Zeitung but also the Zürcher Unterländer, also introduced a new digital payment model.

In the business year 2016, Tamedia parted company with the local newspaper Journal de Morges. Due to the law governing the submission of tenders, the city of Zurich called for new tenders for the municipal gazette. The Tagblatt der Stadt Zürich submitted a convincing tender and thus remains the municipal gazette for the city of Zurich. Thus the long-standing, solid and successful collaboration with the city is to be continued.

Der
Landbote

Zürichsee-Zeitung

Sihltaler

Thalwiler Anzeiger

Zürcher Unterländer

Tagblatt
FURTTALER
RÜMLANGER

Centre d'Impression
Lausanne
Druckzentrum
Bern
Druckzentrum
Zürich

Regional media in German-speaking Switzerland were largely able to retain their high readership throughout the region. Overall, regional media in German-speaking Switzerland had more users than in the previous year, thanks to increased user figures for the digital news platforms. The regional media in Western Switzerland also broadened their appeal based on the combined numbers of readers and online users, but the reach of the printed newspapers declined.

In order to take into account the new market conditions and develop new offerings, the sales and publishing activities for the publishing media were reorganised at the beginning of 2017. Previously the media were organised according to language, geographical or product-specific criteria, now they are incorporated into the business divisions Paid Media and Advertising & Commuter Media. Further information on this can be found in the Publishing National report.

Tamedia's three newspaper printing facilities Centre d'Impression Lausanne, Druckzentrum Bern and Druckzentrum Zürich were awarded the "EFQM Committed to Excellence" second star. In the reporting year, the print centres once again made a considerable contribution to the reduction in costs for the newspapers by maintaining their high capacity utilisation with additional third-party orders by accepting print orders from Zehnder Druck.

Revenues from third parties generated by the Publishing Regional business division fell by 9.3 per cent in 2016 to CHF 425.2 million (previous year: CHF 468.8 million). The

decline in revenues was partially due to the closure of the offset printing facility in Winterthur, but was mainly caused by the major slowdown in the advertising market. Consequently, operating income before depreciation and amortisation (EBITDA) fell by 16.9 per cent to CHF 67.9 million (previous year: CHF 81.8 million), which also impacted the EBITDA margin, which is now at 14.4 per cent (previous year: 15.7 per cent).

Total Audience

Media combinations	Total Audience ¹ 2016-2	Total Audience ¹ 2015-2	Change
20 Minuten D-CH GES/20min.ch D-CH	3 093 000	2 988 000	3.5%
20 Minuten Friday/friday-magazine.ch	1 013 000	954 000	6.2%
20 Minuten National GES/20 Minuten Online & Tio.ch	4 178 000	4 041 000	3.4%
20 Minutes F-CH éd. totale/20min.ch W-CH	1 119 000	1 085 000	3.1%
20 Minuti I-CH/tio.ch	283 000	259 000	9.3%
24 Heures éd. totale/24heures.ch	553 000	496 000	11.5%
24 Heures, TdG, Le Matin/Newsnet W-CH	1 143 000	1 117 000	2.3%
24 Heures, BaZ, BZ/Bund GES, TA, TdG, Le Matin/Newsnet National	3 186 000	3 102 000	2.7%
Annabelle/annabelle.ch	395 000	357 000	10.6%
Berner Zeitung/Bund/Newsnet Bern (BZ/Bund GES/ Newsnet Bern)	846 000	794 000	6.5%
Bilan/bilan.ch	175 000	128 000	36.7%
Femina/femina.ch	324 000	376 000	-13.8%
Finanz und Wirtschaft/fuw.ch	196 000	171 000	14.6%
Le Matin/LeMatin.ch	778 000	754 000	3.2%
Metropool/Newsnet D-CH	2 187 000	2 108 000	3.7%
SonntagsZeitung/sonntagszeitung.ch	680 000	671 000	1.3%
Tages-Anzeiger/tagesanzeiger.ch	1 554 000	1 438 000	8.1%
Tribune de Genève/tdg.ch	506 000	493 000	2.6%

Source: WEMF AG, Total Audience 2016-2 and 2015-2, CH; Readers and Unique Users per month; figures rounded to full thousands

¹ The Total Audience 2015-2 study builds methodically on the coverage studies MACH Basic 2015-2 (Survey: April 2014-March 2015) and NET-Matrix Profile 2015-1 (Survey: October 2014-December 2014). The Total Audience 2016-2 study builds methodically on the coverage studies MACH Basic 2016-2 (Survey: April 2015-March 2016) and NET-Matrix Profile 2016-1 (Survey: October 2015-December 2015).

Readership

Title	MACH Basic ¹ 2016-2	MACH Basic ¹ 2015-2	Change
20 Minuten D-CH GES	1 369 000	1 473 000	-7.1%
20 Minuten Friday	425 000	481 000	-11.6%
20 Minutes F-CH éd. totale	502 000	536 000	-6.3%
20 Minuti I-CH	88 000	88 000	0.0%
24 Heures éd. Totale	168 000	175 000	-4.0%
Annabelle	241 000	218 000	10.6%
Bernerbär	83 000	83 000	0.0%
Bilan	59 000	48 000	22.9%
BZ/Bund GES (total issue BZ Berner Zeitung, incl. Der Bund)	339 000	339 000	0.0%
Das Magazin	597 000	593 000	0.7%
Der Landbote	54 000	54 000	0.0%
Femina	251 000	294 000	-14.6%
Finanz und Wirtschaft	89 000	92 000	-3.3%
GuideTV	208 000	192 000	8.3%
Le Matin	239 000	296 000	-19.3%
Le Matin Dimanche	418 000	463 000	-9.7%
Metroxpress	509 000 ²	503 000 ²	1.2%
Schweizer Familie	646 000	651 000	-0.8%
SonntagsZeitung	624 000	622 000	0.3%
Tagblatt der Stadt Zürich	106 000	125 000	-15.2%
Tages-Anzeiger	460 000	457 000	0.7%
Télétop Matin	274 000	307 000	-10.7%
Tribune de Genève	107 000	120 000	-10.8%
TV täglich	525 000	540 000	-2.8%
Zürcher Unterländer	46 000	49 000	-6.1%
Zürichsee-Zeitung	67 000	59 000	13.6%

Source: WEMF AG, MACH Basic 2016-2 and 2015-2, CH; figures rounded to full thousands

¹ Relates to readership: Survey period MACH Basic 2016-2: 8 April 2015 to 24 March 2016;
Survey period MACH Basic 2015-2: 9 April 2014 to 29 March 2015

² Source: TNS Gallup, 2/3 quarter 2015 and 2/3 quarter 2016 at <http://www.tns-gallup.dk/statistik/laesertal>









Publishing National

The advertising market in the past year declined sharply, in particular for the Sunday and popular press, which had a particularly negative effect on the revenues and results of the media in the Publishing National business division. However, the media in the 20 Minuten Group, the magazine Schweizer Familie and the SonntagsZeitung bucked this trend and closed the reporting year with a better net income year-on-year.

In 2016, Tamedia acquired 25.5 per cent in the Austrian commuter newspaper Heute and a majority interest of 51 per cent in the digital company heute.at. Tamedia's contribution focuses on technology, know-how and content as it intends to drive growth in the digital contents of heute.at. Thanks to this collaboration, the 20 Minuten group is now active in four countries, Switzerland, Luxembourg, Denmark and Austria. In Denmark, the commuter newspaper Metroxpress has entered into a partnership with the daily newspaper BT and has founded a joint publishing company that should already see a profit by the end of the year. Tamedia owns 30 per cent of the new company. Together, BT and Metroxpress reach the largest printed readership and their aim is to do the same with the digital readership in Denmark by 2018.

The 20 Minuten group has also expanded its domestic reach. The former nightlife platform tilllate.ch has now become 20 Minuten Tilllate. In less than a year, the platform has successfully positioned itself as the new youth channel within the 20 Minuten group with a focus on progressive and

creative contents from throughout the world. In the shape of PaperGirl and Flame, 20 Minuten also launched two apps for a young public. In collaboration with the publishing house Diogenes Verlag, 20 Minuten published a serialised novel in the classical tradition of the daily newspapers of the 19th and 20th centuries in the autumn.

The apps as well as the news portal of the daily newspaper Le Matin, published in Western Switzerland, was given a face-lift, and its digital news and entertainment content was expanded and modernised. In addition, Le Matin launched the new digital evening edition Le Matin du Soir. This offers exclusive background reports with video contributions and graphics on current topics. Le Matin Dimanche with the supplements Encore, Femina and Télétop Matin, caused a stir with their special edition on robots. The editorial team highlighted the topic from very different perspectives and went on the hunt for the Swiss pioneers in robotics. In the reporting year, the SonntagsZeitung became the most-read Sunday title in Switzerland for the first time and, together with other Tamedia newspapers, published an innovative virtual card game for collecting and swapping cards called "Abseits", which caught the mood of the 2016 football European Championships. The game, which was devised and created by two renowned investigative journalists from Switzerland and France, specifically highlighted the shortcomings in global football and was provided free of charge.



The business magazine Bilan extended its content with an app that offers its readers video reports and recordings of legendary concerts from the history of the Montreux Jazz Festival, among other things.

The popular Schweizer Familie magazine issued, in keeping with the opening of the Gotthard base tunnel, a 40-page supplement that focused on “Subterranean Switzerland”. For once, the subterranean world of caverns and tunnels providing space for water, vehicles, defence, civil protection, research and sensitive electronic data took centre stage.

In order to take into account the new market conditions and develop new products, the sales and publishing activities for the publishing media were reorganised at the beginning of 2017. Previously the titles were organised according to language, geographical or product-specific criteria, now they are incorporated into the business divisions Paid Media and Advertising & Commuter Media. This new structure facilitates the increasingly tight collaboration between Paid Media and the development of joint products for the advertising market.

Tamedia’s newspapers and magazines that have a national focus attracted increasing numbers of users in the reporting year with both their print and digital editions. The satisfactory development of the women’s magazine Annabelle, the business magazine Bilan and the SonntagsZeitung, which were able to increase their print readership in a declining market, deserves particular mention.

Revenues from third parties generated by the Publishing National business division fell by 5.4 per cent in 2016 to CHF 354.0 million (previous year: CHF 374.0 million). As a result, operating income before depreciation and amortisation (EBITDA) fell by 10.2 per cent to CHF 65.1 million (previous year: CHF 72.5 million). The EBITDA margin dropped to 18.4 per cent (prior year: 19.3 per cent).

Circulation

Title	Circulation ¹ 2016	Circulation ¹ 2015	Change
20 Minuten GES	442 994	447 552	-1.0%
20 Minuten Friday	151 504	160 126	-5.4%
20 minutes GES	183 498	187 018	-1.9%
20 minuti	31 929	33 117	-3.6%
24Heures GES	57 336	61 117	-6.2%
Annabelle	51 255	66 121	-22.5%
BO Berner Oberländer	16 297	16 801	-3.0%
Bernerbär	96 054	98 286	-2.3%
Bilan	11 441	10 550	8.4%
Der Bund	39 948	42 417	-5.8%
BZ Berner Zeitung Ausgabe Stadt & Region Bern	42 391	43 723	-3.0%
BZ Berner Zeitung GES ²	140 036	146 152	-4.2%
BZ Emmental	13 227	13 802	-4.2%
BZ Langenthaler Tagblatt	10 087	10 718	-5.9%
Das Magazin	329 266	355 340	-7.3%
Der Landbote	26 656	27 811	-4.2%
Femina	114 510	124 675	-8.2%
Finanz und Wirtschaft	24 669	25 172	-2.0%
Furttaler	15 887	15 501	2.5%
GuideTV	134 760	146 588	-8.1%
Le Matin semaine	40 979	44 815	-8.6%
Le Matin Dimanche	113 868	123 806	-8.0%
Metroxpress	320 000 ³	347 000 ³	-7.8%
Rümlanger	3 830	3 828	0.1%
Schweizer Familie	166 692	189 388	-12.0%
Sonntagszeitung	168 662	182 192	-7.4%
Tagblatt der Stadt Zürich	127 950	124 338	2.9%
Tages-Anzeiger	157 323	162 894	-3.4%
Télétop matin	115 519	126 432	-8.6%
Tribune de Genève	37 339	41 213	-9.4%
TT Thuner Tagblatt	18 086	18 691	-3.2%
Zürcher Unterländer	17 040	17 573	-3.0%
Zürichsee-Zeitung	28 927	30 049	-3.7%

Source: WEMF AG, Circulation bulletin 2015 and 2016

¹ Total circulation. Survey period begins on 1 July and ends on 30 June of the following year.

² Berner Zeitung total issue (incl. Der Bund)

³ Information from the publisher at <http://mxmedia.dk/medier-metroxpress/>

User figures

Websites	NET-Metrix-Profile ¹ 2016-2	NET-Metrix-Profile ¹ 2015-2	Change
20 Minuten Friday	772 000	749 000	3.1%
20 minutes Friday	258 000	–	–
20 Minuten Online & Tio.ch Kombi	3 247 000	3 132 000	3.7%
20min.ch D-CH	2 527 000	2 339 000	8.0%
20min.ch W-CH	883 000	909 000	–2.9%
tio.ch	260 000	239 000	8.8%
20 Minuten Tilllate	1 057 000	887 000	19.2%
Bilan	134 000	103 000	30.1%
doodle.com	1 112 000	1 079 000	3.1%
fuw.ch	142 000	93 000	52.7%
homegate.ch	1 919 000	1 206 000	59.1%
local.ch	2 774 000	2 746 000	1.0%
mx.dk	928 000 ²	1 142 327 ²	–18.8%
Newsnet Bern	650 000	518 000	25.5%
bernerzeitung.ch	497 000	418 000	18.9%
derbund.ch	313 000	231 000	35.5%
Newsnet DCH	1 758 000	1 483 000	18.5%
Newsnet National	2 532 000	2 215 000	14.3%
Newsnet WCH	924 000	878 000	5.2%
24 heures.ch	507 000	429 000	18.2%
LeMatin.ch	619 000	599 000	3.3%
tdg.ch	449 000	401 000	12.0%
PoolFéminin	286 000	224 000	27.7%
annabelle.ch	172 000	148 000	16.2%
femina.ch	117 000	79 000	48.1%
search.ch	2 527 000	2 536 000	–0.4%
sonntagszeitung.ch	106 000	39 000	171.8%
tagesanzeiger.ch	1 396 000	1 156 000	20.8%
trendsales.dk	950 000 ³	1 100 000 ³	–13.6%
Zattoo	877 000	699 000	25.5%

Source: NET-Metrix AG, NET-Metrix-Profile 2016-2 and 2015-2, CH; Unique Users (persons) per month; figures rounded to full thousands

¹ Survey period from 1 April to 30 June of the respective year

² Unique Clients, comparison November 2016 to November 2015, source: FDM at <https://doi.tns-clarity.com/Storyboard/RHViewStoryboard.aspx?Rld=%C2%B3&RLId=%C2%B3&Pld=%C2%B5%C2%B3%C2%BA%C2%B5&Uld=%C2%B1%C2%B8%C2%B7%C2%BA%C2%B6&Rpld=3>

³ Information from the publisher

JobCLOUD AG

 homegate.ch

 ricardo.ch
 autoricardo.ch

 tutti.ch

Tradono

Digital

In 2016, the Digital business division became the best performing business division within Tamedia. Following the strong growth in the past years, in the reporting year Tamedia concentrated on the further development of its classifieds, marketplaces, services and ventures, which are bundled together in the Digital business division. The platforms developed positively and were able to increase their revenues and their EBITDA organically by 4.4 per cent and by 13.2 per cent respectively (pro forma).

Jobcloud AG with the job platforms [alpha.ch](#), [ictcareer.ch](#), [ingjobs.ch](#), [jobs.ch](#), [jobup.ch](#), [jobs4finance.ch](#), [jobs4sales.ch](#), [jobscout24.ch](#), [jobsuchmaschine.ch](#), [jobwinner.ch](#), [medtalents.ch](#), [stellen.ch](#) and [topjobs.ch](#) was honoured as one of the most attractive employers in its category in 2016 in the Great Place to Work study. This quality seal of approval is awarded to companies in all sectors and size categories that in the opinion of their employees and management stand out thanks to their particularly trustworthy, appreciative and attractive workplace culture. In the reporting year the job platforms once again saw outstanding development and continued to grow in a stable employment market. The property platform [homegate.ch](#), which took over a majority stake in [immostreet.ch](#) in spring 2016, also posted positive growth and was able to consolidate its position as number one in the real estate market. On the basis of user and customer feedback [homegate.ch](#) has updated its mobile applications and now offers its private

as well as its corporate customers new functionalities such as an intuitive draw-a-search function, virtual apartment and house viewings as well as the new online Home Market Analysis study.

In the reporting year Tamedia continued to invest in the development of its digital market places. For example, [ricardo.ch](#) AG merged its previously separate business-to-consumer and consumer-to-consumer business platforms on [ricardo.ch](#). Thanks to the bundling of the two business areas, customers can now purchase new and used products from private as well as commercial dealers on a single platform. The car platform [car4you.ch](#) merged with [autoricardo.ch](#) during the course of the year. The leading general classifieds platform in Switzerland [tutti.ch](#) developed satisfactorily and now offers payment via the mobile payment system Twint. Following the participation in the Danish startup [Tradono](#), the mobile flea market, which is closely connected with social media channels, was launched in spring 2016 in French-speaking Switzerland and has since been rolled out step-by-step in further regions. The revenues from the Danish platform for vintage fashion, [trendsales.dk](#), had to be revalued due to a case of fraud that resulted in the immediate dismissal of the CEO, and the growth plans have had to be modified. Given the strong position of the vintage fashion platform in Denmark, Tamedia decided to invest more money in the company in order to facilitate further growth in the platform.

TRENDSALES

Doodle®

meekan
by Doodle

starticket
PRINT AT HOME

OLMeRO

RENOVERO

The online scheduling platform Doodle took over the Israeli startup Meekan in summer 2016. A chatbot, which was developed by Meekan and is already used on platforms such as Slack, supports the users of Doodle as a virtual assistant in arranging appointments. Thanks to artificial intelligence, Meekan is adaptive and adjusts to the needs and habits of the user. Also the ticket portal starticket.ch grew in the business year thanks to the takeover of the Swiss ticketing activities of the software company ticketportal. In Q4 2016, Ticketcorner and Starticket announced that they were going into partnership and intended to set up a joint Swiss ticketing group. Ticketcorner Holding AG, which is held half and half by CTS Eventim Group and Ringier, will own 75 per cent and Tamedia 25 per cent of this joint ticketing group. The merger is still subject to approval from the Swiss Competition Commission and will be completed following a positive decision in the first six months of 2017.

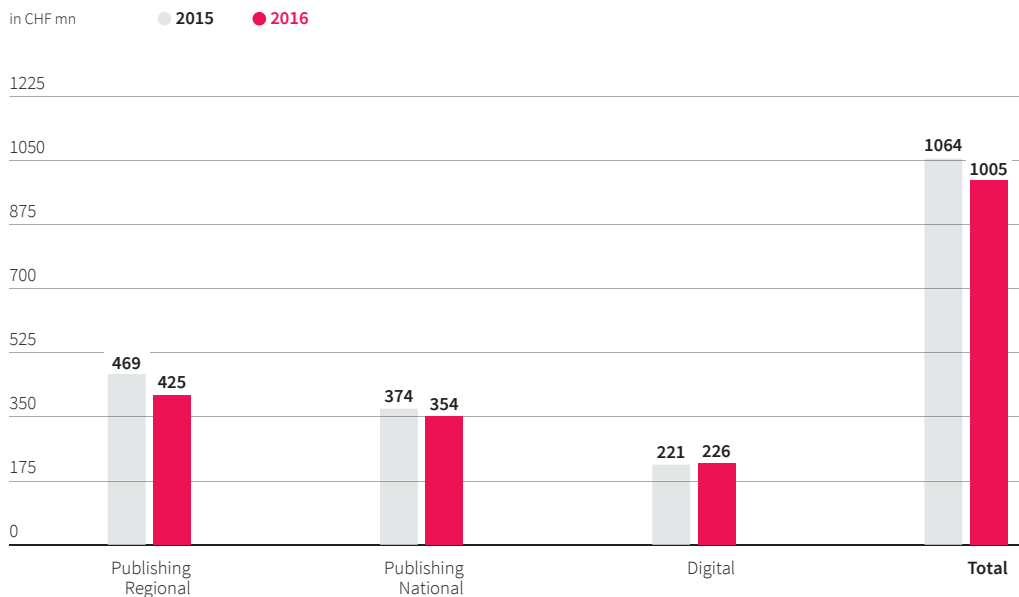
The web presence for the leading provider of internet-based solutions for the Swiss construction industry Olmero as well as the marketplace for private clients and tradesmen renovero.ch were technically and visually modernised.

The revenues from third parties generated by the Digital business division rose in 2016 by a below-average 2.1 per cent to CHF 225.6 million (previous year CHF 221.0 million), due in part to revenue corrections for Trendsales and the sale of Swiss Online Shopping AG. The organic growth of

the platforms JobCloud AG and homegate.ch made a particular contribution to revenue growth. Operating income before depreciation and amortisation (EBITDA) rose by 21.2 per cent to CHF 85.3 million (previous year: CHF 70.4 million). The EBITDA margin reached an outstanding 37.4 per cent (previous year: 31.9 per cent).

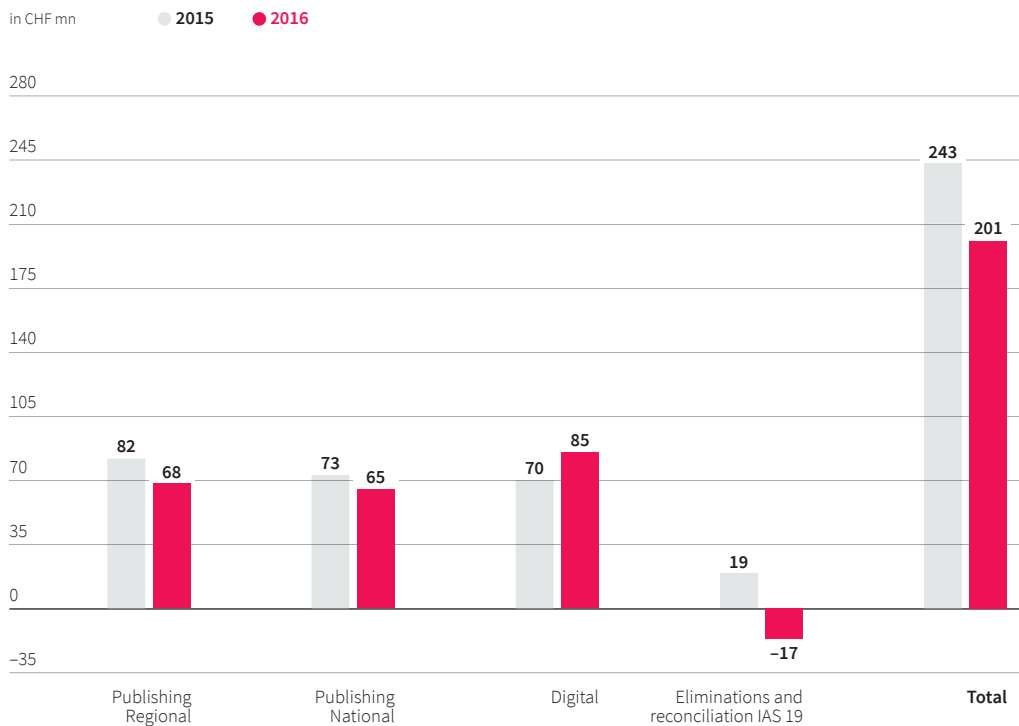
Revenues third parties by segment

Exhibit 1



EBITDA by segment

Exhibit 2



Financial overview

Accounting

In 2016, 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 1 “Disclosure Initiative” (amendments to IAS 1 “Presentation of Financial Statements”)
- IAS 16, IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation” (amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”)
- IFRS 10/IFRS 12/IAS 28 “Investment Entities: Applying the Consolidated Exception” (amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”)
- IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” (amendment to IFRS 11 “Joint Arrangements”)
- IFRS 14 “Regulatory Deferral Accounts” (new standard)
- IFRS (2014), “Improvements to International Financial Reporting Standards”

Changes to the group of consolidated companies

Acquisitions

On 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 ImmoStreet.ch S.A., thereby increasing its stake from 20 to 100 per cent. The company that has been acquired operates the property platform immostreet.ch. On 21 April 2016, the ticket marketer Starticket AG acquired 100 per cent of the shares in the software company ticketportal AG and its Swiss ticketing activities. On 28 June 2016, the scheduling platform Doodle AG acquired 100 per cent of the shares in Meekan Solutions Ltd., an Israel-based company whose chatbot supports users as a virtual scheduling assistant. On 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. On 1 October 2016, the recruitment agency Jobcloud AG acquired a 100 per cent interest in the software company JoinVision E-Services GmbH, headquartered in Vienna, Austria. JoinVision E-Services GmbH develops multilingual semantic recruitment solutions for the analysis of application documents and the automated matching of companies with vacancies and applicants.

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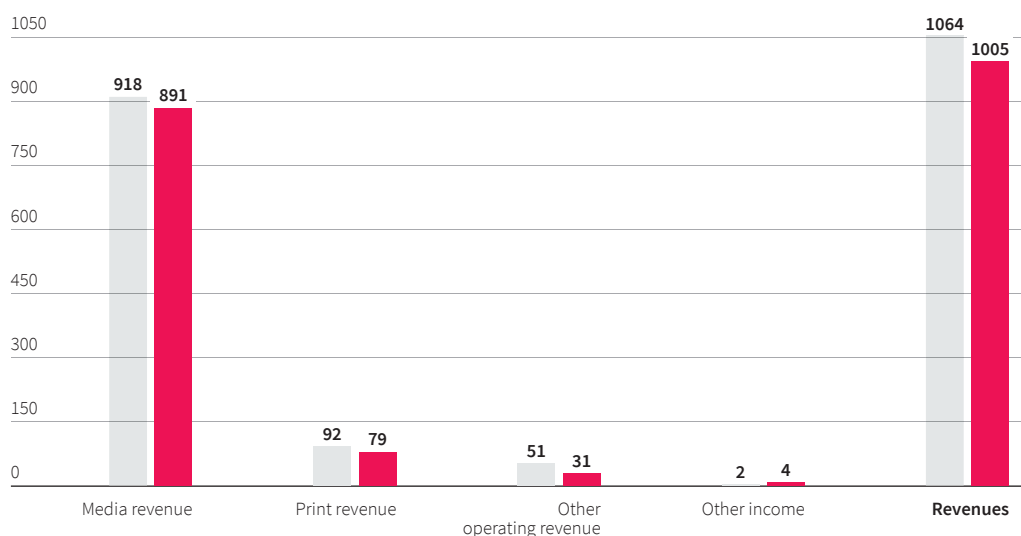
Financial reporting

Exhibit 3

Revenues

in CHF mn

● 2015 ● 2016



Disposal of consolidated companies

On 31 March 2016, Tamedia AG acquired a further 37 per cent interest in Swiss Online Shopping AG, thereby increasing its stake from 63 to 100 per cent. On 1 April 2016, Tamedia AG sold its 100 per cent interest in Swiss Online Shopping AG.

Revenues

Tamedia's revenues fell by 5.5 per cent, or CHF 59.0 million, to CHF 1,004.8 million. This was due to the structural decline in revenues affecting existing activities, the loss of commercial printing as a result of the closure of the Ziegler Druck printing facility at the end of 2015 as well as the reduction in revenues from delivery and merchandise due to the deconsolidation of Swiss Online Shopping AG from the group of consolidated companies. Further information on changes in revenues can be found in the segment reporting for each business division.

Operating income before depreciation and amortisation (EBITDA)

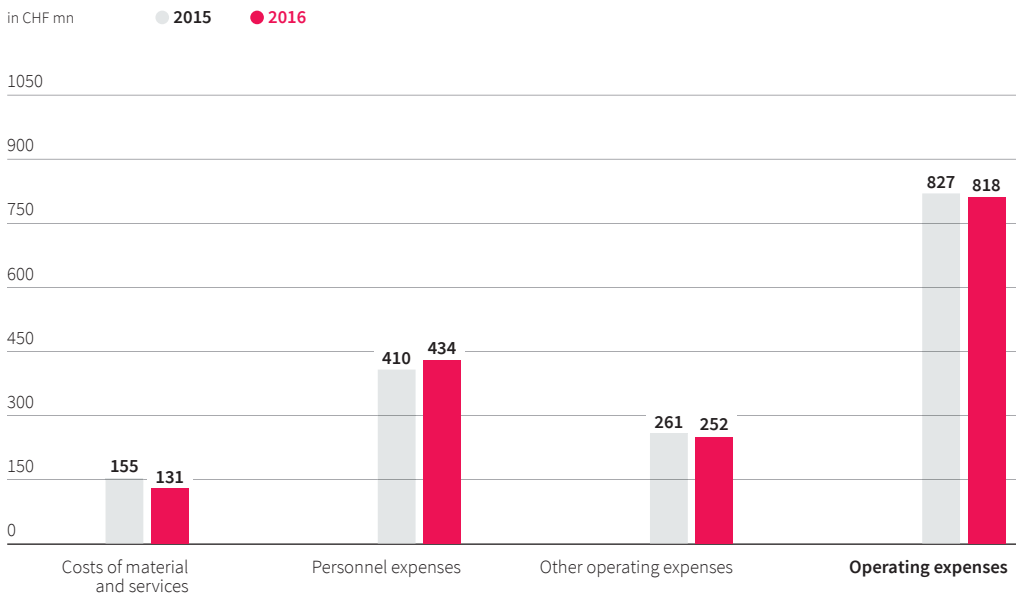
Operating income before depreciation and amortisation (EBITDA) fell by CHF 42.5 million or 17.5 per cent to CHF 201.0 million. The EBITDA margin decreased from 22.9 per cent in the previous year to 20.0 per cent in 2016.

The share of net income in associated companies and joint ventures rose by CHF 7.0 million to CHF 13.7 million in 2016. This increase is due to the share of net income in Swiss Directories AG in 2016, which was included in full over twelve months in the consolidated statements for the first time (compared to six months in the previous year).

Operating income (EBIT) fell by 13 per cent or CHF 17.2 million to CHF 113.5 million. Impairment on goodwill amounting to CHF 11.0 million was recognised in 2016, compared to CHF 40.3 million in the previous year. The EBIT margin fell from 12.3 per cent to 11.3 per cent in 2016.

Operating expenses

Exhibit 4



Net income (loss)

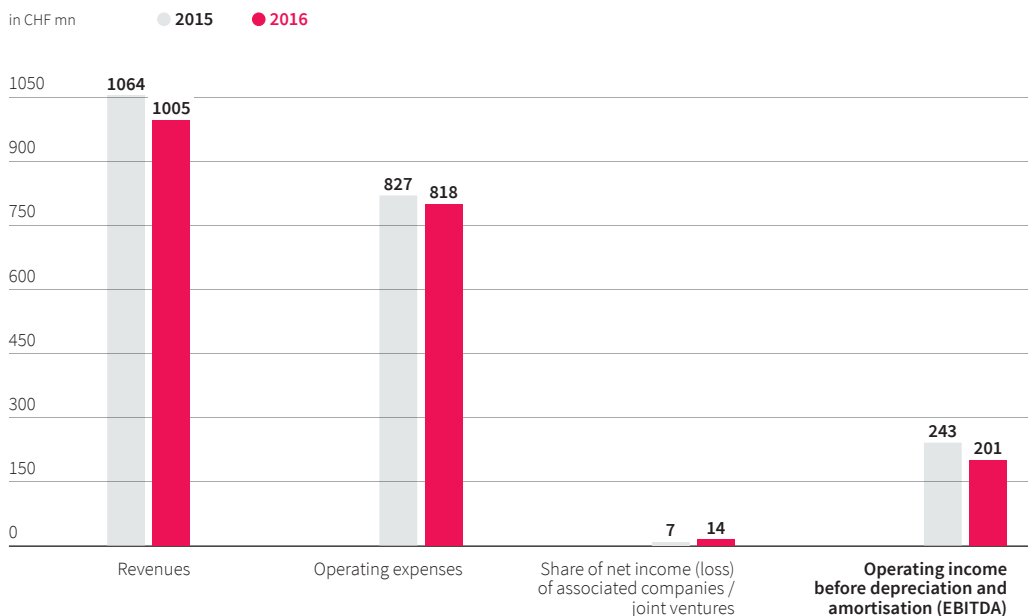
The reported net income for 2016 of CHF 122.3 million represents a decrease of 63 per cent or CHF 211.7 million below the previous year's level of CHF 334.0 million. The net income attributable to Tamedia's shareholders decreased from CHF 321.4 million to CHF 104.7 million, or by 67 per cent. The financial result shrank from CHF 229.1 million to CHF 24.1 million. A gain of CHF 25.2 million was made on the sale of investments in 2016, while a gain of CHF 228.1 million was reported in the previous year. The gain from the sale of investments in 2016 includes the gain from the sale of 14 per cent of the shares in MoneyPark AG as the difference between the sales price and the transferred share of the carrying amount of investments in an associated company as well as the revaluation gain from the first time revaluation of the remaining 6 per cent investment in the market value. As a result of the deconsolidation of search.ch AG (see Note 1 in the Notes to the consolidated financial statements), income from disposal of CHF 210.2 million was recognised in 2015. Recognised in other financial income, the changes to the measurement of Tamedia's obligation to buy non-controlling interests contributed CHF 4.9 million (previous year 6.1 million) to the financial result. The loss from the sale of Swiss Online Shopping AG amounted to CHF 0.7 million. Other financial expenses comprise impairment of CHF 1.6 million (previous year CHF 2.1 million) on associated companies as well as an increase in purchase price obligation to more than CHF 2.0 million (previous year CHF 1.8 million).

The expected average income tax rate equals the weighted average of the rates of the consolidated companies. This rose slightly in 2016, from 21.2 per cent to 21.3 per cent. The effective tax rate increased from 7.1 per cent to 11.0 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. Impairment on goodwill without tax effects increased the actual tax burden (see also Note 25). This is offset by the (renewed) impact of tax effects on investments resulting mainly from book depreciation and amortisation on their carrying amounts (without any deferred tax consequences), which significantly reduced the tax expenses.

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Exhibit 5

Operating income before depreciation and amortisation (EBITDA)



Balance sheet and equity

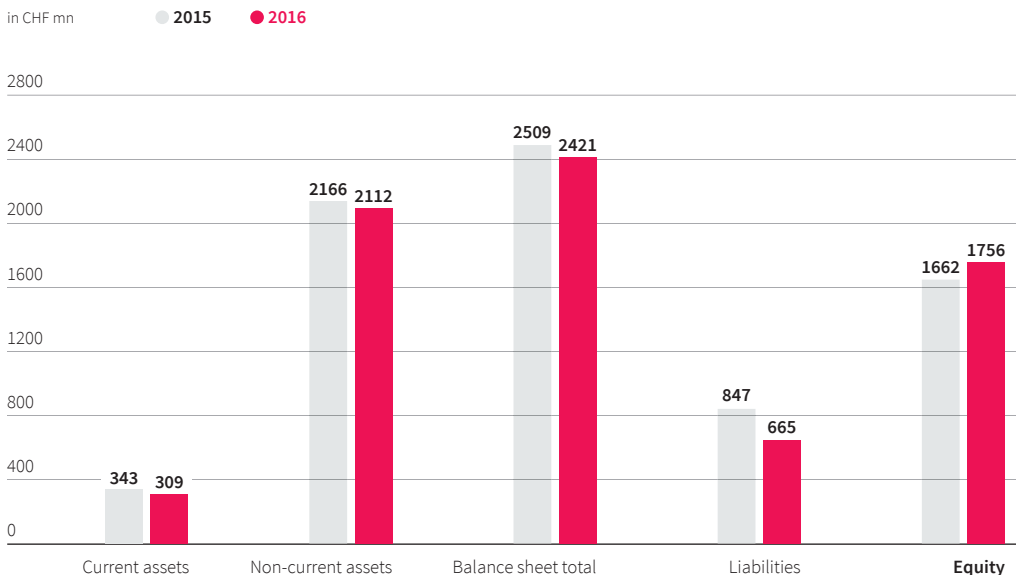
Total assets decreased by CHF 87.8 million, from CHF 2,508.9 million to CHF 2,421.1 million. Equity rose by CHF 94.6 million to CHF 1,756.1 million. In addition to the net income level achieved, contributory factors included the revaluation of employee benefits that was recognised in the statement of comprehensive income. The net amount of CHF 43.8 million (after deferred taxes) recognised directly as equity resulted mainly from the performance on plan assets. A negative amount of CHF -56.5 million had to be taken into consideration in the previous year. CHF 47.7 million (CHF 4.50 per share) was distributed to the Tamedia AG shareholders as a dividend. The company's equity ratio increased from 66.2 per cent to 72.5 per cent.

The current assets from continuing operations fell by CHF 62.3 million to CHF 265.7 million. Cash and cash equivalents fell by CHF 42.7 million to total CHF 55.9 million. Net assets held for sale grew by CHF 11.9 million, from CHF 13.3 million to CHF 25.2 million. The change takes account of the sale of the printing facility at Rudolf-Diesel-Strasse in Winterthur (Publishing Regional business division) which was completed in December 2016 and two transactions planned for the first half of 2017. These will result in the loss of control over the activities of Metroxpress (Publishing National business division) and Starticket (Digital business division). Consequently, the assets and liabilities associated with these activities will now be classified as a disposal group.

Non-current assets contracted by CHF 53.4 million or 2.5 per cent to CHF 2,112.2 million. Property, plant and equipment and intangible assets decreased by CHF 57.6 million to CHF 1,804.6 million. Changes to the group of consolidated companies resulted in an increase in property, plant and equipment and intangible assets of CHF 57.4 million, whereas further investments amounted to CHF 7.1 million. The additions are offset by depreciation of property, plant and equipment and amortisation of intangible assets of CHF 76.5 million, impairment on goodwill of CHF 11.0 million and further disposals of CHF 1.3 million. In addition, the property, plant and equipment and intangible assets of both Metroxpress and Starticket AG are now reported under assets held for sale.

Balance sheet

Exhibit 6



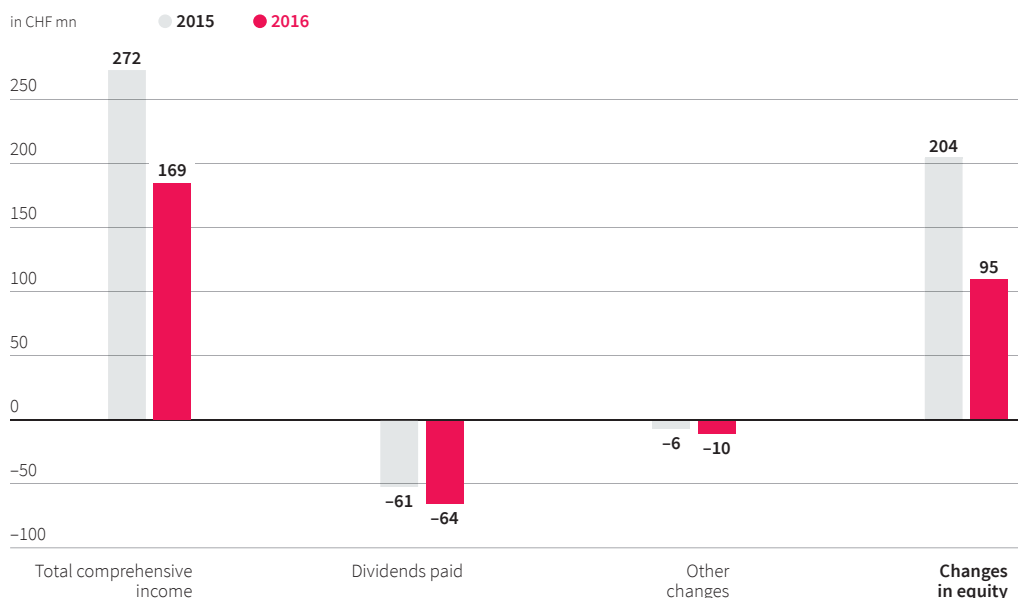
There was no substantial change in 2016 in the share of equity in associated companies and joint ventures, which rose in net terms by CHF 1.2 million to CHF 290.6 million. This change includes the acquisition of shares in the associated companies Ultimate Media B&M GmbH and AHVV Verlags GmbH and the sale of the interests in MoneyPark AG and La Broye Hebdo SA. The acquisition of additional shares means that ImmoStreet.ch SA is no longer included on the balance sheet under investments in associated companies (see Note 1). The increase in other non-current financial assets is due on the one hand to the purchase of firstbird GmbH and on the other to the addition of the remaining shares in MoneyPark AG, which was recognised as an associated company prior to the sale of 14 per cent of the shares in December 2016.

The current liabilities from continuing operations declined by CHF 40.0 million to CHF 372.3 million. Trade accounts payable declined by CHF 12.9 million, of which CHF 10.3 million was attributable to the reclassification in connection with assets held for sale. The fall in deferred revenues and accrued liabilities amounted to CHF 17.7 million and included in particular the decrease of CHF 12.1 million in deferred personnel expenses as a result of the profit participation programme for members of the Management Board and employees.

Non-current liabilities fell by CHF 158.4 million to CHF 274.7 million. This was primarily the result of the reduction in non-current financial liabilities of CHF 122.1 million to CHF 62.9 million. The credit facility of CHF 270.0 million was agreed for the acquisition of ricardo.ch AG on 8 September 2015. Due to repayments already made, which cannot be drawn again, the credit limit was still CHF 110.0 million as at the end of 2016; of that amount, Tamedia had drawn down CHF 80.0 million as of the balance sheet date (of which CHF 30.0 million is reported as current and CHF 50.0 as non-current liabilities to banks). Employee benefit obligations decreased by CHF 39.2 million to CHF 64.4 million as a result of the revaluation. Deferred tax liabilities increased by CHF 2.7 million to CHF 136.5 million.

Exhibit 7

Changes in equity

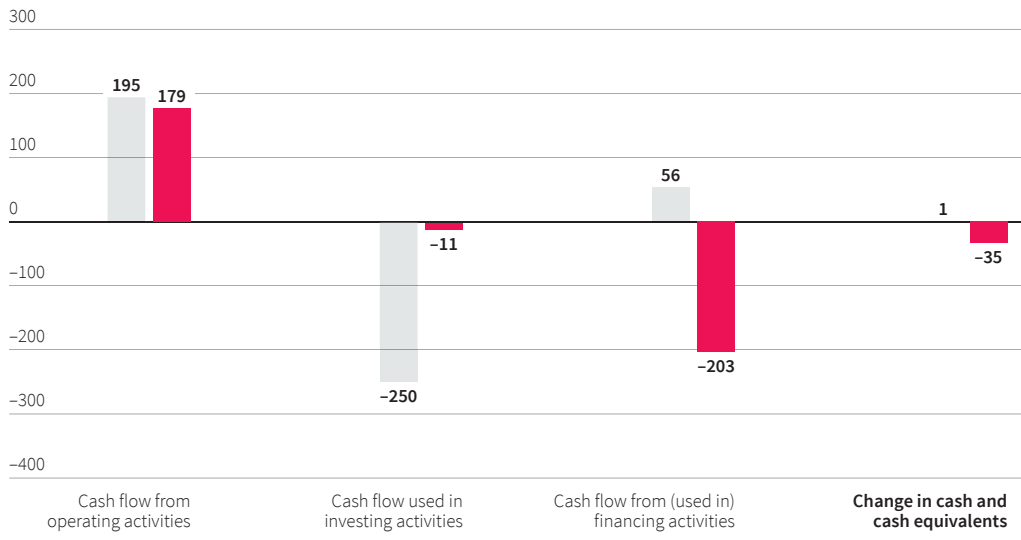


Cash flow

Exhibit 8

in CHF mn

● 2015 ● 2016



Multi-year comparison

		2016	2015	2014	2013	2012
Revenues	CHF mn	1 004.8	1 063.8	1 114.5	1 069.1	1 018.0
Growth		-5.5%	-4.5%	4.2%	5.0%	-8.9%
Operating income before depreciation and amortisation (EBITDA)	CHF mn	201.0	243.4	240.7	197.1	198.5
Growth		-17.5%	1.2%	22.1%	-0.7%	-16.5%
Margin ¹		20.0%	22.9%	21.6%	18.4%	19.5%
Operating income (EBIT)	CHF mn	113.5	130.6	170.4	127.7	138.9
Growth		-13.1%	-23.3%	33.4%	-8.1%	-17.7%
Margin ¹		11.3%	12.3%	15.3%	11.9%	13.6%
Net income (loss) of continuing operations	CHF mn	122.3	334.0	159.5	118.5	124.8
Growth		-63.4%	109.4%	34.7%	-5.1%	-29.5%
Margin ¹		12.2%	31.4%	14.3%	11.1%	12.3%
Headcount (average)	Number	3 282	3 338	3 471	3 394	3 240
Revenues per employee	CHF 000	306.2	318.7	321.1	315.0	314.2
Current assets	CHF mn	308.9	343.2	367.9	281.2	312.3
Non-current assets	CHF mn	2 112.2	2 165.6	1 788.2	1 895.4	1 751.0
Total assets	CHF mn	2 421.1	2 508.9	2 156.2	2 176.6	2 063.4
Liabilities	CHF mn	665.0	847.4	699.1	773.0	864.9
Equity	CHF mn	1 756.1	1 661.5	1 457.0	1 403.6	1 198.4
Cash flow from (used in) operating activities	CHF mn	178.6	195.3	201.7	185.1	190.3
Cash flow from (used in) investing activities	CHF mn	(11.1)	(250.1)	(49.3)	(91.6)	(203.8)
Cash flow after investing activities	CHF mn	167.5	(54.9)	152.4	93.5	(13.4)
Cash flow from (used in) financing activities	CHF mn	(202.9)	56.8	(109.0)	(144.8)	(61.9)
Cash flow from (used in) discontinued operations	CHF mn	-	-	-	0.9	61.6
Change in cash and cash equivalents	CHF mn	(35.4)	1.2	43.3	(50.3)	(13.7)
Return on equity ²		7.0%	20.1%	11.0%	8.5%	11.6%
Equity ratio ³		72.5%	66.2%	67.6%	64.5%	58.1%
Internal financing ratio of net investment ⁴		1609.2%	78.1%	409.5%	202.1%	93.4%
Quick ratio II ⁵		70.3%	76.9%	67.0%	65.9%	66.0%
Debt factor ⁶	x	2.3	2.7	1.9	2.7	3.0

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) trading 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 27 January 2017



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Information for investors

Share price

in CHF	2016	2015	2014	2013	2012
High	183.90	175.50	128.80	116.00	116.90
Low	150.00	124.50	106.10	96.70	96.00
Year-end	156.00	171.00	126.90	107.90	102.70

Market capitalisation

in CHF mn	2016	2015	2014	2013	2012
High	1 949	1 860	1 365	1 230	1 239
Low	1 590	1 320	1 125	1 025	1 018
Year-end	1 654	1 813	1 345	1 144	1 089

Financial calendar

Annual General Meeting
Half-year report

7 April 2017
29 August 2017

Key figures per share

in CHF		2016	2015	2014	2013	2012
Net income (loss) per share (undiluted)		9.89	30.32	13.81	10.68	13.33
Net income (loss) per share (diluted)		9.86	30.27	13.79	10.67	13.31
EBIT per share		10.71	12.32	16.07	12.06	13.12
EBITDA per share		18.97	22.97	22.71	18.60	18.75
Free cash flow per share		15.81	(5.18)	14.38	8.83	(1.27)
Shareholders' equity per share ¹		143.95	134.52	115.09	115.03	95.82
Dividends per share		4.50 ²	4.50	4.50	4.00	4.50
Dividend pay-out rate ³		39.0%	14.3%	29.9%	35.8%	38.2%
Dividend yield ⁴		2.9%	2.6%	3.5%	3.7%	4.4%
Price/earnings ratio ⁴	x	15.8	5.6	9.2	10.1	7.7
Price to EBIT ratio ⁴	x	14.6	13.9	7.9	9.0	7.8
Price to EBITDA ratio ⁴	x	8.2	7.4	5.6	5.8	5.5
Price to revenues ratio ⁴	x	1.6	1.7	1.2	1.1	1.1
Price to free cash flow ratio ⁴	x	9.9	(33.0)	8.8	12.2	(80.9)
Price to equity ratio ⁴	x	1.1	1.3	1.1	0.9	1.1

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 71.80 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

Tamedia AG

Christoph Zimmer

Director of Corporate Communications and Investor Relations

Werdstrasse 21

CH-8021 Zurich

Phone: +41 (0) 44 248 41 90

E-mail: christoph.zimmer@tamedia.ch

Consolidated income statement

in CHF 000	Note	2016	2015
Media revenue	4	891 492	918 492
Print revenue	5	78 890	92 236
Other operating revenue	6	30 693	51 405
Other income	7	3 704	1 669
Revenues		1 004 779	1 063 802
Costs of material and services	8	(131 058)	(155 404)
Personnel expenses	9	(434 022)	(410 424)
Other operating expenses	10	(252 459)	(261 456)
Share of net income (loss) of associated companies / joint ventures	11	13 723	6 930
Operating income before depreciation and amortisation (EBITDA)		200 964	243 447
Depreciation and amortisation	12	(40 247)	(42 557)
Amortisation resulting from business combinations	12	(36 221)	(29 916)
Impairment	12	(11 023)	(40 349)
Operating income (EBIT)		113 474	130 625
Financial income	13	33 165	237 547
Financial expense	13	(9 112)	(8 480)
Income before taxes		137 527	359 692
Income taxes	14	(15 190)	(25 692)
Net income (loss)		122 338	334 000
of which			
attributable to Tamedia shareholders		104 747	321 386
attributable to non-controlling interests	17	17 591	12 613

Earnings per share

in CHF	Note	2016	2015
Net income (loss) per share (undiluted)	18	9.89	30.32
Net income (loss) per share (diluted)	18	9.86	30.27

Consolidated statement of total comprehensive income

in CHF 000	Note	2016	2015
Net income		122 338	334 000
Value fluctuation of hedges	38	(503)	600
Currency translation differences		(575)	(6 342)
Income tax effects		149	595
Other comprehensive income (loss) – to be reclassified via the income statement in future periods		(928)	(5 147)
Actuarial gains/(losses) IAS 19	23	55 312	(70 939)
Share of net income (loss) recognised directly in the equity of associated companies/joint ventures	11	3 998	(707)
Income tax effects		(11 477)	14 449
Other comprehensive income (loss) – not to be reclassified via the income statement in future periods		47 833	(57 197)
Other comprehensive income (loss)		46 905	(62 343)
Total comprehensive income (loss)		169 243	271 656
of which			
attributable to Tamedia shareholders		151 574	259 438
attributable to non-controlling interests		17 669	12 219

Consolidated balance sheet

in CHF 000	Note	31.12.2016	31.12.2015
Cash and cash equivalents		55 943	98 649
Current financial assets		1 388	1 286
Trade accounts receivable	19	159 558	164 407
Current financial receivables		7 592	14 942
Current tax receivables		9 234	9 709
Other current receivables		13 252	10 958
Accrued income and prepaid expenses		14 695	17 318
Inventories	20	4 020	10 763
Current assets before assets held for sale		265 684	328 033
Assets held for sale	16	43 183	15 211
Current assets		308 867	343 244
Property, plant and equipment	21	283 683	311 607
Investments in associated companies/joint ventures	11	290 612	291 855
Other non-current financial assets	22	13 141	3 577
Deferred tax assets	15	3 896	7 987
Intangible assets	24/25	1 520 909	1 550 616
Non-current assets		2 112 241	2 165 641
Total assets		2 421 107	2 508 885
Current financial liabilities	26	31 439	31 406
Trade accounts payable	27	25 407	38 298
Current tax liabilities		19 197	25 330
Other current liabilities	28	30 832	35 744
Deferred revenues and accrued liabilities	29	261 749	279 406
Current provisions	30	3 665	2 138
Current liabilities before liabilities associated with assets held for sale		372 289	412 322
Liabilities associated with assets held for sale	16	18 026	1 940
Current liabilities		390 315	414 263
Non-current financial liabilities	26	62 865	184 996
Employee benefit obligations	23	64 419	103 576
Deferred tax liabilities	15	136 534	133 792
Non-current provisions	30	10 855	10 731
Non-current liabilities		274 672	433 094
Total liabilities		664 987	847 357
Share capital	31	106 000	106 000
Treasury shares	32	(1 251)	(579)
Reserves		1 420 581	1 320 341
Equity, attributable to Tamedia shareholders		1 525 330	1 425 762
Equity, attributable to non-controlling interests		230 791	235 766
Equity		1 756 120	1 661 528
Total liabilities and shareholders' equity		2 421 107	2 508 885

Consolidated statement of cash flows

in CHF 000	Note	2016	2015
Direct method			
Receipts from products and services sold	4/5/6	974 023	1 022 142
Personnel expense	9	(412 872)	(426 159)
Expenditures for material and services received	8	(368 783)	(360 205)
Dividends from associated companies / joint ventures	11	19 354	2 696
Cash flow from (used in) operating activities before financial result and taxes		211 722	238 474
Interest paid	13	(1 839)	(1 454)
Interest received	13	1 170	461
Other financial result	13	(1 197)	(4 379)
Income taxes paid	14	(31 247)	(37 847)
Cash flow from (used in) operating activities		178 609	195 255
Investments in property, plant and equipment	21	(5 207)	(10 625)
Sale of property, plant and equipment	21	1 314	1 815
Sale of assets held for sale	16	17 449	47 085
Investments in consolidated companies	1	(40 640)	(220 391)
Sale of consolidated companies	1	5 443	(8 753)
Investments in interests in associated companies / joint ventures	11	(12 665)	(8 107)
Sale of associated companies / joint ventures	11	22 060	532
Investments in other financial assets	22	(4 618)	(48 971)
Sale of other financial assets	22	7 645	472
Investments in intangible assets	24	(1 880)	(3 332)
Sale of intangible assets	24	-	127
Cash flow from (used in) investing activities		(11 099)	(250 146)
Cash flow after investing activities		167 510	(54 891)
Dividends paid to Tamedia shareholders	31	(47 700)	(47 700)
Dividends paid to non-controlling interests		(16 753)	(13 654)
Capital repayment to non-controlling interests		(12 574)	-
Proceeds of current financial liabilities	26	46	30 364
Repayment of current financial liabilities	26	(3 999)	(73 917)
Proceeds of non-current financial liabilities	26	-	170 491
Repayment of non-current financial liabilities	26	(120 219)	(2 488)
(Purchase)/sale of treasury shares	32	(1 250)	(711)
Acquisition of non-controlling interests		(3 308)	(5 585)
Sale of non-controlling interests		2 900	-
Cash flow from (used in) financing activities		(202 857)	56 800
Impact of currency translation		(39)	(713)
Change in cash and cash equivalents		(35 386)	1 197
Cash and cash equivalents as of 1 January		98 649	97 452
Cash and cash equivalents as of 31 December		55 943	98 649
Cash and cash equivalents from assets held for sale as at 31 December		7 320	-
Change in cash and cash equivalents		(35 386)	1 197

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 2014	106 000	(374)	(347)	1 114 531	1 219 810	237 232	1 457 041
Net income (loss)	-	-	-	321 386	321 386	12 613	334 000
Share of net income (loss) recognised directly in the equity of associated companies/joint ventures	-	-	-	(707)	(707)	-	(707)
Value fluctuation of hedges	-	-	-	600	600	-	600
Actuarial gains/(losses) IAS 19	-	-	-	(70 713)	(70 713)	(226)	(70 939)
Currency translation differences	-	-	(6 126)	-	(6 126)	(216)	(6 342)
Income tax effects	-	-	-	14 997	14 997	47	15 045
Total comprehensive income	-	-	(6 126)	265 564	259 438	12 219	271 656
Dividends paid	-	-	-	(47 700)	(47 700)	(13 654)	(61 354)
Acquisition of non-controlling interests	-	-	-	(6 893)	(6 893)	(30)	(6 923)
Share-based payments	-	-	-	1 312	1 312	-	1 312
(Purchase)/sale of treasury shares	-	(205)	-	-	(205)	-	(205)
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 the equity of associated companies/joint ventures	-	-	-	3 998	3 998	-	3 998
Value fluctuation 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	1 756 121

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 financial 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. Detailed information on the assessment of the financial risks is provided in Note 37.

The consolidated financial statements were approved by the Board of Directors on 20 February 2017. The Board of Directors proposes that the Annual General Meeting of 7 April 2017 approves the consolidated financial statements.

Changes in accounting policies in 2016

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 1 “Disclosure Initiative” (amendments to IAS 1 “Presentation of Financial Statements”)
- IAS 16, IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation” (amendments to IAS 16 “Property, Plant and Equipment and IAS 38 Intangible Assets”)
- IFRS 10/IFRS 12/IAS 28 “Investment Entities: Applying the Consolidated Exception” (amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”)
- IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” (amendment to IFRS 11 “Joint Arrangements”)
- IFRS 14 “Regulatory Deferral Accounts” (new standard)
- IFRS (2014), “Improvements to International Financial Reporting Standards”

Impact of new accounting policies in 2017 and thereafter

The new and revised standards and interpretations that are to be applied to the consolidated financial statements for the first time in 2017 or later are not being applied earlier than required. The International Accounting Standards Board IASB published the final 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 the financial years beginning on or after 1 January 2018.

On 28 May 2014, the IASB also published a new standard on revenue recognition (IFRS 15 “Revenue from Contracts with Customers”). In 2015, the mandatory first adoption of this standard was postponed until the financial years beginning on or after 1 January 2018. 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.

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 the financial years beginning on or after 1 January 2019.

The impact and changes resulting from the implementation of IFRS 9, IFRS 15 and IFRS 16 are currently deemed to be slight in terms of their materiality. A conclusive and detailed estimate will be performed in 2017.

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.

- 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
- 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
- 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

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 (associated companies) 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 associated companies in the consolidated financial statements is explained under investments in associated companies 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 acquisition date. 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 intercompany 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	3–15 years
Vehicles	4–10 years
Fixtures and fittings	5–10 years
IT equipment	3–5 years

Investments in associated companies and joint ventures

Investments in associated companies (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 proportionally 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 after 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 amortisation 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 (after 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 transaction costs 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 after 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 against old age, disability and death under the autonomous employee benefit plans of the Tamedia Group. All other employees are insured under collective 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 flows. 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, 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 various revenue items which would not be material on their own. The other 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 is carried out by business divisions, which are divided into markets. The Publishing Regional business division encompasses all regional newspapers and gazettes and their digital news platforms as well as all newspaper printing and services. The Publishing National business division comprises all newspapers and magazines that have a national focus, together with their digital news and content platforms. The Digital business division encompasses the online media.

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 associated companies, 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.

Changes to the group of consolidated companies

Note 1

In the 2016 financial year, the following material changes occurred in relation to the group of consolidated companies:

Acquisition of consolidated companies and activities 2016

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

Tamedia concluded five transactions in the digital segment. These are shown together for reason 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 in 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 obligation 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. 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 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 obligations	(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 outflow 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 after acquiring 25.5 per cent of the shares in the associated company Ultimate Media B&M GmbH (investments in associated companies, see Note 11).

The purchase price for the 51 per cent share in DJ Digitale Medien GmbH is CHF 6.6 million in cash, while the costs associated with the transaction amounted to CHF 0.2 million.

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 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 liabilities	(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 outflow of cash	(6 494)
Revenues recognised since acquisition date	952
Net income recognised since acquisition date	(333)

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Consolidated Financial Statements of the Tamedia Group

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 1 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

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.

In the reporting year 2015, 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 2015

The acquisitions of consolidated companies are detailed below.

Ricardo Group (ricardo.ch AG, ricardo-shops GmbH, ricardo Sàrl)

On 8 September 2015, Tamedia acquired 100 per cent of the shares of the Ricardo Group from South African media empire Naspers. The Ricardo Group operates the online market place ricardo.ch, the vehicle platform autorricardo.ch, the general classifieds platform olx.ch and the online shopping centre ricardoshops.ch.

ricardo.ch AG, which is a part of the Ricardo Group and headquartered in Zug, employs some 190 employees in Switzerland as well as a team of 30 developers in France.

The fixed price of the transaction was CHF 217.8 million in cash (purchase price of CHF 240.0 million less acquired loans of CHF 22.2 million). With this transaction Tamedia took over control of the Ricardo Group, which has been included in the consolidated financial statements since 8 September 2015. The purchase price was financed by the Group's own funds, with the difference covered under a credit facility for a maximum of CHF 270.0 million taken out by Tamedia from a bank consortium in 2015. The credit facility is expected to have a term to maturity of three years. Material conditions include the interest rate agreed, consisting of Libor and an interest margin. The interest margin varies depending on the debt ratio and the amount of the promissory notes assigned as collateral. The credit facility is secured by promissory notes on Tamedia properties in the amount of CHF 239.1 million. Adherence to a maximum debt ratio (gross debt divided by EBITDA) and a minimum equity ratio (the ratio of equity to total assets) was agreed. Costs of CHF 1.4 million were incurred in connection with the transaction.

The assets recognised amount to CHF 273.5 million and the liabilities to CHF 55.8 million. The assets include cash and cash equivalents totalling CHF 3.6 million, property, plant and equipment of CHF 1.5 million, as well as goodwill and non-amortisable intangible assets of CHF 165.7 million. The assets also include receivables with a fair value of CHF 3.5 million. The gross amount of the receivables was CHF 3.8 million, of which CHF 0.3 million was impaired. The goodwill of CHF 121.6 million arose from the strong market position in Switzerland and the expected synergy effects as listed below:

- Merger of the activities of tutti.ch and olx.ch as well as car4you.ch and autorricardo.ch
- Strengthening of the activities of ricardo.ch, tutti.ch and olx.ch as well as car4you.ch and auto-ricardo.ch by developing new user solutions
- Synergies with existing activities of the Tamedia Group
- Cost improvements in the central areas

It is assumed that the goodwill is not deductible for tax purposes.

in CHF 000

Values on
initial consolidation

Cash and cash equivalents paid	217 757
Purchase price	217 757

in CHF 000

Values on
initial consolidation

Cash and cash equivalents	3 590
Trade accounts receivable	3 525
Property, plant and equipment	1 503
Deferred tax assets	5 363
Intangible assets	250 060
Other assets	9 473
Total assets	273 515
Current financial liabilities	(537)
Trade accounts payable	(1 287)
Deferred revenues and accrued liabilities	(3 973)
Non-current financial liabilities	(22 243)
Employee benefit obligations	(4 871)
Deferred tax liabilities	(15 419)
Other liabilities	(7 428)
Total liabilities	(55 758)
Net assets	217 757
Purchase price	217 757
Cash and cash equivalents acquired	3 590
Cash and cash equivalents paid	(217 757)
Net outflow of cash	(214 167)

Revenues recognised since acquisition date	15 892
Net income recognised since acquisition date	(2 877)

Had the acquisition taken place with effect from 1 January 2015, the revenues reported for 2015 would have been approximately CHF 26.4 million higher, while reported net income would have been around CHF 11.3 million lower.

Swiss Classified Media (tutti.ch AG and car4you Schweiz AG)

On 3 July 2015, Tamedia acquired the Norwegian Schibsted Media Group's 50 per cent investment in the previously jointly held subsidiaries Swiss Classified Media AG, car4you Schweiz AG and tutti.ch AG, which operate the general classifieds platform tutti.ch and the car advertising market car4you.ch. Tamedia thereby increased its stake from 50 per cent to 100 per cent. The purchase price consisted of a fixed payment of CHF 15.8 million in cash, of which CHF 12.4 million was attributable to the acquisition of Schibsted's shares in Swiss Classified Media AG and CHF 3.4 million to the assumption of loans granted to tutti.ch AG, and a performance-related payment of a maximum of CHF 12.5 million due in 2019. This is based on the performance of tutti.ch up to 2018. The adjustment to the purchase price obligation to reflect the current market value in the amount of CHF 1.9 million was recognised as financial expenses in 2016. Since the acquisition took place in several steps, the previously held shares must be taken into consideration at a fair value of CHF 7.7 million at the date control is transferred. The difference compared with the previous value of these interests is CHF 0.8 million, which is reported as a gain in other income. No material costs were incurred in relation to the transaction.

Assets of CHF 38.2 million and liabilities of CHF 17.6 million were acquired upon first consolidation of the company. In addition to cash and cash equivalents of CHF 6.2 million, the assets comprise goodwill and non-amortisable intangible assets of CHF 23.1 million. The assets also include receivables with a fair value of CHF 0.4 million. The gross amount of the receivables was CHF 0.4 million, of which CHF 0.01 million was impaired. The goodwill of CHF 18.1 million arose from the strong market position in Switzerland and the expected synergy effects with the Ricardo Group. It is assumed that the goodwill is not deductible for tax purposes. The disclosures on first consolidation are based on preliminary figures and estimates.

in CHF 000	Values on initial consolidation
Cash and cash equivalents paid	12 395
Purchase price obligation	498
Purchase price of newly acquired interests	12 893
Equity value of the previously held interests before revaluation gain	6 960
+/- Revaluation gain	776
Fair value of previously held interests	7 736
Purchase price / equivalent value of transaction after revaluation gain	20 630

in CHF 000	Values on initial consolidation
Cash and cash equivalents	6 172
Trade accounts receivable	432
Deferred tax assets	3 730
Intangible assets	27 262
Other assets	587
Total assets	38 183
Trade accounts payable	(656)
Deferred revenues and accrued liabilities	(1 448)
Non-current financial liabilities	(12 524)
Employee benefit obligations	(988)
Deferred tax liabilities	(1 483)
Other liabilities	(454)
Total liabilities	(17 553)
Net assets	20 630
Purchase price / equivalent value of transaction after revaluation gain	20 630

Cash and cash equivalents acquired	6 172
Cash and cash equivalents paid	(12 395)
Net outflow of cash	(6 223)
Revenues recognised since acquisition date	3 098
Net income recognised since acquisition date	(4 577)

Had the acquisition taken place with effect from 1 January 2015, the revenues reported for 2015 would have been approximately CHF 2.5 million higher, while reported net income would have been around CHF 4.2 million lower.

Disposal of consolidated companies and activities 2015

Aktiengesellschaft des Winterthurer Stadtanzeiger

On 25 March 2015, Tamedia sold its 100 per cent stake in Aktiengesellschaft des Winterthurer Stadtanzeiger to Zürcher Oberland Medien AG. Following the deconsolidation, assets of CHF 0.4 million (of which CHF 0.1 million were cash and cash equivalents) and liabilities of CHF 0.2 million were transferred. The sales price amounted to CHF 1.7 million.

search.ch AG

Swisscom and Tamedia transferred their companies local.ch and search.ch to a joint company. Since 9 July 2015, Swisscom has held 69 per cent and Tamedia 31 per cent of Swisscom Directories AG.

As a result of the transfer of search.ch AG to the joint company, search.ch AG left the group of consolidated companies on 9 July 2015. Following the deconsolidation of search.ch AG, assets of CHF 35.1 million (of which CHF 12.1 million were cash and cash equivalents) and liabilities of CHF 22.9 million were transferred. The market value of search.ch AG amounts to CHF 222.4 million. The difference between the market value and transferred equity of CHF 210.2 million was recognised in the income statement through the financial result in the second half of 2015.

The shares in Swisscom Directories AG were recognised at market value amounting to CHF 222.4 million. The value of the shares will be updated in accordance with the equity method.

Editions Le Régional SA

The association "Les Amis du Régional" (Friends of the Régional) acquired the 88 per cent investment in Editions Le Régional SA, which issues the free weekly magazine Le Régional, on 7 August 2015. Following the deconsolidation, assets of CHF 1.8 million (of which CHF 1.6 million were cash and cash equivalents) and liabilities of CHF 0.4 million were transferred. The sales price consists of a first payment of CHF 2.3 million in 2015 and a performance-related payment of CHF 1.0 million in 2016 based on the performance of Editions Le Régional SA during 2015.

Additional changes to the group of consolidated companies 2015

On 31 March 2015, Doodle AG founded the wholly-owned subsidiary Doodle Deutschland GmbH, which is headquartered in Berlin and has a share capital of EUR 0.25 million.

The following changes were implemented to simplify the corporate structure: 20 Minuten AG was merged with Tamedia AG retroactively to 1 January 2015. DZO Druck Oetwil a.S. AG was merged with Zürcher Regionalzeitungen AG retroactively to 1 January 2015.

Stromberg AG, which was not a consolidated company, was merged with Swiss Online Shopping AG (previously Fashion Friends AG) on 16 April 2015. As a result, Tamedia's stake in Swiss Online Shopping AG decreased from 65.0 per cent to 62.7 per cent.

Segment information

Note 2

in CHF 000

Publishing Regional Publishing National Digital Eliminations and reconciliation IAS 19 Total

	Publishing Regional	Publishing National	Digital	Eliminations and reconciliation IAS 19	Total
2016					
Revenue third parties	425 155	354 005	225 619	-	1 004 779
Revenue 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 associated companies / 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
2015					
Revenue third parties	468 768	374 041	220 992	-	1 063 802
Revenue intersegment	51 071	2 035	25	(53 131)	-
Revenues	519 840	376 076	221 017	(53 131)	1 063 802
Operating expenses	(439 037)	(305 468)	(154 682)	71 904	(827 284)
Share of net income (loss) of associated companies / joint ventures	970	1 898	4 061	-	6 930
Operating income before depreciation and amortisation (EBITDA)	81 772	72 506	70 396	18 773	243 447
Margin ¹	15.7%	19.3%	31.9%	-	22.9%
Depreciation and amortisation	(31 064)	(262)	(11 232)	-	(42 557)
Amortisation resulting from business combinations ²	(5 432)	(5 759)	(18 725)	-	(29 916)
Impairment	(10 448)	(13 715)	(16 186)	-	(40 349)
Operating income (EBIT)	34 828	52 771	24 253	18 773	130 625
Margin ¹	6.7%	14.0%	11.0%	-	12.3%
Average number of employees ³	1 998	761	580	-	3 338

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 associated companies/joint ventures.

Segment reporting is carried out by business divisions, which are divided into markets. The Publishing Regional business division encompasses all regional newspapers and gazettes and their digital news platforms as well as all newspaper printing and services. The Publishing National business division comprises all newspapers and magazines that have a national focus, together with their digital news and content platforms. The Digital business division encompasses the online media.

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, which is allocated to the Digital segment, and MetroXpress A/S, which is allocated to the Publishing National 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 Digital segment, prepare their financial statements in euro. Meekan Solutions Ltd., which is allocated to the Digital segment, is based in Israel and prepares its financial statements in shekels.

Further information on the individual segments can be found in the operational reporting section on pages 12 to 24.

Note 3

Foreign currency conversion

The following exchange rates were applied to convert foreign currencies:

in CHF	2016	2015
Exchange rate at year's end		
1 EUR	1.08	1.08
100 DKK	14.46	14.50
100 ILS	26.63	n.a.
Average exchange rate		
1 EUR	1.09	1.06
100 DKK	14.63	14.26
100 ILS	25.91	n.a.

Note 4

Media revenues

in CHF 000	2016	2015
Advertising market	560 557	612 398
User market	261 594	266 657
Other media activities	69 342	39 437
Total media revenue	891 492	918 492
of which barter transactions	31 236	32 857

At 89 per cent, media revenues made by far the largest contribution to revenues. Media revenues declined by CHF 27.0 million or 3 per cent year-on-year to CHF 891.5 million. Advertising market revenues dropped by CHF 51.8 million or 8 per cent from the previous year to CHF 560.6 million. While revenues from both job advertisements and commercial advertisements contracted further, revenues from online advertising remained stable compared with the previous period. User market revenues declined by CHF 5.1 million or 2 per cent from the previous year to CHF 261.6 million. Revenues from other media activities increased by CHF 29.9 million or 76 per cent to CHF 69.3 million, with the increase attributable to the revenues of ricardo.ch AG, which for the first time in 2016 were recognised for the full year (as opposed to just four months in the previous year). If the group of consolidated companies had not changed, the revenues from other media activities would have remained stable.

Print revenues

Note 5

in CHF 000	2016	2015
Newspaper printing	57 472	55 369
Commercial printing	–	16 659
Other printing revenues	21 418	20 208
Total	78 890	92 236

Print revenues accounted for 8 per cent of revenues (previous year 9 per cent) and declined by CHF 13.3 million or 14 per cent year-on-year to CHF 78.9 million. The increase in revenues from newspaper printing is due to new print orders. Commercial printing no longer features because of the closure of the Ziegler Druck printing business as of the end of 2015.

Other operating revenue

Note 6

in CHF 000	2016	2015
Transport	10 516	10 099
Merchandise revenues	5 966	22 040
Delivery	334	1 654
Management fees and services to related parties and third parties	3 203	4 200
Gain on buildings used for operational purposes	3 032	3 201
Handling charges, shipping costs	2 085	1 815
Various items	5 557	8 397
Total	30 693	51 405

Other operating revenue accounted for 3 per cent of total revenues (previous year 5 per cent). They declined by 40 per cent in total to CHF 30.7 million. Transport revenue remained stable compared with the previous year. Merchandise revenues and revenues from delivery reduced significantly due to the deconsolidation of Swiss Online Shopping AG from the group of consolidated companies. Its revenues continued to be recognised in the reporting 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	2016	2015
Gain on disposal of property, plant and equipment	2 413	445
Revaluation gain on previously non-consolidated investments	1 173	776
Various items	118	448
Total	3 704	1 669

The gain on asset disposals in 2016 mostly resulted from the sale of the printing facility at Rudolf-Diesel-Strasse in Winterthur, while the sale of plant and machinery at the printing centres were recognised in the previous year. The revaluation gain on a step-up acquisition totalled CHF 1.2 million (previous year CHF 0.8 million). In 2016 this relates to the previous shareholdings in ImmoStreet.ch S.A, and in the previous year to Swiss Classified Media AG and its subsidiaries car4you Schweiz AG and tutti.ch AG. Further information on this can be found in the explanation of the change to the group of consolidated companies in Note 1.

Note 8

Costs of materials and services

in CHF 000	2016	2015
Costs of material	53 708	65 495
Merchandise expenses	5 053	13 699
Costs of services	72 297	76 210
Total	131 058	155 404

Costs of materials and services accounted for 13 per cent of revenues during the reporting period (previous year 15 per cent), falling by 16 per cent to CHF 131.1 million. Expenditure for paper dropped again in 2016 by 20 per cent to CHF 39.4 million. The decline is due to the reduction in print volumes at Ziegler Druck, which closed its printing facility in Winterthur at the end of 2015. The decline in the cost of merchandise is mainly attributable to the sale of Swiss Online Shopping AG, whose net income (loss) during the reporting year was only recognised for three months up to the time of sale. The cost of third-party services remained stable compared with the previous period.

Note 9

Personnel expenses

in CHF 000	2016	2015
Salaries and wages	349 124	364 913
Social security	52 765	51 278
Employee benefit expense ¹	17 473	(18 773)
Other personnel expense	14 660	13 006
Total	434 022	410 424

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 result (loss).

Number of employees

Number	2016	2015
As of 31 December	3 296	3 366
Average	3 282	3 338

At 43 per cent of revenues, personnel expenses continue to represent the largest expense item, increasing by CHF 23.6 million or 6 per cent year-on-year to CHF 434.0 million. After taking into account one-off effects such as the change to the group of consolidated companies, the recognition and reversal of provisions for social plans and the impact of past service costs, current personnel expenses were down by approximately CHF 4.4 million on the previous period.

The headcount (converted to full-time equivalents) shrank by 70 FTEs or 2 per cent from 3,366 to 3,296 FTEs by year end. The average headcount for the year was 3,282, which represents a decrease of 56 FTEs or 2 per cent on the previous year.

Note 10

Other operating expenses

in CHF 000	2016	2015
Distribution and sales expenses	108 845	114 115
Advertising and public relations	54 501	66 070
Rent, lease payments and licences	23 101	23 670
General operating expenses	66 012	57 601
Total	252 459	261 456
of which barter transactions	31 236	32 857

Other operating expenses accounted for 25 per cent of revenues (previous year 25 per cent) and were down by 3 per cent or CHF 9.0 million to CHF 252.5 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. An endowment/donation for a professorship of Media Technology at ETH Zurich and for an ETH Media Technology Center amounting to CHF 2.9 million was also recognised as general operating expenses in 2016.

Associated companies/joint ventures

Note 11

in CHF 000	2016	2015
Net income (loss) from the at-equity valuation of associated companies / joint ventures	13 723	6 930
Equity share in associated companies / joint ventures	290 612	291 855

The share of net income in associated companies and joint ventures rose by CHF 6.8 million to CHF 13.7 million in 2016. The share of net income in the associated company Swisscom Directories AG was included in full for twelve months for the first time in 2016 in the consolidated financial statements (compared to six months in the previous year), see “Share of net assets and income of associated companies/joint ventures” below with the disclosure of the detailed financial information on this material associated company. The share of net income in ImmoStreet.ch SA was recognised until the sale as of 11 April 2016. The share of net income relating to the 25.5 per cent share in Ultimate Media B&M GmbH and AHVV Verlags GmbH was recognised for four months with effect from 1 September 2016 in the consolidated financial statements. The share of net income in the newly founded Journal de Morges SA was recognised for two months in 2016, with Tamedia holding 49 per cent of the share. Following the takeover of control of Swiss Classified Media AG and its subsidiaries car4you Schweiz AG and tutti.ch AG on 3 July 2015, this (negative) share in net income was no longer recognised in 2016 (see Note 1).

The share of equity of associated companies and joint ventures was down by CHF 1.2 million net to CHF 290.6 million. The acquisition in 2016 of shares in the associated companies Ultimate Media B&M GmbH and AHVV Verlags GmbH increased the carrying amount of associated companies. The shares in the associated companies ImmoStreet.ch SA are no longer included on the balance sheet due to the additional acquisition of shares (see Note 1). These are no longer recognised in accordance with the equity method, but are fully consolidated instead. The share of equity in associated companies and joint ventures was reduced by the sale of the investments in Moneypark AG and La Broye Hebdo SA.

Impairments of CHF 1.6 million (previous year CHF 2.1 million) on the carrying amounts of associated companies and joint ventures were recognised in the financial result in the income statement (Publishing Regional segment in each case). The expectations for future income were reduced as a result of accelerated structural decline, which leads to a decline in the underlying value in use associated with the carrying amount. Their values in use were calculated using the discounted cash flow method.

Swisscom has given Tamedia a put option for the 31 per cent investment held by Tamedia, 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 2016, no value needs to be recognised for the options.

Share of net assets and income in associated companies/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	2016	2015¹
Name	Swisscom Directories AG	Swisscom Directories AG
Share of Group capital	31.0%	31.0%
Balance sheet		
Current assets	168 716	151 301
Non-current assets	726 910	761 430
Total assets	895 626	912 731
Current liabilities	109 861	102 338
Non-current liabilities	63 522	83 221
Total equity	722 243	727 172
of which attributable to Tamedia	223 895	225 423
Liabilities and shareholders' equity	895 626	912 731
Income Statement		
Revenues	217 374	130 648
Income before taxes	35 929	17 546
Income taxes	(5 427)	(5 586)
Net income	30 502	11 960
Other comprehensive income	12 895	(2 281)
Total comprehensive income	43 397	9 679
of which attributable to Tamedia	13 453	3 001
Dividends received (pro-rata)	14 981	-

1 The income statement 2015 covers the period from July to December.

As of the end of 2016, the other associated companies and joint ventures are assessed as not material on an individual basis.

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

in CHF 000	Swisscom Directories AG	Other associated companies	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 associated companies/joint ventures	223 895	58 517	8 200	290 612
Share of net income of associated companies / 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 associated companies/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

2015				
Current assets	46 903	23 913	10 606	81 422
Non-current assets	236 043	47 562	8 262	291 868
Assets	282 947	71 475	18 868	373 290
Current liabilities	31 725	11 701	7 777	51 203
Non-current liabilities	25 799	2 935	1 498	30 232
Equity	225 423	56 838	9 593	291 855
Liabilities	282 947	71 475	18 868	373 290
Share of net income of associated companies / joint ventures				
Revenues	40 501	47 074	24 501	112 076
Income before taxes	5 439	4 744	530	10 713
Income taxes	(1 732)	(1 340)	(712)	(3 783)
Net income	3 708	3 404	(182)	6 930
Other comprehensive income	(707)	-	-	(707)
Total comprehensive income	3 001	3 404	(182)	6 222

Associated companies 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 associated companies and joint ventures have a balance sheet date of 31 December under commercial law. As none of the associated companies and joint ventures have shares that are publicly traded, there are no published share prices. As most of the associated companies 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 associated companies and joint ventures are disclosed in Note 41.

Note 12

Depreciation and amortisation

in CHF 000	2016	2015
Depreciation and amortisation	40 247	42 557
Amortisation resulting from business combinations	36 221	29 916
Impairment	11 023	40 349
Total	87 490	112 822
of which depreciation of property, plant and equipment	30 040	30 426
of which amortisation of intangible assets	46 427	42 048
of which impairment on goodwill	11 023	40 349

Depreciation and amortisation resulting from mergers include the depreciation and amortisation from customer bases and publishing rights acquired and recognised in connection with mergers. The increase in depreciation and amortisation resulting from mergers and depreciation and amortisation relating to total intangible assets is attributable to the change to the group of consolidated companies, particularly the first full-year recognition of depreciation and amortisation relating to ricardo.ch AG.

Following the annual goodwill impairment test for each cash-generating unit, impairment on goodwill of CHF 11.0 million was recognised on 31 December 2016, while impairment on goodwill of CHF 40.3 million was recognised in the previous year (see also Note 25).

Note 13

Financial results

in CHF 000	2016	2015
Interest income	1 170	461
Gains from sale of investments	25 228	228 069
Currency exchange gains	1 628	2 814
Other financial income	5 139	6 202
Financial income	33 165	237 547
Interest expense	(1 839)	(1 454)
Currency exchange losses	(1 917)	(1 806)
Financial expense from IAS 19	(912)	(554)
Loss from the sale of investments	(658)	-
Other financial expense	(3 786)	(4 666)
Financial expense	(9 112)	(8 480)
Total	24 053	229 067

The financial result shrank from CHF 229.1 million to CHF 24.1 million. A gain of CHF 25.2 million was made on the sale of investments in 2016, while a gain of CHF 228.1 million was reported in the previous year. The gain from the sale of investments mainly includes the gain from the sale of 14 per cent of the shares in MoneyPark AG as the difference between the sales price and the transferred share of the carrying amount of investments in an associated company as well as the revaluation gain from the first time revaluation of the remaining 6 per cent investment in the market value. In the previous year, with the deconsolidation of search.ch AG (see Note 1), a gain of CHF 210.2 million (difference between the outgoing equity of CHF 12.2 million and the fair value of search.ch AG of CHF 222.4 million) was credited to the financial result. In the reporting year, CHF 4.9 million (previous year CHF 6.1 million) has been recognised in other financial income in particular to reflect changes to the measurement of Tamedia's obligations to buy non-controlling interests included in the balance sheet as financial obligations under financial liabilities (see Note 26).

The loss from the the sale of investments includes the loss from the sale of Swiss Online Shopping AG (see Note 1). Other financial expenses comprise impairments of CHF 1.6 million (previous year CHF 2.1 million) (see Note 11) on associated companies and joint ventures as well as an increase in purchase price obligation of CHF 2.0 million (previous year CHF 1.8 million) (see Note 26).

Income taxes

Note 14

in CHF 000	2016	2015
Current income taxes	22 887	29 866
Deferred income taxes	(7 697)	(4 174)
Total	15 190	25 692

Analysis of tax expense

in CHF 000	2016	2015
Income before taxes	137 527	359 692
Average income tax rate	21.3%	21.2%
Expected tax expense (using weighted average tax rates)	29 279	76 283
Credits and income taxes incurred from previous periods	(7 992)	53
Use of previously unrecognised loss carryforwards	(695)	(289)
Unrecognised deferred tax assets on tax loss carryforwards	8 213	1 392
Impact of Swiss participation exemption and other non-taxable items	(2 827)	(48 328)
Non-tax-deductible impairment on goodwill	2 420	8 935
Change in deferred taxes due to change in tax rates	-	291
Tax effects on investments	(13 278)	(12 287)
Other impacting items	69	(357)
Income taxes	15 190	25 692
Effective tax rate	11.0%	7.1%

The expected average income tax rate equals the weighted average of the rates of the consolidated companies. This dropped slightly in 2016 from 21.2 per cent to 21.3 per cent.

The effective tax rate rose from 7.1 per cent to 11.0 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. Impairment on goodwill without tax effects increased the actual tax burden (see also Note 25). This is offset by the (renewed) impact of tax effects on investments resulting mainly from book depreciation and amortisation on their carrying amounts (without any deferred tax consequences), which significantly reduced the tax expenses.

Deferred tax assets and liabilities

in CHF 000	2016	2015
Other property, plant and equipment	158	157
Financial assets	43	218
Employee benefit obligations	13 825	21 546
Capitalized tax loss carryforwards	11 035	16 369
Other balance sheet items	69	128
Total deferred tax assets, gross	25 130	38 419
Trade accounts receivable	(1 445)	(1 462)
Land and buildings	(14 955)	(15 153)
Other property, plant and equipment	(5 431)	(6 954)
Financial assets	(887)	(394)
Intangible assets	(129 496)	(134 791)
Provisions	(4 202)	(4 200)
Other balance sheet items	(1 352)	(1 270)
Total deferred tax liabilities, gross	(157 768)	(164 224)
Total deferred tax assets, net	(132 638)	(125 805)
of which deferred tax assets stated in the consolidated balance sheet	3 896	7 987
of which deferred tax liabilities stated in the consolidated balance sheet	(136 534)	(133 792)

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 21.2 million in 2016 (previous year: CHF 30.4 million). The change in deferred tax is shown in the following table:

in CHF 000	2016	2015
As of 1 January	(125 805)	(133 130)
Change in group of consolidated companies	(4 442)	(11 182)
Reclassification to assets held for sale	1 413	-
Deferred tax income	7 697	4 174
Taxes on other comprehensive income	(11 327)	14 323
Currency translation differences	(174)	9
As of 31 December	(132 638)	(125 805)

Tax loss carryforwards

in CHF 000	2016	2015
Recognised tax loss carryforwards	11 035	16 369
Weighted average income tax rate	17.3%	18.2%
Corresponding to effective tax loss carryforwards	(63 641)	(90 120)
Past due 1 year	(464)	-
Past due 2 to 5 years	(45 224)	(43 620)
Past due after more than 5 years	(17 953)	(46 500)

Whether or not these 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 2016, (net) deferred tax assets of CHF 1.7 million (previous year: deferred tax assets of CHF 7.0 million) had been capitalised for Group subsidiaries that suffered losses in this or the previous year.

in CHF 000	2016	2015
Unrecognised tax loss carryforwards	(73 959)	(50 037)
Past due 1 year	(5 029)	(3 245)
Past due 2 to 5 years	(19 523)	(28 506)
Past due after more than 5 years	(49 407)	(18 286)

Assets held for sale

Note 16

Net assets held for sale increased by CHF 11.9 million from CHF 13.3 million to CHF 25.2 million.

The sale of the printing facility at Rudolf-Diesel-Strasse in Winterthur (Publishing Regional business division) was completed on 1 December 2016. Revenue from the disposal of assets amounting to CHF 2.2 million is reported in the income statement under other income (see Note 7).

During the first half of 2017, two transactions are planned which will result in the loss of control over the activities of Metroxpress and Starticket. Consequently, the assets and liabilities associated with these activities will be classified as a disposal group.

The two Danish daily newspapers BT and Metroxpress are forming a partnership and jointly founding the new publishing company BTMX, in which Tamedia will hold 30 per cent. 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 (Publishing National segment) and are disclosed as held for sale as at 31 December 2016.

Ticketcorner AG and Starticket AG are forming a partnership and founding a joint Swiss ticketing group, in which Tamedia will have a 25 per cent stake. As of balance sheet date assets and liabilities of Starticket amounted to 29.8 Mio. CHF (of which CHF 7.3 million were cash and cash equivalents) and CHF 14.8 million respectively. The will be dispensed with deconsolidation.

The two planned transactions are described in greater detail in Note 44 "Events after the balance sheet date".

There are no material, individual business segments that are held for sale as at 31 December 2016. Therefore, as in the previous year there is no separate mention of discontinued operations.

in CHF 000	2016	2015
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	15 211
Intangible assets	31 245	-
Assets held for sale	33 302	15 211
Total assets	43 183	15 211
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 obligations	(2 109)	-
Deferred tax liabilities	(2 781)	(1 940)
Liabilities associated with assets held for sale	(4 890)	(1 940)
Liabilities held for sale	(18 026)	(1 940)
Net assets held for sale	25 157	13 270

Note 17

Non-controlling interests in net income

in CHF 000	2016	2015
Non-controlling interests in income	22 349	19 044
Non-controlling interests in loss	(4 758)	(6 431)
Total	17 591	12 613

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

Note 18

Earnings per share

	2016	2015
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)	3 619	928
Number of outstanding shares (weighted average)	10 596 381	10 599 072
Undiluted		
Net income (loss) attributable to shareholders	in CHF 000 104 747	321 386
Weighted average of outstanding shares applicable for this calculation	10 596 381	10 599 072
Net income (loss) per share	in CHF 9.89	30.32
Diluted		
Net income (loss) attributable to shareholders	in CHF 000 104 747	321 386
Weighted average of outstanding shares applicable for this calculation	10 625 168	10 618 627
Net income (loss) per share	in CHF 9.86	30.27

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

Trade accounts receivable

Note 19

in CHF 000	2016	2015
Trade accounts receivable from third parties	160 578	165 112
Trade accounts receivable from associated companies / joint ventures	3 136	3 185
Provisions for doubtful trade accounts receivable	(4 155)	(3 890)
Total	159 558	164 407

In the financial year, trade accounts receivable declined by 2.9 per cent to CHF 159.6 million. Provisions of CHF 4.2 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 associated companies/ joint ventures

in CHF 000	2016	2015
Not yet due	134 903	147 852
Past due up to 30 days	15 981	13 375
Past due 30 to 60 days	4 956	2 370
Past due 60 to 90 days	1 970	247
Past due 90 to 120 days	959	459
Past due over 120 days	4 946	3 994
As of 31 December	163 714	168 297

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

in CHF 000	2016	2015
As of 1 January	(3 890)	(4 652)
Change in group of consolidated companies	790	542
Increase	(2 693)	(1 066)
Reversals	162	134
Used during the financial year	1 475	1 109
Currency translation differences	1	43
As of 31 December	(4 155)	(3 890)

Inventories

Note 20

in CHF 000	2016	2015
Raw, auxiliary and operating materials	3 945	3 318
Trade merchandise	75	7 445
Total	4 020	10 763

Inventories decreased by CHF 6.7 million to CHF 4.0 million. The decrease in merchandise inventory of CHF 7.4 million is attributable to the sale of the company Swiss Online Shopping AG (see Note 1). The increase of CHF 0.6 million in raw materials and supplies is due mainly to the increase in paper supplies held at the printing centres.

in CHF 000

	Land	Buildings, installations and ancillary facilities	Plant, machinery and IT equipment	Fixtures, fittings and vehicles	Advance payments and assets under construction	Total
Historical cost						
As of 31 December 2014	67 230	313 767	248 566	16 838	291	646 692
Additions of consolidated companies	–	–	762	518	–	1 280
Disposals of consolidated companies	–	–	–	(15)	–	(15)
Additions	–	931	5 386	715	3 594	10 625
Disposals	–	(357)	(5 825)	(440)	–	(6 621)
Transfers	–	142	3 415	–	(3 557)	–
Currency effects	–	–	(16)	(69)	–	(85)
As of 31 December 2015	67 230	314 483	252 289	17 546	327	651 875
Additions of consolidated companies	–	–	185	197	–	381
Disposals of consolidated companies	–	–	(33)	(168)	–	(201)
Additions	–	657	2 320	811	1 420	5 207
Disposals	–	(4 166)	(5 633)	(362)	–	(10 161)
Transfers	–	1 015	326	206	(1 548)	–
Reclassification as assets held for sale	–	–	(2 540)	(744)	–	(3 284)
Currency effects	–	–	(1)	(2)	–	(3)
As of 31 December 2016	67 230	311 988	246 913	17 485	199	643 815
Cumulative amortisation, depreciation and impairment						
As of 31 December 2014	–	142 331	162 063	10 926	–	315 320
Disposals of consolidated companies	–	–	(179)	(23)	–	(202)
Depreciation and amortisation	–	9 372	19 581	1 472	–	30 426
Disposals	–	(357)	(4 477)	(417)	–	(5 251)
Currency effects	–	–	(7)	(17)	–	(24)
As of 31 December 2015	–	151 347	176 980	11 940	–	340 268
Disposals of consolidated companies	–	–	(5)	(96)	–	(101)
Depreciation and amortisation	–	9 286	19 230	1 525	–	30 040
Disposals	–	(4 163)	(4 360)	(323)	–	(8 847)
Reclassification as assets held for sale	–	–	(894)	(333)	–	(1 227)
Currency effects	–	–	(1)	(1)	–	(1)
As of 31 December 2016	–	156 469	190 950	12 712	–	360 131
Net carrying value of assets						
As of 31 December 2015	67 230	163 136	75 309	5 606	327	311 607
As of 31 December 2016	67 230	155 519	55 963	4 772	199	283 683

Property, plant and equipment declined by a total of CHF 27.9 million from CHF 311.6 million to CHF 283.7 million. Investment activity decreased from CHF 10.6 million to CHF 5.2 million. The majority of the investments made during the reporting period related to technical equipment and machinery. The additions are offset by depreciation and amortisation of CHF 30.0 million, reclassifications to assets held for sale and expenses of CHF 2.1 million and disposals of CHF 1.3 million. Details on the pledging of property, plant and equipment are given in Note 39.

Other non-current financial assets

Note 22

in CHF 000	2016	2015
Other investments	9 518	1 686
Non-current loans to third parties	550	1 519
Non-current loans to associated companies / joint ventures	2 727	–
Other non-current financial assets	346	372
Total	13 141	3 577

Other non-current financial assets increased by CHF 9.6 million to CHF 13.1 million. In addition to the investments already made in Book a Tiger Household Services GmbH in the previous year, the 8 per cent interest in firstbird GmbH acquired in 2016 will be reported under other investments. Following the sale of a 14 per cent interest in MoneyPark AG in December 2016, the remaining 6 per cent interest have been reclassified to other investments. Details on the market values are given in Note 38.

In 2016, in connection with the acquisition of minority stakes in Starticket AG, loans amounting to CHF 0.9 million were payable. Non-current loans amounting to CHF 2.8 million were granted to associated companies Book a Tiger Switzerland AG and Tradono Switzerland AG. 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 employee benefit 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	2016	2015
Discount rate as of 1 January	0.80	1.10
Discount rate as of 31 December	0.68	0.80
Expected salary increases	1.00	1.00
Expected pension increases	-	-
Mortality table	BVG 2010 GT	BVG 2010 GT
Date of most recent actuarial calculation	31.12.2016	31.12.2015

Amounts recognised in the balance sheet

in CHF 000	2016	2015
Employee benefit obligations as of 31 December	(1 878 500)	(1 886 256)
Employee benefit plan assets as of 31 December	1 811 972	1 782 680
Overfunding/(liabilities) as of 31 December	(66 528)	(103 576)
Adjustment of asset limit	-	-
Net plan assets/(net plan liabilities) as of 31 December	(66 528)	(103 576)
of which employee benefit obligations in liabilities before liabilities associated with assets held for sale	(64 419)	(103 576)
of which employee benefit obligations in liabilities associated with assets held for sale	(2 109)	-

Amounts recognised in the income statement

in CHF 000	2016	2015
Current employer service cost	(34 585)	(37 108)
Past service cost	(4 815)	27 683
Effect of plan curtailments/settlements	-	5 933
Interest cost for employee benefit obligations	(15 004)	(20 375)
Interest income on plan assets	14 092	19 821
Administration costs (excl. asset management costs)	(942)	(943)
Company's net periodic pension cost	(41 254)	(4 989)
of which employee benefit expense and administration costs	(40 342)	(4 435)
of which net interest on net plan assets/(net plan liabilities)	(912)	(554)

In 2016, the past service cost was mainly attributable to the abolition of limits on capital withdrawal on retirement and, in 2015, was chiefly due to the adjustment of the conversion rates (both Tamedia AG pension fund). The plan settlements reported in 2015 are mainly related to the outflow of assets and liabilities following the closure of Ziegler Druck and partial liquidation of a pension plan as a result.

Amounts recognised in the statement of comprehensive income

in CHF 000	2016	2015
Actuarial gains/(losses) on employee benefit obligations	(2 340)	(74 342)
Gain on plan assets, excluding interest	57 652	3 403
Total	55 312	(70 939)

Composition of actuarial gains

in CHF 000	2016	2015
Actuarial gains/losses through changes in financial assumptions	(27 605)	(64 017)
demographic assumptions	10 054	-
adjustments due to experience	15 211	(10 325)
Total	(2 340)	(74 342)

Changes in employee benefit obligations

in CHF 000	2016	2015
Present value as of 1 January	(1 886 256)	(1 878 743)
Interest cost	(15 004)	(20 375)
Current employer service cost	(34 585)	(37 108)
Employee contributions	(21 215)	(21 829)
Benefits paid	85 861	86 092
Past service cost	(4 815)	27 683
Effect of plan curtailments/settlements	-	24 062
Change in group of consolidated companies	796	9 247
Administration costs (excl. asset management costs)	(942)	(943)
Actuarial gains/(losses)	(2 340)	(74 342)
Present value as of 31 December	(1 878 500)	(1 886 256)
of which plan liabilities for current employees	(812 584)	(819 979)
of which plan liabilities for retired employees	(1 065 916)	(1 066 277)

Changes in plan assets

in CHF 000	2016	2015
Fair value as of 1 January	1 782 680	1 826 975
Interest income on plan assets	14 092	19 821
Employer contributions	22 869	23 208
Employee contributions	21 215	21 829
Benefits paid	(85 861)	(86 092)
Effect of plan curtailments/settlements	-	(18 129)
Change in group of consolidated companies	(675)	(8 335)
Gain on plan assets, excluding interest	57 652	3 403
Fair value as of 31 December	1 811 972	1 782 680

Allocation of plan assets

in CHF 000	2016	2015
Listed market prices		
Cash and cash equivalents	10 792	23 332
Equity securities	555 443	567 123
Bonds	626 562	567 867
Real estate	284 552	300 916
Investment funds	1 485	1 913
Total listed market prices	1 478 834	1 461 151
Not publicly traded fair values		
Equity securities	-	-
Bonds	-	514
Real estate	229 464	219 281
Other	103 674	101 734
Total non-listed market prices	333 138	321 529
Total assets at fair value	1 811 972	1 782 680
of which Tamedia AG shares	-	-
of which assets used by Group companies	-	-

Expected contributions for the coming year

in CHF 000	2016	2015
Employer contributions	22 997	23 453
Employee contributions	20 506	20 929

Maturity of employee benefit obligations

in years	2016	2015
Weighted average duration of employee benefit obligations in years	14.5	14.4

Sensitivity analysis

in CHF 000	2016	2015
Effects on employee benefit obligations as of 31 December in the event of		
Decrease of the discount rate by 0.25%	(69 833)	(70 511)
Increase of discount rate by 0.25%	65 364	66 014
Decrease in salary increases by 0.25%	4 268	4 499
Increase of salary increases by 0.25%	(4 314)	(4 576)
Decrease in life expectancy by 1 year	66 151	65 657
Increase of life expectancy by 1 year	(65 079)	(64 482)

Contributions to defined contribution plans

in CHF 000	2016	2015
Total	1 663	1 095

Liabilities to employee benefit funds

in CHF 000	2016	2015
Liabilities to Tamedia employee benefit funds	803	1 081
Liabilities to other employee benefit funds	–	–
Total	803	1 081

in CHF 000

	Goodwill	Publishing rights, brand rights and other legal rights	Recognised software project costs	Other intangible assets, assets under construction	Total
Historical cost					
As of 31 December 2014	778 162	654 898	77 352	160	1 510 571
Additions of consolidated companies	135 035	130 288	1 938	–	267 262
Disposals of consolidated companies	(568)	–	(2)	–	(570)
Additions	–	–	1 807	1 526	3 332
Disposals	–	(37)	(8 655)	–	(8 692)
Transfers	–	–	1 554	(1 554)	–
Currency effects	(2 915)	(1 975)	(304)	–	(5 195)
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)	–
Reclassification 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
Cumulative amortisation, depreciation and impairment					
As of 31 December 2014	6 958	90 225	51 664	43	148 890
Disposals of consolidated companies	–	(900)	(6 005)	–	(6 905)
Depreciation and amortisation	–	29 916	12 127	5	42 048
Impairment	40 349	–	–	–	40 349
Disposals	–	(37)	(8 029)	–	(8 065)
Transfers	–	–	1	–	1
Currency effects	(25)	(171)	(29)	–	(225)
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)	–
Reclassification 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
Net carrying value of assets					
As of 31 December 2015	862 431	664 142	23 959	84	1 550 616
As of 31 December 2016	877 442	627 204	16 263	–	1 520 909

Intangible assets decreased by CHF 29.7 million from CHF 1,550.6 million to CHF 1,520.9 million. Changes to the group of consolidated companies result in an increase of CHF 57.1 million in intangible assets. Changes to the group of consolidated companies comprise, in particular, the additions of intangible assets from ImmoStreet.ch S.A., Meekan Solutions Ltd. and DJ Digitale Medien GmbH as well as the disposal of Swiss Online Shopping AG. Further information on this is provided in Note 1 on changes to the group of consolidated companies. The other additions of CHF 1.9 million mainly concern software project costs that can be capitalised. The additions are offset by depreciation and amortisation of CHF 46.4 million and impairment on goodwill of CHF 11.0 million (see following Note). Disposals in 2016 related to various capitalised software project costs.

Goodwill and intangible assets with an indefinite useful life

Note 25

in CHF 000	2016	2015
Business division		
Publishing Regional	108 689	108 689
Publishing National	219 030	216 166
Digital	549 724	537 576
Total	877 442	862 431

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

in CHF 000	2016	2015
Business division		
Publishing Regional	43 648	43 648
Publishing National	74 580	79 590
Digital	185 625	189 208
Total	303 853	312 446

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 Digital segment.

The goodwill and intangible assets with indefinite useful lives were tested for impairment for each cash-generating unit on 31 December 2016. 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 flow method.

The calculations on which the business plans are based refer to the values generated in the current year, the budget figures for 2017 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-Matrix) 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, as in the previous year the growth rate was set at -2.5 per cent for Publishing Regional and 0.0 per cent and -2.5 per cent for Publishing National, while the rate for Digital was set at 1.0 per cent (previous year: -2.5 per cent for Publishing Regional, 0.0 and -2.5 per cent for National and 1.0 per cent for Digital).

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

	2016	2015
WACC before tax		
Publishing Regional	7.0–8.0%	8.9–9.1%
Publishing National	6.7–8.8%	7.6–9.2%
Digital	9.1–10.0%	8.9–10.7%

The discount rates before tax applied to the significant cash-generating units amounted to 8.0 per cent (previous year: 9.1 per cent) for Publishing Regional, 8.8 per cent (previous year: 9.1 per cent) for Publishing National and 10.0 per cent (previous year: 9.7 per cent) for Digital.

Based on the calculations performed, in the Digital business division an impairment on goodwill of CHF 11.0 million was recognised for Danish vintage fashion platform *Trendsales*, which had a reported valuation of CHF 22.0 million. The realisable value of CHF 11.0 million was determined with a pre-tax WACC of 10.0 per cent. A revaluation due to fraud by the former CEO and CFO of the company was a contributory factor in the impairment. As part of the revaluation, both revenues and net income from previous years and the growth forecasts were adjusted. In the previous year, impairment of CHF 10.4 million for Publishing Regional, CHF 13.7 million for Publishing National and CHF 16.2 million for Digital was recognised.

Additional 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 flow and an increase in WACC.

in CHF 000	2016	2015
Effects on goodwill and intangible assets with unlimited use		
of a reduction in cash flow by		
10%		
Publishing Regional	–	(9 253)
Publishing National	(8 185)	(10 557)
Digital	(1 077)	(2 027)
20%		
Publishing Regional	–	(25 817)
Publishing National	(22 980)	(21 114)
Digital	(2 177)	d
WACC increased by 2%		
Publishing Regional	–	(18 651)
Publishing National	(24 279)	(18 197)
Digital	(2 623)	(4 625)

Financial liabilities

Note 26

in CHF 000	2016	2015
Current liabilities to banks	30 626	31 010
Other current financial liabilities to third parties	813	396
Current financial liabilities	31 439	31 406
Non-current liabilities to banks	50 048	170 000
Non-current loans from third parties	–	3 521
Non-current financial liabilities to associated companies / joint ventures	2 000	2 000
Other non-current financial liabilities to third parties	10 525	9 446
Other non-current financial liabilities to related companies	291	29
Non-current financial liabilities	62 865	184 996
Financial liabilities	94 304	216 402
Weighted average interest rate		
Due within 1 year	0.5%	0.9%
Due 1 to 5 years	0.7%	1.0%
Due beyond 5 years	n/a	n/a

Financial liabilities decreased by CHF 122.1 million to CHF 94.3 million. The credit facility of CHF 270.0 million was agreed for the acquisition of ricardo.ch AG on 8 September 2015. Due to repayments already made, which cannot be drawn again, the credit limit was still CHF 110.0 million as at the end of 2016; of that amount, Tamedia had drawn down CHF 80.0 million as of the balance sheet date (of which CHF 30.0 million is reported as current and CHF 50.0 as non-current liabilities to banks). A key component is the interest rate agreed, consisting of Libor and an interest margin. The interest margin varies depending on the debt ratio and the amount of the promissory notes assigned as collateral. The credit facility is secured by promissory notes on Tamedia properties in the amount of CHF 239.1 million. See also Note 39, “Assets pledged for collateral or subjects to liens”. Adherence to a maximum debt ratio (gross debt divided by EBITDA) and a minimum equity ratio (the ratio of equity to total assets) was agreed. These figures were met in the 2016 financial year.

The non-current loan from third parties amounting to CHF 3.5 million was disposed of in 2016, when Swiss Online Shopping AG was sold. The other non-current financial liabilities to third parties comprise the purchase price obligation in connection with the takeover of Swiss Classified Media in July 2015 and Meekan Solutions Ltd. in June 2016, in the total amount of CHF 4.4 million. The amount of the purchase price obligation depends on future economic developments; adjustments to the current market value in the amount of CHF 1.9 million have been recognised as financial expenses. The purchase price obligation in connection with Ziegler Druck- und Verlags-AG that was outstanding at the end of 2015 was settled during the reporting year. Other non-current financial liabilities to third parties comprise the contractually assumed obligation of 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). In addition, the other non-current financial liabilities to third parties also comprise Tamedia’s obligation to purchase non-controlling interests on the basis of put options in conjunction with the takeover of Trendsales ApS and Starticket AG. The fall in liabilities year-on-year of CHF 4.5 million is chiefly due to the revaluation of liabilities, which have been recognised as financial income in the amount of CHF 4.9 million. The amount of the liabilities depends on expected economic developments until the potential exercise of the options.

Note 27

Trade accounts payable

in CHF 000	2016	2015
Trade accounts payable to third parties	24 575	37 147
Trade accounts payable to associated companies / joint ventures	833	1 152
Total	25 407	38 298

The total amount of trade accounts payable was CHF 25.4 million, which is CHF 12.9 million less than in the previous year. Of that amount, CHF 10.3 million is attributable to the reclassification in connection 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	2016	2015
Liabilities to public authorities	10 687	10 611
Liabilities to insurance companies	1 439	4 666
Liabilities to employee benefit funds	803	1 081
Liabilities to employees	883	776
Advance payments from customers	7 669	8 056
Other current liabilities	9 350	10 554
Total	30 832	35 744

Other current payables decreased by CHF 4.9 million to CHF 30.8 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	2016	2015
Deferred subscription revenues	149 776	154 200
Deferred online revenues	45 948	44 171
Deferred personnel expenses	34 354	46 519
Other accrued liabilities	31 671	34 515
Total	261 749	279 406

Deferred revenues and accrued liabilities declined by CHF 17.7 million from CHF 279.4 million to CHF 261.7 million. Deferred subscription revenues dropped by CHF 4.4 million or 3 per cent year-on-year. This decline can be attributed to the performance of sales revenues. The fall in deferred personnel expenses of CHF 12.1 million to CHF 34.4 million, or 26 per cent, is attributable to the deferrals in connection with the profit participation programme for the Management Board and employees, which are lower than in the previous year. The reduction in other deferred revenues and accrued liabilities was caused by various effects.

Provisions

Note 30

in CHF 000	Long service awards	Personnel provisions/ Restructuring	Restoration costs + inherited pollution	Litigation risk, other	Total
As of 1 January 2015	9 160	1 481	600	913	12 154
Change in group of consolidated companies	(106)	–	–	27	(79)
Increase	835	1 900	–	131	2 866
Reversal	–	(386)	–	(62)	(448)
Used during the financial year	(440)	(1 074)	–	(76)	(1 590)
Currency effects	–	–	–	(33)	(33)
As of 31 December 2015	9 449	1 920	600	900	12 870
Due within 1 year	728	1 380	–	30	2 138
Due between 1 and 5 years	8 721	540	600	870	10 731

As of 1 January 2016	9 449	1 920	600	900	12 870
Increase	1 195	2 082	214	304	3 795
Reversal	(70)	(123)	–	(97)	(290)
Used during the financial year	(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

Current and non-current provisions rose by CHF 1.7 million from CHF 12.9 million to CHF 14.5 million. The increase in personnel provisions is chiefly a result of social plans agreed in 2016. The outflow 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 outflow 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 71.8 per cent of the shares.

On 8 April 2016, the shareholders approved the proposal of the Board of Directors that a dividend of CHF 4.50 per share be distributed for the 2015 financial year. For the 2016 financial year, the Board of Directors will propose to the Annual General Meeting of 7 April 2017 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 16.

Treasury shares

	2016	2015
Number of treasury shares		
As of 1 January	3 555	2 992
Additions	7 643	4 596
Disposals	(3 546)	(4 033)
As of 31 December	7 652	3 555
Initial value of treasury shares	in CHF 000	
As of 1 January	579	374
Additions	1 254	711
Disposals	(581)	(506)
As of 31 December	1 251	579
Market value	1 194	608
Paid/received prices	in CHF	
Additions (weighted average)	163.46	154.65
min.	151.25	126.37
max.	182.89	173.77
Disposals (weighted average)	162.71	125.40
min.	150.39	125.40
max.	162.81	125.40

The year-end price of treasury shares was CHF 156.0, compared to CHF 171.0 at the end of the previous year. Share price changes over time can be seen in the chart on page 32.

As part of the profit participation programme for members of the Management Board (see also Note 42), 3,546 treasury shares with a total value of CHF 0.6 million were issued. In total, 7,670 additional treasury shares were purchased in the 2016 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	2016	2015
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	50 516	52 769
Non-current assets	491 280	507 923
Assets	541 796	560 692
Current liabilities	54 874	54 374
Non-current liabilities	43 503	45 138
Equity, attributable to Tamedia shareholders	226 710	235 590
Attributable to non-controlling interests	216 710	225 590
Liabilities	541 796	560 692
Income statement		
Revenues	90 818	87 458
Income before taxes	50 711	43 483
Income taxes	(10 235)	(8 964)
Net income	40 476	34 518
Other comprehensive income	(84)	(367)
Total comprehensive income	40 391	34 151
of which attributable to non-controlling interests	20 196	17 076
Dividends paid to non-controlling interests	16 502	11 745
Cash flows		
Cash flow from (used in) operating activities	47 652	44 787
Cash flow from (used in) investing activities	7 337	(33 078)
Cash flow from (used in) financing activities	(58 151)	(31 000)
Change in cash and cash equivalents	(3 162)	(19 291)

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

Note 34

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

in CHF 000	2016	2015
Subordinated claims in favour of related parties	350	350
Guarantee liabilities in favour of third parties	256	110
Total	606	460

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 0.3 million (previous year CHF 0.1 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. The increase in rental commitments for land, buildings and business premises is due to the renewal of a rental agreement for another 5 years starting from 30 June 2017.

in CHF 000	2016	2015
Land, buildings and office premises	36 942	28 403
Machinery and furnishings	2 411	2 787
Total	39 353	31 189
Due within 1 year	10 607	7 432
Due between 1 and 5 years	27 503	23 750
Due beyond 5 years	1 242	9
Total	39 353	31 190
Costs recognised in the financial year under the item rent, lease payments and licences (see Note 10)	13 287	14 046

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 2016). Its assessments were compared and aligned with those from the previous year and 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, for which a formal system has been introduced.

The Board of Directors and Management Board consider the dependence on the general economic trend in Switzerland and the impacts of structural changes in the media sector with changes in the behaviour of advertising customers and media consumers to be the main risks. This is compounded by the risk of deteriorating basic operating conditions due to the growth in free competition on the part of SRG financed by television licence fees on the advertising market due to the merger of SRG with Swisscom and Ringier and in distribution as a result of further increases in the postal charges for the delivery of newspapers and magazines. 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 other 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	2016		2015	
	Variable interest rate	Fixed interest rate	Variable interest rate	Fixed interest rate
Assets				
Cash and cash equivalents	55 943	–	98 649	–
Loans receivable	–	3 277	–	11 519
Liabilities				
Liabilities to banks and bank loans	–	80 674	–	201 010
Loans payable	–	2 000	–	5 521
Other interest-bearing financial liabilities	–	11 629	–	9 871
Impact on earnings before taxes at a change of +/- 0.1%	+/- 56		+/- 99	

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 63.6 million in 2016 (previous year: CHF 61.0 million). The risks applied for the most part to transactions in euro and were hedged for paper purchases in 2017 in the amount of CHF 43.3 million (hedging in 2015 for paper purchases in 2016 amounted to CHF 44.2 million). The foreign currency risk on investments in other companies was hedged with forward contracts in euro and Danish krone equalling CHF 53.2 million (previous year: CHF 32.4 million). Additional forward contracts to hedge the foreign currency risk on investments in other companies in euro, Danish krone and Israeli shekel for CHF 17.1 million were entered into after the balance sheet date (previous year: CHF 15.0 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 –0.8 million as at the end of 2016 (previous year: CHF 0.5 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, the 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
2016						
Financial liabilities	30 568	556	926	63 063	–	95 113
of which derivative financial instruments	–	156	469	–	–	624
Trade accounts payable	25 407	–	–	–	–	25 407
Other liabilities	9 350	–	–	–	–	9 350
Total	65 325	556	926	63 063	–	129 870
2015						
Financial liabilities	30 559	578	2 226	187 713	–	221 077
of which derivative financial instruments	–	278	732	–	–	1 010
Trade accounts payable	38 298	–	–	–	–	38 298
Other liabilities	10 554	–	–	–	–	10 554
Total	79 411	578	2 226	187 713	–	269 928

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.

in CHF 000	category	2016		2015	
		Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	1	55 943	55 943	98 649	98 649
Current financial assets		1 388	1 388	1 286	1 286
of which securities	4	–	–	17	17
of which forward exchange contracts and interest rate hedges	4	1 388	1 388	1 270	1 270
Trade accounts receivable	2	159 558	159 558	164 407	164 407
Current financial receivables	2	7 592	7 592	14 942	14 942
Other non-current financial assets		13 141	13 188	3 577	3 405
of which other investments	3	9 518	9 518	1 686	1 686
of which loans receivable	2	3 277	3 323	1 519	1 348
of which other non-current financial assets	2	346	346	372	372
Current financial liabilities	5	31 439	31 439	31 406	31 406
Trade accounts payable	5	25 407	25 407	38 298	38 298
Other liabilities	5	9 350	9 350	10 554	10 554
Non-current financial liabilities		62 865	62 836	184 996	189 067
of which liabilities to banks and loans	5	52 340	52 312	175 549	179 620
of which purchase price obligations	4	7 204	7 204	1 589	1 589
of which obligations to purchase own equity instruments	4	3 321	3 321	7 857	7 857
Categorisation of financial instruments as per IAS 39					
Cash and cash equivalents	1	55 943	55 943	98 649	98 649
Loans and trade accounts receivable	2	170 774	170 821	181 240	181 068
Financial instruments held for sale	3	9 518	9 518	1 686	1 686
Financial instruments held for trading purposes	4	(9 137)	(9 137)	(8 160)	(8 160)
Financial liabilities measured at amortised cost	5	(118 536)	(118 508)	(255 808)	(259 879)

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 flow 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	2016	2015
Contract volume	96 498	76 629
Fair value, due	763	260
Due within 1 year	763	260
Due within 1 and 5 years	-	-
Due beyond 5 years	-	-

Cash flow hedge disclosures

Cash flow hedges recognised directly in other comprehensive income as of 31 December	816	36
Used for hedging as planned	754	(6 223)
Recognised directly in the income statement	(53)	296

Forward euro contracts totalling CHF 43.3 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 2016 with forward contracts in euro and Danish krone equalling 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 17.1 million were entered into after 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	2016	2015
Mortgages securing financial liabilities	239 133	239 133
related to land and buildings with a net carrying value of	195 841	201 097
Assets securing subscription insurance	320	320
from securities with a value of	320	320
Assets pledged as collateral or subject to liens	239 453	239 453
 from assets with a consolidated value of	196 161	201 416

Investments

Note 40

The companies of the Tamedia Group included the following on 31 December 2016:

Name	Domicile	Currency	Share capital (in 000)	Business division	Consolidation method	Share of ³ Group capital 2016	Share of ³ Group capital 2015
Tamedia AG	Zurich	CHF	106 000	R/N	V	–	–
20 minuti Ticino SA	Lugano	CHF	300	N	E	50.0%	50.0%
Adextra AG	Zurich	CHF	100	D	V	100.0%	0.0%
Book a Tiger Household Services GmbH	Berlin	EUR	73	D	A	3.7%	5.0%
Book a Tiger Switzerland AG	Zurich	CHF	100	D	E	34.0%	34.0%
DJ Digitale Medien GmbH	Vienna	EUR	71	N	V	51.0%	0.0%
Doodle AG	Zurich	CHF	100	D	V	100.0%	100.0%
Doodle Deutschland GmbH	Berlin	EUR	250	D	V	100.0%	100.0%
Meekan Solutions Ltd.	Kibutz Shefaim	ILS	150	D	V	100.0%	0.0%
DZZ Druckzentrum Zürich AG	Zurich	CHF	100	R	V	100.0%	100.0%
Edita SA	Luxembourg	EUR	50	N	E	50.0%	50.0%
Espace Media AG	Berne	CHF	5 000	R	V	100.0%	100.0%
DZB Druckzentrum Bern AG	Berne	CHF	9 900	R	V	100.0%	100.0%
Schaer Thun AG	Thun	CHF	2 250	R	V	100.0%	100.0%
Berner Oberland Medien AG	Uetendorf	CHF	500	R	E	50.0%	50.0%
Thuner Amtsanzeiger ¹	Thun	CHF	–	R	E	48.0%	48.0%
Homegate AG	Zurich	CHF	1 000	D	V	90.0%	90.0%
ImmoStreet.ch SA	Lausanne	CHF	700	D	V	90.0%	18.0%
Hotelcard AG	Thun	CHF	190	D	E	20.0%	20.0%
Jobcloud AG	Zurich	CHF	100	D	V	50.0%	50.0%
Jobsuchmaschine AG	Zurich	CHF	100	D	V	50.0%	50.0%
JoinVision E-Services GmbH	Vienna	EUR	50	D	V	50.0%	0.0%
Karriere.at GmbH	Linz	EUR	40	D	E	24.5%	24.5%
firstbird GmbH	Vienna	EUR	35	D	A	3.9%	0.0%
Journal de Morges SA	Morges	CHF	100	R	E	49.0%	0.0%
MetroXpress A/S	Copenhagen	DKK	662	N	V	100.0%	100.0%
MoneyPark AG	Wollerau	CHF	324	D	A	6.1%	20.4%
Newsnet ¹	Zurich	CHF	–	N	V	81.3%	81.3%
Olmero AG	Opfikon	CHF	208	D	V	97.7%	97.7%
ricardo.ch AG	Zug	CHF	200	D	V	100.0%	100.0%
ricardo-shops GmbH	Weil am Rhein	EUR	25	D	V	100.0%	100.0%
ricardo Sàrl	Valbonne	EUR	15	D	V	100.0%	100.0%
Schweizerische Depeschenagentur AG	Berne	CHF	2 000	N	E	29.4%	29.4%
SMD Schweizer Mediendatenbank AG	Zurich	CHF	108	N	E	33.3%	33.3%
Swissdox AG	Zurich	CHF	100	R	E	33.3%	33.3%
Starticket AG	Zurich	CHF	913	D	V	87.6%	75.0%
Swiss Online Shopping AG	Langenthal	CHF	239	D	–	0.0%	62.7%
Swiss Classified Media AG ²	Zurich	CHF	100	D	–	0.0%	100.0%
car4you Schweiz AG ²	Zurich	CHF	1 200	D	–	0.0%	100.0%
Swisscom Directories AG	Zurich	CHF	2 174	D	E	31.0%	31.0%
Tagblatt der Stadt Zürich AG	Zurich	CHF	200	R	V	65.0%	85.0%

¹ Sole proprietorship

² Merged with Tamedia AG and ricardo.ch AG

³ Share of Group votes corresponds to share of Group capital

Business division

N = Publishing National

R = Publishing Regional

D = Digital

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 ³ Group capital 2016	Share of ³ Group capital 2015
Tamedia Publications romandes SA	Lausanne	CHF	7 500	R	V	100.0%	100.0%
Actua Immobilier SA	Carouge	CHF	330	R	E	39.0%	39.0%
CIL Centre d'Impression Lausanne SA	Lausanne	CHF	10 000	R	V	100.0%	100.0%
La Broye Hebdo SA	Payerne	CHF	100	R	–	0.0%	20.0%
LC Lausanne Cités SA	Lausanne	CHF	50	R	E	50.0%	50.0%
Société de Publications Nouvelles SPN SA	Geneva	CHF	1 000	R	E	50.0%	50.0%
Virtual Network SA	Nyon	CHF	100	D	E	20.0%	20.0%
TicinOnline SA	Breganzona	CHF	1 100	N	E	25.8%	25.8%
Tradono ApS	Copenhagen	DKK	176	D	E	25.6%	25.6%
Tradono Switzerland AG	Zurich	CHF	100	D	E	50.0%	50.0%
Trendsales ApS	Copenhagen	DKK	125	D	V	88.0%	88.0%
Trendsales Finland Oy	Helsinki	EUR	28	D	V	44.9%	44.9%
Tutti.ch AG	Zurich	CHF	1 100	D	V	100.0%	100.0%
TVtäglich ¹	Zurich	CHF	–	R	E	50.0%	50.0%
Ultimate Media B&M GmbH	Vienna	EUR	35	N	E	25.5%	0.0%
AHW Verlags GmbH	Vienna	EUR	36	N	E	25.5%	0.0%
Verlag Finanz und Wirtschaft AG	Zurich	CHF	1 000	N	V	100.0%	100.0%
Zattoo International AG	Zurich	CHF	925	D	E	31.0%	31.0%
Zürcher Oberland Medien AG	Wetzikon	CHF	1 800	R	E	37.6%	37.6%
Zürcher Regionalzeitungen AG	Winterthur	CHF	475	R	V	100.0%	100.0%

1 Sole proprietorship

2 Merged with Tamedia AG and ricardo.ch AG

3 Share of Group votes corresponds to share of Group capital

Business division

N = Publishing National

R = Publishing Regional

D = Digital

Consolidation and measurement methods

V = Full consolidation

E = Accounted for using the equity method

A = Valued at market value

Disclosures detailing material changes to the consolidated investments are provided in Note 1, and to investments in associated companies and joint ventures in Note 11.

Transactions with related parties and companies

Note 41

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

BoG&HF 000	Associated companies ¹		Joint ventures ¹		Pension funds		Board of Directors and Management	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	7 723	8 565	12 818	15 708	-	-	465	496
Operating expenses	(10 717)	(10 578)	(68)	(50)	(22 869)	(23 208)	(3 288)	(3 922)
Net financial income (loss)	51	15	4	(2)	-	-	-	-
Trade accounts receivable	1 403	827	1 733	2 358	-	-	10	-
Loans receivable	2 727	-	-	-	-	-	-	-
Trade accounts payable	454	558	378	594	-	-	25	1
Other current payables	412	1 076	-	-	803	1 081	-	-
Current financial liabilities	-	-	-	-	-	-	-	-
Non-current financial liabilities	-	-	2 000	2 029	-	-	-	-

¹ Associated companies and joint ventures are accounted for in the annual financial statements 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 FMA Fachmedien Agrar AG, 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
2016				
Number of members per balance sheet date	7.0	5.0	7.0	19.0
Annual average of members	7.0 ²	5.3 ³	7.0	19.3
Fees/salaries	2 043	85	3 750	5 878
Performance bonus and share of profits paid in cash	–	–	2 053 ⁵	2 053
Share of profits paid in shares 2016 ⁴	–	–	275 ⁶	275
Share of profits paid in shares 2015 ⁴	–	–	1 092	1 092
Share of profits paid in shares 2014 ⁴	–	–	347	347
Share of profits paid in shares 2013 ⁴	–	–	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

2015

Number of members per balance sheet date	7.0	6.0	7.0	20.0
Annual average of members	7.0	6.0	7.0	20.0
Fees/salaries	2 039	100	3 744	5 882
Performance bonus and share of profits paid in cash	–	–	5 675 ⁵	5 675
Share of profits paid in shares 2015 ⁴	–	–	1 099 ⁶	1 099
Share of profits paid in shares 2014 ⁴	–	–	347	347
Share of profits paid in shares 2013 ⁴	–	–	146	146
Share of profits paid in shares 2012 ⁴	–	–	69	69
Pension and social security contributions	226	1	1 247	1 474
Expense reimbursements	108	–	130	238
Non-monetary payments	–	–	–	–
Other compensation	–	–	–	–
Total	2 373	101	12 456	14 930

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 by members: Martin Coninx since 16 April 2016 Claudia Coninx-Kaczynski until 16 April 2016

3 For the calculation of the annual average number of entries and departures by members: Thomas Sterchi until 24 March 2016

4 See information on profit participation programme for executives

5 Note 42 to the consolidated financial statements reports the long-term bonus for the Head of Digital based on the amount recognised in the income statement in the reporting year. In contrast, the long-term bonus of the Head of Digital is disclosed in the compensation report at the time of its allocation in 2012.

6 Note 42 of the consolidated financial statements 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 3.1 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 2016. Members of the Management Board are entitled to participate as of their second year of service. A payment is made when the profit margin (net income in relation to net revenue) 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 after 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 after 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 entitlement to profit participation is acquired.

For the shares allotted in the 2013, 2014 and 2015 financial years, personnel expenses of CHF 0.15 million, CHF 0.35 million and CHF 1.09 million respectively were recognised in the current year.

For the financial year 2016, the Management Board will be granted a profit participation of CHF 1.4 million, with CHF 0.3 million being for the shares allocated.

As part of the profit participation programme of the Management Board, 3,546 treasury shares were issued in 2016 for the 2012 financial year to the members of the Management Board. Measured in terms of market value on the allotment date, the total value of these shares is CHF 0.6 million.

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

number	2016	2015
As of 1 January	45 775	24 199
Exercised	(3 546)	(4 033)
Allocated	7 101	25 609
As of 31 December	49 330	45 775
of which exercisable	5 663	3 546

in CHF/ number of shares	Allocation date	Blocked until	Fair value as of grant date	Fair value as of 31 December	Outstanding entitlements 2016	Outstanding entitlements 2015
	31.12.2012	31.12.2015	102.7	156.0	–	3 546
	31.12.2013	31.12.2016	107.9	156.0	5 663	5 663
	31.12.2014	31.12.2017	126.9	156.0	10 957	10 957
	31.12.2015	31.12.2018	171.0	156.0	25 609	25 609
	31.12.2016	31.12.2019	156.0	156.0	7 101	–

Note 43**Employee profit participation programme**

The profit participation programme applicable for the 2016 financial year provides for the distribution of a profit participation if Tamedia achieves a profit margin (net income in relation to net 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 13.6 per cent, the necessary margin was exceeded in the past reporting year. Tamedia therefore expects to pay out a total of CHF 5.8 million (previous year CHF 14.9 million) as profit participation to its employees. The expenses for the employee profit participation programme is recognised as personnel expenses in the 2016 financial statements (see Note 9).

Note 44**Important events after the balance sheet date****Metroxpress**

The two Danish daily newspapers BT and Metroxpress are forming a partnership and jointly founding the new publishing company BTMX. As the previous publisher of BT, Berlingske Media will hold 70 per cent of the company and, as the publisher of Metroxpress, Tamedia will hold 30 per cent. Together, BT and Metroxpress reach the largest printed readership and their aim is to do the same with the digital readership in Denmark by 2018.

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 (please refer to the section “Assets held for sale” as well). 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 will be recognised in the income statement through net financial income in the first half of 2017.

The shares in BTMX are recognised at CHF 9.4 million. This equates to the market value of the activity of Metroxpress cited in the preceding paragraph. Subsequently, the value of the shares will be updated in accordance with the equity method.

Starticket

Ticketcorner AG and Starticket AG are forming a partnership and founding a joint Swiss ticketing group. Ticket Holding AG, which is held half and half by CTS Eventim Group and Ringier, will have a 75 per cent stake and Tamedia a 25 per cent stake.

As a result of placing Starticket AG in the joint company, Starticket AG is expected to leave the group of consolidated companies in the first half of 2017. As of balance sheet date assets and liabilities of Starticket amounted to 29.8 Mio. CHF (of which CHF 7.3 million were cash and cash equivalents) and CHF 14.8 million respectively. They will be dispensed with deconsolidation (please refer to the section “Assets held for sale” as well). The market value of Starticket AG is expected to be CHF 23.0 million. The expected difference between the market value of CHF 15.3 million and transferred equity will be recognised at deconsolidation in the income statement through net financial income.

The shares in the joint Swiss Ticketing Group will probably be recognised at CHF 23.0 million. This equates to the market value of Starticket AG cited in the preceding paragraph. Subsequently, the value of the shares will be updated in accordance with the equity method.

The transaction is subject to the approval of the 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 2016 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the financial year then ended, and notes to the consolidated financial statements (pages 34 to 91), 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 2016 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

<p>Overview</p> <p>Materiality</p> <p>Audit scope</p> <p>Key audit matters</p>	<p>Overall Group materiality: CHF 6,900,000</p> <p>Full scope audit work relating to the consolidated financial statements was concluded at ten Group companies. At one of these companies, the audit was performed by another audit firm.</p> <p>The audit scope addressed 89% of the revenues, 81% of the income before taxes and 89% of the total assets of the Group.</p> <p>As key audit matters, the following areas of focus were identified:</p> <ul style="list-style-type: none">• Impairment testing of goodwill• Impairment testing of intangible assets with an indefinite useful life
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PricewaterhouseCoopers AG, Birchstrasse 160, PO Box, 8050 Zurich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

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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: Publishing Regional, Publishing National and Digital. The Group is primarily active in Switzerland, although it also has some smaller 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 a different 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.

<i>Overall Group materiality</i>	CHF 6,900,000
<i>How we determined it</i>	5% of the income before taxes rounded
<i>Rationale for the materiality benchmark applied</i>	We chose income before taxes rounded 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.

We agreed with the Audit Committee that we would report to them misstatements above CHF 345,000 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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Goodwill (CHF 877 million) comprises goodwill relating to the Publishing Regional division (CHF 109 million), Publishing National division (CHF 219 million) and the Digital division (CHF 550 million).</p> <p>Goodwill relating to the Publishing divisions is allocated to three cash-generating units (CGUs), Paid-For Media National, Paid-For Media Regional and Free Media. In the Digital division, the nine legal entities are each cash-generating units.</p> <p>The results for the year under review of the Digital division’s cash-generating unit in Denmark were below expectations. Management’s revaluation of the business resulted in an impairment charge in the amount of CHF 11 million.</p> <p>In order to test goodwill for impairment, its book value per cash-generating unit is compared with the net present value of future cash flows (discounted cash flows or DCF) of the CGU. This requires assumptions to be made regarding revenue and cost growth, the change in net working capital and the discount rate applied to the forecasted cash flows.</p> <p>Management uses a specially designed process in order to make its forecasts for the business divisions. The Board of Directors monitors compliance with this process and whether the assumptions made are consistent with those approved by the Board of Directors for use in medium-term planning.</p> <p>The outlook for the Publishing divisions is evaluated using a standardised forecasting model in a multi-stage process. This process considers external research, non-recurring events, past results and general cyclical forecasts.</p> <p>In the Digital division, the calculations of the value-in-use are prepared on the basis of the business plans for the next five forecast years.</p> <p>We consider the impairment testing of goodwill to be a key audit matter because goodwill represents</p>	<p>We performed the following specific audit procedures:</p> <ul style="list-style-type: none"> • Using an internal valuation expert, we assessed the appropriateness of the valuation model and checked it for logical consistency and arithmetical correctness. • We compared the business results for the year under review of the CGUs to which goodwill is allocated with the forecasts made in the prior year. This allowed us to assess with hindsight the accuracy of the estimates made by Management. • We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classified advertising 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 country-specific particularities for the foreign CGUs. • We compared the goodwill of all of the CGUs with that of analogous publishing and digital companies using an alternative company valuation calculation based on industry-specific EBITDA multipliers. • We tested the sensitivity analyses (stress tests) for the key assumptions. These analyses enabled us to assess the potential for any additional impairment of goodwill. <p>Our audit results support the approach chosen by Management in assessing the impairment of goodwill.</p>



a significant asset category. In addition, Management has significant scope for judgement in applying the DCF method.

In this connection, please refer to pages 74 and 75 (Notes to the consolidated financial statements)

Impairment testing of intangible assets with an indefinite useful life

Key audit matter

Intangible assets with an indefinite useful life (CHF 304 million) comprise intangible assets in the Publishing Regional division (CHF 44 million), Publishing National division (CHF 75 million) and the Digital division (CHF 186 million).

Intangible assets with an indefinite useful life in the Publishing divisions are allocated to the three cash-generating units (CGUs), Paid-For Media National, Paid-For Media Regional and Free Media. In the Digital division, the nine legal entities are each cash-generating units.

Management performs an annual review to determine whether it is still appropriate to assume that the useful life of brands and publishing rights is indefinite. If the review leads to a reclassification as intangible assets with a finite useful life, the assets concerned are amortised over their newly determined expected useful lives.

In order to test intangible assets with an indefinite useful life for impairment, the book value of the assets per cash-generating unit is compared with the net present value of future cash flows (discounted cash flows or DCF) of the CGU. This requires assumptions to be made regarding revenue and cost growth, the change in net working capital and the discount rate to be applied to the forecasted cash flows.

Management uses a specially designed process in order to make its forecasts for the business divisions. The Board of Directors monitors compliance with this process and assesses whether the assumptions are consistent with 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 applying the DCF method and in categorising the useful life of

How our audit addressed the key audit matter

To test for potential impairment, 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 a reorganisation. To this end, we interviewed Management members and compared their statements with the minutes of the meetings of the Board of Directors.
- We compared the business results for the year under review of the CGUs that have intangible assets with indefinite useful lives with the forecasts made in the prior year. This allowed us to assess with hindsight the accuracy of the estimates made by Management.
- We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classified advertising 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 country-specific particularities for the foreign CGUs.
- We tested the sensitivity analyses (stress tests) for the key assumptions. These analyses enabled us to assess the potential for any impairment of intangible assets with an indefinite useful life.

Our audit results support the approach chosen by Management in assessing the impairment of intangible assets with an indefinite useful life.



each intangible asset.

In this connection, please refer to pages 74 and 75
(Notes to the consolidated financial statements)

Other Matter

The consolidated financial statements of Tamedia AG for the year ended 31 December 2015 were audited by another firm of auditors whose report, dated 22 February 2016, expressed an unmodified opinion on those statements.

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 intends either 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>. 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
Audit expert
Auditor in charge

Cüneyt Budakoglu
Audit expert

Zurich, 20 February 2017

Income statement

in CHF 000	Note	2016	2015
Media revenue		342 757	362 082
Print revenue		3 401	3 709
Other operating revenue	5	98 509	94 759
Revenues		444 667	460 550
Costs of material and services		(74 091)	(84 173)
Personnel expenses		(152 711)	(157 386)
Other operating expenses	5	(150 621)	(145 991)
Operating income before depreciation and amortisation (EBITDA)		67 243	73 000
Depreciation and amortisation		(9 871)	(9 826)
Operating income (EBIT)		57 372	63 174
Financial income	5	145 370	88 646
Financial expense	5	(103 061)	(116 804)
Income before taxes		99 680	35 016
Direct taxes	5	1 018	(1 712)
Net income		100 699	33 304

Balance sheet

in CHF 000	Note	31.12.2016	31.12.2015
Cash and cash equivalents		9 496	25 460
Trade accounts receivable	3	78 073	82 642
Other current receivables	3	3 559	2 360
Inventories		126	104
Accrued income and prepaid expenses		2 786	3 724
Current assets		94 041	114 290
Financial assets	3/4/11	64 869	87 940
Investments	7	1 414 105	1 483 701
Property, plant and equipment	4/12	117 197	122 167
Intangible assets		6 839	10 018
Non-current assets		1 603 010	1 703 826
Total assets		1 697 051	1 818 116
Trade accounts payable	3	14 655	25 825
Current interest-bearing liabilities	3/4	74 558	71 656
Other current liabilities	3	11 803	15 730
Deferred revenues and accrued liabilities	4	114 874	125 430
Current provisions		1 378	535
Current liabilities		217 268	239 176
Non-current interest-bearing liabilities	3/4	415 387	552 500
Non-current provisions		2 976	3 483
Non-current liabilities		418 363	555 983
Total liabilities		635 631	795 159
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	775 912	804 172
Net income		100 699	33 304
Treasury shares	8	(1 251)	(579)
Shareholders' Equity		1 061 420	1 022 957
Liabilities and shareholders' equity		1 697 051	1 818 116

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

Publishing Regional

- Tages-Anzeiger
- Jobs market
- Newsnet
- Customer Contact Centre
- Publishing logistics

Publishing National

- Annabelle
- Das Magazin
- Schweizer Familie
- SonntagsZeitung
- 20 Minuten / 20 minutes

Note 1

Disclosures on the principles applied in the annual financial statements

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 1/3 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

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 revenue. 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 the purchase of newsprint and magazine paper and of investments in a foreign currency. 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

The average annual number of staff is over 250 full-time employees for the period from 1 January to 31 December 2016 and for the equivalent period of the previous year.

Note 2

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

Note 3

in CHF 000	2016			
	Shareholders	Investments	Third party	Total
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

in CHF 000	2015			
	Shareholders	Investments	Third party	Total
Total assets				
Trade accounts receivable	–	29 134	53 508	82 642
Other current receivables	–	1 453	907	2 360
Financial assets	–	86 025	1 915	87 940
Liabilities and shareholders' equity				
Trade accounts payable	–	13 354	12 471	25 825
Current interest-bearing liabilities	–	41 656	30 000	71 656
Other current payables	–	1 076	14 654	15 730
Non-current interest-bearing liabilities	–	382 500	170 000	552 500

Notes and disclosures on additional balance sheet items

Financial assets

in CHF 000	2016	2015
Loans to subsidiaries	60 686	86 025
Loans to third parties	550	550
Total loans	61 236	86 575
Share of 4 per cent (previous year 5 per cent) in Book a Tiger Deutschland GmbH, Berlin	1 046	1 046
Share of 6 per cent (previous year 0 per cent) in MoneyPark AG, Wollerau	1 929	-
Share in Matter VF II, USA	339	-
Blocked account subscription insurance	320	320
Total other financial assets	3 633	1 365
Total financial assets	64 869	87 940

Property, plant and equipment

in CHF 000	2016	2015
Fixtures and fittings	2 838	2 972
IT equipment	2 220	2 956
Plant and machinery	1 997	2 447
Other movable property, plant and equipment	309	627
Total movable property, plant and equipment	7 364	9 002
Buildings	51 970	53 600
Land	39 171	39 171
Installations and building fixtures	18 653	20 346
Tenant fittings	40	48
Total real estate	109 833	113 164
Total property, plant and equipment	117 197	122 167

Current interest-bearing liabilities

in CHF 000	2016	2015
Current account liabilities	44 260	41 656
Bank loan	30 000	30 000
Other current payables	298	-
Total current interest-bearing liabilities	74 558	71 656

Deferred revenues and accrued liabilities

in CHF 000	2016	2015
Subscriptions	71 537	76 899
Personnel	21 147	27 303
Direct taxes	6 267	7 927
Other accrued liabilities	15 923	13 301
Total deferred revenues and accrued liabilities	114 874	125 430

Non-current interest-bearing liabilities

in CHF 000	2016	2015
Loans	362 783	382 500
Bank loan	50 000	170 000
Other non-current liabilities	2 604	-
Total non-current interest-bearing liabilities	415 387	552 500

Voluntary retained earnings

in CHF 000	2016	2015
Balance as of 1 January	804 172	750 108
Withdrawal/Allocation from appropriation of net income	(14 396)	85 011
Offset of acquisition discount	(13 863)	(30 947)
Balance as of 31 December	775 912	804 172

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.

20 Minuten AG, Zurich, was merged with Tamedia AG, Zurich, retroactively to 1 January 2015. Assets of CHF 66.5 million and liabilities of CHF 27.4 million were transferred under the merger. The resulting acquisition discount of CHF 30.9 million was offset against free reserves.

Notes and disclosures on income statement items

Note 5

Other operating revenue

in CHF 000	2016	2015
Management fees	54 623	50 268
Transport revenues	29 189	28 786
Revenue from real-estate	7 791	7 578
Other operating revenues	6 907	8 126
Total other operating revenues	98 509	94 759

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Other operating expenses

in CHF 000	2016	2015
Distribution and sales expenses	68 950	70 661
Management fees	23 230	20 592
Advertising and public relations	15 774	18 690
Rent, lease payments and licences	12 345	11 622
Other expenses	30 322	24 426
Total other expenses	150 621	145 991

Financial results

in CHF 000	2016	2015
Interest income	1 800	1 280
Revenue from investments	115 429	86 876
Gain from sale of securities	22	–
Gain from sale of investments	21 036	–
Other financial income	7 084	490
Total financial income	145 370	88 646
Interest expense	(6 838)	(6 093)
Impairment on financial assets	(22 200)	(16 100)
Impairment on investments	(65 500)	(89 200)
Loss from sale of investments	(5 719)	–
Other financial expenses	(2 805)	(5 412)
Total financial expenses	(103 061)	(116 804)
Total financial profit	42 309	(28 158)

Direct taxes

in CHF 000		2016	2015
Direct taxes		1 018	(1 712)

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		2016	2015
Material net reversal of hidden reserves		1 564	2 335

Note 7 Direct and indirect investments

See Note 40 to the consolidated financial statements

Note 8 Treasury shares

	2016		2015	
	number	in CHF 000	number	in CHF 000
Balance as of 1 January	3 555	579	2 992	374
Acquisition of treasury shares	7 643	1 254	4 596	711
Sale of treasury shares	(3 546)	(581)	(4 033)	(506)
Balance as of 31 December	7 652	1 251	3 555	579

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		2016	2015
Liabilities from leases equivalent to purchase agreements		2 102	2 488
Liabilities from fixed rental contracts		12 844	12 862

Note 10 Liabilities to employee benefit funds

in CHF 000		2016	2015
Liabilities to employee benefit funds		124	97

Note 11 Total amount of subordinated claims on borrowings

in CHF 000		2016	2015
Subordinated claims in favour of investments		34 300	27 422

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	2016	2015
Buildings	51 970	53 600
Land	39 171	39 171
Securities	320	320
Total	91 461	93 091

Shares and options for corporate bodies and staff

Note 13

	2016		2015	
	number	in CHF 000	number	in CHF 000
Shares allocated to members of the Management Board	7 101	1 108	25 609	4 379

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 14

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

No. of shares	2016		2015	
	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	500	1 265 067 ²	–	–
Claudia Coninx-Kaczynski	–	–	350	1 265 387 ²
Marina de Planta	–	–	–	–
Martin Kall	–	–	13 831	13 831
Pierre Lamunière	2 000	3 804	2 000	3 804
Konstantin Richter	16 229	726 295	16 229	726 295
Iwan Rickenbacher	50	400	50	400

¹ Including rights of usufruct and benefits

² The stock includes the 393,233 registered shares with rights of usufruct owned by Hans-Heinrich Coninx.

Advisory Board

No. of shares	2016		2015	
	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	2016		2015	
	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Christoph Tonini	4 266	4 266	3 134	3 134
Christoph Brand	192	192	–	–
Ueli Eckstein	–	–	–	–
Marcel Kohler	20	20	20	20
Sandro Macciachini	1 260	1 260	1 165	1 165
Serge Reymond	–	–	–	–
Andreas Schaffner	2 066	2 066	1 199	1 199

Note 15

Shareholdings of major shareholders

Name	2016 ¹	2015 ¹
Dr. Severin Coninx, Berne	13.20%	13.20%
Rena Maya Coninx Supino, Zürich	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	6.94%	6.94%
Ellermann Pyrit GmbH, Stuttgart, Germany	6.93%	6.93%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%
Other members of the shareholders' agreement	2.15%	2.15%
Total members of the shareholders' agreement	71.80%	71.80%
Tweedy Browne Company LLC	4.52%	4.53%
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 16

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 2016 financial year, the Board of Directors will recommend to the Annual General Meeting of 7 April 2017 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	2016	2015
At the disposal of the General Meeting		
Balance brought forward	-	-
Net income	100 699	33 304
Retained earnings	100 699	33 304
Motion of the Board of Directors		
Retained earnings	100 699	33 304
Withdrawal from voluntary retained earnings	-	14 396
Dividend payment	(47 700)	(47 700)
Allocation to voluntary retained earnings	(52 999)	-
Balance to be carried forward	-	-

Zurich, 20 February 2017

On behalf of the Board of Directors
Chairman
Pietro Supino

Head of Finances & Human Resources
Sandro Macciachini



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 2016, income statement for the year then ended and notes (pages 98 to 105), including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2016 comply with Swiss law and the company's 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 6,900,000

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 a key audit matter, the following area of focus was identified:

Impairment testing of investments in group companies 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

PricewaterhouseCoopers AG, Birchstrasse 160, PO Box, 8050 Zurich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

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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. Our audit opinion aims to provide reasonable assurance that the 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 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.

<i>Overall materiality</i>	CHF 6,900,000
<i>How we determined it</i>	4% of the income before taxes and before impairment of investments rounded
<i>Rationale for the materiality benchmark applied</i>	We chose income before taxes and before impairment of investments rounded 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 345,000 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 group companies and loans to subsidiaries

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Investments amount to CHF 1,414 million and loans to subsidiaries amount to CHF 61 million. Investments are measured individually at cost less valuation allowances. To test the investments for impairment, the book values are compared with the recoverable amounts. The recoverable amount is derived as the value-in-use from the present value of the future cash flows.</p> <p>Loans to subsidiaries are measured at their nominal value less valuation allowances.</p>	<p>We performed the following specific audit procedures:</p> <ul style="list-style-type: none"> • Using an internal valuation expert, we assessed the appropriateness of the valuation model and checked it for logical consistency and arithmetical 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



Calculating the value-in-use requires assumptions to be made regarding revenue and cost growth, the change in net working capital and the discount rate applied to the forecasted cash flows.

Management uses a specially designed process to make its forecasts for the business divisions. The Board of Directors monitors compliance with this process and whether the assumptions are consistent with those approved by the Board of Directors for use in medium-term planning.

We consider the impairment testing of investments and loans to subsidiaries to be a key audit matter because both of them are significant asset categories. In addition, Management has significant scope for judgement in applying the DCF method.

For more details, please refer to pages 74 and 75 (Notes to the consolidated financial statements)

by Management.

- We compared the assumptions concerning the long-term growth of subscription and advertising revenues and online classified advertising with economic and industry-specific forecasts.
- We reconciled the applied discount rates to the cost of capital of the Group and comparable media companies, taking into account country-specific particularities for the foreign cash-generating units.

Our audit results support the approach chosen by Management in assessing the impairment of investments and loans to subsidiaries.

Other matter

The financial statements of Tamedia AG for the year ended 31 December 2015 were audited by another firm of auditors whose report, dated 22 February 2016, expressed an unmodified opinion on those statements.

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 intends either 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>. 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
Audit expert
Auditor in charge

Cüneyt Budakoglu
Audit expert

Zurich, 20 February 2017

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.

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. With the exception of one member, a supplementary profit participation is granted to members of the Management Board, 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 2016, the net income target of the Tamedia Group was not achieved. 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.

To support the strategic goal of further expanding Digital's share of net income, there is a long-term bonus plan for the Head of the Digital Division, which expired at the end of 2016 and is not renewed. The long-term bonus plan includes a one-time payment in spring 2017, provided Digital's EBITDA for 2016, adjusted for acquisitions and divestments as well as a pro rata inclusion of investments, exceeds the threshold set in 2012 and provided no notice of termination has been given as at 31 March 2017. As the given threshold for the long-term bonus plan, which expired at the end of 2016, was exceeded, 2 per cent of the amount exceeding the threshold or CHF 0.6 million will be paid out.

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. The same rules apply to all employees 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
2016				
Number of members per balance sheet date	7.0	5.0	7.0	19.0
Annual average of members	7.0 ²	5.3 ³	7.0	19.3
Fees/salaries	2 043	85	3 750	5 878
Performance bonus and share of profits paid in cash	–	–	1 904 ⁵	1 904
Share of profits paid in shares 2016 ⁴	–	–	1 098 ⁶	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
2015				
Number of members per balance sheet date	7.0	6.0	7.0	20.0
Annual average of members	7.0	6.0	7.0	20.0
Fees/salaries	2 039	100	3 744	5 882
Performance bonus and share of profits paid in cash	–	–	5 740 ⁵	5 740
Share of profits paid in shares 2015 ⁴	–	–	4 396 ⁶	4 396
Pension and social security contributions	226	1	1 419	1 647
Expense reimbursements	108	–	130	238
Non-monetary payments	–	–	–	–
Other compensation	–	–	–	–
Total	2 373	101	15 429	17 903

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 by members:

Martin Coninx since 16 April 2016

Claudia Coninx-Kaczynski until 16 April 2016

3 For the calculation of the annual average number of entries and departures by members: Thomas Sterchi until 24 March 2016

4 See information on profit participation programme for executives

5 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 statements reports the long-term bonus plan for the Head of Digital as the accrued amount recognised in the income statement in the reporting year.

6 Share-based payments are disclosed in the compensation report at the time of their allocation. In contrast, Note 42 to the consolidated financial statements reports the accrued amount recognised in the income statement in the reporting year.

Compensation paid to the Board of Directors¹

in CHF 000	Fees/ salaries	Performance bonus and profit participation	Pension and social security contributions	Expense reimbursements	Other compensation	Total
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
2015						
Pietro Supino	1 439	–	193	36	–	1 668
Claudia Coninx-Kaczynski	100	–	7	12	–	119
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	–	5	12	–	117
Total	2 039	–	226	108	–	2 373

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

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Compensation report

Additional fees and compensation

In the reporting year, Tamedia paid compensation for rent for office premises totalling CHF 3.1 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	2016		2015	
	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	500	1 265 067 ²	–	–
Claudia Coninx-Kaczynski	–	–	350	1 265 387 ²
Marina de Planta	–	–	–	–
Martin Kall	–	–	13 831	13 831
Pierre Lamunière	2 000	3 804	2 000	3 804
Konstantin Richter	16 229	726 295	16 229	726 295
Iwan Rickenbacher	50	400	50	400

¹ Including rights of usufruct and benefits

² The stock includes the 393,233 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 profit participation	Pension and social security contributions	Expense reimbursements	Other compensation	Total
2016						
Emily Bell	20	-	-	-	-	20
Markus Gross	20	-	-	-	-	20
Mathias Müller von Blumencron	20	-	-	-	-	20
Sverre Munck	20	-	-	-	-	20
Thomas Sterchi	5	-	0	-	-	5
Total	85	-	0	-	-	85

2015

Emily Bell	20	-	-	-	-	20
Markus Gross	20	-	-	-	-	20
Mathias Müller von Blumencron	20	-	-	-	-	20
Sverre Munck	20	-	-	-	-	20
Thomas Sterchi	20	-	1	-	-	21
Total	100	-	1	-	-	101

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	2016		2015	
	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	-	-	-	-

Highest compensation paid to a member of the Management Board

in CHF 000

	2016 ¹	2015 ¹
Type of compensation		
Fees/salaries	1 031	1 031
Performance bonus and share of profits paid in cash	840	2 621
Share of profits paid in shares	501	1 971
Pension and social security contributions	268	456
Expense reimbursements	23	23
Total	2 664	6 101

¹ Compensation paid to Christoph Tonini (Chief Executive Officer)

Profit participation programme for members of the Management Board

The current profit participation programme is valid for 2016. Members of the Management Board are entitled to participate as of their second year of service. A payment is made when the profit margin (net income in relation to net revenue) 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 after 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 after 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.

A profit participation of CHF 2.20 million was paid to the Management Board in the 2016 financial year, thereof CHF 1.10 million for the allocated shares.

As part of the profit participation programme of the Management Board, 3,546 treasury shares were issued in 2016 for the 2012 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 0.4 million.

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

number	2016	2015
As of 1 January	45 775	24 199
Exercised	(3 546)	(4 033)
Allocated	7 101	25 609
As of 31 December	49 330	45 775
of which exercisable	5 663	3 546

in CHF/ number of shares	Allocation date	Blocked until	Fair value as of grant date	Fair value as of 31 December	Outstanding entitlements 2016	Outstanding entitlements 2015
	31.12.2012	31.12.2015	102.7	156.0	–	3 546
	31.12.2013	31.12.2016	107.9	156.0	5 663	5 663
	31.12.2014	31.12.2017	126.9	156.0	10 957	10 957
	31.12.2015	31.12.2018	171.0	156.0	25 609	25 609
	31.12.2016	31.12.2019	156.0	156.0	7 101	–

Shares owned by members of the Management Board

No. of shares	2016		2015	
	Shares owned	Total shares owned including those held by related parties	Shares owned	Total shares owned including those held by related parties
Christoph Tonini	4 266	4 266	3 134	3 134
Christoph Brand	192	192	–	–
Ueli Eckstein	–	–	–	–
Marcel Kohler	20	20	20	20
Sandro Macciachini	1 260	1 260	1 165	1 165
Serge Reymond	–	–	–	–
Andreas Schaffner	2 066	2 066	1 199	1 199



Report of the statutory auditor to the General Meeting of Tamedia AG

Zürich

We have audited the accompanying remuneration report of Tamedia AG for the year ended 31 December 2016. 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 111 to 116 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 2016 complies with Swiss law and articles 14–16 of the Ordinance.

Other matter

The remuneration report of Tamedia AG for the year ended 31 December 2015 was audited by another auditor who expressed an unmodified opinion on that report on 22 February 2016.

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit expert
Auditor in charge

Cüneyt Budakoglu
Audit expert

Zürich, 20 February 2017

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

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Corporate Governance

Group structure and shareholders

Group structure

The Group's operational structure is shown on page 10 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 2016)	7,652
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	2016 ¹	2015 ¹	2014 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	6.94%	6.94%	6.94%
Ellermann Pyrit GmbH, Stuttgart, Germany	6.93%	6.93%	6.93%
Ellermann Rappenstein Stiftung, FL-Vaduz	5.86%	5.86%	5.86%
Other members of the shareholders' agreement	2.15%	2.15%	2.15%
Total members of the shareholders' agreement	71.80%	71.80%	71.80%
Tweedy Browne Company LLC	4.52%	4.53%	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 to 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 71.80 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	2016	2015	2014
Ordinary share capital	106.00	106.00	106.00
Ordinary increase in capital	–	–	–
Conditional share capital	–	–	–
Conditional increase in capital	–	–	–
Participation certificates	–	–	–
Dividend-right certificates	–	–	–
Convertible bonds	–	–	–

Additional information concerning changes in equity can be found in the statement of changes in equity on page 38 of the consolidated financial statements.

Registered shares

number	in CHF	2016	2015	2014
Nominal value		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		10 592 348	10 596 445	10 597 008
Total number of voting rights		10 592 348	10 596 445	10 597 008
Number of outstanding shares (weighted average)		10 596 381	10 599 072	10 599 044
Number of treasury shares (as of balance sheet due date)		7 652	3 555	2 992

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 32.

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, insofar 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 after 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 3 to 4.

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 office ¹	Business ² development committee	Audit committee	Nomination and ² compensation committee	Journalism ² committee
Pietro Supino	Chairman	1991	2016	C		C	C
Martin Coninx	Member	2016	2016		M	M	
Martin Kall	Member	2013	2016	M		M	
Pierre Lamunière	Member	2009	2016	M			M
Marina de Planta	Member	2014	2016		C		
Konstantin Richter	Member	2004	2016		M		M
Iwan Rickenbacher	Member	1996	2016	M			M

C: Committee chairman
M: Member

¹ The period of office of all the members of the Board of Directors ends at the next Annual General Meeting on 7 April 2017.

² Christoph Tonini will also be invited to attend meetings in his role as CEO.

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.ch¹. 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 often 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	7 ¹
Business Development Committee	2
Audit Committee	5
Nomination and Compensation Committee	3
Journalism Committee	3
Advisory Board for Media Technology and Innovation	3

¹ of which a three-day retreat

¹ www.tamedia.ch/articles-of-incorporation

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. 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 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. The Business Development Committee usually meet 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

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.

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 8 to 9.

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 111 to 116.

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 127).

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 after 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 0.7 million (previous year: CHF 0.9 million), of which CHF 0.5 million relate to expenditures for the audit conducted by PricewaterhouseCoopers AG. In the previous year, audit fees were incurred for CHF 0.9 million, of which CHF 0.8 million relate to expenditures for the audit conducted by Ernst & Young AG.

Additional fees

The total amount of fees paid to PricewaterhouseCoopers AG and/or its affiliated persons for any additional services in the financial area and advisory services in the IT area amounted to CHF 0.16 million. In the previous year, fees to the amount of CHF 0.6 million were paid to Ernst & Young AG.

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 the Swiss Institute of Certified Accountants and Tax Consultants. 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 39 to 47).

An agenda including the date of the General Meeting and the date of publication of the half-year report can be found on page 32.

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.

Contact person for specific questions about Tamedia:

Tamedia AG
Christoph Zimmer
Director of Corporate Communications and Investor Relations
Werdstrasse 21
CH-8021 Zurich
Tel.: +41 (0) 44 248 41 90
E-mail: christoph.zimmer@tamedia.ch

¹ www.tamedia.ch/articles-of-incorporation

Tamedia AG

Werdstrasse 21
Postfach
8021 Zurich
Phone: +41 (0) 44 248 41 11
www.tamedia.ch
communication@tamedia.ch

Investor Relations

Tamedia AG
Christoph Zimmer
Head of Communications
Werdstrasse 21
CH-8021 Zurich
Phone +41 (0) 44 248 41 90
E-mail christoph.zimmer@tamedia.ch

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