

Annual Report 1997

Featuring the photographic art of Clegg & Guttman



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Key figures

	1997	1996	Change in %
Sales volume, Publishing Switzerland, in CHF million	537.4	563.0	-4.5
Sales volume, Print, in CHF million	177.0	196.6	-10.0
Sales volume, Publishing Europe, in CHF million	109.6	103.4	+6.0
Total sales, in CHF million	824.0	863.0	-4.5

Cash flow in CHF million	82.0	82.7	-0.8
Cash flow in % of sales volume	10.0	9.6	
Annual profit after taxes, in CHF million	20.6	16.7	+23.4
Annual profit after taxes, in % of sales volume	2.5	1.9	
Investments, in CHF million	77.3	52.9	+46.1

Employees	4241	4334	-2.1
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Ringier Teams by Clegg & Guttman

Publisher and art collector Michael Ringier went to put art where no-one would expect it – in the Ringier annual report. He recently discussed the experiment and its continuation with the American artist partnership of Clegg & Guttman, and with Beatrix Ruf, the curator of his collection.

Beatrix Ruf: Most annual reports feature photographs, yet you commissioned two artists. Why?

Michael Ringier: It was a strictly emotional decision. I saw the works of Clegg & Guttman for the first time in November '97, in New York. Their style immediately appealed to me. I commissioned them to contribute to our annual report just as spontaneously. In their annual reports companies report on their performance on the rational level of facts and figures. Art adds another dimension, an outside perspective if you will, an emotional quality. While the artists' contribution says nothing about business performance, it probably expresses a company's intrinsic nature better than mere facts and figures ever could.

B.R.: Do you intend to commission artists to contribute to future annual reports?

M.R.: Definitely. Average citizens and employees encounter art only when they actually seek it out. What I am trying to do in the annual report and with the works of art in our buildings is simple: Art should be part of our daily lives. Art often addresses everyday concerns. That is why it should be placed where it is least expected, in an annual report for instance.

Martin Guttman: Putting art in unexpected places is



Clegg & Guttman at work: How does power represent itself?



Rembrandt (1606–1669) as inspiration: *The Syndics of the Clothmaker's Guild, 1662.*

important and has been a tradition of the avant garde all along. Surrealists want their art to free the imagination, something it cannot do in an art ghetto. But when art appears suddenly, in the office environment for instance, it can indeed give wing to the imagination and inspire new ways of looking at all things, and that includes business problems.

B.R.: Your photographic portraits establish a link between 17th century portraiture – Rembrandt and Frans Hals come to mind – and the self-portrayal of today's corporations in their annual reports.

Michael Clegg: The body language and dress codes that influence portraits to this day indeed date back to the 17th century, when portrait commissions were awarded according to the laws of supply and demand, according to the capitalist ethos. Ancient Dutch portraits and our own works are anchored firmly in the social and political fabric of their time and express something profound about that reality.

M.G.: How does power represent itself? How do people powerful enough to commission an artist to create their image or corrected image portray themselves? Our ultimate concern is the prestige, the self-representation, and the codes observed since the 17th century.

B.R.: Under these circumstances, isn't there conflict between an autonomous, «pure» work of art and a commissioned piece?

M.C.: No, the procedure is the same. When we do portraits we create a kind of impromptu theater with a

complement of actors – the company that commissioned us, the individual and groups we portray, and ourselves. We want the resulting image to clarify the relative position of each of the parties. We call it a social sculpture.

M.R.: In other words, the subject significantly influences the nature of your photographic work?

M.C.: Absolutely. Although we do not reveal the subject's inner life, we do articulate his or her relationship to us, the artists. Our works are as much a record of spontaneous theater as they are portraits.

M.R.: I was fascinated by the reactions of the people you portrayed. As actors in an improvisational theater some felt slightly ill at ease, not in control.

M.G.: The reason may well be that we didn't work in a photo studio but in a dark, dusty room, full of antique



Staging a social sculpture: spontaneous theater in a furniture storage room.

furniture, in a factory undergoing renovation. Our subjects didn't know what to expect and found it difficult to predict what the finished pictures would be like.

B.R.: Would you consider this series of portraits a fair representation of Ringier AG?

M.C.: How can it fail to be? And there is more, the thing that makes the series so interesting: Viewers can discover meaning behind the portraits.

Clegg & Guttman



Michael Clegg



Martin Guttman

Michael Clegg and Martin Guttman, both born in Israel, in 1957, live in New York and San Francisco. The internationally renowned artistic partnership belongs to that generation of artists that uses photography as a medium of conceptual art. The artists' works transcend photography, entering the realm of photographic works of art, of projects and publicly staged events. Clegg & Guttman's works record society's structures and intrinsic nature. They consider their pieces portraits, regardless of subject or medium. Since the '80s they have created a vast photographic oeuvre of individual

and group portraits, of landscape portraits, and still lifes. Their first individual and group portraits, featuring actors against photographic brochure backgrounds, clearly link annual report photography to 17th century portraiture.

Clegg & Guttman see their works as a continuation of the tradition of portraying contemporary power structures and the artist's relationship to society. They are not out to create their own style, making instead use of those elements of art and culture that help define society and are thus capable of portraying social realities. As playwrights or directors of what really is partisan theater, they offer society portraits of social structures and processes. Their purpose in doing so is not to create a portrait as such, but a record of self-portrayals of society's realities and codes. Their photographs are situated somewhere between reality and fiction, and their elements are exactly what they appear to be. The portraits themselves feature the social history of faces, customs and objects, while revealing the conditions that generate social significance.

Both artists have experimented with staged public events since '87, having put on exhibitions and libraries in public urban spaces. They consider their works «social sculptures», created as part of a complex process that involves artistic media and public interaction. The work, not the artist, is what counts. There is never any indication that these are artistically inspired events or sculptures. What is important is that communication is initiated in a social context, under conditions of unrestricted public access. Here again, the artists think of their works as plays and of themselves as sculptors in social reality.

Beatrix Ruf, curator



The Publisher
Michael Ringier

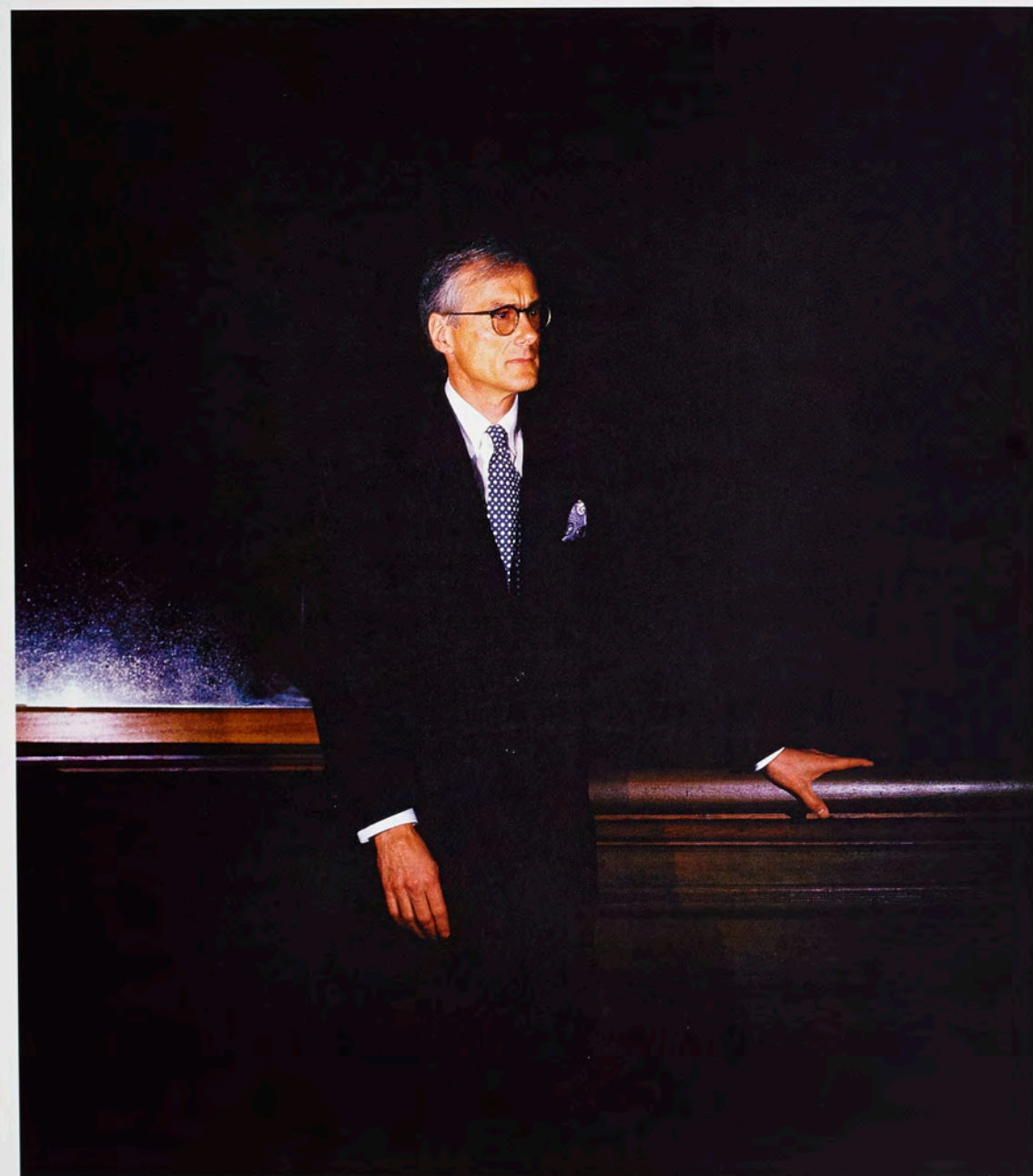
From the publisher

238,212 is just one of the many Ringier Group figures, but an important one. It happens to be the recently certified circulation of Schweizer Illustrierte, established in 1911 and today Switzerland's largest, most successful magazine. The picture ten years ago was quite different, with circulation down to 175,000 and the magazine itself deeply in the red. Then we reinvented Schweizer Illustrierte and relaunched it. The result? Take another look at those figures.

238,212 is more than just a figure, it symbolizes our response to the thesis that in the electronic media age, times are getting harder for newspapers and magazines. 238,212 is also a negation of the theory that costcutting alone can turn a publication around. And finally, 238,212 is at the bottom of a truism that applies to all Ringier employees: Success or failure – it's entirely up to us.

That is why I am pleased not only about the progress of individual titles, but the Group as a whole. True, some ten percent cash flow and profits exceeding CHF 20 million are nowhere near our medium-term objectives. But we are moving in the right direction, upward and forward. And so far, '98 is the proof.

We have had a few exciting years at Ringier recently. Periods of expansion and dynamic growth alternated with times of redimensioning and refocusing. Tough economic conditions in various markets and personnel changes did not help either. But these times are behind us now. Ringier has a solid foundation, questions of ownership have been settled, membership of the Board of Directors is first rate and management responsibility is clearly defined. Our cost structures make us more competitive than ever and there is no dearth of innovative new ideas. In short, this is a fun and exciting place to work.



The Publisher
Michael Ringier

From the publisher

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But much remains to be done. In Switzerland, the Rinova reengineering program is an important milestone in the current year. We want our work to be more fulfilling, more valuable to our customers, and more competitive in the marketplace. Our printing sector also faces major changes. With de facto independence achieved through legal independence, our printing plants must now rely on their own resources, with the logical consequence being increased production at less cost.

But nowadays higher turnovers depend on being different, better and unique. Take the Adligenswil printing plant. Since it started to offer better reproduction quality thanks to a new printing stock – probably the only European plant to do so – customers have been beating down our doors. Of course our competitors will catch up with us sooner or later, so we will soon have to think of another unique advantage. Competition is the name of the game we are all betting on.

This game is also played in Central Europe, albeit with much tougher rules. The transition from pioneer without serious rivals to being one competitor among a growing number has caused us some concern. Our '97 results still reflect the problem. But ever improving management quality is beginning to bear fruit. This year, but no later than the third quarter of '99, we expect to be back in the black across the board. We can once again think of investing rather than coping with losses. New companies and acquisitions are much on our minds these days and Central Europe will definitely be a focal point in our corporate future.

We will continue our growth in Asia with the same degree of circumspection we have exercised in the past. In spite of local economic problems the Hong Kong joint printing venture, with partners from Singapore, and

the consumer magazine publishing group in which we own a share, are very much in the profit zone. Our feelers in China are still out – in the knowledge that as publishers and printers we are treading on sensitive economic ground.

Following the devaluation of most regional currencies, competition from Asian neighbors is on the rise in Vietnam, another Ringier pioneer country which will surely open up more in the future. If we have learned one thing from our local partners in the four years we have been involved there it is this: be patient and keep fighting. Asia continues to be a market in which we seek additional opportunities. But there is no rush, a bit at a time will do us just fine.

Switzerland is readying itself for better things to come. With all our restructuring and changes of recent years, forward and upward is the right way to go. Almost all circulation figures are rising, and creativity will not be the exclusive province of existing publications. There is room for innovation no matter how crowded the markets. One example is the launch of cashual, with more projects to follow. Make no mistake, we are totally committed and determined.

Residual restructuring costs affected '97 results to some extent and will do so again in '98. But Ringier is on the right course, the best possible course: forward. For which I would like to express my heartfelt thanks to our employees and our customers everywhere.

Michael Ringier



Group Management
Michael Ringier, Martin Werfeli, Martin Kall, Marco Solari



Management Board of Ringier Publishing Switzerland
Hans Jürg Deutsch, Caterina Ammann, Fridolin Luchsinger, Dr. Christoph Bircher,
Dr. Beat Lauber, Marco Solari, Markus Gisler, Daniel Terzoni, Walter Bosch

Ringier Publishing Switzerland

Mirroring our country's economic development, fiscal '97 began somberly for Publishing Switzerland, but early signs of a slight upswing in the second half of the year helped end the year on a much happier note.

The 4.5 percent turnover decline is due mainly to the cessation of Schweizer Woche, the sale of Monopole Pathé, and the BLICK Group's ongoing drop in newsstand sales and advertising revenue, particularly in the first two quarters.

New BLICK Group leadership team

A new BLICK Group head and a change of editors-in-chief at Blick (May) and SonntagsBlick (August), produced positive results in the third and fourth quarters, and created optimism for the current year. First-quarter sales of SonntagsBlick in '98 well above those of the previous year put a halt to a five-year decline.

Cash, whose circulation rose 1.7 percent, to 71,417, is again a winner. In the last quarter of '97 the Cash team was also hard at work on cashual, the new magazine launched this March.

Successful Magazines Division

'97 was an equally successful year for the Magazines Division. Schweizer Illustrierte continued in its successful ways. Other titles in German and French-speaking Switzerland maintained or even increased circulation, with Betty Bossi making the single biggest contribution to Publishing Switzerland's turnover increase.

Last year we consolidated our television business in a new Division, the highlight being the fall launch of SF 2, SRG's new second network and successor to Schweiz 4. Next to live sportscasts, Ringier-produced Gesundheit-Sprechstunde and Marktplatz were the network's front runners.

Other important decisions Ringier Publishing Switzerland took in '97 were the merger of program guides TVPlus (TA-Media) and TVExtra (Ringier) into TVtäglich, the launch of regional Internet platform ZHOL Zürich Online, participation in Swiss Human Line, disinvestment from feature film distributor Monopole Pathé, and the sale of a 50 percent share in Good News Productions AG, to its manager André Bechir.

The Rinova challenge

We pushed forward the Rinova reengineering program, launched at the beginning of the year, with considerable commitment from the entire management team. By year's end, analyses and implementation plans for the current

year were complete. We expect an earnings increase from Rinova this year and in subsequent years.

Rinova has triggered processes that affect many employees directly; organization units are being restructured and others created from scratch. Our Human Resources Management helps us find the right person for the right job and, in cooperation with our personnel commission, creates work models before any notices are given.

More part-time jobs

The consequence is that we are gradually turning away from worktime models, i.e. working hours and workplace presence, to work individualization and work formats that consider where and how the work is performed. Team members working together well have an influence on overall performance. Applied to workplace presence this means an increase in part-time jobs.

In a time of ongoing, fast-paced change, many employees will face the question of reorientation also within the company. Our Human Resources Management assists these employees with assessments and analyses of their potential.

Turnover trends, Publishing Switzerland

Total in CHF million	1995	1996	1997
Magazines	230.3	243.5	261.4
Newspapers	293.0	238.5	229.0
Electronic media*	42.9	43.4	30.6
Miscellaneous	36.4	37.6	16.4
	1995	1996	1997

* concerts, film distribution, television



Blick team
Walter Bosch, group head; Bernhard Weissberg, editor-in-chief, SonntagsBlick;
Wolfram Meister, editor-in-chief, Blick



Magazines team, German-speaking Switzerland
Klaus Kriesel, editor-in-chief, Tele; Margrit Storz, editor-in-chief, Betty Bossi;
Dr. Beat Lauber, group-head; Peter Rothenbühler, editor-in-chief, Schweizer
Illustrierte; Beatrice Merlotti, editor-in-chief, Glücks-Post



Magazines team, French-speaking Switzerland
Théo Bouchat, Manager French-speaking Switzerland; Ariane Dayer, editor-in-chief, L'Hebdo; Daniel Pillard, editor-in-chief, L'illustré; Jean-Philippe Arm, editor-in-chief, TV8

Newspapers

The BLICK Group

Blick and SonntagsBlick had a difficult year of major changes in a less than favorable economy.

Years of upheaval, changing editorial policies and top personnel mutations have left their mark. The situation that prevailed in May, with a new Division head and a new editor-in-chief, can without exaggeration be described as dramatic. Circulation was lower than it had been in years, and ad sales were well below projections. SonntagsBlick suffered the lowest circulation figures since '84 and sustained an ad revenue defeat at the hands of SonntagsZeitung that reduced its market share to 43 percent, considerably less than expected.

What better time for the Division head, the Publisher and Blick's editor-in-chief to develop a common vision and a shortened decision-making process that enabled them to make changes without delay. Things looked even better in the fall, when SonntagsBlick's new editor-in-chief took over.

We concentrated our energies on critical success factors and unfailing implementation of guidelines. Editorially, we were determined to go back to our roots as tabloids. We also started to upgrade content quality, a process that will take some time to complete. A new advertising sales strategy is designed to get rid of our loser image and help us to be perceived as winners once again. Marketing of both publications also received a boost. Expensive as it was, we believe this move to be a vital success factor for the future. Tabloids around the world are gradually turning into brandname products highly responsive to enlightened brand management. Without these additional efforts the necessary, structurally mandated, circulation figures are simply unattainable in today's market.

Positive results weren't long in coming. In spite of unavoidable setbacks, third and fourth quarter results were most encouraging: For the first time in years, Blick circulation figures surpassed those of the previous year – even if just for some of the time. A similar trend emerged toward year's end at SonntagsBlick.

Initial benefits of the improved image of both titles began to show in the ad market. By the time you read this, we expect Blick to have recovered from low yields, and SonntagsBlick to turn the tide in the course of the current year.

Turnover, Newspapers

Total in CHF million	293.0	238.5	229.0
Sales	137.1	123.3	120.2
Advertising revenues	144.2	109.0	106.3
Miscellaneous	11.7	6.2	2.5
	1995	1996	1997

The CASH Group

Cash circulation increased once again, by some 1.7 percent, to 71,417. Cash is the first and only independent Swiss business newspaper to lastingly cross the 70,000 threshold. Readership figures as published in the fall of '97 underscored this success. MACH figures increased by 6,000, to 461,000 readers.

Cash revenues improved significantly over those of the previous year and everyone was pleased that the highly ambitious ad revenue projections were in fact reached in this difficult year. In the reader market, Cash benefited from a new interest in the Swiss stock exchange, with readers wanting to know more about investment products and old-age provision. This made the Cash-Invest expansion, much appreciated among small investors and experts alike, entirely worthwhile. Another, highly popular innovation is the information technology section.

The Cash-TV business program took up its new time slot with a new concept and a new set.

Cashual, Cash's new cross-culture magazine, is an innovation in the Swiss media landscape that received a great deal of attention. High journalistic standards, a unique visual language and contemporary layout distinguish the new magazine. And just as importantly, Switzerland's advertising industry reacted positively to its unique style and anti-cyclical nature.

Magazines

For the Ringier Magazines Division, fiscal '97 was a year of consolidation. Turnover rose six percent, from CHF 246.1 to 261.4 million. Consistent implementation of our strategies and the new impulses we generated for our products largely account for this encouraging result. There is no doubt that in today's market, journalistic creativity is the only way to win the battle for readers and ad buyers. All in all, '97 surpassed expectations, both in terms of title positioning and operating result. Some examples:

- With the launch of its first TopFit For Men supplement, Schweizer Illustrierte expanded its TopFit feature.
- Glücks-Post was given a new face and gained strength with a greater emphasis on beauty, cosmetics and fashion in its new Beauty Case feature.
- Tele put its money on its presence as a media magazine. Fiscal '97 saw the successful merger, into TVtäglich, of listing inserts TVPlus and TVExtra.

- In the fall in French-speaking Switzerland, Daniel Pillard, the new Illustré editor-in-chief, successfully launched a new concept for the magazine.
- L'Hebdo also has a new editor-in-chief. Ariane Dayer, who assumed that position last September, lost no time in starting a relaunch of her own.
- TV8, the French language television magazine, optimized its magazine section, which includes radio listings and themed supplements.
- Under new manager Peter Eggenberger, Betty Bossi successfully merged with Marcona.

The advertising market is fully on board

MACH figures underscored our success in the reader market as early as autumn '97. Certification of our circulation figures reconfirmed our periodicals' market acceptance, with all Ringier magazines maintaining or even increasing their circulation. With 238,212 average paid circulation – a nine percent increase – the conquest continues for Schweizer Illustrierte.

Results in French-speaking Switzerland were just as respectable: Illustré circulation rose by 3,837, to 90,787; TV8 gained 10 percent, for a new, paid circulation figure of 55,721.

Not surprisingly, ad sales mirrored these results. In spite of a slowing economy, the number of advertising pages for most Ringier magazines stabilized or even increased.

Promoting interactive data mutation

In the near future we want to concentrate on our strengths even more by optimizing processes and exploiting synergies. Improving interactive data mutation further is a good example: By means of digitization, an important prerequisite of media linkage, we want to make use of available information in many different forms.

A health magazine scheduled for a September launch will be first to benefit from database-backed production and full linkage of magazine, TV show, TopFit, the Internet and Teletext.

Television

In '97, Ringier restructured its concert, motion picture and television sector. The new Ringier Television Division now deals with everything concerning television, including the writing of Ringier TV shows, production by Rincovision, and our shared interests in PresseTV, TeleZüri and TeleClub.

Turnover, Magazines

Total in CHF million	230.3	243.5	261.4
Sales	125.5	124.1	117.9
Advertising revenues	68.6	70.1	68.8
Betty Bossi	25.8	39.4	64.1
Miscellaneous	10.4	9.9	10.6
	1995	1996	1997

Turnover, Electronic media

Total in CHF million	42.9	43.4	30.6
	Divers	0.2	
Film distribution/ Cinema	12.7	8.8	1.7
Concerts	24.2	23.9	19.2
Television	6.0	10.5	9.7
	1995	1996	1997

On September 1 '97, the national PresseTV project, mounted privately in cooperation with NZZ, Basler Zeitung and German media companies, assumed a new dimension as the S plus/Schweiz 4 network metamorphosed into Schweizer Fernsehen SF 2 after a summer break. A new shared access agreement with SRG has given PresseTV, and thus Ringier, a programming island every Saturday and Sunday from 6pm to 11pm.

The PresseTV arrangement is a model of sensible cooperation between private and public television in Europe. Next to sports, shows produced by PresseTV-partner Ringier soon became SF 2's most attractive and highly rated shows. The most successful Ringier-produced show in '97, with an audience exceeding 300,000, was Gesundheit-Sprechstunde, a medical magazine. Marktplatz, a consumer magazine that regularly attracts more than 200,000 viewers, also achieved a high level of acceptance. Formula 1 driver Marc Surer became the new expert host of our auto magazine Motor Show. And CASI TV, a business program, benefited from a new transmission time, a new concept and a new set. All these shows were produced by Rincovision, our own production company. Its move to new studios in Zurich's Hagenholz, close to the SF DRS production facilities, turned out to be an excellent choice.

1997 saw another opening in Switzerland's television market as, next to RTL's advertising windows, new ones came into being on SAT.1 and Pro 7. What's more, several broadcast licence applications are under review. Also in '97, Ringier entered Germany's program market with the production, by Rincovision, of regular, topical contributions for SAT.1 and the Blitz-TV show.

Our interests in TV continue to be an encouraging chapter in our development: Under Roger Schawinski's inspired leadership, TeleZüri in '97 got into the black for the first time. Pay-TV channel TeleClub, with its attractive choice of feature films free of commercial interruptions, again triumphed as one of German-speaking Europe's few profitable private networks.

Newly granted TV broadcasting licences will raise the competitive stakes in this year's Swiss TV advertising market. We are poised to do well, thanks to our considerable involvement in the industry. And Rincovision plans to add more customer productions, particularly in business TV and advertising industry services, to its program productions.

Good News manager André Béchir acquired a 50 percent share in what is Switzerland's largest concert agency. Last year's results equaled those of the previous

year, with the decline in turnover entirely due to fewer major events on the '97 schedule.

In the fall of '97 we also sold the Monopole Pathé film distribution company, a full subsidiary, to international music and entertainment group Polygram Holding. Polygram owns film production and distribution companies in thirteen countries.

The Internet

Following the successful launch, in '96, of BLICK Online, CASH Online and TELE Online, '97 was the year of ZHOL Zürich Online, a regional Web platform. This electronic information source, marketplace and playground in a fast-changing and quite complex market provided a means of experimenting with new business models, new partnerships and new publishing strategies. In the same context, a management conference at the Gottlieb Duttweiler Institute about the Internet was the catalyst for an in-depth discussion of our own role as publishers in this medium.

In spite of Blick Online and Cash Online being low-budget operations throughout '97, they soon became Web favorites. Blick Online doubled its number of page views and growth continues apace. In fact, we expect to surpass the one million page views threshold in the first quarter of '98.

Growing at an average 40 percent per quarter, banner advertising sales saw even more dynamic development.

The request by many departments and customers for an Internet presence of their own soon led to the establishment of two Web factories which employed eight full-time by the close of '97.

In '97 the Internet also impacted us internally: All Ringier employees now have Internet and Intranet access that opens the doors to a whole new range of research opportunities. Not surprisingly, the demand for introductory courses was considerable. Courses advertised in-house were fully booked in no time. The new, largely cross-platform, Web technology affected the entire electronic workflow, and continues to this day to put its stamp on editorial services integration.



Television team

Dr. Samuel Stutz, presenter, Gesundheit-Sprechstunde; Hans Jürg Deutsch, group head; Walter Eggenberger, presenter, Cash-TV; Marc Surer, presenter, Motor Show; Marco Castellana, presenter, Marktplatz



Board of Directors, Ringier Print

Karl Lehmann, Alois Sigrist, Dr. Hans Jakob Strickler, Hans Peter Sutter

Ringier Print

Unfavorable business climate

The production decline, in a slowing economy, of magazines, newspapers and catalogs, in printing plants saddled with excess capacity, started in '96 and continued unabated through '97. In fact, many major mail order houses have reduced or even ceased catalog printing.

Price wars in this shrinking market continued and the cessation of publication of Schweizer Woche created a turnover and net product loss at the Zofingen printing plant for which it was unable to compensate.

Key financial figures

Nonetheless, major efforts to reduce costs, coupled with careful scrutiny of production processes, led to a slight improvement in overall results. Printing turnover dropped 12 percent, to a gross figure of CHF 330 million. Job printing, whose share of total printing has grown consistently in recent years, accounted for CHF 177 million, or 54 percent, of the total. Judicious purchasing and less outsourcing put the decline in our net product, at nine percent, below that of turnover. The '97 figure just managed to exceed the CHF 200 million threshold.

Getting ready for the future

The main reasons for the Board of Directors' decision to grant the Print Division legal independence as of January 1, 1998, was to create conditions for better profitability by providing the Division with greater freedom, and by creating conditions of greater transparency. Another reason was opening the door to future partnerships. New organizational and accounting structures were put in place in time for placing the Division in a holding company on January 1, 1998. The make-up of the Board of Directors ensures that overriding Group concerns get a fair hearing. Market position, state-of-the-art equipment at all plants, streamlined processes and on-going productivity increases augur well for the Division's future in this difficult market.

Market performance

Pre-production took a quantum leap, with digital processes stabilizing product quality and enabling interactive data mutations. Massive investments in pre-production and direct engraving, as well as meticulous training, were responsible for the progress achieved in this area.

SmartFinishing, our term for selective production and personalized, individualized ads, enclosures and catalogs, is becoming more and more popular. Major customers, foreign and domestic, took advantage of these

options, available from Ringier Print Zofingen, helping order volume to rise in the past year from 10 million in '96, to 25 million copies.

An improved, lightly coated newspaper stock Ringier Print Adligenswil developed in cooperation with a German and a Swiss company and launched in the fall of '97, was an important market innovation. The stock led to stunning improvements in the quality of newspaper inserts and entire sections. Enthusiastic reactions soon led to rising order volumes.

Current projects

We invested little in '97. Major projects saw conclusion at the end of '96, and the impact of new projects will not be felt until '98. We are pleased to report considerable progress in Adligenswil, where the shell of the new printing plant reached completion last year. The Neue Luzerner Zeitung will be printed at that facility beginning in '99. In addition, planning the installation and operation of digitally manufactured printing plates (computer to plate) is proceeding apace.

The direct engraving project in Zofingen is about to be completed. Eighty-five percent of the plant's volume, including all magazines, have been switched to the new process.

Environmental objectives and results

Following successful certification of the quality and environmental ISO Standard 9001/14401 at the Adligenswil plant late in '96, it was Ringier Print Zofingen's turn to surmount this important and challenging Total Quality Management hurdle, which it did successfully in mid-'97.

Environmentally, our objective is to keep reducing pollutant output, and conserve energy and raw materials. In line with our environmental program we committed ourselves to specific measures to improve our environmental efficiency. A comprehensive environmental report, to be issued early in the summer, will detail progress since our last report.

Printing turnover

Total in CHF million	186.6	196.6	177.0
Printing Switzerland	174.7	191.9	172.9
Miscellaneous	11.9	4.7	4.1
	1995	1996	1997

Plant production

in CHF million	1995	1996	1997
Total sales (including for Ringier)	394.8	374.1	330.2
thereof commercial printing	186.6	196.6	177.0
Value added	230.4	222.0	202.2
Personnel costs	141.4	146.3*	126.5

* including 7.2 million one-time personnel costs

Ringier Publishing Europe

In Central and Eastern Europe Ringier is currently in the midst of a consolidation phase. The previous year's results vindicated our strategy, implemented a year ago, of concentrating on markets with expansion potential.

In fiscal '97 this reorientation and restructuring process reduced our turnover slightly. Our Hungarian and Romanian businesses are consolidated in these accounts for the first time.

Difficult political circumstances

The political situation in the former East Bloc varies from country to country. Nato's acceptance of Poland, Hungary and the Czech Republic, and expected European Union membership, reflect a commitment to reform in these countries. But the reform countries, the Czech Republic among others, still have a long way to go, and economic growth is proceeding slowly.

Confidence in Central Europe

The Czech and Hungarian newspaper markets are undergoing a process of concentration as oversupply in some sectors crowds out weaker competitors.

But economic difficulties have not altered our positive view of the international markets, even though special efforts are clearly needed to prevail. We intend to further strengthen our medium-term presence in the region as we launch new titles and set higher quality standards for the market segments of our more than 25 magazines and newspapers. We also review opportunities in other markets in the region on a regular basis.

Germany

Germany's market for magazines is among Europe's most challenging and competitive.

Circulation of our travel magazine Globo nevertheless stabilized at a satisfactory level, setting new editorial standards, and lowering operating and printing costs at the same time.

The performance of our consumer magazines was equally encouraging, and we signed a new contract for the Condor inflight magazine after a one-year trial period.

Romania

High inflation in Romania reduced purchasing power to an extent our newsstand sales prices were unable to fully absorb. The economic situation remains encouraging nevertheless.

The daily Libertatea increased its circulation following a successful relaunch. The circulation of Capital, a Cash adaptation, went up 25 percent, with satisfactory advertising sales.

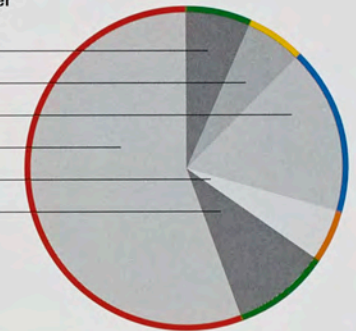
Unica set yet another accent in the market for women's magazines: The launch of this periodical, designed specifically for young, urban readers, was an unqualified success, and if the trend continues Unica may soon be market leader.

Slovakia

Growth continued at an encouraging pace, under extremely difficult conditions, in '97. Among the main reasons were economic growth and declining printing stock prices. Given this market's size, we expect that in the medium term we will reach the limits of growth. We also have a significant yield increase to report for Zivot, a family magazine.

European publishing turnover

Germany	6,7%
Romania	5,9%
Slovakia	17,1%
Czech Republic	55,3%
Hungary	5,1%
Other countries	9,9%



Total CHF 109.6 million

Turnover, Germany

Total in CHF million	43.7	14.4	7.3
Sales	16.1		
Advertising revenues	15.3	3.3	2.3
Miscellaneous	12.3	6.6	2.1
	1995	1996	1997

Turnover, Romania

Total in CHF million	2.7	6.1	6.5
Sales	1.1	2.6	1.7
Advertising revenues	1.4	3.2	3.7
Miscellaneous	0.2	0.3	1.1
	1995	1996	1997

Czech Republic

Eight firmly established publications make Ringier CR a.s. the Czech Republic's biggest publisher. Our priority for fiscal '97 was a strategic concentration on our core business of daily newspapers and consumer magazines and the disposal of most other interests.

To add strength to our Czech joint venture with Springer, raise our level of competitiveness and bundle editorial resources, we separated our Ostrava printing center from editorial operations and merged it with the Ringier-Springer project. Springer in turn brought Tyden, its previously fully owned, high-quality news magazine, to the fold.

Also in '97 we improved or stabilized magazine and newspaper circulation figures across the board. A 130 percent circulation increase made the Sunday paper Nedelni Blesk an outright favorite. We retained and in some cases markedly increased our share in the ad sales market, particularly that for magazines.

Hungary

We made real inroads on the considerable start-up costs incurred. Restructuring of the entire operation has restored our financial equilibrium and we expect to break even in the course of the current year.

The Sunday newspaper we launched in the spring of '97 fully met our expectations. Further conceptual development will follow the twelve-month start-up period, beginning in June '98.

Turnover, Slovakia

Total in CHF million	15.8	17.2	18.7
Sales	10.9	10.4	11.6
Advertising revenues	4.9	6.3	6.6
Miscellaneous		0.5	0.5
	1995	1996	1997

Turnover, Czech Republic

Total in CHF million	81.6	70.4	60.6
Sales	35.2	29.1	27.6
Advertising revenues	24.0	16.8	18.4
Printing plant revenues	6.1	7.5	5.0
Miscellaneous	16.3	17.0	9.6
	1995	1996	1997

Turnover, Hungary

Total in CHF million	7.1	4.3	5.6
Miscellaneous	0.2		0.3
Sales	4.4	2.5	3.4
Advertising revenues	2.5	1.8	1.9
	1995	1996	1997

1997 Results

The system of rendering accounts remains unchanged from previous years. All domestic and foreign companies in which Ringier has a direct or indirect share of no less than 51 percent are consolidated in the present accounts. Not consolidated are our 50 percent share in Times Ringier Hong Kong, and our Vietnam business.

Holdings

In line with our policy of concentrating on Ringier's core business, we sold Monopole Pathé Films SA, a fully owned subsidiary, to Polygram Holding AG, Schlieren, last October. On January 1 '97 we increased our share in Betty Bossi Verlag AG from 51 to 80 percent. And in the fall of the same year we acquired a 26 percent share of Hong Kong's Asia Inflight Ltd., contract publishers of in-flight magazines for Asian airlines. Together with T. J. Tagblatt Medien AG we acquired a share in Swiss Human Line, an electronic job market. Effective January 1998, Good News Productions AG, until then a fully owned Ringier subsidiary, became an equal partnership, together with manager André Béchir.

Turnover down, profits up

Group turnover for fiscal '97 declined by CHF 39 million, or 4.5 percent. The sale of our film distribution company, cessation of publication of Schweizer Woche at the end of the previous year, and fewer job printing orders contributed markedly to the decline. The first-time consolidation of the markets of Romania and Hungary brought about moderate growth abroad.

Restructuring in '96, a declining job printing business and decreasing material costs contributed to a 5.1 percent, or CHF 42.9 million, operating cost reduction. Accordingly, after-tax profits rose 23.4 percent, to CHF 20.6 million, while cash flow dropped by 0.8 percent, to CHF 82 million. Our profit margin rose significantly over the '96 figure, with after-tax annual profits of 2.5 percent of turnover comparing favorably with the previous year's 1.9 percent. The cash flow rate rose from 9.6 to 10.0 percent during the same period.

The analysis and planning stage of the Rinova reengineering project was completed by year's end. The resulting programs, slated for implementation beginning in 1998, are expected to produce significant improvements to our profitability.

CHF 77.3 million in investments exceeded the previous year's CHF 52.9 million, with an extended share in Betty Bossi Verlag AG accounting for the biggest single

part of it. All investments were self-financed. We made no investments in new products and markets in '97.

Asia's economic crisis has affected our Asian business to only the slightest degree. Nor has the Hong Kong change-over on July 1 last year affected the positive development of our printing joint venture. In fact, turnover rose 18 percent. With a 35 percent turnover increase, the Vietnam media in which we have an interest also did quite well.

Sales shares, Switzerland/Europe

Total in CHF million	1995	1996	1997
	930.3	863.0	824.0
Switzerland	789.2	759.6	714.4
Europe	141.1	103.4	109.6
	1995	1996	1997

Cash flow

Total in CHF million	1995	1996	1997
	85.6	82.7	82.0
Profit after taxes	18.4	16.7	20.6
Depreciation	67.2	66.0	61.4
	1995	1996	1997

Profit and loss account

Income	1997, CHF million	1996, CHF million	Change in %
Total income	824.0	863.0	-4.5
Magazines, newspapers	494.9	498.6	-0.7
Commercial printing	177.9	199.4	-10.8
Electronic Media	30.5	43.2	-29.4
Betty Bossi	64.1	39.4	62.7
Miscellaneous	56.6	82.4	-31.3
Expenditure			
Personnel	291.8	305.5	-4.5
Salaries and wages	240.9	251.8	-4.3
Social security benefits	40.1	42.0	-4.5
Miscellaneous personnel costs	10.8	11.7	-7.7
Materials and outside services	194.4	203.0	-4.2
Printing stock	90.2	108.6	-16.9
Ink	12.9	13.7	-5.8
Outside services	77.2	66.0	17.0
Other materials	14.1	14.7	-4.1
Editorial offices, publishing, transportation and advertising	169.1	172.6	-2.0
Fees to editors	34.9	48.0	-27.3
Concert fees	8.6	10.0	-14.0
Transportation	66.5	62.3	6.7
Advertising	53.1	47.1	12.7
Miscellaneous publishing expenditures	6.0	5.2	15.4
General expenditures	86.7	99.2	-12.6
Rental fees, energy, repairs, maintenance	27.0	28.3	-4.6
Concert organization	7.7	10.1	-23.8
General administration	36.1	44.9	-19.6
Taxes, interest	15.9	15.9	0
Total expenditure	742.0	780.3	-4.9
Cash flow	82.0	82.7	-0.8
Depreciation	61.4	66.0	-7.0
Profit after taxes	20.6	16.7	23.4

Major interests

Switzerland		
	Ringier Print Holding AG, Zofingen	100%
	Rincovision AG, Zurich	100%
	MediaMat AG, Zurich	100%
	Betty Bossi Verlag AG, Zurich	80%
	ZHOL Zürich Online AG, Zurich	66%
	Good News Productions AG, Zurich	50%
	Neue Luzerner Medien AG, Lucerne	49%
	«Der Bund»-Verlag AG, Berne	45%
	TeleZüri AG, Zurich	33%
	LTV + Ringier Media AG, Zurich	33%
	Schweizer Mediendatenbank AG, Zurich	33%
	Pressevertriebs GmbH, Lucerne	33%
	PresseTV AG, Zurich	30%
	PrintOnline AG, Zurich	25%
	Schober Direct Media AG, Bachenbülach, Zurich	20%
	Teleclub AG, Zurich	20%
	Le Nouveau Quotidien ERL SA, Lausanne	20%
	Radio Pilatus AG, Lucerne	18%
Foreign		
	Ringier Publishing GmbH, Munich	100%
	Ringier France SA, Paris	100%
	Ringier publishing activities in Vietnam	100%
	Halvidar B.V., Amsterdam*	100%
	Ringier Pacific Ltd., Hong Kong**	100%
	Ringier Springer B.V., Amsterdam***	51%
	Times Ringier (HK) Ltd., Hong Kong	50%

* publishing activities in Hungary and Romania

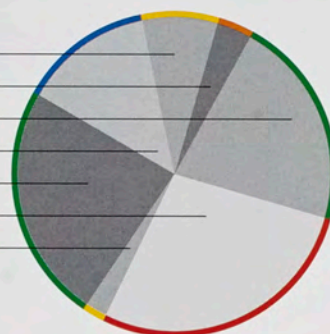
** publishing activities in Asia

*** publishing activities in the Czech Republic and Slovakia

January 1998

Sales shares by division

Betty Bossi 7,8%
Electronic media* 3,7%
Print, Switzerland 21,5%
Europe 13,3%
Magazines 23,9%
Newspapers 27,8%
Other activities 2,0%

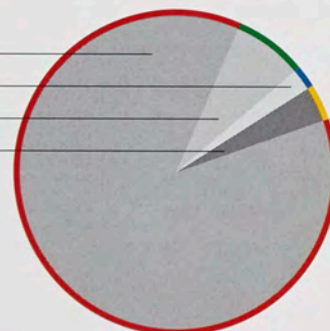


Total CHF 824 million

* concerts, TV

Sales shares by country

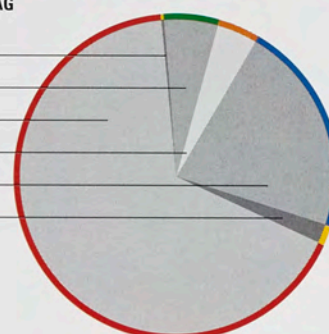
Switzerland 86,7%
Slovakia 2,3%
Czech Republic 7,3%
Others 3,7%



Total CHF 824 million

Employee structure, Ringier AG

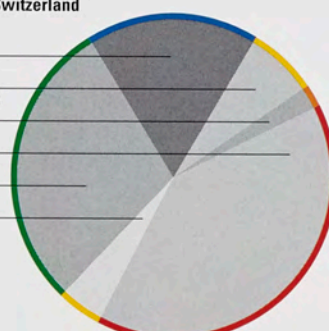
Germany 20
Romania 239
Switzerland 2,822
Slovakia 166
Czech Republic 913
Hungary 81



Total 4,241 employees

Employee structure, Ringier Switzerland

Adligenswil 491
French-speaking Switzerland 198
Rotkreuz/Zug 63
Zofingen 1,129
Zurich 821
Various Swiss locations 120



Total 2,822 employees

Organization Chart

The owners of Ringier AG	Annette Ringier	Evelyn Lingg-Ringier	Michael Ringier
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The Ringier AG Board of Directors

Michael Ringier	Chairman and Delegate	Member of the Board, Haniel Holding AG	Member of the Board, Bank für Handel und Effekten	
Dr. Gustav E. Grisard	Deputy Chairman	President and CEO, HIAG Holding, Zug	Bank Council to the Swiss National Bank	Vice President, Vorort
Oscar Frei	Member of the Board	CEO, Ringier AG (until 31.3.1997)		
Jan O. Frøshaug*	Member of the Board	CEO, Egmont Group, Copenhagen		
Dr. Hans-Olaf Henkel	Member of the Board	President Bundesverband Deutscher Industrie	Member of the Board, Deutsche Industriebank, Hannover	Member of the Board, Audi AG, Ingolstadt
Martin Werfeli	Secretary			

* from 23.6.1998

Ringier AG Group Management		Management Board of Ringier Publishing Switzerland		Board of Directors, Ringier Print Holding AG	
Michael Ringier	Chairman, Publisher	Marco Solari	Chairman Management Committee	Michael Ringier	Chairman
Marco Solari	Vice President, Publishing Switzerland	Caterina Ammann	Legal Departement, Keeper of the Minutes	Marco Solari	Member of the Board
Martin Kall	Publishing Europe	Dr. Christoph Bircher	Human Resources	Martin Werfeli	Member of the Board
Martin Werfeli	Corporate Finance	Walter Bosch	Blick Group		
		Hans Jürg Deutsch	Television		Company Management, Ringier Print Holding AG
		Markus Gisler	Cash Group	Dr. Hans Jakob Strickler	Manager
		Dr. Beat Lauber	Magazines	Hans Peter Sutter	Ringier Print Zofingen AG
		Fridolin Luchsinger	Communication	Karl Lehmann	Ringier Print Adligenswil AG
		Walter Lütolf*	Publishing Services	Alois Sigrist	Zürcher Druck und Verlag AG, Rotkreuz
		Dr. Hans Jakob Strickler	Print und IT		
		Daniel Terzoni	Controlling		

* from 1.4.1998



Publishing Ventures
Frank A. Meyer

About journalism

Bill Clinton's State of the Union Address was impressive: the first balanced budget in 30 years, 14 million new jobs, the lowest unemployment rate in 24 years, the lowest inflation rate in 30 years, declining murder rates.

But instead, the print and electronic media's preoccupation in the US and the world was with alleged Presidential lover Monica Lewinski.

Which is more important, which is more real? The political and economic balance sheet of the world's most powerful man – or his love affairs?

To the media and journalists, Monica Lewinski was clearly more real and important on the day of the State of the Union Address. In consequence the world was dished up a view of the world's most influential nation distorted by the media's own perception of reality.

Ours is a time of dual realities, in which that of the media preempts that of the real world. We saw the Gulf War through the media's eyes only and did not see what really happened. Missile impacts were shown live, but not the victims. Were there any at all, we wonder.

During the Vietnam War the media's reality and the real world were still one. The media reported the horrors and their victims daily. Images of the naked, napalm-burned girl running toward us, the Saigon police chief shooting a defenseless Viet Kong in the street, and the My Lai massacre, gave rise to a worldwide protest movement that helped shorten the war. And we have the media and its reporters to thank for it.

The people have traditionally made use of the media to defend themselves: the French as they revolted against a feudal society, revolutionary workers as they fought the establishment. Contemporary media portrayed reality, and the people set out to change it. Is this dialectic process functioning still?

Information is the latest product of our networked media world. Everything journalists create is product; whether on television, radio, in the newspapers or in magazines. We refer to radio and TV programs, newspapers and periodicals as products. The media, in short, are a product like any other.

Political, business and social events have become products. Take party congresses: Kohl, Schröder, Jospin, Blair et al. have expertly packaged theirs as media products, at the expense of the traditional reality of a party congress, where debate, provocation, disagreement and surprises ruled supreme.

Representatives of politics, business and society are media products too. Unless they remain mute because the media do not know how to sell them. Could it be that

today's populists get all that attention because they are the perfect media product? Networked media have their own laws: Those who serve actual, complex reality, ill-suited as it is for media consumption, rather than the reality of the media, are severely punished.

It used to be that we journalists told the real story, clarified and explained it and used it to educate. We used to look behind the scenes on behalf of the members of society who, to help that society grow, depended on real and truthful news.

And today? Today we spend less time looking behind the scenes. In fact, we are part of those scenes. We and our media artifices place ourselves between society and its citizen, which makes our media reality the only reality available to the media consumer.

Ever since the Enlightenment the media have been weapons of democratization and liberation from servitude. Have they and their journalists become, in the meantime, democracy's problem, rather than its solution? Is the totally networked media world turning into a totalitarian, networked media world?

The challenge journalists and media owners face is no longer authoritarian and totalitarian powers, but the role they have created for themselves.

But there is hope and today's media reality is not as pervasive as one might think: In Italy, university professor Romano Prodi, the antithesis of a media product if ever there was one, unseated media entrepreneur Silvio Berlusconi, a perfectly packaged media product, who went from dabbling in politics to Italian head of state. Which illustrates the media society's second law: everything must always be new.

Frank A. Meyer

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