

ГОАППАРАТ

RINGIER ANNUAL REPORT 2003

ОБЪЕКТИВ МС „ВОЛНА-ЗВ“
ОБЪЕКТИВ С МНОГОСЛОЙНЫМ
ПРОСВЕТЛЕНИЕМ

В-88

ooo Ringier

Let us go to our children and see how naïvely they draw, yet what great art they produce. Eisenstein tells an interesting story of a child illustrating the subject “lighting the stove”. The child drew “some firewood, a stove and a chimney. But in the middle of the room there was huge rectangle covered with zig-zags. What was it? Matches apparently. The child drew the matches on a scale appropriate to their crucial role in the action he was depicting.”

Vsevolod Emilevic Meyerhold

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Prologue

Is this simply a somewhat different-looking annual report? Or is it a genuine work of art? Arguably its designer, Christopher Williams, is one of the world's better-known and established artists. There is of course no real proof that this is so, even though it is a view – a belief even – held by many. Give him twenty years and there is little doubt he will have been accorded his rightful place in art history. Then comparisons with other greats of the number of shows to his credit and the market prices his works fetch will leave no doubts whatsoever about his stature.

What, you might ask, has this to do with Ringier? A great deal. “Faith springs eternal, hope makes you strong, and if you believe in this, let me hit you for ten marks,” runs the Swabian folk song – which appears to have been on top of the corporate strategy hit parade for many a year. In the '90s, fashionable English-language management terms may have replaced the raw, original German because it is easier to drum up financial support for a vision, belief or mission statement than for old-fashioned virtues such as faith and hope. Of course, trillions, in all the world's currencies, have since been irretrievably lost and those fancy management catchwords have come back to haunt many of us. Swabian is back in vogue: “Get rid of your dog and do your own barking”, they rightly say across the Rhine. Now the whole world is on a saving spree – at whatever cost.

Meanwhile, back at Ringier, we have every reason to be pleased with last year's result. Entirely operational in origin, it includes no one-time gains – and this in an economy that was anything but convivial for the media industry. If we were Swabians we'd be barking happily by now. Is all of our result due to saving though? And if so, is this the reason why saving is currently the fashionable road to salvation? With faith and hope consigned to the strategic dustbin of the '90s?

The answer becomes self-evident as soon as we take a closer look at the source of our current year's millions in cash flow. No question, our economy drive accounts for much of it. Cost cuts worth some 30 million Swiss francs, coming into full play this year, are respectable by anyone's standards. Today, lowering costs and increasing operational efficiency have to be an ongoing concern of every corporate management. But that alone is not enough to ensure a company's survival. You cannot run a business successfully by cost-cutting alone, and we are no exception. Our lifeblood is and must be faith in our ability to innovate. Not unlike Christopher Williams.

Business sectors in which those guiding Ringier's destiny put their faith decades ago still account for a good part of our earnings. Schweizer Illustrierte, for instance, is more than 90 years old. Blick was launched back in 1959. Both are respectable money earners even today. Why? Because there is always a new generation waiting in the wings to breathe new life into our older brands.

But giving old and inherited things new leases on life is not all we have done. We innovated too. Our Central and Eastern European adventure in Prague began with a CHF 50,000 investment and a 16-page tabloid. In the past thirteen years we invested several hundred million francs more in what has since evolved into one of the largest media concerns in that part of the world. Our new subsidiaries to the east contributed tens of millions in earnings last year. This year alone, we expect over CHF 300 million in turnover from these parts. The fact that we kept faith with these ventures, in spite of millions in losses, may not assure eternal happiness – but satisfaction in this world is nothing to scoff at either.

In fact, our faith has taken us even further. For instance, we firmly believe there is a place in our country for a major magazine printing plant – even though achieving profitability may be ten to fifteen years down the road. We believe in treating our employees with respect and responsibility, hard times or not. And we believe faith is a matter for family-owned, rather than public, companies. Analysts may want facts – no matter that they turn out to be fiction as often as not. But we have more than faith, we also know certain truths. We know we are not above making mistakes. We once believed Switzerland's French-speaking market was ready for a second Sunday paper. We were wrong. We thought the financial portal Borsalino was a great project, to later learn painfully that we paid way too much for it. Faith, too, has its price.

If there is one thing of which we are certain, it is that, just like Christopher Williams, we must keep working hard. We must keep the faith. Entertaining our convictions involves risk. We must embrace the unknown, much as artists do every day. We believe that in twenty years' time, Christopher Williams' place in the art world will be assured. And that Ringier will go on growing – to ever more success.

Michael Ringier
Publisher, Chairman of the Board

Martin Werfeli
President and CEO

The artist

The medium of choice of Christopher Williams' conceptual art is photography. He has, since the 1980s, examined photography's complex relationships with anthropology, politics and esthetics. His work is the logical outcome of appropriating and reinterpreting or, put in another way, "repeating" visuals taken from the rich imagery our culture has produced. Williams' works cause viewers to reappraise the original from a more critical, reflection-inducing distance, while gaining a deeper understanding of our visual culture. A good example is his series entitled "For Example: Die Welt ist schön", created in the mid-'90s, which examines German photographer Albert Renger-Patzsch's photographic compendium, "Die Welt ist schön". And in "From Angola To Vietnam" (1989) Williams reinterprets Karl Blossfeldt's pseudo-scientific representation of the esthetics of plant life by treating the alluring and beautiful photos as if dealing with cultural and scientific categorization principles.

In this annual report, Williams leans on the "artistic" component of past reports and on television production as practiced by Ringier. The complex package of information and the conditions under which information is produced, of images and a film, makes this annual report a work of art in and of itself.

Williams' art explores how images are created, which shooting angles add meaning and how viewers react, and this year's annual report appears to be a direct descendent of a 1993 series, based on photographs by a Japanese agency of women who had undergone Western-style hair and makeup makeovers in everyday situations on the street. With their slightly altered angles, Williams' interpretations appear to create confusion regarding pictorial composition, orientation, intent to impress, cultural background and purpose. But the opposite is true: His photos are precise definitions of every one of these aspects. William's annual report film takes a similar tack. Based on an episode of the cooking show "al dente", it features things that never make it to the screen because of the time constraints and other limitations imposed by television. Who hasn't been bemused and perhaps disillusioned at one time or another as pie dough, which we all know has to rest for at least an hour, reappears in just a moment or two, perfectly rested. But Williams, in almost comedic fashion, generously shows how cooking takes place in real time: His version of what should be a 50-minute reality cooking program may go on for five and a half hours, making viewers take account of the malleability of time, their relationship to the episode and their feelings about reality shows in general. Williams' film, on the other hand, is a hermaphrodite, at once avant-garde and mystery, reminiscent of Andy Warhol, Jean Rouch and Big Brother. His film-as-work-of-art makes viewers a gift of the time television withholds.

By contrast, he strips down the printed part of the annual report to bare essentials. Numbers and other information are presented as an exercise in austere typography, illustra-

tions are few. Those left create poignant associations: a camera made in the Ukraine (its original packaging reproduced on the front and back covers of the annual report) and a unique selection of cooking photographs, produced in the Betty Bossi photo studio, for each language version of the report. The camera looks like that icon of photography, the Hasselblad, but isn't: Manufactured in Russia, these cameras witnessed much of the world's history, documenting the Revolution, serving the Russian film avant-garde in the 1920s and, with the benefit of a better set of lenses "borrowed" from Germany's Zeiss works, pictorially recording World War II. By visually depicting various foods, the artist creates associations with the enclosed DVD.

To sum up, the printed information in the report is a logical component in this game. Another part is the many blank pages, each with a dye-cut hole through which the DVD, fastened to the last page, can be seen. Thus dye-cutting – a traditional element of Swiss typography and book making – links the old media to the new in an annual report that is book, photo series and DVD in one.

Beatrix Ruf
Curator

Results

The Swiss GAAP FER accounting principles apply unchanged. All domestic and foreign companies of which Ringier owns more than 50 percent, directly or indirectly, have been consolidated in these accounts. Our 50 percent holdings were quota-consolidated. Periodic results from significant minority holdings are recorded proportionately. Results of publishing activities in Vietnam are not included.

Even significant growth in Central and Eastern Europe failed to arrest a 2.1 percent, or CHF 22.2 million, decline in Group sales year-on-year. An ailing Swiss economy and the heavy advertising budget cuts it entailed and the lack of any significant one-time gains, led to a close to eight percent decline in publishing sales in Switzerland. As demand dropped, print orders from the domestic and foreign markets also declined. On the other hand, Central and Eastern European sales rose once again through acquisitions, cooperation agreements and our present products' massive gains in market share.

Hand in hand with a continuing drop in raw materials prices and magazine and newspaper volumes in Switzerland, cost-cutting measures which began to bite in Switzerland in the past fiscal year reduced costs by 2.1 percent, or CHF 18.7 million. After-tax profit rose 10.2 percent to CHF 43.2 million, cash flow declined slightly by 2.6 percent to CHF 120.9 million. In spite of the negative market situation, our profit margin, at 4.3 percent, is higher than the previous year's 3.8 percent. 12 percent cash flow matches that of 2002.

CHF 220.2 million in investments exceeded the previous year's CHF 78.5 million considerably. One major investment involved the acquisition of former partner Gruner + Jahr's print media business in Slovakia, Romania and Serbia. More than half of our investments came from internal sources. As in previous years, investments in new products or markets were not carried as assets, but charged against the profit and loss account directly.

Key figures

	mio. CHF 2003	mio. EUR 2003	mio. CHF 2002	Change in %
Sales volume,				
Publishing Switzerland	536.7	353.1	582.6	-7.9
Sales volume, Europe	227.3	149.5	167.6	+35.6
Sales volume, Asia	44.0	29.0	44.1	-0,2
Sales volume, Print Switzerland	203.1	133.6	239.0	-15.0
Total	1011.1	665.2	1033.3	-2.1
Cash flow	120.9	79.5	124.1	-2.6
– in % of sales volume	12.0		12.0	
Annual profit after taxes	43.2	28.4	39.2	+10.2
– in % of sales volume	4.3		3.8	
Investments	220.2	144.9	78.5	+180.5
Employees	5439		5419	+0.3

Cash flow

Total in CHF million

120.9

124.1

121.1

Profit after taxes

43.2

39.2

34.8

Depreciation

77.7

84.9

86.3

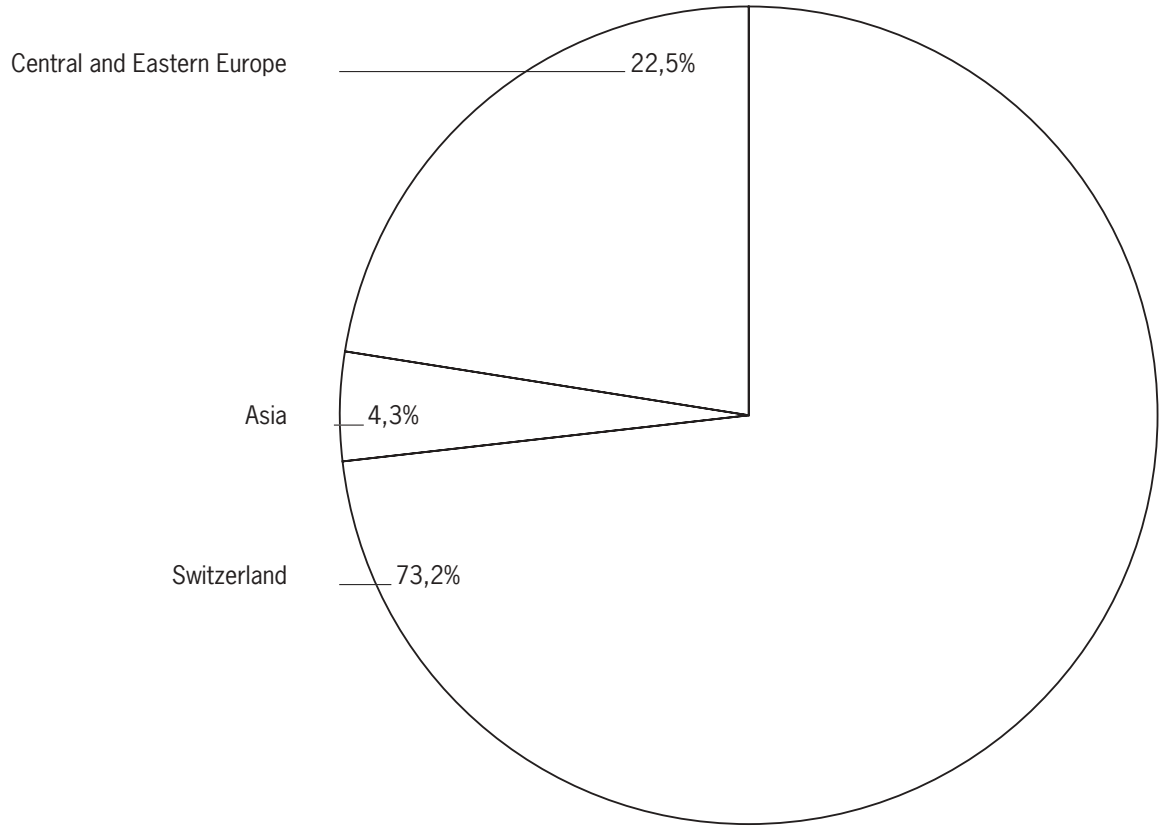
2003

2002

2001

Sales shares by country

in percent



Profit and loss account

	mio. CHF 2003	mio. EUR 2003	mio. CHF 2002	Change in %
Income				
Total income	1011.1	665.2	1033.3	-2.1
Magazines, newspapers	634.5	417.4	596.4	+6.4
Commercial printing	236.5	155.6	269.8	-12.3
Electronic Media	27.0	17.8	26.2	+3.1
Betty Bossi	38.6	25.4	38.3	+0.8
Miscellaneous	74.5	49.0	102.6	-27.4

	mio. CHF 2003	mio. EUR 2003	mio. CHF 2002	Change in %
Expenditure				
Personnel	338.3	222.6	353.6	-4.3
Salaries	284.7	187.3	295.9	-3.8
Social security benefits	41.5	27.3	46.2	-10.2
Miscellaneous personnel costs	12.1	8.0	11.5	+5.2
Materials and outside services	252.3	166.0	270.9	-6.9
Printing stock	137.6	90.5	154.2	-10.8
Ink	14.2	9.3	16.4	-13.4
Other materials	16.2	10.7	19.1	-15.2
Outside services	78.9	51.9	74.1	+6.5
Miscellaneous market expenditures	5.4	3.6	7.1	-23.9
Editorial offices, publishing, transportation and advertising	197.5	129.9	190.9	+3.5
Fees to editors	36.8	24.2	39.9	-7.8
Transportation	68.9	45.3	71.9	-4.2
Advertising	70.2	46.2	64.3	+9.2
Miscellaneous publishing	21.6	14.2	14.8	+45.9
General expenditures	102.1	67.2	93.8	+8.8
Rental fees, energy, repairs, maintenance	27.7	18.2	24.1	+14.9
General administration	60.9	40.1	58.3	+4.5
Taxes, interest	13.5	8.9	11.4	+18.4
Total expenditure	890.2	585.9	909.2	-2.1
Cash flow	120.9	79.5	124.1	-2.6
Depreciation	77.7	51.1	84.9	-8.5
Profit after taxes	43.2	28.4	39.2	+10.2

Ringier Switzerland

2003 was a recession year in the Swiss economy that left quite an impact on the advertising industry. History will record the year as the most challenging for Switzerland's print media in the recent past, with the big newspapers again losing considerable amounts in advertising sales, in some cases more than 20 percent. Among magazines, the decline was only marginally lower. Given the poor state of the economy, Ringier Publishing Switzerland's sales were less than satisfactory. Our titles were by no means immune to the effects of the state of the market and only a reduced dependence on job ads kept our newspaper losses from being worse than they were. On the other hand, all our titles largely exceeded the previous year's readership figures. For instance, Schweizer Illustrierte and SonntagsBlick had more than a million readers each.

In the fall of 2003, the Competition Commission gave the green light for two takeover projects: In a joint venture with the Edipresse Group, we acquired a majority share in Le Temps, the supraregional daily in French-speaking Switzerland. In German-speaking Switzerland we were able to buy the leading fashion and lifestyle magazine Bolero, only to merge it with edelweiss, launched at the beginning of the year. At the same time, the economy and little hope for its short-term recovery forced us mid-year to cease publication of dimanche.ch, French-speaking Switzerland's Sunday paper.



Kiev 88, 4.6 lbs. (2.1 kg)
Manufacturer: Zavod Arsenal Factory, Kiev, Ukraine
Date of production: 1983–87
Douglas M. Parker Studio, Glendale, California
March 28, 2003 (No. 1)
2003
Dye transfer print
16 x 20 inches; 40.6 x 50.8 cm paper size
Ed. of 10

Turnover Switzerland

Total in CHF million	536.7	582.6	635.3
Magazines	217.3	222.4	230.0
Newspapers	196.4	201.7	215.7
Economic Media	22.1	27.3	33.9
Betty Bossi	38.6	38.3	68.1
Television	25.7	25.2	26.0
Various	36.6	67.7	61.6
	2003	2002	2001

Newspapers

You have to fight to win. This thought inspired all of us in the Newspapers Department. We fought for every ad, every reader and every surfer. We gave Blick and SonntagsBlick a makeover and both newspapers got new managements. We cut costs by an impressive CHF 21 million. Among other things, the cost-cutting programs mandated a massive reduction in the number of newspaper vending machines. Copies printed, including much of the print-run for Swiss, declined, but not at the expense of the number of readers, which remained stable. It appears that in a recession, although people do not read less, they buy fewer newspapers. Thanks to our gargantuan efforts we managed an annual result double that of the previous year and slightly in excess of our ambitious projections for the year.

The online sector did well, as improved reader relations and new ideas boosted its annual result more than expected. From March 2004 Blick Online (BOL), Switzerland's premier and only independent media website, will no longer feature material borrowed from print media. The move draws a clear demarcation line between print and online.

Turnover Newspapers

	2003	2002	2001
Total in CHF million	196.4	201.7	215.7
Sales	104.2	106.4	109.4
Advertising revenues	85.7	90.2	101.2
Various	6.5	5.1	5.1

Magazines

Ringier titles may have felt the same recession-induced pressure as the rest of Switzerland's magazine market. In spite of a two percent turnover reduction but with more readers, the Ringier flagship publication defended its place in the Swiss market.

In other words, not only did our Magazine Department prevail in this recession, in German-speaking Switzerland the purchase of the luxury magazine Bolero and its subsequent merger with our title edelweiss – launched in German-speaking Switzerland in the spring of 2003 – further solidified our strong position among fashion and lifestyle publications. Among the year's other highlights were the launch of Gesundheit Sprechstunde's new wellness special, as well as the make-over of the popular Tele TV prize – which now includes Tele reader votes –, and the launch of the People program, a cooperative venture of Schweizer Illustrierte and RingierTV, on Sat.1 Schweiz.

In French-speaking Switzerland, 2003 was a year of contrasts. On the one hand L'Hebdo was successfully relaunched in April under a new format. On the other the Sunday paper dimanche.ch ceased publication after a brief, three-and-a-half year run. In the year under review, Ringier increased its previously indirect share in Le Temps. Now, in a joint venture, Edipresse and Ringier control some 80 percent of the daily which has included the TV8 television supplement since last August. Furthermore, the synergies generated by the magazines in the German- and French-speaking parts of the country have produced first fruits in the form of a French-language version of al dente, a national advertising campaign and editorial cooperation between edelweiss and Bolero.



Kiev 88, 4.6 lbs. (2.1 kg)
Manufacturer: Zavod Arsenal Factory, Kiev, Ukraine
Date of production: 1983–87
Douglas M. Parker Studio, Glendale, California
March 28, 2003 (No. 2)
2003
Dye transfer print
16 x 20 inches; 40.6 x 50.8 cm paper size
Ed. of 10

Turnover Magazines

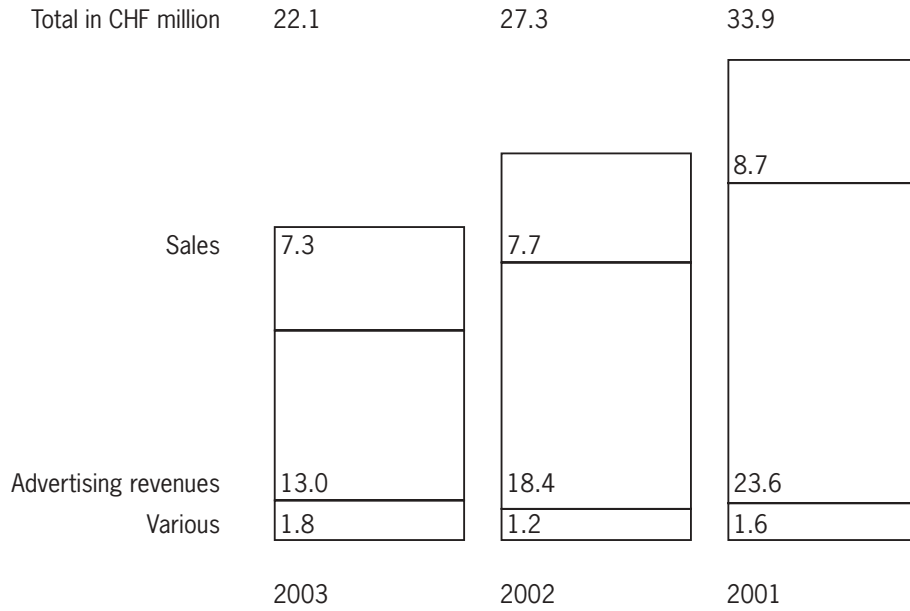
Total in CHF million	217.3	222.4	230.0
Sales	118.8	120.2	120.7
Advertising revenues	92.3	95.1	99.5
Various	6.2	7.1	9.8
	2003	2002	2001

Economic Media

2002 was a miserable year for all business media and we thought we had hit bottom and that recovery was only a question of time. We were wrong. Last year, with the economy still in recession, was another disappointment and advertising revenues sustained a massive decline for the third year running. The pessimistic economic climate also depressed subscription and over-the-counter sales. At least readership figures did not go down.

On the other hand, '03 was a year of new beginnings. In October, along with a velvet relaunch, we moved the Cash publishing date to early Thursday. In the same month we combined Cash Online, borsalino.ch and cashtv.ch to create the cash.ch website, which received a highly effective makeover at the same time. In 2003, cash.ch further solidified its position as the country's biggest independent financial and business portal. CASH-TV's success continued, with audience figures up another ten percent on its tenth anniversary.

Turnover Economic Media



RingierTV

RingierTV was established in 1993 when Ringier Publishing added television to its media range. In '03 it celebrated its 10th anniversary. CASH-TV, a business program in magazine format, was the first regularly scheduled, Ringier-produced program on Swiss television. Today, the dozen or so RingierTV programs on health and medicine, the consumer, business, cars and sports, food and lifestyle are among the most successful in the program line-ups of Switzerland's SF2 and Sat.1 Schweiz networks.

The basis of RingierTV's success is a superb staff of 75 and an intelligent corporate strategy, based on spreading risk. Showing a profit in '03, RingierTV has become Switzerland's undisputed leader in the highly competitive television programming market.

Turnover RingierTV

Total in CHF million

TV production

Various

25.7

25.2

26.0

21.8

21.5

24.7

3.9

3.7

1.3

2003

2002

2001

Ringier Europe

Healthy growth through acquisitions and new launches – Ringier Europe's 2003 sales up 36 percent.

Our growth strategy is underpinned by successful core businesses in the Czech Republic, Slovakia, Romania and Hungary, with our high-circulation tabloids solidifying their number-one position in all these countries.

When our partner Gruner + Jahr withdrew from daily newspaper publishing in Central Europe, we assumed full ownership of our Czech and Slovakian publishing house and, in Romania, full control of Expres Publishing, its daily paper Evenimentul Zilei and of a printing plant. A 74.9 percent share in the publishers of Serbia's Blic, a daily, further enriched our portfolio of countries.

Considerable circulation gains at our Romanian publishing house and a concomitant increase in ad revenues in 2003 once more boosted both its sales and results. Among the country's dailies, the tabloid Libertatea is far and away the market leader. The same is true of its Sunday edition, launched in 2002. Profitability of Capital, a business title, went up, stiff competition notwithstanding.

In the aggressively competitive magazine segment, Unica and our TV titles prevailed and the success of Bravo (published under license) inspired the launch of Bravo Girl in October. Assuming control of the daily sports newspaper Pro Sport was a turbulent affair, but the outstanding local management quickly got things back on track.

In Slovakia, circulation of our tabloid Novy Cas grew yet again, and our general interest magazines solidified their already strong market position. Novy Cas Pre Zeny, a newly launched weekly woman's magazine, set new records from the start with sales of 150,000 making it the undisputed number one in this segment.

In the maturing market of the Czech Republic, sales of the Blesk daily averaged 480,000 in 2003 (previous year, 420,000). The Friday edition surpassed 600,000 copies. This growth helped to further improve the results of our two printing plants in Ostrava and Prague where job printing too had been running at full capacity. In the magazine sector, determined competition caused a slight decline in circulation of all our titles. On the other hand, a relaunch of our daily sports newspaper Ceskoslovensky Sport helped boost its circulation by eight percent.

Blikk achieved tabloid market leadership in Hungary. Needless to say, the 18 percent circulation increase had a positive impact on ad revenues.

Less satisfactory, in spite of increased ad revenues, was the 49.9 percent circulation decline of our flagship daily Nepszabadsag.

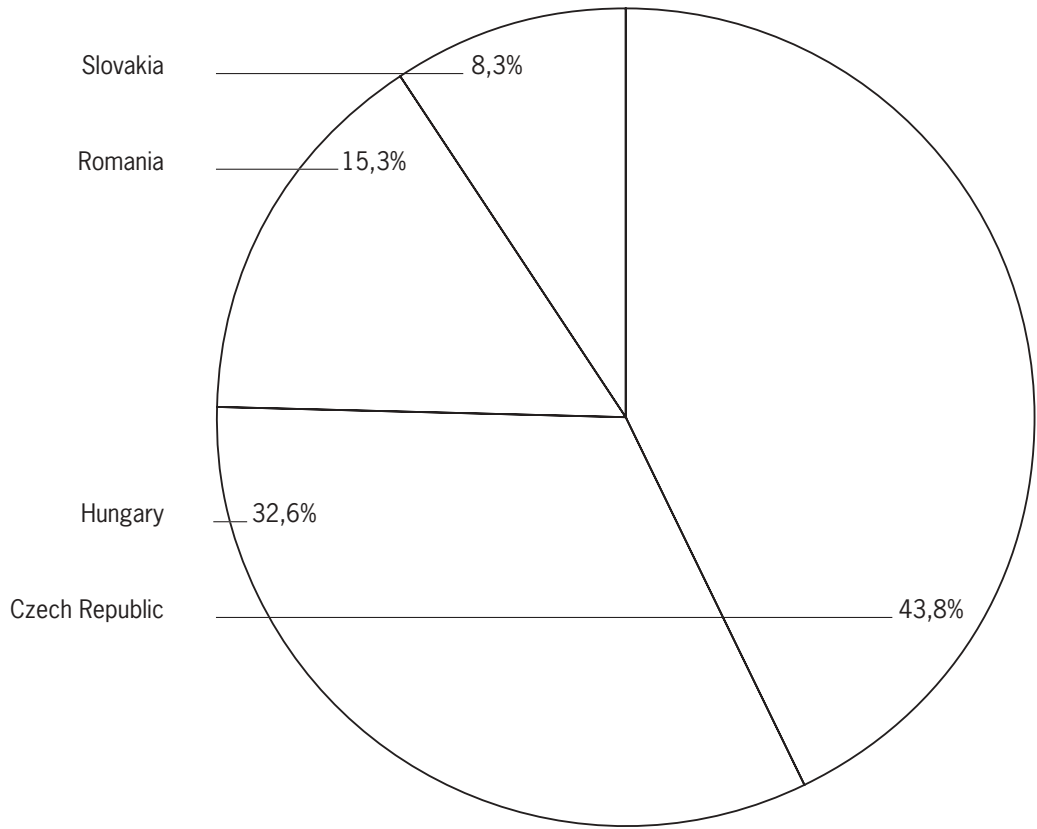
The sports paper Nemzeti Sport celebrated its 100th anniversary in style with an exemplary annual result and a relaunched Képes Sport, the weekly sports magazine. In July Ringier, in a joint venture with Heinrich Bauer Verlag, began publishing four magazines to establish a bridgehead in the Hungarian magazine market. In addition, our Budapest newspaper printing plant is expected to commence operations in the fall of 2004.

Turnover Europe

Total in CHF millions	227.3	167.6	145.0
Sales	114.8	83.5	72.3
Advertising revenues	84.2	59.1	54.4
Printing plant revenues	16.9	16.5	10.3
Various	11.4	8.5	8.0
	2003	2002	2001

Sales shares Europe

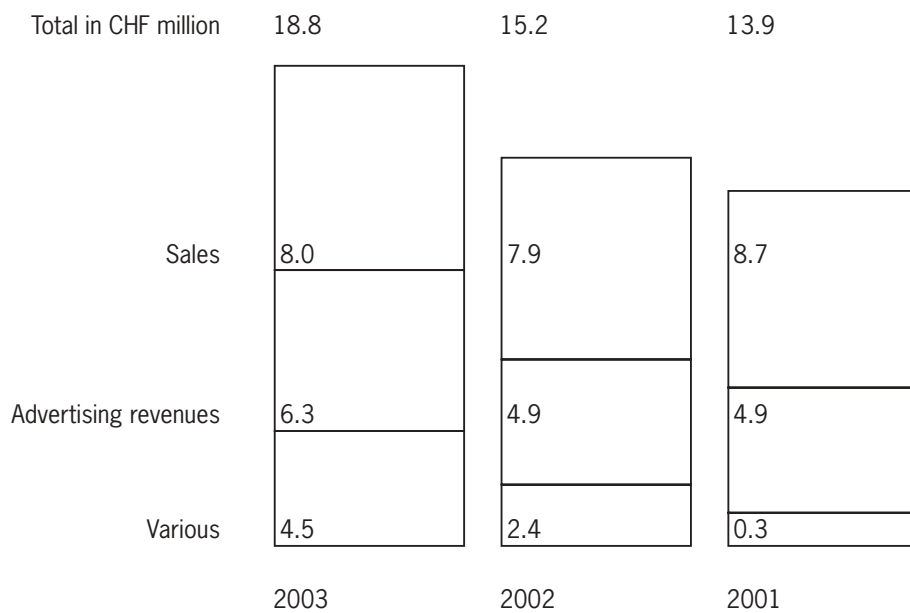
in percent



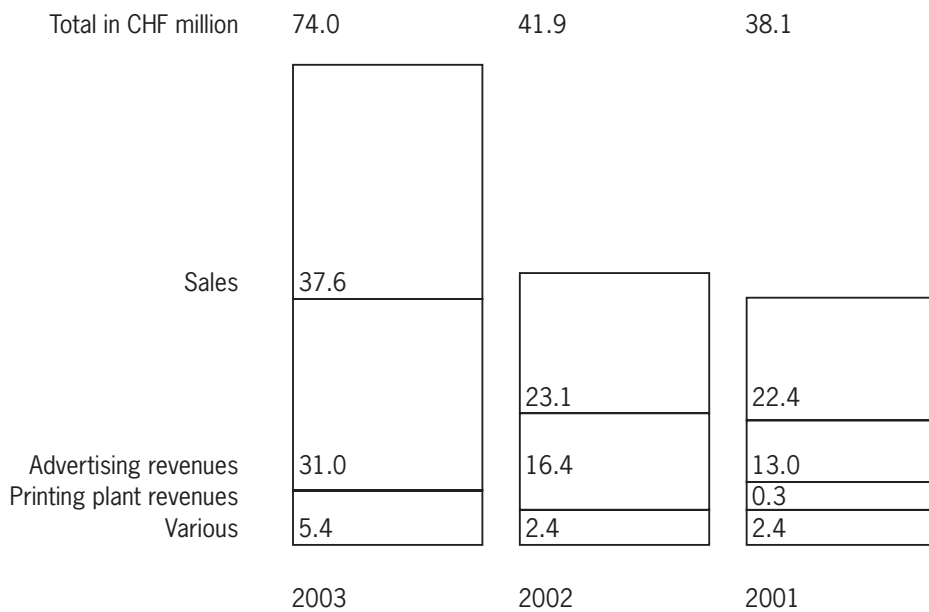
Turnover Czech Republic

	2003	2002	2001
Total in CHF million	99.7	84.7	64.9
Sales	50.1	40.5	30.3
Advertising revenues	31.9	26.7	23.2
Printing plant revenues	16.9	16.5	10.0
Various	0.8	1.0	1.4

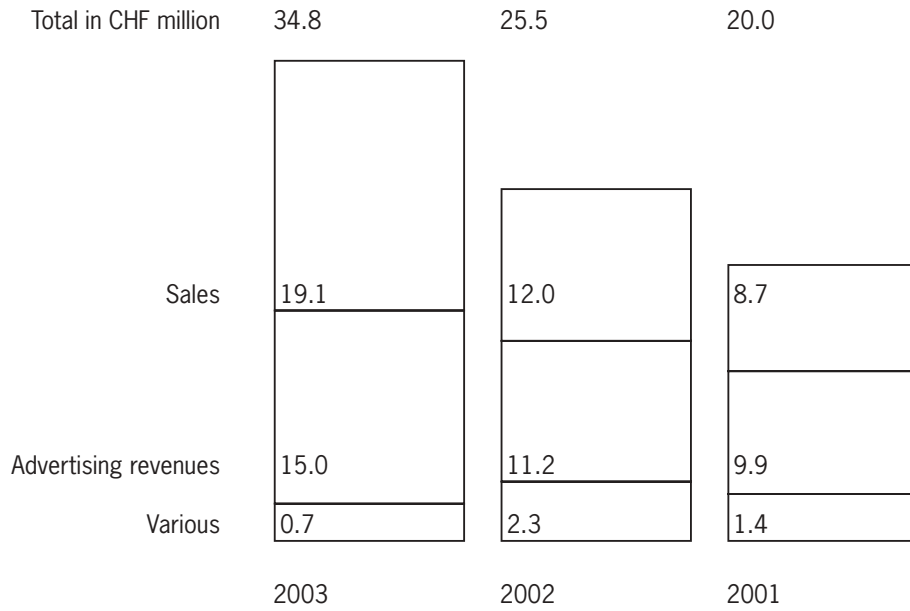
Turnover Slovakia



Turnover Hungary



Turnover Romania



Ringier Asia

The Iraq war, and SARS in particular, left an indelible impact on our publications. For three months, internal flights in China practically ceased with a predictable knockdown effect on our inflight magazine which we produce for 16 Chinese airlines. Even though things quickly returned to normal after the SARS crisis when China's growth engine was humming once more, Asia Inflight failed to make up the difference. However, the good news is that from 2004, our inflight magazine will be on board the fleets of more than 30 airlines and airline subsidiaries. With a circulation figure in excess of 420,000 and more than three million readers, our onboard magazine has reaffirmed its position as China's biggest certified-circulation magazine.

Ad volume for all our other titles increased from 22 percent (City Weekend) to 33.5 percent (Ringier trade publications). Ringier Trade launched three new titles in 2003. With 15 publications to its name and three more launches planned for 2004, Ringier Trade is now a major player in China and our English-language business magazine China International Business grew a proud 29 percent.

Our biggest effort went to Betty's Kitchen, a Betty Bossi spin-off launched in the fall of 2002. Betty's Kitchen is still on the top of our priority list – the first cookbook has been published and a weekly television program is to follow.

We had a good year in Vietnam in spite of the outbreak of SARS. The SEA Games in late 2003 gave the country's economy another big push: all our titles benefited. Our fashion magazine Thòi Trang Trè, which celebrated its 10th anniversary, was particularly successful.

Despite SARS and recession, Ringier's Hong Kong printing plant has successfully concluded its turnaround to once again gain market shares.

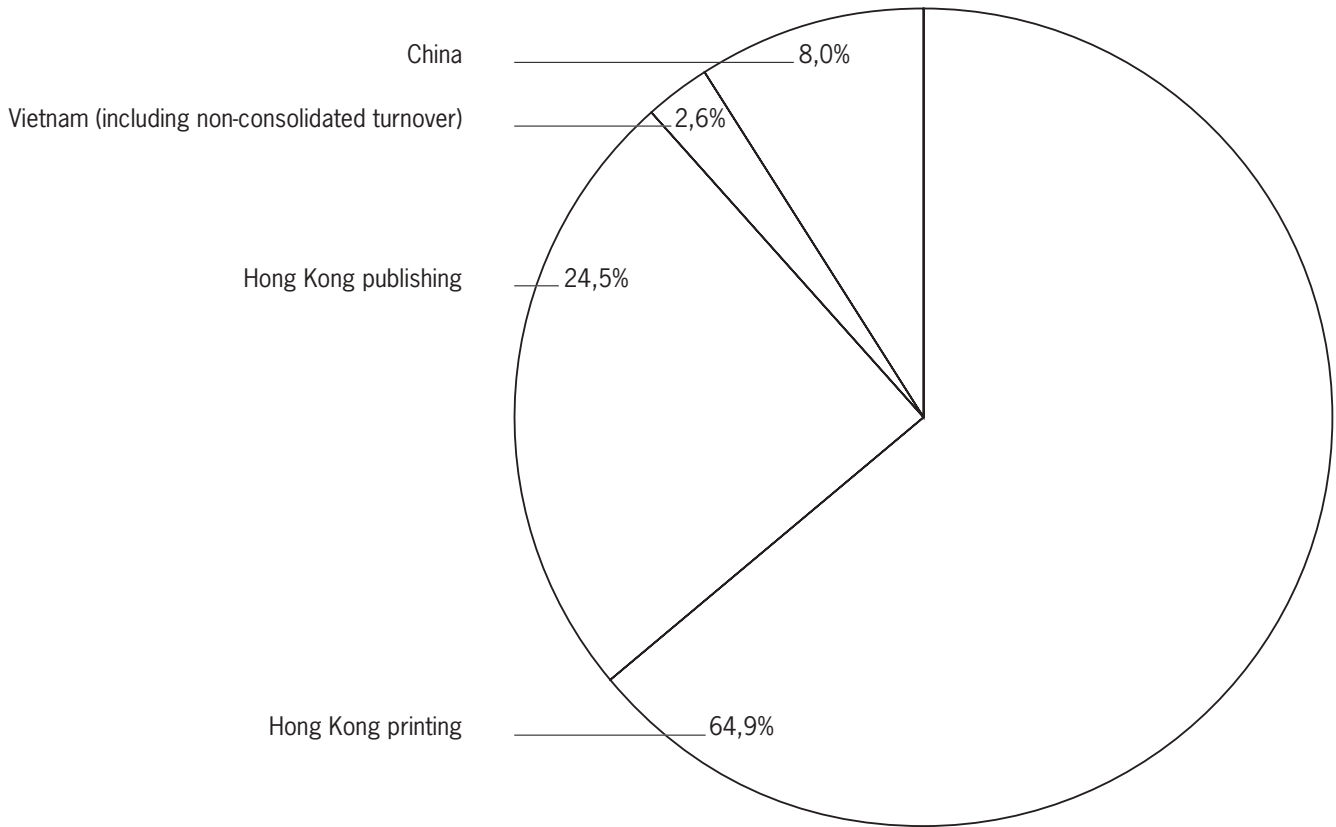
Turnover Asia

	2003	2002	2001
Total in CHF million	45.0 (1.0*)	46.4 (2.3*)	43.4 (4.2*)
Sales	0.7	0.9	1.5
Advertising revenues	14.1	16.7	15.6
Printing plant revenues	28.5	27.2	23.7
Various	1.7	1.6	2.6

* non-consolidated

Sales shares Asia

in percent





Kiev 88, 4.6 lbs. (2.1 kg)
Manufacturer: Zavod Arsenal Factory, Kiev, Ukraine
Date of production: 1983–87
Douglas M. Parker Studio, Glendale, California
March 28, 2003 (No. 3)
2003
Dye transfer print
16 x 20 inches; 40.6 x 50.8 cm paper size
Ed. of 10

Ringier Print

Contrary to expectations, the economic downturn continues. The Zofingen printing plant operates in an environment of massive overcapacity in Europe and the more open borders to the East, as pricing pressure cancelled out hesitant early rises in demand. On the other hand, long term contracts and tight cost control kept newspaper printing operating near full capacity. Three developments are worthy of note:

The Winterthur printing plant closure proceeded according to plan, reducing capacity in the Swiss market considerably. Periodicals moved to Zofingen one at a time over the past three months, with a significant year-on-year increase in that plant's share of periodicals. The middle of the year saw the completion of the process of boosting rotary offset capacity and lowering that of rotogravure printing that had started in 2000. Two 48-page machines and new, largely automated post-processing systems have raised efficiency even more. Successful participation in international competitions and entry in the final round of the Esprit Switzerland competition provided confirmation of the Adligenswil newspaper printing plant's output quality and operational efficiency.

Outstanding performance from the Adligenswil newspaper printing plant and one-time gains from the closure of the Winterthur plant improved the financial picture slightly. Exports declined 13 percent and individual job printing orders from Switzerland were down 14 percent. The share of periodicals in the output of our Zofingen printing plant rose from 43 to 46 percent, with Ringier publications accounting for 35 percent. At Adligenswil, the share of Ringier publications was 58 percent.

In 2004, the "Futura" restructuring program in Zofingen, which will entail a workforce reduction of 90 over the next three years, and the Winterthur plant closure are expected to improve the operating result. We are committed to further optimizing the already respectable result of our newspaper printing plant and preparing our long term strategic positioning in the newspaper printing industry.

Printing plant production

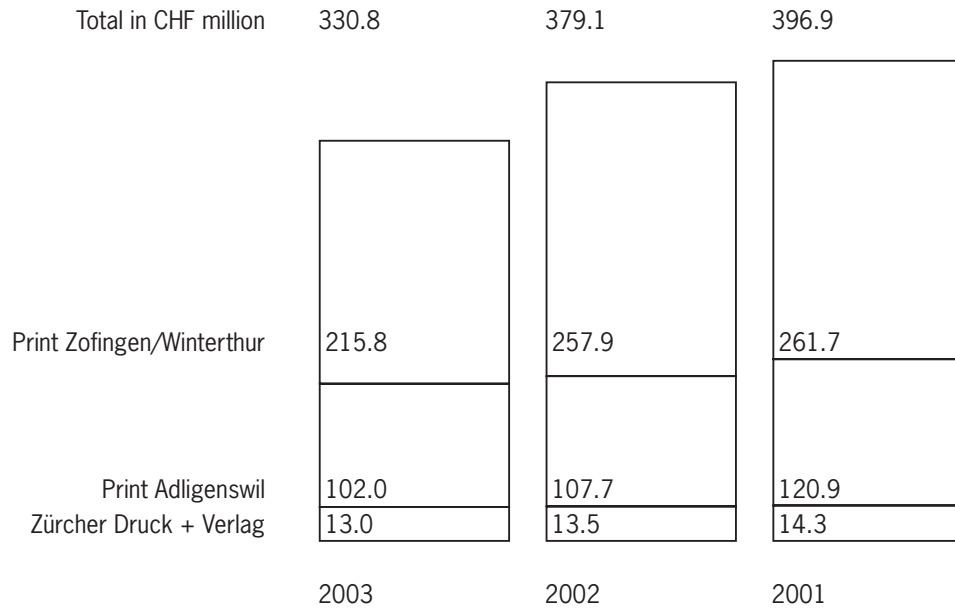
	mio. CHF 2003	mio. CHF 2002	mio. CHF 2001	Change in %
Total sales	330.8	379.1	396.9	-12.7
Thereof job printing	203.1	239.0	243.4	-15.0
Thereof Ringier products	127.7	140.1	153.5	-8.9
Value added	189.6	207.6	213.6	-8.7
Personnel costs	140.7	146.7	139.7	-4.1

Customer sales Printing

	2003	2002	2001
Total in CHF million	203.1	239.0	243.4
Printing export	38.9	47.0	67.1
Printing Switzerland	151.6	179.1	167.8
Various	12.6	12.9	8.5



Total sales Printing per location



Human Resources

From a Human Resources point of view, '03 is best described as a year of cost reductions and job cuts. Redundant employees benefited from a social plan, created in cooperation with the social partners concerned. Forty-eight jobs had to be eliminated but thanks to proactive Human Resources management, extended to every redundant employee, hardship cases were successfully cushioned. In-house or external solutions were found for most redundant employees as Ringier AG consolidated its reputation as an employer who believes in extended commitment, implements cost-cutting measures responsibly, is guided by clear principles of ethics and deals with those concerned in a professional manner.

Many editors-in-chief believe, and a study conducted by Bern University confirms this prognosis, that with the passing of time economic pressures will increase. This raises the question of what our Human Resources management can do to promote journalistic quality. What is its role in the almost imperceptible changeover from editor to manager? One part of the answer and an important aspect of our cost-cutting program is coaching editors-in-chief in handling difficult personnel decisions with professionalism.

We launched a new publishing-performance-evaluation program called Employee Conversations as a vital means of ensuring continued high quality. The name explains the way it works. Rather than a one-sided evaluation of employee performance, these Conversations with superiors center on goals achieved and goals missed. As an added benefit, journalism-centered evaluation criteria such as these provide supervising editors with welcome feedback.

Employee structure

	2003	2002	2001
Ringier Publishing	1343	1433	1936
Ringier Print Adligenswil	493	479	503
Ringier Print Zofingen	927	958	967
Zürcher Druck + Verlag	66	69	67
Betty Bossi Verlag	105	87	70
Druckerei Winterthur AG	52	258	370
Ringier Switzerland	2986	3284	3913
Switzerland	2986	3284	3913
Germany	–	–	20
Czech Republic	657	647	650
Slovakia	107	110	100
Hungary	852	737	750
Romania	370	254	230
Asia	467	387	416
Ringier Group	5439	5419	6079

Major participations Switzerland

As announced at the takeover in 2001, the printing plant Winterthur dw AG and ColorServ AG, Winterthur, were closed at year's end; the two companies merged with Ringier Print Zofingen AG and pending orders were transferred to the Zofingen and Adligenswil plants. In October the Competition Commission, subsequent to an in-depth review, approved the takeover of a majority share in Le Temps AG, Geneva, by Le Nouveau Quotidien ERL SA, Lausanne. Part of the project involved an increase of Ringier's share in Le Nouveau Quotidien from 20 to 50 percent. The Competition Commission also gave the green light to a full takeover of Bolero Zeitschriftenverlag AG and its subsidiary B.online GmbH, both in Zurich.

In July, as part of a management buyout, Ringier sold web hosting and web design service provider Fastnet SA, St-Sulpice.

Addictive Productions AG, Zurich	100%	JRP Ringier Kunstverlag AG, Zurich	80%
Bolero Zeitschriftenverlag AG, Zurich	100%	Betty Bossi Verlag AG, Zurich	50%
Investhaus AG, Zurich	100%	Le Nouveau Quotidien ERL SA, Lausanne	50%
Mediamat AG, Zurich	100%	Sat.1 (Schweiz) AG, Zurich	50%
Rincovision AG, Zurich	100%	2R Media SA, Locarno	45%
Ringier Print Adligenswil AG, Adligenswil	100%	Good News Productions AG, Zurich	44%
Ringier Print Holding AG, Zurich	100%	Teleclub AG, Zurich	33%
Ringier Print Zofingen AG, Zofingen	100%	SMD Schweizer Mediendaten- bank AG, Zurich	33%
Zürcher Druck + Verlag AG, Zug	100%	PresseTV AG, Zurich	30%
Prevision AG, Zofingen	85%	PrintOnline AG, Schlieren	25%
SMI Schule für Medienintegration AG, Zofingen	85%	Schober Direct Media AG, Bachenbülach	20%
		Radio Pilatus AG, Lucerne	18%

Major participations Europe and Asia

In January, we took over another 17.65 percent share of Hungary's leading national daily, Nepszabadsag Publishing of Budapest, together with our partner Gruner + Jahr AG & Co. of Hamburg. Hungary's monopolies authority has ruled against the acquisition of more than 50 percent of this company for the time being; proceedings are ongoing.

In November, we dissolved the partnership we had held since 2001 with Gruner + Jahr and acquired Gruner + Jahr's minority holding in Ringier Nederland B.V., Amsterdam, which controls our business in the Czech Republic and Slovakia. We also acquired a 51 percent share in Vydavatelstvo Casopisov a Novin s.r.o., Bratislava, publishers of Novy Cas, Slovakia's leading daily. In addition, we took over Expres s.r.l., Bucharest, publishers of Evenimentul Zilei, a national daily. Subsequent to the dissolution of our partnership with Gruner + Jahr, we took over our former partner's 74.9 percent share in Blic Press d.o.o. and Blic Marketing d.o.o., both in Belgrade. Blic Press d.o.o. publishes Blic, Serbia's leading tabloid.

Adding another 20 percent to the holding we acquired in 2001 in Ceskoslovensky Sport s.r.o., Prague, made us the company's full owners.

Ringier Publishing GmbH, Munich	100%	Euromedia Bt., Budapest	50%
Ringier France SA, Paris	100%	Ringier Romania s.r.l., Bucharest	100%
Ringier CR a.s., Prague	100%	Expres s.r.l., Bucharest	100%
Ceskoslovensky Sport s.r.o., Prague	100%	S.C. Editura Sportrom s.r.l., Bucharest	100%
Ringier Print Praha a.s., Prague	100%	S.C. Editura Bauer s.r.l., Bucharest	50%
Ringier Print s.r.o., Ostrava	100%	Blic Press d.o.o., Belgrade	74.9%
PNS a.s., Prague	27%	Blic Marketing d.o.o., Belgrade	74.9%
Euroskop-Ringier a.s., Bratislava	100%	Ringier Pacific Ltd., Hong Kong	100%
Vydavatelstvo Casopisov a Novin s.r.o., Bratislava	100%	Ringier Print (HK) Ltd., Hong Kong	100%
Ringier Kiado Kft., Budapest	100%	Asia Inflight Ltd., Hong Kong	100%
Ringier Print Budapest Rt., Budapest	100%	Ringier Trade Publishing Ltd., Hong Kong	100%
Nepszabadsag Rt., Budapest*	67.64%	Beijing Ringier International Advertising Co., Ltd., Beijing	50%
Europress Kft., Budapest	50%	Adnet Co. Ltd., Hanoi	51%

* Approval of 17.64 percent share pending with Hungary's monopolies authority.

Organization

Ringier AG
Owners

|

Evelyn Lingg-Ringier

Annette Ringier

Michael Ringier

Ringier AG
Board of Directors

|

Michael Ringier
Chairman

Dr. Uli Sigg
Vice President

Oscar Frei
Member

Jan O. Frøshaug
Member

Dr. Hans-Olaf Henkel
Member

Martin Werfeli
Secretary

Ringier AG
Group Management

|

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President and CEO

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Media Development

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Martin Werfeli
Chairman

Ulrich Flörchinger
Member

Peter Karlen
Member

Ringier Print Holding AG
Company Management

Dr. Hans Jakob Strickler
Ringier Print Holding AG and
Ringier Print Zofingen AG

Karl Lehmann
Ringier Print Adligenswil AG

Urban Möll
Zürcher Druck + Verlag AG

Epilogue

If years of experience have taught us one thing, it is how to turn out those marketing products we call newspapers and magazines. We've done our reader research and streamlined layouts until it seems they come straight from a wind tunnel. And it shows in our products: always oh-so-trendy, all of them looking alike. Just like our cars.

Is this a good thing? Declining reader interest seems to indicate otherwise. The reason may be an underlying problem besetting the print media. Can it be solved at all?

The problem starts with the word 'print' itself – a misnomer if ever there was one. Is what we turn out print? It is not. What we produce is in fact writing. Newspapers and magazines are manifestations of our culture of the written word, an everyday kind of manifestation to be sure, but a manifestation nonetheless. How do we practice it today? How was it practiced yesterday?

There was a time when newspapers and magazines were jammed full of the written word – stories based on real-life events ranging from politics to culture. Editorials were a proud form of political storytelling and the serialized literary supplement was an equally noble artefact of our culture.

Both have gone the way of good writing. Today, we still set stories in front of our readers, but stories that have little or nothing to do with storytelling. The cookie-cutter similarity of wind-tunnel-engineered media mandates cobbled-together stories, liberally sprinkled with quotes, with the odd bit of maliciousness thrown in. Stories of that ilk have taken the place of ideas, quotes have become substitutes for thought, malice has replaced style.

What was it like before? Editorials and reportage were lengthy, occasionally a bit too long, but always written with passion and commitment. Granted, they were often partial and occasionally unfair, but each piece was written in a captivating, highly personal style. Journalists worked hard to be more knowledgeable than their competitors, better writers, possessed of a missionary zeal to change the world – or at least their region.

At best, this approach to journalism elicits a condescending chuckle from our current crop of print professionals. Instead, they should take a closer look at their own output and what has happened to them since the '60, when writers were deservedly counted among the more noble creatures roaming the media jungle. Readers knew their journalists by their writing style, to the point of favoring one publication over another just because they preferred one writer-thinker over another.

To determine their pecking order among their peers, journalists used to engage in heated political and cultural debate that went beyond their own publications. Eberhard, Oeri, Bretscher, Dürrenmatt, Brodmann, Fleig and Kuhn – they debated with each other about each other, even against each other with a passion that often left their readers breathless.

Perhaps the time has come for a rebirth of journalism as a legitimate form of written thought, for a rediscovery of the editorial, a dusting-off of that old passion for politics, business and our society. A time, in short, to once more favor writers who inspire debate among their readers and each other and perhaps to rediscover style and language, or in other words, the art of writing well.

Who knows, by appealing once again to those who stopped buying newspapers and magazines because of their dislike for malice as a substitute for style and a general disdain for the current crop of boring, wind-tunnel-streamlined print products, we might even regain some of the ground we have lost. Surely these former readers would come back – if only today's journalists would rediscover writing as a journalistic art form.

Frank A. Meyer

Publications and circulations

Switzerland		Asia	
	*circulation		circulation
Betty Bossi	**922 072	China	
Blick	275 275		
Bolero	22 803	Betty's Kitchen	200 000
Cash	57 001	CAAC Inflight Magazine	420 000
edelweiss (French)	24 333	China International Business	30 000
Gesundheit Sprechstunde	83 925	City Weekend (Beijing/Shanghai)	160 000
GlücksPost	162 597	Trade magazines (15 titles)	100 000
il caffè (free)	51 117		
L'Hebdo	47 085	Vietnam	
L'illustré	92 150		
Montres Passion/Uhrenwelt	90 000	The Guide	30 000
Schweizer Illustrierte	251 550	Thòi Báo Kinh Tế	38 000
SonntagsBlick	300 300	Thòi Trang Trè (New Fashion)	45 000
Tele	200 444	Tu Văn Tiêu Dùm	35 000
TV täglich (supplement)	***1 221 000	Vietnam Economic Times	20 000
TV8	74 689		

* WEMF 2004

** WEMF 2002

*** not verified by WEMF

Central and Eastern Europe

	*circulation		*circulation
Czech Republic		Hungary	
abc	63 593	Blikk	249 710
Blesk	458 295	Blikk TV Magazin	**282 000
Blesk Magazin	549 189	Bravo	43 522
Nedelni Blesk	318 075	Bravo Girl	47 701
Reflex	56 351	Buci Maci	19 292
Sport	63 218	Képes Sport	**25 000
Sport Magazin	61 729	Magyar Hirlap	33 037
tv plus	123 828	Mai Nap	**36 600
Tydenik Televize	178 044	Nemzeti Sport	93 429
tv revue	119 036	Nepszabadsag	173 318
		Jövö7	**207 000
Serbia		Tina	92 144
		Tina Extra	80 139
Blic	**97 400	Vasarnapi Blikk	216 010
Blic TV Magazin	**138 500		
Blic Zabava	**94 500	Romania	
		Bravo	86 838
Slovakia		Bravo Girl	65 405
		Capital	48 263
Euro Televizia	143 815	Libertatea	246 887
Eva	82 425	Libertatea Sunday	156 743
Novy Cas	144 209	Libertatea Weekend	417 560
Novy Cas Weekend	**231 000	Lumea Femeilor	49 328
Novy Cas pre Zeny	**192 000	ProSport	64 958
TeleMagazin	64 211	ProSport Sunday	43 030
Rodina	53 476	Tvmania	147 570
Zivot	140 824	TV Satelit	101 456
		Unica	47 232

* officially audited

** no official auditing possible

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Zurich, April 2004

Supplement, 2003

DVD, 332 min 17 sec, in color, sound

Creative Director	Christopher Williams
Actors	Sven Epiney Sibylle Sager Andreas C. Studer as well as Renate Christen Dominique Roth Linus Weber
Project Management	Myrta Bugini
Curator	Beatrix Ruf
Production Company	Ringier AG
Producer	Philipp Flury
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Betty Bossi	Lilo Balmer Regula Brodbeck Beatrice Käser Lilo Knecht Brigit Langhart Melitta Meyer

	Maja Ruckli
	Caterina Ruggia
	Esther Spahr
	Claudia Stalder
	Barbara Wohlgemuth
Music	Arnold Schönberg, Accompaniment to a Cinematographic Scene (threatening danger, fear, catastrophe), OP. 34, BBC Symphony Orchestra, conducted by Pierre Boulez, Sony Classical SMK 48 462
DVD Production	RingierTV
Hotel	Seehof Zürich
Airline	United Airlines
On behalf of	Ann Goldstein

SUPPLEMENT



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