

P R E S S R E L E A S E

Gruner + Jahr Increases Brand-Business Revenues and ROS Again in 2007

G+J reinforces its position as market-leading magazine publisher in Europe / Brand business sets new records in turnover and profit / International expansionist course successfully continued / "Expand your Brand" program on track / PRINOVIS holding negatively impacts the bottom line

Gruner + Jahr, Europe's biggest magazine publisher and Germany's highest-turnover publisher, systematically continued its brand expansion strategy in the 2007 financial year, underscoring its leading position in a market environment that remains fiercely competitive.

In particular, the core business clustered around established media brands continued the steady upward trend seen in recent years, pushing its revenues and profits to new highs for the fourth consecutive year. Revenues from G+J's brand business – its magazines and online offerings, along with merchandising and trade fairs – grew by two percent, reaching €2.0 billion for the first time. Operating EBIT improved by 12 percent to a new record of €198 million (2006: €177 million). This boosted the profitability of G+J's core business to 9.9 percent (9.0 percent). This outstanding result was achieved despite the fact that publishing investments were again stepped up by over €10 million in 2007, to €67.7 million, and even though nearly all Western European markets continued to labor under great competitive pressure.

G+J's divisions did extraordinarily well: G+J Germany achieved the best result in its history. G+J France once again proved extremely profitable, and G+J International nearly doubled its operating EBIT year on year.

Most of G+J's subsidiaries and holdings also reported very satisfactory results: The DRESDNER DRUCK- UND VERLAGSHAUS (SÄCHSISCHE ZEITUNG) improved its revenues and operating EBIT. BROWN PRINTING in Waseca/USA, which celebrated its 50th anniversary in 2007, again made an excellent revenue contribution in the hard-fought U.S. market.

PRINOVIS, Europe's biggest gravure group, a joint venture between G+J, arvato and Axel Springer, faced arduous market developments in several segments, resulting in revenues and operating EBIT below values achieved in prior years. One-off expenditure on restructuring measures and value adjustments made in this connection had a significant negative impact on the Group's net income.

Against this backdrop, Gruner + Jahr's holdings and subsidiaries generated revenues of €821 million (2006: €892 million) and profits of €66 million (€100 million).

Therefore, and due to currency effects, Gruner + Jahr's total turnover for 2007 was €2.83 billion, roughly on par with the previous year (€2.86 billion). Due to the decline in earnings from holdings, operating EBIT amounted to €264 million (2006: €277 million). The return on sales (ROS) after investments in the publishing business was 9.3 percent (9.7 percent).

The international share of total turnover held strong at 54 percent.

Gruner + Jahr again expanded its investments in 2007: publishing investments increased from €57.1 million to €67.7 million, with a focus on "Expand your Brand" activities. As a result, the ROS of the brand business before publishing investments rose from around 12 to approximately 14 percent.

At the end of 2007, Gruner + Jahr had a worldwide workforce of 14,703 employees (2006: 14,765). Adjusted for changes to the portfolio, the employee base was stable. The number of trainees showed a gratifying 8.1 percent increase in 2007, to 255 (236).

"Our core business has never been in better shape," declared Bernd Kundrun, Chief Executive Officer of Gruner + Jahr AG, at today's annual press briefing in Hamburg. "The upward trend in revenues and profits from the brand business persisted in 2007 and will continue to do so in the next few years. This proves the great strength and immense business potential of our well-established titles. It also confirms us in our strict concentration on expanding our quality brands to other media channels. I am positive that their resilience and expertise will help them to prevail in many segments in the medium term – including against some of the Internet companies that are so highly regarded today."

Kundrun went on to say that Gruner + Jahr will therefore continue to systematically pursue its "Expand your Brand" strategy in the years ahead. "We will also continue our launch offensive and seize opportunities for expansion in promising international markets. The crucial aspect here is that we will continue to invest in our own brands and lines of business, rather than spending hundreds of millions on buying into high-risk Internet companies."

Achim Twardy, Chief Financial Officer of Gruner + Jahr, also emphasizes that G+J will continue to invest: "In 2007, we showed that we are capable of growing the core brand business on our own steam. We will continue on this course. We have considerable income from operations at our disposal to develop new projects and titles. There is plenty of leeway for investing in further acquisitions as part of our growth strategy."

With regard to PRINOVIS, Kundrun declared: "The restructuring measures now taken will restore PRINOVIS's strength and put it in a good starting position for the future. I anticipate a decline in the gravure industry's surplus capacity in the medium term, and expect that prices will in fact rise at that point. PRINOVIS will profit from this situation."

G+J Germany books the best result in its history

In 2007, G+J Germany achieved the best result since its establishment, in ad sales and distribution markets that continued intensely competitive. The division has significantly improved its operating EBIT year on year for three years running.

Its outstanding market position was systematically enhanced by acquiring Entertainment Media Verlag, the online diet coach XX-WELL.com and the cooking portal CHEFKOCH.de.

Once again, market success was based on Gruner + Jahr's strong brands: The G+J STERN/GEO/ART publishing group improved its results for the sixth consecutive year. Other established titles such as BÖRSE ONLINE also posted gratifying growth. Innovative new titles like NEON once again increased their circulation and earnings. BRIGITTE WOMAN is now published monthly, and DOGS opened up a new reader demographic. The titles launched last year, EBAY-MAGAZIN and WUNDERWELT WISSEN, delivered a promising performance from the start. The Group's corporate publishing arm G+J Corporate Media in 2007 topped the record result it set in 2006. Motor Presse Stuttgart (MPS) once again proved exceedingly profitable in 2007 despite tough market conditions. However, G+J was forced to discontinue three titles – DECORATION, LOOK and WOMAN – for lack of economic prospects.

The merchandising department has quintupled its revenues and profits since 2005. During the past business year, it issued a number of very popular products, including additional volumes in the GEO Thematic Encyclopedia and BRIGITTE's audiobook edition "Starke Stimmen – die Männer" (Strong Voices – The Men).

The "Expand your Brand" initiative made great strides in 2007: G+J branded Web sites considerably extended their reach, thereby markedly improving their positions.

STERN.de grew its reach massively by developing creative new sites like the VIEW photo community and the health portal, plus new Web TV and video formats such as the cinema magazine "Sneak." BRIGITTE.de enormously improved its market response with measures including the integration of the market-leading online diet coach XX-WELL.com. ELTERN.de saw a surge in reach, especially thanks to newly launched "ELTERN.de Family Network." The ESSEN-AND-TRINKEN.de food community, launched in April, showed strong growth in reach and registered users from the get-go. And the acquisition of CHEFKOCH.de catapulted Gruner + Jahr to the top of the online food segment.

By buying up Munich-based ENTERTAINMENT MEDIA VERLAG, the leading special-interest publisher in the entertainment sector (cinema, film, video, DVD, music), Gruner + Jahr also secured the rights to one of the country's most extensive entertainment databases. The imprint's KINO.de site is the most widely trafficked website in the segment.

G+J's expanding trade show arm G+J Expomedia Events successfully established another trade fair in 2007, the "eat'n Style" in Hamburg.

G+J France continues to generate strong profits

PRISMA PRESSE continued profitable, adding market shares while keeping revenues stable. There were gratifying upward trends in the magazine sales market in particular.

Its magazine brands delivered an excellent performance: FEMME ACTUELLE defended its strong position in the ad sales market. Despite raising its cover price, GALA reported record revenues and increased circulation. The listings magazines TV GRANDES CHÂÎNES and TÉLÉ 2 SEMAINES continually improved their market positions. In its 15th year, CAPITAL FRANCE managed to increase its circulation again. DOGS FRANCE was launched.

PRISMA PRESSE more than tripled the reach of its Web sites through measures related to the “Expand your Brand” strategy. Within three months of its launch, GALA.fr had more than half a million users. In the TV market, PRISMA PRESSE acquired the online market leader PROGRAMME-TV.net in 2007, and was able to considerably enhance its market leadership in the TV segment online thanks to a content cooperation with TÉLÉ LOISIRS, which boosted the number of Unique Users to over four million at the end of the year.

Meanwhile, the women’s magazine JASMIN failed to live up to expectations and was taken off the market.

G+J International doubles its profits

The G+J International division nearly doubled its result year on year on the back of slight revenue growth. One substantial contributor to this effect was the first-time full-year consolidation of the holding in the Chinese magazine publisher BODA/RAYLI, acquired in 2006, which also gave G+J the market leadership in the women’s segment. The new Adria joint venture with Sanoma International in Croatia, Serbia and Slovenia also attained good market positions. By setting up the GyJ Televisa joint venture in Mexico and Argentina, G+J has established a strategically important platform for expansion in the Latin American markets. Meanwhile, the shares in the Greek joint venture G+J/Daphne were sold with effect from July 1, 2007.

In the western European markets, a clearly improved operating result was achieved based on revenues that remained on a par with the previous year. VERLAGSGRUPPE NEWS in Austria delivered an excellent performance, especially its titles WOMAN, TV-MEDIA and PROFIL, and also benefited from dynamic growth in the online activities of NEWS NETWORK SERVICE AG. Improved results were also seen in Italy with the relaunch of FOCUS, in Spain with the titles MUY INTERESANTE, COSMOPOLITAN and MIA, and in the Netherlands with QUEST. NAJ and CLAUDIA in Poland, and GEO and GALA BIOGRAFIA in Russia also showed a gratifying development.

Gruner + Jahr pursued its policy of innovation at the international level as well: FIRST made its market debut in Austria, and GALA was launched in the Netherlands, in Serbia and in Croatia. Croatia also saw the launch of SENSEA. The children’s magazine FOCUS PICO is new on newsstands in Italy, and another member was added to the GEO family in Bulgaria.

The “Expand your Brand” process was continued in all markets, as G+J International evolved numerous online activities clustered around its core brands. China’s biggest women’s portal RAYLI.com.cn doubled its reach, while the NEWS NETWORK and FOCUS.it portals in Austria in Italy increased their traffic considerably. G+J further enhanced its position in the various markets through acquisitions such as the travel community ODYSSEI.pl in Poland and the popular CROPORTAL.net in Croatia.

Newspapers post higher profits

The newspaper holdings delivered a gratifying performance in 2007, with the FINANCIAL TIMES DEUTSCHLAND (FTD) making considerable progress on the revenue and profit front. G+J is acquiring the balance of shares in the FTD retroactively to January 1, 2008. The ad sales business was expanded further and outperformed the market significantly, especially in the second half of the year. DRESDNER DRUCK- UND VERLAGSHAUS reported increasing revenues and earnings. The new real-estate portal SZ-IMMO.de managed to restore the newspaper's regional market leadership in the real-estate ad market.

Print labors under market decline in several segments

Gruner + Jahr's print operations were exposed to market declines in several segments – especially in the catalog sector – last year, as well as to high competitive pressure driven by surplus capacity.

Even in this tough competitive environment, BROWN PRINTING continued to be very profitable. The investments in Waseca, completed in 2007, and the planned investment program for the Woodstock plant, will strengthen the company's market position for the future. The bottom-line effects of BROWN PRINTING's good performance were negatively impacted by the weak dollar.

PRINOVIS, a joint venture between Gruner + Jahr, Axel Springer and arvato (Bertelsmann), and the European market leader in gravure printing, was once again forced to stand its ground in a very difficult market environment. Revenues and profits for 2007 remained below those of prior years. To safeguard future profitability at the German printing plants, restructuring measures were resolved which already put a strain on the bottom line in 2007.

Hamburg, March 20th, 2008

Enquiries:

Dr. Andreas Knaut

Head of Corporate Communications and Public Affairs

Phone: +49-40-3703-3113

E-mail: knaut.andreas@guj.de