

Our work

between tradition and modernity

The holistic approach
to out-of-home advertising:
For more than 100 years, we
have been dependably
partnering with cities,
communities, and private
entities to implement
convincing communication
concepts.

With tangible success,
we develop, produce,
and manage advertising
plant, mass transit passenger
shelters, and other types
of street furniture. We
place emphasis on urban
aesthetics. Deliver premium-
quality services. In all
four seasons. Regardless
of the weather.

Competent. ■



éhistoire



Palais de Rumine
Lausanne

mercredi 12h-18h
vendredi dimanche 11h-18h
tous les jours

Jusqu'à 70 km par
la distance de 100 km
soit 100 km

d'archéologie
Laus



COLLECTIONS



MONÉTAIRES



PALAIS DE RUMINE

100

100

Today, out-of-home is much more than glued paper.

Modern material, presentation, and communication techniques generate new opportunities by leveraging backlit displays, automatic Rollingstar scrolling units, eBoards, and ePanels. Based on environmentally sound technologies. Using renewable energy sources.

Innovative.



Our company's key resource is a competent and motivated workforce composed of 705 people, of whom 522 serve approximately 26,000 customers and 7,600 concession partners in our Swiss home market alone.

Every year, they handle some 2.5 million posters, manage 4,200 mass transit vehicles, and do much more.

Committed.



Mobility: This is our perpetually renewable commodity.

With our media products, customers selectively reach their target groups: a universe of people "out of home". Virtually everywhere. At all times. Effectively. At affordable rates.

Energetic.

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12th Report of the Board of Directors
to the Annual General Meeting of May 26, 2011

Affichage Group		2010	2010/2009 Change	2009	2008
Sales revenue	CHF m	304.3	- 10.5%	340.0	428.7
EBITDA	CHF m	51.3	12.5%	45.6	83.5
Operating income (EBIT)	CHF m	- 39.1	40.0%	- 65.2	52.7
Net income	CHF m	- 52.3	11.5%	- 59.1	29.7
Free cash flow	CHF m	32.6	77.8%	18.4	- 13.7
Net debt	CHF m	4.1	- 88.1%	34.5	35.5
Equity ratio		36.3%	- 13.2%	41.8%	38.9%
Employees		705	- 9.8%	782	825
Data per share					
Net income	CHF	- 17.82		- 19.84	10.11
Cash flow	CHF	15.29		12.03	19.93
Shareholders' equity	CHF	33.99		55.45	73.89
Payout ¹	CHF	0.00		0.00	4.40
Payout yield		0.0%		0.0%	3.1%

¹ Proposal to the General Meeting

We are convinced that the adaptation of the strategic alignment, the new management structure, and the reasserted commitment to the company's traditional values and strengths constitute a solid platform for the future success of the Affichage Group.



Dear Shareholder: In 2010, our company was again confronted with numerous formidable challenges, most of them attributable to the consequences of earlier investments within the scope of the foreign markets strategy. Unfortunately, in retrospect, most of the many international acquisitions transacted by the former management must be rated as failed or at least as disappointing. This applies not only to our operations in Greece, it also holds true for those in several other Eastern European countries. While Serbia is a positive exception, it cannot distract from the fact that the company's expansion into foreign markets has turned out to be a big burden for us, resulting in a disagreeable situation.

Overall, the sales revenue of the Affichage Group declined by 10.5% to CHF 304.3 million in the year under review. Net income closed at CHF –52.3 million, significantly impacted by renewed value adjustments on foreign activities amounting to CHF 70.8 million (before taxes). Without these impairments, net income would have closed at CHF 15.1 million. The implemented cost-cutting measures only partially offset the negative sales and foreign-exchange trends in the international markets. Group-wide EBITDA rose by 12.5% to CHF 51.3 million, which is equivalent to an EBITDA margin of 16.9%. In Switzerland, business trended according to our expectations, with a 3.6% increase in sales revenue to CHF 259.0 million and a 17.5% EBITDA gain to CHF 68.1 million. The good overall result reflects consistent cost management and the first positive outcome of the new company structure.

The smaller Board of Directors as reconstituted in May 2010 and the new Executive Board implemented and completed a thorough review of all foreign activities. The damage-control measures that were immediately initiated and implemented are beginning to take hold. The Board of Directors and the Executive Board have agreed that from now on, the strategic priority for Affichage Holding SA must again be on Switzerland as our home market. We are confident that we can continue to leverage our strong market position here. Our focus will be on strengthening our innovative thrust, intensifying sales activities, and creating persuasive added value on behalf of our market partners. Abroad, our objective is to heavily reduce the risk profile of our portfolio and adjust our exposure accordingly.

Corporate social responsibility is the basis for long-term success in business. Even in these difficult times, we continue to invest in training and career development for the benefit of our personnel. Every year, we also present a separate report that details our environmental accountability.

Because the 2010 result was again burdened by foreign expansion activities, we pledge to concentrate on strengthening shareholders' equity. As in the prior year, the Board of Directors thus proposes to the General Meeting to relinquish the payment of a dividend. As announced at the last General Meeting and formalized since then, the Board itself continues to relinquish all fee payments as long as no dividend is paid out. Our intention is to reestablish the foundation for a future without legacy encumbrances and to restore our traditionally shareholder-friendly dividend policy as quickly as possible.

We wish to thank all of our employees for their commendable dedication. They perform their daily work with genuine professionalism, perseverance, and skill. And to you, dear shareholders, we owe our sincere gratitude for your loyalty and support. We will bring the company back on track. In 2011, our undivided attention will remain on remedying the problems and creating the prerequisites for a successful future.

Jean-François Decaux

Chairman of the Board of Directors

Dr. Daniel Hofer

Chief Executive Officer



General: In 2010, the development of the out-of-home advertising markets serviced by the Affichage Group was disparate. In the second half of the year, business picked up slightly in Switzerland, but the recession-related slump abroad continued unabated. The rough business climate in southeastern Europe, special charges attributable to value adjustments, foreign-currency translation losses, and IFRS-related burdens involving pension fund liabilities have left deep marks in the income statement and balance sheet. Thanks to its strength in the Swiss home market, the Group was able to generate respectable cash flow.

Affichage Group: Consolidated sales revenue fell by 10.5% to CHF 304.3 million (PY CHF 340.0 million). Organic growth in local currencies amounted to -8.8%; currency effects accounted for -1.7%. Real estate revenue rose by 4.7% to CHF 2.3 million. Although operating income in Switzerland was solid, the consolidated result is heavily influenced by the negative sales and exchange rate developments abroad. The impact of these factors was only partially offset by the implemented cost-cutting measures. EBITDA advanced by 12.5% to CHF 51.3 million (PY CHF 45.6 million), which is equivalent to a groupwide EBITDA margin of 16.9% (PY 13.4%).

Net income closed at CHF -52.3 million (PY CHF -59.1 million). This result is largely due to pre-tax value adjustments on foreign activities amounting to CHF 70.8 million (PY CHF 82.6 million). Without this special effect, net income would have closed at CHF 15.1 million. Net income for the period from January to September 2010 amounted to CHF 3.8 million. Total net income attributable to Affichage Holding SA shareholders (comprehensive income) closed at CHF -65.6 million (PY CHF -34.2 million).

Switzerland: In the Swiss home market, sales revenue rose by 3.6% to CHF 259.0 million (PY CHF 250.1 million). Practically all units contributed to this growth. While a slight gain of 0.2% was noted in the first half of the year, growth accelerated to 6.4% in the second half. EBITDA increased by 17.5% to CHF 68.1 million (PY CHF 58.0 million), resulting in an EBITDA margin of 26.3% (PY 23.2%). The margin improvement was achieved with restructuring measures and rigorous cost management. The increase in sales revenue was generated on a lower cost basis, which also contains reorganization expenditures and the resumption of employee performance bonus payments. Net income, which declined to CHF 42.0 million (PY CHF 58.5 million), is only conditionally comparable with the prior year in which an impairment-related tax refund was recognized.

International – Greece and other foreign countries: In compliance with reporting standard IFRS 8 (segment reporting), the International Division is subdivided into two segments: Greece and Other foreign countries. The total foreign share in Group sales revenue declined from 26.4% to 14.8% and closed at CHF 45.2 million (PY CHF 89.9 million). This represents a decrease of 49.8%, of which 6.4% is attributable to negative foreign-exchange effects. Overall, the International Division generated EBITDA of CHF -12.5 million (PY CHF -8.1 million).

Sales revenue in Greece fell by 78.3% to CHF 10.7 million (PY CHF 49.3 million), of which 8.4% due to currency translation. Contributing factors, apart from the tangible economic crisis, included the tobacco advertising ban and the rigorous implementation starting in 2010 of the out-of-home advertising legislation that had originally been introduced in 2001 but not applied until last year. Despite the downsizing of resources and a reduction of contractual obligations to third parties, the resulting cost cuts only partially offset the revenue decline. As a reflection of exaggerated fixed costs and advertising taxation as well as incurred restructuring costs, EBITDA closed at CHF -16.0 million (PY CHF -12.1 million). Net income amounted to CHF -21.9 million (PY CHF -86.3 million), including an impairment of CHF 1.7 million involving the La Strada Outdoor SA interest position.

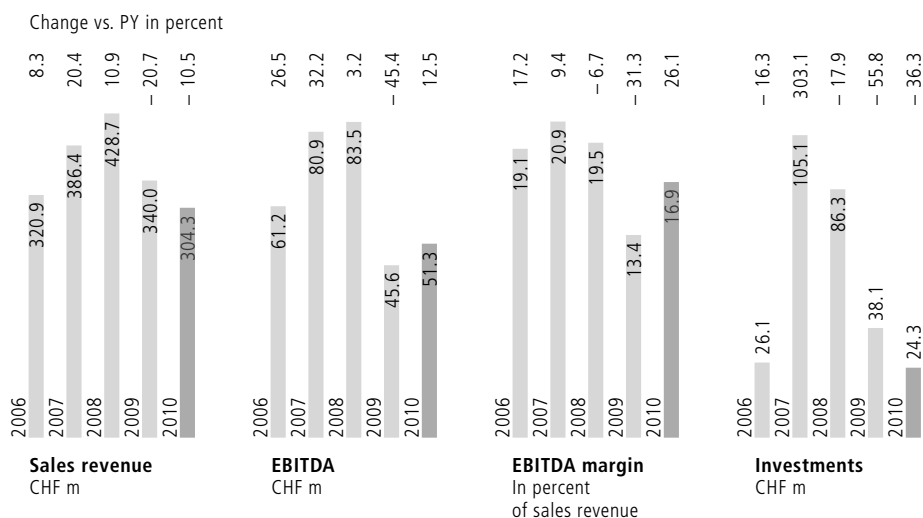
Sales revenue in other foreign countries declined by 15.2% to CHF 34.4 million (PY CHF 40.6 million); currency effects account for more than 80%. Expressed in local currencies, sales revenue trends are highly disparate, ranging from 8% growth in Serbia to a 33% loss of revenue in Romania. Exchange rate fluctuations ranged from -6.8% to -16.3%, which after currency translation resulted in CHF-denominated revenue variances between +2.2% and -38.0% growth.

To some extent, cost cuts absorbed revenue declines, resulting in a slight reduction of EBITDA to CHF 3.4 million (PY CHF 3.9 million) and an EBITDA margin of 10.0% (PY 9.7%). Changes in the business environment and a new assessment of the situation versus the period prior to the economic crisis have prompted adjustments to the original business plans. The result includes impairments amounting to CHF 69.1 million, leading to net income of CHF –79.4 million (PY CHF –31.4 million).

The situation in Romania is particularly intricate. Here, we are confronted not only with a significant downturn in sales revenue attributable to economic baseline conditions but also with a persistent legal dispute with our minority shareholder and general manager. On a positive note, the renewal and expansion of the contracts with the city of Belgrade over a period of ten years consolidates the continuation of our undisputed market leadership in Serbia.

Cash flow: Cash flow closed at CHF 44.9 million (PY CHF 35.9 million). Cash flow from operations, i.e. cash-relevant income under consideration of changes in net current assets, closed at CHF 55.7 million (PY CHF 48.7 million). After deduction of investments in property, plant, and equipment as well as intangible assets amounting to CHF 23.1 million (PY CHF 30.3 million), free cash flow closed at CHF 32.6 million (PY CHF 18.4 million).

Balance sheet: Total assets declined by 30.4% to CHF 275.1 million, mainly due to less capital tied up as a result of reduced business volumes and to impairments on intangible assets and property, plant, and equipment. Intangible assets amount to 27.4% of total assets (PY 33.4%) or 75.4% of shareholders’ equity (PY 79.8%). Net current assets amount to 9.7% of sales revenue (PY 9.1%). The receivables portfolio declined to CHF 44.4 million (PY CHF 65.9 million). Net debt decreased perceptibly to CHF 4.1 million (PY CHF 34.5 million). The debt factor (net debt to EBITDA ratio) closed at 0.08 (PY 0.76). Shareholders’ equity amounts to CHF 99.8 million (PY CHF 165.2 million), which is equivalent to an equity ratio of 36.3% (PY 41.8%). In addition to the impairments, shareholders’ equity was negatively impacted by currency translation losses of CHF 6.6 million (PY gain CHF 1.4 million) as well as actuarial losses on defined-benefit plans amounting to CHF 6.6 million (PY gain CHF 23.4 million) attributable to a reduction of the discount rate and the associated increase of expected future benefit obligations.



Development of key figures

5-year financial highlights of the Affichage Group		2010	2009	2008	2007	2006
Balance sheet						
Buildings and land	CHF m	57.3	60.1	62.7	69.8	70.6
Advertising plant	CHF m	24.1	38.6	59.7	61.6	42.6
Current assets	CHF m	94.4	125.9	194.3	212.9	217.1
Net current assets	CHF m	29.5	30.9	56.6	70.6	39.1
Net debt (+)/Net liquidity (-)	CHF m	4.1	34.5	35.5	- 2.7	- 67.5
Net debt/EBITDA		0.08	0.76	0.43		
Gearing		4.0%	20.7%	15.2%		
Equity	CHF m	100.9	167.2	233.3	326.0	243.1
Total assets	CHF m	275.1	395.1	567.2	577.1	429.8
- Change versus PY		- 30.4%	- 30.3%	- 1.7%	34.3%	23.6%
Income statement						
Sales revenue (SR)	CHF m	304.3	340.0	428.7	386.4	320.9
- Switzerland	CHF m	259.0	250.1	305.9	297.3	293.4
- International	CHF m	45.2	89.9	122.4	89.1	27.5
Fees and commissions	CHF m	141.4	164.1	194.7	176.2	147.1
	in % SR	46.5%	48.3%	45.4%	45.6%	45.8%
Personnel expenses	CHF m	68.3	68.0	77.8	74.3	69.8
	in % SR	22.5%	20.0%	18.1%	19.2%	21.8%
Depreciation of property, plant, and equipment	CHF m	14.3	20.6	23.1	21.0	19.2
	in % SR	4.7%	6.1%	5.4%	5.4%	6.0%
Amortization of intangible assets	CHF m	5.4	7.6	7.7	5.0	1.3
	in % SR	1.8%	2.2%	1.8%	1.3%	0.4%
EBITDA	CHF m	51.3	45.6	83.5	80.9	61.2
Operating income (EBIT)	CHF m	- 39.1	- 65.2	52.7	54.9	40.6
Income from continuing operations	CHF m	- 52.7	- 41.4	32.9	41.6	33.5
Net income	CHF m	- 52.3	- 59.1	29.7	65.4	31.9
Statement of cash flows						
Cash flow	CHF m	44.9	35.9	56.9	78.0	56.5
Free cash flow	CHF m	32.6	18.4	- 13.7	- 50.2	32.8
Financial indicators						
EBITDA margin	in % SR	16.9%	13.4%	19.5%	20.9%	19.1%
Operating income (EBIT margin)	in % SR	- 12.8%	- 19.2%	12.3%	14.2%	12.7%
Income from ongoing business activities	in % SR	- 17.3%	- 12.2%	7.7%	10.8%	10.5%
Net income	in % SR	- 17.2%	- 17.4%	6.9%	16.9%	9.9%
Cash flow	in % SR	14.7%	10.5%	13.3%	20.2%	17.6%
ROIC		- 25.5%	- 27.7%	17.8%	23.2%	29.8%
ROE		- 39.5%	- 30.7%	11.2%	24.1%	14.3%
Investments						
Advertising plant	CHF m	2.8	10.8	21.9	27.9	4.3
Other investments in property, plant, and equipment	CHF m	2.5	2.5	6.4	7.9	5.7
Intangible and financial assets	CHF m	18.9	24.8	58.1	69.3	16.1
Employees		705	782	825	819	768

Explanation of financial terms see page 57

Information on Affichage shares

		2010	2009	2008	2007	2006
Data per share						
Operating income (EBIT)	CHF	- 13.32	- 21.87	17.96	18.80	13.94
Cash flow	CHF	15.29	12.03	19.37	26.69	19.39
Income from continuing operations	CHF	- 17.96	- 12.78	10.10	13.01	11.51
Net income	CHF	- 17.82	- 19.84	10.11	22.40	10.94
Equity held by Affichage Holding SA shareholders	CHF	33.99	55.45	75.16	105.85	82.37
Payout	CHF	0.00	0.00	4.40	8.80	10.40
Payout ratio		0.0%	0.0%	44.5%	40.3%	97.8%
Share price data						
Market price high/low ¹	CHF	151/93.8	149/96.5	257/127.5	279.5/200	200/170
Year-end market price	CHF	140.0	108.7	140.0	252.0	200.0
Payout yield ²		0.0%	0.0%	3.1%	3.5%	5.2%
Market capitalization ²	CHF m	420.0	326.1	420.0	756.0	600.0
– versus shareholders' equity		4.2	2.0	1.9	2.4	2.6
– versus sales revenue		1.4	1.0	0.9	2.0	1.9
P/E ratio ^{2,3}		-	-	13.8	11.6	18.8

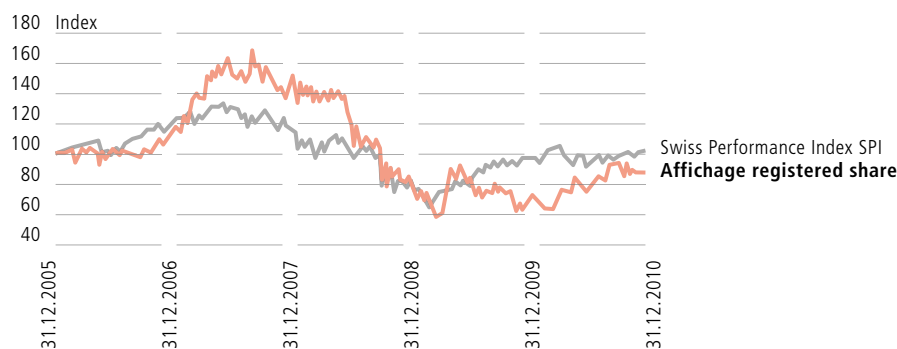
¹ Source: Lombard Odier Darier Hentsch & Cie

² Based on market price as at December 31

³ Including payout on treasury stock

Price trend since December 31, 2005

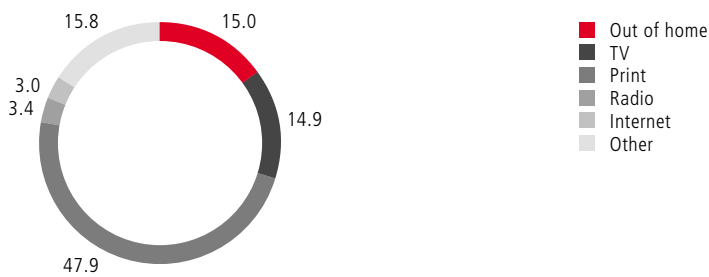
The Affichage share in comparison with the Swiss Performance Index SPI



Source: Datastream,
Lombard Odier Darier Hentsch & Cie

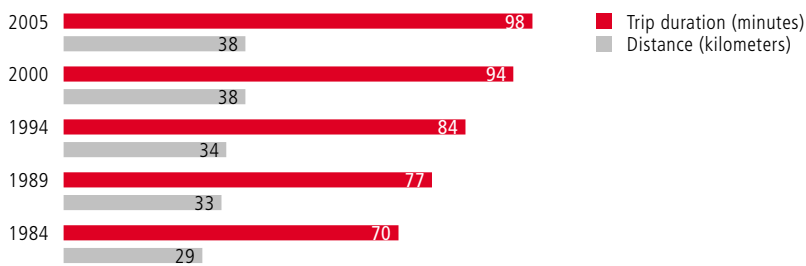
Affichage Switzerland

Out of home: large media share
in percent, not including direct advertising



Source: Foundation for Advertising Statistics Switzerland, publ. June 2, 2010

Growing commute distances and times
Mobility in Switzerland



Source: Swiss Federal Statistical Office, 2005 microcensus on traffic behavior, publ. May 2007, www.statistik.admin.ch

APG: www.apg.ch

Classic billposting – innovative, interactive,
with extensive digital services.

Classic or digital: Unlike any other medium, posters are the windows to the public – as amplifiers of brands or efficient sales engines. For us as marketers, their elementary impact delivers superb arguments. And at the same time, it calls for responsibility-aware exposure in the marketplace.



Ivan Schultheiss
General Manager, APG AG

Extra momentum for a solid portfolio

APG AG, the Swiss market leader and our largest participating interest in terms of revenue, further consolidated its poster panel network in the year under review and again strengthened its contract portfolio with several new and renewed concessions. Based on the deliverables proposed, the extensive package of services, and our innovative performance as an experienced out-of-home provider in urban settings, the community council of the City of Bern again placed its trust in APG within the scope of a public tender in 2010. Thus, APG will continue to manage the public billboards in the City of Bern from 2011 to 2018 and remains the preferred partner in all key city contracts throughout Switzerland. All tenders and contracts are systematically analyzed and evaluated according to commercial and strategic criteria.

Advertising-financed urban furniture as a public service

In St. Gallen, the first new bus shelter was inaugurated on November 17, 2010. Overall, 20 shelters are planned throughout the city and will be financed with APG poster advertising revenues. Public transportation shelters, telephone booths, city guide maps, toilets, and other types of street furniture address basic needs of the population and for advertising customers provide access to coveted sites in the most frequented central locations. Thanks to its innovative spirit, ecologically sound and energy-conscious solutions as well as its extensive experience, APG is the Number 1 urban solutions provider for cities and municipalities in Switzerland. More and more facilities of this kind are being financed by advertising in the agglomerations of industrialized countries around the world, substantially easing the fiscal burden of taxpayer communities.

New in Switzerland's five largest cities: The APG Premium Citystar200L® Big5 network features exclusive advertising sites with over 150,000 weighted SPR+ poster contacts per week. It addresses particularly mobile target groups: affluent members of the working population in downtown shopping areas.

Photo: Zürich, Bahnhofstrasse





Successful APG Top10 shopping center networks: Posters at and near the points of sale, including access routes, bus/tram stops, and pedestrian zones, persistently accompany the respective consumer groups on the way to the purchase decision. Often, out-of-home media are the final stimulants and as a sales promotion instrument generate an ever-greater impact.

Photos: Bern, EKZ Westside

The proven impact of the poster

In 2010, together with FAW, Fachverband Aussenwerbung e.V., Frankfurt/Main (Germany), APG commissioned a study on the sales impact of classic media. BrandScience, an independent team of researchers based in Hamburg (Germany) subsequently analyzed 49 Swiss and German campaigns. The results have been documented in a comprehensive report. In summary:

- Posters deliver the greatest leverage for increasing sales and among all classic media generate the greatest return on investment (ROI). On average, EUR 1 spent on advertising produces EUR 2.10 in sales revenue for the customer.
- The sales effect of posters is five times their average share in the media mix.
- Within the scope of mixed campaigns, posters also sustainably improve the ROI of the other media.

All results at: www.apg.ch/roi

Stronger position of the poster as a clearance sale medium

Along access roads, at public transportation stops, and in pedestrian zones, posters in the catchment areas of points of sale constantly accompany consumers all the way to the purchase decision. At the actual point of sale, they are the last stimulant prior to the decision and thus an effective clearance sale mechanism with an empirically proven track record. For this reason, APG as the partner of Switzerland's 10 largest shopping centers introduced new *Shopping Center Top10* POS networks. Additionally, poster panels in the vicinity of certain shopping centers and shopping miles of the Big10 cities as well as of RailCity shopping malls can now be systematically selected by customer and distribution channel.

Highest return on investment for the poster

Average, in euro



Source: Study of the effect of advertising on sales, BrandScience, Hamburg (Germany)

Attractive formats and new products on

SPR+-based rate structures

With its product line, APG fully covers the centers of the five largest Swiss cities. In response to brisk demand, APG has developed *Premium Citystar200L® Big5* for budget year 2011, a proprietary network composed exclusively of the best sites in the hearts of the cities. Positioned in the respective price segment, the product is predestined for high-impact sales promotion, as a brand booster within the scope of larger image campaigns, and for prestige advertising showcasing luxury goods. The product portfolio still includes the popular *Profitline*. Because it excludes in-depth complementary services, this low-price product with affordable packages – exclusively glued posters – provides the customary high level of APG billposting quality and is thus ideal for tight budgets.

As of January 1, 2011, the most important APG products are based on unified rate structures. This is an advantage for the advertiser's poster planning process. As has been the case with roadside billboards, the individually weighted SPR+ contact ratings are now the decisive factor in pricing advertising assets in railway stations as well. The new railway station rates reflect the actual mobility and frequency structures and, calculated across all railway stations and panels, are price-neutral. Mixed campaigns composed of APG roadside and railway station panels guarantee the ideal penetration of the message in the selected target areas.

Calculation of media performance with SPR+ Expert:

<http://lizenzen.spr-plus.ch>

AIDA

Attention, Interest, Desire, Action:

The new APG PosterPlus® App allows out-of-home advertisers to engage in a direct dialog with consumers. Unobtrusively, combined with genuine hands-on product benefits.





New digital services: APG PosterDirect® and PosterPlus®

On September 1, 2010, APG introduced PosterDirect®, the first online tool that allows customers to quickly configure and book poster campaigns themselves – with mouse-click convenience, and virtually around the clock. The instrument stands out with very simple user guidance and requires no additional software installation whatsoever. A PC with Internet access is sufficient to navigate from the creation of visuals to booking individual poster sites and finalizing the printing order.

The consumers' communication and media usage is steadily shifting into out-of-home domains. With the new APG PosterPlus® App, pedestrians with a smart phone can shoot photos of posters that interest them to immediately receive complementary information such as product declarations, pricing, the nearest point of sale, discounted offers and special rebates. It is a symbiosis between cell phone and poster.



"Fortunately, there's a stop every 300 meters in the city of Zürich": The winner of the Swiss Poster Award 2010 shows two well-known political opponents sitting side by side in a tram. Client: Zürich Public Transport (VBZ)

Cultural commitment

As a media company, we sincerely care about the image that out-of-home advertising projects. Within the scope of various competitions, APG promotes effective and aesthetically appealing posters of high graphic quality. All persons who visit the APG website – in 2010, it was totally re-vamped and upgraded to the latest state of Internet technology – can cast votes for their personal favorite Poster of the Month. Picked by a jury composed of professionals, the best campaigns of an entire year are submitted as entries for the Swiss Poster Award, Switzerland's most prestigious poster design competition.

Ecological awareness

Even in difficult times, we are aware of our responsibility toward the environment. With energy-saving technologies and the purchase of electricity from 100% renewable sources for illuminated advertising, APG reduced its environmental footprint in power consumption by about 40% in the past 5 years. During the same period, its overall ecological impact declined by approximately 25%. With 148 gas-fueled and 12 hybrid cars (status December 31, 2010), the market leader in posters operates one of Switzerland's largest eco-vehicle fleets. Gas technology is an advantage for all of our partners – the many cities and communities whose air pollution concerns we all share.

Annual environmental report and further information:
www.apg.ch/environment

Rail passengers, commuters, and station pedestrians: The significance of this target group is quickly growing, and the ability to reach it with a holistic railway station product line is the outcome of the long-standing spirit of partnership between the Swiss Federal Railways (SBB) and Impacta.



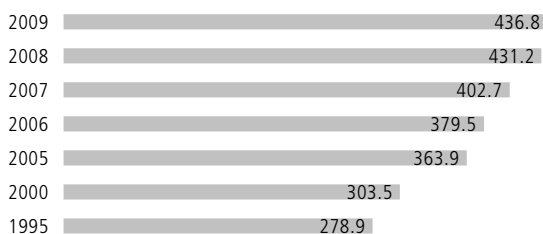
Markus Scheidegger
Managing Director of
Impacta AG

Impacta AG holds concessions from the SBB, the BLS, and operators of other important Swiss private rail networks, tourism resorts, resort lifts, and parking facilities. As a rail specialist, the company is focused on billposting in Swiss railway stations, in RailCity shopping malls, and along railway lines. Consisting of classic panel formats, the product line is being continuously refined and yet again was successfully marketed in the year under review by APG, the Affichage subsidiary.

Swiss railway stations are far more than just portals for rail passengers. Their significance as gateways to long-haul and short-haul public transportation as well as attractive marketplaces, event venues, and calling cards for cities and regions is being recognized with ever-greater clarity. From a media perspective, railway stations constitute a communication channel in their own right: They function as signposts to diversified shopping options, comprehensive service offers, and events. Every day, far over one million people in Switzerland are en route by train. For panels in railway stations, this translates into exceptionally high reach and contact ratings that since 2009 have been scientifically documented with neutral SPR+ media performance data surveys. Decisive success factors include the favorable price/performance ratio and the high level of acceptance of railway station advertising in the population, particularly in young and mobile target groups.

Number of passengers conveyed by rail

SBB and public transport entities,
per year in millions



Source: BFS, Swiss Federal Statistical Office
www.bfs.admin.ch (December 2010)



RailCity Zürich, Rollingstar200LR:
Efficient multiple usage generates
greater revenues and more
income for the SBB.

High-impact billposting in architectu-
rally sophisticated environments –
a permanent challenge for all
parties involved

Available in the six largest SBB Rail-City stations since September 2010:
Stair Branding – the latest innovation
in the eclectic Ecofer portfolio

Railway stations as brand experience
hubs: BigPosters, different backlit
poster formats, Rail Rollingstar200LR
products, Stair Branding, BigScreens,
and other electronic media showcase
brands in a spectacular and unfor-
gettable way.

Photos: Luzern railway station,
main concourse



Non-poster rail/railway station communication channel.

In close cooperation with its concession partners – Swiss Federal Railways SBB and BLS AG – Ecofer AG in Bern develops holistic communication concepts for long-term out-of-home advertising assets. Specialized in the rail non-poster segment, it markets various formats as single panels or integrated packages in railway stations and other operator-owned properties. The rail/railway station communication channel has a sustainable impact as recently verified again in post-tests for two major international clients in 2010. Both contracts for Big Poster sites were extended for another year.

Continually optimized and broadened, the Ecofer product line covers a wide range of communication needs with different standard and special formats at selected high-frequency locations:

- Big Posters
- Large-format vinyls, 3D, and LED designs
- New: Stair Branding
- Neon advertising
- Illuminated signage
- Promotions, events, and others

Advertising clients benefit from Ecofer's integral know-how and support:

- Design and planning of standard panels and special sites
- Evaluation of new formats together with concession partners
- Permitting processes (SBB, communal authorities)
- Liaison with production partners
- Coordination with Affichage marketing partners eAd, Paron, and APG
- Coordination of promotion drives and events together with the specialists of SBB RailCity stations
- Production, monitoring, and administration

With ongoing innovation, we harness opportunities to position Swiss railway stations and rail lines as attractive, high-exposure prime locations.

Hans-Peter Scholl
General Manager, Ecofer AG



SPR+ contact ratings for railway station panels

Example BigPoster SBB RailCity

		SPR+ contact category ¹
Basel	Shopping concourse overcrossing	200 001–300 000
Bern	Parking/bus terminal	60 001–100 000
	Neuengasse exit, parking/bus terminal	60 001–100 000
Geneva	Ticket counter hall	200 001–300 000
Lausanne	Main hall entrance	60 001–100 000
Luzern	Station hall east	100 001–150 000
	Station hall west	150 001–200 000
Winterthur	Main entrance	200 001–300 000
Zürich	Transversal concourse,	
	descent to National Museum hall	> 500 000
	Transversal concourse, ShopVille access	400 001–500 000
	Wanner Hall, north wing (event hall)	400 001–500 000

¹ SPR+ contact rating = sum of weighted contacts of Swiss resident population (persons aged 15+) per panel location during 7 days

Source: SPR+ railway station study 2009

Competence center and market leader for transit advertising in Switzerland.

More than 130 public transport authorities rely on our experience and have chosen us as a partner to market the advertising spaces in their vehicles. Nationwide, transit advertising reaches some 2.7 million passengers – every day.



Daniel Flück
General Manager,
APG-SGA Traffic AG

APGTraffic media research

Scientific surveys repeatedly confirm the high impact of transit advertising: Weekly reach ratings of over 50% in the overall population for interior formats, over 80% for external formats, advertising impact in excess of 50%, and recall of individual visuals of up to 73%.

Sources:

- APGTraffic, Case study Lausanne mass transit system, 2007
- APGTraffic, Case study Basel BLT hanging displays, 2006
- VBZ TrafficMedia, in cooperation with APGTraffic, Case study Zürich mass transit system, 2003
- APGTraffic, Case study Luzern mass transit system, 2002

Free research reports: www.apgtraffic.ch

APG-SGA Traffic AG serves more than 90% of all urban and regional mass transit authorities and Postbus operators in Switzerland, marketing some 4,200 vehicles. In this up-and-coming out-of-home segment, the company interfaces many mass transit system operators with local, regional, and national advertising clients, advertising agencies, signmakers, and printers. It is decentrally organized and nationally represented on site at six locations with a total of 35 staff members. A rich and innovative spectrum of products, all-encompassing support, and holistic solutions with single-source convenience: Transit advertising customers benefit from the general contractor principle – from the bid to the final statement – and the transit system operators profit from the extra income generated by advertising activities. For APGTraffic, 2010 was yet another successful year with reassuring revenues and a strong portfolio of advertising contracts.

TrafficMediaScreen, the digital format introduced during the prior year in Luzern, has enjoyed widespread acceptance in the advertising industry and among passengers alike. This is the result of the latest research commissioned in 2010 by APGTraffic in the interest of concession partner vbl Luzern and in view of the deployment of this medium by further mass transit system operators.¹ Bus users consider the screen information as a welcome improvement of passenger comfort and appreciate the displays of stops combined with the infotainment program: Regional news, culture, sports, national and international headlines, entertainment, advertising, about-town suggestions, services, and weather.

Companies of all sizes will find appealing APGTraffic products to suit their individual needs: from standardized, nationally available hanging displays and longitudinal roof formats to 2.5-square-meter TrafficBoards and partial back vinyls to full-coverage vehicle wraps. Transit advertising leverages brisk mobility and the positive image transfer of public transportation. In Switzerland, public transportation networks are uniquely dense, not only in the urban centers but – thanks to railway and Postbus services – also as feeders for more remote regions.

¹ Representative survey of 503 vbl users, conducted in April/May 2010 by Demoscope Research and Marketing AG, Adligenswil/Luzern



With its entertainment and information program, TrafficMediaScreen is broadcast on one out of two screens of the passenger information system operated by Luzern's vbl transportation authority. The program occupies the right-hand side of the monitor, while the left-hand side displays the route, the current position of the vehicle, the next stops, and transfer data. Passengers appreciate this service and, as a representative survey confirmed, devote considerable attention to the individual content elements.

Olympus deployed various advertising formats to showcase its brand in eight Swiss cities and conurbations. The camera maker skillfully leveraged the high exposure and popularity of transit advertising and benefited from the attractive price/performance ratio of the medium.

Number of passengers conveyed, short-haul mass transit
Tram, trolley, and bus, per year in millions

2008	976.0
2007	935.5
2006	900.3
2005	878.1
2000	854.4

Sources: BFS, Swiss Federal Statistical Office, www.bfs.admin.ch, and LITRA, Information service for public transportation, www.litra.ch (December 2010)

Respect for nature and sustainability: In the mountains, this is a key issue. APGMontagne products rely on Swiss technology and perfection, and are characterized by high quality and functional integrity.



Marcel Baumann
General Manager, APGMontagne

Nearly three-fourths of the entire Swiss population lives in greater urban areas, which is why advertising spending is more and more directly focused on these conurbations. At the same time, the attractiveness of exposure off the beaten track is rising for high-intensity, exclusive offers. APGMontagne services one of these attractive submarkets: the tourism/mountain realm target area. Merged with Visiorama AG, the profit center markets more than 4,500 sites in the top destinations of Switzerland's alpine tourism world: from A as in Arosa to Z as in Zermatt. Although this market was impacted by the economic crisis in 2009, with aftershocks in 2010, business in the meantime has rebounded to encouraging levels. The investments made during the crisis in new resort lift products have paid off and appeal to the market.

Long-lasting, constructive, and productive partnerships are highly esteemed and accepted. Today, APGMontagne works on behalf of 129 resort lifts, which represent over 90% of all resort transportation facilities in Switzerland. Just recently, the Corvatsch, Lenzerheide, Lenk, and Jungfrau lift operators signed exclusive contracts focused on sustainable and forward-looking business development. APGMontagne matches the interests of advertising clients with those of the lift operators. Clients benefit from attractive advertising assets and lift operators from communication and visitor guidance systems that can enhance the appeal of entire tourism regions.

Advertising on the slopes means: direct access to young and affluent target groups with money to spend – and with virtually no scatter losses. The messages reach their audiences in a relaxed, laid-back mood. Annual representative surveys conducted by market research institute Isopublic document the advertising impact: Because of the high level of acceptance, campaigns on the slopes generate an average visibility rating of about 68%. Sixty percent of the members of the target group have a university or college degree, and more than 55% spend more than 7 days per season in their winter sports destinations.¹

¹ Figures February 2009:
263 interviews in Arosa,
256 in Gstaad



“Feel the motion”: Youthful, dynamic, and innovative advertising on the slopes reaches coveted, affluent target groups. The lineup of traditional advertising formats is being broadened with more and more cross-format ambient media solutions: Gondola vinyls, 3D designs, building and staircase wraps, snowpark marketing, and many other exclusive advertising approaches.

Prestige advertising at the airport and point of sale.

Generously proportioned, high-quality formats that match the building architecture boost the exclusivity – and thus value addition – of the advertising plant.

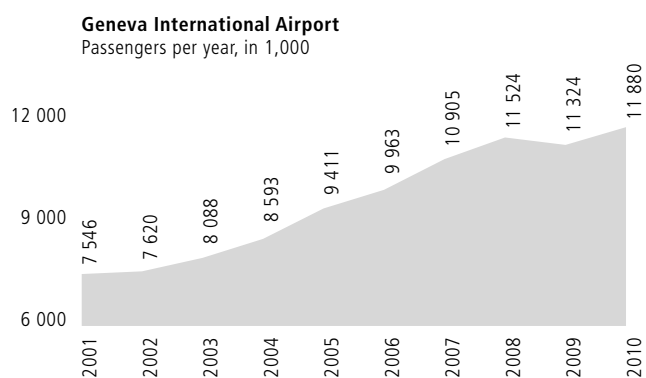


Pierre-Alain Mettraux
General Manager, Bercher SA

Bercher SA Publicité Générale, Geneva, generates about 80% of its revenues with airport advertising. Founded in 1949, the company is a long-standing partner of AIG, Aéroport International de Genève, which in 2009 again awarded the concession contract for classic airport advertising to Bercher within the scope of a public tender. The market responded very well to the underlying redesigned lineup of illuminated advertising plant in the passenger zones with units positioned exclusively at prime locations. It complies with the stringent quality standards of a national and international clientele, contributing yet again to the reassuring result reported by Bercher in the year under review.

“Bigger is better – less is more”: For some time now, the trend in advertising sites at airports has been moving toward larger formats, which entails a reduction of the number of panels. This enhances the quality of the architectural environment and also, thanks to greater exclusivity and exposure, the value-adding potential of the advertising plant. Bercher installs standard formats and custom panels designed to match their surroundings. The functional ambiance of an airport allows clients to present their brands to a discerning audience in an effective and persuasive manner. The LED technology deployed for the new illuminated panels enhances their aesthetic appeal, adds dynamic accents, and because of its low power consumption addresses legitimate ecological concerns.

The roster of concession partners also includes the airport in Lugano as well as various luxury and prestige properties in Western Switzerland.



Source: Aéroport International de Genève,
www.gva.ch



Gateways to the world: Airport advertising reaches international business and leisure travelers. For discerning clients, especially from the luxury goods and financial services sectors, communication in the point-of-sale environment at the airport generates the greatest impact, as a brand reminder or directly in the form of sales promotion.

Electronic outdoor advertising enjoys widespread acceptance and is an enrichment for public spaces. It showcases an urban lifestyle by energizing everyday situations, especially in places where people have to wait, with fetching entertainment. Moving pictures have an emotional impact and deliver messages authentically and directly. Thanks to advanced technologies, the commercials can also be broadcast clearly and with high color saturation in bright surroundings.

82-inch screens with the standard 9:16 format: ePanels deliver brilliant pictures in full-HD resolution, enabling out-of-home advertising with unprecedented quality.

Photos: project montages



With a 60-square-meter LED installation at the main railway station in Zürich, eAd – an APG profit center – ushered in the digital out-of-home era in Switzerland in the year 2000. After having gradually developed a presence throughout the country, eAd is now established as the national leader in this future-oriented segment. In the year under review, it successfully marketed 27 large-format LED and LCD displays in Switzerland's most important railway stations. The sites in Zürich (main station, Stadelhofen, and Enge), Bern, Basel, Luzern, Winterthur, Geneva, Lausanne (SBB and M2), Zug, and St. Gallen constitute a network that fully covers the biggest target areas all over Switzerland. Additionally, the company operates the first outdoor eBoard, the 25-meter-high St. Jakob tower in the sports center of the city of Basel. In 2010, the focus as regards technological refinements and the continuous expansion of the product line was on the preparatory work leading up to the introduction of the ePanel.

With this new format, eAd can take credit for a milestone in Swiss out-of-home advertising. As a refinement of the eBoard with its individual, site-specific dimensions, the ePanel will have a standard 2-square-meter poster format, delivering full-HD quality moving images on its 82-inch LCD screen. In contrast to the infotainment program of the eBoards, ePanel content will consist exclusively of advertising. In collaboration with the Swiss Federal Railways SBB and Affichage subsidiary Impacta, a total of 43 screens will be installed in Switzerland's five largest railway stations starting in June 2011. Following the debuts in Zürich's main station as well as in Bern, Basel, Luzern, and Lausanne, the ePanel will also première at the railway station in Geneva, which is currently undergoing comprehensive renovation and modernization.

eAd offers its clients full-service packages. With customized support as well as an open mind for ideas and input from the market, the digital provider develops individualized solutions for high-impact advertising with eBoard and ePanel mono-campaigns or as a component of comprehensive mixed-media strategies.

As a leader and innovator in the domain of electronic outdoor advertising, eAd has successfully redefined the benchmark in digital out-of-home communication in Switzerland since the turn of the century and will keep doing just that.

Ulrich Ritschard
General Manager, eAd



Paron: www.paron.ch

Large-format communication – always fresh, always different.

With hard work and innovation since 1998, we have evolved to become the Number 1 provider in the Swiss Big Poster market. Paron advertising sites are top-of-mind with the media planners of our clients when the issue is to boost advertising campaigns with exclusive, high-visibility assets.



Ernst Fuhrer
General Manager, Paron AG

Zürich-based Paron AG is the national leader among out-of-home media companies in the domain of large-format visual communication. Today, the multi-faceted product line spans more than 130 sites in all Swiss conurbations, consisting of permanent and temporary freestanding and wall-mounted advertising plant in sizes ranging from 25 to 1,000 square meters. The advertising assets, available in various dimensions, are configured to match the individual sites. With its large-format products, Paron not only provides the space for ambitious advertising projects but also leverages innovative ideas. In 2010, a 3D design at the main railway station in Zürich portrayed a doll with a vacuum cleaner, which attracted attention when the motor was switched on and off. Bibendum also had two high-exposure performances in Switzerland: Over 7 meters high, the legendary Michelin Man was featured on a classic poster in Zürich and as a 3D installation in Basel. For the first time in Switzerland, Paron had the opportunity to install a Wideboard last year: At the Bellevue intersection in the heart of Zürich, it provided an attractive screen for a 170-meter long and 2-meter high construction site barricade.

Paron operates as a general contractor. Its work begins with a dialog and counsel regarding site selection and includes design suggestions, continues with the permitting procedure, production, assembly, illumination, maintenance, and disassembly, and finally ends with the environmentally sound disposal of the materials. Paron is a laboratory for new and creative developments, and the adoption of new technologies from every domain is an ongoing process. Clients and ad agencies benefit from constantly evolving know-how and genuine support in the implementation of 2D and 3D objects, light animation, and other projects.

As reactions from clients and consumers repeatedly confirm, innovative situation- and product-compatible solutions significantly boost the success of out-of-home advertising campaigns. Big Posters harness unique opportunities to selectively communicate with target groups in surprising and sustainable ways at ideal locations.

Paron sites

- Cities throughout Switzerland
- SBB railway stations
- Geneva Palexpo, exhibition center
- Access to tourism regions, EuroAirport Basel-Mulhouse-Freiburg and others



Big Poster Highlights 2010:
Whether wraps, classic posters, or 3D solutions, Paron provides effective and sustainable exposure for advertising.

Current information

Bosnia-Herzegovina: www.europlakat.co.ba

Bulgaria: www.affichage.com

Greece: www.affichage.gr

Hungary: www.neonlight-affichage.hu

Italy: www.firstavenue.it

Montenegro: www.affichage.com

Romania: www.affichage.ro

Serbia: www.almaquattro.rs

The ongoing emphasis in our foreign business is on resolving the problem issues. We want to focus on those activities that make a sustainably positive contribution to the result.



Thomas Rainer
Head of International Markets

Difficult market situation

As regards our international activities, 2009 was already a difficult year, but the situation deteriorated further in 2010. The economies in Central and Eastern Europe were impacted by the financial crisis with a delay: subsequently, advertising spending in these countries again declined perceptibly in the year under review. The situation was compounded by massive problems in Greece, both systemic and exogenous in nature.

Realignment of foreign strategy

Due to the absolutely untenable development of the Group's international activities, the Board of Directors instructed the new management to thoroughly review all foreign commitments. Based on analyses on site and remedial action options, it resolved, as proposed by the Executive Board, to fundamentally adjust the foreign market strategy. The intention is to clearly reduce the exposure of the foreign activities portfolio and limit it to those entities which from the current perspective have the potential to make sustainably positive contributions to the consolidated result. This also involves an optimization of the company's risk profile.

Greece

In 2010, we again experienced a deterioration of our underlying situation in Greece. On the one hand, this was due to the sudden systematic enforcement of long-standing out-of-home advertising legislation by the new Greek government; on the other hand, our acquisitions in Greece turned out to be insufficiently sustainable for several reasons. The sales revenue of the companies in Greece plummeted by 78.3% to CHF 10.7 million. This is attributable mainly to legal restrictions and the dramatic decline of demand in the advertising market, accompanied by our efforts to reduce the impact of unprofitable contractual commitments.

The structure of our local businesses, originally aligned with sales expectations in the magnitude of CHF 60 million, again had to be significantly downsized. A workforce of 31 persons (originally 80) meanwhile manages some 4,500 poster sites (status December 31, 2010). Further significant cost savings were achieved, but at the same time, consid-

Premium back-lit panels by Alma Quattro in the center of Belgrade, the capital of Serbia. The retro-style column and the bus shelters are part of the street furniture program by JCDecaux, with which Affichage has been affiliated as an industry partner since 2002.



erable restructuring charges were incurred. Because the savings did not offset the massive downtrend in sales revenue, we again had to book a loss of CHF 21.9 million.

Civil and criminal law proceedings against the seller of the company we purchased in Greece and against further individuals in his entourage have been instituted in Athens. The litigation is in progress.

Serbia

As the market leader in Serbia, we manage nearly 5,000 sites nationwide in many different formats through our subsidiaries. In 2010, Serbia's out-of-home industry was still confronted with difficult baseline conditions in the wake of the global economic crisis. While we were able to grow net sales revenue by 8% in the local currency, the depreciation of the dinar (-16.3% versus the Swiss franc) more than offset this gain.

The biggest success in the year under review is the new ten-year city contract with Belgrade (population 2 million), which we won in a public tender. This represents a strategically important milestone. The contract is a key asset in the history of our subsidiary Alma Quattro d.o.o., which thanks to its comprehensive presence and portfolio of exclusive billposting sites can further leverage its appeal to advertisers. The market now has access to attractive, customized communication solutions supported by the web-based Affichage InterMediaMap® visualization tool introduced in 2010. The tool displays all available poster sites on Google Maps and provides the customer with further detailed information enriched with photos of the site surroundings.

Overall, we consider the outlook to be positive, because as the local out-of-home leader, we have an excellent market position, long-term contracts with attractive terms, and an experienced on-site management. Additionally, Serbia may become an EU member nation, which would increase its economic stability.

Montenegro

As the local Number 2 provider, we also have a strong position in Montenegro. In the oligopolistic out-of-home market, synergies can be derived from our broad presence in Serbia. Because it ratified the stability pact and the association agreement with the EU, the baseline conditions in Montenegro are similar to those in Serbia. The country has already introduced the European single currency, which benefits its foreign-exchange stability.

Romania

As was the case in neighboring countries, Romanian advertisers in 2010 were very cautious and adopted a short-term approach in bookings. Total advertising spending declined by up to 35% versus the prior year. Print, radio, and out-of-home advertising were impacted most by this weakness. Together with its subsidiaries, Affichage Romania Srl is Number 2 in out-of-home advertising and manages some 4,200 panels in all customary formats. In 2010, the company had to report a 33% decline in net sales revenue and ended the year with a loss.

The 30-percent minority shareholder and long-standing general manager of Affichage Romania exercised his put option at the beginning of the year under review. The parties have not reached a consensus as regards the exercise price of this option and further aspects related to collaboration. This fact is also responsible for the current tensions that prevail within the company and negatively affect its performance.

Plans to introduce a new national outdoor advertising directive may have the potential to strengthen the out-of-home market in the intermedia context. From a broader economic perspective, however, it is anticipated that investment decisions will be postponed and the already high unemployment rate will continue to rise. Additional public-sector austerity measures, tax increases, and eroding real estate prices are likely to have a negative impact on consumer spending. Accordingly, our expectations are subdued.

Bosnia-Herzegovina

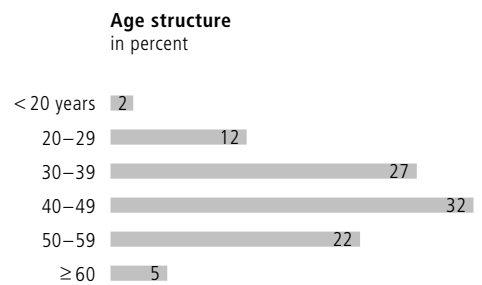
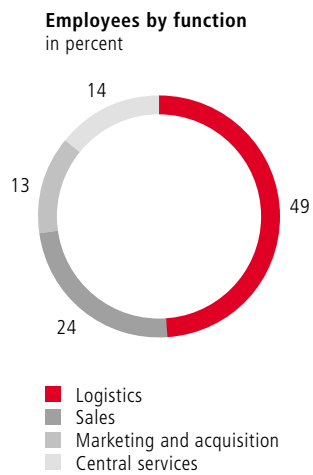
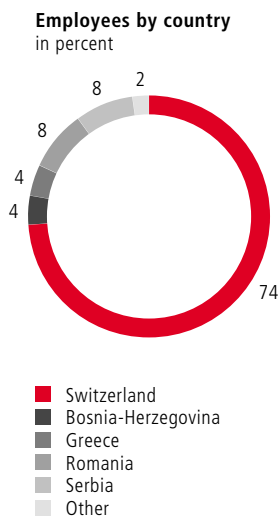
The removal of billboards by Sarajevo Canton significantly improved the overall impression of outdoor advertising assets and eliminated illegal competition. This enhanced our market leadership in Bosnia-Herzegovina, but as expected, the economic recovery in election year 2010 failed to materialize so far. The privatization plans in the telecommunications sector are still suspended and for this reason, the industry was reluctant to boost its advertising outlay. While net sales revenue increased slightly, we were not able to avoid a negative result for the end of the year. The economic situation is not likely to improve significantly in 2011. Therefore, we have canceled new investments for the time being.

Hungary

Hungary was severely impacted by the economic crisis at a very early stage; consequently, advertising spending declined yet again in 2010. Moreover, the forint continued to soften versus the Swiss franc. National and communal elections resulted in a shift of political powers and new media laws were one outcome. After the divestment of our classic out-of-home activities in 2009, further sales of participating interests are now being discussed as well.

Italy/South Tyrol

Our project to build 420 passenger shelters in South Tyrol was actively pursued and is now nearing completion. In the regionally restricted market, sales revenues are trending well, albeit diminished by currency translation losses.



Completion of reorganization and short-time regime

For our employees, 2010 was a year that involved extensive changes. The focus was on implementing the restructuring and reorganization measures that were initiated in the preceding year. At all levels, the challenges were accepted with considerable courage and dedication, allowing most processes to be successfully completed by mid-year. It was not possible to avoid outplacements and new placements, which resulted in a series of internal and external movements. Our human resources department accompanied the change processes intensively and where necessary individually supported those affected. In all cases, solutions were found to prevent incidences of social hardship, and there were no occurrences of labor-law litigation. In the course of the year, certain departments were affected by increased personnel turnaround, partially involving a loss of know-how. This was largely offset with new hires. By the end of March 2010, the short-time regime in Switzerland was discontinued at all locations.

As at December 31, 2010, the Affichage Group employed a total of 705 (previous year 782) persons, of which 522 (previous year 554) in Switzerland and 183 (previous year 228) abroad. These figures are calculated on the basis of 100% full-time job equivalents.

Employee surveys for benchmarking purposes

Success in business depends on competent, motivated, and dependable employees. They are the key factor in the competitive environment. In the fall of 2010, we conducted an extensive employee survey in Switzerland for benchmarking purposes and as a sentiment barometer; some 450 persons participated. We consider the response rate of about 81% to be a positive sign of confidence and of a strong cooperative spirit. In general, approval ratings were reassuringly high, particularly as regards the working environment, corporate culture, and collaboration, whereas personnel resources, remuneration policies as well as stress and workload situations were more critically assessed. We will derive from this survey and implement the appropriate measures.

Basic and advanced training and career development

We continue to invest generously in training and personal development for our staff members; in this respect, our top priority is on practical relevance and the specific needs of the company. Advanced on-the-job training includes internal and external seminars, internships, and eLearning, i.e. computer-assisted learning directly at the workstation. During the year under review, two young persons began an apprenticeship with us and six completed their basic training, of which four became regular employees. As at December 31, 2010, the Affichage Group had 16 apprentices, of whom 13 were enrolled in commercial curricula, 2 in logistics, and one in information technology.

Defined in 2008 and since then gradually introduced, the integrated personnel development system is meanwhile being implemented nationwide and refined in a continual improvement process. It assures that the necessary policy measures that apply to human resources are aligned with the company's strategy and objectives and optimally implemented throughout the organization.

Ambition and enthusiasm as drivers of success

A unified target consensus process and performance assessment criteria apply to all Affichage employees as governed by the standard performance management system introduced last year. Performance assessments are conducted annually within the scope of personal discussions between employees and their superiors; advanced training and career planning are also regularly discussed topics. Effective January 1, 2011, we have introduced a variable, performance-linked salary system for APG field sales personnel. It is a two-tier launch that, starting on January 1, 2012, will also include back office functions. The new system expands the current remuneration model and offers stronger monetary incentives for above-average results.

In a still adverse environment, 2011 will be another challenging year. The emphasis in human resources is continued professionalization in all domains. Our recruitment and succession processes will be analyzed in-depth and improved in the interest of performance gains and the prevention of know-how losses. The issue is to tap existing and proven potentials, to develop new ones, and to attain our ambitious corporate goals by carefully nurturing junior talent and enlisting qualified professionals and managerial staff.

Overview Affichage Group

as at December 31

	2010	2009
Total workforce¹	705	782
By country		
Switzerland	522	554
Bosnia-Herzegovina	26	26
Greece	31	80
Romania	57	51
Serbia	54	56
Other	15	15
By demographics		
Share of men, in %	72	71
Share of women, in %	28	29
Average age	42 years	42 years
– Men	43 years	43 years
– Women	39 years	39 years
Number of full-time jobs (90–100%), in %	85	87
Number of part-time jobs (< 90%), in %	15	13
Apprentices ²	16	20

¹ Basis full-time job equivalents 100%, percentages rounded, without apprentices

² Switzerland, APG: commercial 13, logistics 2, IT 1



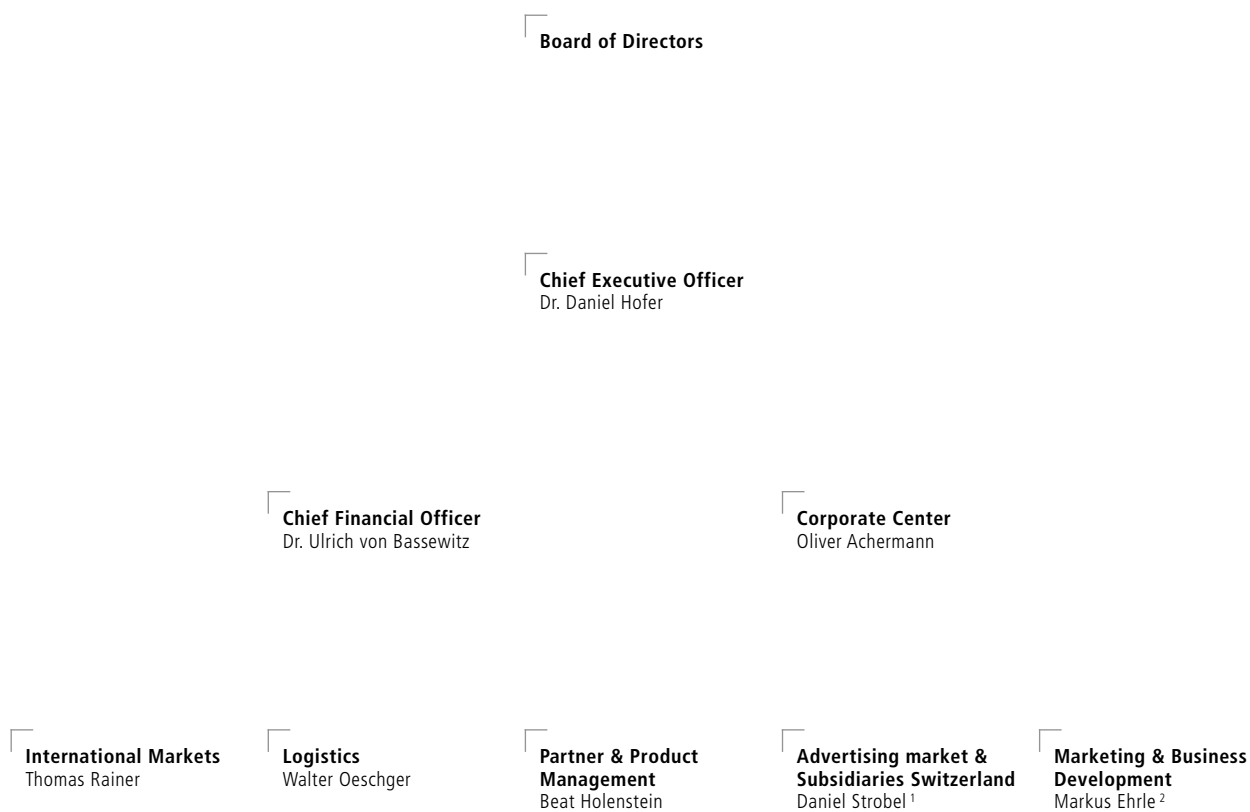
Luminous spots of color in the cityscape, superb exposure at the pulse of mobility. As market leaders, the Affichage Group's companies share much of the responsibility for planning and designing the look and feel of public spaces. Our customers and concession partners alike benefit from attractive out-of-home environments.

Photo: Luzern, Schweizerhofquai



Operational structure of the Affichage Group

Status January 1, 2011



¹ Entry as at March 1, 2011

² Entry as at April 1, 2011

Group structure and shareholders

Introduction

The principles and rules that govern the management and supervision of the Affichage Group are set forth in the articles of incorporation, the organization regulations of the Board of Directors, and the regulations of the Executive Committees. The Board of Directors regularly reviews these documents and updates them in case of new developments. The articles of incorporation of Affichage Holding SA can be viewed at www.affichage.com/articlesofincorporation. The information published here corresponds to the requirements of the Directive on Information Relating to Corporate Governance by SIX Swiss Exchange.

Listed company

Company name, headquarters: Affichage Holding SA, Geneva
 Market capitalization as at December 31, 2010:
 CHF 420 million
 Place listed: SIX Swiss Exchange
 Security No.: 1 910 702
 ISIN: CH0019107025
 Ticker: AFFN

Participating interests

The list of participating interests is provided in the Financial Report on pages 36–37.

Cross-shareholdings

No capital or voting cross-shareholdings exist between the Affichage Group and other companies.

Significant shareholders¹

	Shares as reported as at December 31, 2010	in %	Shares as reported as at December 31, 2009	in %
JCDecaux SA, Neuilly-sur-Seine (F)	900 000	30.00 ^{2,3}	900 000	30.00 ^{2,3}
Albert Frère, Gerpinnes (B), Compagnie Nationale à Portefeuille, Loverval (B)	758 888	25.30 ^{2,8}	758 888	25.30 ²
Béatrice and Paul-Henry Binz, Grisobi Holding SA, Bulle (CH)	180 956	6.03 ^{2,5}	180 956	6.03 ^{2,5}
Shareholder group Max Müller, Magglingen (CH)	156 808	5.23 ^{6,9}	–	–
International Value Advisers LLC, New York (USA)	104 500	3.48 ^{7,10}	150 669	5.02 ⁴
Affichage Holding SA, Genève (CH) (shares)	64 816	2.16 ^{4,5}	66 086	2.20 ^{4,5}
Affichage Holding SA, Genève (CH) (conditional purchase option)	147 000	4.90 ^{3,4}	147 000	4.90 ^{3,4}

¹ 3% or more shares, in the form of stocks or rights to purchase or sell stocks. The information is derived from announcements made by shareholders pursuant to Art. 20 BEHG as at December 31, 2010, subject to the availability of other information.

² Of which 5% registered with voting rights

³ On February 29, 2008, JCDecaux announced that it had granted a stock purchasing option to Affichage Holding SA. The option is an entitlement to purchase up to 147,000 Affichage Holding SA shares which represent up to 4.9% of the voting rights of the company (see *Annual Report, Corporate Governance: Clauses on changes of control*, pages 53–54).

⁴ Registered without voting rights

⁵ Number of shares according to stock register as at December 31, 2010 and 2009

⁶ On October 8, 2010, the shareholder group Max Müller, consisting of:
 – Starlet Investment AG, Nidau (CH), directly controlled by Ludmilla Müller, Magglingen (CH), Max Müller, Magglingen (CH), Max Igor Müller, Studen (CH), and Sandra Nadine Müller, Emmenbrücke (CH), each with 25%
 – Bruellan Corporate Governance Action Fund, Grand Cayman (CAI), Bruellan SA, Genève (CH), directly held by Bruellan Holding SA, Crans-Montana (CH)
 – Margarete Rilliet, Genève (CH)
 – William Rilliet, Chambésy (CH)

– Comco Fashion AG, Nidau (CH), directly held by Comco Holding AG, Nidau (CH), which is under majority control by Max Müller
 – Claude Miiffon, Thônex (CH)
 – Claude Piccot, Erlenbach (CH)
 – Peter Dreher, Pfäffikon (CH)

reported that the 3% threshold had been exceeded.

On December 2, 2010, the shareholder group Max Müller reported the additional involvement of Paula Wegmann, Adliswil (CH), Karl-Heinz Fischer, Schönenberg (CH), Antoinette Hauser, Wetzikon (CH), Janine Genoud, Adliswil (CH), and Christa Gantenbein, Genève (CH), and indicated that the 5% threshold had been exceeded.

On February 23, 2011, the shareholder group Max Müller reported the additional involvement of Friederike Gribkowsky-Mattei, Bucharest (RO).

⁷ Pursuant to the report of the falling below of the 5% threshold submitted on November 5, 2010, management mandates authorize International Value Advisers LLC to exercise the voting rights of 13 different investors and 5 funds that hold Affichage Holding SA shares. These 5 funds are: IVA Global Master Fund, L.P., Grand Cayman (CAI), IVA Overseas Master Fund, L.P., Grand Cayman (CAI), IVA International Fund, New York (USA), IVA Worldwide Fund, New York (USA), and IVA Global SICAV, Mamer (LUX).

⁸ For detailed information on the relationship between Albert Frère and Compagnie Nationale à Portefeuille, see: www.affichage.com/media/filer_public/2010/09/09/20100902144141591.pdf

⁹ Of which 1.2% registered with voting rights

¹⁰ Of which 3% registered with voting rights

Capital structure

Ordinary, authorized, and conditional capital

As at December 31, 2010, the share capital of Affichage Holding SA amounted to CHF 7,800,000, fully paid up and subdivided into 3,000,000 registered shares with a par value of CHF 2.60 per share. As at December 31, 2010, Affichage Holding SA had neither authorized nor conditional capital.

As at December 31, 2010, shareholders' equity before minority interests amounted to CHF 99.8 million (PY CHF 165.2 million). Details on the changes in shareholders' equity are provided in the respective annual reports: for the years 2010/2009 on page 60 of the present report, for the years 2009/2008 on page 52 of the 2009 report.

Shares, participation, and bonus certificates

Affichage Holding SA shares are registered shares with a par value of CHF 2.60 per share. Each individual share entitles to one vote. At the General Meeting of Shareholders, no single shareholder may execute voting rights for more than 5% of all share votes. There exist no differential dividend entitlements except that no dividend is paid on treasury shares. There are no preferential rights for individual shareholders.

Affichage Holding SA has issued neither participation nor bonus certificates.

Limitations on transferability and nominee registrations

Registration with voting rights may be denied for the following reasons:

- If the purchaser, after registration as a shareholder with full rights, would directly or indirectly own a total of more than 5% of the share capital.
- If the purchaser, upon request by the company, fails to explicitly confirm that he/she has purchased or is holding such registered shares in his/her own name and for his/her own account.
- If the registration of the purchaser could prevent the company from being able to produce the evidence required by the Swiss legal provisions regarding the acquisition of real estate by persons residing abroad.

Legal entities and partnerships linked with one another by means of capital or votes, by combined management, or by similar means shall be considered as single shareholders.

Nominee registrations are permissible only without voting rights.

Convertible bonds and options

No convertible bonds have been issued. Option plans for employees or members of the Board do not exist.

Board of Directors



Jean-François Decaux



Paul-Henry Binz



Klaus Hug



Gilles Samyn



Markus Scheidegger

Members, activities, and interests

The Board of Directors of Affichage Holding SA comprises five members.

Name	Member since	End of term
Jean-François Decaux, Chairman ¹	2002	2011
Paul-Henry Binz, Vice-Chairman	1993	2011
Klaus Hug ²	2002	2011
Gilles Samyn	2008	2011
Markus Scheidegger	2000	2012
Left as at May 26, 2010		
Gérard Degonse	2005	2011
Georges Gagnebin	2005	2011
Christian Kauter, Delegierter	2006	2012
Jean-Claude Marchand	2002	2011
Carlo Schmid-Sutter	1989	2010
Secretariat		
Laïla Clerc, Oliver Achermann		

¹ Since May 26, 2010

² Chairman until May 26, 2010

The Board members execute additional functions outside their responsibility for Affichage Holding SA and/or other companies of the Group and have informed Affichage Holding SA about these functions. These functions comprise activities within the framework of important associations, foundations, or institutions in Switzerland and abroad, as well as official positions and political mandates.

Jean-François Decaux (1959)

Chairman, non-executive member.

French citizen, graduate of the Institut Supérieur de Gestion, Paris (France), co-CEO of JCDecaux SA and CEO of JCDecaux Holding, Paris (France), member or chairman of the boards of various associated companies of the JCDecaux Group, Paris (France) at home and abroad. Member of the European Advisory Board of Harvard Business School and of the International Advisory Board of UC Rusal PLC.

Paul-Henry Binz (1941)

Vice-Chairman, non-executive member.

Swiss citizen, lic. oec. of the University of Lausanne (Hautes Etudes Commerciales HEC), joined the family enterprise Grisoni-Zaugg SA in 1970 as general manager, since 1995 chairman of the board of Grisoni-Zaugg SA and Grisobi Holding SA, Bulle, member of Caisse interprofessionnelle AVS de la Fédération des Entreprises Romandes, Geneva.

Klaus Hug (1940) Non-executive member.

Swiss citizen, Dr. iur., attorney-at-law, director of the Federal Office for Industry, Trade, and Labor (OFIAMT) from 1984 to 1991, president of the Swiss Retail Federation from 1992 to 2005; from 1995 to 2007 president of the Council of the Federal Institute for Intellectual Property, Bern, and member of the Federal Competition Commission; member of the executive board of Economiesuisse until 2007, member of the board of directors of ACE Casino Holding AG, Zürich, of Westform Holding AG, Bern, and of various Swiss SMEs.

Gilles Samyn (1950) Non-executive member.

Belgian citizen, distribution engineer of the Université Libre de Bruxelles (Solvay Brussels School of Economics and Management), vice-president and managing director of Compagnie Nationale à Portefeuille, Gerpennes (Belgium), president, member and member, respectively, of the committees, boards of directors or supervisory boards of various subsidiaries of Compagnie Nationale à Portefeuille in Belgium and abroad, lecturer at the Solvay Brussels School of Economics and Management (ULB).

Markus Scheidegger (1965)

Non-executive member. Handles executive duties in the subsidiaries Impacta AG and Ecofer AG.

Swiss citizen, attorney-at-law, managing director of Impacta AG and of Ecofer AG, Bern, two associated companies of Affichage Holding SA, delegate of the board of directors of Interplakat AG, Bern, member of the board of directors of Polymedia Holding AG, Bern, chairman of the board of directors of Maxomedia AG, Bern, chairman of the board of directors of Serigraphie Uldry AG, Hinterkappelen, member of the board of directors of various Swiss SMEs, member of the Legislative Council of Burgergemeinde Bern.

Gérard Degonse (1947)

Non-executive member, left as at May 26, 2010.

French citizen, Diploma in Political Sciences from IEP Paris and licentiate in Economics, Paris (France), served from 1989 to 1994 as vice-president, financial manager, and secretary general of Euro Disney and from 1994 to 2000 as vice-president and financial manager of the Elf Aquitaine Group, since 2000 chief officer of finance and administration and member of the board of directors of the JCDecaux Group, Paris (France), member of the boards of directors of several other companies of the JCDecaux Group.

Georges Gagnebin (1946)

Non-executive member, left as at May 26, 2010.

Swiss citizen, Federal bank clerk diploma, until 1998 active in several executive positions for Swiss Bank Corporation, member of the group executive board of the UBS Group until 2004. Vice-chairman of the board of directors of Julius Bär Holding AG, Zürich, until 2008. Actually president of the board of directors of Infidar Vermögensberatung AG, Zürich, subsidiary of Julius Bär Group AG, member of the board of directors of Lansdowne Partners Limited, London, and of Symphony International Holdings Limited, British Virgin Islands.

Christian Kauter (1947)

Managing Director, executive member, left as at May 26, 2010.

Swiss citizen, studied business management and economics at the Universities of Geneva and Bern (lic. rer. pol.). From 1978 to 1987, he fulfilled various international executive functions for the Federal Office of Foreign Trade, Bern, and in 1988 was elected secretary general of the Swiss Liberal-Democratic Party (FDP). Joined the Affichage Group as deputy general manager in 1997. Chairman of the board of directors of several associated companies of the Affichage Group, member of the board of directors of Maschinenfabrik Wifag, Bern, president of FEPE International, Federation of Outdoor Advertising, president of the Cantonal Employers' Association of Bern (until April 2009).

Jean-Claude Marchand (1946)

Non-executive member, left as at May 26, 2010.

Swiss citizen, grad. eng., continuing education in management (Insead and Harvard Business School), member of the board of directors and president/general manager marketing and information of the Reuters Group until 2001, CEO of Edipresse Group until 2005, executive director of Edipresse Publications SA, Lausanne, and member of the board of directors of the newspaper Le Temps until 2007, member of the board of directors of Schroder & Co Bank AG, Zürich, of Symbiotics SA Information, Consulting & Services, Geneva, and of GL Trade (Suisse) SA, Geneva, since 2008.

Carlo Schmid-Sutter (1950)

Non-executive member, left as at May 26, 2010.

Swiss citizen, lic. iur., attorney-at-law, notary public, chief of the Executive Council and, until 2007, State Councilor of the Canton of Appenzell Innerrhoden, president of the Swiss Natural Disaster Relief Fund, Bern, president of Schweizer Werbung, Zürich, president of the Swiss Commission of Electricity ElCom since 2007 and member of various SMEs and Swiss foundations.

Elections and terms of office

According to the articles of incorporation, the Board of Directors comprises three to five members, which must be nominated from the circle of shareholders and must own at least 100 shares. They are individually elected by the General Meeting of Shareholders for a maximum term of three years and may be re-elected without restrictions. Members who have reached age 71 are required to resign on the date of the subsequent General Meeting.

Internal organizational structure

According to the law and the articles of incorporation, the Board of Directors is the supreme management body of the Group. It has authority to decide on all matters which, according to the law and the articles of incorporation, are not in the competence of the General Meeting, or which it has not delegated to other bodies through regulations and decisions. It determines by majority vote the strategic, organizational, financial, and accounting guidelines to be followed by the Affichage Group. In the event of a tie, the Chairman does not have a casting vote. The Board of Directors elects, for one-year terms, the chairmen, vice-chairmen, and members of the committees.

The Board of Directors meets as often as business requires but at least once per quarter. Each member of the Board of Directors may ask the Chairman to convoke a meeting. In financial 2010, the Board of Directors held 5 ordinary and 4 extraordinary meetings with the regular participation of the Executive Board. The average duration of individual meetings is one or half a day. Most meetings were attended by all members of the Board of Directors.

The Board of Directors has appointed two permanent committees to assist it in its activities: the Supervisory Committee and the Nomination and Remuneration Committee. Their tasks and competences are defined in the regulations of the Board committees and encompass primarily functions of assessment, consulting, and supervision. In some individual cases, delegated by the Board of Directors, they also have decision-making powers. The committees prepare the activities of the Board of Directors in the domains assigned to them and directly inform the Board on all important matters.

Until May 26, 2010, the following members of the Board of Directors were represented in the Supervisory Committee: Binz (chairperson), Degonse, Gagnebin, and Hug. Thereafter, the Committee was composed of Directors Binz (chairperson), Hug, and Samyn. It has the following tasks:

- to supervise the independence and efficiency of external audits
- to review risk management in the finance and operations areas
- to review the organization and efficiency of internal audits, analyzing the reports and forwarding them to the Board of Directors
- to determine the investment strategy and the real estate policy
- to analyze the consolidated intermediate and annual statements and forward them to the Board of Directors

In the year under report, the Supervisory Committee held 3 ordinary meetings (in February, July, November) as well as one extraordinary meeting (in May), with participation of the CEO and the CFO. At one meeting, the external auditors were present.

Until May 26, 2010, the following members of the Board of Directors were represented in the Nomination and Remuneration Committee: Hug (chairperson), Binz, and Marchand. Thereafter, the Committee was composed of Directors Decaux (chairperson) and Binz. This committee reviews:

- the remuneration policy
- the selection criteria for the members of the Executive Board and the Senior Management
- their basic conditions of employment
- the proposals regarding their remuneration and participation
- management development and succession planning

In the year under review, the Nomination and Remuneration Committee held 1 meeting (in November), with participation of the CEO and the CFO.

To ensure the continuous improvement of its operation, the Board of Directors annually undertakes a self-evaluation procedure.

Delimitation of the areas of responsibility between Board of Directors and Executive Board

The Board of Directors decides on all matters entrusted to it by the law, the articles of incorporation, and the organization regulations. Implementing and complementing article 716a of the Swiss Code of Obligations and article 27 of the articles of incorporation, the following decisions in particular are in the exclusive authority of the Board of Directors:

- Determination of business policies and financial strategies
- Approval of sales, cost, and investment budgets of the Affichage Group
- Establishment, acquisition, sale, liquidation, or merger of subsidiaries
- Exercise of voting rights in the general meetings of the subsidiaries and drafting of the recommendations to private individuals who represent the company on the boards of directors or in other bodies of subsidiaries
- Conclusion of loan contracts (whether as lender or borrower), contracts of surety, or any other form of guaranty contracts – excluding concession contracts – which involve obligations by the company toward third parties in excess of CHF 2 million
- Conclusion of contracts for non-budgeted items whose amount exceeds CHF 1 million

The Board of Directors has entrusted the Executive Board, under the direction of the CEO, with the management of current operations. The Executive Board is responsible for all matters which, according to the law, the articles of incorporation, or the organization regulations, are not in the competence of the Board of Directors or any other body of the company.

Information and control instruments vis-à-vis the Executive Board

In addition to the tasks assigned to the Supervisory and the Nomination and Remuneration Committees, the Board of Directors is provided at every meeting with the relevant information pertaining to management, revenue, and profit of each associated company. The Board of Directors is informed orally and in writing about the following financial data for each associated company and for the corporation as a consolidated whole:

- quarterly, semi-annual and annual statements (balance sheet, statement of income, cash flow)
- annual budget figures, regular comparisons of actual with budgeted figures, and projections
- three-year medium-term planning
- extraordinary occurrences

In addition, the Chairman of the Board of Directors is in constant contact with the CEO. Extraordinary occurrences must be reported immediately by the members of the Executive Board and of the Senior Management to the CEO, who shall inform without delay the Chairman of the Board of Directors. If required, the Chairman of the Board of Directors participates in the meetings of the Executive Board. With the consent of the Chairman, each member of the Board of Directors may request management to provide information on the Group's business performance, as well as access to records and documents. The Board of Directors assigns signatory powers to staff members. Basically, signatory powers are collective (two signatures required).

Management

Executive Board		since
Christian Kauter (1947), Swiss citizen, lic. rer. pol.	Chief Executive Officer	2000 ¹
Markus Scheidegger (1965), Swiss citizen, attorney at law	Chief Executive Officer	2010 ²
Daniel Hofer (1963), Swiss citizen, Dr. MBA/DBA	Chief Executive Officer	2010 ³
Ulrich von Bassewitz (1961), Swiss/German citizen, Dr. oec. HSG	Chief Financial Officer	2000
Thomas Rainer (1971), Italian citizen, Dott. econ. az.	Head of International Markets	2010 ⁴
Senior Management		
Oliver Achermann (1969), Swiss citizen	Head of Corporate Center	2007
Beat Holenstein (1968), Swiss citizen	Partner & Product Management	2007
Felix H. Mende (1973), German citizen, lic. rer. pol.	Regional Director & Head of Market Development	2008 ⁵
Walter Robert Oeschger (1949), Swiss citizen	Logistics	2006
Ivan Schultheiss (1970), Swiss citizen	APG General Manager	2004 ⁶
Florian Walz (1970), Swiss citizen	Head of Media & Product Development	2009 ⁶

¹ Left as at June 30, 2010

² Interim July 1–September 30, 2010

³ Entry as at October 1, 2010

⁴ Entry as at June 1, 2010

⁵ Until December 31, 2010

⁶ Left as at December 31, 2010

Christian Kauter see page 47

Markus Scheidegger see page 47

Daniel Hofer was employed by the NZZ Media Group from 2006 to 2010 and as a member of the executive committee headed up the Zürich-based publishing houses. He joined NZZ after a long-standing career with Publigroupe SA, where he initially managed a number of business units in Switzerland. From 2002 to 2005, he was the CEO of the International Division and member of the management board. Moreover, he was elected president of the IAA International Advertising Association, Swiss Chapter, in 2008. He holds a Master of Business Administration (University of Rochester, New York/USA) and a Doctorate of Business Administration (University of South Australia, Adelaide/AUS).

Ulrich von Bassewitz was active in international top management consulting and training, working – among others – for SMP Management Programm St. Gallen AG Group and Bossard Consultants/Gemini Consulting before he joined the Affichage Group. He holds a degree in business economics from the University of St. Gallen (Dr. oec. HSG).

Thomas Rainer was head of International Business with out-of-home specialist Wall AG, Berlin (Germany) for nearly two years before he joined the Affichage Group in mid-year. Previously, he had already worked for Affichage Holding SA for six years as head of Europlakat International Werbegesellschaft m.b.H., Vienna (Austria), and was responsible for the Group's foreign business in Central Europe. Additionally, he was Vice President of FEPE International, Federation of Outdoor Advertising, for several years. He holds a degree in business administration from Leopold Franzens Universität (Mag. rer. soc. oec.), Innsbruck (Austria), and a doctoral degree from Università Cà Foscari (Dott. Econ. Az.), Venezia (Italy).

Oliver Achermann graduated from grammar school, received advanced in-service training in business administration and completed several courses at the Institute of Applied Psychology, Zürich. Before acting as general manager of Affichage subsidiary Sportart AG from 1999 to 2007, he served in management positions in financial consulting, training, and sponsoring/marketing of Credit Suisse. He has been head of the Corporate Center of Affichage Holding SA since October 2007.

Beat Holenstein completed a commercial apprenticeship with Legrand Schweiz AG (electrical installations). From 1987 to 1996, he worked for Zürcher Kantonalbank in the marketing and organization divisions. In 1996, he joined APG as head of the Dietikon branch. In 1997, he was appointed as implementation manager of the Zürich branch, where he assumed overall responsibility in 2001. Additionally, he was head of Key Account Management (KAM) since 2004. From 2009 to 2010, he was Head of Marketing/Acquisition and Deputy General Manager of APG, and since January 1, 2011 has been responsible for Partner & Product Management of the Affichage Group. In several in-service courses, he earned Swiss federal diplomas as organizer (1996), marketing planner (1999), and sales manager (2001).

Felix H. Mende assumed his current position after having developed the Swiss poster research program as the general manager of Swiss Poster Research Plus AG (SPR+). Previously, he worked as a business consultant at Input AG in Zürich and in container shipping at Hapag-Lloyd in Hong Kong. He studied business economics at the Université de Fribourg (earning the degree of lic. rer. pol.). Since 2008, he has been in charge of Affichage International's market development and serves as the company's Regional Director. Additionally, he has been Deputy General Manager of Affichage International as of November 1, 2009.

Walter Robert Oeschger joined APG in 1987 as operations manager. Before his current function as head of logistics, he served for 7 years as implementation manager and subsequently headed the Basel and Aarau branch offices as branch office manager from 1995 to 2006. After completing a technical apprenticeship and further education, he earned a Higher Business Management Diploma (HWD) and subsequently held an executive position as head of manufacturing at Obrist AG, Magden, from 1977 to 1981. From 1981 to 1987, he served on the management committee of Chematec AG, Möhlin. He also completed in-service training, earning Swiss Federal diplomas in sales management and logistics management.

Ivan Schultheiss completed a commercial apprenticeship and obtained a degree in advertising management; thereafter, he honed his skills in various positions with Fust AG; Werbeagentur Sulzer, Sutter; Publipresse; and Publicitas. For 4 years, he was advertising director for *Die Weltwoche* at Jean-Frey AG. In August 2003, he joined APG as head of Key Account Management (KAM). Since 2004, he was responsible for national sales. Effective January 1, 2009, he was appointed General Manager of APG by the Board of Directors of Affichage Holding SA (left as at December 31, 2010).

Florian Walz joined e-advertising AG (now eAd, an APG profit center), a unit of Affichage Holding AG specialized in digital advertising media, in 2003. Previously, he was out-of-home advertising unit head and member of the executive committee of Optimedia AG, a media agency, for nearly 10 years. From 2004 to 2007, he accompanied the *Swiss Poster Research Plus* study, initially as a research delegate and finally as project manager with the Affichage Group. He also designed the *SPR+ Expert* planning tool. Since 2007, he was in charge of Media & Product Development at the Group level, focusing on the ongoing media digitization trend (left as at December 31, 2010).

Management contracts

Affichage Holding SA and its associated companies have concluded no management contracts with third parties.

Compensations, participations, and loans

Scope and stipulation procedure of compensations

The Nomination and Remuneration Committee submits to the Board of Directors annually proposals for approval of the remuneration policy and the compensations of the members of the Board of Directors. The members of the Board of Directors receive a fixed and a variable compensation. The variable compensation is dependent on the consolidated net income. It is paid in cash and in the form of Affichage Holding SA shares which are blocked for three years. Since the General Meeting on May 26, 2010, the Board of Directors continues to renounce all fees until dividend payments are resumed.

The salaries of the Executive Board and the Senior Management are determined by the Board of Directors upon a proposal by the Nomination and Remuneration Committee and reviewed annually. All employees of the Affichage Group receive a fixed salary plus an optional incentive bonus dependent on the financial result. The variable portion for members of the Executive Board and the Senior Management depends on the profit earned by the respective operational unit as well as the consolidated net income of the Group. It is paid in cash and in the form of Affichage Holding SA shares which are blocked for three years. The mean variable salary portion for members of the Senior Management responsible for domestic operations is 13% of their total remuneration, of which 25% is paid out in the form of Affichage shares valued at the average December share price. Members of the Executive Board and of the Holding Senior Management will not receive any variable remuneration components for financial 2010.

The disclosure of remunerations as well as of shares held by the members of the Board of Directors, the members of the Executive Board, and of Senior Management officers is provided on pages 46–47 of the financial report.

Shareholders' participation rights

Restriction and representation of voting rights

At the General Meeting of Affichage Holding SA, each individual share entitles its owner to one vote. A shareholder may directly or indirectly exercise the voting rights for shares that he/she owns or represents, but no single shareholder may exercise voting rights for more than 5% of all share votes. Legal entities and partnerships linked with one another by means of capital or voting rights, by combined management, or by similar means shall be considered as single shareholders with regard to their voting rights. The voting right can only be exercised if the shareholder is registered in the share register and thus entitled to participate at the General Meeting. Shareholders may be represented at the General Meeting by third parties authorized by written power of attorney. The shares are indivisible and the company recognizes only one single representative per share.

Statutory quorums

The following decisions require the votes of at least two thirds of the represented shares and the absolute majority of the par value of the represented shares:

- changing the company purpose
- introduction of shares carrying voting rights
- authorized or conditional capital increase
- capital increase from shareholders' equity, with non-cash contributions or acquisitions in kind, and granting special privileges
- limitation or elimination of subscription rights
- relocation of the company domicile
- dissolving the company without liquidation

Any amendments to or elimination of regulations regarding the limitation of transferability of shares or the annulment of statutory voting right limitations shall require a decision by the General Meeting approved by at least 80% of the represented votes and 80% of the par value of the represented shares.

Convocation of the General Meeting of Shareholders

The ordinary General Meeting of Shareholders shall take place every year within six months after the close of the financial year. Extraordinary General Meetings shall be convoked as often as necessary, particularly in cases provided by statute. Shareholders representing a par value of at least 10 percent may demand the convocation of an extraordinary General Meeting. Any such demand must be made no less than 50 days prior to the proposed meeting date. The convocation of the General Meeting of Shareholders by the Board of Directors shall be dispatched no less than 20 days in advance of the day of the meeting and shall list the agenda and the motions of the Board of Directors and the shareholders.

Agenda

Shareholders representing a par value of CHF 225,000 may demand inclusion of an item in the agenda. Any such demand must be made no less than 50 days prior to the proposed meeting date.

Registrations in the share register

No registrations are performed between the time of dispatching the invitation to and the closing of a General Meeting.

Changes of control and defensive measures

Duty to make an offer

There are no statutory opting-out or opting-up clauses.

Clauses on changes of control

The employment contracts of one member of the Executive Board and of three further employees of the Affichage Group contain clauses concerning a change of control. If the working relationships of these persons are terminated by the employer without important reasons as a consequence of a change of control of the employer, initiated by a public takeover or swap bid that is not endorsed by the employer's Board of Directors, these persons shall be entitled to claim severance pay. This remuneration shall consist of two years' salary based on their gross annual salary as well as the premiums they received in the year prior to the change of control. It shall be owed when the contractual period of notice of at least one year has expired. This entitlement to severance pay also applies if the contractual relationship is terminated by these persons for important (but not without important) reasons. Furthermore, these persons are not entitled to claim severance pay if their employment contract is terminated by the employer for important reasons.

Should a change of control at Affichage Holding SA occur as a result of a takeover offer not endorsed by the Board of Directors, Polymedia Holding AG, Bern (Polymedia), which currently holds 50% of the share capital of Impacta AG and of Ecofer AG, would be entitled to purchase from Affichage Holding SA one additional percent (1%) of the share capital of these companies. In case of a change of control over Polymedia, Affichage Holding SA has an analogous purchasing right. Markus Scheidegger is both a member of the board of directors of Polymedia (which is owned by the Scheidegger family) and a member of the Board of Directors of Affichage Holding SA.

Gewista Werbegesellschaft mbH (Austria) (Gewista) and JCDecaux SA (France) (JCDecaux) on the one hand and Affichage Holding SA on the other hand have terminated the joint venture contract governing their mutual relationship in conjunction with Europlakat International Werbegesellschaft mbH (Austria) (EPI) in whose stock capital Gewista and Affichage Holding SA participated with 50% each. The contract concluded on October 26, 2007, grants both parties mutual rights of pre-emption as well as change-of-control-related purchasing options in the participating interests that were split up within the scope of the dissolution of the joint venture. Additionally, the contract grants JCDecaux SA pre-emption rights as well as purchasing options in certain foreign subsidiaries of Affichage Holding SA, whereby such options are conditional upon a change of control in Affichage Holding SA.

In this context, JCDecaux has agreed not to expand its current participation in Affichage Holding SA (30%). Affichage Holding SA is entitled to a purchasing option of maximally 4.9% of its own share capital in case JCDecaux should fail to comply with the obligations stated above. The preferential price of the purchasing option is the average closing price of Affichage Holding SA shares in the last thirty days before exercise of the option.

Auditors

Duration of mandate and term of office of the auditor in charge

Arthur Andersen/Ernst & Young has been the statutory auditor of Affichage Holding SA and the group auditor of its Swiss associated companies since 1999. Fredi Widmann, the auditor in charge, has held this position since 2009. The Supervisory Committee shall assure that the auditor in charge is rotated after no more than 7 years.

Auditing honorarium and additional honorariums

For financial 2010, the auditing honorarium of Ernst & Young for services in conjunction with the auditing of the financial statements totaled CHF 505,000. For fiscal counsel and special investigation, Ernst & Young has invoiced CHF 214,000.

Information instruments of the auditors

On behalf of the Board of Directors, the Supervisory Committee annually reviews the independence, qualification, performance, and honorariums of the auditors. It prepares for the Board of Directors a proposal for the election of the auditor, which is then submitted by the Board to the General Meeting. The Board of Directors annually reviews the extent of the external audit, the audit plans, and the respective procedures and discusses the audit results with the external auditors. At least once a year in a joint meeting, the auditor reports to the Supervisory Committee of the Board of Directors on the auditing work and its key results. A regular exchange of information takes place between the auditor and the CFO.

Information policy

The Affichage Group implements an open information policy toward the financial market and the general public. The shareholders receive semi-annual letters informing them about the Group's business performance.

The annual report, the detailed Financial Report, the letters to shareholders, the stock price, as well as media releases are available at www.affichage.com. Financial media and analysts conferences are held at least once per year. Further information is available from the contact addresses mentioned in the annual report. The publication of share-price-relevant facts is governed by the provisions concerning ad-hoc publicity of SIX Swiss Exchange. Subscriptions to the media releases can be ordered at www.affichage.com/mediaannouncements.

The most important dates

- Closing date:
December 31
- Announcement of annual results:
March 2, 2011
- Financial media and analysts conference:
March 2, 2011
- Publication of the annual report:
April 28, 2011
- General Meeting:
May 26, 2011
- Closing date for semi-annual results:
June 30
- Announcement of semi-annual results:
July 28, 2011

Extract of the Financial Report

Explanation of financial terms

EBITDA Earnings before interest, taxes, depreciation of property, plant, and equipment, and amortization of intangible assets

EBIT Earnings before interest and taxes

Free cash flow Cash flow from operations minus cash flow from investments

Gearing Degree of debt, also called leverage: net debt in % of equity

Net current assets Trade accounts receivable plus inventories minus trade accounts payable

Net debt Debt-serviced borrowed capital minus interest-bearing current assets (cash and cash equivalents, marketable securities)

Payout ratio Payout in % of net income

P/E ratio Price/earnings ratio: Ratio of share price to earnings per share

ROE Return on equity: Net income in % of average shareholders' equity

ROIC Return on invested capital: operating income in % of average capital employed, without cash and cash equivalents, less interest-free liabilities

The detailed Financial Report has been published in English. It is available free of charge or can be downloaded from www.affichage.com/report.

Condensed consolidated balance sheet

Assets	in CHF 1000	31.12.2010	31.12.2009
Property, plant, and equipment		87 907	106 710
Investments in associated companies		333	316
Other financial investments		2 043	3 266
Intangible assets		75 263	131 810
Deferred		15 195	27 068
Non-current assets		180 741	269 170
Non-current assets		3 424	3 535
Trade accounts receivable		44 366	65 943
Other accounts receivable		11 692	26 570
Deferred expenses and accrued income		8 210	8 416
Marketable securities		430	554
Cash and cash equivalents		26 253	20 901
Current assets		94 375	125 919
Total		275 116	395 089
Shareholders' equity and liabilities			
Share capital		7 800	7 800
Group reserves		144 268	216 580
Net income		- 52 306	- 59 132
Equity held by Affichage Holding SA shareholders		99 762	165 248
Non-controlling interests		1 163	1 926
Shareholders' equity		100 925	167 174
Provisions		31 130	26 655
Deferred taxes		7 588	10 505
Long-term financial liabilities		15 732	10 964
Non-current liabilities		54 450	48 124
Trade accounts payable		18 336	38 551
Current accounts payable to banks		15 770	46 005
Taxes payable		3 036	2 995
Other accounts payable		28 753	41 343
Accrued liabilities and deferred income		53 846	50 897
Current liabilities		119 741	179 791
Liabilities		174 191	227 915
Total		275 116	395 089

Consolidated income statement

in CHF 1 000	2010	2009	Change
Advertising revenue	304 280	340 018	- 10.5%
Real estate revenue	2 298	2 194	4.7%
Operating revenue	306 578	342 212	- 10.4%
Fees and commissions	- 141 406	- 164 065	- 13.8%
Personnel expenses	- 68 337	- 67 983	0.5%
Operating and administrative costs	- 45 508	- 64 540	- 29.5%
EBITDA	51 327	45 624	12.5%
Depreciation	- 14 266	- 20 587	- 30.7%
Amortization of intangible assets	- 5 392	- 7 630	- 29.3%
Impairment	- 70 767	- 82 578	- 14.3%
Operating income (EBIT)	- 39 098	- 65 171	40.0%
Net financial income	- 1 989	- 7 344	
Income from associates	57	44	
Income before income tax	- 41 030	- 72 471	
Income tax	- 11 690	31 036	
Income from continuing operations	- 52 720	- 41 435	
Income from discontinued operations, net of tax		- 21 035	
Consolidated net income	- 52 720	- 62 470	15.6%
- of which non-controlling interests	- 414	- 3 338	
- of which Affichage Holding SA shareholders (net income)	- 52 306	- 59 132	11.5%
Basic and diluted earnings per share, in CHF	- 17.82	- 19.84	10.2%

Segment information

in CHF m		Sales revenue	EBITDA	Net income
Switzerland	2010	259.0	68.1	42.0
	2009	250.1	58.0	58.5
Greece	2010	10.7	- 16.0	- 21.9
	2009	49.3	- 12.1	- 86.3
Other foreign countries	2010	34.4	3.4	- 79.4
	2009	40.6	3.9	- 31.4
Holding	2010	3.2	- 4.2	0.8
	2009	3.6	- 4.2	- 18.0
Restatement of consolidated income	2010	- 3.1		6.2
	2009	- 3.6		18.1
Total	2010	304.3	51.3	- 52.3
	2009	340.0	45.6	- 59.1

in CHF 1 000	Share of Affichage Holding SA shareholders							Total		
	Share capital	Capital reserves Premiums	Treasury shares	Translation differences	Available for-sale securities	Revaluation reserve	Retained earnings Other reserves	Total	Non-controlling interests	Shareholders' equity
as at January 1, 2009 ¹	7 800	5 632	- 8 980	- 14 793	295	46 221	184 394	220 569	12 704	233 273
Comprehensive income				1 466	16		- 35 706	- 34 224	- 3 407	- 37 631
Changes in scope of consolidation									- 4 918	- 4 918
Purchase of non-controlling interests							- 8 407	- 8 407	- 990	- 9 397
Dividends							- 13 146	- 13 146	- 1 463	- 14 609
Changes in treasury shares			2 001				- 1 545	456		456
as at December 31, 2009	7 800	5 632	- 6 979	- 13 327	311	46 221	125 590	165 248	1 926	167 174
Comprehensive income				- 6 600	- 124		- 58 834	- 65 558	- 370	- 65 928
Reclassification of reserves						- 162	162			
Changes in scope of consolidation									4	4
Dividends									- 397	- 397
Changes in treasury shares			- 2 560				2 632	72		72
as at December 31, 2010	7 800	5 632	- 9 539	- 19 927	187	46 059	69 550	99 762	1 163	100 925

¹ Adjusted to reflect final purchase price assessments and compliance with IFRIC 14

Consolidated statement of comprehensive income

in CHF 1 000	Gross	Income tax effect	2010 Net	Gross	Income tax effect	2009 Net
Consolidated net income			- 52 720			- 62 470
Unrealized gains/losses on available-for-sale securities	- 165	41	- 124	21	- 5	16
Currency translation differences	- 5 318	- 1 239	- 6 557	1 115	282	1 397
Actuarial gains/losses from defined-benefit plans	- 8 703	2 176	- 6 527	31 235	- 7 809	23 426
Comprehensive income			- 65 928			- 37 631
- of which non-controlling interests			- 370			- 3 407
- of which Affichage Holding SA shareholders			- 65 558			- 34 224

Condensed consolidated statement of cash flows

in CHF 1 000	2010	2009
Income from continuing operations	– 52 720	– 41 435
Depreciation, amortization and impairment	90 425	110 795
Unrealized gains/losses on securities	– 124	16
Change in provisions, taxes, and interests	6 787	– 33 626
Gain from the sale of non-current assets	565	145
Income from associates	– 57	– 44
Cash flow	44 876	35 851
Change in inventories	– 37	34
Change in accounts receivable	31 985	27 217
Change in marketable securities	124	– 22
Change in accounts payable	– 25 891	– 4 779
Change in other deferred expenses, accrued income, accrued liabilities, and deferred income	4 631	– 9 638
Net cash provided by operating activities	55 688	48 663
Capital expenditures in non-current assets	– 24 297	– 38 132
Sale of non-current assets	1 244	7 821
Net cash used in investing activities	– 23 053	– 30 311
Purchase and sale of treasury shares	143	456
Change in current accounts payable to banks	– 30 232	– 17 980
Change in long-term financial liabilities	4 782	– 13 323
Dividends to Affichage Holding SA shareholders		– 13 146
Dividends to non-controlling interests	– 397	– 1 463
Net cash used in financing activities	– 25 704	– 45 456
Cash flows from discontinued operations		– 2 541
Cash and cash equivalents of the discontinued operations as at December 31		
Currency translation effect on cash and cash equivalents	– 1 579	– 440
Change in cash and cash equivalents	5 352	– 30 085
Cash and cash equivalents as at January 1	20 901	50 986
Cash and cash equivalents as at December 31	26 253	20 901

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IFER International Federation
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