



Balance Benchmarking IR

Alma Media and its domestic peer group 2006-2010
Completed 15 March 2011

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Balance Benchmarking IR, a product within the Balance Consulting portfolio, is a financial comparison tool for the needs of investor relations (IR).

The benchmarking report has been developed especially to serve the IR needs of listed companies, companies intending to apply for listing, or companies that are otherwise significant.

Investors and other reference groups need to receive financial information both on the company itself, as well as the company's peer group in its sector. Also the cumulative 5-year development of the peer group can be seen in the report.

Balance Benchmarking IR is a compact, clearly presented report that includes the critical financial information of the company, as well as other information of interest to the investor, such as the valuation level and share indicators.

Balance Consulting produces the report when it has completed the analyses, either annual or quarterly, of the companies selected to form the reference group. The report is produced in pdf format to make it easily available on the Internet, for example the company's IR website. Sole responsibility for its production lies with Balance Consulting, an independent corporate analysis department of Kauppalehti Oy.

Note. The companies have been analyzed according to IFRS principles without discontinued operations. The one-time items have been eliminated out of earnings figures.

The analyses are based on the published quarterly and annual financial statements of the companies. Adjustments to key indicators are made applying the guidelines of the Enterprise Research Advisory Committee and the National Accounting Board.

The data underlying the analysis comes from sources we consider reliable but this does not guarantee that the analysis is free from error. Balance Consulting / Kauppalehti Oy and its personnel take no responsibility for the direct or indirect consequences of any decisions or financial commitments made or not made as a result of this analysis.

1 Scope of operations

The company's scope of operations is described in this analysis by three key indicators: net sales, the balance sheet total and the average number of employees.

Net sales consists of revenue received on the sale of the products and services related to the company's business, less discounts and direct sales taxes such as value added tax.

The balance sheet total basically illustrates the total assets and liabilities of the company. In other words it comprises the total assets owned by the company regardless of the source of capital, valued according to Finnish accounting regulations. The balance sheet may also contain intangible items such as goodwill arising from a company acquisition.

Number of employees describes the average number of employees during the period, calculated as full-time employees.

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Net sales (EUR million)

	2006	2007	2008	2009	2010	Average
Alma Media group	301,9	328,9	341,2	307,8	311,4	318,2
Ilkka group	52,7	54,9	55,4	48,8	46,5	51,7
Keskisuomalainen group	99,7	104,8	105,3	97,6	101,9	101,9
Pohjois-Karjalan Kirjapaino group	78,4	85,6	100,2	83,4	84,8	86,5
Sanoma group	2 742,1	2 926,3	3 030,1	2 767,9	2 761,2	2 845,5
Talentum group	121,1	89,1	93,4	66,8	81,0	90,3
Total	3 395,8	3 589,5	3 725,6	3 372,3	3 386,8	3 494,0
Change	167,9	193,7	136,1	-353,3	14,5	
Change (%)	5,2	5,7	3,8	-9,5	0,4	

Balance sheet total (EUR million)

	2006	2007	2008	2009	2010	Average
Alma Media group	200,0	181,0	167,0	154,0	185,0	177,4
Ilkka group	78,5	77,5	76,3	147,0	197,0	115,3
Keskisuomalainen group	103,0	109,0	102,0	107,0	111,0	106,4
Pohjois-Karjalan Kirjapaino group	50,7	69,5	69,6	72,6	88,1	70,1
Sanoma group	3 130,0	3 190,0	3 280,0	3 110,0	3 200,0	3 182,0
Talentum group	89,7	89,0	49,7	58,8	64,7	70,4
Total	3 651,9	3 716,0	3 744,6	3 649,4	3 845,8	3 721,5
Change	158,4	64,1	28,6	-95,2	196,4	
Change (%)	4,5	1,8	0,8	-2,5	5,4	

Average number of employees

	2006	2007	2008	2009	2010	Average
Alma Media group	1 900	1 970	1 980	1 890	1 810	1 910
Ilkka group	399	388	393	366	343	378
Keskisuomalainen group	848	856	856	825	780	833
Pohjois-Karjalan Kirjapaino group	429	446	508	489	464	467
Sanoma group	15 700	16 700	18 200	17 300	16 000	16 780
Talentum group	1 060	763	803	755	787	834
Total	20 336	21 123	22 740	21 625	20 184	21 202
Change	1 651	787	1 617	-1 115	-1 441	
Change (%)	8,8	3,9	7,7	-4,9	-6,7	

2 Growth and capital financing

Three key indicators are used to describe growth and financing: net sales growth, degree of investment and gearing.

Net sales growth (%) is one of the most common indicators of volume growth and companies use it as a daily indicator of their success at various levels of the organization. Apart from an increase or decrease in organic growth, it can also be affected by other factors such as acquisitions.

The degree of investment describes gross capital expenditure with respect to net sales. Acquisitions are also visible in this figure. Investment needs vary considerably from one industrial sector to another depending on how much capital the company requires.

Growth and investments require capital. For this reason growth and financial latitude are closely interrelated.

Gearing describes net interest-bearing debt (interest-bearing liabilities less cash funds) in relation to shareholders' equity. At a general level gearing can be considered good when it is below 100%, as this indicates that the bulk of the company's capital comes from its own shareholders' equity.

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Net sales growth (%)

	2006	2007	2008	2009	2010	Average
Alma Media group	5,6	8,9	3,7	-9,8	1,2	1,9
Ilkka group	-2,3	4,2	0,9	-11,9	-4,7	-2,8
Keskisuomalainen group	2,0	5,1	0,5	-7,3	4,4	0,9
Pohjois-Karjalan Kirjapaino group	21,2	9,2	17,2	-16,8	1,7	6,5
Sanoma group	4,6	6,7	3,6	-8,7	-0,2	1,2
Talentum group	17,2	-26,4	4,8	-28,5	21,3	-2,3
Average	8,1	1,3	5,1	-13,8	4,0	0,9

Degree of investment (as % of turnover)

	2006	2007	2008	2009	2010	Average
Alma Media group	6,9	4,7	2,9	2,7	4,1	4,3
Ilkka group	42,8	9,6	102,0	76,6	115,0	69,2
Keskisuomalainen group	33,1	5,8	12,3	5,6	4,3	12,2
Pohjois-Karjalan Kirjapaino group	8,7	23,9	6,1	3,3	3,2	9,0
Sanoma group	3,0	3,1	3,6	3,0	3,1	3,2
Talentum group	4,2	11,2	2,6	13,2	4,8	7,2
Average	16,5	9,7	21,6	17,4	22,4	17,5

Note. The most part of Ilkka group's investments in 2006 and 2008-2010 consist of financial investments.

Gearing (%)

	2006	2007	2008	2009	2010	Average
Alma Media group	-7,8	-17,8	3,3	-18,6	-30,1	-14,2
Ilkka group	-16,9	-26,2	169,0	28,5	72,9	45,5
Keskisuomalainen group	105,0	59,8	64,6	55,8	38,3	64,7
Pohjois-Karjalan Kirjapaino group	-18,0	11,0	37,1	0,3	-26,8	0,7
Sanoma group	59,2	58,1	78,5	79,3	63,8	67,8
Talentum group	15,7	17,0	-15,2	81,9	70,9	34,1
Average	22,9	17,0	56,2	37,9	31,5	33,1

3 Profitability

Profitability is described in this analysis using three indicators: operating margin, return on capital employed and net income.

The operating margin shows operating income as a percentage of net sales. Operating income, roughly speaking, is what remains below the line before financial items and taxes. As its name suggests, the operating margin measures how the company's result of operations is formed but its level varies in different business sectors depending on margins and capital employed.

Return on capital employed describes the annual return to the company from the capital it has tied up, for example in machinery, equipment and stocks. To calculate it, operating income less financial costs and taxes is divided by the total of shareholders' equity and interest-bearing debt. Return on capital employed should be clearly higher than the risk-free interest level. Ten percent can be considered a rough satisfactory level.

Net income describes the absolute net revenue left to the owner after interest expenses and taxes as well as any extraordinary or other items unrelated to the company's business operations.

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Operating margin (%)

	2006	2007	2008	2009	2010	Average
Alma Media group	15,4	16,1	14,0	13,8	14,1	14,7
Ilkka group	18,3	21,3	19,1	21,5	31,1	22,3
Keskisuomalainen group	19,8	20,5	20,6	15,9	19,9	19,3
Pohjois-Karjalan Kirjapaino group	10,5	12,1	10,1	8,9	12,5	10,8
Sanoma group	10,5	10,4	9,8	8,3	8,9	9,6
Talentum group	7,2	14,8	12,3	-1,4	2,5	7,1
Average	13,6	15,9	14,3	11,2	14,8	14,0

Return on capital employed (%)

	2006	2007	2008	2009	2010	Average
Alma Media group	31,1	44,0	44,3	41,4	42,2	40,6
Ilkka group	21,7	22,0	27,8	14,1	9,0	18,9
Keskisuomalainen group	29,9	28,1	28,1	19,9	25,9	26,4
Pohjois-Karjalan Kirjapaino group	28,9	23,7	14,1	18,8	27,3	22,6
Sanoma group	14,3	14,7	13,7	10,9	11,2	13,0
Talentum group	17,0	25,4	30,7	-3,6	7,7	15,4
Average	23,8	26,3	26,5	16,9	20,6	22,8

Net income after minority interest (EUR million)

	2006	2007	2008	2009	2010	Average
Alma Media group	35,0	42,0	36,6	29,9	33,3	35,4
Ilkka group	9,6	11,2	13,4	11,5	12,9	11,7
Keskisuomalainen group	11,2	14,7	17,2	11,0	15,5	13,9
Pohjois-Karjalan Kirjapaino group	7,5	8,2	4,7	7,5	13,2	8,2
Sanoma group	206,3	214,2	181,4	137,3	174,6	182,8
Talentum group	5,9	9,1	8,1	-1,0	1,5	4,7
Total	275,6	299,4	261,3	196,2	251,0	256,7
Change	5,5	23,8	-38,0	-65,1	54,7	
Change (%)	2,0	8,6	-12,7	-24,9	27,9	

4 Valuation level

The valuation level is described by three indicators in this analysis: market value (P), the price/earnings (P/E) ratio, and the price/sales (P/S) ratio.

To calculate market value (market capitalization), the total number of shares is multiplied by the share price at the close of the period. Market value does not include any company shares held by the company itself.

The importance of market value lies in the fact that, according to current financial theory, the most important goal for the company's top management is to maximize shareholder value. Shareholder value is generated by increasing market value and by the payment of dividends.

The P/E figure (market value divided by net income, or share price divided by EPS to give a per share figure) describes the market value in relation to net income over the most recent 12 months. When calculating the P/E ratio any minority interest is subtracted from net income.

Hence the P/E ratio describes the number of years needed by the company to earn its market value, i.e. pay itself back to its investors, assuming net income remains unchanged. With a P/E of 10, for example, the company would earn net revenue equivalent to its value in ten years (current level of net income unchanged). The lower the P/E ratio, the cheaper the share price is considered to be. However, there are often good reasons for this, such as weaker business conditions.

The P/S ratio shows the market value in relation to net sales. It is more sensitive to the company's business sector than the P/E ratio. P/S is generally lower, the lower the margins are in the sector. In the retailing business, for example, P/S is generally below one.

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Market value (EUR million)

	2006	2007	2008	2009	2010	Average
Alma Media group	690,2	870,7	369,3	558,1	621,4	621,9
Ilkka group	168,3	165,6	111,3	170,1	217,6	166,6
Keskisuomalainen group	195,4	194,4	142,3	165,4	206,2	180,7
Pohjois-Karjalan Kirjapaino group	118,7	217,2	137,8	129,7	140,1	148,7
Sanoma group	3 521,8	3 196,2	1 479,7	2 536,5	2 640,8	2 675,0
Talentum group	144,9	121,1	81,6	77,6	86,4	102,3
Total	4 839,3	4 765,2	2 321,9	3 637,4	3 912,4	3 895,2
Change	479,2	-74,1	-2 443,3	1 315,4	275,0	
Change (%)	11,0	-1,5	-51,3	56,7	7,6	

Price/earnings ratios (P/E)

	2006	2007	2008	2009	2010	Average
Alma Media group	19,7	20,7	10,1	18,7	18,7	17,6
Ilkka group	17,4	14,8	8,3	14,8	16,9	14,4
Keskisuomalainen group	17,4	13,3	8,3	15,0	13,3	13,5
Pohjois-Karjalan Kirjapaino group	15,8	26,4	29,2	17,3	10,6	19,9
Sanoma group	17,1	14,9	8,2	18,5	15,1	14,8
Talentum group	24,4	13,3	10,1	neg.	59,1	26,7
Average	18,6	17,2	12,4	16,9	22,3	17,8

Price/sales ratio (P/S)

	2006	2007	2008	2009	2010	Average
Alma Media group	2,29	2,65	1,08	1,81	2,00	1,96
Ilkka group	3,20	3,02	2,01	3,49	4,68	3,28
Keskisuomalainen group	1,96	1,86	1,35	1,69	2,02	1,78
Pohjois-Karjalan Kirjapaino group	1,51	2,54	1,37	1,56	1,65	1,73
Sanoma group	1,28	1,09	0,49	0,92	0,96	0,95
Talentum group	1,20	1,36	0,87	1,16	1,07	1,13
Average	1,91	2,08	1,20	1,77	2,06	1,80

5 Share indicators

Share indicators in this analysis are described by earnings per share (EPS), dividend per share and shareholders' equity per share.

The share price is the closing price for the period. If the company has more than one share series, the share price is taken from the most traded series.

EPS gives net income per share. This is a concrete figure that is easily compared, for example, to the current share price to calculate P/E in real time.

Dividend per share states the amount of dividend paid out during the period in question divided by the number of shares. Dividing this figure by EPS tells the investor the payout ratio, i.e. how much of its net income the company has paid its owners as a dividend. Comparing the dividend with the share price gives the investor an impression of the effective dividend yield.

Shareholders' equity per share shows the company's total net assets per share. In normal conditions the share price is higher than this figure.

Share indicators are adjusted for share issues and share splits to improve comparability. It makes little sense to compare the share indicators of different companies as the number of shares in companies is different.

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Share price (EUR)

	2006	2007	2008	2009	2010	Average
Alma Media group	9,25	11,67	4,95	7,48	8,28	8,33
Ilkka group (serie II)	8,46	8,15	5,42	6,15	8,19	7,27
Keskisuomalainen group	18,20	18,11	13,25	15,40	19,24	16,84
Pohjois-Karjalan Kirjapaino group	9,48	17,35	11,01	10,36	11,19	11,88
Sanoma group	21,35	19,63	9,21	15,76	16,22	16,43
Talentum group	3,29	2,75	1,87	1,78	1,98	2,33

Earnings per share (EUR)

	2006	2007	2008	2009	2010	Average
Alma Media group	0,47	0,56	0,49	0,40	0,44	0,47
Ilkka group	0,51	0,60	0,71	0,55	0,50	0,57
Keskisuomalainen group	1,04	1,37	1,60	1,02	1,45	1,30
Pohjois-Karjalan Kirjapaino group	0,60	0,66	0,38	0,60	1,06	0,66
Sanoma group	1,30	1,30	1,13	0,85	1,08	1,13
Talentum group	0,13	0,21	0,19	-0,02	0,03	0,11

Dividend per share (EUR)

	2006	2007	2008	2009	2010	Average
Alma Media group	0,65	0,90	0,30	0,40	0,70	0,59
Ilkka group	0,68	0,75	0,23	0,35	0,50	0,50
Keskisuomalainen group	0,75	1,00	0,80	1,00	0,80	0,87
Pohjois-Karjalan Kirjapaino group	0,15	0,80	0,20	0,30	1,00	0,49
Sanoma group	0,95	1,00	0,90	0,80	1,10	0,95
Talentum group	0,18	0,20	0,10	0,00	0,02	0,10

Shareholders' equity per share (EUR)

	2006	2007	2008	2009	2010	Average
Alma Media group	1,54	1,58	1,18	1,27	1,50	1,41
Ilkka group	3,11	3,27	1,18	3,91	4,09	3,11
Keskisuomalainen group	3,36	4,18	4,09	4,63	5,33	4,32
Pohjois-Karjalan Kirjapaino group	2,56	3,07	2,62	3,03	3,77	3,01
Sanoma group	7,92	8,27	7,59	7,36	8,42	7,91
Talentum group	0,69	0,69	0,51	0,33	0,40	0,52

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