

# Alma Media

January 1 – September 30, 2005

ALMA | MEDIA





## Highlights Q305

- Almanova/Alma Media merger ready for execution, estimated day for merger is November 7
- Advertising market continues favorable for newspaper publishers
- Capital gain of 1.2 million EUR from the sale of Network Service (NWS) business operations
- All-time high EBIT-margin for Alma Media Newspapers
- Substantial upswing in B-to-B advertising after poor Q2
- Strong performance in Marketplaces' online services continued



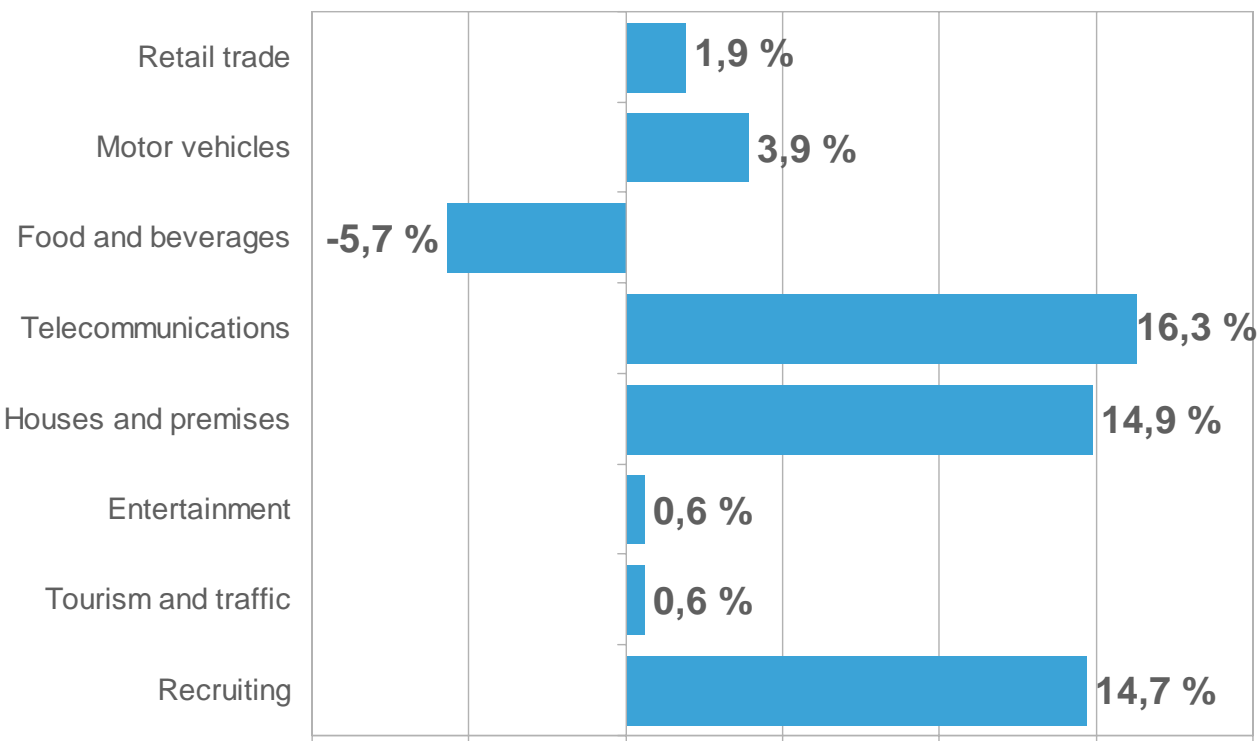
# Market







## Most advertised branches: January – September 2005



Adv. volumes 1-9/05	MEUR
Retail trade	176
Motor vehicles	80
Food and beverages	60
Telecommunications	54
Houses and premises	39
Entertainment	35
Tourism and traffic	33
Recruiting	32
Others	272
<b>TOTAL</b>	<b>781</b>

Source: TNS Gallup Oy Adex

# Business areas Q305





## Newspapers Q305

- **Net sales 50.7 (50.9) MEUR**
  - Circulation sales +0.3 %
  - Tabloid market down 1.4 %
  - Advertising sales +1.6 %
    - Free-sheets gained market share of the total media market due to new titles especially in the Helsinki region.
    - Ilta-Suomi +3.9%, Aamulehti +1.6%
    - Market development in the Aamulehti circulation area slower than the national average. Retail trade advertising declined by 10 %.
- **EBIT 9.7 MEUR, 19.1% (9.1 MEUR, 17.9 %)**
  - Contract printing sales went down to 1.5 (2.2) MEUR but the profitability improved considerably



Behind the improved profitability is e.g. Group's ability to share content and best practices.



Aamulehti publishes this year close to a dozen books. Half of them will come to the market during Q4/05.



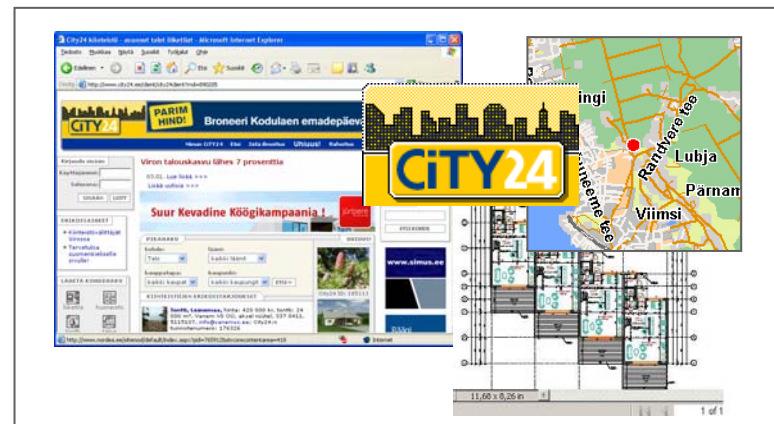


## Marketplaces Q305

- Net sales up to 5.8 (5.1) MEUR
  - Classified services up +40.7%
    - Autotalli.com +82 %
    - Monster.fi +73 %
    - Mascus.com +21 %
    - Etuovi.com +27 %
    - City24.ee +69 %
- EBIT 0.7 (0.3) MEUR
- Alma Media sold Network Services (NWS) in the end of Q3/05 to Planware Group
  - 0.2 MEUR of EBIT in Q3 resulted from NWS operations



Strong market share is a necessity for growing earnings



City24 service was launched in Latvia in May and in Lithuania in October

# Financials Q305





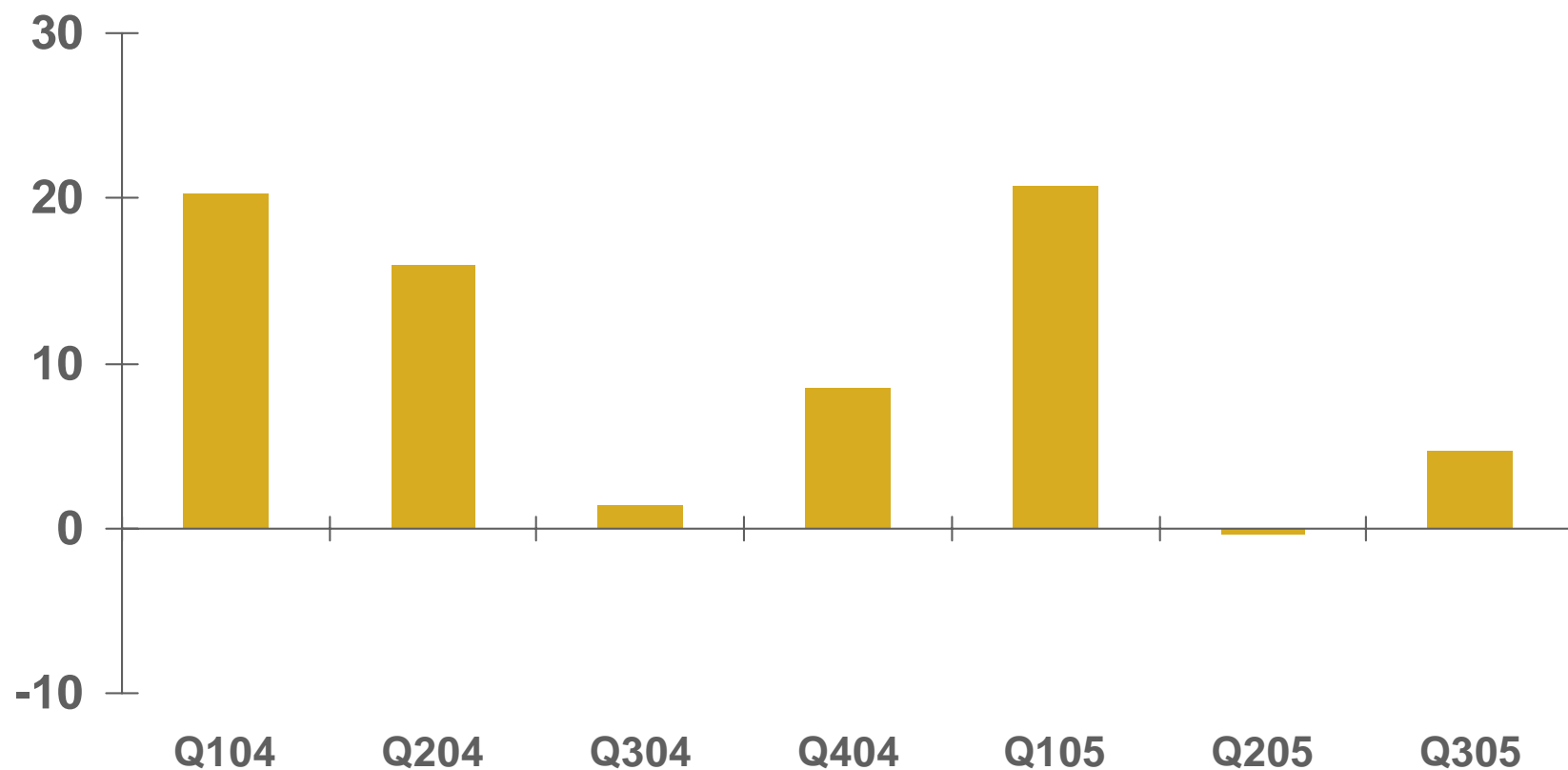






# Cash flow from operating activities Q104-Q305, MEUR

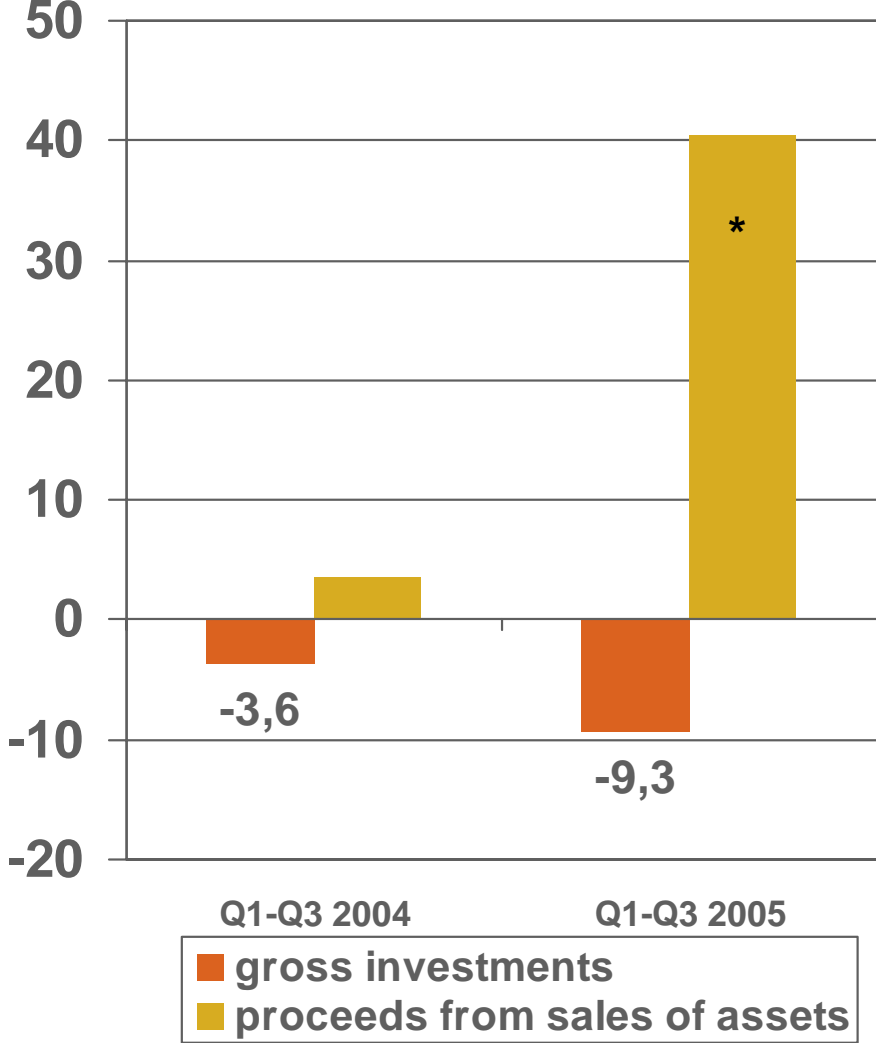
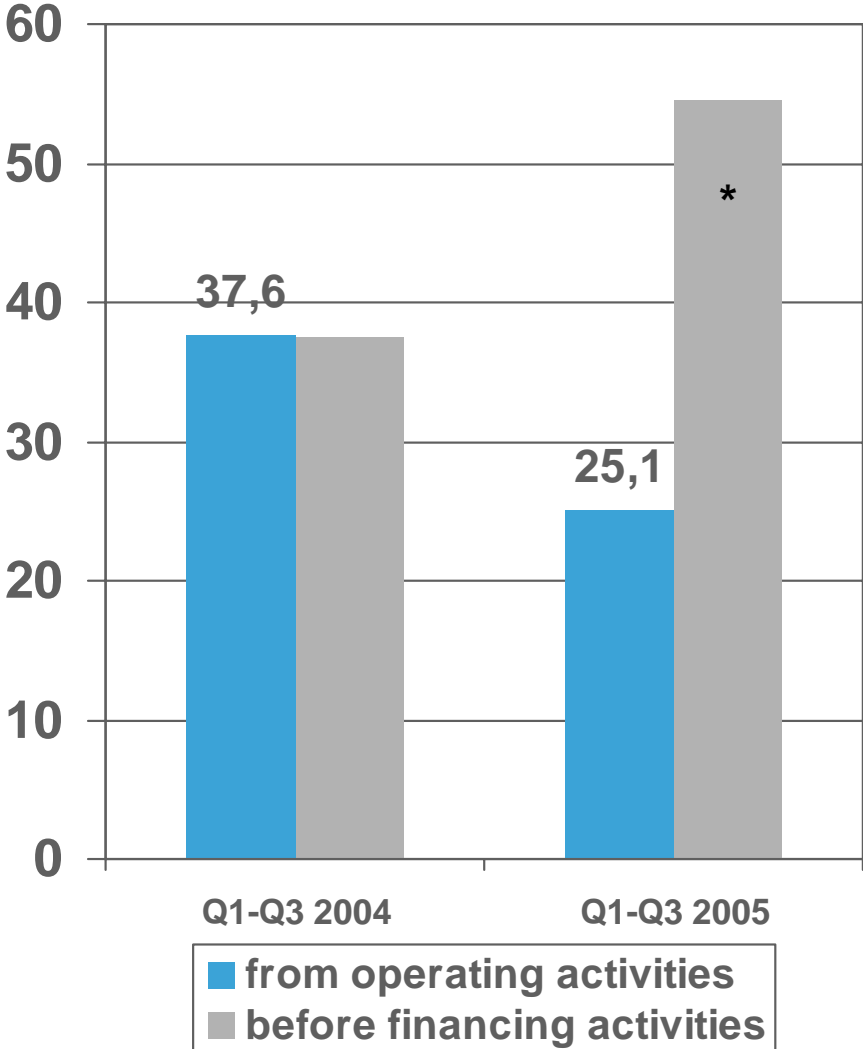
## Ongoing operations





# Cash flow and investments, MEUR

## Ongoing operations

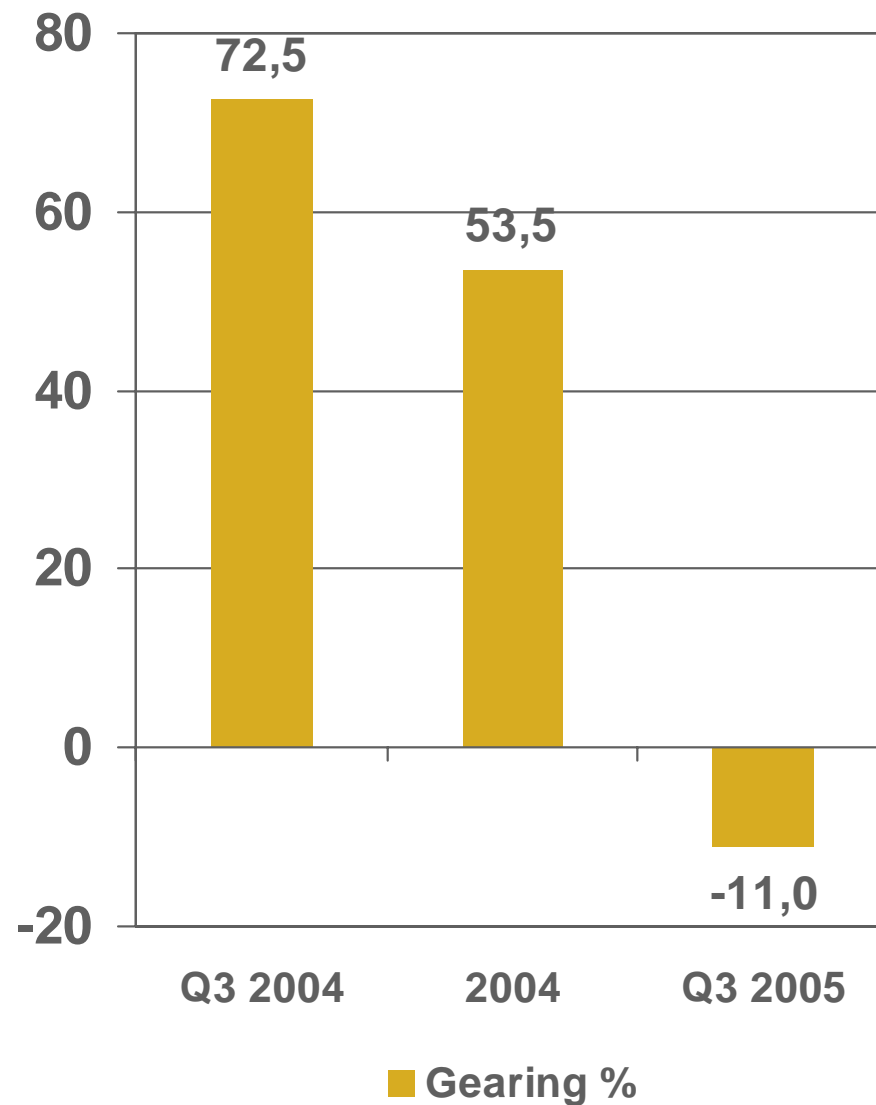
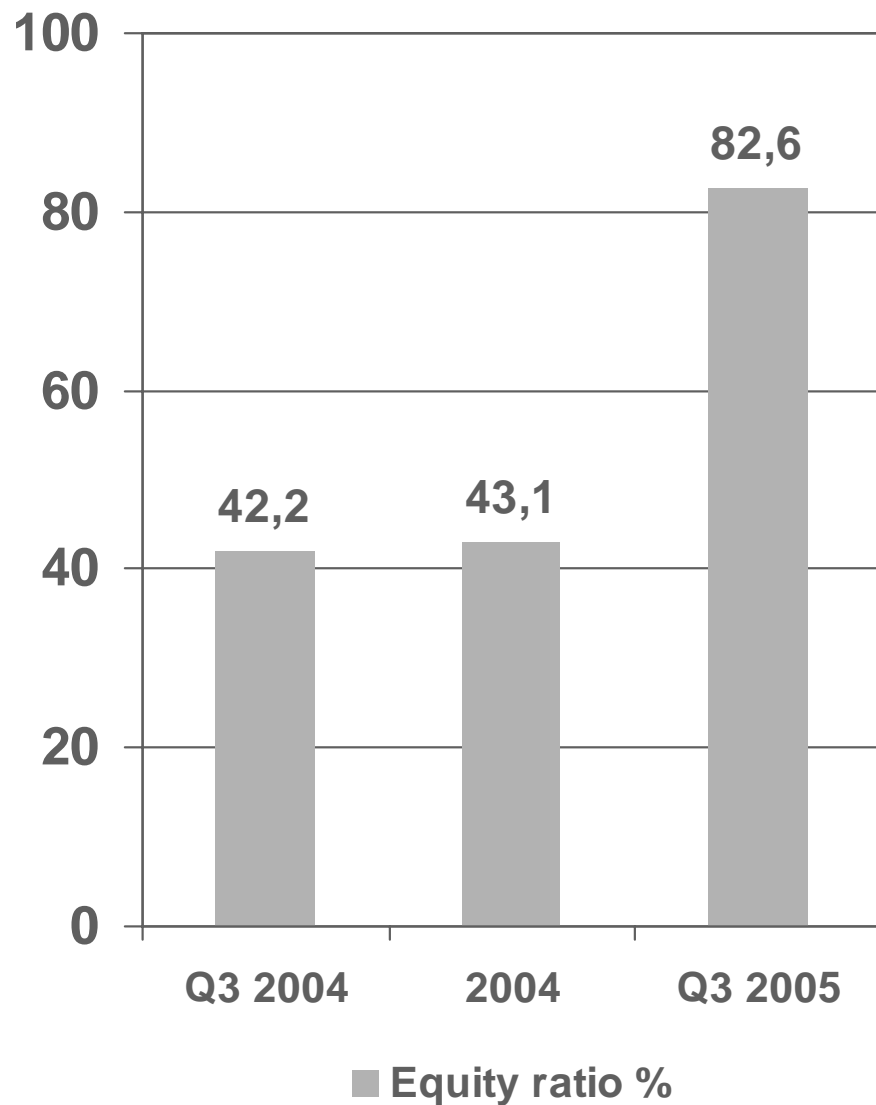


\* Proceeds from Broadcasting share sales – transaction costs – MTV cash = +39,6 MEUR





## Equity ratio and gearing



# Outlook 2005





## Outlook 2005

- Comparable growth in newspaper advertising is expected to continue also during Q4 (elections in Q4/2004)
- Comparable group net sales higher than 2004
- Comparable operating profit higher than 2004

# Broadcasting divestment





## Broadcasting divestment

- Merger delayed from October 3 to November 7

Almanova announced on September 27 2005 that a delay had arisen owing to the Finnish Financial Supervision Authority's decision to reconsider the IFRS treatment of Almanova's acquisition of the Alma Media shares in Almanova's future consolidated accounts.

- Almanova board announcement on October 28 2005
  - The merger of Almanova Corporation and Alma Media Corporation will take place on November 7 2005.
  - The company has applied for listing of the Almanova Corporation shares on the Main List of the Helsinki Stock Exchange with effect from November 7 2005 .
  - No other changes in the merger conditions.



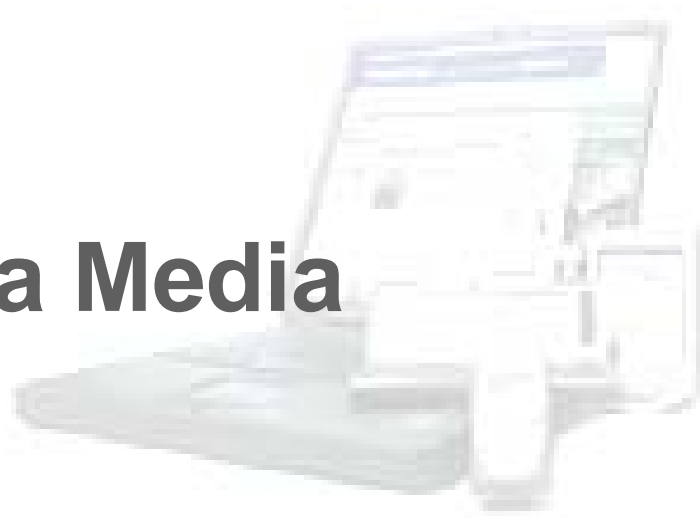
## Key figures of the two alternative treatment - 30.9.2005

### Business Combination

- Equity ~ 500 Meur
- Goodwill ~ 350 Meur
- Total B/S ~ 630 Meur
  
- Equity ratio ~ 80 %
- Gearing ~ 0 %
  
- Lower ROE & ROI in the future

### Reverse acquisition

- Equity ~ 110 Meur
- Goodwill ~ 15 Meur
- Total B/S ~ 230 Meur
  
- Equity ratio ~ 45 %
- Gearing ~ 0 %
  
- Higher ROE & ROI in the future



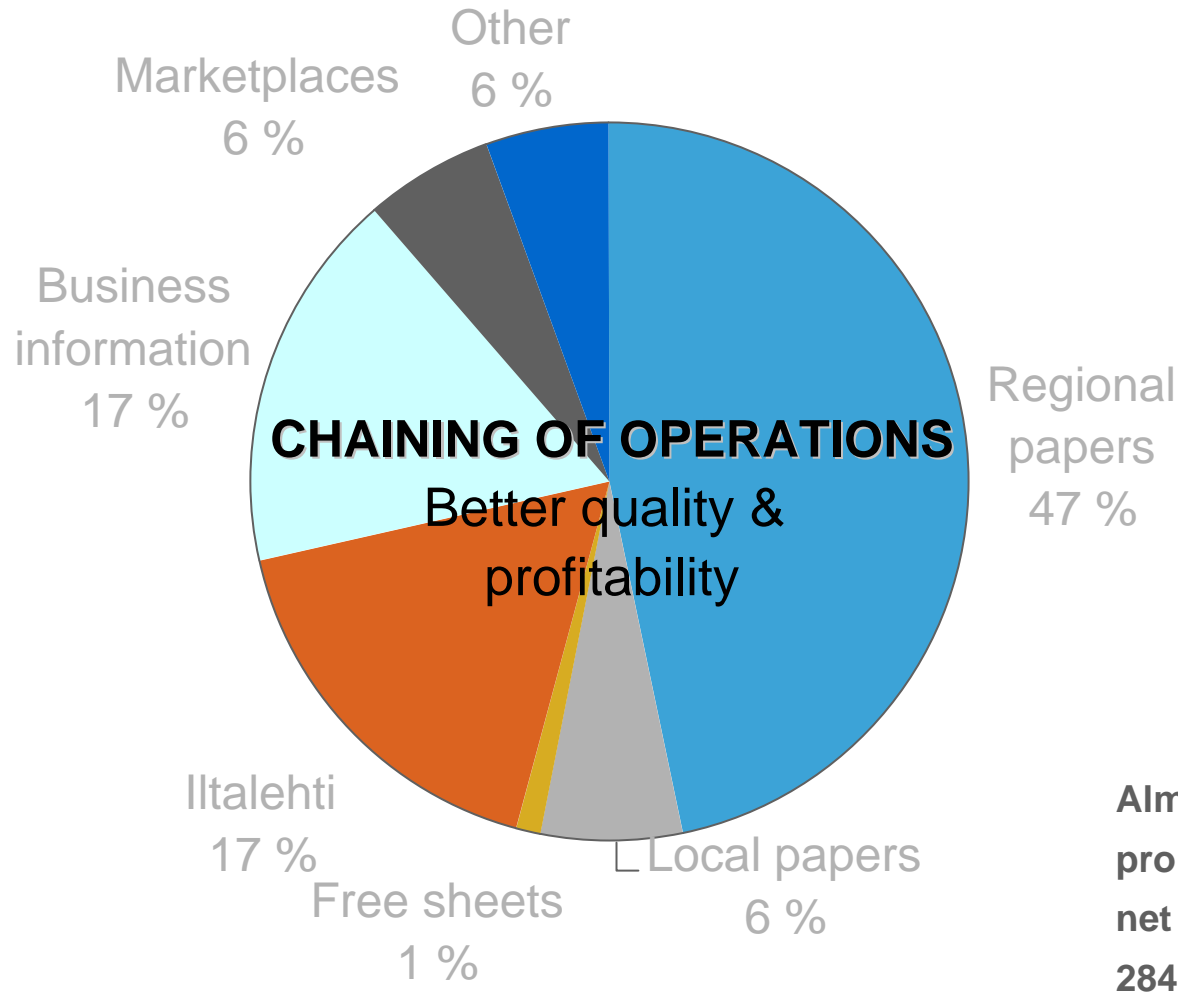
# Alma Media







# Alma Media today: Media house focusing in publishing, business information and Online services



**Alma Media  
pro forma  
net sales 2004  
284 MEUR**



# Organic growth of all business units in the domestic market

## Marketplaces

**Every other house, used car, job, heavy equipment will be purchased through our services in Finland**

- Keep the #1 position in Online
- Top of mind brands, intense marketing
- New service concepts

## Business Information

**Improved decision-maker coverage**

- Improved profitability
- Brand extensions
- Expansion of business information services
- Multimedia

## Italehti

**Biggest tabloid and Online media**

- Content development
- New products
- Intensified sales and marketing efforts

## Regional and local papers

**Maintenance of readership coverage**

- Comprehensive, systematic development of editorial resources, service level maintenance, intensified marketing efforts
- Tomorrow's Newspaper Project: a shared view on top quality journalism, a common production process, lay out and format of the newspaper of the future

## Free sheets

- Safeguarding the market area of subscription papers
- Development of free sheet concept around classifieds

## Printing operations

- Active role in the restructuring of Finnish newspaper printing business

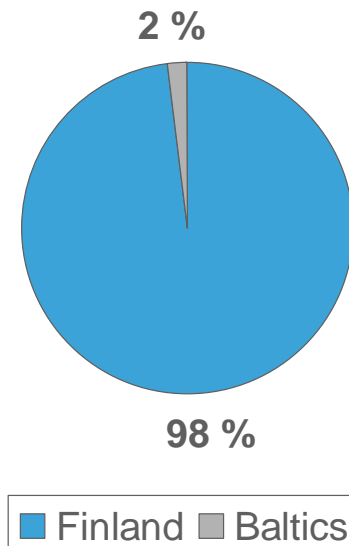


## Focused internationalisation

From strong # 2 media house in the Finnish market...

... to a stronger # 2 in the Finnish market with growing international operations

### Current revenue sources



- Marketplaces act as spearhead
  - An European wide media on real estate and heavy equipment marketplaces
  - An Eastern European wide media on used car and recruitment marketplaces
- Publishing follows Marketplaces to the most promising countries as opportunities arise
  - Based on existing strengths
  - Country focus
  - Initially through acquisitions



## Major shareholders after the merger

1. Varma Mutual Pension Insurance Company	9.5 %
2. Sampo Life Insurance Company	8.9 %
3. Kaleva Mutual Insurance Company	5.6 %
4. C.V. Åkerlund Fund	3.8 %
5. Ilmarinen Mutual Pension Insurance Company	3.2 %
6. Oy Herttaässä Ab	3.1 %
7. Tapiola Mutual Insurance Company	2.5 %
8. Confederation of Finnish Industries and Employers Foundation	1.9 %
9. Ilkka Yhtymä Oyj	1.2 %
10. Finnish Cultural Foundation	0.8 %
Nominee registered shares	32.0 %

(Based on share registers of Alma Media and Almanova on September 30)

[www.almamedia.fi](http://www.almamedia.fi)

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