

ALMA | MEDIA

ALMA MEDIA CORPORATION INTERIM REPORT JANUARY–MARCH 2003

Market conditions

Various economic research institutions have revised their forecasts for the Finnish economy downwards for the first months of the year. The latest forecasts suggest that GDP in Finland will grow only 1 - 2 % this year.

Media advertising rose 4.9 % during the first quarter, according to Gallup Adex. Excluding the parliamentary elections in March, growth was 1.6 %. Newspaper advertising increased 4.6 %, television advertising 6.2 % and radio advertising 18.7 %.

Advertising by business sector developed as follows: retail advertising rose 4.5 %, advertising in the retail food market increased 7.2 % and vehicle advertising was 6.1 % up. Recruitment advertising decreased 13.4 % and travel and tourism advertising was down 2.9 %.

Changes in Group structure

Alprint and part of the Alma Media Interactive division were integrated on 1 January 2003 into a new division called Media Services. The MTV3-branded services previously managed by Alma Media Interactive were moved to the Broadcasting division. Media Services now comprises Alprint (magazine printing), classified services, new business ventures, corporate R&D activities, and Alma Media Information Systems (the Group's information systems and NWS unit). The scope of the Broadcasting division was increased with the MTV3-branded operations, i.e. MTV3 Internet, MTV3 Teletext and MTV3 Connections. These have been grouped into a business unit within Broadcasting called MTV Interactive that also includes Alma Media's digital television activities and MTV3 Tele Oy.

Alma Media's holding in the Suomen Lehdentekijät -ryhmä Oy rose from 25 % to 100 % at the turn of the year. This will raise Business Information Group's annual net sales by some 7 MEUR. In January Alma Media's holding in Suomen Urheilutelevisio Oy (Sports Channel) decreased from 50 % to 19.9 %.

ALMA MEDIA GROUP, KEY FIGURES (MEUR)

	2003	2002	2002
	1-3	1-3	1-12
Net sales	120.3	117.0	485.9
Operating profit/loss	6.1	-3.4	15.8
as % of net sales	5.1	-2.9	3.3
Impact of associated companies on operating profit	-1.0	-2.4	-9.3
Profit/loss before extraordinary items	4.7	-5.2	8.8
Balance sheet total	411.2	456.4	403.6
Gross capital expenditure	4.7	2.8	14.9
as % of net sales	3.9	2.4	3.1
Equity ratio, %	42.0	36.0	41.3
Gearing, %	74.7	115.1	81.2
Net financial expenses	1.4	1.8	7.0
as % of net sales	1.2	1.5	1.4
Interest-bearing net debt	119.0	176.3	130.6
Interest-bearing liabilities	141.4	196.7	156.0
Interest-free liabilities	105.9	101.6	81.7
Average number of employees	3,744	3,837	3,901
Average number of employees calculated as full-time personnel	2,986	3,036	3,080
Cash flow from operating activities / share, EUR	1.22	0.69	2.95
Shareholders' equity / share, EUR	10.12	9.74	10.23
Earnings / share, EUR	0.15	-0.36	0.16
Market capitalization	275.3	336.6	299.1

The first quarter net sales and operating profit/loss

Net sales by division (MEUR)

	2003	2002	2002
	1-3	1-3	1-12
Alpress	50.0	49.1	201.3
Broadcasting	44.8	41.8	177.6
Media Services	17.9	17.8	73.9
Business Information			
Group	11.6	10.9	43.2
Parent company	3.3	3.4	13.6
Intragroup net sales	-7.3	-6.0	-23.7
Total	120.3	117.0	485.9

Operating profit/loss by division (MEUR)

	2003	2002	2002
	1-3	1-3	1-12
Alpress	6.8	5.5	27.2
Broadcasting	0.0	-8.1	-7.2
Media Services	-0.8	-1.3	-2.2
Business Information			
Group	0.5	1.0	2.4
Parent company	-0.4	-1.1	-3.8
Group entries	0.0	0.6	-0.6
Total	6.1	-3.4	15.8

The Group's net sales rose 2.8 %. The main reasons behind this growth were the positive development of advertising sales by the Broadcasting division, growth in Alpress's overall net sales and the addition of Suomen Lehdentekijät -ryhmä Oy to Business Information Group after the first quarter in 2002.

Alma Media's profitability improved substantially. Underlying the improvement in Broadcasting's profitability was an increase in sales of advertising time coupled with lowered costs. Alpress, similarly, raised advertising revenues while simultaneously achieving a clear reduction in costs, the main reason for which was a drop in paper prices.

Balance sheet and financial position

The balance sheet totalled 411.2 MEUR at the end of March (403.6 MEUR on 31 December 2002). The equity ratio at the end of March was 42.0 % (41.3 % on 31 December 2002) and shareholders' equity per share was 10.12 EUR (10.23 EUR on 31 December 2002). A dividend of 3.9 MEUR was paid in March on the financial year 2002.

The Group's cash flow was strong in the first three months of the year due principally to the positive development in operations, the continuing moderate level of investment and the payment of annual newspaper subscriptions during the period. The strong cash flow allowed the company to reduce its interest-bearing loan capital by 14.6 MEUR. The Group's interest-bearing debt is denominated in euros and is therefore not hed-

ged against currency fluctuations. The most significant foreign currency purchase contracts are hedged.

Capital expenditure

Gross capital expenditure in the period totalled 4.7 MEUR (2.8 MEUR). Roughly half of this figure related to purchases of shares in subsidiaries and the remainder comprised normal repair and maintenance investments.

Personnel and administration

Raimo Mäkilä was appointed President of the Media Services division on 1 January 2003. Erkki Kulmala was named President of Alprint Oy on 1 March 2003.

Alma Media's Annual General Meeting on 6 March 2003 elected six persons to the Board of Directors including Lauri Helve as a new member.

The Meeting appointed the firm of authorized public accountants KPMG Wideri Oy Ab and Mauri Palvi, APA as the company's auditors, as well as Eija Kauppi-Hakkarainen, APA and Michaela Teir, APA as the deputy auditors.

Convening after the Meeting, the Board of Directors elected Bengt Braun as its Chairman and Kari Stadigh as its Deputy Chairman.

The Alma Media share

Altogether 22 376 (13 904) Series I shares and 351 484 (519 263) Series II shares, as well as 1 500 (2 600) A warrants, were traded on the Helsinki Exchanges during the reporting period.

Alma Media Corporation's market capitalization at the end of March amounted to 275 MEUR (337 MEUR). The Board of Directors has no current authorizations to raise the share capital.

Share performance January-March 2003 (EUR)

	Highest closing price	Lowest closing price	31 March 2003
Series I	20.00	17.50	17.50
Series II	20.64	16.00	17.50
A warrants	2.50	1.70	2.50

As decided by the Annual General Meeting on 24 March 1999, the company offered bonds with warrants to personnel and Alma Media Corporation's wholly owned subsidiary Marcenter Oy, disapplying shareholders' pre-emptive subscription rights. The bond totalled 1 220 000 Finnish markka (0.2 MEUR) and the attached warrants may be exercised to subscribe for at most 610 000 Alma Media Corporation Series II shares.

The average quoted price of the Series II share in October 1999 used to calculate the share subscription price was EUR 20.58. The conditions of the bond stipulate that one half of the

shares may be subscribed on or after 28 May 2001 at a subscription price 12 % above the average quoted price in October 1999, i.e. for EUR 23.05 per share, and that half of the shares may be subscribed on or after 28 May 2003 at a subscription price 28 % above the aforementioned price, i.e. for EUR 26.34 per share. Dividends payable will be deducted from the subscription prices before subscription.

The A warrants were transferred to the book-entry system on 28 May 2001 and trading in them began on 29 May 2001. Trading in A warrants has been minor and no warrants had been exercised to subscribe for shares by 31 March 2003. The price of the shares subscribable under A warrants is at the moment EUR 21.51.

Subsequent events

Teemu Kangas-Kärki was appointed CFO of Alma Media Corporation and a member of the Executive Committee from 1 June 2003. Ritva Sallinen, currently Senior Vice President, Finance and Administration, moves into line management as Director, Development and Finance in the Media Services division.

Alma Media Corporation has applied to the Helsinki Exchanges for listing of its B warrants under the company's 1999 bond with warrants. The trading and share subscription period for the B warrants starts on 28 May 2003 and ends on 30 June 2006. Each B warrant may be exercised to subscribe for one Alma Media Series II share. The current strike price is EUR 24.80. There are altogether 305,000 B warrants.

Prospects to the year end

Alma Media does not expect any significant changes in market conditions during the remainder of the year. Consolidated net sales is expected to rise slightly and the operating profit to show a significant improvement on last year. All the divisions are expected to reach or exceed the levels of operating profit they recorded last year. Broadcasting's operating profit will improve substantially.

Alpress

Alpress is the Alma Media division responsible for newspaper publishing and printing.

Alpress's key figures (MEUR)

	Q103	Q102	2002
Net sales	50.0	49.1	201.3
Circulation sales	23.5	23.7	93.3
Media advertising sales	22.5	20.9	90.1
Printing sales	2.6	3.7	13.5
Other net sales	1.3	0.8	4.4
Operating profit	6.8	5.5	27.2
Operating profit / net sales, %	13.5	11.2	13.5
Gross capital expenditure	0.9	0.7	6.4
Personnel on average (workforce)	1,605	1,637	1,681
Full-time personnel on average	1,137	1,150	1,182

Media sales by Alpress's regional newspapers began to increase in the final quarter of 2002 and this positive trend continued. Election advertising for the parliamentary elections in March raised media advertising by about one million euros. Growth in advertising sales of Alpress's newspapers exceeded the market average, with media sales by Aamulehti, Satakunnan Kansa and Pohjolan Sanomat developing particularly well.

Circulations of the afternoon newspapers continued to drop by over 6 % during the first quarter although the rate of decline slowed at the end of the period. Iltalehti's circulation development was in line with the market trend. Net sales from Iltalehti's media sales decreased only marginally despite the paper's decision to cease adult entertainment advertising, which previously made a significant contribution to this figure.

The division's operating profit exceeded last year's first-quarter level as a result of growth in media sales, the fall in paper prices and effective cost control.

The main reason for the drop in personnel was the transfer of the distribution of the Uusi Rovaniemi newspaper to an external company, Kärkijakelu Oy.

Broadcasting

The Broadcasting division is responsible for television and radio broadcasting in the Group. The division comprises MTV3 Channel, Subtv, Radio Nova and MTV-Interactive. The division's profits also include the contribution (after amortization of goodwill) of Alma Medias 23,4 % ownership in the Swedish TV4 AB.

MTV-Interactive was moved to the Broadcasting division at the start of 2003. This unit consists of MTV3 Teletext, MTV3's Internet and mobile operations, and the Group's digital television activities. MTV Oy sold the bulk of its holding in Oy Suomen Urheilutelevisio Ab at the start of the year. MTV's holding now stands at 19.9 % and this company is no longer consolidated as an associated company in Broadcasting's accounts.

Broadcasting's key figures (MEUR)

	Q103	Q102	2002
Broadcasting's net sales	44.8	41.8	177.6
Broadcasting's operating profit	0.0	-8.1	-7.2
Operating profit/net sales, %	0.0	-19.3	-4.1
Gross capital expenditure	2.1	1.7	5.5
Personnel on average (workforce)	515	526	527
MTV3's and Subtv's share of total viewing time, % (prime-time, 10-44 year-olds)	48.4	44.1	44.3
TV4 AB's net sales	59.1	59.1	248.3
TV4 AB's operating profit	0.7	-4.5	12.8
TV4 AB's impact on Broadcasting's operating profit	-0.6	-1.3	-1.1

Broadcasting's net sales developed favourably. Television and radio advertising showed distinctly higher growth than total media advertising during the first quarter. Radio Nova's net sales increased by as much as 34 %. The division is making a concerted effort to develop new electronic media products for sale.

Broadcasting's expenses developed as planned, falling 7 % on the same period last year. The main reason for the lower level of expenses was the halving of the operating licence fee from July 2002.

Programming is a particular area of focus for MTV in 2003. Television viewing has increased by 4 minutes compared to the first quarter of 2002 while total viewing of MTV's channels has risen 6 minutes.

Broadcasting's operating profit and cash flow developed as planned during the first quarter. The result of operations, excluding associated companies, improved by 7 MEUR and became positive despite continuing to be burdened by investments totalling roughly 3 MEUR in the new Subtv cable channel and digital television.

Media services

The Media Services division consists of four business units: Alprint (magazine printing), Classified Services, Alma Media Information Systems, and New Businesses.

MTV3 Interactive was moved to the Broadcasting division from 1 January 2003. The other parts of Alma Media Interactive were united to the new division Media Services.

Media services key figures (MEUR)

	Q103	Q102	2002
Net sales	17.9	17.8	73.9
Alprint's net sales	14.1	14.7	61.5
-Alprint's exports to Russia	2.8	3.3	14.7
-Alprint's other exports	5.1	5.2	22.3
-Alprint's domestic sales	6.2	6.2	24.5
Net sales of Classified Services	2.0	1.8	7.1
Net sales of Information Systems	1.6	1.3	5.5
Net sale of New Businesses	0.4	0.4	2.0
Media Services' operating loss	-0.8	-1.3	-2.2
Alprint's operating loss	-0.6	-1.0	-1.2
Operating loss/net sales, %	-4.5	-7.2	-2.9
Gross capital expenditure	0.4	0.3	1.8
Personnel on average (workforce)	456	474	478

Alprint's sales income decreased owing to intensified competition. More efficient cost control improved the result of operations, which nonetheless remained a loss.

Classified property (Etuovi.com, Asuntopörssi and Dime) and vehicle (Autotali.com) services continued to grow strongly as expected. The recruitment advertising market was still weak and this was reflected in Jobline's result.

Sales by New Businesses was slow but the outlook to the end of the year is brighter.

Business Information Group

Business Information Group (BIG) is the Alma Media division specializing in the production and distribution of business and financial information. BIG is also responsible for co-operation with Talentum Oyj, which is 32.8 % owned by Alma Media.

Big's key figures

	Q103	Q102	2002
Net sales	11.6	10.9	43.2
Circulation sales	3.5	3.6	13.9
Advertising sales	4.7	5.3	21.6
Other sales	3.4	2.0	7.8
Operating profit	0.5	1.0	2.4
Operating profit/net sales, %	4.3	9.2	5.6
Gross capital expenditure	2.7	0.2	0.9
Personnel on average (workforce)	380	356	356
Talentum Oyj's net sales	28.7	29.5	114.6
Talentum Oyj's operating profit	1.2	0.4	-0.3
Talentum Oyj's impact on BIG's operating profit after goodwill depreciation	-0.4	-0.4	-4.7

Suomen Lehdentekijät -ryhmä Oy became part of Business Information Group at the beginning of 2003, which explains the clear increase in BIG's net sales compared to last year. The Lehdentekijät group, with over 30 employees, generates

annual net sales of around 7 MEUR.

The structure of the Kauppalehti business daily was revised at the beginning of the year by reserving the front page for news. This change will reduce advertising income in the short term but surveys indicate that the new style has been welcomed by readers.

Market conditions are difficult for Business Information Group. Advertising revenues declined in line with trends across the market with clear decreases evident in banking and finance and in production goods, both of which are important sectors for Kauppalehti. The war in Iraq that broke out at the end of the reporting period reduced B-to-B advertising.

CONSOLIDATED INCOME STATEMENT (MEUR)

	2003	2002	2002
	1-3	1-3	1-12
NET SALES	120.3	117.0	485.9
Share of associated companies' results	-1.0	-2.4	-9.3
Other operating income	0.7	0.5	8.8
Operating expenses	-113.9	-118.5	-469.6
OPERATING PROFIT/LOSS	6.1	-3.4	15.8
Financial income and expenses	-1.4	-1.8	-7.0
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	4.7	-5.2	8.8
Extraordinary income	0.0	0.0	0.0
Extraordinary expenses	0.0	-0.2	-0.1
PROFIT/LOSS BEFORE TAXES AND MINORITY INTEREST	4.7	-5.4	8.7
Taxes *)	-2.1	-0.2	-5.6
Minority interest	-0.3	-0.2	-0.7
PROFIT/LOSS FOR THE PERIOD	2.3	-5.8	2.4

*) Taxes include taxes corresponding to the result for the period.

CONSOLIDATED BALANCE SHEET (MEUR)

	2003	2002	2002
	31.03.	31.03.	31.12.
ASSETS			
FIXED ASSETS			
Intangible assets	19.5	20.2	19.7
Goodwill on consolidation	17.8	18.3	17.0
Tangible assets	99.5	125.6	102.7
Investments	145.0	165.7	147.2
CURRENT ASSETS			
Inventories	56.3	52.5	51.8
Receivables	50.7	53.7	39.8
Cash and bank	22.4	20.4	25.4
	411.2	456.4	403.6
	2003	2002	2002
	31.03.	31.03.	31.12.
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS'S EQUITY	159.2	153.2	160.8
MINORITY INTEREST	1.6	2.3	1.5
PROVISIONS	3.1	2.6	3.6
LIABILITIES			
Long-term	113.7	134.0	118.7
Short-term	133.6	164.3	119.0
	411.2	456.4	403.6

CONSOLIDATED CASH FLOW STATEMENT (MEUR)

	2003	2002	2002
	1-3	1-3	1-12
Operating activities			
Operating profit	6.1	-3.4	15.8
Adjustments to operating profit	7.0	8.6	39.2
Change in working capital	8.0	5.2	-4.9
Financial items and taxes	-2.0	0.4	-3.7
Cash flow from operating activities	19.1	10.8	46.4
Cash flow from investing activities	-3.6	-2.5	7.4
Cash flow before financing activities	15.5	8.3	53.8
Cash flow from financing activities	-18.5	-7.1	-47.6
Change in cash funds (increase + / decrease -)	-3.0	1.2	6.2
Cash funds at start of period	25.4	19.2	19.2
Cash funds at end of period	22.4	20.4	25.4

CAPITAL EXPENDITURE (MEUR)

	2003	2002	2002
	1-3	1-3	1-12
Gross capital expenditure on fixed assets	4.7	2.8	14.9

GROUP CONTINGENT LIABILITIES (MEUR)

	2003	2002	2002
	31.03.	31.03.	31.12.
For own commitments			
Pledges	0.8	0.7	0.8
Mortgages on land and buildings	7.3	7.6	7.3
Chattel mortgages	5.6	5.6	5.6
Other own commitments			
Leasing commitments	1.7	1.3	2.4
Other commitments	1.3	1.6	1.4
Total	16.7	16.8	17.5

Maturity of Group's leasing payments (MEUR)

During following 12 months	0.9	0.8	0.8
Later	0.7	0.5	1.6

Most of the Group's companies operated in leased premises. The rental agreements vary in duration from 6 months to 19 years. Annual rental payments current total approx. 7.75 MEUR. Some of these business premises have been sublet and contribute approx. 1.38 MEUR in annual rental income.

PER SHARE DATA (EUR)

	2003	2002	2002
	1-3	1-3	1-12
Earnings per share	0.15	-0.36	0.16
Shareholders' equity per share	10.12	9.74	10.23

Net sales and operating profit by quarter (MEUR)

	I/2002	II/2002	III/2002	IV/2002	2002
Net sales	117.0	128.3	110.7	129.9	485.9
Operating profit	-3.4	10.3	-0.1	9.0	15.8

I/2003

Net sales	120.3
Operating profit	6.1

The figures in this interim report are unaudited.

Alma Media publishes its six-month interim report on 14 August 2003.

ALMA MEDIA CORPORATION
THE BOARD OF DIRECTORS