Strategic directions

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Alma Media Corporation Capital Markets Day
November 24, 2010, Helsinki
Strategic directions

Contents

- Since one year ago...
- Strong position in the domestic market
- Near-term outlook of media transformation
- Creating value, creating growth
Since one year ago...
Alma has been renewing operations
Some examples of the renewal

- Renewal of several regional newspapers.

- The cooperation with Arena Partners in national marketplaces business.

- Replacement investment decision of the Tampere newspaper printing facility (50 MEUR).

- Printing and distribution business unit, Alma Manu, started.

- Small-scale but strategically important acquisitions.
Acquisitions and divestments

- online services
- publishing

In 2010 also:
- Arena Interactive, 35% share
- Kotikokki.net, from 40% to 65% share
- Kateetti Oy, 24% share
- Marknadspriser.se, 60% share
Advertising market slowly picking up
Advertising sales change 10/2009 - 10/2010

* Source: TNS Media Intelligence
Advertising change by branch

Total market; change from previous year

<table>
<thead>
<tr>
<th>Q1 2010 vs 2009</th>
<th>Q2 2010 vs 2009</th>
<th>Q3 2010 vs 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>-1,5 %</td>
<td>Retail</td>
</tr>
<tr>
<td>Motor v.</td>
<td>-0,9 %</td>
<td>Motor v.</td>
</tr>
<tr>
<td>Food &amp; bev.</td>
<td>-7,4 %</td>
<td>Food &amp; bev.</td>
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<tr>
<td>Entert</td>
<td>0,0 %</td>
<td>Entert</td>
</tr>
<tr>
<td>Houses</td>
<td>-9,8 %</td>
<td>Houses</td>
</tr>
<tr>
<td>Recru</td>
<td>3,3 %</td>
<td>Recru</td>
</tr>
<tr>
<td>Tele</td>
<td>23,4 %</td>
<td>Tele</td>
</tr>
<tr>
<td>Tourism</td>
<td>-5,7 %</td>
<td>Tourism</td>
</tr>
<tr>
<td>Other</td>
<td>4,2 %</td>
<td>Other</td>
</tr>
</tbody>
</table>

Total: +0,7%  Total: +4,5%  Total: +10,9%

Source: TNS Media Intelligence
People have been busy consuming media
Online keeps attracting more visitors

Annual average visitors numbers.
Overlapping use not taken into account.
People continue to read printed media

<table>
<thead>
<tr>
<th></th>
<th>Readers ('000)</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iltalehti</td>
<td>654</td>
<td>+1.6</td>
</tr>
<tr>
<td>Aamulehti</td>
<td>310</td>
<td>-1.6</td>
</tr>
<tr>
<td>Kauppalehti</td>
<td>229</td>
<td>-0.4</td>
</tr>
<tr>
<td>Satakunnan Kansa</td>
<td>134</td>
<td>+3.9</td>
</tr>
<tr>
<td>Lapin Kansa</td>
<td>85</td>
<td>-4.5</td>
</tr>
<tr>
<td>Kainuun Sanomat</td>
<td>58</td>
<td>-3.3</td>
</tr>
<tr>
<td>Pohjolan Sanomat</td>
<td>53</td>
<td>-7.0</td>
</tr>
</tbody>
</table>

Readership change 2009. The gross readership of all daily newspapers declined 1.8 %.

Source: KMT (National Media Study) 2009
Print circulations in slow decline

**Alma Media’s regional newspapers**

- **CHANGE 2007-2008**: -0.5%
- **CHANGE 2009-2010**: -2 – 3%
- **TREND 2010-2011**: Expected stabilising slight decline.

**Kauppalehti**

- **2008**: +6.5%
- **2009-2010**: -9.1%
- **TREND 2010-2011**: Stabilising after controlled cutting of free circulation copies and economic downturn.

**Iltalehti**

- **2008**: -8.2%
- **2009-2010**: -8%
- **TREND 2010-2011**: Downward trend continues due to a structural change in the afternoon tabloid market.

*Sources: Alma Media, Finnish Circulation Audit*
We have kept our numbers healthy
Net sales and EBIT development

IFRS

Net sales, MEUR

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Sales, MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 09</td>
<td>73.0</td>
</tr>
<tr>
<td>Q4 09</td>
<td>79.0</td>
</tr>
<tr>
<td>Q1 10</td>
<td>74.4</td>
</tr>
<tr>
<td>Q2 10</td>
<td>78.7</td>
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<tr>
<td>Q3 10</td>
<td>75.2</td>
</tr>
</tbody>
</table>

EBIT, MEUR

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBIT, MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 09</td>
<td>-0.5</td>
</tr>
<tr>
<td>Q4 09</td>
<td>0.6</td>
</tr>
<tr>
<td>Q1 10</td>
<td>-0.1</td>
</tr>
<tr>
<td>Q2 10</td>
<td>-0.4</td>
</tr>
<tr>
<td>Q3 10</td>
<td>13.4</td>
</tr>
</tbody>
</table>

Onetime items
Sustained financial performance
Key figures 2005 - 2009

Without one-time items

Net sales MEUR

EBIT, MEUR & margin (%)
Key ratios in 2010

IFRS

Equity ratio, %

Gearing, %

ROE%

ROI%

Q4 09 | Q3 10 | Q4 09 | Q3 10 | Q3 09 | Q3 10 | Q3 09 | Q3 10

67.2 | 69.6 | -17.1 | -20.5 | 42.7 | 48.6 | 37.3 | 47.0
Net debt, MEUR

<table>
<thead>
<tr>
<th>Q1 08</th>
<th>Q2 08</th>
<th>Q3 08</th>
<th>Q4 08</th>
<th>Q1 09</th>
<th>Q2 09</th>
<th>Q3 09</th>
<th>Q4 09</th>
<th>Q1 10</th>
<th>Q2 10</th>
<th>Q3 10</th>
</tr>
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<tbody>
<tr>
<td></td>
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<td>19.8</td>
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<td>-3.2</td>
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<td>-16.5</td>
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<td>-14.5</td>
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<td>-21.7</td>
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</tbody>
</table>
Strong position in the market
Alma Media in line with the market

Alma Media vs. market

<table>
<thead>
<tr>
<th>Change, %</th>
<th>Market Q1-Q3 10 *</th>
<th>Alma Media Q1-Q3 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspapers total</td>
<td>1,9</td>
<td>0,6 **</td>
</tr>
<tr>
<td>Magazines</td>
<td>-3,3</td>
<td>-</td>
</tr>
<tr>
<td>Television</td>
<td>9,5</td>
<td>-</td>
</tr>
<tr>
<td>Radio</td>
<td>6,4</td>
<td>-</td>
</tr>
<tr>
<td>Internet</td>
<td>33,6</td>
<td>26,0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,3</td>
<td>5,1</td>
</tr>
</tbody>
</table>

* Source: TNS Media Intelligence
** Newspapers segment (excl. online services), Kauppalehti and Etuovi print; ongoing operations
Market for display and classified advertising growing fast

- **SEARCH**: 17.1 MEUR / 23% Growth + 5%
- **DISPLAY + CLASSIFIED**: 39.8 MEUR / 52% Growth + 25%
- **DIRECTORIES**: 18.9 MEUR / 25% Growth -9.8%

Source: IAB Finland
At Alma, the share of online sales is growing
Near-term outlook of media transformation
A complex set of revenue streams

Source: Shaping the Future of the Newspaper
### Alma’s Revenue Model Mosaic

<table>
<thead>
<tr>
<th>Subscriptions</th>
<th>Single copy sales</th>
<th>Print advertising</th>
<th>Banner advertising</th>
<th>Classified online advertising</th>
<th>Free newspapers</th>
<th>Customer magazines</th>
<th>Niche newspapers</th>
<th>Magazines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution services</td>
<td>Printing services</td>
<td>Outsourcing operations</td>
<td>Production services</td>
<td>IT-Platform services</td>
<td>E-Papers</td>
<td>Print-on-demand newspaper</td>
<td>New print products</td>
<td></td>
</tr>
<tr>
<td>Paid-for online services</td>
<td>E-commerce</td>
<td>Freemiums</td>
<td>Print advertising networks</td>
<td>Online advertising networks</td>
<td>Self-service advertising</td>
<td>Cross-media advertising</td>
<td>Real-time stock info</td>
<td>Content networks</td>
</tr>
<tr>
<td>Advertorials</td>
<td>Targeted advertising</td>
<td>Search keyword advertising</td>
<td>Mobile banners</td>
<td>Web TV advertising</td>
<td>Upsells</td>
<td>Coupons</td>
<td>Partnerships</td>
<td></td>
</tr>
<tr>
<td>Sponsored Blogs</td>
<td>Mobile content</td>
<td>Auctions</td>
<td>Directories</td>
<td>Database mining</td>
<td>Text alerts</td>
<td>Archives</td>
<td>Consortiums</td>
<td>Books</td>
</tr>
<tr>
<td>Micropayments</td>
<td>Mobile text advertising</td>
<td>Mobile TV advertising</td>
<td>Smartphone multimedia ads</td>
<td>Advergaming</td>
<td></td>
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<tr>
<td>Digital direct marketing</td>
<td>Social networking</td>
<td>Events and conferences</td>
<td>Wine and affinity clubs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid-for online games</td>
<td>Paid-for online journalistic content</td>
<td>E-reader subscriptions</td>
<td>Tablet apps</td>
<td>Web-TV content (pay TV)</td>
<td>Smartphone apps</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from WAN-Ifra’s The New Revenue Model Mosaic by Alma Media Management.
Different media channels, different game

<table>
<thead>
<tr>
<th>Content for a reader</th>
<th>Local content</th>
<th>News analysis</th>
<th>Debate</th>
<th>Meaningfulness</th>
<th>Entertainment</th>
<th>Content by professionals</th>
<th>Fast news</th>
<th>Topical issues</th>
<th>Entertainment</th>
<th>Services</th>
<th>Content by professionals and users</th>
<th>News in brief - right now</th>
<th>Location-based and other services</th>
<th>Multimedia news media content experience</th>
<th>Beneficial services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business model</strong></td>
<td>Subscription fee</td>
<td>Freemium</td>
<td>Paid for</td>
<td>Subscription-based</td>
<td>Single copy sales</td>
<td>Micro/nano payments</td>
<td>Single issue sales</td>
<td>Packages for subscribers</td>
<td>Advertising income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Creating value, creating growth
Earnings already above 2009 level

Q3 09 | Q3 10
---|---
EPS wo onetime | 0.11 | 0.13
Onetime items | -0.01 | -0.02

Q4 09 | Q3 10
---|---
Retained earnings | 0.64 | 0.66
Restricted equity | 0.72 | 0.66
Healthy dividend over the years

<table>
<thead>
<tr>
<th>Dividends and effective dividend yields 2005-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend, eur</td>
</tr>
<tr>
<td>Effective dividend yield</td>
</tr>
</tbody>
</table>
Our goal is to grow through creating value for our customers.
Alma is a pure publishing company, or is it?

- Publishing business: 270 MEUR
- Digital Services for consumers and businesses: 40 MEUR
Dynamics of the business environment 1/3

The society is digitalizing, e-commerce is growing

- E-services and e-commerce grow as the usage of internet becomes more regular, the array of services expands and as the consumers gain confidence to e-commerce and e-payments.
- Lack of time and ease of buying support the growth of e-commerce and e-services.
- Social media enables the empowerment of the consumers.

The growth of the digital media continues

- Internet is consumed through a variety of terminals. Multi-channel usage becomes a mundane element of media business and media consumption.
- Media is consumed when a consumer sees it fit. The popularity of on-demand services grows.
- Use of mobile services and videos over internet increases.
- Social media will take a significant role in communications.
The structural changes in media advertising caused by the recession remain partially permanent.

- The significance of targeting in advertising increases. Measuring of advertising gets more efficient, supporting digital advertising.
- Local online advertising grows thanks to new, easy solutions suitable also for smaller-scale advertisers.
- Video advertising becomes more popular, mobile advertising takes off.

The playground of communications and advertising become more fragmented.
- The decline in circulations accelerates.
- The need to renewals increases, multi-channel media is a necessity.
- Paper and distribution costs under severe pressure for price increases.
- The chase for new growth areas forces the players to seek new businesses. Some remain at the traditional media business.

The share of digital advertising increases year after year

The profitability of the traditional media companies under pressure
• Product and service development utilizing the resources of the whole personnel is needed, together with investing in the competence development and the organization’s ability to renew itself.
• Stakeholders involved in development projects
• The standard for the development and technology projects is rising. It gets more difficult to find skillful partners while project management and leadership take an important role.
• Development cycle gets faster, the number of new services launched will increase, business boundaries dissolve.

• Increasing development needs and scant growth potential in traditional media business will lead to consolidation and deeper cooperation in the media sector, also across industry boundaries.
• Revenue share business model will become more popular.
• Investments in newspaper printing will enhance planning for cooperation and more healthy capacity in longer term.
• In technology development projects, resources in countries of lower-cost level are utilized.
Strategic cornerstones

**RENEWAL**
Transformation of media

**NEW BUSINESS AREAS**
Growth from digital consumer and business services

**COOPERATION**
The utilization and strengthening of the sources of competitive advantage
Redefining Alma Media

PUBLISHING
- Regional media
- Business media
- Afternoon tabloid media
- Mobile services and IPTV support

DIGITAL BUSINESS SERVICES
- Information, analysis and other online services
- Solutions for marketplaces and marketing

DIGITAL CONSUMER SERVICES
- Marketplaces combining information, supply and demand with experience
Questions?