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Alma Media in 2013

01. The weak general economic development had a negative effect on the economic development of the media business. In a weak market, ad spend decreased. The shift from traditional media to digital channels accelerated.

02. Digital media development projects were successful. International investments had good profitability. New printing facility in Tampere taken into use.
Alma Media in 2013

Strategy implementation
Key strategy elements

- Increase digital advertising and content revenue
- Growth from digital services
- Secure vitality of print newspaper business
Key strategy elements 1/3

Secure vitality of print newspaper business

• Improve quality and efficiencies in regional media through editorial office collaboration
• New printing facility in use, external print jobs
• Distribution optimisation and reorganisation
Renewal to improve newspaper competitiveness

Major renewal projects at Aamulehti
• New mobile service and Premium subscription model at turn of the year 2013–2014
• Tabloid format from April 1, 2014, at the same time renewed Aamulehti.fi expands online news offering and opens an extended news package for subscribers

Lännen Media (Western media) starts
• 12 regional papers start editorial collaboration for new power and quality in nationwide news

Pohjolan Sanomat starts to appear 5 days a week
Necessary replacement investment in printing competitiveness

New printing facility in Tampere

- After ramp-up, the facility is well up to speed, with 5 million copies printed per week.
- In addition to Alma Media newspapers, the facility prints Hämeen Sanomat and several Talentum publications, among others.
- Payback time of the approx €70m investment is 10 years.
- Alma Media closes down its Rovaniemi printing facility on March 31, 2014.
Key strategy elements 2/3

Increase digital advertising and content revenue

- Increase digital content revenue through new subscription models
- Increase online and mobile advertising through expanding the offering
- Develop web television
Continuous effort to increase domestic digital growth

2013 success highlights:
• Mobile apps for Kauppalehti, Iltalehti and Aamulehti
• Mobile apps for Telkku.com and Etuovi.com
• Kotikokki.net modernisations
• Launch of Fiidi.fi service
• Regional online content paywall experiments
• Audience-targeted advertising service Almascope
Key strategy elements 3/3

Growth from digital services

- Develop international recruitment services network
- Market leadership for domestic marketplaces
- Develop business information services
International business growing

Revenue breakdown 2013

- Finland: 86%
- Other: 14%

Revenue outside Finland, MEUR

- 2009: 13
- 2010: 15
- 2011: 18
- 2012: 36
- 2013: 41
International investment and partnerships for digital growth

2013:
Alma Media and Monster Worldwide decided to intensify their recruitment collaboration in Eastern Central Europe.

- New countries on Alma Media's map: Poland and Hungary
- Monster becomes minority shareholder in Alma Career (manages all Alma Media recruitment portals) with a 15-% holding

Alma Media services are market leaders in nearly all countries where the company operates.
Digital business growing

Secure vitality of print newspaper business
Share of total revenue

MEUR

2008 2009 2010 2011 2012 2013

0 10 20 30 40 50 60 70 80 90

0% 5% 10% 15% 20% 25% 30%

12,9 % 13,1 % 15,7 % 18,0 % 24,3 % 28,1 %
5 businesses on a digital journey

KAUPPALEHTI GROUP
ALMA DIVERSO
ALMA MARKETPLACES
KAUPPALEHTI GROUP
IL-MEDIA

300
Group revenue 2013, EUR million

Share of digital in business unit revenue
Sustainable Media – corporate responsibility programme 2013

• We launched the concept of “brainprint” in Finland and introduced constructive journalism into public discussion.
• Our long-term environmental work was recognised: Alma Media is the only media company among the best Nordic companies in the Carbon Disclosure Project initiative’s Climate Disclosure Leadership index.
• Employee satisfaction survey results improved in areas such as managerial work, operating culture and general wellbeing at work.
• Active support for the Vastuullinen kesäduuni (Responsible Summer Job) campaign.
Nobody has a certain prediction for the future. Renewal requires plenty of experimenting.
Markets in 2013
Advertising volume reflects economic cycles

Sources: Statistics Finland (GDP change 2013 estimated), Finnish Advertising Council, TNS
Change in media advertising by type of media

- Newspapers
- Magazines
- Printed catalogues
- Television
- Online
- Radio
- Cinema
- Out-of-home

MEUR

Advertising share of GDP at record low

*estimate
Revenue and operating profit 2009–2013

Revenue, MEUR
IFRS

Operating profit, MEUR
IFRS

Kertaluonteiset erät
Non-recurring items

LIVING INFORMATION

Revenue, MEUR
IFRS

Operating profit, MEUR
IFRS

Non-recurring items
Interest-bearing debt


MEUR

Q2 11 Q3 11 Q4 11 Q1 12 Q2 12 Q3 12 Q4 12 Q1 13 Q2 13 Q3 13 Q4 13

-32.3 0 62.3 101.4 103.5 104.1 97.6
Earnings per share and equity per share

2012 | 2013
--- | ---
Non-recurring items | -0.16 | -0.03
EPS wo non-recurring items | 0.38 | 0.23

2012 | 2013
--- | ---
Retained earnings | 1.08 | 1.17
Restricted equity | 0.70 | 0.70

LIVING INFORMATION
Distribution of profit 2006–2013

Dividends* and effective dividend yield

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend*, EUR</td>
<td>0.65</td>
<td>0.90</td>
<td>0.30</td>
<td>0.40</td>
<td>0.70</td>
<td>0.40</td>
<td>0.10</td>
<td>0.10</td>
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<tr>
<td>Effective dividend yield</td>
<td>7.7%</td>
<td>6.1%</td>
<td>5.3%</td>
<td>5.3%</td>
<td>8.5%</td>
<td>6.5%</td>
<td>2.2%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

* dividend and capital repayment combined

Proposal for distribution of 2013 profit €0.10 per share, effective dividend yield 3.3% (share price Dec 31, 2013, €2.99 per share)
2014 and beyond
Long-term financial targets

<table>
<thead>
<tr>
<th>Alma Media’s financial targets</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Target level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in digital business</td>
<td>16.3%</td>
<td>36.8%</td>
<td>8.4%</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td>Return on investment ROI, %</td>
<td>26.1%</td>
<td>13.8%</td>
<td>10.1%</td>
<td>&gt; 15%</td>
</tr>
<tr>
<td>Dividend payout ratio*</td>
<td>103%</td>
<td>45%</td>
<td>50%**</td>
<td>&gt; 50%</td>
</tr>
</tbody>
</table>

* Including capital repayment to shareholders.
** Based of the Board of Directors’ proposal to the AGM.
Evolution may not be enough.

Rapid changes in technology and consumer behaviour require reallocation of resources and focus on new products and services. We also need the courage to relinquish some things we have done before.
Strategy implementation focus in 2014

We build new competencies, seek efficiencies and accelerate growth in digital services and media.
We are building a round-the-clock media consumption experience based on extensive analysis of our customers’ preferences and media usage.
Case moving image

- IL-TV is Finland’s largest online TV
- In February 2014, 530,000 separate visitors, in 2nd week of March, 3.8 million video clicks
- Strong growth in advertising: ability to sell precise target groups to advertisers and improve measurability
- Versatile content offering for internet audiences
Case mobile advertising

- Smartphone ubiquity makes mobile the fastest-growing digital display advertising sector also with Alma Media.
- The market almost quadrupled to €10m in 2013, and the growth continues.
- Advertising solutions improve along with analytics and targeting possibilities.
We need to create a multi-faceted service portfolio to disperse risk and increase success possibilities.
Case home services

- Etuovi.com is changing from a home sales marketplace into a wide range of home and living services.
- Service offering already includes interior design.
- Advertisers and consumers have adopted the extended service offering, diversifying the earnings of the marketplace.
By the year 2020, 50% of Alma Media’s revenue comes from digital.
Today’s media business is not for the weak of heart.

It is a constant balancing act between existing business and new growth that includes a substantial risk element. Creating sustainable growth requires excellent understanding of consumers’ rapidly changing behaviour patterns and continuous innovation without fear of failure, by learning from mistakes.
Thank you!