

# Review by the CEO

Annual General Meeting of Alma Media Corporation  
20 March 2014



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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.

A man and a woman are standing in a meeting room, looking at a large whiteboard. The man is on the left, wearing a blue shirt, and the woman is on the right, wearing a dark jacket and glasses. They are both holding pens. The whiteboard is covered with various documents, charts, and photos. A purple semi-transparent banner is overlaid on the image, containing the text.

Alma Media in 2013

# Strategy implementation

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# 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



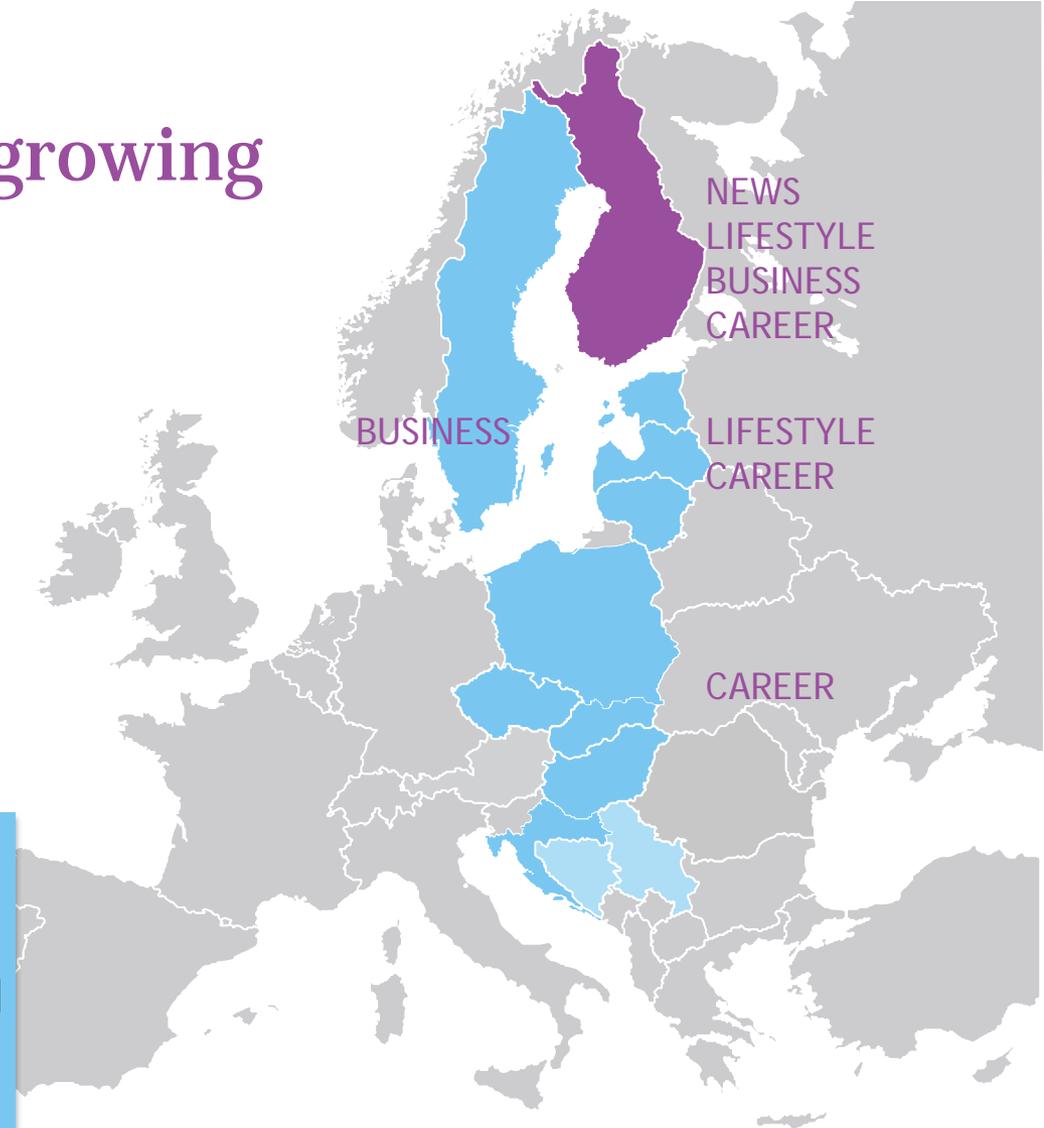
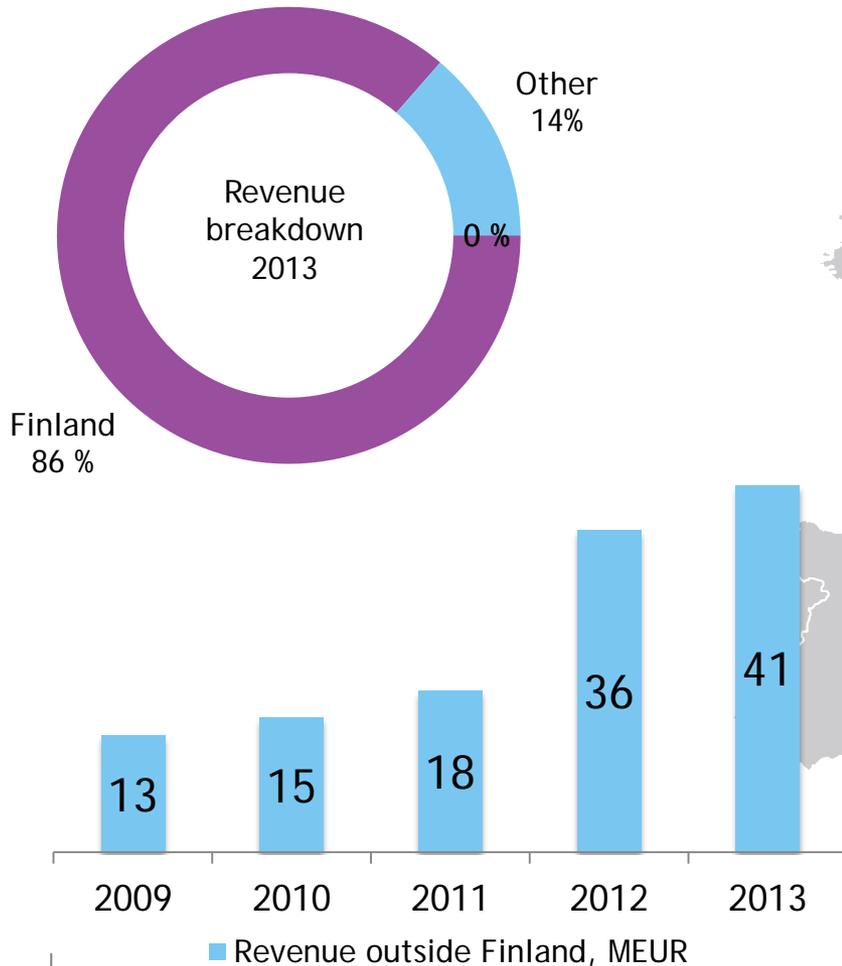
# Key strategy elements 3/3



## **Growth from digital services**

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

# International business growing



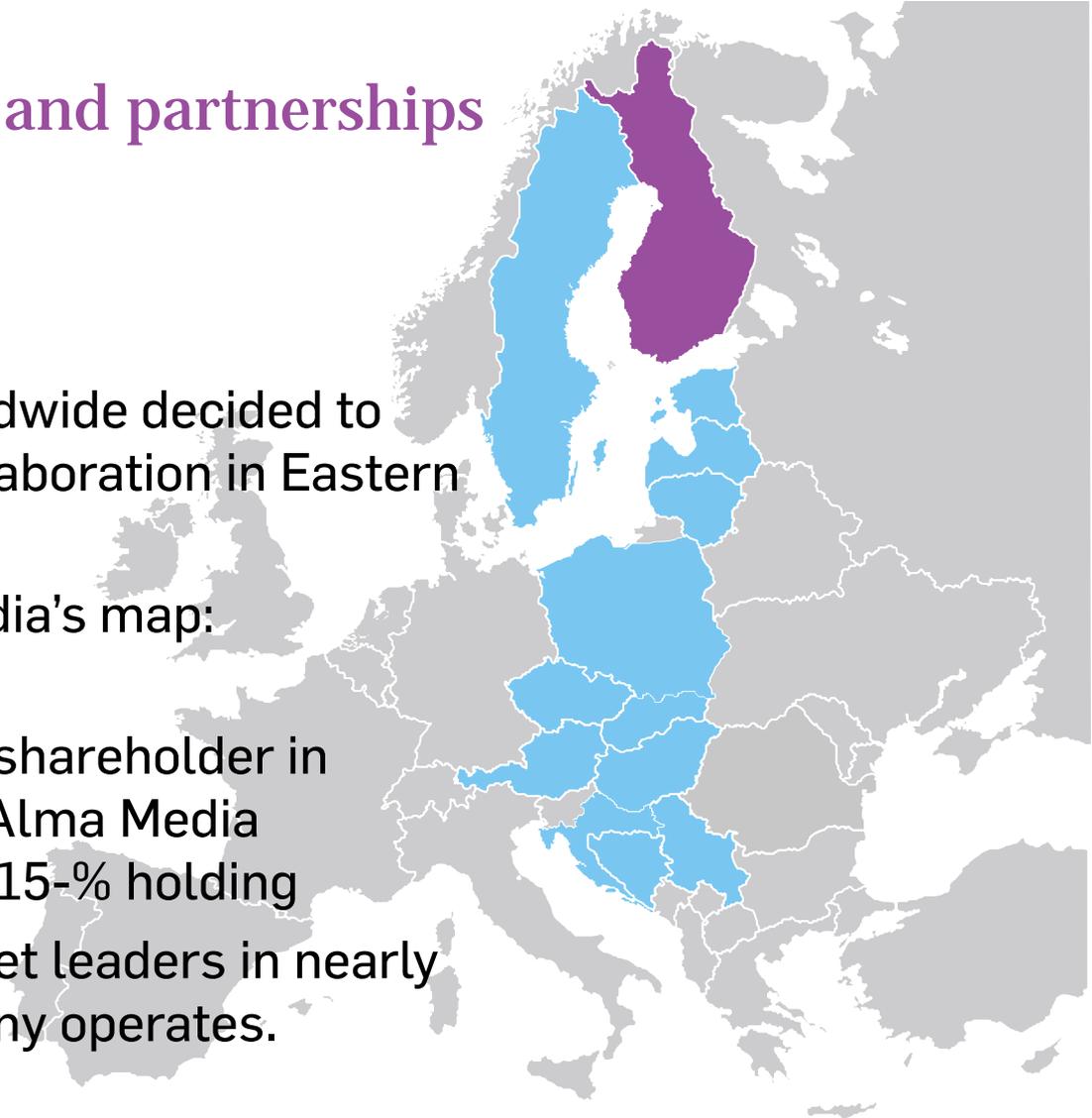
# International investment and partnerships for digital growth

## 2013:

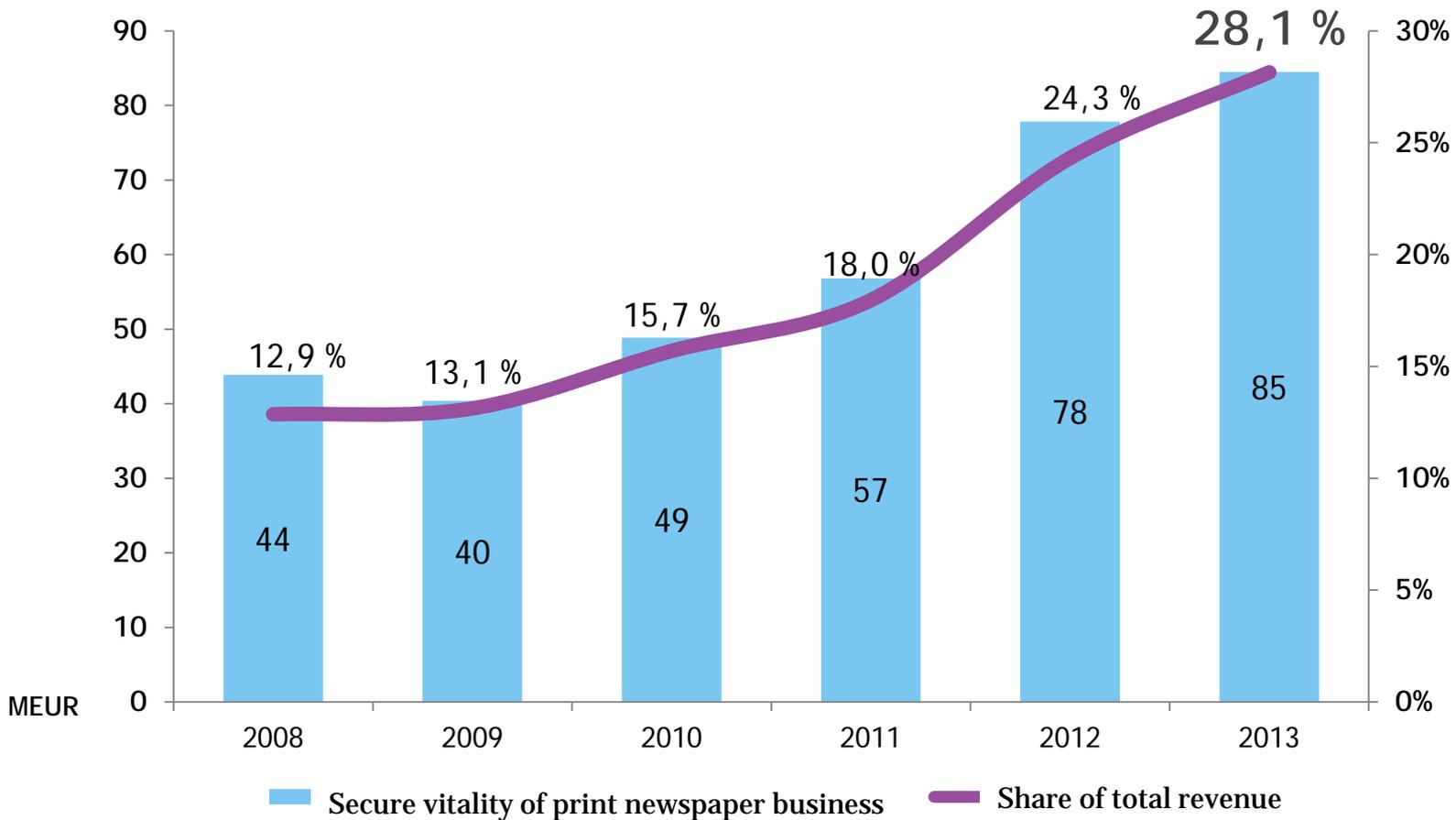
Alma Media and Monster Worldwide decided to intensify their recruitment collaboration in Eastern Central Europe.

- 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

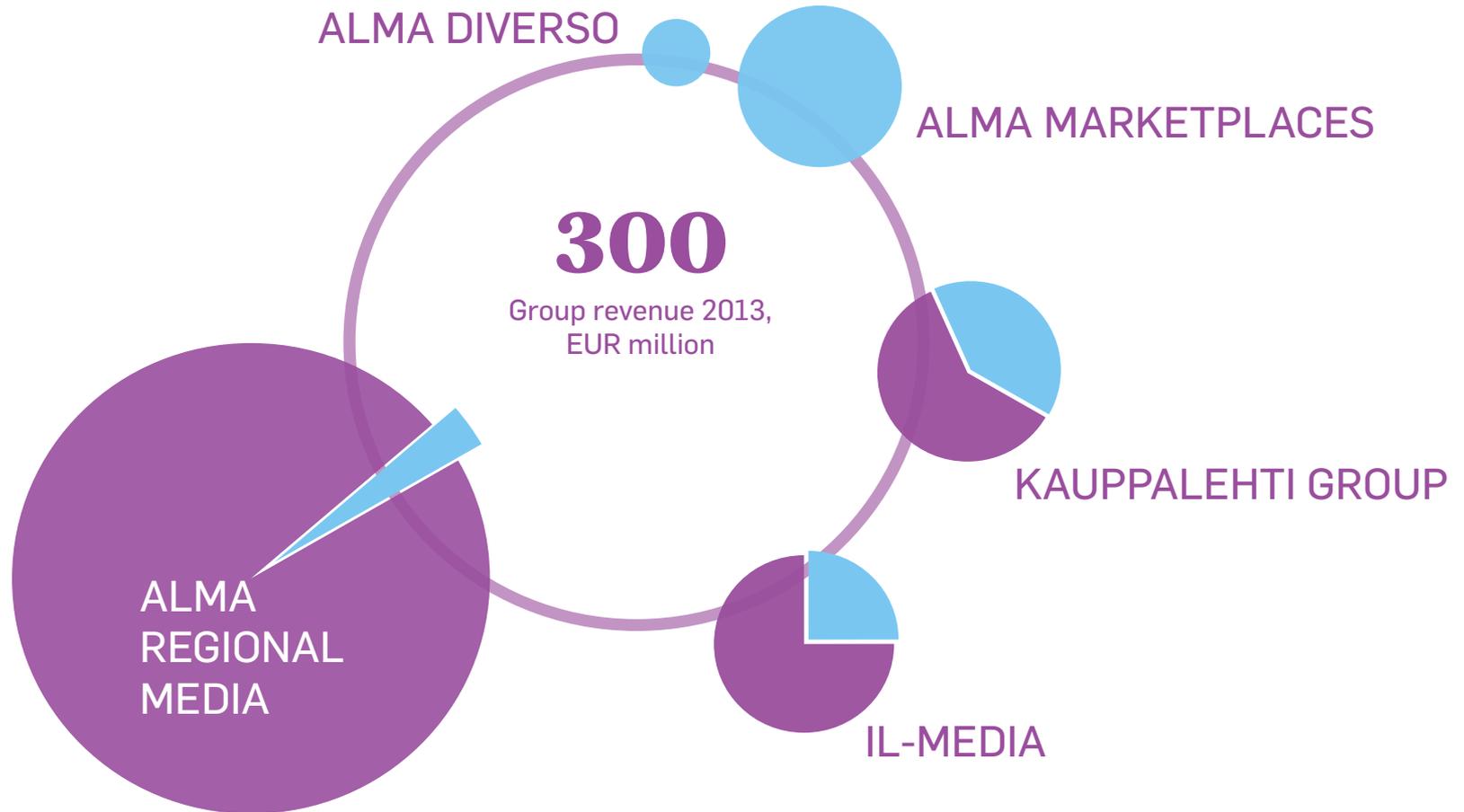
Alma Media services are market leaders in nearly all countries where the company operates.



# Digital business growing

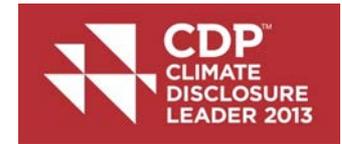


# 5 businesses on a digital journey



# 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.

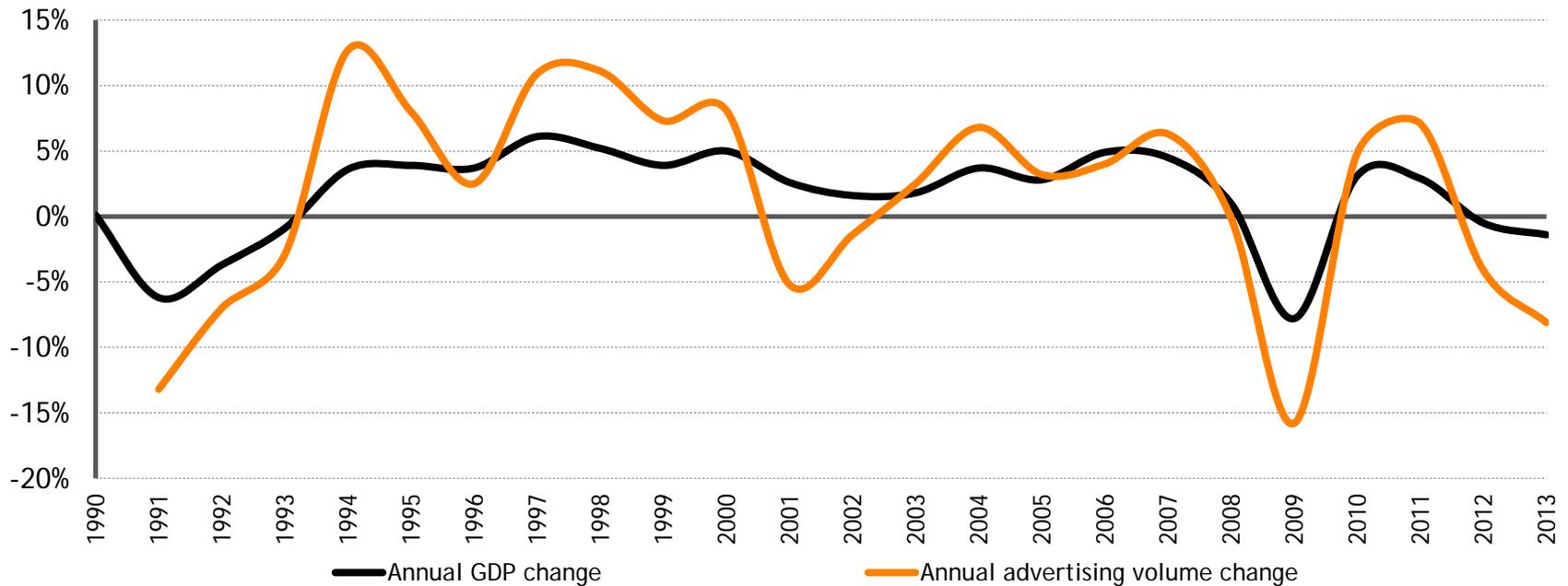
# Markets in 2013



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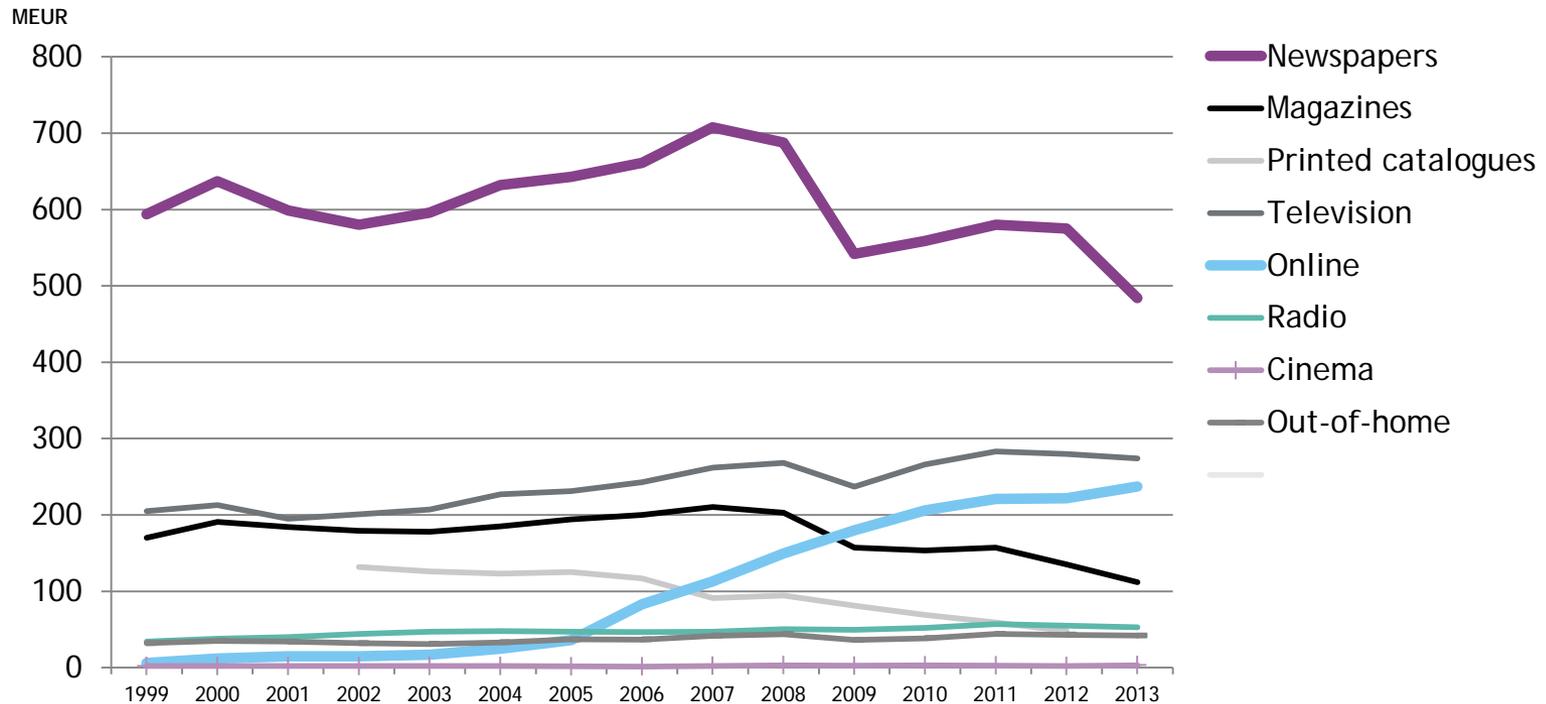


# Advertising volume reflects economic cycles



Sources: Statistics Finland (GDP change 2013 estimated), Finnish Advertising Council, TNS

# Change in media advertising by type of media



# Advertising share of GDP at record low



# Financials 2013

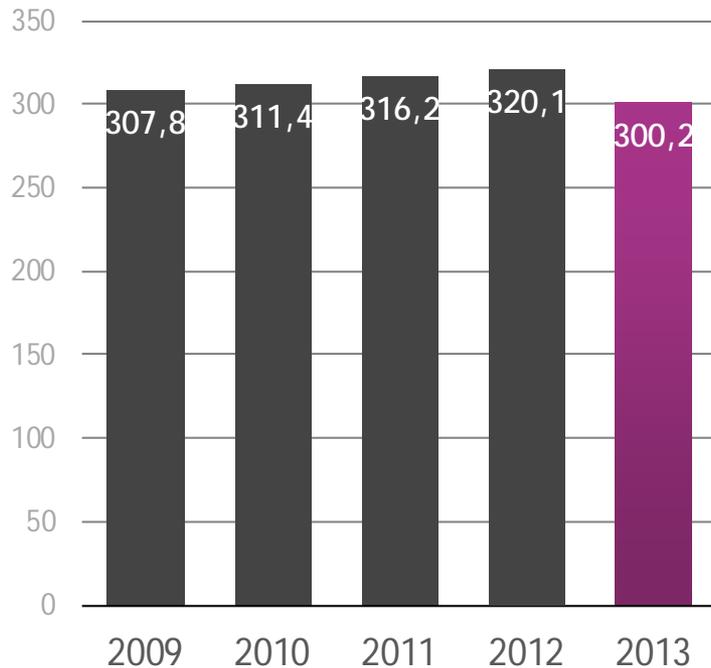


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# Revenue and operating profit 2009–2013

Revenue, MEUR  
IFRS



Operating profit, MEUR  
IFRS



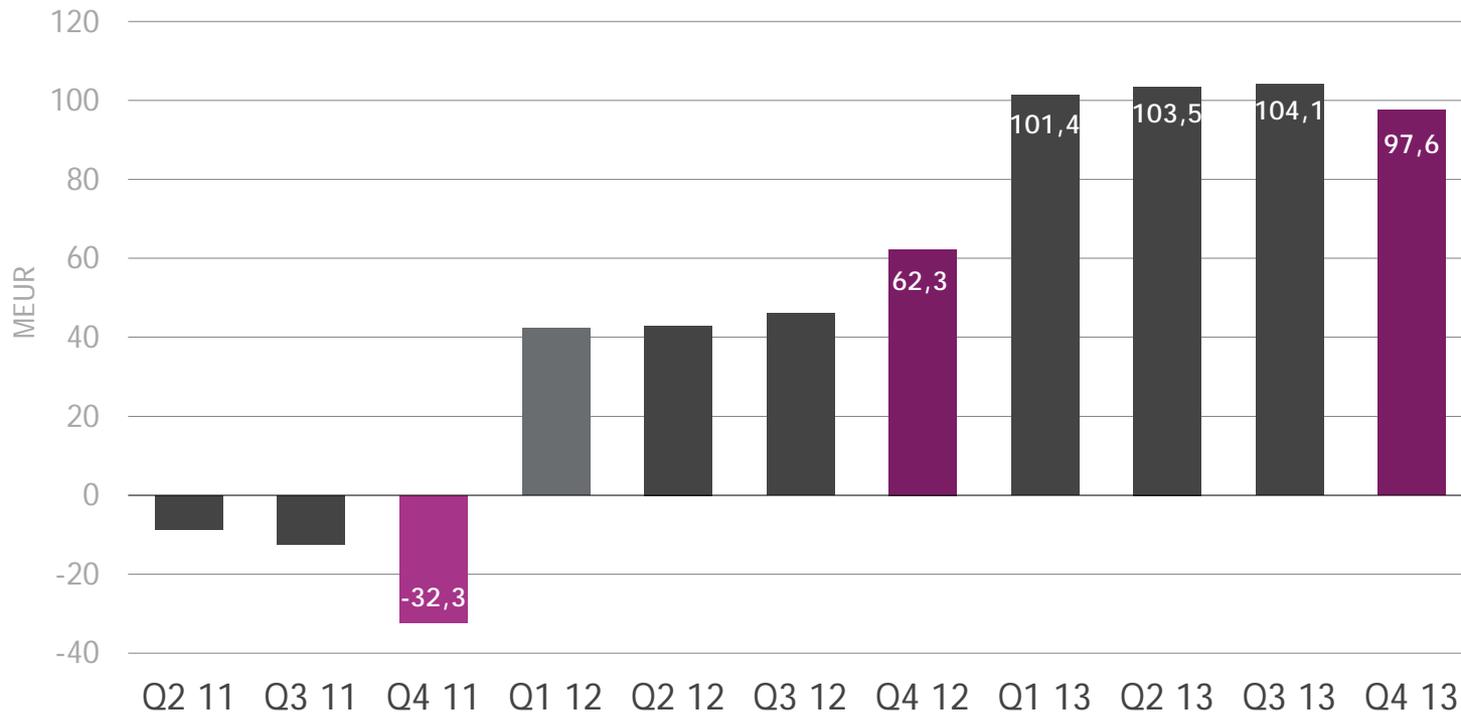
■ Non-recurring items

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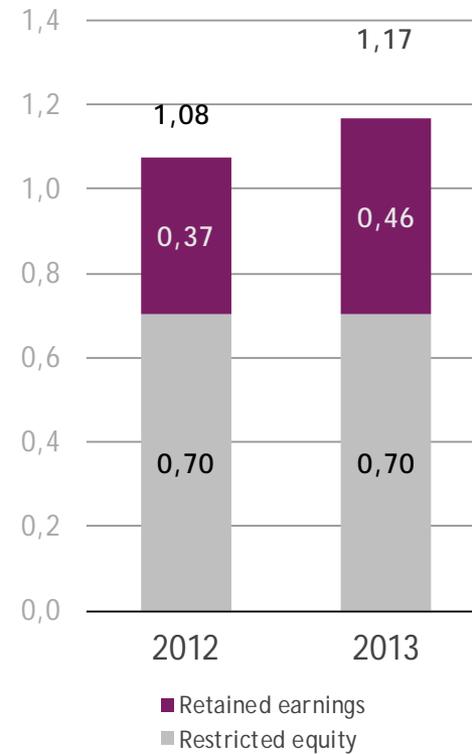
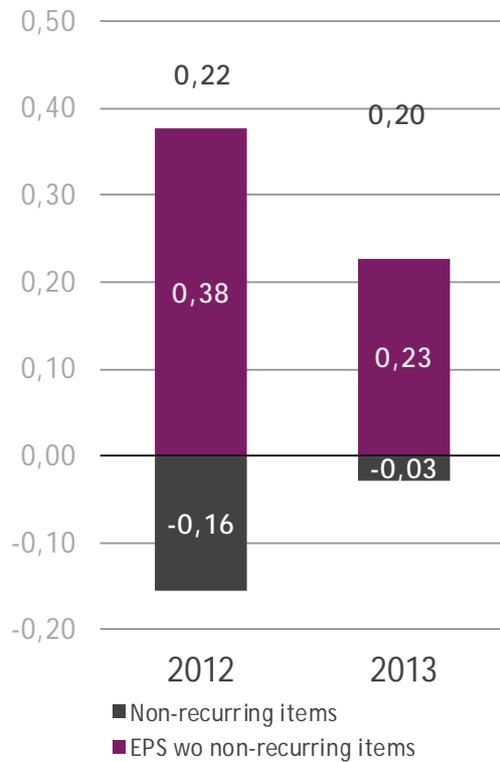


# Interest-bearing debt

## Net debt Q2/2011-Q4/2013



# Earnings per share and equity per share



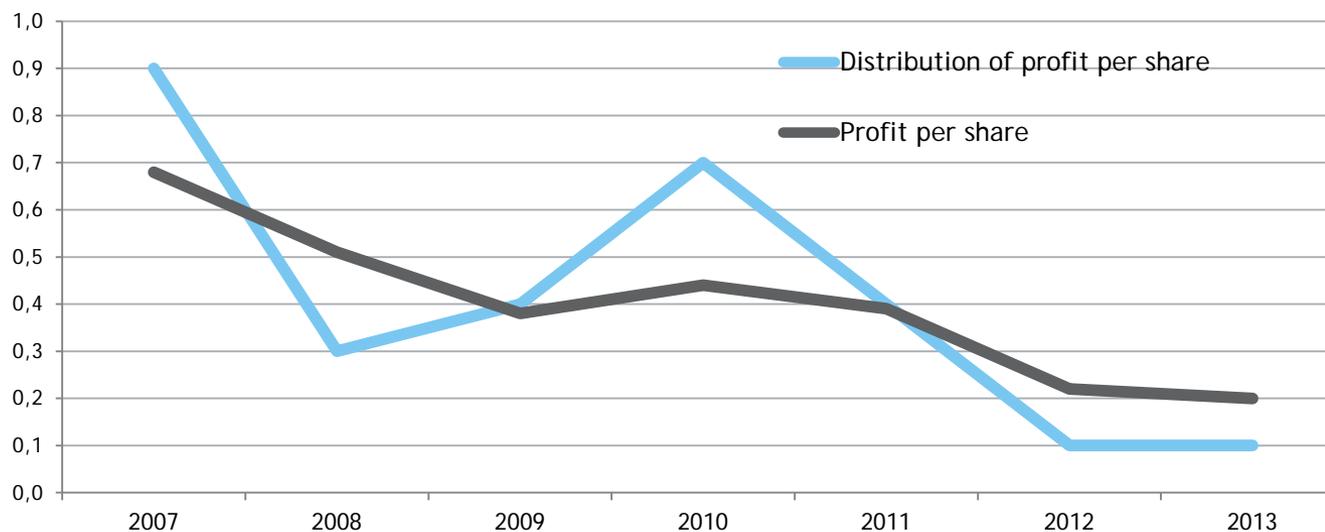
# Distribution of profit 2006–2013

## Dividends\* and effective dividend yield

|                          | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------|------|------|------|------|------|------|------|------|
| Dividend*, EUR           | 0.65 | 0.90 | 0.30 | 0.40 | 0.70 | 0.40 | 0.10 | 0.10 |
| Effective dividend yield | 7.7% | 6.1% | 5.3% | 5.3% | 8.5% | 6.5% | 2.2% | 3.3% |

\* 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



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# Long-term financial targets

| Alma Media's financial targets | 2011  | 2012  | 2013  | Target level |
|--------------------------------|-------|-------|-------|--------------|
| Growth in digital business     | 16.3% | 36.8% | 8.4%  | > 15%        |
| Return on investment ROI, %    | 26.1% | 13.8% | 10.1% | > 15%        |
| Dividend payout ratio*         | 103%  | 45%   | 50%** | > 50%        |

\* 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

**Multi-channel  
content**

**Marketing  
solutions**

**Digital services**

**Resources and  
competencies**

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.

## Multi-channel content

### 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



## Marketing solutions

### 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.

## Digital services

### 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!**

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