Driving transformation in media

Alma Media roadshow in London
Kai Telanne, President & CEO
6th May 2014
A traditional media company?

Alma Media is investing in fast-growing and profitable digital media and services, with a European focus. At the same time the company is boosting the multi-channel user experience and improving the cost efficiency of its traditional printed newspaper business based in Finland.
Increasingly digital, internationally growing media company

Revenue 2013 by geography

- Finland: 86%
- Other: 14%

300 MEUR

Revenue 2013 by source

- Digital media and services: 28%
- Printed media and other: 72%

Revenue 2013 by geography

- 2009: 295 MEUR
- 2010: 296 MEUR
- 2011: 298 MEUR
- 2012: 284 MEUR
- 2013: 259 MEUR

Revenue from Finland

- 2009: 13 MEUR
- 2010: 15 MEUR
- 2011: 18 MEUR
- 2012: 36 MEUR
- 2013: 41 MEUR

LIVING INFORMATION
Alma Media’s businesses

**300 meur**
Group revenue 2013

**9.0 %**
EBIT margin 2013

**1965**
Personnel in 2013

**DIGITAL CONSUMER SERVICE**
Career services
Housing and car marketplaces
Lifestyle services

**FINANCIAL MEDIA AND BUSINESS SERVICE**
Financial news media
Business information services
Content marketing services

**REGIONAL MEDIA**
Local and regional news media

**NATIONAL CONSUMER MEDIA**
News and lifestyle media
Digital business is growing

![Bar chart showing revenue from digital business growth from 2008 to Q1 2014.]

- **2008**: EUR 44, 12.9%
- **2009**: EUR 40, 13.1%
- **2010**: EUR 49, 15.7%
- **2011**: EUR 57, 18.0%
- **2012**: EUR 78, 24.3%
- **2013**: EUR 85, 28.2%
- **Q1 2014**: EUR 24, 32.7%

![Pie chart showing digital business segments in Q1 2014.]

- **Regional Media**: 3.5%
- **National Consumer Media**: 14.2%
- **Financial Media and Business Services**: 25.4%
- **Digital Consumer Services**: 56.9%
4 businesses in transition to digital

- Share of digital in business unit revenue Q1 / 2014
- Share of digital business in group revenue Q1 2014

- Regional Media
- Digital Consumer Services
- Financial Media and Business Services
- National Consumer Media

6 June 6, 2014
Ownership and share facts

Shareholders by sector

Largest shareholders 30.4.2014

1. Ilkka-Yhtymä Oyj 29.79 %
2. Mariatorp Oy 14.44 %
3. Kaleva Kustannus Oy 7.95 %
4. Varma (pension fund) 7.06 %
5. C.V. Åkerlund foundation 4.53 %
6. Elo (pension fund) 2.45 %
7. Herttaässä Oy Ab 2.16 %
8. Kaleva (pension fund) 2.08 %
9. Ilmarinen (pension fund) 1.46 %
10. Veljesten Viestintä Oy 1.13 %

See www.almamedia.fi/investors for updated information.
Market dynamics
Advertising volumes in Finland follow GDP

Sources: Statistics Finland, Finnish Advertising Council, TNS
Change in media advertising Q1/2011–Q1/2014

- Change-%
  - Q1/14 vs. Q1/13
- News-papers  -10,8
- Magazines   -18,0
- TV          -3,8
- Radio       +12,0
- Internet    +12,5
- Total       -4,8

Source: TNS Media Intelligence
Almost all industries cut down on advertising

Advertising by branch Q1 / 2014

Total market, change from Q1 2013

<table>
<thead>
<tr>
<th>Advertising in Q1 14</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>48</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>25</td>
</tr>
<tr>
<td>Food &amp; beverages</td>
<td>21</td>
</tr>
<tr>
<td>Houses and premises</td>
<td>12</td>
</tr>
<tr>
<td>Tourism and traffic</td>
<td>11</td>
</tr>
<tr>
<td>Entertainment</td>
<td>9</td>
</tr>
<tr>
<td>Recruiting</td>
<td>9</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>233</strong></td>
</tr>
</tbody>
</table>

Source: TNS Media Intelligence
Advertising share of GDP at record low

*estimate*
Structural change in media advertising

[Graph showing changes in media advertising revenue from 1999 to 2013 for newspapers, magazines, printed catalogues, television, online, radio, cinema, and out-of-home advertising.]
Strategy 2014 and beyond
Key elements of Alma Media’s strategy

1/3

Increase digital advertising and content revenue.

2/3

Generate growth from digital services.

2/3

Improve the user experience and cost efficiency of the printed newspaper business.
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.
Key strategy elements 1/3

Growth from digital services

• Develop international recruitment services network
• Market leadership for domestic marketplaces
• Develop business information services
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.
After a strong investment phase, Alma Media’s career service offering is strongly positioned in chosen markets:

- #1 in Finland
- Estonia, Latvia, Lithuania
- Czech Republic
- Slovenia
- Croatia
- Serbia and Bosnia

- #3 in Hungary

- #4 in Poland
Synergies

- Skills transfer
- Product and service portfolio
- Software development
- Client relations
- Strong market presence
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, Ilta-lehti 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
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.
We are building a round-the-clock media consumption experience based on extensive analysis of our customers’ preferences and media usage.
Nobody has a certain prediction for the future. Renewal requires plenty of experimenting.
Strategy implementation focus

We will build new competencies, seek efficiencies and accelerate growth in digital services and media.
5 spearheads for Alma Media’s digital growth

#1 Europe-wide services for recruiters.
#2 Digital newspaper content sales.
#3 Online television for millions.
#4 Digital advertising w/ audience targeting.
#5 Digital information and services for businesses
## 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>
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<td>103%</td>
<td>45%</td>
<td>50%</td>
<td>&gt; 50%</td>
</tr>
</tbody>
</table>

- Including capital repayment to shareholders.
By the year 2020, 50% of Alma Media’s revenue comes from digital.
Growth and income value

Alma Media aims to allocate investments, repayment of debt and distribution of profit optimally from the company's and investors' point of view.
Key figures 2013 and Q1 2014
Revenue and operating profit 2009–2013

Revenue, MEUR

IFRS

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>307.8</td>
</tr>
<tr>
<td>2010</td>
<td>311.4</td>
</tr>
<tr>
<td>2011</td>
<td>316.2</td>
</tr>
<tr>
<td>2012</td>
<td>320.1</td>
</tr>
<tr>
<td>2013</td>
<td>300.2</td>
</tr>
</tbody>
</table>

Operating profit, MEUR

IFRS

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-2.2</td>
</tr>
<tr>
<td>2010</td>
<td>-0.5</td>
</tr>
<tr>
<td>2011</td>
<td>-1.0</td>
</tr>
<tr>
<td>2012</td>
<td>33.5</td>
</tr>
<tr>
<td>2013</td>
<td>24.2</td>
</tr>
</tbody>
</table>

Non-recurring items

LIVING INFORMATION
Revenue decline continued in first quarter 2014

Revenue, MEUR IFRS

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue, MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 13</td>
<td>74.9</td>
</tr>
<tr>
<td>Q2 13</td>
<td>76.3</td>
</tr>
<tr>
<td>Q3 13</td>
<td>71.7</td>
</tr>
<tr>
<td>Q4 13</td>
<td>77.3</td>
</tr>
<tr>
<td>Q1 14</td>
<td>72.7</td>
</tr>
</tbody>
</table>

Operating profit, MEUR IFRS

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Operating Profit, MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 13</td>
<td>5.5</td>
</tr>
<tr>
<td>Q2 13</td>
<td>4.9</td>
</tr>
<tr>
<td>Q3 13</td>
<td>7.8</td>
</tr>
<tr>
<td>Q4 13</td>
<td>6.4</td>
</tr>
<tr>
<td>Q1 14</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Non-recurring items

-2.9%  -6.5% -25.0% -54.8%
Long-term financial objectives

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<tr>
<td>Dividend payout ratio*</td>
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<td>45%</td>
<td>50%</td>
<td>n/a</td>
<td>&gt; 50%</td>
</tr>
</tbody>
</table>

* Including capital repayment to shareholders.
Interest-bearing debt


Breakdown of net debt

<table>
<thead>
<tr>
<th></th>
<th>Q1/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial leasing</td>
<td>74.0</td>
</tr>
<tr>
<td>Financing loans</td>
<td>10.0</td>
</tr>
<tr>
<td>Commercial papers</td>
<td>12.0</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>-13.9</td>
</tr>
<tr>
<td>Total</td>
<td>82.1</td>
</tr>
</tbody>
</table>
Key figures

IFRS

Equity ratio, %

<table>
<thead>
<tr>
<th></th>
<th>Q1 13</th>
<th>Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30.4</td>
<td>37.3</td>
</tr>
</tbody>
</table>

Net gearing, %

<table>
<thead>
<tr>
<th></th>
<th>Q1 13</th>
<th>Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>127.1</td>
<td>87.9</td>
</tr>
</tbody>
</table>
Earnings per share and equity per share

**Non-recurring items**

- Q1 13: 0.05
- Q1 14: 0.02

**EPS wo non-recurring items**

- Q1 13: 0.05
- Q1 14: 0.02

**Retained earnings**

- Q1 13: 1.03
- Q1 14: 1.04

**Restricted equity**

- Q1 13: 0.33
- Q1 14: 0.34

**EPS wo non-recurring items**

- Q1 13: 0.0
- Q1 14: 0.01

**Retained earnings**

- Q1 13: 1.0
- Q1 14: 1.04

**Restricted equity**

- Q1 13: 0.70
- Q1 14: 0.70
## Balance sheet

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1 2014</th>
<th>Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangibles and goodwill</td>
<td>114,9</td>
<td>118,0</td>
</tr>
<tr>
<td>Tangibles</td>
<td>84,8</td>
<td>85,6</td>
</tr>
<tr>
<td>Associated companies</td>
<td>25,5</td>
<td>31,7</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,2</td>
<td>0,9</td>
</tr>
<tr>
<td>Receivables</td>
<td>34,5</td>
<td>37,2</td>
</tr>
<tr>
<td>Cash</td>
<td>13,9</td>
<td>15,7</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td><strong>274,7</strong></td>
<td><strong>289,0</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>93,3</td>
<td>79,8</td>
</tr>
<tr>
<td>Reserves-obligatory</td>
<td>4,1</td>
<td>0,4</td>
</tr>
<tr>
<td>Pension liabilities</td>
<td>2,6</td>
<td>2,8</td>
</tr>
<tr>
<td>Ib debt</td>
<td>95,9</td>
<td>117,0</td>
</tr>
<tr>
<td>Non-Ib debt</td>
<td>54,1</td>
<td>62,5</td>
</tr>
<tr>
<td>Advances received</td>
<td>24,6</td>
<td>26,6</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td><strong>274,7</strong></td>
<td><strong>289,0</strong></td>
</tr>
</tbody>
</table>
Thank you!