



Alma Media Corporation
ANNUAL REVIEW 2013

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An interview with the President and CEO

President and CEO Kai Telanne, how would you describe Alma Media's year 2013?

The past year was characterised by two very different forces. First of all, the weak development in the economy at large had a negative impact on the financial success of the media industry. The structural change concerning media consumption and advertising accelerated, as did the transition from traditional media to digital channels. In 2013, investments in advertising in Finland declined by 8.5 per cent in comparison to the year before. In addition, the circulation and single-issue sales of print magazines and newspapers continued to decline. Because of this, media companies – Alma Media included – had to increase the speed of their adjustment measures and organisational restructuring.

On the other hand, we also had many things to be happy about at Alma Media. Our digital media development projects were successful both in our publishing business as well as in our services business. The profitability of our international investments also developed favourably, and our efforts to integrate the digital businesses we've acquired into Alma Media were successful, both at home and abroad. Our new printing facility at Tampere also began operations, and our expectations with regard to its competitiveness are high.

What has been Alma Media's response to the uncertainties in the business environment?

As the digitalisation of media increases and consumer behaviour becomes more fragmented, we have developed our publishing operations towards multimediality. What this means in practice is that all of our key contents and services will soon be available online and in mobile environments. Alma Media is furthermore actively developing tools that facilitate the purchasing of digital advertising for the purposes of targeted online advertising and the traffic measurements and analytics of online and mobile services, for example. Alma Media's network advertising, which reaches nearly five million consumers a week, has indeed been growing strongly.

In terms of the print media, we have adjusted our operations and renewed our ways of working and thereby improved productivity while volumes have declined. The new regional media operating model implemented through the organisational restructuring of our publishing business, for example, has resulted in significant cost savings. The consolidation of editorial cooperation aimed at improving consumer services is still under way.

In addition to this, we have decentralised our business beyond the borders of Finland, to the emerging markets in central Eastern Europe, and thereby reduced our dependence on the weakly developing domestic market.

How well did Alma Media do in terms of achieving its financial targets for 2013?

The changes and weak business conditions affecting our industry also had an impact on Alma Media's financial development. We lagged behind the budgeted revenue development. Our revenue declined by 6.5 per cent in 2013, totalling approximately EUR 300 million. We also missed our performance targets. Operating profit excluding non-recurring items – EUR 24.2 million – declined by 27.8 per cent from the year before, mainly due to the decline in print media revenue. Alma Media's result was boosted by the corporate acquisitions and streamlining efforts implemented in 2012, but despite the cost adjustments, we were not able to fully compensate for the sharp decline in revenue.

On the other hand, we can be very satisfied with the strong growth of our digital business. The focus of our growth strategy and development, digital products and services, accounted for 28.1 per cent of the Group's total revenue in 2013. Kauppalähti's digital content revenue, for instance, grew by 22.1 per cent in comparison to the year before. Our digital recruitment services, which accounted for 10.9 per cent of Alma Media's revenue in 2013, also continued to perform well.

What do you think were Alma Media's most important development measures in 2013?

I am very happy with the development of our international digital investments. We invested in a number of digital recruitment services in the Czech Republic and Slovakia in 2012, and these services were successfully integrated with Alma Media in 2013. In addition, we made an important decision on the expansion of our cooperation with Monster Worldwide, which operates on a global scale.

Regarding multi-channel publishing operations, I would like to mention the launch of the paid digital content implemented in the context of Kauppalehti. The lessons learned have been put to use when developing paid content in Alma Regional Media. We have also managed to develop various mobile services very quickly. The number of visitors to Iltalehti's mobile site has grown fivefold in the course of a year. The positive experiences gathered from IL-TV have also increased our belief in the potential of the online TV business and its development.

How has the organisation's competence developed in the midst of the digital transition?

Our digital know-how has improved alongside the increase in international digital operations and new market areas, for example - particularly in terms of recruitment and career services. We have increased our experience of paid digital content, the management of consumer interfaces, the application of new technology and the building and utilisation of multi-channel platforms. The mobile business, in particular, as well as the building of related content and the production, sales and marketing of digital video have been at the heart of our development work. We have also made significant progress in the use of behavioral data and the productisation of targeted advertising and marketing.

Alma Media invested EUR 70 million in a new printing facility that was completed in the spring of 2013. At which stage will the new printing facility begin to produce additional financial value?

The initial stages were difficult due to technical problems. We nevertheless managed to secure production during the third quarter. The new printing facility was able to provide production-related benefits to the Group's internal printing jobs as early as late 2013, and external sales of its capacity have also fared well. We are expecting good performance development on this front during the current year. All in all, the commissioning of the new printing facility has represented a significant step in securing the future business of our print media.

Alma Media has recently made a number of investments in the recruitment sector in eastern Central Europe. How has the profitability of these investments developed?

Alma Media's successful acquisitions in recruitment and career services in recent years have made it the market leader not only in Finland, but also in the Baltic countries and several countries in eastern Central Europe. Our investments in eastern Central Europe have been very successful despite the weak economic situation. We have managed to increase our business and improve our profitability both in the Czech Republic and Slovakia. The new services have also given a boost to the sharing of international know-how and the development of various value-added services related to recruitment.

The latest strategic step consisted of including Monster's services in Poland, Hungary and the Czech Republic in Alma Media's recruitment service offering in the beginning of 2014. In the future, we will therefore also be able to take advantage of Monster's technologies, service concepts and sales network in selected market areas. We believe these will bring plenty of added value to Alma Media's existing recruitment service offering.

What are Alma Media's future sources of growth?

We will continue our strategy of increasing the multi-channel aspects of our publishing business and our digital business. Our goal is to increase the share of digital revenue from the current 28 per cent to 50 per cent by 2020. In practice, this requires us to build new and varied digital services alongside traditional publishing operations.

We will also continue to invest in various digital market place businesses and increase our digital consumer services business, of which we have good experiences in terms of services such as Telkku.com, Kotikokki.net and E-kontakti.

In addition, we will seek growth from digital services aimed at businesses. Alma Media is the Finnish market leader in the provision of financial and company information. We will continue to reinforce the digital media and service offering in this area.

We also plan to increase our online TV business. We will increase our digital video services in both desktop and mobile user interfaces. Online TV provides consumers with freedom of choice: digital video can be watched anywhere and at anytime. The online TV business may be more profitable for a media company than traditional broadcasting operations. Even small audiences are sufficient, since production is inexpensive.

Which issues in 2013 were important in terms of corporate responsibility?

One of the most important focal points of Alma Media's Sustainable Media programme in 2013 was analysing the media's brainprint, or the impacts media content has on society. Alma Media was involved in the international discussion on brainprint and also introduced the concept in Finland. Moreover, we raised the idea of constructive journalism into societal discussion.

I am happy that our long-term environmental work also gained recognition: we were the only media company to rise to the Climate Disclosure Leadership index of the best Nordic companies in the context of the climate initiative of Carbon Disclosure Project. In addition to environmental responsibility, our new printing facility and business premises furthered the well-being of our employees, in the form of an improved working environment.

We will continue our work in relation to the brainprint of media content this year. We also intend to pay increasing attention to the globally topical subject of data protection, and the development of related practices.

What does the future of the media market look like in Finland? What does it look like in the rest of the world?

The development of the media market is closely linked to general economic trends. When the general economy improves, the media market will follow. This is now taking place elsewhere in the world, but in the case of Finland, it seems that the pick up in the economy will be delayed. Finland's structural problems are slowing down the emerging growth, which is why the growth outlooks for the coming years are not necessarily similar to those in the rest of the world.

The volume of advertising in Finland right now is weak, even in proportion to the GDP. The low advertising volume of products and services plays a role in fueling the negative cycle in trade, media companies and the entire society. Tax increases and the unreasonable distribution price increases of Itella have a further negative impact on the operating conditions of the commercial print media. Alma Media must be able to operate profitably and find the means for growth in a weakly developing market as well.

The industry is going through a difficult period of transition, but I do see a brighter future. Thanks to our active digital development and increased operational efficiency, our situation will be a lot better than it was before once the economy recovers. Our strength lies in our competent and professional employees and in our successful brands. The work of media is never over, it merely changes its form.

I would like to take this opportunity to thank our customers, employees and investors for the past year. Due to our smooth cooperation, Alma Media holds all the cards for taking the company to a new level – this is a good point from which to forge ahead.

Operating environment

For media companies, 2013 was a year of renewal and efficiency improvements. Print advertising decreased as the shift to digital channels in media consumption became stronger. The need to develop businesses based on new and diversified media was highlighted.

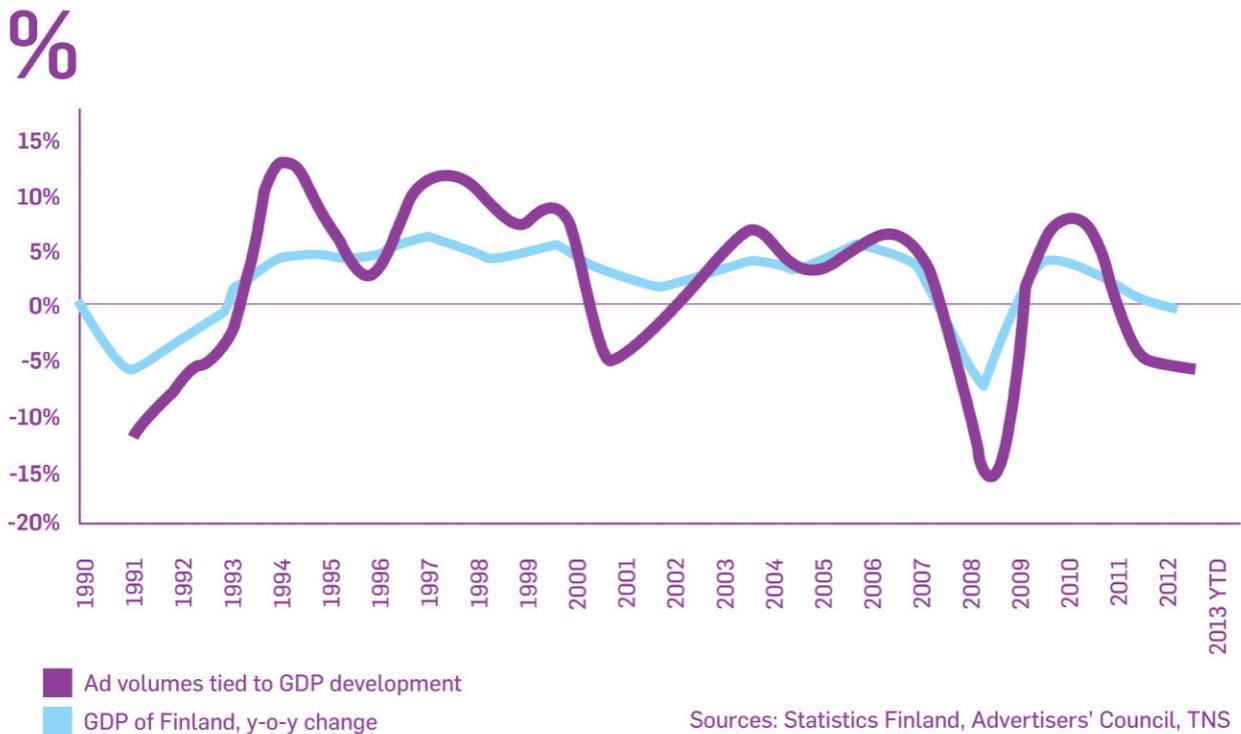
The first signs of recovery were seen in the international economy in 2013, but the economic situation remained weak, particularly in the eurozone. The Finnish economy took a turn to modest growth in the second quarter. Nevertheless, GDP growth for the full year was negative, -1.4 per cent. Consumer confidence in the economy also remained well below the long-term average (Confederation of Finnish Industries).

Economic growth was also slow in the Eastern Central European countries that constitute Alma Media's fastest-growing markets. In 2013, the GDP of the Czech Republic declined by 1.0 per cent. In Slovakia, GDP increased by 0.9 per cent (Eurostat forecast, January 2014).

Media advertising volume continued to decline

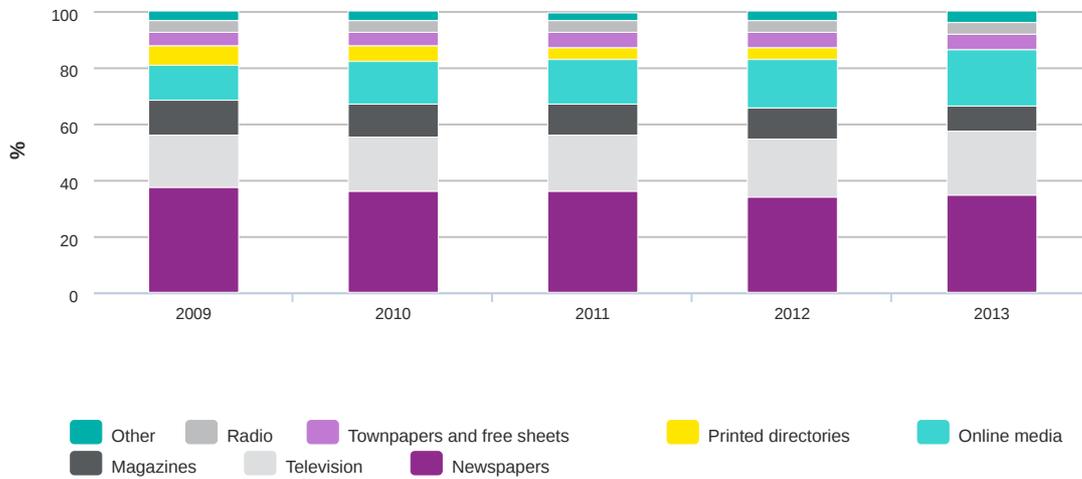
According to TNS Media Intelligence, media advertising volume, which is closely linked to GDP growth, decreased in Finland in 2013 by 8.5 per cent compared to the previous year, totalling MEUR 1,206.2. The share of advertising of GDP in Finland was also low by international comparison, clearly below the levels seen in countries such as the United States and the UK.

Ad volumes and GDP development



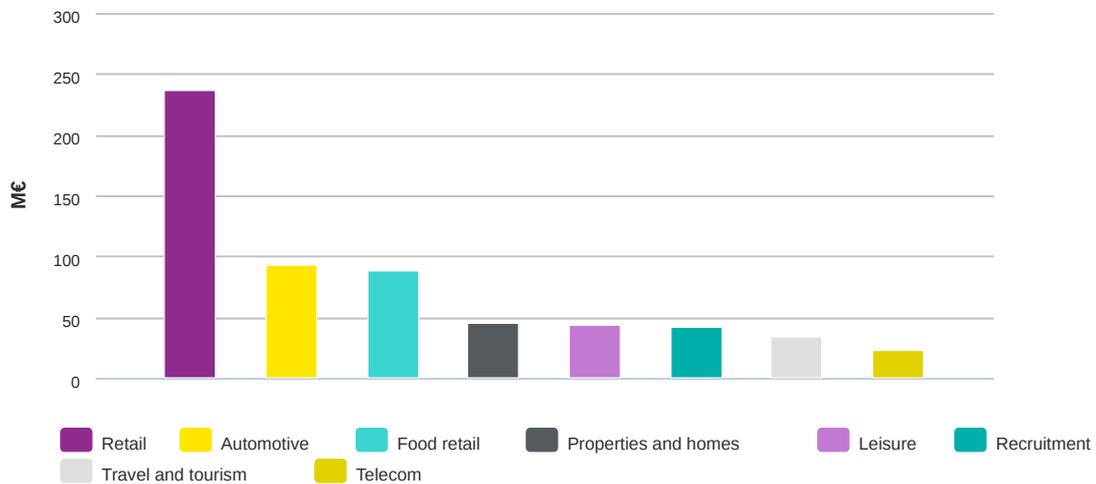
In 2013, print media represented 49.5 per cent of all media advertising. The decline in advertising volume from the previous year was the most substantial in newspaper advertising, which fell by 15.8 per cent. The contributing factors included a very low volume of recruitment advertising (-28.1 per cent year-on-year) due to the uncertain economic situation. Alma Media estimates that its market share is approximately 20 per cent of all newspaper advertising in Finland.

Media advertising by channel



Source: Finnish Advertising Council

Largest advertising categories in 2013



Source: TNS Media Intelligence

Online advertising has been more resilient to macroeconomic changes than other media advertising. According to a forecast published by eMarketer and Starcom MediaVest at the end of September 2013, global spending on digital advertising grew by 13 per cent in 2013, and it now represents 22.7 per cent of total advertising spending. The share of digital advertising of total advertising spending is expected to rise to 24.4 per cent in 2014.

Advertising based on measurable performance, in particular, is popular even in a time of tight advertising budgets. The growth in online advertising is supported by increased social media advertising, video advertising and mobile advertising, as well as technological development, particularly in the form of new tools for targeting campaigns and

measuring their effectiveness. According to a forecast by eMarketer and Starcom MediaVest, mobile advertising is estimated to have grown 79.7 per cent in 2013.

Room for growth in digital channels



Much untapped potential remains in digital growth. In Finland, online advertising is still at a lower level than in the other Nordic countries at 19.7 per cent of all media advertising. The total volume of online advertising amounted to MEUR 237.6, up 6.8 per cent from the previous year. Display advertising, including Facebook advertising, increased by 13.4 per cent, while classified advertising decreased by 8.3 per cent. Spending on search engine advertising grew by approximately 5.5 per cent from the previous year and advertising on online directories grew by 2.3 per cent.

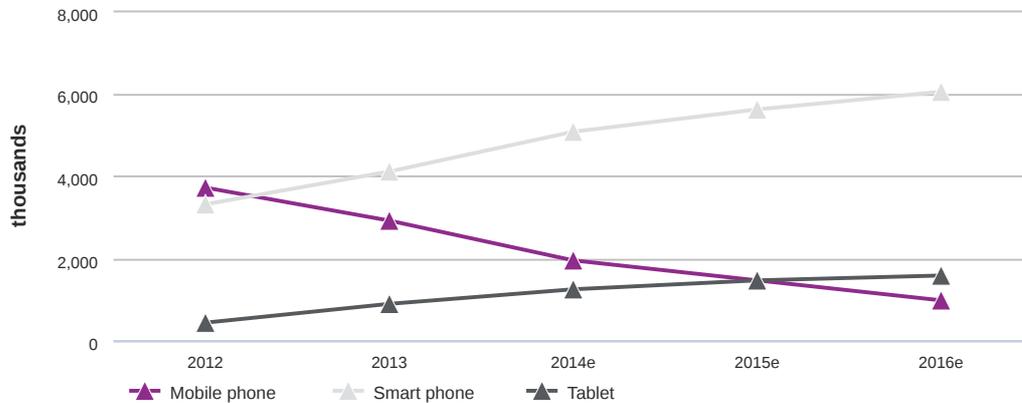
Alma Media's share of the Finnish market for classified and display advertising online is slightly below one third and its share of all online advertising (including, in addition to the aforementioned, search engine advertising and online directories) approximately one seventh.

Strong growth in mobile media consumption

One of the biggest changes brought about by digitalisation in the Finnish media field in 2013 was the rapid growth in the use of mobile devices. As media consumption is becoming increasingly fragmented between different media and the use of time, the diversity of devices is increasing as supply grows. While the circulation numbers for printed newspapers are on the decline, online services and the mobile use of media and services are growing in line with the increase in the range of services available. Online and mobile video consumption is also seeing strong growth.

The number of mobile devices increased rapidly: tablet sales exceeded the sales of PC's in Finland in 2013 (Idean 2013). The corresponding milestone was reached with smartphones in 2010. According to Kotek, the Finnish forum for the household appliances market, there were some 1.8 smartphones and up to 700,000 tablets sold in Finland in 2013. Especially the amount of tablets is growing rapidly in Finnish homes and, compared to the previous year, the sales of tablets grew by some 100 000 pieces around Christmas time alone.

Mobile devices in Finland



Source: Mobile content services market in Finland 2012-2016, Idean

The growing popularity of smartphones has also seen mobile Internet use increase rapidly over the past couple of years. According to the TNS Gallup survey, the percentage of respondents who read a magazine and/or newspaper on a mobile phone at least once per week was 23 per cent (compared to 15 per cent a year earlier), while the corresponding figure for other electronic reading devices was 11 per cent (2012: 4 per cent). At the Alma Media-owned Iltalehti, the number of visitors to mobile sites grew fivefold on average in 2013.

The increase in mobile use is also reflected in the demand for media advertising. The total spending on mobile marketing in Finland in 2013 is estimated at around MEUR 10. Media outlets are aiming to provide content and advertising on a device-independent basis. The growth in mobile consumption is also making print media more interactive. The use of QR codes and the Shortcut application has become more widespread as the number of smartphones has grown.

Recruitment markets stable in Eastern Central Europe despite the weak economic situation

Over the past two years, recruitment services have become a strong arrowhead for Alma Media's internationalisation. All of Alma Media's recruitment service companies are the leaders in online recruitment in their respective markets.

In Alma Media's fastest-growing market area, Eastern Central Europe, the recruitment advertising situation in 2013 was more stable than in the company's home market in Finland. In Finland, the recruitment advertising market declined by 26 per cent and the size of the market in 2013 is estimated at MEUR 33. In the Czech Republic the recruitment services market declined by 4 per cent and the total value of the Czech market for recruitment advertising in 2013 is estimated at approximately MEUR 25. There were some 40,000 open jobs per month, of which approximately 20,000 were advertised on Jobs.cz, a recruitment portal owned by Alma Media.

As in Finland and the rest of the EU, high unemployment presented a challenge to the markets in Eastern Central Europe. In November 2013, the unemployment rate was 8.4 per cent in Finland, 6.9 per cent in the Czech Republic and 14.0 per cent in Slovakia (Eurostat). The unemployment rate in the Czech Republic remained fifth-lowest in the EU after Austria (4.8 per cent), Germany (5.2 per cent), Luxemburg (6.1 per cent) and Malta (6.4 per cent). The average unemployment rate in the EU was 10.9 per cent in November 2013.

Youth unemployment in particular has been a challenge across the EU for a long time. In November 2013, the youth unemployment rate was 19.6 per cent in Finland and 19.1 per cent in the Czech Republic. In Slovakia, youth unemployment is as high as 33.3 per cent. Since 2012, many EU countries have taken measures to reduce youth unemployment. Several EU countries introduced a youth guarantee aimed at improving the employment rate among

young people. The Czech Republic, Slovakia and Finland also face the challenge of increasing long-term unemployment.

Winds of change in the world of media – paid digital journalism, data utilisation, video and digital recruitment

The year 2013 was a period of diversification, digitalisation and new service innovation in media. Media companies continue to work on the digital transformation.

Digital journalism is changing as consumers are increasingly moving online. Online publications of the future will feature more and more videos and interactive content. Content is also being adapted to different devices: media companies produce videos and more interactive journalistic content that sheds light on the background of news stories, while in smartphones the emphasis is on fresh and frequently updated content such as news.

The time of fully free online services is over. Paid content is the word of the day in digital journalism. Kauppalehti implemented a paywall in 2012, Helsingin Sanomat in 2013 and Aamulehti at the beginning of 2014. Internationally, The New York Times already has over 700,000 readers for its paid content and the social video platform YouTube is moving part of its content behind a paywall.

In digital advertising, the most important current themes include the utilisation of data and audience targeting solutions. The significance of data in analysing, developing and directing business operations is growing rapidly. Companies are using big data in an effort to better understand their customers and business operations. This has led to an increase in the demand for tools for collecting and refining data in the media sector. Internationally, the trend of digitalisation has also given rise to concerns over privacy protection online. The EU is currently preparing a Directive aimed at harmonising privacy protection legislation in Europe. Read more on Alma Media's privacy protection here.

Online TV is an increasingly significant marketing channel thanks to continuous growth in viewers. According to a survey published by Sonera in summer 2013, some 71 per cent of Finns watch online television. Two thirds of Finns use a laptop computer, one fifth use a smartphone and nearly one out of five use a tablet device to watch online TV content. Some 29 per cent of Finns watch online TV at least once a week using a laptop computer, while the corresponding figures for smartphones and tablet devices are 8 per cent and 7 per cent respectively. There is a clear gap between generations when it comes to online TV: among young people, nearly 50 per cent watch online TV on a laptop computer at least once a week. Advertising sales in online TV remain fairly low, but the rate of growth is high. According to TNS Gallup, the size of the market for online TV services was approximately MEUR 9 in 2013. This figure is divided between Katsomo, Ruutu as well as the online TV services provided by afternoon papers.

According to e-commerce statistics published by TNS Gallup, the Finnish Commerce Federation and the Finnish Direct Marketing Association, the total volume of e-commerce reached EUR 5.1 billion in the first half of 2013. This figure includes taxes and delivery costs. Compared to the corresponding period in the previous year, consumer online purchasing volume increased by approximately six per cent. According to recent statistics, active Internet users aged over 65 years constitute the fastest-growing customer segment for online retailers. The increase in the number of online stores and growth in online shopping also creates a need for new advertising solutions and services aimed at online retailers.

The digitalisation of our world is also leading to constant changes in the playing field in recruitment services. Recruitment is increasingly moving online, with new recruitment tools such as video interviews being adopted. CV databases and social platforms such as LinkedIn are making it easier for employers to find jobseekers. Online recruitment services will launch new supplementary services on the market and increasingly push their way into the recruitment consultancy market.

Strategy implementation

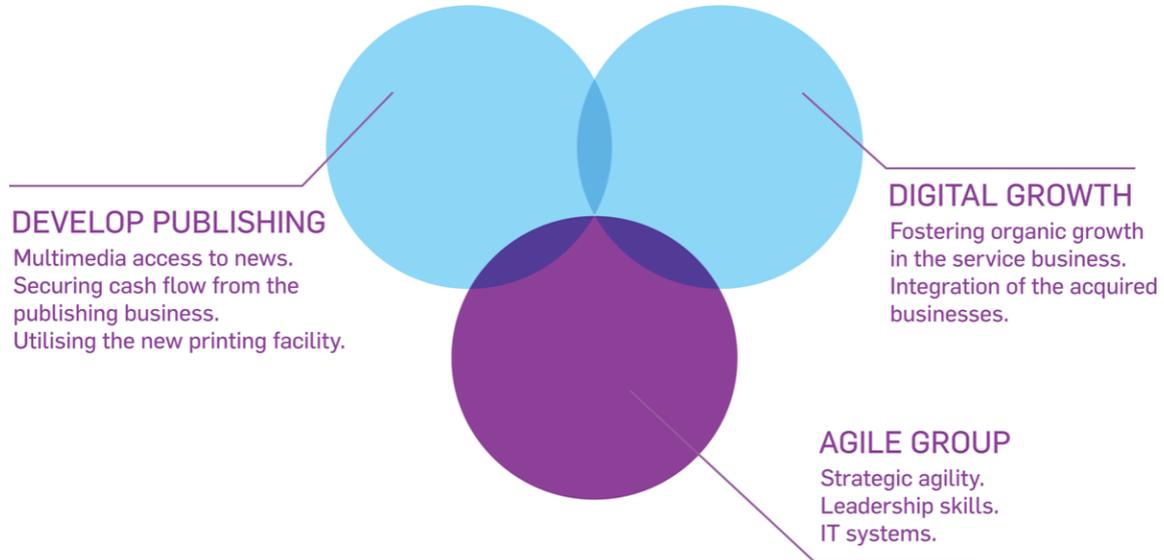
In 2013, Alma Media actively developed its digital business and continued to expand it beyond the home market.

The cornerstones of Alma Media's strategy in 2013 were the development of multi-channel publishing, growing digital services and increasing the operational efficiency of the company. The Group's strategy is especially to increase the digital share of its total revenue. In 2013, Alma Media's revenue from digital products and services increased by 8.4 per cent. Digital products and services accounted for 28.1 per cent of the Group's total turnover.

Our basic beliefs



Strategy 2013



Development of multi-channel publishing

Alma Media's national, regional and local media provide information, service and experiences to customers. Newspapers are brands valued by people in their areas of reach and communities, and with their support Alma Media can bring new media channels and services to the market.

In 2013, Alma Media continued to develop its publishing operations towards multimediality. The focus of the development of digital publishing operations during the year was on paid content in electronic channels and improving the usability of mobile media. Kauppalehti, Iltalehti and Aamulehti launched applications that make it easier to follow news streams on mobile devices. Kauppalehti also launched a digital media development project to redesign content, subscription products and media sales opportunities.

Alma Media had a strong focus on developing the revenue model for the online services of its newspapers in 2013. The subscription pricing of regional newspapers was clarified, and the online contents of some local papers were moved behind a paywall. Alma Media's publishing operations have also focused on renewing the content, format and design of newspapers. Among the Group's regional newspapers, Lapin Kansa, Pohjolan Sanomat, Kainuun Sanomat and Satakunnan Kansa have adopted the tabloid format. Aamulehti will shift to the tabloid format in April 2014. Lännen Media includes the newspapers Aamulehti, Satakunnan Kansa, Lapin Kansa, Kainuun Sanomat, Pohjolan Sanomat, Turun Sanomat, Kaleva, Ilkka, Pohjalainen, Hämeen Sanomat, Forssan Lehti and Keskipohjanmaa.

In a time of weak market conditions for print media, Alma Media has maintained its competitiveness by increasing efficiency. In 2012, Alma Regional Media implemented a structural reform to increase cooperation while eliminating duplications of effort. The improvement of operational efficiency and services to readers continued in 2013 with closer editorial cooperation. Alma Regional Media began content and development cooperation with Ilkka Group, Kaleva and Turun Sanomat. In the beginning of 2014, Alma Media and five other Finnish publishers signed a letter of intent, planning to significantly expand their journalistic cooperation and establish a company called Lännen Media.

Alma Media shifted the Kemi-based regional newspaper Pohjolan Sanomat into five-day publication from the beginning of 2014. The reduced print delivery was supplemented by a continuously updated online service. Alma Regional Media also expanded its regional presence in the Sea Lapland area by acquiring the town paper Lounais-Lappi from Forum24 Oy, a subsidiary of Kaleva Group.

Increasing communality played a key role in the development of publishing operations in 2013. A tablet pilot carried out in Lapland in spring 2013 involved readers in testing the use of a tablet device and the digital edition of Lapin Kansa. The new Aamulehti was also co-designed with readers. Read more on what's new in publishing operations.

The new printing facility in Tampere for Alma Media's printing and distribution company Alma Manu was commissioned for full production in April 2013. The new printing facility is one of the world's most modern newspaper printing facilities, and its high degree of automation improves print quality. The investment improves the competitiveness of printing operations well into the future, increases operational and environmental efficiency and also facilitates product renewal. Read more on what's new in Alma Media's printing and distribution operations.

Growing digital services

In 2013, Alma Media continued to develop future business by investing in digital services. Digital revenue was increased by the Group's acquisitions of recruitment service companies outside Finland. Digital recruitment services accounted for 10.9 per cent of Alma Media's total revenue in 2013. Investment in recruitment services outside Finland was increased in the beginning of 2014 with the addition of Monster's services in Poland, Hungary and the Czech Republic to Alma Media's recruitment service offering. Among the Group's marketplace services in Finland, the housing portal Etuovi.com in particular maintained profitability at a good level despite the weak cycle in the housing market.

Alma Media divested the non-core marketplace businesses Mascus and Autovia.sk during the year. Going forward, the Group will focus on recruitment and housing portals in its international marketplaces business. Read more on what's new in the digital marketplaces business.

Alma Media's digital business services are growing continuously as the utilisation of various information in decision-making increases. This trend has seen Kauppalehti Information Services develop into a significant and profitable part of the Kauppalehti Group's business. The new services launched by Kauppalehti Information Services in 2013 included a procurement search targeted at the sales organisations of businesses. Read more on the Kauppalehti Group's digital innovations.

The development of digital advertising services included expanded solutions for managing online visitor traffic and building tools for targeted online advertising, user traffic measurement for web and mobile services, and analytics. Alma Media has seen strong growth in its network advertising, which reaches nearly five million consumers per week, and the company is developing tools that facilitate easier purchasing of digital advertising. Read more on what's new in digital advertising.

Increasing operational efficiency

In the rapid transformation of the media industry, Alma Media is looking to continuously develop its employees' capacity and sensitivity to change and build a foundation for a new management culture. This calls for development of management and competence at all organisational levels. In 2013, Alma Media started a new manager education programme aimed at renewing the framework for managerial work and introducing new thinking and agile methods to management development. Increasing the digital competence of employees is also a key focal area for development.

In the Helsinki region, Alma Media centralised its operations in the new Alma building just off Töölö bay, which will improve the company's internal efficiency and cooperation. The guiding principles for the new premises are the free movement of information and the flexibility of media work.

Alma Media also implemented new tools to improve efficiency in 2013. In May, the financial administration adopted a SAP system to increase the efficiency of financial management processes. Kauppalehti and IL-Media implemented a new media sales system in the beginning of 2014 to harmonise sales workflow between the units.

Core strategy for 2014–2016 remains unchanged

Alma Media's strategy for 2014–2016 will have the same core as before. The company will focus on moving towards a multi-media approach to publishing operations, growing digital services and cooperating efficiently within the Group. In late 2013, the company announced a target of increasing the share of digital revenue to 50 per cent by 2020.

The focal points of the implementation of the strategy are a multichannel content, marketing solutions, digital services as well as resources and skills. Read more on Alma Media's future strategic steps.

Financial development

In 2013, the revenue and operating profit decline of the newspaper business, caused by the weak market situation, was mitigated by the positive development of the digital media and service business.

Revenue

Alma Media's revenue for the full year 2013 declined by 6.2% to MEUR 300.2 (320.1).

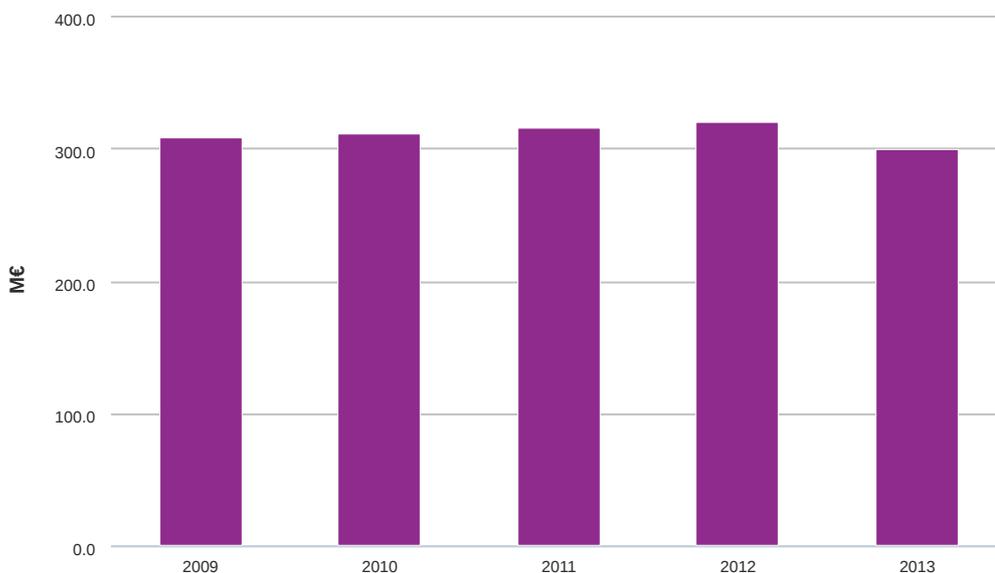
Revenue from digital products and services in 2013 amounted to MEUR 84.8 (77.8), an increase of 8.4%. Digital products and services accounted for 28.1% (24.3%) of Group revenue. Revenue from print media was MEUR 191.9 (217.2), with a share of 63.9% (67.9%) in the Group's revenue.

Content revenue declined by 5.7% to MEUR 115.3 (122.3). Content revenue decreased from the comparison period due to the declining circulations of print media. Digital content revenue grew, but not sufficiently to compensate for the decrease in subscription and single copy sales revenue of print media.

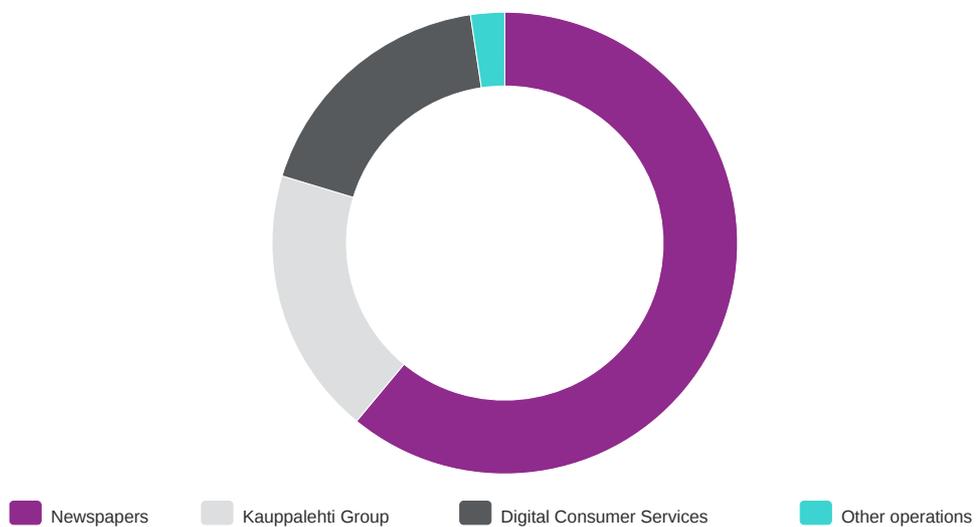
Revenue from advertising sales decreased by 8.3% to MEUR 147.3 (160.8). Advertising sales made up 49.1% (50.2%) of the Group's total revenue. Advertising sales for print media decreased by 18.1% from the comparison period, totalling MEUR 80.0 (97.7). Online advertising sales grew by 7.6% to MEUR 66.5 (61.8). Sales of Alma Media's digital network products grew significantly during the period.

Service revenue totalled MEUR 37.6 (37.1). Service revenue includes items such as the business operations of Kauppalehti Information Services, the custom publishing house Alma 360 Group and the online dating service E-kontakti.fi.

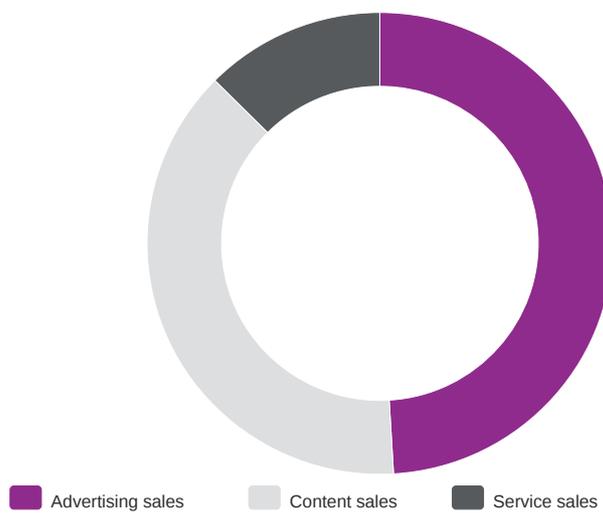
Alma Media's revenue



Alma Media's revenue by segment 2013 (M€)



Alma Media's revenue by category 2013 (M€)

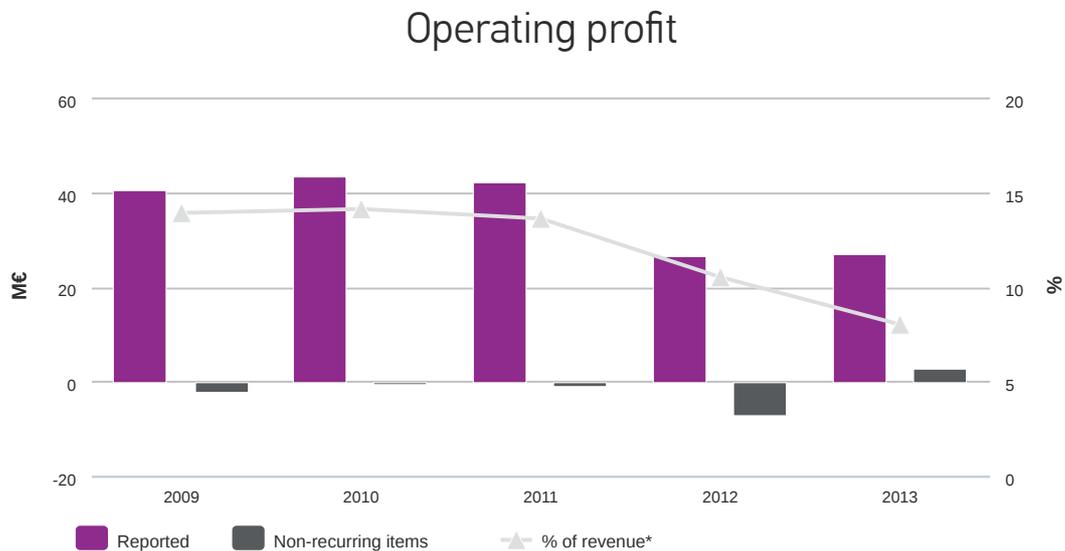


Operating profit and profit for the period

Operating profit excluding non-recurring items was down 27.8% to MEUR 24.2 (33.5), constituting 8.0% (10.5%) of revenue. Operating profit was MEUR 27.0 (26.5), rising to 9.0% (8.3%) of revenue.

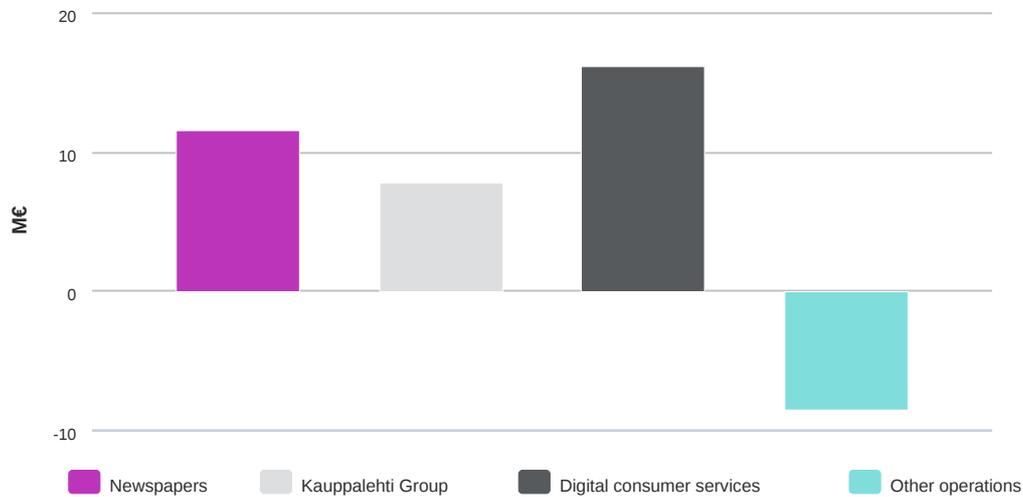
The operating profit includes MEUR 2.8 (-7.0) in net non-recurring items. The non-recurring items during the review period were related to the sales gains from the heavy machinery business Mascus, impairment losses related to assets as well as restructuring costs. The non-recurring items in the comparison period were mainly related to organisational restructuring, as well as impairment losses for capitalised research and development costs for the Marketplaces business.

The full-year 2013 financial result was MEUR 16.0 (17.4), and excluding non-recurring items, MEUR 18.1 (29.3). A non-recurring write-down of MEUR 5.0 was recognised in the value of associated companies during 2013. The review period's result includes changes in the fair value of contingent considerations and debt incurred by the reorganisation of the Marketplaces business in the amount of MEUR 1.1 (3.6).



* Excluding non-recurring items.

Alma Media's operating profit by segment 2013



Balance sheet and financial position

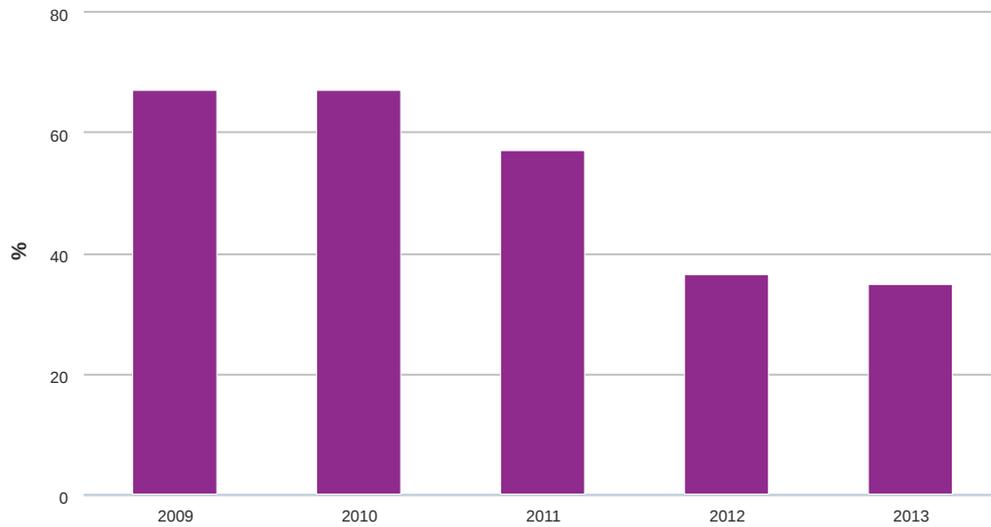
At the end of December 2013, the consolidated balance sheet stood at MEUR 272.8 (245.1). The Group's equity ratio at the end of December was 34.9% (36.5%) and equity per share rose to EUR 1.17 (1.08).

At the end of December, the Group's interest-bearing debt amounted to MEUR 109.9 (79.4). The total interest-bearing debt at the end of December comprised MEUR 74.9 in finance leasing debt and MEUR 35.0 in commercial papers.

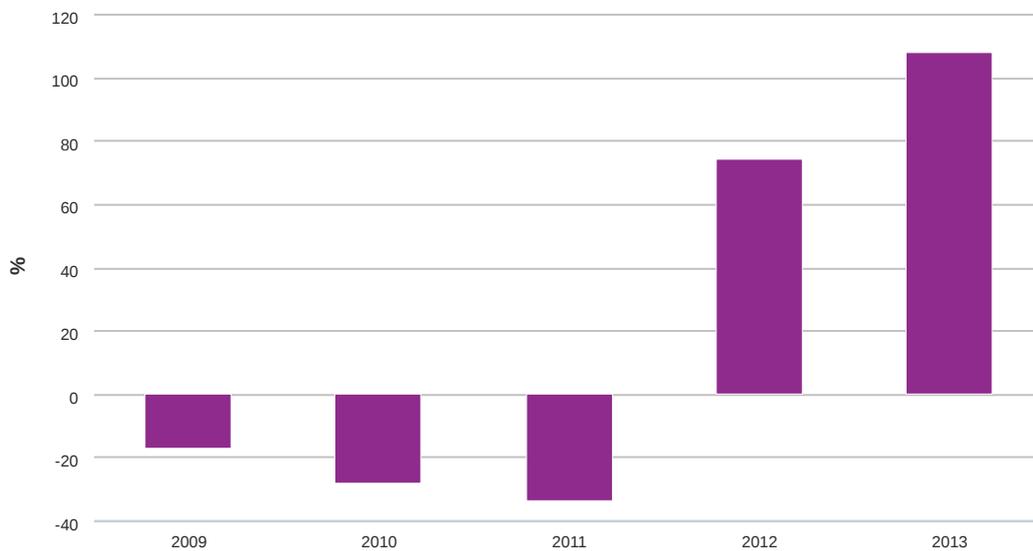
The Group's interest-bearing net debt at the end of December stood at MEUR 97.6 (62.3). The increase in net debt was due to including the finance leasing debt for the new printing press on the balance sheet.

Financial assets recognised at fair value through profit or loss created through corporate transactions amounted to MEUR 2.0 (0.9) on December 31, 2013, and the fair value of debt MEUR 0.3 (2.7). The contingent considerations resulting from mergers and acquisitions are tied to the companies' operating profit for 2013.

Alma Media's equity ratio

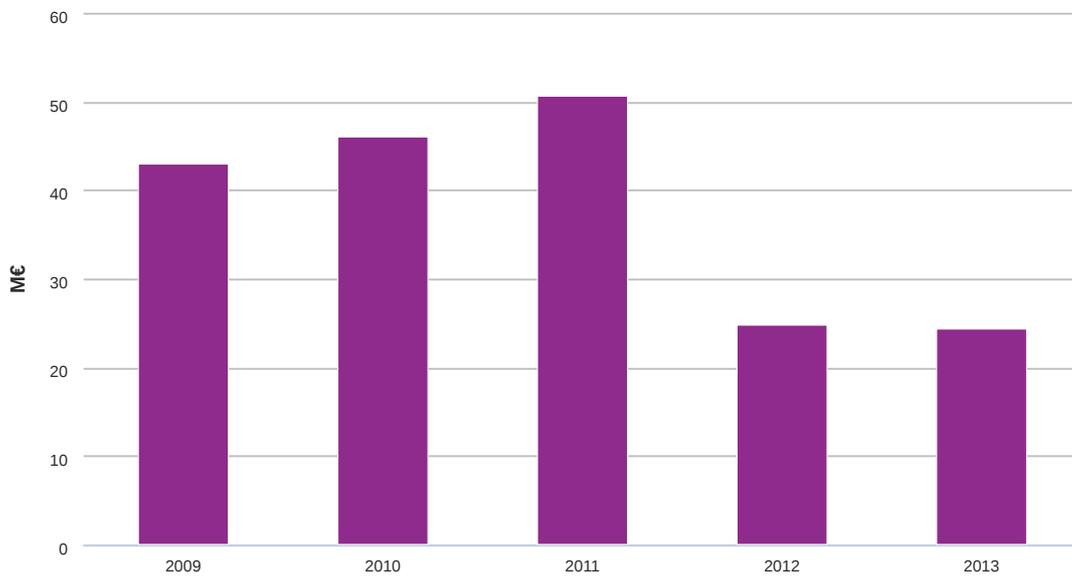


Alma Media's gearing



The consolidated cash flow from operations in January–December was MEUR 24.4 (24.9). Cash flow before financing was MEUR 26.7 (-38.0).

Alma Media's net cash flow from operating activities

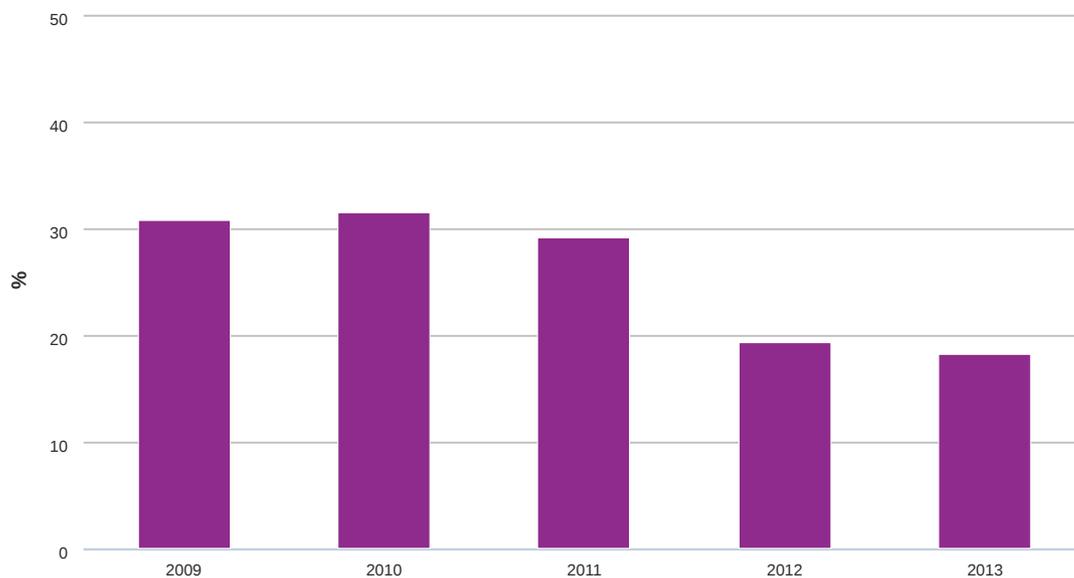


Alma Media's cash flow after investing activities

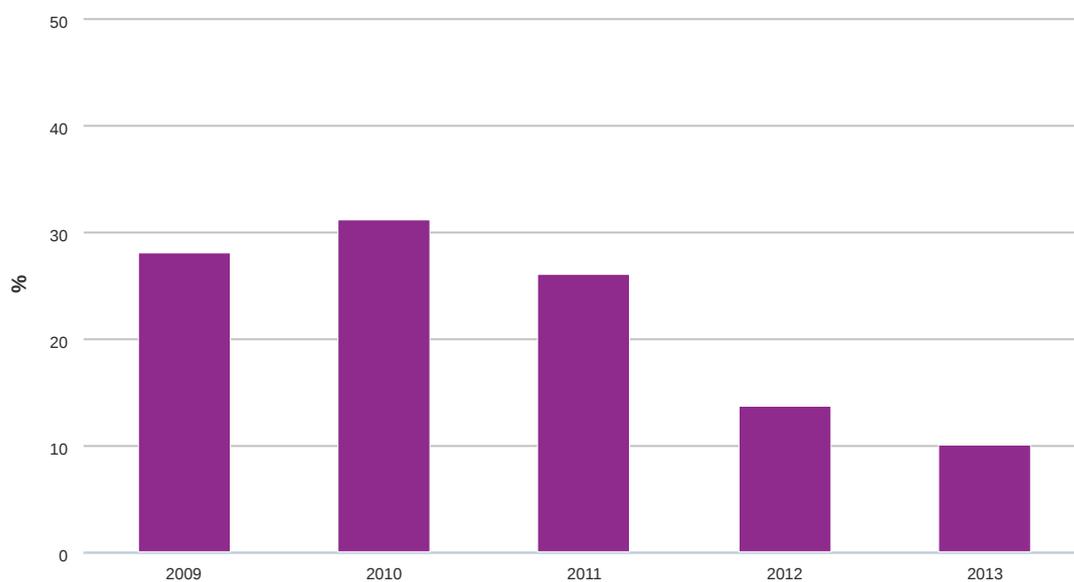


Alma Media has a MEUR 25.0 million and two MEUR 20.0 financing limits at its disposal, of which all, a total of MEUR 65.0, were unused on December 31, 2013. In addition, on the balance sheet date, the company had a commercial paper programme of MEUR 100.0 in Finland. Of the commercial paper programme, MEUR 65.0 was unused on December 31, 2013.

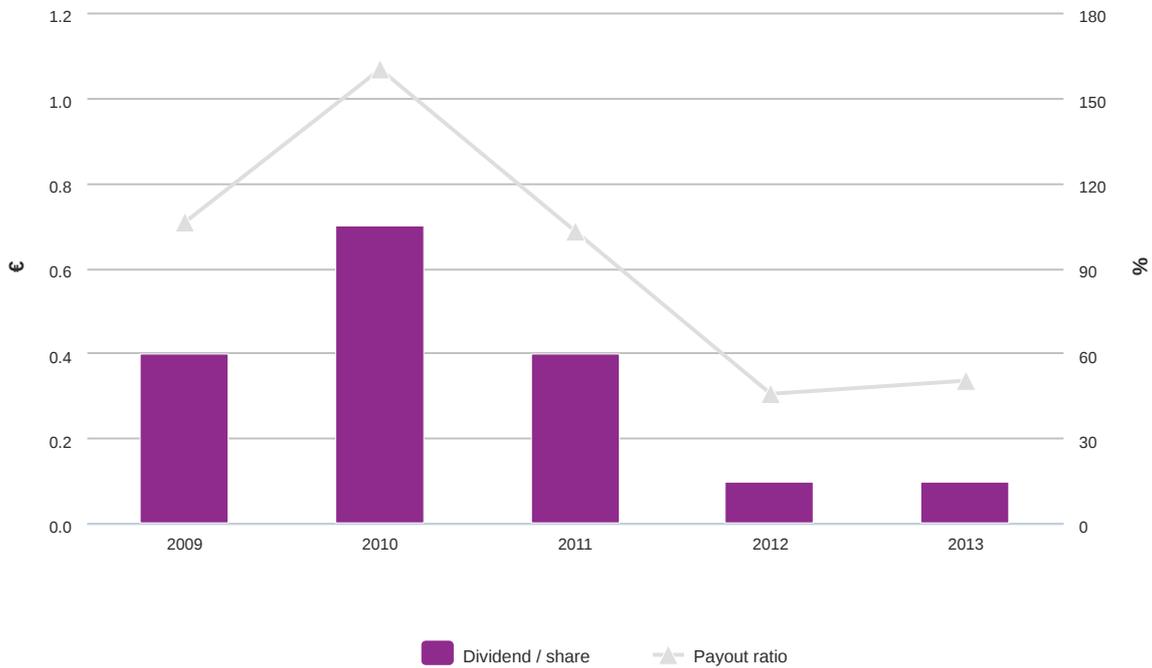
Alma Media's return on equity



Alma Media's return on investment



Alma Media's dividend per share and payout ratio

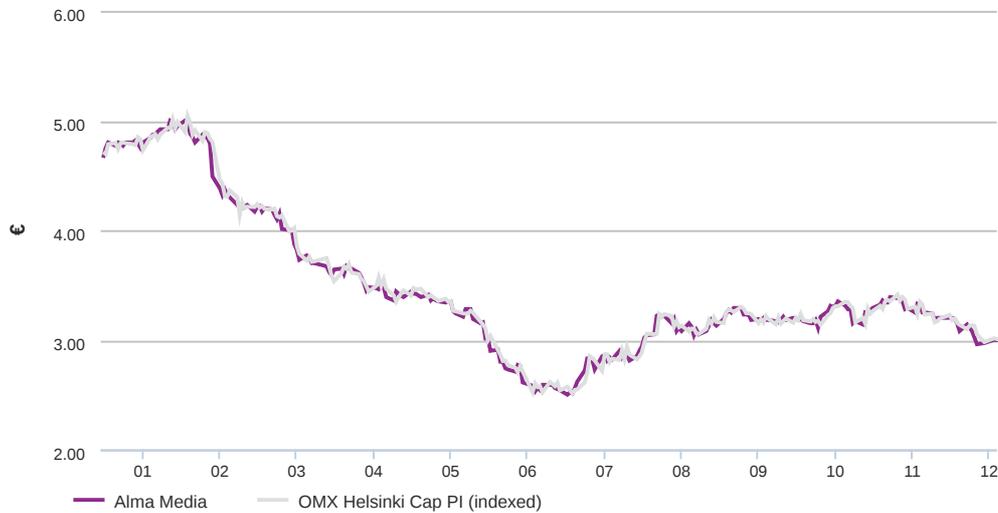


Share

The Alma Media share is quoted at NASDAQ OMX Helsinki Stock Exchange, in the Mid Cap category. Trading in Alma Media's shares in alternative trading venues was very minor in 2013.

In January–December, altogether 8,130,118 Alma Media shares were traded at NASDAQ OMX Helsinki Stock Exchange, representing 10.8% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the year, 31 December 2013, was EUR 2.99. The lowest quotation during the year was EUR 2.49 and the highest EUR 5.00. Alma Media Corporation's market capitalisation was MEUR 225.7 at the end of the year.

Share price performance 2013



[Read more on current share prices here.](#)

Among sustainable investing indices, Alma Media is included in the OMX GES Finland Sustainability Index, comprising the 40 leading companies in Finland in terms of sustainability. In October 2013, Alma Media became the only media company to achieve a position in CDP's Nordic Climate Disclosure Leadership Index (CDLI), which highlights the companies that have the highest scores in the international CDP climate survey.

Dividend proposal for the 2013 financial year

Alma Media's Board of Directors proposes to the Annual General Meeting that a capital repayment of EUR 0.10 (0.10) per share be paid from the reserve for invested non-restricted equity for the financial year 2013. Based on the number of shares on the closing date, 31 December 2013, the total capital repayment would amount to EUR 7,548,685 (dividend for 2012: EUR 7,548,685).

In addition, the Board proposes to the Annual General Meeting that it be given an authorisation to decide on an additional capital repayment of a maximum of EUR 0.10 per share.

Long-term financial targets

In November 2013, Alma Media published its long-term financial targets to support the communication of the company's strategy.

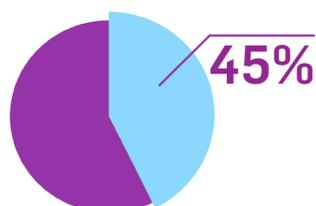
The company's long-term financial targets are as follows:

Alma Media's financial targets	Target level	2008	2009	2010	2011	2012	2013
Digital business growth	> 15%	29.7%	-10.0%	22.5%	16.3%	36.8%	8.4%
Return on investment (ROI), %	> 15%	34.8%	28.3%	31.1%	26.1%	13.8%	10.1%
Dividend payout ratio*	> 50%	59%	103%	159%	103%	45%	50%**

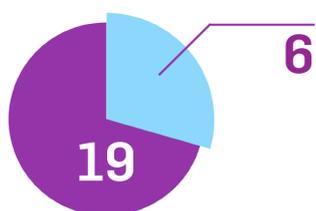
*Includes repayment of capital to shareholders.
 ** Board's proposal to the Annual General Meeting.

The financial targets reflect the priorities of Alma Media's strategy and business development. The long-term targets are reached by developing digital media and service business and improving the quality and cost efficiency of publishing activity. Alma Media aims to allocate investments, repayment of debt and distribution of profit optimally from the company's and investors' point of view.

In 2013...



45 per cent of Alma Media employees in management positions were women.



The Council for Mass Media issued **19** decisions concerning Alma Media's media outlets. Of these decisions, **six** were condemnatory.



Alma Media became the **first** media company to be included in the Nordic Climate Disclosure Leadership index.



The Responsible Summer Job campaign organised by the Finnish Children and Youth Foundation and Alma Media was expanded to **174** responsible summer employers that provided over **35,000** responsible summer jobs in total.



VOC emissions from chemicals used in Alma Media's printing operations decreased to **4,200** kilogrammes (2012: 5,500 kg) thanks to new kinds of dampening solutions.

Business Segments

Alma Media Group's reporting segments are: Newspapers, the Kauppalehti Group, Digital Consumer Services and Other Operations. The Group's internal organisational structure was changed at the beginning of 2013, with Objektvision.se, which was previously reported under Digital Consumer Services, now reported under the Kauppalehti Group.

Alma Media's business segments

Alma Regional Media and IL-Media, which was reported under the name Iltalehti until March 2013, are reported as part of the **Newspapers segment**. Alma Regional Media includes all regional and local newspapers published by Alma Media. In 2013, this comprised over 30 Finnish newspapers and their online services. IL-Media's consumer products include Iltalehti, Iltalehti.fi, IL-TV, Ilona and theme supplements.

Kauppalehti Group specialises in producing business and financial information as well as in providing marketing solutions in Finland. In addition to the business paper Kauppalehti, the Group includes Kauppalehti Information Services, the custom media and communications house Alma 360 and the news agency and media monitoring unit BNS Group, which operates in the Baltic countries. Starting from the beginning of 2013, the digital business premises service Objektvision.se has been reported under the Kauppalehti Group.

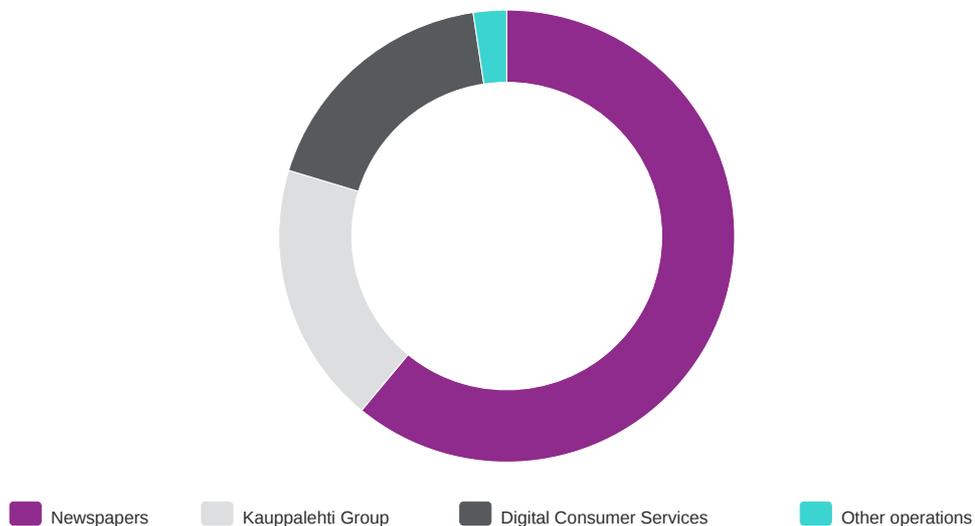
Digital Consumer Services includes Marketplaces and Alma Diverso.

Marketplaces comprises Alma Media's digital classified advertising services. Classified advertising is focused on three main sectors: housing (Etuovi.com, Vuokraovi.com and City24), recruitment (LMC, Monster.fi, CV Online, Jobs.cz, Prace.cz, Topjobs.sk, Profesia.sk and MojPosao.net) and cars (Autotali.com). Marketplaces also includes the MyyjaOsta.com online service. In 2013, Alma Media sold the heavy machinery and vehicles marketplace Mascus, which was previously reported under Digital Consumer Services. Objektvision.se, an online service for advertising business premises that was part of the Marketplaces segment in 2012, was transferred to the Kauppalehti Group at the beginning of 2013.

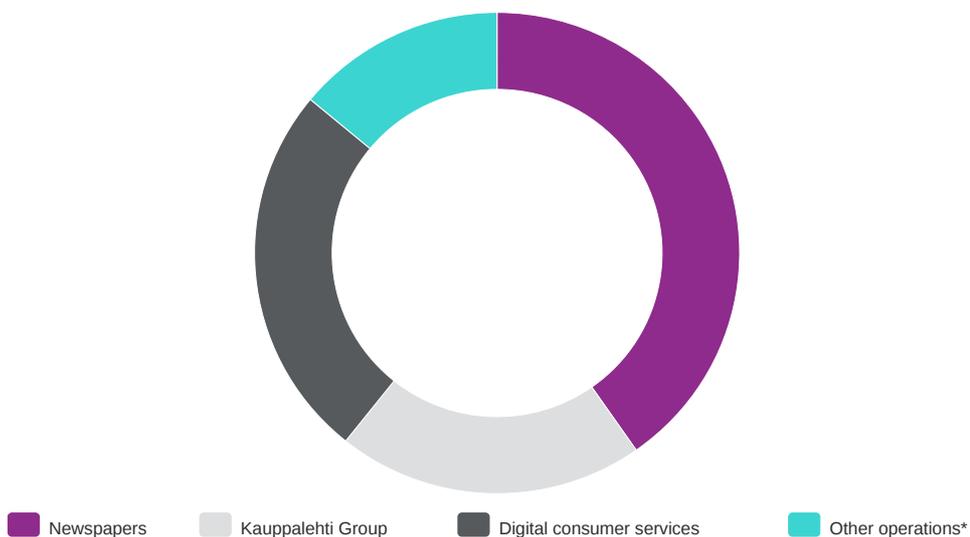
The Alma Diverso business unit includes digital consumer and marketing services. The consumer services comprises Telkku.com, Kotikokki.net and E-kontakti.fi. The marketing services aimed at businesses consist of Almascope as well as Meedio, which will be launched in early 2014. In addition to managing its consumer services, Alma Diverso supports the digital service development of all Alma Media units.

The **Other operations** segment reports on Alma Manu and the operations of the parent company. Alma Manu is responsible for Alma Media's printing and distribution operations. The Group's support functions, such as human resources management, financial administration and ICT administration are consolidated in the parent company. The role of the Other operations segment is primarily to support Alma Media's other segments.

Alma Media's revenue by segment 2013 (M€)



Employees by segment 2013 * (persons)



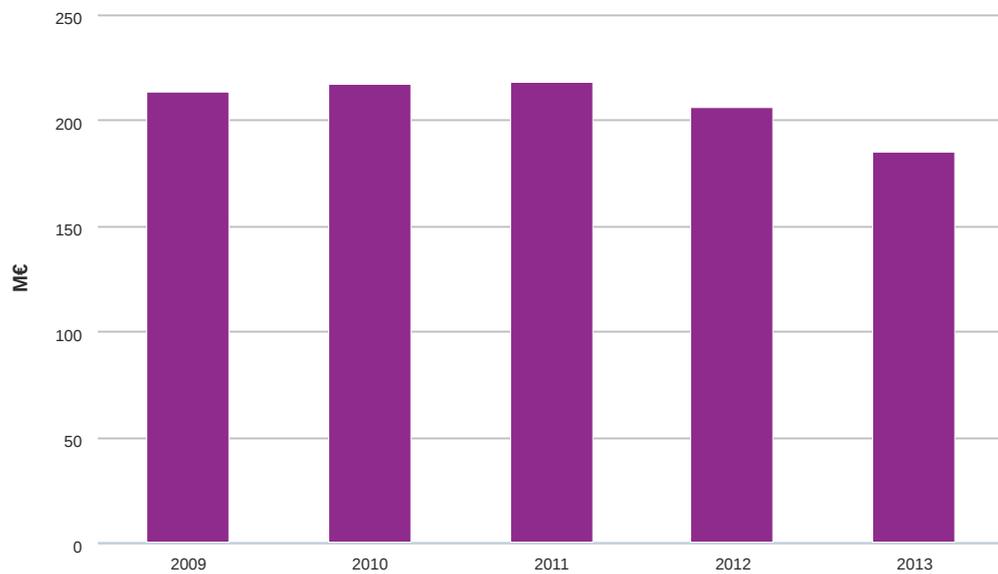
* excluding newspaper deliverers

Newspapers

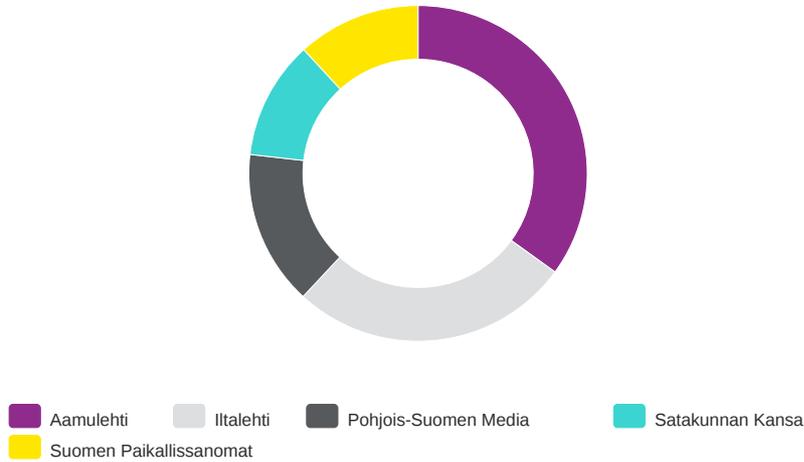
The weak economic situation in Finland and Europe, along with structural changes in advertising and media consumption, continued to have an effect on the Newspapers segment's revenue in 2013. The segment's revenue declined to MEUR 185.6 (206.6).

The segment responded to the accelerating movement of advertisers and consumers from traditional media to digital channels with a strong focus on the development of paid online content and digital services.

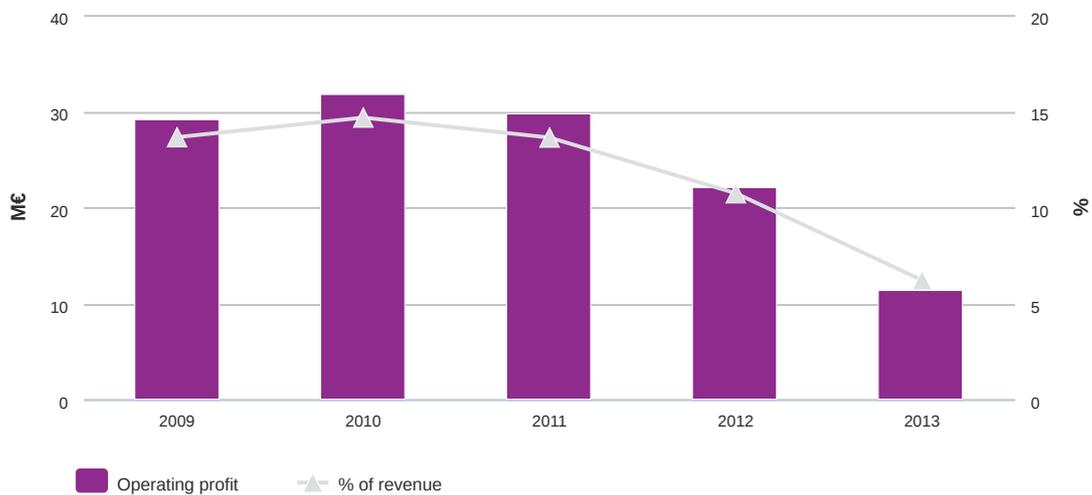
Newspapers segment's revenue



Division of Newspapers segment's revenue by business unit 2013



Newspapers segment's operating profit



Alma Regional Media: stronger digital services and paid online content

Content revenue and advertising sales for print media continued to decline in 2013. The Newspapers segment's advertising sales totalled MEUR 83.9 (98.0), down 14.4%. Advertising sales for print media decreased by 17.3%, but online advertising sales grew by 7.6%, amounting to MEUR 12.1 (11.3). The segment's content revenue was MEUR 98.5 (105.3), down 6.5 per cent.

Alma Regional Media responded to the decline in profitability caused by structural changes in media consumption in 2013 by focusing particularly on the development of paid content for electronic channels, as well as the improvement of digital services. The business unit also clarified the pricing of print and digital newspapers and increased efficiency by consolidating the content production of newspapers.

Alma Media's regional newspapers clarified their subscription pricing by adopting monthly pricing for all subscriptions from the beginning of June. With the pricing change, they also became the first newspapers in Finland to discontinue charging additional fees for paying by instalment. The reasons for the change include the need to clarify prices as well as changes in consumer behaviour and subscribers' desire to pay for their newspaper subscriptions in shorter periods. The growth in the popularity of digital subscriptions was taken into account by adopting consistent pricing for the digi+ service, which includes the digital edition and archive, for all subscription types.

Alma Regional Media continued to develop paid content solutions for online content published via its newspapers' digital channels. The goal is to implement paywalls for all subscription-based online content by the end of 2015. Online content has already been put entirely behind a paywall at Raahen Seutu and Pyhäjokiseutu in summer 2013. Pohjolan Sanomat and Aamulehti implemented a partial paywall at the beginning of 2014 and Kainuun Sanomat will implement in March 2014 under the premium content principle.

The opportunities presented by digital development were also investigated in sparsely populated areas in Northern Finland. In April–May, Alma Regional Media carried out a tablet pilot in partnership with Lapin Kansa, offering people in sparsely populated areas in Lapland a tablet device and the digital edition of Lapin Kansa for a six-week trial period. The aim of the pilot was to assess the perceptions of customers in Lapland regarding the digital newspaper and to determine whether the digital newspaper could offer better and faster delivery of news to those living in sparsely populated areas. The results of the pilot were positive, with the participants finding that reading the newspaper on a digital device first thing in the morning was an improvement over receiving the print edition later in the day.

As part of its expansion of digital services, Alma Regional Media launched the Yourlapland.com website in January 2013. The service, which utilises social media tools, is aimed at tourists and provides information on and news from Lapland.

The structural reform Alma Regional Media carried out in 2012 resulted in savings in 2013. The structural reforms were aimed at increasing cooperation while eliminating duplications of effort. The most significant operational change was the partial consolidation of content production, which began immediately after the business unit was formed.

Another initiative aimed at improving the efficiency of operations was the content and development cooperation with Ilkka Group, Kaleva and Turun Sanomat, which started at the beginning of 2013. In the beginning of 2014, Alma Media and five other Finnish publishers signed a letter of intent, planning to significantly expand their journalistic cooperation and establish a company called Lännen Media. The aim of the company is to provide shared content for all the participating newspapers, Aamulehti, Satakunnan Kansa, Lapin Kansa, Kainuun Sanomat, Pohjolan Sanomat, Turun Sanomat, Kaleva, Ilkka, Pohjalainen, Hämeen Sanomat, Forssan Lehti and Keskipohjanmaa. Lännen Media's objective is to improve the journalistic quality of the newspapers involved, increase operational efficiency, expedite development measures and increase editorial reciprocity.

The Aamulehti tabloid project launched in 2013 is also aimed at increasing operational advantages in content production, with the newspaper shifting to the same tabloid format used by other regional newspapers in April 2014. The shift to the tabloid format will also see the newspaper's content structure and story types changing. The views and opinions of readers will be increasingly highlighted, which will result in more social or communal journalism. Read more about the tabloid reform.

In addition, Pohjolan Sanomat carried out a structural reform at the beginning of 2014 that saw the newspaper shift its print edition from a seven-day to a five-day publication. The structural reform also included an expansion of the newspaper's paid online content.

Other changes related to newspapers included the acquisition of Lounais-Lappi, a town paper published in the Kemi-Tornio area, from the Kaleva Group subsidiary Forum24 Oy. The newspaper was acquired to complement Alma Regional Media's offering in the Sea Lapland area.

IL-Media redesigned the Iltalehti print edition and continued the development of online services

The Iltalehti business unit changed its name to IL-Media at the turn of March–April 2013. The reasons for the name change included rapid growth in digital business operations, the content-based divergence of products and new media sales products. In addition to adopting a new name, IL-Media took several other development steps in 2013.

In 2013, the Newspapers segment's online advertising sales increased by 7.6 per cent to MEUR 12.1 (11.3). Online business accounted for 6.9 per cent (5.6%) of the segment's revenue. The growth in online business was reflected in IL-Media in the development of mobile applications and online services. The Iltalehti mobile website quadrupled its number of visitors during the year. Read more.

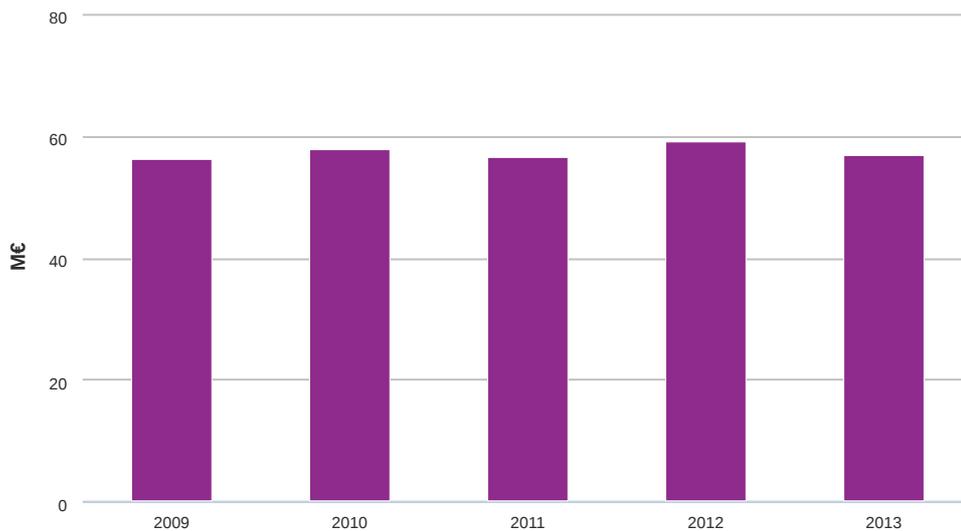
In media sales, IL-Media and Kauppalehti increased their cooperation and improved the efficiency of operations by implementing a new media sales system to harmonise sales workflow between the units.

Ilta-lehti also carried out a redesign and content renewal process aimed at providing even better service to readers. Going forward, the print edition will offer slower reads and in-depth articles, while the online edition will be focused on quicker, more modern and more diverse content. Ilta-lehti also launched the new Fiidi.fi service that publishes articles that are popular in social media, which readers can then share in their own networks. The successful launch has resulted in an average of 400,000 unique visitors a week. In June, Ilta-lehti launched a new digital edition, Ilta-lehti Plus, which offers more updated information compared to the previous digital edition.

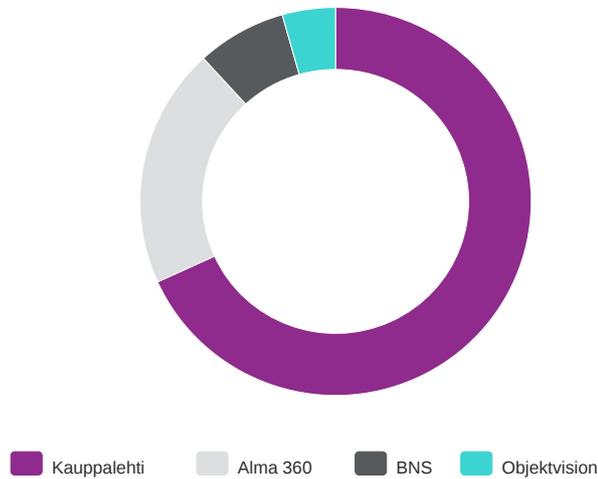
Kauppalehti Group

For Kauppalehti Group, 2013 was a year characterised by strong development and growth in digital media, which is also reflected in the segment's result. The revenue for the full year 2013 of the Kauppalehti Group was MEUR 56.8 (59.0), of which online business accounted for 33.4 (29.0) per cent. Revenue decreased by 3.7 per cent from the previous year. The segment reached an important milestone in the third quarter as the increase in Kauppalehti's digital content sales exceeded the fall in print media content sales for the first time.

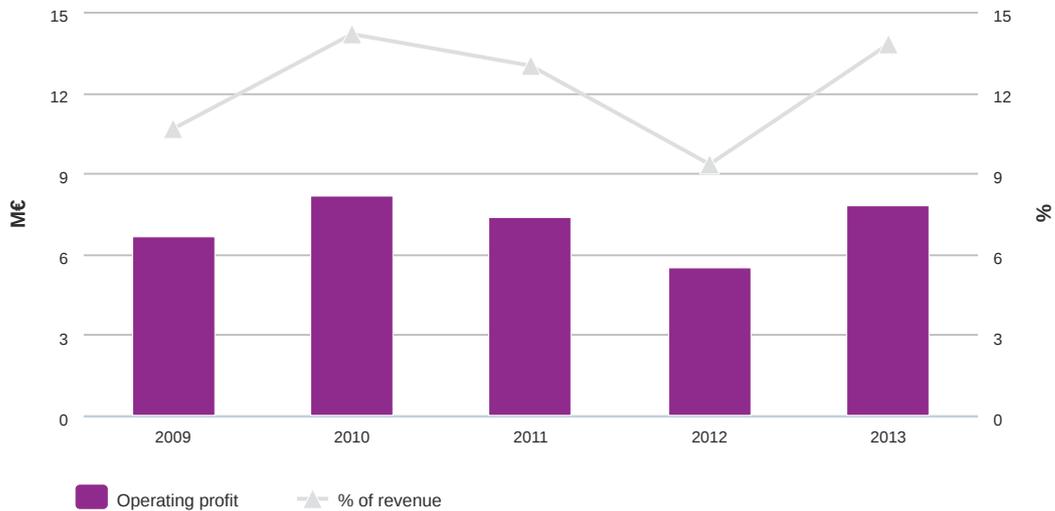
Kauppalehti Group's revenue



Division of Kauppalehti Group's revenue by business unit 2013



Kauppalehti Group's operating profit



Growth through digital content

Kauppalehti's income from digital content increased by 22.1 per cent, and online advertising sales increased by 10.9 per cent. Content revenue for print media decreased by 5.1 per cent.

During the year, Kauppalehti launched a digital media development project to redesign content, subscription products and media sales opportunities. Kauppalehti also launched mobile applications that make it easier to follow news

streams and made changes to its advertising locations and pricing logic. Mobile products saw rapid growth. For example, the Kauppalehti Windows Phone application launched in January was downloaded over 7,500 times in the first week, and by the end of the year the application was used in more than 100 000 devices. In May, the user management service of the online services was renewed.

In addition to investing in the growth of digital business, Kauppalehti also focused on print media. The newspaper's competitiveness was improved by, among other things, making adjustments to the pricing of print advertising.

Kauppalehti Information Services continued to grow in 2013. The unit launched new online services, such as a procurement search and a map service. The procurement search allows customers to search for public sector procurement announcements. The new map service for property searches offers property location functionality and other features that simplify the use of property information.

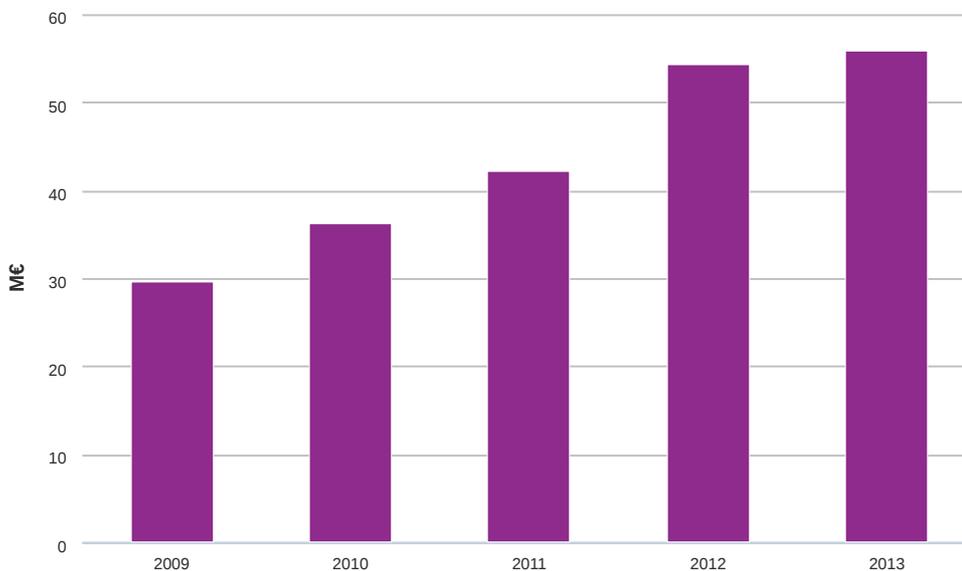
The Kauppalehti Group's custom media and communications house Alma 360 developed its multimedia offering in 2013. Alma 360 signed several new partnership agreements during the year, and its products also received publication industry awards. The unit began multichannel partnerships with customers including the Finnish Association of Business School Graduates SEFE and the state alcohol company Alko.

The increasing importance of video was a particularly noteworthy trend in the demand for multichannel content. The rapid growth in online television is also reflected in the operations of Alma 360, with the unit establishing its own video desk in 2013 to ensure efficient video production and competence development. Read more on the future of video.

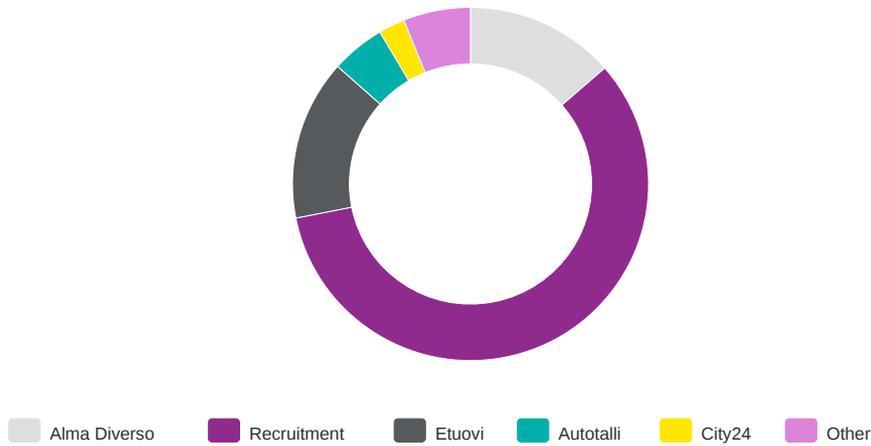
Digital Consumer Services

The Digital Consumer Services segment, which leads the way in Alma Media's digital development, continued to grow in 2013. The segment's revenue reached MEUR 55.9 (54.5), up 2.6 per cent. The acquisitions of online recruitment services outside Finland completed in 2012 supported the segment's growth.

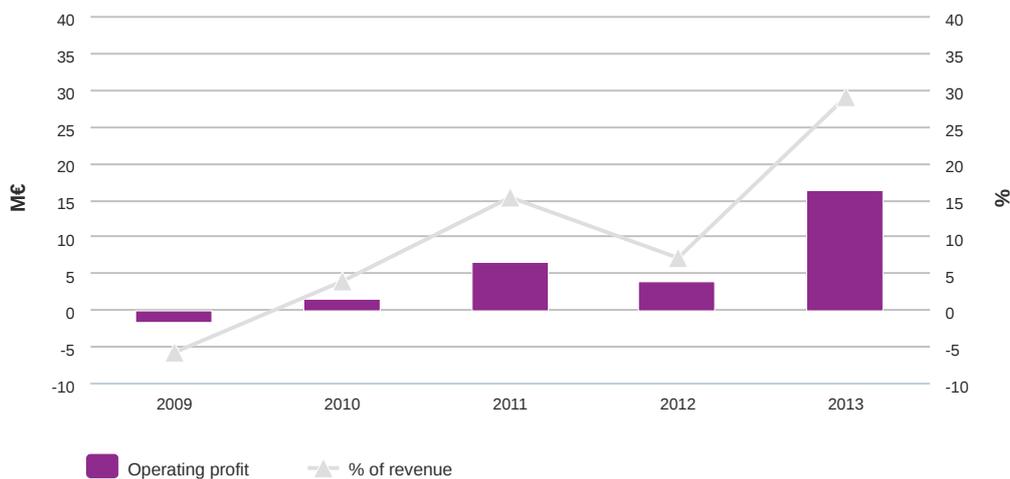
Digital Consumer Services segment's revenue



Division of Digital Consumer Services segment's revenue by business unit 2013



Digital Consumer Services segment's operating profit



Marketplaces achieved a good result despite the weak market situation

The Digital Consumer Services segment's Marketplaces business unit continued to grow despite the weak economic situation in Finland and Europe.

The recruitment business accounted for 58.3 (49.8) per cent of the segment's revenue in 2013.

Synergies between different operations in the recruitment business were increased by sharing expertise and taking advantage of various recruitment-related added-value services. Tools were also developed to better meet the needs of employers and jobseekers. One such example was the implementation of video interviews by Monster.fi. The Czech-based LMC launched the Teamio human resource management application for small businesses, and the use of the application is currently being tested in Finland as well.

In late 2013, Alma Media announced it would expand its recruitment business cooperation with Monster Worldwide Inc. The expansion of the cooperation added Monster's services to Alma Media's recruitment service offering, which is available in Finland, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary and Croatia. The business is managed by Alma Career Oy, a joint venture between Alma Media and Monster that began operations in January 2014. Alma Media's existing services will continue to operate under their familiar brands and technologies, but they may make use of Monster's technologies, service concepts and sales network in selected markets.

In the second quarter of the year, the Marketplaces unit divested two marketplaces outside of its core business. The company sold the Slovakian used car marketplace Autovia.sk and the heavy machinery and vehicles marketplace Mascus. Going forward, Alma Media will focus on recruitment and housing portals in its international marketplaces business.

Housing-related services remained successful in 2013. In Finland, the Etuovi.com service succeeded in improving its profitability compared to the previous year despite the slow cycle in the home sales market in Finland. The unit continued its active development of new businesses and launched the Sisustusovi.com online service as part of a comprehensive housing service. Sisustusovi.com offers interior decoration ideas as well as interior decoration services for sale. The focus of service development for Etuovi.com in 2013 was on new business development, but also on the improvement of customer satisfaction among real estate agents and the renewal of the Etuovi.com application platform. Read more on what's new at Etuovi.com.

Alma Diverso grew its service offering and launched new digital tools for use by the entire Group

The Alma Diverso business unit sought growth by renewing its existing online services and focusing on the development of tools that facilitate easier purchasing of digital advertising.

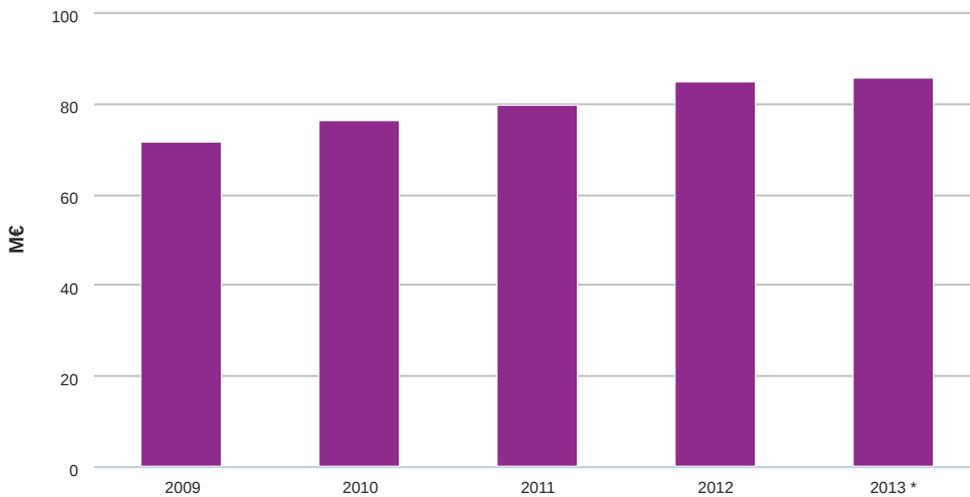
Telkku.com continued to develop its Nauhuri recording service and grew its offering of new advertising solutions to its partners. The structure and tools on the Kotikokki.net service were also renewed. In addition, Kotikokki.net began a partnership in 2013 with Neljän Ruoka Oy and launched a new service called Kotikokin Ruokakassi (Home Chef's Grocery Bag). The service allows consumers to order a full week's dinners delivered right to their doorstep. Read more.

In 2013, Alma Diverso also developed its services in the rapidly growing field of network advertising. In the latter part of the year, the unit worked on a new marketing service for self-service purchasing to allow advertisers to manage their digital marketing via a digital desktop. The business unit also developed a data management tool to support targeted advertising. October saw the launch of Almascope, a marketing service based on utilising "big data" collected from the visitors of Alma Media's online services. Also in development was Meedio, a self-service platform for purchasing online advertising. The service was rolled out on January 2014. Read more about the AlmaScope service.

Other operations

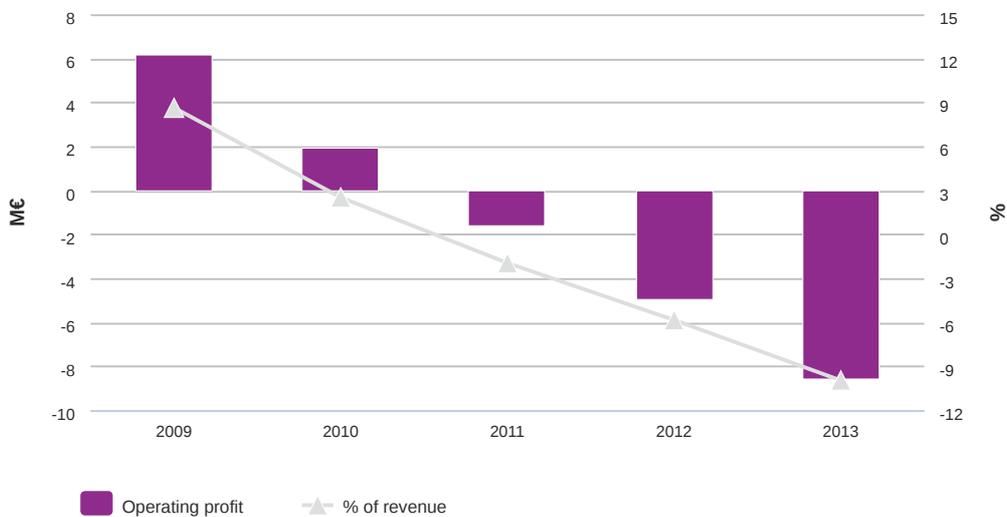
The revenue of the Other operations segment in 2013 was MEUR 85.4 (84.8), of which MEUR 7.1 (6.3) was generated by sales to customers outside Alma Media Group. One of the highlights of the year was the commissioning of the new printing facility in Tampere.

Other operations segment's revenue



* Share of external revenue was 8.3% in 2013.

Other operations segment's operating profit



New printing facility

The new printing facility of Alma Media's printing and distribution arm, Alma Manu, was commissioned in spring 2013. The printing facility will improve the competitiveness of printing operations well into the future. The new printing press is more efficient than its predecessor, which enables the printing of not only the Group's own newspapers, but other papers as well during the critical night time period. The additional capacity also improves the printing facility's profitability, as the new equipment allows the printing of products faster and with less waste than before. Customers can also be offered an even broader range of products and variations thanks to the comprehensive selection of printing and mailing solutions available.

The initial stages of the commissioning of the new printing press were challenging due to production and distribution issues. However, control over the printing facility's production reliability improved in the third quarter, and late deliveries decreased compared to earlier in the year. The new printing facility is expected to produce a positive financial result in 2014.

Alma Manu also signed a contract with its first new customers. In September, it was confirmed that the printing of Hämeen Sanomat and Hämeenlinnan Kaupunkiutiset will be moved to the printing facility in Tampere from 1 January 2014 onwards.

The efficiency of printing operations was also improved by other arrangements made in 2013. The company decided to close down printing operations in Rovaniemi by the end of March 2014. An agreement was signed to print the Group's newspapers in Northern Finland at the Kaleva printing facility in Oulu thereafter. The new printing location ensures the newspapers' printing quality and their continued early morning delivery. As a result of the shutdown decision, Alma Media recorded a non-recurring expense of MEUR 3.5 for the second quarter of the year consisting of impairment loss on fixed assets and other reorganisation costs.

Sustainable Media

Changes in media consumption and consumer behaviour create a need for renewal in the media sector. Part of Alma Media's response to these challenges is its Sustainable Media programme, which cultivates journalistic values while integrating corporate responsibility in all operations.

Over the past few years, Alma Media has made considerable efforts to develop its Sustainable Media programme, both in its own operations and by introducing the theme in public discussion. Alma Media's activity in this field places the Group in a strong position as a forerunner in corporate responsibility in the Nordic media industry.

Goals and achievements in 2013

In 2013, the focal points of corporate responsibility were the societal impacts of journalism and advertising. Alma Media also continued its own activities and co-operation to mitigate the environmental impacts of the media sector and reduce youth unemployment.

A media company's most significant impact is created through the content it produces. Each of Alma Media's media outlets has a responsibility for its journalistic content. Alma Media's task is to promote discussion on the responsibility associated with freedom of speech and to increase awareness of the brainprint media leaves on audiences and society. In 2013, Alma Media was actively involved in research and discussion on brainprint both in Finland and internationally. In addition to the impacts of journalism, the discussion extended to the impacts of advertising and how advertising can promote not only consumption, but also sustainable development.

A second focal area was work related to the environmental impacts of media and continued partnerships in this field. Alma Media became the first and only Nordic media company to be listed on the CDLI climate index. The index is comprised of 27 Nordic listed companies recognised for having the highest level of transparency with respect to climate issues. The environmental study published by Alma Media in 2012 on the impacts of print and digital media continued to attract a great deal of interest, and the study was used for various purposes including the assessment of the environmental impacts of advertising. In recognition of its environmental efforts, Alma Media received LEED environmental certification in 2013 for its new head office in Töölönlahti and its printing facility in Tampere.

Preventing youth employment was the third focal area in 2013. For the third consecutive year, Alma Media and its online service Monster.fi were involved as main partners in supporting and implementing the Finnish Children and Youth Foundation's Responsible Summer Job project. The 2013 campaign attracted 174 responsible employers, who offered a total of more than 35,000 summer and seasonal jobs.

The Sustainable Media programme is implemented in Alma Media's and its employees' way of working and through the choices employees make on a daily basis. Alma Media's corporate responsibility objectives are thus implemented by every employee and business unit in their daily operations and the communication of specific corporate responsibility goals is not always possible or even meaningful. Nevertheless, Alma Media has set certain specific corporate responsibility objectives to support responsible actions in daily work. In addition to the objectives described below, goals related to corporate responsibility are also described in the sections on the environment and employees.

	Objectives 2013–2015	Implementation in 2013	Description of activities in 2013	Description of activities in 2014–2015
Management and coordination of corporate responsibility	Parallel to the corporate responsibility network, the company ran Sustainable Media workshops open to all Alma Media employees, with the aim of developing competence and business operations	**	Three workshops open to all Alma Media employees were organised during the year.	Increasing the number of participants
	Developing responsible supply chain management	**	Supply chain development has begun.	Responsible purchasing supplement

	Objectives 2013–2015	Implementation in 2013	Description of activities in 2013	Description of activities in 2014–2015
	Improved integration of corporate responsibility into risk management; rising from second place to top position among Nordic media companies in the CDP report.	**	Comprehensive revision of risk management still in progress, highest-placed Nordic media company in the CDP report and inclusion in the CDLI index (92p.)	Development of risk management
	Developing internal corporate responsibility communications; launching Sustainable Media theme workshops.	***	Sustainable Media tour in one municipality, three Sustainable Media workshops	Increasing the number of workshop participants
	Developing the Sustainable Media perspective of the business strategy and launching the first solutions	*	Corporate responsibility included in analysing the operating environment	Development of the business benefits of corporate responsibility
Stakeholder interaction	Ratkaisun paikka fair	***	Visitor target exceeded by a large margin thanks to active media partnership	Active media partnership at the Ratkaisun paikka 2014 fair
	Active involvement as main partner in the Responsible Summer Job 2013 campaign and its development	***	The third time as the main partner in the development of the Responsible Summer Job 2013 campaign by the Finnish Children and Youth Foundation, with the campaign's reach and awareness of the campaign substantially improved from the previous year.	Active involvement as main partner in the Responsible Summer Job 2014 campaign and its development
	Nordic Media CR Forum	***	Sustainable Media programme developed through cooperation, Mirrors or Movers conference in June 2013	Increasing awareness of the Nordic Media CR Forum in Finland
	Active participation in the City of Helsinki Climate Partnership Network	***	Provided content for the network's annual seminar	Joint seminar between climate partners and Alma Media
	Developing opportunities for volunteer work for Alma Media employees	**	Some volunteer activities were organised.	Increasing opportunities for volunteering
Responsible journalism	Continuing dialogue on brainprint and the Brainprint project through Alma Media's various media.	***	Active international participation in the discussion, launching the brainprint concept in Finland	Continuing the discussion and extending it beyond Alma Media
	Organising a workshop on responsible journalism	***	Brainprint workshop in October 2013	Continuing the discussion and extending it beyond Alma Media
Responsible advertising and marketing	Analysing the environmental impacts of the full advertising	**	Responsible marketing workshops and statements with Aegis Media in January 2013	

	Objectives 2013–2015	Implementation in 2013	Description of activities in 2013	Description of activities in 2014–2015
	lifecycle and communicating the findings to cooperation partners			
	Initiating dialogue on sustainable advertising and marketing	**	Responsible marketing workshops and statements with Aegis Media in January 2013	Continuing the dialogue and cooperation
Environmental responsibility	Continuing broad-based communication of the environmental study and planning potential follow-up projects	***	Extensive communication of the study was continued, participation in the Shape Media study	Continuing cooperation as part of the Shape Media study
	Environmental matters in Alma Media's new office building in Töölönlahti	**	LEED Gold certificate granted to the new head office	Activating employees in environmental work
	Setting more detailed environmental targets as new facilities are commissioned	*	The process of setting more detailed targets is incomplete due to the development of a calculation process	Setting more detailed environmental targets
Developing corporate responsibility reporting	Monitoring the development of reporting and revising company processes accordingly	**	GRI Media Sector Supplement implemented, preparations for G4 have begun	Preparation for G4 reporting
	Improving data collection on environmental and human resource matters	**	For environmental data, waste and water consumption reporting for the entire Group is not yet available.	Revising the process of collecting environmental data
	New objective for 2014–2015: Improving supply chain reporting			
	<p>* measures have been started</p> <p>** significant progress towards the objective, but further developments are planned</p> <p>*** objective has been achieved</p>			

Employees

For Alma Media's employees, 2013 was a year characterised by collaboration and networking across organisational boundaries, the development of managerial work and the improvement of digital competencies. The new office premises in Helsinki and the new printing facility in Tampere also improved working conditions, which had a positive impact on employee well-being. The Töölönlahti office building, which brings Helsinki-based Alma Media employees together under one roof, was a particularly important factor in facilitating collaboration, the sharing of expertise and networking between units in a new way. New cooperation networks established in 2013 included the Young Alma Medians network for the young and young at heart, and a software developers' network. As part of Alma Media's corporate responsibility initiatives, three workshops open to all employees were organised to provide employees with opportunities to participate in the development of Sustainable Media operations.

The year concluded with an employee survey. Conducted every two years, the 2013 survey received responses from nearly 2,000 Alma Media employees. The survey was participated by 84 % of the Alma Media employees, excluding the

printing and distribution unit Alma Manu. As in previous years, the unit's response rate was low (under 40 per cent) due to delivery employees being more difficult to reach with an online survey than other employees.

The survey respondents indicated that managerial work, in particular, has improved since the previous survey. This is reflected in a more spirited attitude towards resolving problems as well as improvements in giving feedback and rewards. In addition to managerial work, the survey respondents commended on the company's development of operating methods and increased flexibility. The responses from Alma Media employees based in Helsinki also highlighted the improvements in the working environment brought about by the new office premises.

The most significant areas of improvement revealed by the survey were related to the transformation of the media sector. Respondents indicated they feel their work is more stressful than before, and the future of the industry is perceived as uncertain. This was also reflected in ambiguity regarding common targets and objectives. Based on the results of the employee survey, improving the digital competence of Alma Media employees was identified as a focal area for development across the organisation.

The results of the survey will be reviewed team by team in spring 2014, led by their respective managers, and these discussions will then be used to prepare concrete development plans with measurable targets and responsible persons. The next comprehensive employee survey will be conducted in autumn 2015.

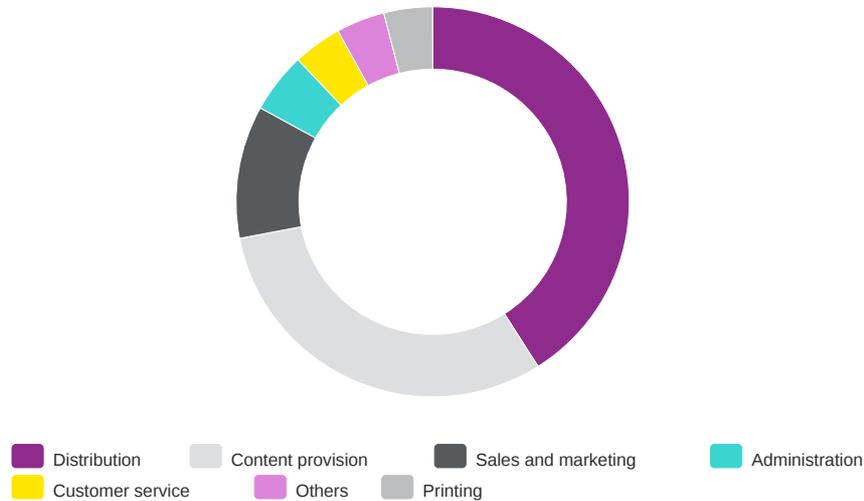
International acquisitions, organisational restructuring and recruitment for digital business operations brought new competence to Alma Media and improved the Group's capacity for sharing know-how. The proportion of employees working on digital services and the share of employees stationed outside Finland both increased in 2013. In 2013, Alma Media employed 1965 (1910) full-time employees on average. The distribution personnel amounted to 998 (1006) on average. Alma Media employees are split between 45 different locations in Finland and in seven other European countries. Poland and Hungary were added to the list of operating countries in January 2014 as Alma Career Oy began operations.

Employees by contract type



* Large proportion of employees represented by newspaper deliverers explains the high share of part-timers.

Employees by function 2013



Diverse competence development

The digitalisation of the media field means new competence needs and the continuous development of employee competence. Alma Media has improved its capacity for the sharing of know-how through training as well as by carrying out extensive organisational restructuring. Collaboration across former organisational boundaries is now seen as a starting point for operations. New kinds of competence have been obtained in areas such as digital recruitment services through international acquisitions. In digital development, competence has been expanded through new recruitment by the Alma Diverso unit. The shared workspace in Töölönlahti provides a natural setting for bringing different skills together and enabling effective teamwork.

The focal areas of training activities in 2013 were digital competence, change management and a coaching approach to managerial work. The year also saw the launch of Alma flow, a management development programme aimed at developing management culture and supporting employee commitment and motivation through management by coaching. The focal points of the programme include building trust, change management, an innovative atmosphere, management by coaching, digital competence and communication. The Alma flow programme will also involve more mentoring for managers and other development tools to support managerial work.

The first Joker development programme, which began in 2011, was concluded in 2013. The programme was aimed at coaching selected employees for more demanding positions and taking advantage of their expertise in various business development undertakings.

In total, Alma Media organised nearly 1,000 days worth of training for its employees in 2013. In addition to open training days organised by the company, employees complemented their professional development through training provided by external partners. Training provided by external training providers is not included in the reported figure for total training days.

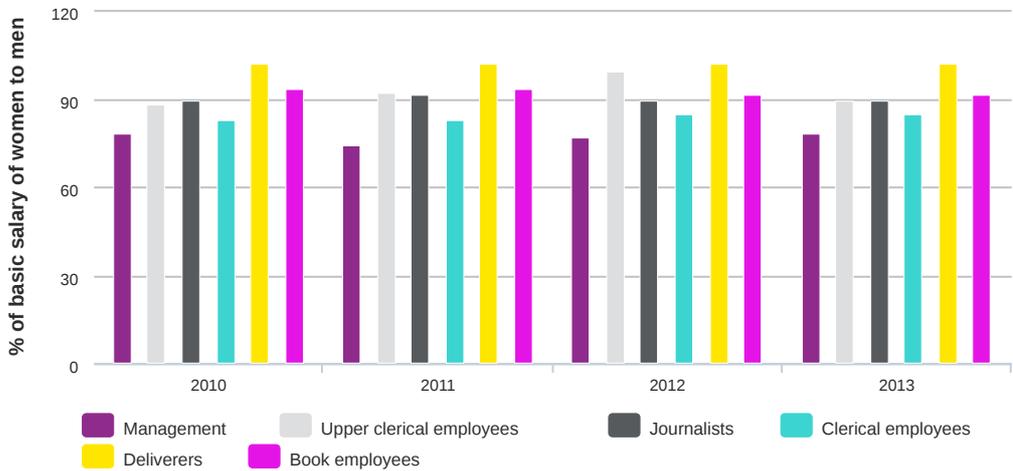
Promotion of equality and non-discrimination

Alma Media's unit-specific equality plans include practical and detailed objectives, actions, schedules, responsible persons and metrics. Equality plans are part of human resource and training planning, and they are updated annually.

Although the differences in salaries between men and women at Alma Media have been in line with the average Finnish pay structure, improving gender equality in pay has been highlighted as an important area of development for the Group. This development has been successful in almost all employee groups, partly by allocating company-specific portions of salary increases in a manner that promotes gender equality in pay. After positive development in 2012,

Alma Media's gender equality in pay remained largely unchanged in 2013. An exception to this was gender equality in pay for upper clerical employees, which declined slightly.

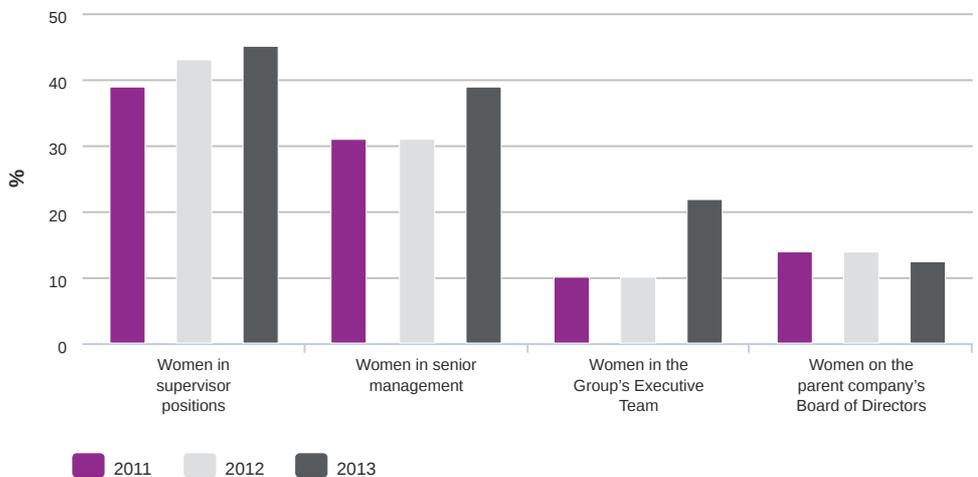
Pay structure by gender



*The ratio of basic salary cannot be calculated as there are no women amongst technical employees.

The proportion of women among supervisors, senior management and the Group Executive Team increased in 2013 compared to the previous year. At the end of December 2013, 55 per cent of those in managerial positions were men (2012: 57%) and 45 per cent were women (43%). At present, senior management includes 39 per cent (31%) women, the Group Executive Team 22 per cent (10%) and the Board of Directors of the parent company 13 per cent (14%).

Proportion of women among supervisors and senior management

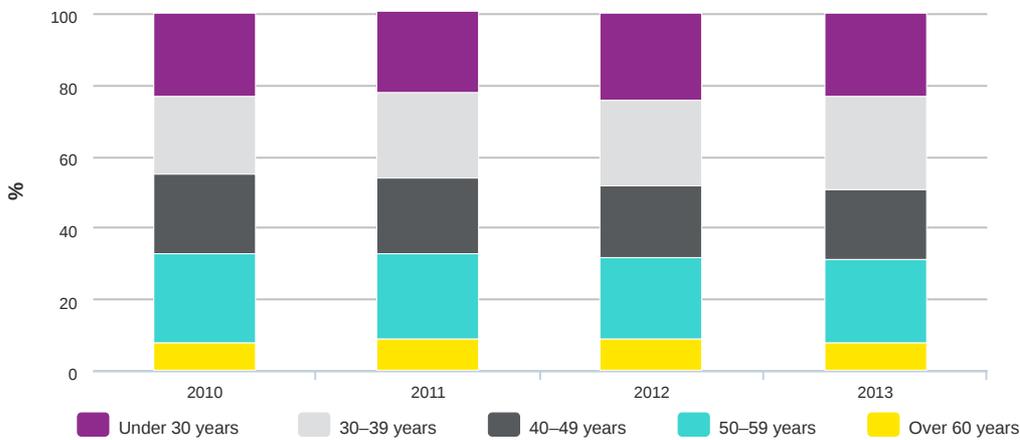


Increasing multiculturalism at Alma Media

Building the future of media requires a diverse group of Alma Media employees. The significance of employee diversity has increased in the ageing and increasingly international society. At Alma Media, distribution operations in particular offer employment opportunities for qualified candidates who have moved to Finland from abroad. Immigrants represent slightly over 17 per cent of all distribution employees, and in Pirkanmaa this figure is as high as approximately 26 per cent. The Group's printing and distribution unit Alma Manu will focus on the challenges and opportunities presented by employee diversity in 2014: taking multiculturalism into account has been specified as one of the objectives of the operating plan for 2014.

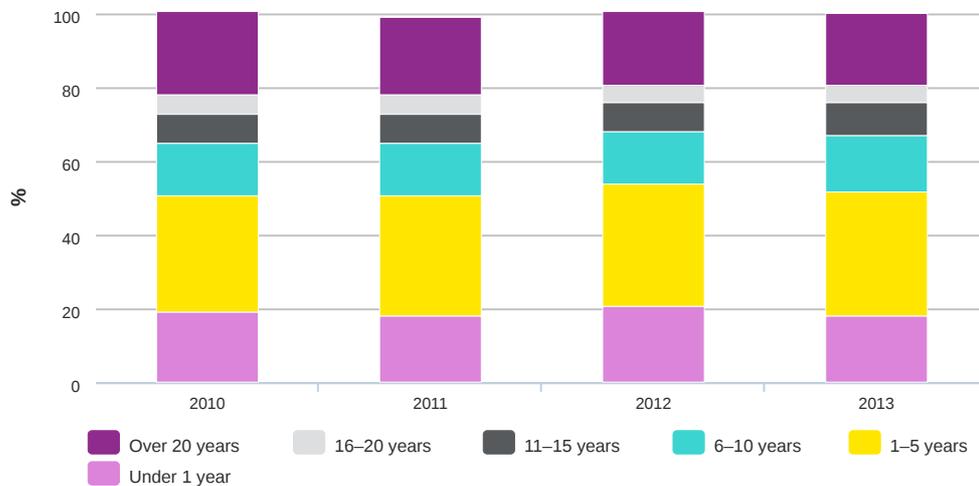
Alma Media has adopted the average retirement age as a metric for monitoring employee well-being and diversity as well as social responsibility. In 2013, the average retirement age was 63 years (2012: 63.2).

Employees by age



*Total percentage may not be equal to 100 due to the figures being rounded separately.

Duration of employment



*Total percentage may not be equal to 100 due to the figures being rounded separately.

As in the previous year, diversity also increased in 2013 due to international acquisitions. Alma Media's digital recruitment services were brought together to form Alma Career Oy, which will also include the Polish, Hungarian and Czech operations of Monster Worldwide. While increasing internationality will present new management challenges in the coming years, it will also provide significant opportunities in the form of diverse expertise, new working practices and fresh perspectives.

New business premises boost occupational health

Alma Media employees in Helsinki moved under one roof for the first time at the turn of the year 2012–2013 as the Group's new office building was completed in Töölönlahti. Employees were involved in the design of the new office building from the start: in addition to participating in unit-specific working groups, employees had the opportunity to influence their new working environment through an idea team, the Helmi system for employee suggestions and initiatives, pilot projects and voting on various issues. The shared office building has contributed to progress on a variety of matters that are central to the development of corporate responsibility and operations, such as the sharing of know-how, employee well-being and collaboration across organisational boundaries.

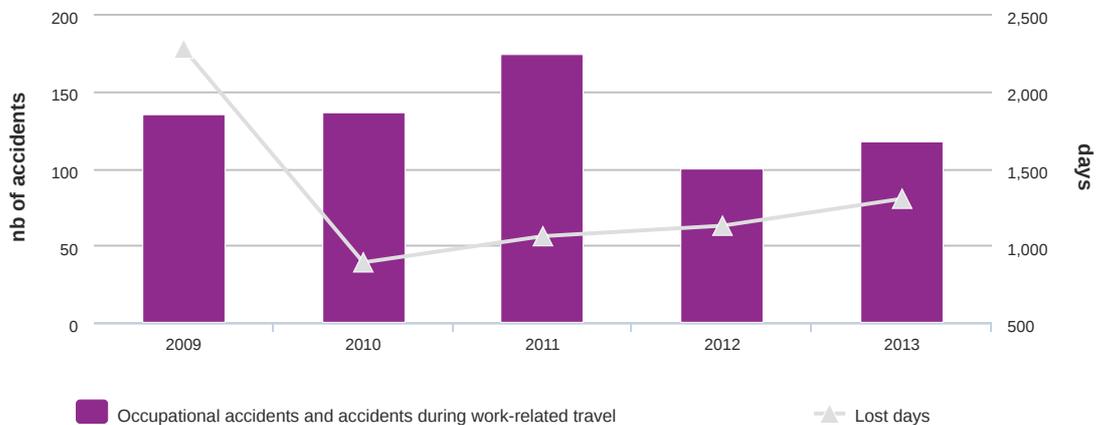
Alma Media paid particular attention to occupational health in the design of its new office building in Töölönlahti, specifically aspects such as indoor air quality, ergonomic workstations and lighting. Employees are encouraged to stay physically active by the provision of loan bicycles, and the menu of the office building's cafeteria promotes healthy eating. There are also various employee activities and campaigns such as "Stair Days". Occupational health was also a prominent element at other Alma Media offices during the year. For example, Alma Manu planned a "Manu works out" programme to be implemented starting in 2014. The programme is aimed at promoting and maintaining the occupational health of all employees.

The number of occupational accidents rose slightly in 2013. The majority of occupational accidents and accidents during work-related travel at Alma Media occur in distribution operations, as they are affected by weather conditions. The occupational safety of delivery personnel has been highlighted as a key focal area in distribution operations and specified as a separate target in the unit's action plan. The goal is to halve the number of accidents in distribution and delivery operations during the period while creating a foundation for continued development work. Responsibility and occupational safety issues such as appropriate clothing, anti-slip solutions and safe walking were integral aspects of the training provided for delivery personnel.

Occupational safety and employee well-being were given a great deal of consideration in the design of Alma Media's new printing facility in Tampere, which began operations in 2013. The aim is to minimise accidents during printing and distribution.

Read more about Sustainable Media and employees.

Occupational accidents, accidents during work-related travel and resulting lost days



*The data from 2012 has been corrected.

Brainprint

One of the most important focal points of Alma Media's Sustainable Media programme in 2013 was understanding and analysing media's brainprint, or the impacts media content has on society. Alma Media was involved in the international discussion on brainprint and also introduced the concept in Finland.

In 2013, Alma Media contributed to the *Mirrors or Movers* report on brainprint and also participated in the seminar in which the report was presented. The report identifies six ways media influences choices and the construction of our reality through the content it publishes. In addition to participating in the international discussion on the topic, Alma Media also organised an internal event on brainprint and the role of the journalist from a societal standpoint. Brainprint will also be one of the main themes of the Sustainable Media programme in 2014, with plans to continue the discussion on the topic at another *Mirrors or Movers* conference as well as other contexts.

Transparency and interactivity in media as cornerstones of responsibility

The basic values of journalism and their impact on society have become an increasingly prominent subject of international public debate. This is largely due to a number of much-publicised cases in the United Kingdom in which the ethics and transparency of journalism failed to meet the standards for responsible journalism. The public debate has strengthened Alma Media's newspapers' and websites' commitment to open and transparent journalism based on active industry self-regulation as well as media outlets' own ethical principles that involve stricter standards than the Guidelines for Journalists issued by the Finnish Union of Journalists.

Openness is the foundation of responsible journalism. Corporate responsibility reporting by media companies is one component of open journalism. In spring 2012, the Global Reporting Initiative (GRI) published a Media Sector Supplement as guidance for the media industry. Alma Media was actively involved in the creation of the guidelines by, for example, commenting on them. In 2013, Alma Media became the first Finnish media company to publish a corporate responsibility report in compliance with the GRI Media Sector Supplement guidelines.

Alma Regional Media has implemented extensive changes to its organisational structure and operating model in recent years. The most recent of these changes is the renewal of Aamulehti. The plans, which include an extensive renewal of content as well as a shift to the tabloid format, were completed in 2013. One of the key objectives of the renewal process was to ensure the conditions for sustainable, open and local journalism in the future as transformational changes in lifestyles and media create an entirely new operating environment where the focus is on diverse content and sharing content across multiple channels.

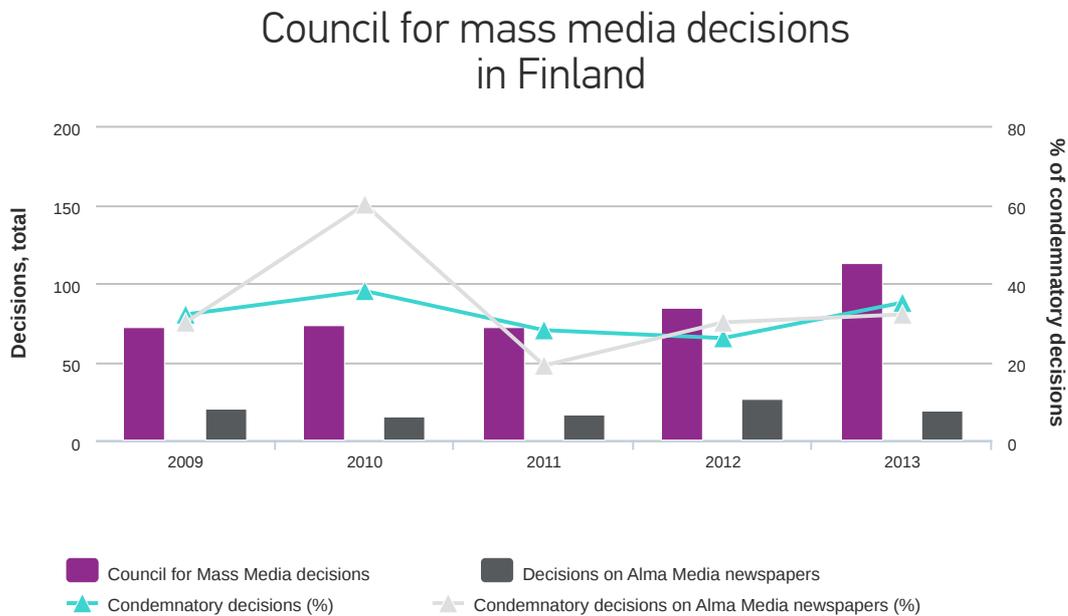
Promoting and supporting freedom of speech is another key responsibility of Alma Media’s newspapers. On World Press Freedom Day on 3 May 2013, Alma Media and Alma Regional Media together organised the Long Live Freedom of Speech campaign on social media with the aim of helping the Finnish audience understand the value of freedom of speech and to exercise this freedom responsibly – without forgetting the fun side of freedom of speech. The campaign reached nearly 7,500 online users interested in freedom of speech.

Council for Mass Media monitors media

Council for Mass Media (CMM) decisions, reader feedback, reader panels and requests for corrections are all metrics for reliability and responsible journalism. Alma Media papers discuss CMM decisions at newspaper level, led by the Editor-in-Chief, and develop their operations accordingly.

In 2013, the Council for Mass Media issued a total of 113 decisions on matters such as corrections and surreptitious advertising. Of the 113 decisions, 19 pertained to Alma Media’s various media. Of the decisions pertaining to Alma Media, 32 per cent were condemnatory, compared to the overall rate of 35 per cent for CMM decisions in 2013. The total number of CMM decisions increased substantially compared to 2012, but the number of decisions pertaining to Alma Media declined. The proportion of condemnatory decisions of all decisions pertaining to Alma Media decreased slightly.

Read more about Sustainable Media and the brainprint.



Environment

In 2013, Alma Media took significant steps forward in environmental responsibility with the completion of its new Helsinki office and the printing facility in Tampere. Both buildings were awarded LEED environmental certification upon completion. Another important activity in the area of environmental responsibility, Alma Media’s environmental study on the environmental impacts of print and online media, was completed in 2013. Alma Media also received international recognition for its climate work in 2013: the company was ranked as the best Nordic media company in the Carbon Disclosure Project (CDP), a global initiative on climate impacts, with a score that improved compared to the previous year. This improvement saw Alma Media achieve a position in the Climate Disclosure Leadership Index, which is comprised of the top 27 Nordic listed companies in the area of climate work.

Environmental responsibility as a strong element in construction projects

The most significant environmental impacts of Alma Media's and its business units' operations are related to printing and distribution, properties, purchasing and travel. Alma Media's new Helsinki office in Töölönlahti and the new printing facility in Tampere, which began operations in spring 2013, reduce the Group's direct environmental impacts in the operations in which they are the highest. Environmental impacts during construction as well as use were minimised in both projects. Both of the buildings received LEED environmental certification in 2013. The Helsinki office building achieved LEED Gold certification in recognition of environmental aspects having been taken into account at an excellent level. The Tampere printing facility is the world's first LEED certified printing facility.

Environmental matters were taken into consideration in many ways in the design of the Töölönlahti office building and selecting its location, including the following:

- Energy-efficient building technology
- Underground parking with charging stations for electric cars
- Waste management during construction and use, with extensive recycling
- Excellent public transport links

Material and energy efficiency

Alma Media develops its environmental responsibility by improving its material and energy efficiency. Information on opportunities for potential improvement in efficiency was obtained through the environmental study carried out in 2012. The new printing facility and office building significantly improve the energy efficiency of Alma Media's properties. For instance, the printing facility in Tampere has a heat recovery system that captures over 80 per cent of exhaust air. The new printing press also has an improved production efficiency and it has resulted in lower use of solvent based detergents and water.

The new printing facility will lead to a substantial decrease in the amount of materials wasted. However, in the first year of operations the maculature percentage* of the new printing facility was not lower than that of its predecessor, as test runs and problems in the breaking-in phase resulted in more wasted material than normal. The objective for 2014 is to establish comparable data for the maculature percentage in order to measure and develop the environmental efficiency of the new printing facility.

Another key aspect of material efficiency is the recovery of waste: almost all waste created by the printing facility is used as a raw material by another business. The efficiency of waste sorting improved further in 2013, with all waste generated at the printing facility now recovered for recycling or reuse and no waste ending up at landfill sites.

Harmful VOC emissions (volatile organic compounds) from printing operations were kept very low in 2013. The chemicals used for cleaning the printing machine have been VOC-free for some time, and since 2012 the company has also minimised the VOC content of the dampening solution used in the printing process. Alma Media's printing facility in Tampere was one of the first printing facilities internationally to begin using a dampening solution that is almost entirely free of VOC emissions.

**The maculature percentage expresses the proportion of waste material to total material used in printing operations*

Environmental aspects an increasingly important factor in ICT purchases

Alma Media can also influence its environmental impact through its purchasing. At present, environmental considerations are particularly taken into account in newsprint purchases, as paper production has wide-ranging impacts on climate change and resource depletion as well as biodiversity. In 2013, 75 per cent of the newsprint used by Alma Media contained recycled fibre. The share of recycled fibre in all newsprint pulp used by Alma Media was 38 per cent. Environmental issues are also a key factor in purchasing chemicals and printing plates.

The Sustainable Media programme includes the objective of integrating ecological considerations increasingly into ICT purchases. The environmental study indicated that ICT equipment and infrastructure have significant environmental impacts. Careful analysis and mitigation of these impacts is of great importance as digital media consumption grows. In 2013, Alma Media began to evaluate its ICT supply chain in even greater detail than before from the perspectives of environmental as well as social responsibility. The supply chain was evaluated as far back as possible in collaboration with the partners with whom Alma Media has the highest purchasing volume, also ensuring that the partners have the required certification. The aim is to continue this work in 2014 to identify the most significant risks in the supply chain and to begin corrective action as necessary.

The average carbon dioxide emissions of the Group's leased car fleet are also regularly monitored. The target is to reduce average emissions by 8 per cent from 2013 to 2016. In 2013, the average CO₂ emissions of the Group's motor vehicles were 141g of CO₂ equivalent per kilometre.

Increasing awareness through open communication on corporate responsibility

Increasing awareness of environmental issues among stakeholders is one of Alma Media's most important ways of influencing its environmental impacts. In 2013, environmental themes were communicated internally on the Sustainable Media tour in Tampere, as well as through customised training and coaching for target groups including media sales, delivery personnel, editorial offices and members of the Group's corporate responsibility network.

Activities in 2013 also included the second Ratkaisun paikka corporate responsibility event, with Alma Media as the main media partner. Alma Media's role in the event was to provide greater exposure, arrange presenters and deliver a talk. The aim of Alma Media's participation in the event was to promote corporate responsibility thinking in Finland. This goal was reached as the event, with some 700 visitors and highly positive feedback, exceeded all expectations. Alma Media will again be the main media partner of the next Ratkaisun paikka fair in May 2014.

Alma Media is actively involved in industry-wide environmental initiatives such as the Shape study carried out by the Federation of the Finnish Media Industry and VTT Technical Research Centre, which investigates media consumption from the perspective of its environmental impacts. On the international stage, Alma Media took a prominent role in the discussion of the environmental impacts of print and digital media with the research it has commissioned and engages in active communications on.

Alma Media also continued to actively communicate its environmental impacts to readers and users of services in 2013. Sustainable Media communications, which include environmental fact adverts published by newspapers, are aimed at communicating the environmental impacts of media and giving readers information on what they can do to reduce the environmental impacts of their own media consumption.

In 2012, Alma Media became one of the first businesses to join the City of Helsinki Climate Partners network aimed at promoting cooperation to reduce climate emissions and boost the competitiveness of the participating companies. Alma Media also published its own climate covenant, with specific climate targets, in conjunction with joining the initiative. Alma Media continued its active partnership in 2013 by, for example, participating in the facilitation of a network workshop and planning a Climate Partners network event of its own for January 2014.

Read more about Sustainable Media and the environment.

Climate change mitigation targets

Target	Target relative to base year	Base year	Base year figure	Target year	Elapsed time (%)	Target achievement (%)	Additional information
Reduction of CO ₂ emissions of electricity consumed in own operations	20%	2011	3240t CO ₂	2017	33%	17%	
Reduction of CO ₂ emissions caused by operations in Helsinki	10%	2011	270t CO ₂	2017	33%	100%	Target achieved.
Reduction of CO ₂ emissions of the Tampere (and Pori) printing facility	10%	2011	2400t CO ₂	2017	33%	100%	Target achieved.
Reduction of the average CO ₂ emissions of the Group's car fleet	8% (130g CO ₂ e/km)	2013	141g CO ₂ e/km	2017	n/a	n/a	New target.

Environmental key indicators

Materials used for printing, consumption

Material	Unit	2008	2009	2010	2011	2012	2013
Paper	tonnes	35,000	31,000	32,000	32,000	26,400	24,900
Inks	tonnes	560	500	520	570	480	420
Printing plates	m2	120,000	107,000	120,000	119,000	120,000	97,600

Energy consumption

Direct	Unit	2008	2009	2010	2011	2012	2013	
Petrol	GJ	*	7,250	6,160	4,900	4,370	5,520	
	litres		224,760	190,950	152,500	135,310	128,470	
Diesel	GJ	*	2,650	3,020	3,800	3,430	3,410	
	litres		72,800	82,930	105,120	94,130	79,620	
Fuels total	GJ	*	9,900	9,180	8,700	7,800	8,930	
Indirect	Electricity							
		GJ	67,080	63,010	62,670	64,040	60,100	58,800
		kWh	18,632	17,502	17,408	17,790	16,696	16,333

*Figures not available

Emissions

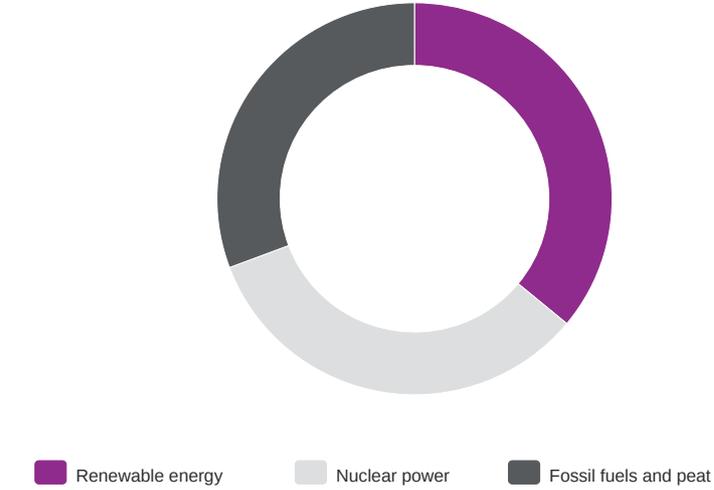
			2009	2010	2011	2012	2013
Direct	Fuels	tCO ₂ eq.*	720	670	640	540	610
Indirect	Electricity consumption	tCO ₂ **	3,200	3,960	3,240	2,150	2,700
Other indirect sources	Air travel	tCO ₂ eq.**	190	280	355	415	290
	Hotel stays (Finland)	tCO ₂ eq.***	n/a	n/a	n/a	n/a	11
Other significant emissions			2009	2010	2011	2012	2013
	VOC emissions	kg	12,750	13,300	12,350	5,500	4,200

*For fuels, total greenhouse gas emissions are reported converted to carbon dioxide

**From 2011 on, air travel emissions are reported in carbon dioxide equivalent. For 2010 and 2009, only carbon dioxide emissions are reported.

***A new reporting category in 2013: hotels stays in Finland

Production profile of the electricity used



Source: Finnish Energy Industries

**Carbon dioxide equivalent is a measure used to compare the total climate effect, or Global Warming Potential, of emissions from greenhouse gases produced by human activity. The carbon dioxide equivalent is calculated by converting the global warming potential of other greenhouse gases to that of carbon dioxide.*

Communities

Alma Media has various direct and indirect cultural, economic and social impacts on the communities it operates in. Communities range from small municipalities in which Alma Media publishes a local paper to online communities formed around Alma Media's services.

Added value for society

DIRECT EFFECT		INDIRECT EFFECT
<p>Readers and online users Alma Media's newspapers and digital services provide three million Finns with information, service and experiences.*</p> <p>Advertisers Alma Media provides media for customer encounters.</p>	<p>Customers</p> <p>REVENUE</p> <p>MEUR 300.2</p>	<p>Readers and online users Alma Media's various media feed social dialogue, inspire consumers to make sustainable choices and help them analyse what is going on in the world and understand the challenges of sustainable development.</p> <p>Advertisers Alma Media's newspapers and digital services are effective and responsibly produced, high-quality advertising media that indirectly support economic vitality.</p>
<p>Alma Media has approximately 3,000 paid employees.</p>	<p>Employees</p> <p>WAGES AND SALARIES</p> <p>MEUR 96.0</p>	<p>Alma Media offers its employees challenges through which they can achieve genuine self-actualisation and act in a socially responsible manner. By developing their competence, Alma Media helps its employees maintain their value on the labour markets as the industry faces a time of changes.</p>
<p>Alma Media purchases materials, products and services from local, domestic and international suppliers.</p>	<p>Business partners</p> <p>PURCHASES</p> <p>MEUR 79.6</p>	<p>In addition to the obvious employment and business effects, Alma Media offers its partners the opportunity to meet the challenges of sustainable development together.</p>
<p>Alma Media is a significant taxpayer (value added tax, corporate tax, real estate tax and social security contributions) in Finland and through its international subsidiaries.</p>	<p>Society</p> <p>TAXES IN FINLAND</p> <p>MEUR 21.5</p>	<p>Alma Media's various media are proponents of their communities, maintainers of public dialogue and promoters of social vitality and well-being.</p>
<p>In March 2013, the company paid a dividend of EUR 0.10 per share for the 2012 financial year.</p>	<p>Shareholders</p> <p>DIVIDENDS OF</p> <p>MEUR 7.5</p>	<p>Alma Media is a responsible company to invest in. An investment in Alma Media promotes sustainable development and freedom of speech in society.</p>

*TNS Atlas 2013.

Renewal and events in collaboration with local communities

In order for media to support the well-being of its community, it must respond to the challenges of a changing world, maintain its own vitality and renew itself with the support of the local community. The year 2013 for Alma Media's newspapers and digital services was characterised by strong renewal based on a dialogue with their respective communities.

The most substantial community-oriented renewal projects were the Aamulehti tabloid renewal and the Lapin Kansa tablet device pilot. Aamulehti listened to the wishes and opinions of its readers regarding the newspaper's format and content on a road tour across Pirkanmaa, in various workshops, and via an online platform. The readers' wishes will be put into practice in the implementation of Aamulehti's renewal in early 2014. Lapin Kansa readers in the villages of Äkäslompolo and Lisma participated in the development of new distribution channels in a pilot project that involved readers located outside the reach of early morning deliveries being provided tablet devices and the digital edition of the newspaper on a trial basis. More information on renewal on the terms of communities is available in the Renewal of journalism story.

Digital services were also renewed in collaboration with their user communities. Examples of online services renewed on the basis of user experiences included Telkku.com, Kotikokki.net and Etuovi.com. Alma Media also developed new services to better serve its user communities, such as Sisustusovi.com, an online service focused on interior decoration that was launched during the year.

The significance of diversity and the multi-channel approach growing as media consumption changes

The multi-channel approach is a key aspect of Alma Media's services. In 2013, the company invested in developing both traditional and new channels. To provide even better service to the readers of print media, Alma Media opened the world's most modern printing facility in Tampere. Users of tablet devices and smartphones were offered substantially more content than in the previous year.

The diversity of content is ensured by listening and providing services to diverse audiences. Finland's growing senior age group is taken into consideration and provided many opportunities for participation in various reader surveys and workshops aimed at developing media services for older users. Young people are also offered customised content, for instance through projects associated with the annual Newspaper Week and the Fiidi.fi service launched by Iltalehti in 2013. Young readers also participated in planning and designing the tabloid renewal of Aamulehti in a workshop organised by editorial staff. For its part, Lapin Kansa has included supporting Finland's only indigenous population group, the Sami, in its agenda. The newspaper offers the Sami news that interests them in their own language.

Economic well-being through the Responsible Summer Job campaign

In addition to the direct and indirect impacts of its business operations, Alma Media supports economically and socially sustainable development through partnerships. One example of this is the youth employment campaign organised in partnership with the Finnish Children and Youth Foundation (FCYF), which was implemented for the third time in 2013. The Responsible Summer Job 2013 campaign challenged companies to create good summer jobs for young people. The goal of the campaign was to take an action-oriented approach to youth employment. A total of 174 employers joined the campaign to offer over 35,000 responsible jobs. As a new dimension, the 2013 campaign featured Summer Job Coach training in three municipalities to prepare employers for meeting young people, as well as a mentoring and recruitment event for young people at the Alma House in Helsinki. The campaign will continue in 2014 with an aim to have 300 employers participate. The campaign themes for 2014 are the career wishes and employment of young people with disabilities.

Read more about Sustainable Media and communities.

Business

In the Sustainable Media programme, responsible business operations refer to ethical choices in operations as well as responsibility as a part of Alma Media's products and services. In 2013, the significance of privacy protection was highlighted as a key issue in business operations. Alma Media also continued its work to develop responsible marketing and advertising both in its own organisation and in the industry as a whole.

Code of Conduct as a guideline for operations

The ethical principles that govern Alma Media's operations are described in the Code of Conduct, which contains the company's key policies and principles for responsible management. Alma Media is a signatory of the UN Global Compact initiative, and its Code of Conduct is in line with the ten Global Compact principles. The Code of Conduct describes how responsibility is reflected in the day-to-day activity of everyone at Alma Media. In 2013, Alma Media promoted the Global Compact principles in many ways, such as by participating in the ICC Finland corporate responsibility monitoring group and delivering a presentation at the Global Compact Nordic Network conference in Helsinki in October. Alma Media's Annual Review 2013 also serves as the company's Global Compact Communication on Progress report.

Privacy protection developed as part of responsible thinking

The importance of reliability will grow as commerce moves to the online realm and fraud becomes increasingly frequent. Reliability is a common feature for Alma Media's various digital online services. The significance of privacy protection grew further in 2013, and this trend is expected to continue in the future. Regulation of the media sector is also expected to increase due to currently pending EU regulation on privacy protection.

Alma Media Group is committed to protecting the privacy of the users of its services, and it strives to provide a safe and secure user experience to all visitors to its online services. The use of customer registers specific to particular newspapers and services is governed by, among other regulations, the Personal Data Act and the Data Protection Act. Transparency is a high priority in operations: the Group's privacy protection process is described in detail on its Privacy Protection page. In 2013, Alma Media carried out a review of privacy protection and developed certain key areas identified during the course of that review.

Customer data is protected through various measures. The server rooms for all online services have been protected against physical and digital attacks. Maintaining a high level of service availability* helps ensure that the services offered are reliable and available to potential buyers or tenants. Etuovi.com, Vuokraovi.com and Autotalli.com, for instance, have nearly 100% availability.

The customer service communications of Alma Media's online services have been analysed and all customer service employees have been provided with a personal development plan intended to improve the quality and reliability of the service experience further.

**Service availability expresses the percentage of time a service is available to customers. Service availability is influenced by factors such as technical problems and system downtime due to maintenance operations.*

Demand for sustainably produced media space

Alma Media's advertisers are increasingly interested in how Alma Media supports their communications on sustainable development through its own responsibility. Alma Media has taken an active approach to responsibility in advertising. In 2013, it collaborated with an international media company to study the environmental effects of the advertising value chain as a whole. The study had a special focus on new ways of integrating corporate responsibility into media sales. The aim is to continue the pilot project in 2014.

The goal was to not only provide new information on the ecological footprint of advertising, but also to evoke discussion on responsible advertising. In 2013, Alma Media organised an employee discussion event related to responsible advertising and marketing and also took an active role in talking about the topic in various forums. The main theme in responsible advertising in 2013 was goodvertising, which refers to advertising that contains messages on sustainable development. Goodvertising is aimed at promoting sustainable development via the brainprint of advertising.

Responsibility is an integral part of product and service development

Strengthening the Sustainable Media perspective is a key consideration in business development and the creation of new business. Journalism in itself already supports this objective, but there are also interesting perspectives in the context of the development of digital services. In 2013, the Sustainable Media perspective was introduced to development efforts through a Responsible Business workshop organised in June to allow Alma Media employees to brainstorm and generate ideas on new, responsibility-related businesses with the help of an external expert. The Sustainable Media perspective was also incorporated into the monitoring of the operating environment, which is a key aspect of research and development.

Alma Media's digital online services in Finland and elsewhere in Europe have already integrated responsibility into their services. One example of this is the Monster.fi working life guide designed to support young people in seeking employment. A Monster eJob Coach visited various forums to help young people, especially those at risk of social exclusion, with the job search process. Monster was also active in promoting youth employment through the Vamos, Living Library and Responsible Summer Job projects. LMC, a recruitment service provider under Alma Career Oy, has established a dedicated recruitment service for people who are offering and searching for volunteer work opportunities.

Read more about Sustainable Media and business.

Awards and recognition in 2013

Alma Media received several awards and recognition in 2013. Nokian Uutiset was chosen as the best local newspaper in 2013 in the category of newspapers published at least three times per week in a local newspaper competition organised by the Finnish Newspapers Association. The online services of Valkeakosken Sanomat and Jämsän Seutu were selected as the best in their respective categories.

Alma Regional Media's newspapers also did well in the Best of the Year competition organised by the Finnish Newspapers Association. Tyrvään Sanomat won the Good News story category and Aamulehti won both Best Pages categories for newspapers with circulations in excess of 12,000 copies. In addition, Alma Media's newspapers also won second and third places as well as honourable mentions.

In the Finnish Grand Prize for Journalism competition organised by Bonnier, readers selected "Oman onnensa nojassa" (*Left to their own devices*), an article published in the Sunday supplement of Lapin Kansa and Pohjolan Sanomat, as the Best Story of the Year.

Magazines produced by Alma 360 again won awards in 2013 in Folio Magazine's Eddie&Ozzie magazine competition: Oili, the personnel magazine of Neste Oil, was awarded the gold medal for best magazine renewal in the non-profit magazine category, while Hartwall's personnel magazine Janottua received an honourable mention. Allegro Magazine produced by Alma 360 won the bronze medal in the annual CMA Content Marketing Awards competition's Best Transportation Publication category.

Alma Manu was awarded membership in the prestigious Wan-Ifran Color Quality Club for the period 2012–2014 at the World Publishing Expo. Alma Manu's Tampere printing facility participated in the competition with Aamulehti, and the Rovaniemi facility with Lapin Kansa. Alma Manu also received the *Innovation* prize from Agfa Graphics NV.

In addition to prizes, Alma Media and its various units also received several other certificates and recognition during the year. The online dating service E-kontakti.fi was awarded the right to use the Key Flag symbol by the Association for Finnish Work in recognition of its degree of domestic origin. Alma Media's new office in Töölönlahti and new printing facility in Tampere both received LEED environmental certification.

Alma Media's corporate responsibility efforts were recognised in the international Carbon Disclosure Project (CDP) 2013 climate change report on listed companies. Alma Media was the only media company to achieve a position in CDP's Nordic Climate Disclosure Leadership Index (CDLI), which highlights the companies that have the highest scores in the report.

A glance at 2014

For several years, the cornerstones of Alma Media's business development have been a move towards a multi-media approach to publishing operations, growing the digital service business and improving the efficiency of operating models. Alma Media will continue to implement this strategy in 2014 while accelerating the growth of digital business.

Market outlook

In 2013, consumer confidence and companies' willingness to invest declined to a level below the long-term average. Finnish GDP growth remained around zero until year-end 2013.

Economic forecasts published at the turn of the year 2013–14 predict only slow growth for the Finnish national economy after a period of recession. This is due to a number of structural factors that slow down economic growth. On the other hand, the economic cycle appears to be reaching a turning point in the eurozone, and the Swedish and Norwegian economies are showing positive development.

From the perspective of commercial media, the outlook for the Finnish economy is cause for only cautious optimism. If the economy does turn around and begin the predicted slow growth, it can be assumed that the decline in advertising investments will stop and turn to moderate growth.

Media demand among consumers continues to become increasingly fragmented due to reasons such as the proliferation of smartphones and tablet devices. The demand for media consumption is strongly directed towards digital and mobile media in particular.

Advertisers are following consumers to these new channels. In marketing communications, owned and earned media are increasing their share of marketers' portfolios alongside paid media. Marketers are seeing increased opportunities to bypass traditional media.

Market position and strategy

Alma Media's strategy for 2014–2016 will have the same core as before. The company will focus on moving towards a multi-media approach to publishing operations, growing digital services and cooperating efficiently within the Group. A major goal announced by the company in late 2013 is to increase the share of digital revenue to 50 per cent by 2020.

The focal points of the implementation of the strategy are:

- Multichannel content
- Marketing solutions
- Digital services
- Resources and skills

In Finland, Alma Media has a very strong market position in online and mobile media due to its strong development efforts and successful investments. This position is further strengthened through new product and service innovation and by utilising the Group's marketing resources in full. The expansive reach of the media network formed by the Group's digital services can be offered to advertisers using new tools and methods that reach target audiences more effectively.

Alma Media is also placing a strong emphasis on video as a component of its digital media offering.

The print media published by the company is subject to pressures caused by both changing consumption patterns and the economic recession. The focal points of the strategy for the Group's regional newspapers are a multichannel content and offering paid content. In addition, the company will implement measures to increase efficiency in partnership with other newspaper publishers, such as content cooperation. The new technological opportunities in newspaper printing will be utilised in full. The growing challenges in distribution will be met in ways that maintain cost-efficiency and the required service level in core geographic areas.

Alma Media is the Finnish market leader in providing financial and company information. The digital media and service offering in this area will be strengthened further. One of the focal areas is accelerating the sales of paid digital content.

In recruitment and career services, Alma Media's successful acquisitions in recent years have seen it become the market leader not only in Finland, but also in the Baltics and several countries in Eastern Central Europe. This strong position will be further solidified through additional investments and a focus on providing services to customers throughout the recruitment value chain.

Success and achieving good results in a time of transformational changes in the media industry requires strong development of management and competence at all organisational levels. The company has taken measures to meet this challenge by, for example, starting a manager education programme that will continue to move ahead in 2014.

Alma Media's goal is to use its spearheads of digital growth to produce, and launch onto the market in 2014, interesting new innovations that transform operating models in the industry.

Dividend proposal

Alma Media's long-term financial targets published on 25 November 2013 take into account the investments required for growth, repayment of debt taken to support growth, and the distribution of profit to shareholders.

On 31 December 2013, the Group's parent company had distributable funds totalling EUR 23,905,611 (8,014,054). No essential changes in the company's financial standing have taken place after the end of the financial year. Alma Media's Board of Directors proposes to the Annual General Meeting that a capital repayment of EUR 0.10 (0.10) per share be paid from the reserve for invested non-restricted equity for the financial year 2013. Based on the number of shares on the closing date, 31 December 2013, the total capital repayment would amount to EUR 7,548,685 (dividend for 2012: EUR 7,548,685).

In addition, the Board proposes to the Annual General Meeting that it be given an authorisation to decide on an additional capital repayment of no more than EUR 0.10 per share.

Outlook for 2014

In its Financial Statement Release, published on 13 February 2014, Alma Media stated as follows:

Economic growth is estimated to pick up gradually in Europe but remain weak during the first half of 2014 in Finland. The decline in media advertising is expected to slow down during the first half of the year.

Alma Media expects the revenue of the first half of 2014 to be on a par with the level of 2013 or slightly lower. The operating profit excluding non-recurring items is estimated to amount to MEUR 9.0 – 10.5. Revenue for the first half of 2013 was MEUR 151.2 and operating profit excluding non-recurring items MEUR 10.1.

Sustainable Media in 2014

The Sustainable Media corporate responsibility programme creates the framework for Alma Media's responsibility. In 2014, the focus areas of the programme are:

- Incorporating responsibility into the day-to-day work of Alma Media employees
 - Engaging Alma Media employees in the development of corporate responsibility, for example through workshops and development projects
 - Organising corporate responsibility campaigns related to well-being at work and the environment
- Responsibility as an integral part of product and service development
 - Building an online service related to sustainable development
 - Incorporating responsibility into the mainstream of advertising and marketing in cooperation with customers
 - Integrating responsibility as part of ICT purchasing
- Developing open corporate communications
 - Communicating the Sustainable Media project
 - Succeeding in indices and surveys related to responsible investments, such as the Carbon Disclosure Project initiative

- Responsible influence
 - Participation in promoting economic and social well-being in society: incl. the Responsible Summer Job 2014 campaign, the Myrsky (Storm) campaign and theme seminars related to social issues
 - Advancement of responsibility in the media industry: incl. Nordic Media CR Forum and the Shape research group, the Ministry of Transport and Communications' Green ICT action plan, Media and democracy seminar series
 - Media partnership with the "Ratkaisun paikka 2014" corporate responsibility event