

Interim Report  
1 January - 31 March 2001

ALMA | MEDIA

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Business  
Broad-Information  
casting  
New Media  
Print



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■ Alma Media acquired 33 % of Talentum Oyj for over MFIM 350. The aim is to enhance the ability of both companies to improve their services and to create new business concepts. BIG's net sales increased 12 % to MFIM 67 (60) and its operating profit rose 50 % to MFIM 15 (10).

■ Alpress's net sales increased 10 % to MFIM 305 (277) and its operating profit rose 50 % to MFIM 30 (20). Alma Media's newspapers were more successful than the average for the sector in terms of both circulation growth and competition for advertising revenue. Italehti showed a particularly strong improvement in profitability.

■ The Broadcasting business area reported a loss, notably because of a dip in television consumer advertising in January and February (MFIM -20), coupled with a general reduction in television advertising in Sweden and the impact of this on TV4 AB's profits.

■ MTV Oy is lightening its cost structure by outsourcing functions and rationalizing its operating processes. These measures will save some MFIM 30-40 annually and will be visible in the company's profitability from the fourth quarter onwards.

■ Alprint's Rahola printing plant is still experiencing start-up difficulties. The unit's management resources have been boosted to ensure a speedy resolution of the situation.

■ The New Media business area showed further strong growth. Classified services grew particularly fast. Since the end of last year New Media's business focus has been shifted from growth towards operations that will achieve the fastest improvement in profitability.

■ Alma Media Group's investments in digital television this year will total MFIM 25-30. Most of this will fall due during the latter half of the year.

■ In 2000 Alma Media Group had MFIM 13 in other income, derived among other things from the sale of shares, compared to other income of MFIM 8 in the first quarter of 2001. Extraordinary costs were MFIM 3 compared to MFIM 0 in first the quarter in the previous year.

## Alma Media's Interim Report 1 January - 31 March 2001

Consolidated net sales totalled MFIM 711 (712). The Group reported an operating loss of MFIM 45 (profit MFIM 23). Alma Media's first-quarter result was weaker compared to the same period last year due mainly to a drop in sales of television advertising time, an increase in programme costs and investments in the New Media business area. Alpress and BIG reported clear growth in operating profit. Operating profit for the full year is forecast to be clearly lower than in 2000.

### Market Conditions

The Finnish economy slowed down considerably during the first quarter of the year and consequently the long period of growth in media advertising has halted, at least temporarily. According to Ad Facts Ltd, media advertising expenditure during the first quarter declined 1.3 % on the same period last year. Newspaper advertising remained virtually unchanged, -0.3 %, while magazine advertising increased 4.7 %, Internet advertising was up 27.4 % and radio advertising rose 0.7 %. Television advertising declined 9.8 %.

Expenditure on television advertising in Finland decreased MFIM 32 during January-February, down 16 % on the same period last year. The same trend was evident in Sweden. Consumer advertising on television decreased during the first quarter especially sharply (MFIM -20), while advertising by retail chains and classified advertising also fell altogether by more than MFIM 10. Television advertising increased 1.1 % in March compared to March 2000.

Internet advertising and various online services continued to grow strongly. Demand for printed products did not change significantly in Finland or its neighbouring markets.

### Changes in Group structure

Alma Media's newspaper printing plants were transferred from Alprint to Alpress at the start of the year. Last year's figures have been adjusted accordingly. Alma Media Group raised its holding in Oy Suomen Uutisradio Ab (Radio Nova) to 61 % in December 2000 and Radio Nova has been consolidated in Broadcasting's accounts since the start of the current year. Alma Media acquired 33 % of Talentum Oyj's shares at the end of March. Talentum has been treated as an associated company in Alma Media's consolidated financial statements from the beginning of April.

### Key Figures

	2001 1-3	2000 1-3	2000 1-12
MFIM			
Net sales	711	712	2,880
Operating profit/loss	-45	23	93
- % of net sales	-	3.2	3.2
Profit before extraordinary items	-47	28	70
-% of net sales	-	3.9	2.4
Equity ratio, %	41	51	49
Gearing, %	92	41	52
Gross capital expenditure	401	58	222
Full-time employees, average	2,809	2,859	2,887
Earnings per share, FIM	-3.18	1.16	2.77

	2001 1-3	2000 1-3	2000 1-12
MEUR			
Net sales	120	120	484
Operating profit/loss	-8	4	16
- % of net sales	-	3,2	3,2
Profit before extraordinary items	-8	5	12
-% of net sales	-	3,9	2,4
Gross capital expenditure	67	10	37
Earnings per share (euro)	-0.53	0.20	0.47

### Net sales by business area (MFIM/MEUR)

	2001 3 mo.	MEUR	2000 3 mo.	MEUR	2000 12 mo.	MEUR
Alpress	305	51	277	47	1,159	195
BIG	67	11	60	10	252	42
Broadcasting	236	40	272	46	1,009	170
New Media	27	5	22	4	80	13
Alprint	119	20	126	21	497	84
Parent Company	24	4	23	4	92	15
Intragroup sales	-67	-11	-68	-11	-209	-35
Total	711	120	712	120	2,880	484

### Operating profit/loss by business area (MFIM/MEUR)

	2001 3 mo.	Meur	2000 3 mo.	Meur	2000 12 mo.	Meur
Alpress	30	5	20	3	145	24
BIG	15	3	10	2	52	9
Broadcasting	-44	-7	3	1	10	2
DigiTV project	-3	-1	0	0	0	0
New Media	-22	-4	-6	-1	-60	-10
Alprint	-10	-2	-3	-1	-29	-5
Parent Company	-18	-3	-4	-1	-29	-5
Group entries	7	1	3	1	4	1
Total	-45	-8	23	4	93	16

### Personnel on average by business area

	2001 3 mo.	2000 3 mo.	2000 12 mo.
Alpress	1,218	1,233	1,247
BIG	185	167	176
Broadcasting	583	629	623
New Media	195	79	106
Alprint	554	691	670
Parent Company	74	60	65
Total	2,809	2,859	2,887
Plus part-time employees	1,320	1,275	1,349



# Business Areas

## Alpress

Alpress's net sales increased by over 10 % to MFIM 305 (277) and was distributed as follows: 43 % (47 %) from sales of advertising space, 44 % (44 %) from circulation sales and 13 % (9 %) from other sales. The latter figure included MFIM 26 from sales of printing services to external customers. MFIM 13 of the increase in Alpress's net sales came from higher circulation sales, MFIM 14 from increased sales of printing services and slightly over MFIM 1 from growth in advertising revenue.

Alpress's newspaper subscription sales were almost 3 % higher than one year earlier. Iltalehti showed especially strong growth in circulation, gaining a clear increase in its share of the afternoon newspaper market. The increase in Iltalehti's cover price did not hamper circulation growth. Alpress's circulation revenue rose over 10 %.

Advertising revenue from Alpress's newspapers was roughly one percentage point higher than last year. The newspapers developed slightly better than the average in the sector. The result of printing operations developed favourably. Alpress recorded an operating profit of MFIM 30 (20), due mainly to strong growth by Iltalehti and the regional newspapers in northern Finland.

## BIG

Business Information Group's net sales increased 12 % to MFIM 67 (60). Particularly favourable growth was evident in Kauppalehti's advertising sales and sales by Kauppalehti Online. Alma Media acquired a 33 % holding in Talentum Oyj on the Helsinki Exchanges at the end of March. The aim is to enhance the ability of both parties to improve their services and to create new business concepts. BIG's operating profit increased 50 % on the same period last year to MFIM 15 (10). Of all Alma Media's operations, revenue from b-to-b advertising reacts fastest to change in gross domestic product.

## Broadcasting

Broadcasting's net sales decreased 13 % to MFIM 236 (272) since MTV3 Channel's sales of advertising time in January and February were MFIM 34 down on the same months last year. Consumer advertising represented MFIM 20 of the shortfall. Within this segment, advertising of food products fell by over MFIM 12 and cosmetics advertising by more than MFIM 3. Advertising by retail chains declined by more than MFIM 6 and classified advertising by over MFIM 5. MTV3 Channel's and the TVTV! cable channel's shares of total viewing time developed extremely positively. Television viewing altogether declined in Finland by two minutes per day, compared to the first quarter of 2000, to 3 hours 10 minutes (3 h, 12 min) per day. MTV3 Channel's share of total viewing time, however, remained unchanged. Children, 25-44 year-old women, 45-64 year-old men and residents in Greater Helsinki all increased the amount of time they spend watching MTV3 Channel. MTV3's share of total viewing time increased on the previous year. MTV3's

share during the first quarter was 40.6 % (39.8 %) and TVTV!'s share was 0.8 % (-). The aggregate share of viewing time by MTV Oy's channels increased to 41.4 % (39.8 %). In MTV3, strongest growth was again apparent among young people and 25-44 year-old women; 43.5 % for young 15-24 year-olds and 43.2 % for women of active age. Together with TVTV!, these shares were 46.6 % for young people and 44.3 % for women.

A programme of measures to raise efficiency in MTV Oy was started in August 2000. An analysis was carried out to assess the efficiency of the company's operations and areas for development. The annual cost savings amount to some MFIM 30-40 and will be visible in the company's profitability beginning in the final quarter of the year.

Broadcasting recorded an operating loss of MFIM -44 (MFIM +3). In addition to reduced advertising sales by MTV3 Channel, profitability was weakened by a rise in MTV3 Channel's programme costs and a weaker result reported by the Swedish associated company TV4 AB. This company's net sales totalled 574 (578) million Swedish krona and its pretax profit was 8 (42) million krona. After goodwill amortization, TV4 AB's impact on MTV Oy's result was MFIM -5 (+1). Radio Nova (Oy Suomen Uutisradio Ab), in which Alma Media holds 61 %, recorded net sales of MFIM 11 (12) and an operating loss of MFIM -3 (-3). Investments in the cable channel TVTV! were MFIM 7 (7).

## New Media

Net sales of the New Media business area increased 23 % to MFIM 27 (22). Growth in net sales was especially pronounced (100 %) in classified services (e.g. Jobline and DIME). New Media recorded an operating loss of MFIM -22 (-6). MFIM 14 of the operating loss was attributable to projects started after the comparable period and which have not yet reached the targeted level of profitability. Since the end of last year New Media's business focus has been shifted from growth towards operations that will achieve the fastest improvement in profitability.

## Alprint

Alprint's net sales declined 6 % to MFIM 119 (126). MFIM 22 of net sales this year comprised sales of printing contracts for Alpress's newspaper rotation presses. Exports amounted to MFIM 64 (58), derived as follows: 57 % (63 %) to Scandinavia and 37 % (30 %) to Russia. Alprint's heatset production was concentrated at the Rahola, Tampere printing plant during 2000. The plant will have annual sales of over MFIM 400. The costs of bringing this plant into full production have been higher than forecast, which increased Alprint's operating loss above the loss in the first quarter of 2000. Alprint showed an operating loss of MFIM -10 (-3). Alprint's management resources have been significantly strengthened to raise profitability and accelerate positive development.

## Balance Sheet

The Group's balance sheet totalled MFIM 2,874 (2,539) at the end of March. The equity ratio was 41 % (31 Dec. 2000: 49 %) and shareholders' equity per share was FIM 69.76 (31 Dec. 2000: FIM 75.73).

## Investment and Financing

The Group's capital expenditure amounted to MFIM 401 (58). Over MFIM 350 of this covered the acquisition of the Talentum Oyj shares on the Helsinki Exchanges at the end of March 2001. Other investments during the period related to normal maintenance and replacement items. Cash reserves amounted to MFIM 76 (112) at the end of March. Interestbearing loans totalled MFIM 1,090 (611) and gearing was 92 % (31 Dec. 2000: 52 %). The increase in interestbearing loans was caused by shortterm debt raised to finance the acquisition of the Talentum Oyj shares.

## Personnel and Administration

The average number of employees during the first quarter was 2,809 (2,859). Personnel also included 1,320 (1,275) part-time employees. Compared to the same period last year, the number of employees declined most sharply in Alprint and Broadcasting. Alma Media Corporation's Annual General Meeting, held on 20 March 2001, re-elected Bengt Braun, Matti Kavetvuo and Jonas Nyrén to the Board of Directors. All were in turn for retirement. No new members were elected in place of Pekka Ala-Pietilä and Olli Reenpää, who resigned from the Board. The AGM decided that the Supervisory

Board would have 13 members. Mr Asmo Kalpala, who was due to retire from the Supervisory Board, was re-elected. Mr Thomas Axén was elected for the first time. The personnel's representatives on the Supervisory Board are Kari Asikainen, Asko Haapaniemi and Pekka Niemiaho. The AGM appointed the firm of authorized public accountants KPMG Wideri Oy Ab and Mr Mauri Palvi, APA, as the company's auditors. The AGM approved the Board of Directors' proposal to distribute a dividend of FIM 2.50 per share in 2000. The dividend payment date was 30 March 2001. Convening after the AGM, the Board elected Bengt Braun as its chairman and Kari Stadigh as the deputy chairman.

## The Alma Media Share

Altogether 398,000 (606,000) Series I shares and 751,000 (2,631,000) Series II shares were traded on the Helsinki Exchanges during the first quarter. Fidelity Investment Limited announced during the period that its holding of Alma Media shares had risen above 5 %. The Otava-United Group's holding of Alma Media shares and votes decreased below 5 % during March. Correspondingly Sampo-Leonia group's holding of Alma Media's shares and votes rose above 5 % and Bonnier AB's holding increased to 33 % of the shares and votes.

Alma Media Corporation's market capitalization on 31 March 2001 was MEUR 298 (MEUR 760). The Board of Directors has no unexercised authorizations to increase the share capital. During the period the Board decided to apply for listing of





the warrant certificates re-lated to the 1999 bond with warrants on the Helsinki Exchanges. The A warrants expire on 28 May 2001 and the B warrants on 28 March 2003. Each war-rant series will remain in force until 28 May 2006.

Share price (euro) 1 January —31 March 2001

	highest	lowest	31 March 2001
Series I	22.00	16.00	17.50
Series II	22.00	15.00	20.00

Subsequent events

MTV3 and Canal Digital reached agreement in March on distribution of MTV3's programmes via the Canal Digital network. These pro-grammes can be received throughout Finland by households with a Canal Digital compatible satellite receiver. MTV3's programmes have also been available in digital format since 25 April 2001.

Prospects to the end of the year

The Finnish economy has slowed down, evi-dence of which has been uncertainty and nerv-ousness in the advertising markets. Growth in media advertising this year is expected to be lower than in 2000.

The company currently believes that Alpress and BIG are expected to grow favourably dur-ing the next quarter and the remainder of the year. Their net sales and operating profits are expected to increase.

Since the end of last year New Media's busi-ness focus has been shifted from growth towards operations that will achieve the fastest improvement in profitability. New Media's result is expected to improve gradually in 2001. The target of the business area is to break even in 2002.

Alprint's profitability is expected to improve but the operating loss during the second quarter will be almost as large as one year earlier. Alprint's fullyear operating loss is forecast to be at the same level as in 2000.

Streamlining measures enacted during the first months of the year will lighten Broadcasting's cost structure from the final quarter onwards. Sales of advertising time dur-ing the second quarter are expected to remain at last year's level but the result will be weaker owing to the rise in programme costs. The full-year net sales and result will be clearly lower than in 2000.

The startup of digital television in Finland will create costs totalling MFIM 25-30 for the company in year 2001.

Alma Media's second-quarter operating result will be weaker than for the same period in 2000. The third-quarter result is forecast to reach the same level as one year earlier. The final quarter, and the full-year result, will depend on media advertising trends and above all on how television advertising sales develop during September-November. The Group's oper-ating profit for the full year is forecast to be clearly lower than in year 2000.

Following interim report

Contrary to information announced previously, Alma Media Corporation's interim report for the first six months of the year will be pub-lished on 20 August 2001. This change has been made to ensure that the interim financial statements also contain the results of TV4 AB and Talentum Oyj, which are of central impor-tance to assessing the Group's overall perform-ance. Alma Media's nine-month interim report will be published on 7 November 2001.

The figures in this interim report are unau-dited.

ALMA MEDIA CORPORATION  
BOARD OF DIRECTORS

Consolidated Income Statement (MFIM/MEUR)

	2001 3 mo.	MEUR	2000 3 mo.	MEUR	2000 12 mo.	MEUR
NET SALES	711	120	712	120	2,880	484
Shate of associated companies results	-4	-1	0	0	27	5
Other operating income	8	1	13	2	44	7
Operating expenses	-760	-128	-702	-118	-2,858	-481
OPERATING PROFIT/LOSS	-45	-8	23	4	93	16
Financial income and expenses	-2	0	5	1	-23	-4
PROFIT BEFORE EXTRA'Y ITEMS	-47	-8	28	5	70	12
Extra'y income	0	0	0	0	1	0
Extra'y expenses	-3	-1	0	0	-21	-4
PROFIT BEFORE TAXES AND MINORITY INTEREST	-50	-8	28	5	50	8
Taxes	-2	0	-9	-2	-19	-3
Minority interest	-1	0	0	0	-2	0
PROFIT/LOSS FOR THE PERIOD	-53	-9	19	3	29	5

Per share data (FIM/EUR)

	2001 3 mo.	EUR	2000 3 mo.	EUR	2000 12 mo.	EUR
EPS	-3.18	-0.53	1.16	0.20	2.77	0.47
Shareholders equity/share	69.76	11.73	76.39	12.85	75.73	12.74

Net sales and operating profit by quarter (MFIM)

	I/2000	II/2000	III/2000	IV/2000	2000
Net sales	712	736	632	800	2,880
Operating profit	23	50	-6	26	93

  

	I/2001	II/2001	III/2001	IV/2001	2001
Net sales	711				
Operating profit	-45				



Consolidated balance sheet (MFIM/MEUR)

	2001 31 Mar.	MEUR	2000 31 Mar.	MEUR	2000 31 Dec.	MEUR
ASSETS						
FIXED ASSETS						
Intangible assets	110	19	81	14	105	18
Goodwill on consolidation	109	18	105	18	112	19
Tangible assets	914	154	990	167	932	157
Investments	1,044	176	703	118	698	117
CURRENT ASSETS						
Inventories	268	45	250	42	266	45
Receivables	353	59	298	50	314	53
Cash and bank	76	13	112	19	112	19
	2,874	483	2,539	427	2,539	427

	2001 31 Mar.	MEUR	2000 31 Mar.	MEUR	2000 31 Dec.	MEUR
SHAREHOLDERS' EQUITY AND LIABILITIES						
SHAREHOLDERS' EQUITY	1,097	185	1,202	202	1,191	200
MINORITY INTEREST	13	2	16	3	16	3
PROVISIONS LIABILITIES	11	2	14	2	19	3
Long-term	579	97	554	93	604	102
Short-term	1,174	197	753	127	709	119
	2,874	483	2,539	427	2,539	427

Capital expenditure (MFIM/MEUR)

	2001 3 mo.	MEUR	2000 3 mo.	MEUR	2000 12 mo.	MEUR
Gross capital expenditure on fixed assets	401	67	58	10	222	37

Group contingent liabilities (MFIM/MEUR)

	2001 31 Mar.	MEUR	2000 31 Mar.	MEUR	2000 31 Dec.	MEUR
For own commitments						
Pledges	1	0	2	0	1	0
Mortgages on land and buildings	227	38	232	39	228	38
Chattel mortgages	133	22	142	24	140	24
Guarantees	26	4	30	5	26	4
For associated companies						
Guarantees	0	0	4	1	0	0
Other own commitments						
Leasing commitments	9	2	6	1	9	2
Other commitments	11	2	1	0	2	0
Total	407	68	417	70	406	68

Maturity of Group's leasing commitments (MFIM)

Between 1 Apr. - 31 Dec. 2001	4	3	5
After 2001	5	3	4