

2014

# INTERIM REPORT

Q3

JANUARY-SEPTEMBER

23 OCTOBER 2014

TALENTUM OYJ INTERIM REPORT 23 October 2014 at 8.30 a.m.

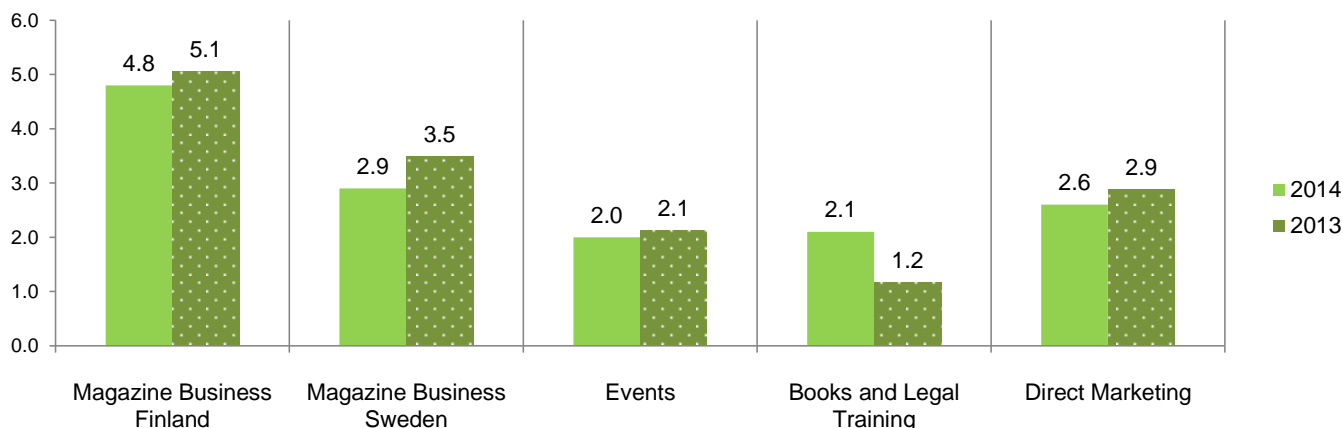
Talentum Oyj's Interim Report for January-September 2014:

## OPERATING INCOME FOR THE THIRD QUARTER IMPROVED COMPARED TO LAST YEAR

### July-September 2014 in brief

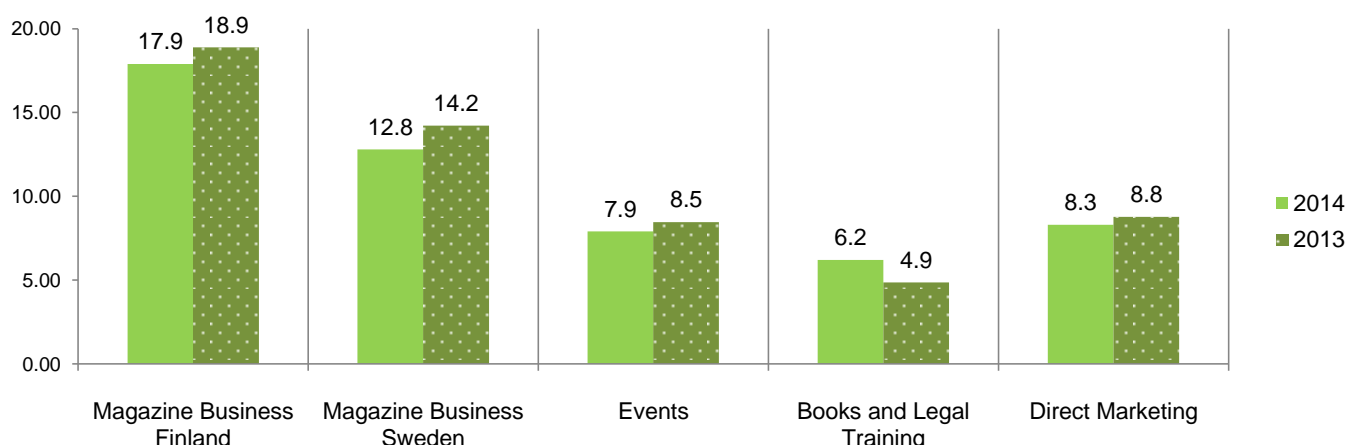
- Talentum Group's net sales totalled EUR 13.7 million (EUR 14.0 million)
- Operating income without non-recurring items was EUR -0.4 million (EUR -1.1 million) and operating income (EBIT) was EUR -0.3 million (EUR -1.0 million)
- Operating income from the Event Business and Books and Legal Training improved
- Operating income from Magazine Business Finland and Magazine Business Sweden was at the previous year's level
- On 20 August 2014, Talentum announced that it will start acquiring its own shares. A maximum of 350,000 shares will be acquired which corresponds to approximately 0,8% of all Talentum Oyj shares.
- Talentum Summa was published in Sweden on 20 August 2014

### Net sales of business segments (EUR million):



### January-September 2014 in brief

- Talentum Group's net sales totalled EUR 50.6 million (EUR 52.8 million)
- Operating income without non-recurring items was EUR 1.0 million (EUR -0.1 million) and operating income (EBIT) was EUR 0.2 million (EUR -0.3 million)
- Operating income from the Event Business and Books and Legal Training improved
- Operating income from Magazine Business Sweden was at the previous year's level
- Operating income from Magazine Business Finland decreased

**Net sales of business segments (EUR million):**

**FINANCIAL FIGURES**

EUR million	7-9 2014	7-9 2013	1-9 2014	1-9 2013	1-12 2013
Net sales	13.7	14.0	50.6	52.8	74.5
Operating income without non-recurring items	-0.4	-1.1	1.0	-0.1	3.1
<i>as % of net sales</i>	-3.2	-7.5	1.9	-0.1	4.1
Operating income	-0.3	-1.0	0.2	-0.3	1.4
<i>as % of net sales</i>	-2.5	-7.1	0.4	-0.6	1.8
Income before taxes	-0.5	-1.2	0.3	-0.4	1.6
Net cash from operating activities			0.8	0.1	3.3
Total assets			51.9	52.2	49.8
Investments	0.1	0.3	3.9	1.2	1.5
<i>as % of net sales</i>	0.5	2.1	7.6	2.3	2.0

**Chief Executive Officer Aarne Aktan:**

"Consolidated operating income for the third quarter improved compared to last year and was at the level we expected.

The operations in the third quarter were hindered by the weakening of the operating environment – especially in Finland. In the third quarter, advertising sales in both Magazine Business Finland and Magazine Business Sweden segments were at significantly lower level compared to last year.

The development of Magazine Business Sweden's profitability in the third quarter was not as good as at the beginning of the year. On the other hand, we are satisfied with the improvement of the Event Business' and Books and Legal Training's profitability. Operating income from Magazine Business Finland and Direct Marketing was at the reference period's level.

The integration of the B2B business acquired from Sanoma Pro last April into the Books and Legal Training segment has proceeded as expected.

Summa – Talentum's digital service package – was published in Sweden in August and the service has been well received there by readers. At the same time, as part of Summa's publication in Sweden, we launched Digital Teknik – a new, fully digital content product – on the Swedish Market. We will continue to develop Summa in a goal-oriented way and we will add new features to the service during the last quarter of the year.

In the third quarter, digital sales amounted to EUR 2.1 million, of which EUR 1.5 million accumulated from Finland and EUR 0.7 million from Sweden.”

## KEY FIGURES

EUR million	7-9 2014	7-9 2013	1-9 2014	1-9 2013	1-12 2013
Return on invested capital %			2.8	-4.5	3.2
Return on equity %			1.3	-1.6	6.0
Equity ratio, %			43.0	45.7	47.4
Gearing ratio, % (net debt to equity)			23.0	20.2	4.4
Interest-bearing liabilities			6.0	5.4	5.1
Net interest-bearing liabilities			3.9	3.6	0.8
Personnel on average			721	748	750
Earnings per share, EUR	-0.01	-0.02	0.01	-0.01	0.03
Cash flow from operating activities per share, EUR			0.02	0.00	0.08
Equity per share, EUR			0.38	0.41	0.43

### Talentum prospects for 2014

Talentum specified in the interim report of 17 July 2014 its prospects for 2014 to read as follows: “Talentum estimates that its net sales for 2014 including the B2B business acquired from Sanoma Pro will remain approximately at the same level as in 2013. Comparable operating income without non-recurring items will be higher than in 2013.”

Prospects in this interim report are as stated above.

The impact of the B2B business acquired from Sanoma Pro on net sales for 2014 will be EUR 2 - 3 million.

### Consolidated net sales and income for July-September 2014

Consolidated net sales for July-September decreased by 2.0%, totalling EUR 13.7 million (EUR 14.0 million). The exchange rate of the Swedish krona against the euro had a negative impact of EUR 0.2 million on net sales.

Consolidated operating income without non-recurring items was EUR -0.4 million (EUR -1.1 million). Non-recurring items for July-September, which amounted to EUR 0.1 million (EUR 0.1 million), consisted mostly of items relating to reorganisation of Magazine Business Sweden and integration of the B2B business acquired from Sanoma Pro.

Consolidated operating income for July-September was EUR -0.3 million (EUR -1.0 million) and -2.5% (-7.1%) of net sales. Financial items were EUR -0.2 million (EUR -0.2 million).

The exchange rate of the Swedish krona against the euro did not have a significant impact on operating income.

Income before taxes was EUR -0.5 million (EUR -1.2 million). The Group's taxes for the period under review were EUR 0.1 million (EUR 0.2 million). Consolidated income for July-September was EUR -0.4 million (EUR -1.0 million).

### Consolidated net sales and income for January-September 2014

Consolidated net sales for January-September decreased by 4.2%, totalling EUR 50.6 million (EUR 52.8 million). The exchange rate of the Swedish krona against the euro had a negative impact of EUR 0.8 million on net sales.

Consolidated operating income without non-recurring items was EUR 1.0 million (EUR -0.1 million). Non-recurring items for January-September, which amounted to EUR -0.8 million (EUR -0.2 million), consisted mostly of items relating to reorganisation of Magazine Business Sweden and Event Business as well as integration of the B2B business acquired from Sanoma Pro.

Consolidated operating income for January-September was EUR 0.2 million (EUR -0.3 million) and 0.4% (-0.6%) of net sales. Financial items were EUR 0.1 million (EUR -0.1 million).

The exchange rate of the Swedish krona against the euro did not have a significant impact on operating income.

Income before taxes was EUR 0.3 million (EUR -0.4 million). The Group's taxes for the period under review were EUR -0.1 million (EUR 0.0 million). Consolidated income for January-September was EUR 0.2 million (EUR -0.3 million).

## BUSINESS AREAS

Talentum's business operations are divided into six segments: Magazine Business Finland, Magazine Business Sweden, Event Business, Books and Legal Training, Direct Marketing and Other Activities.

According to TNS Media Intelligence, the advertising market decreased by 3.2% in Finland during January-September and increased by 2.9% in Sweden (Sveriges Mediebyråer). Advertising decreased by 15.7% in Finnish periodicals during January-September and by 2.0% in Swedish professional journals. In Finland online advertising revenues increased by 15.8% during January-September and by 24.2% in Sweden.

EUR million	7-9 2014	7-9 2013	1-9 2014	1-9 2013	1-12 2013
<b>Net sales</b>					
Magazines Finland	4.8	5.1	17.9	18.9	25.5
Magazines Sweden	2.9	3.5	12.8	14.2	19.9
Events	2.0	2.1	7.9	8.5	12.6
Books and Legal Training	2.1	1.2	6.2	4.9	8.1
Direct Marketing	2.6	2.9	8.3	8.8	11.6
Other Activities	-0.7	-0.7	-2.3	-2.4	-3.1
<b>Total</b>	<b>13.7</b>	<b>14.0</b>	<b>50.6</b>	<b>52.8</b>	<b>74.5</b>
<b>Operating income without non-recurring items</b>					
Magazines Finland	0.2	0.2	1.7	2.0	3.0
Magazines Sweden	-0.5	-0.4	-0.3	-0.7	-0.2
Events	-0.2	-0.8	-0.4	-0.9	-0.4
Books and Legal Training	0.0	-0.2	0.2	-0.3	0.7
Direct Marketing	0.3	0.3	0.8	0.8	1.2
Other Activities	-0.3	-0.2	-1.0	-1.1	-1.2
<b>Total</b>	<b>-0.4</b>	<b>-1.1</b>	<b>1.0</b>	<b>-0.1</b>	<b>3.1</b>
<b>Non-recurring items</b>					
Magazines Finland	-	0.0	-	-0.0	-0.0
Magazines Sweden	0.0	-0.0	-0.4	-0.2	-1.6
Events	0.0	-0.0	-0.1	-0.0	-0.0
Books and Legal Training	0.0	-0.0	-0.3	-0.0	-0.0
Direct Marketing	-	-0.0	-	0.1	0.1
Other Activities	0.0	0.1	0.0	-0.1	-0.1
<b>Total</b>	<b>0.1</b>	<b>0.1</b>	<b>-0.8</b>	<b>-0.2</b>	<b>-1.7</b>
<b>Operating income</b>					
Magazines Finland	0.2	0.2	1.7	2.0	3.0
Magazines Sweden	-0.4	-0.4	-0.8	-0.8	-1.8
Events	-0.2	-0.8	-0.4	-0.9	-0.5
Books and Legal Training	0.0	-0.2	-0.1	-0.3	0.7
Direct Marketing	0.3	0.3	0.8	0.9	1.2
Other Activities	-0.3	-0.1	-1.0	-1.1	-1.2
<b>Total</b>	<b>-0.3</b>	<b>-1.0</b>	<b>0.2</b>	<b>-0.3</b>	<b>1.4</b>

## Magazine Business Finland

Financial development for Finnish periodicals is reported in the Magazine Business Finland segment. The magazines with the highest circulation are Talouselämä and Tekniikka & Talous. Magazine Business Finland segment includes also the Group's share of the income of the joint venture Oy Mediutiset Ab.

### July-September

Net sales for the Magazine Business Finland for July-September amounted to EUR 4.8 million (EUR 5.1 million), a decrease of 5.5% from the previous year.

In July-September, operating income (EBIT) from the Magazine Business Finland was EUR 0.2 million (EUR 0.2 million).

In July-September, advertising revenue decreased by 16.5% from the previous year. Advertising revenue accounted for 35.6% (40.2%) of net sales in the Magazine Business Finland.

In July-September, circulation revenue increased by 2.6% from the previous year. Circulation revenue accounted for 63.1% (58.1%) of net sales in the Magazine Business Finland.

The Group's share of the joint venture Oy Mediutiset Ab's income in July-September was EUR 0.0 million (EUR 0.0 million).

### January-September

Net sales for the Magazine Business Finland for January-September amounted to EUR 17.9 million (EUR 18.9 million), a decrease of 5.5% from the previous year.

In January-September, operating income (EBIT) from the Magazine Business Finland was EUR 1.7 million (EUR 2.0 million).

In January-September, advertising revenue decreased by 11.8% from the previous year. Advertising revenue accounted for 34.9% (37.4%) of net sales in the Magazine Business Finland.

In January-September, circulation revenue decreased by 1.6% from the previous year. Circulation revenue accounted for 63.8% (61.3%) of net sales in the Magazine Business Finland.

The Group's share of the joint venture Oy Mediutiset Ab's income in January-September was EUR 0.1 million (EUR 0.0 million).

## Magazine Business Finland revenue

EUR million	7-9 2014	7-9 2013	1-9 2014	1-9 2013	1-12 2013
<b>Net sales</b>					
Advertising revenue	1.7	2.0	6.2	7.1	9.6
Product advertising	1.5	1.7	5.2	5.7	7.9
Recruitment advertising	0.2	0.3	1.1	1.4	1.7
Circulation revenue	3.0	2.9	11.4	11.6	15.6
Other revenue	0.1	0.1	0.2	0.3	0.3
<b>Total</b>	<b>4.8</b>	<b>5.1</b>	<b>17.9</b>	<b>18.9</b>	<b>25.5</b>

## Magazine Business Sweden

Financial development for Swedish periodicals is reported in the Magazine Business Sweden segment. The magazines with the highest circulation are Ny Teknik and Affärsvärlden.

### July-September

Net sales for the Magazine Business Sweden for July-September amounted to EUR 2.9 million (EUR 3.5 million), a decrease of 18.2% from the previous year.

In July-September, operating income (EBIT) from the Magazine Business Sweden was EUR -0.4 million (EUR -0.4 million). In July-September, operating income without non-recurring items from the Magazine Business Sweden was EUR -0.5 million (EUR -0.4 million).

In July-September, advertising revenue decreased by 25.1% from the previous year. Advertising revenue accounted for 49.2% (53.8%) of net sales in the Magazine Business Sweden.

In July-September, circulation revenue decreased by 10.8% from the previous year. Circulation revenue accounted for 47.6% (43.7%) of net sales in the Magazine Business Sweden.

### January-September

Net sales for the Magazine Business Sweden for January-September amounted to EUR 12.8 million (EUR 14.2 million), a decrease of 10.0% from the previous year.

In January-September, operating income (EBIT) from the Magazine Business Sweden was EUR -0.8 million (EUR -0.8 million). In January-September, operating income without non-recurring items from the Magazine Business Sweden was EUR -0.3 million (EUR -0.7 million).

In January-September, advertising revenue decreased by 12.4% from the previous year. Advertising revenue accounted for 50.8% (52.2%) of net sales in the Magazine Business Sweden.

In January-September, circulation revenue decreased by 6.5% from the previous year. Circulation revenue accounted for 47.4% (45.6%) of net sales in the Magazine Business Sweden.

### Magazine Business Sweden revenue

EUR million	7-9 2014	7-9 2013	1-9 2014	1-9 2013	1-12 2013
<b>Net sales</b>					
Advertising revenue	1.4	1.9	6.5	7.4	10.5
Product advertising	0.8	1.0	3.5	4.2	6.1
Recruitment advertising	0.6	0.9	3.0	3.2	4.4
Circulation revenue	1.4	1.5	6.1	6.5	8.9
Other revenue	0.1	0.1	0.2	0.3	0.6
<b>Total</b>	<b>2.9</b>	<b>3.5</b>	<b>12.8</b>	<b>14.2</b>	<b>19.9</b>

## Event Business

The financial development for the Event Business segment in Finland, Sweden and Denmark is reported under the Event Business segment. The Event Business segment includes also the Group's share of the income of the associated company Professio Oy.

### July-September

Net sales for the Event Business segment for July-September amounted to EUR 2.0 million (EUR 2.1 million), a decrease of 5.4% from the previous year.

In July-September, operating income (EBIT) for the Event Business segment was EUR -0.2 million (EUR -0.8 million).



The Group's share of the associated company Professio Oy's income in July-September was EUR 0.0 million (EUR 0.0 million).

### January-September

Net sales for the Event Business segment for January-September amounted to EUR 7.9 million (EUR 8.5 million), a decrease of 7.2% from the previous year.

In January-September, operating income (EBIT) for the Event Business segment was EUR -0.4 million (EUR -0.9 million).

The Group's share of the associated company Professio Oy's income in January-September was EUR 0.1 million (EUR 0.1 million).

## Books and Legal Training

Financial development for book publishing and legal training is reported in the Books and Legal Training segment. The best-known book in the book publishing business is the green Finnish Law book. The B2B business acquired from Sanoma Pro is reported under this segment since the acquisition date on 30 April 2014. The acquired business provides training, books and online services for management and experts with the most important areas of law, taxation and financial management.

### July-September

Net sales for the Books and Legal Training segment for July-September amounted to EUR 2.1 million (EUR 1.2 million), an increase of 80.8% from the previous year.

In July-September, operating income (EBIT) was EUR 0.0 million (EUR -0.2 million).

### January-September

Net sales for the Books and Legal Training segment for January-September amounted to EUR 6.2 million (EUR 4.9 million), an increase of 26.5% from the previous year.

In January-September, operating income (EBIT) was EUR -0.1 million (EUR -0.3 million). Operating income without non-recurring items from the Books and Legal Training segment was EUR 0.2 million (EUR -0.3 million) in January-September. The non-recurring items consisted of items of integration of the B2B business acquired from Sanoma Pro.

## Direct Marketing

In the Direct Marketing segment, financial development is reported for the direct marketing business. The operations of Talentum's subsidiary, Suoramarkkinointi Mega Oy, in Finland, Estonia and Latvia belong to this segment. The companies operate in the telemarketing business.

### July-September

Net sales for the Direct Marketing business for July-September amounted to EUR 2.6 million (EUR 2.9 million), a decrease of 8.2% from the previous year.

In July-September, operating income (EBIT) was EUR 0.3 million (EUR 0.3 million).

### January-September

Net sales for the Direct Marketing business for January-September amounted to EUR 8.3 million (EUR 8.8 million), a decrease of 5.7% from the previous year.

In January-September, operating income (EBIT) was EUR 0.8 million (EUR 0.9 million). Operating income without non-recurring items from the Direct Marketing was EUR 0.8 million (EUR 0.8 million).

### Other activities

The Other Activities segment comprises Group operations as well as the Russian associated company, Conseco Press.

The Group's share of the associated company Conseco Press' income in July-September was EUR 0.0 million (EUR 0.0 million) and in January-September EUR 0.0 million (EUR 0.0 million).

### Consolidated cash flow and financial position

Cash flow from business operations in January-September was higher than in the previous year following the change in working capital. Consolidated cash flow from operating activities was EUR 0.8 million (EUR 0.1 million). The change in consolidated working capital was EUR 1.1 million (EUR -0.2 million). Working capital is negative, as is usual for the sector, because liabilities include subscription fee advances received from customers of EUR 12.9 million (for balance sheet items, the comparison date is 31 December 2013: EUR 10.2 million).

The consolidated balance sheet total at the end of the period under review stood at EUR 51.9 million (EUR 49.8 million). The Group's interest-bearing loans and borrowing amounted to EUR 6.0 million (EUR 5.1 million). The Group's liquid assets were EUR 2.1 million (EUR 4.3 million). Interest-bearing net liabilities were EUR 3.9 million (EUR 0.8 million).

The available bank overdraft limit, which is valid until further notice, is EUR 12 million. EUR 4.2 million of the limit was in use at the end of the period under review (EUR 4.5 million was in use on 31 December 2013).

The equity ratio at the end of the period under review was 43.0% (47.4%). The Group's equity per share was EUR 0.38 (EUR 0.43). The Group does not hedge against currency fluctuations with regard to the acquisition of subsidiaries. The weakening or strengthening of the Swedish krona against the euro affects the Group's equity through the translation difference arising from the acquisition of the Swedish subsidiaries. On 30 September 2014, the translation difference in the Group's equity was EUR -0.3 million. The change in January-September was EUR 0.8 million (negative).

### Investments

Investments in tangible and intangible assets for January-September totalled EUR 3.9 million (EUR 1.2 million), which was 7.6% (2.3%) of net sales. Investments include the B2B business acquired from Sanoma Pro.

### Changes in Group structure

Talentum strengthened its Books and Legal Training segment by acquiring the B2B business from Sanoma Pro on 30 April 2014. The acquired business provides training, books and online services for management and experts with the most important areas of law, taxation and financial management. The transaction is described in the notes.

### Seasonal variation and short-term risks for the business

The media and advertising markets are subject to seasonal variations. Talentum's magazines and books do not generally come out during the summer holiday season, which is why the third quarter is the weakest in terms of net sales. Historically, income for the third period is negative. Operations are generally at their busiest in the final quarter.

No significant changes have occurred in Talentum Group's short-term business risks compared to the risks described in the financial statements for 2013.

## TALENTUM GROUP

### Shares and share capital

On 30 September 2014, Talentum Oyj's share capital totalled EUR 18,593,518.79 and the company had 44,295,787 fully paid shares. The shares are listed on the NASDAQ OMX Helsinki stock exchange.

A total of 1,314,833 Talentum shares were traded in January-September, which corresponded to 3.0% of the total number of shares. The highest price paid for shares in January-September was EUR 1.40 and the lowest was EUR 1.03. The closing price for the shares on 30 September 2014 was EUR 1.11. Market capitalisation at the closing price for the period was EUR 49.2 million (EUR 42.5 million).

On 30 September 2014, the company held 207,151 treasury shares, which is about 0.5% of Talentum's total shares and votes.

### Shareholding of management and governing bodies

On 30 September 2014, the number of Talentum Oyj shares and options owned by members of the Board of Directors and the CEO, personally or through companies in which they have a controlling interest, was 316,106 representing 0.7% of the company's total shares and votes.

A total of 275,400 Talentum Oyj shares were held by the management group on 30 September 2014 representing 0.6% of the company's total shares and votes. In addition the CEO and rest of the management group have a stock option plan, the conditions of which have been provided in stock exchange release on 6 March 2014.

### Corporate governance

The AGM on 27 March 2014 decided that there should be five members of the Board of Directors. Joachim Berner, MBA, BBA; Atte Palomäki, Group Vice President Corporate Communications; Kai Telanne, CEO and Henri Österlund, CEO were re-elected as members of the Board. Mitti Storckovius, Head of Global Business Operations, was elected as a new member.

Kai Telanne was re-elected as the Chairman of the Board and Henri Österlund was elected as the Deputy Chairman.

### Fees of the members of the Board of Directors

The AGM decided to pay the following annual fees: EUR 24,000 to the members of the Board, EUR 30,000 to the Deputy Chairman and EUR 48,000 to the Chairman. The AGM also decided to use approximately 40% of the annual fee to acquire Talentum Oyj shares on behalf of the Board members. The proportion of the fee payable in shares may also be paid by transferring treasury shares held by the company. In the event, that the purchase of shares cannot be implemented due to a cause by the company or a board member or any other reason, the annual remuneration will be paid in money.

In May, treasury shares held by the company were transferred to the members of the Board of Directors in an amount corresponding to 40% of the annual fee. The number of treasury shares held by the company that were conveyed to the members of the Board of Directors was 47,619. The impact of the conveyance on the value of the Group's treasury shares in the Group's equity was EUR 0.2 million. The conveyance of shares resulted in a loss of equity of EUR 0.1 million, which was recognised under retained earnings.

## Auditing

Authorised Public Accountants PricewaterhouseCoopers Oy were re-elected auditors, with APA Samuli Perälä as the accountable auditor.

## Authorisation for the acquisition of the company's own shares

The Annual General Meeting decided to authorise the Board of Directors to acquire a maximum of 3,500,000 of Talentum Oyj shares, which corresponds to approximately eight (8) per cent of all Talentum Oyj shares. The authorisation will remain in force until 30 June 2015.

On 20 August 2014, Talentum announced through a stock exchange release that it will start acquiring its own shares. A maximum of 350,000 shares will be acquired which corresponds to approximately 0.8% of all Talentum Oyj shares. From 21 August 2014 to 30 September 2014, Talentum acquired 45,558 Talentum Oyj shares. The impact of the acquisition on the Group's equity was EUR -0.1 million. On 30 September 2014, Talentum held a total of 207,151 own shares. Talentum will continue to acquire its own shares in the fourth quarter.

## Authorisation to decide on a share issue

The Annual General Meeting authorised the Board of Directors to decide on a share issue including the conveyance of treasury shares and the issue of special rights. Based on the authorisations, a maximum number of 3,500,000 new shares may be issued and/or shares held by the company may be disposed of, which corresponds to approximately eight (8) per cent of the company's shares. The authorisations will remain in force until 30 June 2015.

## Authorisation to decide on the distribution of additional dividend or distribution of assets from the reserve of invested unrestricted equity

The Annual General Meeting decided to authorise the Board of Directors to decide on the distribution of additional dividend from the retained earnings and/or distribution of assets from the reserve of invested unrestricted equity or both so that the distribution of dividend and/or other distribution of assets based on the authorisation is in total a maximum of EUR 0.10 per share. The distribution of additional dividend and/or other distribution of assets can be made in one or more instalments. The authorisations remain in force until the beginning of the next Annual General Meeting. The Annual General Meeting decided to authorise the Board of Directors to decide otherwise on all the conditions regarding the distribution of additional dividend and/or other distribution of assets.

## Executive management

The composition of the executive management team is as follows:

- Chief Executive Officer: **Aarne Aktan** (Chairman). CEO is also responsible for the Magazine Business in Sweden.
- Chief Financial Officer: **Niclas Köhler**
- Deputy CEO, General Counsel: **Lasse Rosengren**. Mr Rosengren is also responsible for the Books and Legal Training segment.
- Director responsible for the Event Business: **Tapio Teppo**
- Director responsible for the Magazine Business in Finland: **Tuomas Hämäläinen**

The members of the executive management team report to the CEO.

## Stock option plan to Talentum Management

Based on the share issue authorisation resolved by the Annual General Meeting of Shareholders held on March 22, 2013, the Board of Directors of Talentum Oyj has, for the fulfilment of the investment requirement related to the stock option plan for the management resolved by the Board of Directors on December 13, 2013, decided to transfer treasury shares held by the Company to certain persons belonging to the key management of Talentum by a directed share issue. The

maximum of 517,400 treasury shares was offered for subscription to the key managers for the subscription price of EUR 1.26 per share.

In March 2014, Talentum sold 364,267 treasury shares held by the company to the participants in the programme. The impact of the disposal on the value of the Group's treasury shares in the Group's equity was EUR 1.5 million. The disposal of shares resulted in a loss of equity of EUR 1.1 million, which was recognised under retained earnings.

Information about the conveyance of Talentum's treasury shares through a directed share issue and about the results of the directed share issue was provided in separate stock exchange releases on 6 March 2014 and 27 March 2014, respectively.

The fair value of options is determined with the Black-Scholes option pricing model. The fair value determined for options at the grant date is recognised as costs for the commitment period. During January-September 2014 the effect of options on the Group's result amounted to EUR -0.0 million.

### **SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD**

No significant events have occurred after the reporting period.

**TABLES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	7-9 2014	7-9 2013*	1-9 2014	1-9 2013*	1-12 2013*
<b>Net sales</b>	<b>13.7</b>	14.0	50.6	52.8	74.5
Other operating income	0.1	0.1	0.3	0.7	1.1
Materials and services	1.8	1.9	7.1	7.6	10.6
Employee benefit expenses	7.1	7.8	25.6	26.8	37.5
Depreciation, amortisation and impairment	0.3	0.3	0.9	1.0	1.3
Other operating expenses	5.0	5.2	17.2	18.5	25.1
Share of income of an associated company	0.0	0.0	0.1	0.1	0.3
<b>Operating income</b>	<b>-0.3</b>	-1.0	0.2	-0.3	1.4
Financial income	0.1	0.1	0.5	0.7	1.1
Financial expenses	0.2	0.3	0.4	0.7	0.8
<b>Income before taxes</b>	<b>-0.5</b>	<b>-1.2</b>	<b>0.3</b>	<b>-0.4</b>	<b>1.6</b>
Taxes	0.1	0.2	-0.1	0.0	-0.5
<b>Income for the period</b>	<b>-0.4</b>	<b>-1.0</b>	<b>0.2</b>	<b>-0.3</b>	<b>1.2</b>
<b>Other comprehensive income</b>					
<b>Items that may be later transferred into profit or loss</b>					
Translation differences	0.1	0.4	-0.8	-0.3	-0.9
Available-for-sale investments transferred into profit or loss	-	-0.0	-	-0.0	-0.0
<b>Items that will not be later transferred into profit or loss</b>					
Actuarial gain or loss on defined benefit pension obligation	-0.0	-0.0	-0.1	-0.0	0.0
Income tax on actuarial gain or loss	0.0	0.0	0.0	0.0	-0.0
Other comprehensive income	0.1	0.4	-0.9	-0.3	-0.9
<b>Total comprehensive income for the period</b>	<b>-0.3</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-0.6</b>	<b>0.3</b>
<b>Income for the period attributable to</b>					
Owners of the parent company	-0.4	-1.0	0.2	-0.3	1.1
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
<b>Total comprehensive income for the period attributable to</b>					
Owners of the parent company	-0.3	-0.6	-0.7	-0.6	0.2
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Basic and diluted earnings per share, EUR**	-0.01	-0.02	0.01	-0.01	0.03

\* The Group has adopted on 1 January 2014 the new IFRS 10 and 11 -standards, which have been applied retrospectively in accordance with IAS 8

\*\* Earnings per share are calculated from the income attributed to the equity owners of the parent company

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30.9.2014	30.9.2013	31.12.2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1.0	1.2	1.2
Goodwill	20.5	20.1	19.8
Other intangible assets	14.4	12.9	12.8
Investments in associates	0.6	0.6	0.5
Available-for-sale investments	0.0	0.0	0.0
Deferred tax assets	1.2	1.4	1.2
Other non-current receivables	0.8	1.1	0.5
<b>Total non-current assets</b>	<b>38.4</b>	<b>37.3</b>	<b>36.1</b>
<b>Current assets</b>			
Inventories	1.0	0.6	0.6
Trade and other receivables	10.4	12.6	8.9
Cash and cash equivalents	2.1	1.8	4.3
<b>Total current receivables</b>	<b>13.5</b>	<b>14.9</b>	<b>13.7</b>
<b>TOTAL ASSETS</b>	<b>51.9</b>	<b>52.2</b>	<b>49.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent company</b>			
Share capital	18.6	18.6	18.6
Treasury shares	-0.7	-2.4	-2.4
Other reserves	-0.3	1.2	0.6
Invested non-restricted equity fund	-1.5	-1.5	-1.5
Retained earnings	0.6	1.9	3.4
<b>Total</b>	<b>16.7</b>	<b>17.8</b>	<b>18.6</b>
Non-controlling interest	0.1	0.1	0.1
<b>Total equity</b>	<b>16.8</b>	<b>17.8</b>	<b>18.7</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3.2	2.9	2.9
Non-current financial liabilities	1.6	0.0	-
Pension obligation	0.4	0.4	0.4
Other non-current liabilities	-	0.1	0.1
Non-current provisions	0.3	0.2	0.2
<b>Total non-current liabilities</b>	<b>5.5</b>	<b>3.7</b>	<b>3.6</b>
<b>Current liabilities</b>			
Current financial liabilities	4.4	5.3	5.1
Advances received	12.9	13.2	10.2
Trade and other payables	11.8	11.6	11.6
Current provisions	0.5	0.6	0.5
<b>Total current liabilities</b>	<b>29.6</b>	<b>30.7</b>	<b>27.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>51.9</b>	<b>52.2</b>	<b>49.8</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**

EUR million	1-9 2014	1-9 2013	1-12 2013
<b>Cash flows from operating activities</b>			
Operating income	0.2	-0.3	1.4
Adjustments to operating income*	-0.0	0.8	0.5
Change in working capital	1.1	-0.2	1.4
Dividends received from business operations	0.1	0.0	0.2
Financial items and taxes	-0.6	-0.2	-0.1
<b>Net cash generated from operating activities</b>	<b>0.8</b>	<b>0.1</b>	<b>3.3</b>
<b>Cash flows from investment activities</b>			
Business acquisitions	-1.5	-0.2	-0.2
Acquisition of property, plant and equipment and intangible assets	-0.7	-1.1	-1.5
Loan receivables granted and repaid	-0.2	-	-
Disposal of available for sale investments	-	0.1	0.1
<b>Net cash generated from investment activities</b>	<b>-2.4</b>	<b>-1.2</b>	<b>-1.7</b>
<b>Cash flows from financing activities</b>			
Change in current loans	-0.8	0.7	0.5
Change in non-current loans	1.5	-	-
Dividends paid and other return on equity	-1.8	-1.3	-1.3
Conveyance of treasury shares	0.5	-	-
Acquisition of treasury shares	-0.1	-	-
<b>Net cash used in financing activities</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.8</b>
Change in cash and cash equivalents	-2.2	-1.7	0.8
Cash and cash equivalents in the beginning of the period	4.3	3.5	3.5
Foreign exchange adjustment	-0.0	-0.0	-0.0
Change in cash and cash equivalents	-2.2	-1.7	0.8
<b>Cash and cash equivalents at the end of the period</b>	<b>2.1</b>	<b>1.8</b>	<b>4.3</b>

\* Adjustments to operating income mainly consist of depreciation and exchange rate differences as well as the income adjustment of associated companies. In the period under review the adjustments include also the effect on operating income of non-monetary items recognised in the business acquisition of Sanoma Pro business.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

a = Share capital

b = Treasury shares

c = Fair value reserve

d = Translation reserve

e = Invested non-restricted equity fund

f = Retained earnings

g = Equity attributable to equity owners of the parent

h = Non-controlling interest

i = Total equity

EUR million	a	b	c	d	e	f	g	h	i
Equity 1 January 2014	18.6	-2.4	-	0.6	-1.5	3.4	18.6	0.1	18.7
Dividend distribution						-1.8	-1.8		-1.8
Conveyance of treasury shares		1.7				-1.2	0.5		0.5
Acquisition of treasury shares		-0.1					-0.1		-0.1
Management's incentive plan						0.0	0.0		0.0
Total comprehensive income for the period				-0.8		0.2	-0.7	0.0	-0.7
<b>Equity 30 September 2014</b>	<b>18.6</b>	<b>-0.7</b>	<b>-</b>	<b>-0.3</b>	<b>-1.5</b>	<b>0.6</b>	<b>16.7</b>	<b>0.1</b>	<b>16.8</b>
Equity 31 December 2012	18.6	-2.6	0.0	1.4	-0.2	2.5	19.7	0.1	19.8
Retrospective application of IFRS 10 and 11				-0.0			-0.0	-0.1	-0.1
Adjusted equity 1 January 2013	18.6	-2.6	0.0	1.4	-0.2	2.5	19.7	0.1	19.7
Return on equity					-1.3		-1.3		-1.3
Conveyance of treasury shares		0.2				-0.1	0.1		0.1
Other items						-0.1	-0.1		-0.1
Total comprehensive income for the period			-0.0	-0.3		-0.3	-0.6	0.0	-0.6
<b>Equity 30 September 2013</b>	<b>18.6</b>	<b>-2.4</b>	<b>-</b>	<b>1.2</b>	<b>-1.5</b>	<b>1.9</b>	<b>17.8</b>	<b>0.1</b>	<b>17.8</b>

## NOTES

In the preparation of this interim report, Talentum has applied the same principles as in the financial statements for 2013, and those new and revised IFRS-standards that have been described in the financial statements for 2013. Among the new IFRS-standards *IFRS 11 Joint Arrangements* and *IFRS 10 Consolidated Financial Statements* had effect on the interim report.

**Adoption of IFRS 11 Joint Arrangements**

As a consequence of adoption of IFRS 11 the joint venture Oy Mediutiset Ab is consolidated by equity method of consolidation. Previously Oy Mediutiset Ab was consolidated by proportional method of consolidation. In this interim report, all figures for the comparative periods have been adjusted to meet the requirements of the new standard.

**Adoption of IFRS 10 Consolidated Financial Statements**

Talentum has assessed the effects of IFRS 10, adopted on 1 January 2014, on the preparation of the consolidated financial statements. As a consequence of the adoption of the standard Talentum decided to change the consolidation method of Consecro Press in the way, that Consecro Press is consolidated as an associated company by equity method of consolidation. Previously Consecro Press was consolidated as a subsidiary. In this interim report, all figures for the comparative periods have been adjusted to meet the requirements of the new standard.

As a consequence of these changes, the statement of financial position for the comparative period on 30 September 2013 decreased by EUR 0.1 million and equity decreased by EUR 0.1 million, and the statement of financial position for the comparative year on 31 December 2013 increased by EUR 0.1 million and equity decreased by EUR 0.0 million. For comparative period January-September 2013 the change decreased the net sales by EUR 0.7 million, and for comparative year January-December 2013 the change decreased the net sales by EUR 1.1 million.

All figures in this interim report have been rounded up or down, so the sums of individual figures may differ from the totals shown.

## Business acquisitions

### Acquisitions of subsidiaries and businesses

Talentum's Finnish subsidiary, Talentum Media Oy, acquired the B2B business from Sanoma Pro with an asset deal transaction concluded on 30 April 2014. The acquired business provides training, books and online services for management and experts with the most important areas of law, taxation and financial management.

The purchase price was paid in cash on the day the transaction was concluded. The integration costs deriving from the acquisition, EUR 0.3 million in January-September 2014, are presented as a non-recurring item.

In connection with the acquisition customer relationships and publishing rights were recognised as separate intangible assets. Furthermore, the fair value was adjusted to inventories. The goodwill arisen from the acquisition is presented as a EUR 1.1 million item in the balance sheet of the reporting date. The fair value of the net assets acquired is provisional and dependent on the final determination. The final figure for goodwill is regarded as arising principally from market position, specialist personnel, product and service process expertise, industry expertise and synergies.

The consolidated financial statements at the time of reporting include the acquired company's net sales and income after the acquisition. The effect of the transaction on consolidated cash flow is equivalent to the acquisition costs.

### ASSETS AND LIABILITIES OF THE ACQUIRED BUSINESS AT THE DATE OF ACQUISITION

EUR million	Recognised fair values on 30 April 2014
Property, plant and equipment	0.0
Intangible assets	2.0
Inventories	0.4
<b>Total assets</b>	<b>2.5</b>
Deferred tax liabilities	0.4
Other current non-interest bearing liabilities*	1.7
<b>Total liabilities</b>	<b>2.1</b>
Net assets	0.4
Cost of an acquisition	1.5
Goodwill	1.1

\* Other current non-interest bearing liabilities include advances received that transferred to Talentum in the business acquisition. An obligation to perform a service is related to the advances received and which are recognised as income during the period of performing the service.

**TALENTUM GROUP BY SEGMENT**

1-9 2014 EUR million	Books and Legal and Direct						Total
	Mag Fi	Mag Swe	Events	Training	Marketing	Other	
External sales	17.8	12.8	7.8	6.2	6.0	0.1	50.6
Inter-segment net sales	0.0	0.0	0.1	-	2.3	-2.4	0.0
Operating income	1.7	-0.3	-0.4	0.2	0.8	-1.0	1.0
<b>Segment income before taxes</b>	<b>1.7</b>	<b>-0.3</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.8</b>	<b>-1.0</b>	<b>1.0</b>
Reconciliation							
Segment income before taxes	1.7	-0.3	-0.4	0.2	0.8	-1.0	1.0
Non-recurring items							-0.8
Financing items, net							0.1
Consolidated income before taxes							0.3

1-9 2013 EUR million	Books and Legal and Direct						Total
	Mag Fi	Mag Swe	Events	Training	Marketing	Other	
External sales	18.9	14.2	8.4	4.9	6.4	0.1	52.8
Inter-segment net sales	-	0.0	0.1	-	2.4	-2.5	0.0
Operating income	2.0	-0.7	-0.9	-0.3	0.8	-1.1	-0.1
<b>Segment income before taxes</b>	<b>2.0</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-0.3</b>	<b>0.8</b>	<b>-1.1</b>	<b>-0.1</b>
Reconciliation							
Segment income before taxes	2.0	-0.7	-0.9	-0.3	0.8	-1.1	-0.1
Non-recurring items							-0.2
Financing items, net							-0.1
Consolidated income before taxes							-0.4

1-12 2013 EUR million	Books and Legal and Direct						Total
	Mag Fi	Mag Swe	Events	Training	Marketing	Other	
External sales	25.4	19.8	12.4	8.1	8.6	0.1	74.5
Inter-segment net sales	0.0	0.1	0.1	-	3.0	-3.2	0.0
Operating income	3.0	-0.2	-0.4	0.7	1.2	-1.2	3.1
<b>Segment income before taxes</b>	<b>3.0</b>	<b>-0.2</b>	<b>-0.4</b>	<b>0.7</b>	<b>1.2</b>	<b>-1.2</b>	<b>3.1</b>
Reconciliation							
Segment income before taxes	3.0	-0.2	-0.4	0.7	1.2	-1.2	3.1
Non-recurring items							-1.7
Financing items, net							0.3
Consolidated income before taxes							1.6

**CHANGE IN SHARE QUANTITIES \***

1,000 shares	1-9 2014	1-9 2013	1-12 2013
Shares outstanding at the beginning of the period	43 722	43 661	43 661
Number of shares outstanding at the end of the period	44 085	43 722	43 722

\* Excluding treasury shares held by the company

For the period under review, the weighted average number of shares used in the calculation of earnings per share during the financial period is 43,992,648 (43,700,639 shares 1-9/2013).

The total number of shares issued is 44,295,787.

**PERSONNEL BY SEGMENT ON AVERAGE**

	1-9 2014	1-9 2013	1-12 2013
Magazines Finland	113	106	106
Magazines Sweden	84	93	92
Events	64	95	95
Books and Legal Training	48	36	36
Direct Marketing	381	396	399
Other Activities	32	22	22
<b>Total</b>	<b>721</b>	<b>748</b>	<b>750</b>

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR million	1-9 2014	1-9 2013	1-12 2013
Carrying amount at the beginning of the period	1.2	1.3	1.3
Additions	0.2	0.4	0.6
Business acquisitions	0.0	-	-
Decreases	-2.5	-0.2	-0.2
Accumulated depreciation of decreases	2.5	0.2	0.2
Depreciation for the period	-0.4	-0.5	-0.6
Translation differences	0.0	0.0	0.0
<b>Carrying amount at the end of the period</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>

## CHANGES IN INTANGIBLE ASSETS

EUR million	1-9 2014	1-9 2013	1-12 2013
Carrying amount at the beginning of the period	32.6	33.1	33.1
Additions	0.5	0.8	1.0
Business acquisitions	3.1	-	-
Decreases	-3.8	-0.2	0.0
Accumulated depreciation of decreases	3.8	0.0	-
Depreciation for the period	-0.6	-0.5	-0.7
Translation differences	-0.8	-0.2	-0.8
<b>Carrying amount at the end of the period</b>	<b>34.9</b>	<b>33.0</b>	<b>32.6</b>

## RELATED PARTY TRANSACTIONS

EUR million	1-9 2014	1-9 2013	1-12 2013
Employee benefits for key management	0.9	1.0	1.6
Associates and joint ventures			
Sales	1.5	1.4	1.8
Purchases	1.2	1.5	1.6
Receivables	0.3	0.2	0.4
Liabilities	0.9	0.5	0.5

## AVAILABLE-FOR-SALE FINANCIAL ASSETS

EUR million	1-9 2014	1-9 2013	1-12 2013
Carrying amount at the beginning of the period	0.0	0.1	0.1
Decreases	-	-0.1	-0.0
Fair value measurement	-	0.0	0.0
<b>Carrying amount at the end of the period</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Available-for-sale investments include unlisted shares. Available-for-sale investments are all denominated in euros. Unlisted shares are shown at their acquisition cost which is considered to approximate the fair value. The maximum credit risk for available-for-sale investments corresponds to the book value at the end of the financial period.

## GUARANTEES

EUR million	30.9.2014	30.9.2013	31.12.2013
Guarantees posted for own commitments			
Guarantees	1.2	1.1	1.2

## Calculations of key indicators

Earnings per share = Profit for the period attributable to parent company shareholders / Adjusted average number of shares at the end of the financial period

Equity per share = Equity attributable to parent company shareholders / Adjusted average number of shares at the end of the financial period

Return on investment, % = Income before taxes + interest and other financial expenses / Balance sheet total – non-interest-bearing liabilities (average of beginning and end of financial year) x 100

Return on equity, % = Result for the financial period / Total equity (average of beginning and end of financial year) x 100

Equity ratio, % = Total equity / Balance sheet total – advances received x 100

Gearing, % = Interest-bearing liabilities – cash and cash equivalents / Total equity x 100

Market capitalisation = Number of shares at the end of the financial period x trading price at the end of the financial period

This interim report is unaudited.

### General statement

The forecasts and estimates presented here are based on the management's current view of economic development, and the actual results may differ substantially from what is now expected of the company.

### Financial information 2015

Talentum is planning to publish the results in 2015 as follows:

Full-year result 2014	12 February 2015
January-March result	29 April 2015
January-June result	17 July 2015
January-September result	22 October 2015

### Briefing

A briefing will be held for analysts and the media on 23 October 2014 at 11.00 a.m. in Sokos Hotel Vaakuna, Asema-aukio 2, 00100, Helsinki, Finland.

TALENTUM OYJ  
Board of Directors

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