

Living  
Information

# Alma Media Corporation

Q1 Interim Report  
29 April 2016

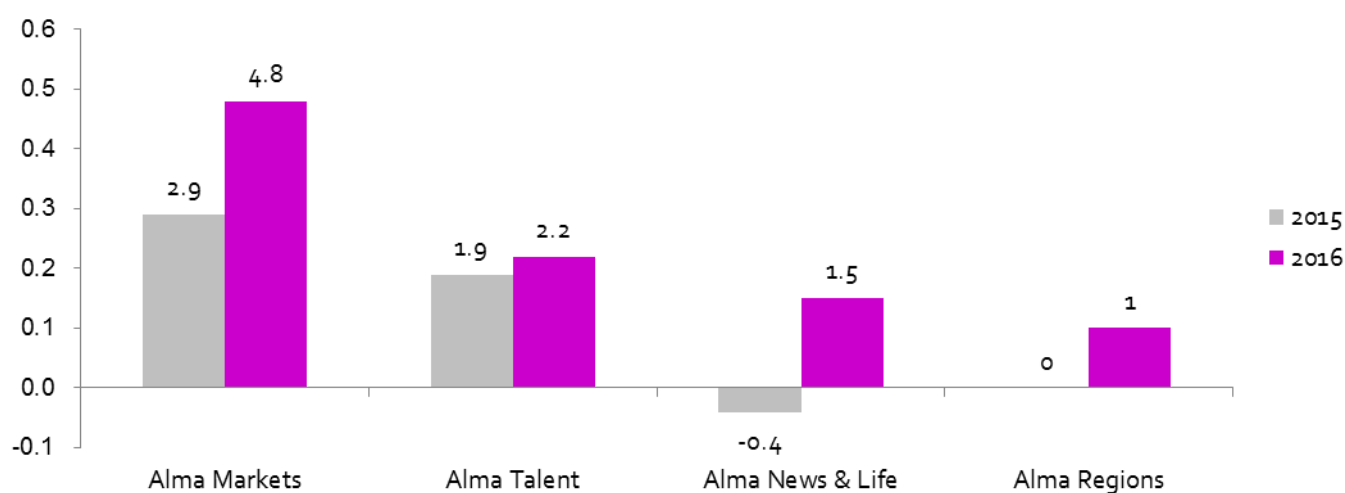
Alma Media's Interim Report January–March 2016:

## REVENUE AND OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS INCREASED

### Financial performance January–March 2016:

- Revenue was MEUR 86.7 (71.9), up 20.6%.
- Operating profit excluding non-recurring items was MEUR 5.5 (1.9) or 6.4% (2.7%) of revenue, up 189.8%.
- Operating profit was MEUR 2.5 (2.7), or 2.9% (3.7%) of revenue, down 6.4%.
- Earnings per share were EUR 0.01 (0.02).
- At the end of the period, the equity ratio was 55.9% and the gearing ratio 40.3%.
- Alma Markets: The strong development of the national economies of Eastern Central Europe continued, supporting the growth and profitability of the recruitment business.
- Alma Talent: The integration of Talentum's business operations progressed to the implementation phase as planned.
- Alma News & Life: Programmatic buying and mobile advertising saw substantial growth, online sales grew to account for 39% of the business unit's revenue.
- Alma Regions: Profitability improved following restructuring and the divestment of loss-making businesses.

### Business segments' operating profit excluding non-recurring items, January–March, MEUR (excludes non-allocated functions)



KEY FIGURES MEUR	2016 Q1	2015 Q1	Change %	2015 Q1–Q4
Revenue	86.7	71.9	20.6	291.5
Content revenue	32.9	26.0	26.5	104.1
Content revenue, print	29.5	24.5	20.2	97.0
Content revenue, online	3.4	1.4	133.2	7.1
Advertising revenue	40.7	35.5	14.6	148.2
Advertising revenue, print	16.4	16.7	-1.9	66.2
Advertising revenue, online	24.3	18.8	29.5	82.0
Service revenue	13.2	10.4	26.3	39.2
Total expenses excluding non-recurring items	81.4	70.0	16.3	268.7
EBITDA excluding non-recurring items	9.9	5.3	86.5	37.4
EBITDA	6.9	6.1	13.3	34.5
Operating profit excluding non-recurring items	5.5	1.9	189.8	23.4
% of revenue	6.4	2.7		8.0
Operating profit (loss)	2.5	2.7	-6.4	17.7
% of revenue	2.9	3.7		6.1
Profit for the period	1.6	1.8	-12.0	12.1
Earnings per share, EUR	0.01	0.02	-50.6	0.13
Online sales	31.6	24.2	30.7	104.2
Online sales, % of revenue	36.4	33.6		35.7

## Outlook for 2016:

The Finnish economy is expected to show zero growth or only slight growth in 2016. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see continued economic growth, but at a lower rate than in 2015.

Macroeconomic development affects both consumer demand and advertising volume. The structural transformation of advertising will continue in 2016; online advertising will grow, while print media advertising will decline. Total advertising volume is not expected to increase in Finland in 2016.

The Talentum acquisition completed in late 2015 will increase Alma Media's revenue and operating profit in 2016. In 2016, Alma Media expects its full-year revenue and operating profit excluding non-recurring items to increase from the 2015 level. The full-year revenue for 2015 was MEUR 291.5, and operating profit excluding non-recurring items was MEUR 23.4.

### Kai Telanne, President and CEO:

There were cautiously positive signs in the Finnish economy in the first quarter of 2016. Nevertheless, growth is expected to remain subdued. The macroeconomic outlook in Alma Media's main markets in Eastern Central Europe remained positive.

Alma Media's revenue increased by 21 per cent to MEUR 86.7 due to reasons including the Talentum acquisition. Operating profit excluding non-recurring items rose to MEUR 5.5, which was particularly attributable to the improved results of the recruitment business and Iltalehti.

The revenue of the Alma Markets segment increased by 21 per cent, while the operating profit excluding non-recurring items grew by 65 per cent. The factors behind the positive profit performance again included the excellent development and profitable growth of the international recruitment business in Eastern Central Europe. The domestic operations of Alma Markets also developed favourably.

In Alma Talent, comparable revenue and operating profit excluding non-recurring items remained at the previous year's level. The integration of Talentum's business operations into the new organisation progressed according to plan. Alma Talent is becoming an entity that offers a broad range of media expertise, information services and efficient business and skills development tools. The combined editorial office that is currently in the integration phase will represent the pinnacle of Finnish business journalism.

The ever accelerating technological transformation of advertising is particularly affecting the Alma News & Life segment. Content revenue and the single-copy sales of afternoon papers continued to decline, but the upturn in digital advertising achieved late last year saw the segment's advertising revenue grow by 28 per cent. Operating profit excluding non-recurring items increased significantly and amounted to MEUR 1.5. Online sales grew to account for almost 40 per cent of the Alma News & Life segment's revenue in the first quarter.

Revenue decreased in the Alma Regions segment, but operating profit excluding non-recurring items was boosted by operational restructuring measures aimed at reducing the cost structure of publishing operations. At the same time, Alma Regions continued its determined work on the renewal of the online publications and mobile services of its various media.

Alma Media is making systematic progress in its transformation into a European media and service company. The revised segment structure and the new names of the business units better reflect the nature of the company operating in this digital era.

The development of Alma Media's domestic operating environment was characterised by an expectant mood due to factors such as upcoming decisions on the VAT treatment of digital content. The European Commission has published an Action Plan for making the VAT system more harmonised and flexible, including an initiative to apply a reduced VAT rate to digital content as early as this year. Following the decisions at the EU level, it remains to be seen how committed Finnish policymakers are to the objective outlined in the government programme. An appropriate change in taxation would support the competitiveness of Finnish media companies.

### More information, please contact:

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## ALMA MEDIA GROUP INTERIM REPORT 1 JANUARY – 31 MARCH 2016

The figures are compared in accordance with the International Financial Reporting Standards (IFRS) with those of the corresponding period in 2015, unless otherwise stated. The figures in the tables are independently rounded.

<b>KEY FIGURES MEUR</b>	<b>2016 Q1</b>	<b>2015 Q1</b>	<b>Change %</b>	<b>2015 Q1–Q4</b>
Revenue	86.7	71.9	20.6	291.5
Operations in Finland	68.7	62.1	10.6	246.9
Operations outside Finland	18.1	9.8	83.6	44.6
Total expenses excluding non-recurring items	81.4	70.0	16.3	268.7
EBITDA excluding non-recurring items	9.9	5.3	86.5	37.4
EBITDA	6.9	6.1	13.3	34.5
Operating profit excluding non-recurring items	5.5	1.9	189.8	23.4
% of revenue	6.4	2.7		8.0
Operating profit (loss)	2.5	2.7	-6.4	17.7
% of revenue	2.9	3.7		6.1
Profit before tax	2.1	2.1	-12.4	16.8
Profit for the period	1.6	1.8	-12.0	12.1
Return on Equity/ROE (Annual)*	5.3	7.5	-29.8	10.4
Return on Investment/ROI (Annual)*	4.5	5.5	-17.6	6.9
Balance sheet total	333.7	267.4	24.8	328.2
Capital expenditure	3.3	7.2	-54.6	60.2
Equity ratio, %	40.3	39.4	2.3	42.5
Gearing, %	55.9	70.0	-20.2	59.2
Interest-bearing net debt	67.4	67.8	-0.6	76.2
Interest-bearing liabilities	91.2	84.5	7.9	90.6
Non-interest-bearing liabilities	121.9	86.1	41.7	108.9
Average no. of employees, calculated as full-time employees, excl. delivery staff	2,492	1,739	43.3	1,793
Average no. of delivery staff	829	954	-13.1	929
<b>Share indicators</b>				
Earnings per share, EUR (undiluted and basic)	0.01	0.02	-50.6	0.13
Cash flow from operating activities/share, EUR	0.25	0.20	27.3	0.43
Shareholders' equity per share, EUR	1.24	1.08	15.8	1.35
Dividend per share, EUR				0.12
Effective dividend yield, %				4.0
P/E Ratio				23.1
Market capitalisation	280.1	216.6	29.3	247.1
Average no. of shares (1,000 shares)				
– undiluted and basic	82,383	75,487		76,394
No. of shares at the end of the period (1,000 shares)	82,383	75,487		82,383

\*) See Accounting Principles of the Interim Report.

## Strategy and related activities during the review period

The cornerstones of Alma Media's strategy are multi-channel content, marketing and advertising solutions, digital services and improving resources and competencies.

Media buying and selling processes are rapidly becoming digitised. The programmatic buying of advertising is seeing strong growth in Finland. The share of programmatic buying has also increased rapidly at Alma Media, and developing programmatic buying is one of the company's focus areas for 2016. The impacts of the increasingly important role played by technology in advertising buying processes include changes the competence needs and resources of Alma Media's sales organisation.

In order to expand the digital service offering, Alma Mediapartners, a subsidiary reported under the Alma Markets segment, acquired a 51% share in NettiKoti, a provider of ERP systems for construction and renovation. The range of automotive services was also complemented by competitive tender services for car servicing.

In countries with strong economic growth, such as the Czech Republic and Slovakia, it has been observed that the highly active labour markets are making potential job applicants more passive and reducing the number of applications for vacancies. Active labour markets call for the continuous development of new job search services. New services launched in the Czech Republic in the review period included a mobile service that provides information on vacancies based on the user's location. Alma Media's local subsidiary also acquired a start-up that develops software technology for recommending colleagues and conveniently sharing job advertisements on social media.

Alma Talent is currently developing its strategy with regard to digital products and services and evaluating its brand portfolio. The first Alma Talent products related to advertising sales are also now being offered to advertisers.

Several measures were implemented in the first quarter to increase the competitiveness of the Alma Regions segment's publishing operations. The segment restructured its customer service and advertising production: following statutory personnel negotiations, the number of employees was reduced by 28 in customer service and 9 in advertising production. In customer service, the use of electronic channels and self-service tools has seen rapid growth, and new digital media products are also changing customer needs.

<b>Alma Media's financial targets</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Q1/2016</b>	<b>Target level</b>
Digital business growth	36.8%	8.4%	11.9%	8.7%	30.7%	> 15%
Return on Investment (ROI), %	13.8%	10.0%	9.8%	6.9%	4.5%	> 15%
Dividend payout ratio*	45%	50%	63%	92%	n/a	> 50%

\* Includes repayment of capital to shareholders

## Combination of Alma Media and Talentum and the delisting of Talentum

The combination of Alma Media and Talentum progressed from the planning phase to the implementation phase during the review period. In accordance with the combination plan, Talentum's business operations were combined with Alma Media's Financial Media and Business Services unit, and the new business unit's name, Alma Talent, was announced in February. The integration process included business transfers and statutory personnel negotiations commenced in February in Kauppalehti. The negotiations concerned a total of 230 persons. Their aim was to create a new organisational structure that will not have overlapping functions and that will help to shift the focus to digitalising media use in editorial and media sales operations. The restructuring will reduce the amount of work by approximately 33 person-years. The reductions will be achieved primarily through relocation, natural attrition, voluntary retirement and severance packages.

The focus of the business combination has been on combining Talentum's Finnish publishing business with Kauppalehti's media business. The new organisational structure will take effect during the spring as Talentum's editorial staff move to the Alma Media building. The employees of media sales desks have also been combined to create a single Alma Talent sales organisation. Content sales functions have already been combined, and the

related customer service functions will be combined during the spring. Alma Talent has a shared marketing function that is responsible for brand management.

In relation to the delisting of Talentum, Alma Media posted a security approved by the arbitral tribunal in connection with the redemption of the minority shares in Talentum and thus acquired title to all of the outstanding shares in Talentum in accordance with Chapter 18, Section 6 of the Finnish Limited Liability Companies Act. Following the posting of the security, the minority shareholders of Talentum participating in the redemption proceedings are entitled to the redemption price and the interest accruing thereon. The arbitral tribunal will later render its final arbitral award, in which the redemption price will be determined. The Talentum share was delisted from the official list of the Helsinki Stock Exchange on 21 April 2016.

Alma Media reiterates its estimate that the annual cost synergies expected from the combination of Alma Media and Talentum may amount to EUR 4–5 million, and the integration costs resulting from the combination will be approximately EUR 1–2 million in the first year of operation following the combination.

### **Market situation in the main markets**

According to TNS Media Intelligence, the total advertising volume in Finland decreased by 1.3% (decreased by 2.8%) in the first quarter, while advertising in online media increased in Finland by 5.2% (6.1%) in January–March. Advertising in city papers and newspapers declined by 5.6% (declined by 6.2%) in Finland. Advertising in Finnish magazines decreased in January–March by 11.0% (decreased by 14.2%). In terms of volume, the total market for afternoon papers in Finland declined by 14.6% (declined by 11.9%) in the first quarter of 2016.

According to Sveriges Mediebyråer, the total advertising volume in Sweden decreased by 3.0% (decreased by 1.4%) in the first quarter. Advertising in online media grew by 13.9% in Sweden. Advertising in trade magazines in Sweden decreased by 17.4% (decreased by 15.2%).

Alma Media's main markets in Eastern Central Europe are the Czech Republic and Slovakia. According to a forecast by the European Commission, the Czech GDP will grow by 2.3% (4.5%) in 2016. The Czech National Bank estimates that GDP will grow by 2.7% in 2016. In Slovakia, GDP growth in 2015 was 3.5% according to the European Commission, and the Commission's forecast for GDP growth in 2016 is 2.4%. The National Bank of Slovakia estimates GDP growth in 2016 to be 3.2%.

### **Changes in Group structure in 2016**

In January 2016, Alma Media's subsidiary Alma Mediapartners Oy acquired 51 per cent of the share capital of Raksa ja KotiKauppa Oy (NettiKoti) and the acquired business will be consolidated in Alma Media Group in full. NettiKoti provides ERP systems for construction and renovation.

In January 2016, LMC s.r.o, a subsidiary of Alma Career Oy, acquired Jobote s.r.o, a Czech start-up developing and providing new technology in recruitment-

### **Group revenue and result for January–March 2016**

The Group's first-quarter revenue increased by 20.6% to MEUR 86.7 (71.9). The effect of Talentum Corporation, acquired in November, on the increase in revenue was MEUR 18.4. The Alma360 business, divested in September 2015, represented a decrease in revenue of MEUR -2.7, while the newspapers in Kainuu, divested at the beginning of March 2015, represented a decrease in revenue of MEUR -1.8.

Content revenue increased by 26.5% to MEUR 32.9 (26.0). Talentum's effect on the increase in content revenue was MEUR 9.5. Comparable content revenue declined due to the decline of print subscriptions and single-copy sales.

Revenue from advertising sales increased by 14.6% to MEUR 40.7 (35.5). Online advertising sales increased by 29.5% to MEUR 24.3 (18.8). Advertising sales for print media decreased by 1.9% from the comparison period, to MEUR 16.4 (16.7). Talentum's effect on the increase in advertising revenue was MEUR 3.3.

Service revenue totalled MEUR 13.2 (10.4). Service revenue includes items such as information services, the event and direct marketing business and the printing and distribution services sold to customers outside the Group by Alma Manu.

Total expenses increased in the first quarter by MEUR 14.4, or 20.5%, to MEUR 84.5 (70.1). Talentum's effect on the increase in total expenses was MEUR 18.9. Depreciation and impairment included in the total expenses amounted to MEUR 4.4 (3.4).

Operating profit excluding non-recurring items was MEUR 5.5 (1.9), or 6.4% (2.7%) of revenue. Operating profit was MEUR 2.5 (2.7), or 2.9% (3.7%) of revenue. The operating profit includes net non-recurring items in the amount of MEUR -3.0 (0.8) related to restructuring. The non-recurring items in the comparison period were mainly related to gains on the sale of assets.

The result for January–March 2016 was MEUR 1.6 (1.8), and the result excluding non-recurring items was MEUR 4.6 (1.1).

## Business segments

The Group revised its segment reporting effective from the beginning of 2016 and issued a stock exchange release on the matter on 20 April 2016. Changes to the Group's segment reporting:

- New names for the segments
- The business operations of Alma Diverso, which was previously reported under the Digital Consumer Services segment, were transferred to the Alma News & Life and Alma Regions segments.
- The revenue of the E-kontakti business was transferred from Group service revenue to Group advertising revenue.
- In addition, a significant proportion of JM Tieto's revenue will be categorised under online business after being previously categorised as non-online business.

Alma Media's reportable segments are Alma Markets (previously Digital Consumer Services), Alma Talent (previously Financial Media and Business Services), Alma News & Life (previously National Consumer Media) and Alma Regions (previously Regional Media). Centralised services produced by the Group's parent company and Talentum Corporation as well as centralised support services for advertising and digital sales for the entire Group are reported outside segment reporting.

The Group's reportable segments correspond to the Group's operating segments. Operations that produce similar products and services are combined into operating segments due to their uniform profitability and other uniform characteristics.

As the structure and composition of the reportable segments have changed, Alma Media has, in accordance with the IFRS 8 Operating Segments standard, adjusted the corresponding items in segment information for the 2015 comparison period. The effect of the change, as well as segment revenue and operating profit under the previous and newly adopted segment structures, is presented in the tables section of this interim report.

## REVENUE AND OPERATING PROFIT/LOSS BY SEGMENT

REVENUE MEUR	2016 Q1	2015 Q1	Change %	2015 Q1–Q4
Alma Markets				
External	16.7	13.8		58.7
Inter-segments	0.0	0.0		0.3
Alma Markets total	16.7	13.8	20.7	59.0
Alma Talent				
External	28.2	13.4		56.3
Inter-segments	1.1	0.4		2.2
Alma Talent total	29.3	13.8	112.5	58.5
Alma News & Life				
External	7.8	9.1		36.6
Inter-segments	3.1	1.5		7.5
Alma News & Life total	10.9	10.6	3.0	44.1

Alma Regions				
External	28.9	33.3		128.1
Inter-segments	1.9	1.7		6.4
Alma Regions total	30.8	34.9	-11.9	134.5

Eliminations and non-allocated	-0.9	-1.2		-4.6
Total	86.7	71.9	20.6	291.5

OPERATING PROFIT/LOSS EXCLUDING NON-RECURRING ITEMS

	2016	2015	Change	2015
MEUR	Q1	Q1	%	Q1-Q4
Alma Markets	4.8	2.9	65.4	13.8
Alma Talent	2.2	1.9	14.6	8.0
Alma News & Life	1.5	-0.4	524.6	2.8
Alma Regions	1.0	0.0	3,173.9	8.3
Segments total	9.5	4.5	110.2	32.9
Non-allocated	-4.0	-2.6	-52.5	-9.5
Total	5.5	1.9	189.8	23.4

NON-RECURRING ITEMS

	2016	2015	Change	2015
MEUR	Q1	Q1	%	Q1-Q4
Alma Markets	0.0	0.0		0.0
Alma Talent	-1.4	0.6	-346.7	-1.0
Alma News & Life	0.0	0.0		-0.8
Alma Regions	-1.1	0.2	-706.2	-3.6
Segments total	-2.6	0.8	-434.1	-5.5
Non-allocated	-0.5	0.0		-0.3
Total	-3.0	0.8	-495.9	-5.7

OPERATING PROFIT/LOSS

	2016	2015	Change	2015
MEUR	Q1	Q1	%	Q1-Q4
Alma Markets	4.8	2.9	65.4	13.8
Alma Talent	0.8	2.5	-68.6	6.9
Alma News & Life	1.5	-0.4	524.6	1.9
Alma Regions	-0.2	0.2	-173.7	4.8
Segments total	7.0	5.3	31.7	27.4
Non-allocated	-4.5	-2.6	-70.4	-9.7
Total	2.5	2.7	-6.4	17.7



## Alma Markets

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, MojPosao.net, Monster.hu, Monsterpolska.pl, Monster.cz and Jobote.com are reported in the Alma Markets segment.

The segment includes several online services: the housing-related services Etuovi.com and Vuokraovi.com, the travel portal Gofinland.fi and the automotive services Autotalli.com, Autosofta and Alkali. Nettikoti, which specialises in software for ERP systems in new construction and renovation, and Kivi, a real estate agency system, are also reported in this segment.

KEY FIGURES MEUR	2016 Q1	2015 Q1	Change %	2015 Q1-Q4
Revenue	16.7	13.8	20.7	59.0
Advertising revenue	15.4	12.9	19.6	55.3
Service revenue	1.3	0.9	36.3	3.7
Total expenses excluding non-recurring items	11.9	10.9	8.8	45.4
EBITDA excluding non-recurring items	6.1	4.2	45.9	18.8
EBITDA	6.1	4.2	45.9	18.8
Operating profit excluding non-recurring items	4.8	2.9	65.4	13.8
% of revenue	29.0	21.2		23.3
Operating profit	4.8	2.9	65.4	13.8
% of revenue	29.0	21.2		23.3
Average no. of employees, calculated as full-time employees	518	498	4.0	502
Online sales	16.7	13.8	20.7	59.0
Online sales, % of revenue	100.0	100.0		100.0
OPERATIONAL KEY FIGURES	2016 Q1	2015 Q1	Change %	2015 Q1-Q4
Online services, unique browsers, weekly, on average (thousands *)				
Etuovi.com	773.3	615.9	25.6	665.7
Autotalli.com	126.6	128.7	-1.6	121.1

\*) The average weekly browser figures for Etuovi.com and Autotalli.com in 2016 are based on visitor volume monitoring produced by Google Analytics, while the figures for 2015 are based on TNS Gallup's monitoring.

## January–March 2016

In the first quarter of 2016, the Alma Markets segment's revenue increased in both domestic and international operations and amounted to MEUR 16.7 (13.8). Revenue from the recruitment business increased by 20.2% during the review period and accounted for 76.6% (77.0%) of the segment's revenue in the first quarter of 2016.

Total expenses during the review period excluding non-recurring items increased by MEUR 1.0 and amounted to MEUR 11.9 (10.9). The increase was attributable to marketing investments in the recruitment business.

The Alma Markets segment's operating profit excluding non-recurring items was MEUR 4.8 (2.9) in the first quarter. Operating profit excluding non-recurring items was 29.0% (21.2%) of revenue. The segment's operating profit was MEUR 4.8 (2.9).

## Alma Talent

The Alma Talent business segment publishes 19 trade and financial magazines and newspapers, as well as a variety of books. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information services. Alma Talent has operations in Finland, Sweden, Denmark and the Baltics. Alma Talent media include Kauppalehti, Talouselämä, Tekniikka & Talous, Markkinointi&Mainonta, Arvopaperi and Tivi. In Sweden, Alma Talent's publications include Affärsvärlden, Ny Teknik and Dagens Media.

KEY FIGURES MEUR	2016 Q1	2015 Q1	Change %	2015 Q1–Q4
Revenue	29.3	13.8	112.5	58.5
Content revenue	13.3	4.0	236.6	19.7
Advertising revenue	7.4	4.0	83.2	17.2
Service revenue	8.6	5.8	48.3	21.6
Total expenses excluding non-recurring items	27.2	11.9	129.7	50.7
EBITDA excluding non-recurring items	3.2	2.1	49.2	9.0
EBITDA	1.8	2.7	-35.3	9.1
Operating profit excluding non-recurring items	2.2	1.9	14.6	8.0
% of revenue	7.6	14.0		13.6
Operating profit	0.8	2.5	-68.6	6.9
% of revenue	2.7	18.2		11.9
Average no. of employees, calculated as full-time employees	1,023	238	329.7	287
Online sales	8.5	6.2	37.9	25.8
Online sales, % of revenue	29.2	45.0		44.1
OPERATIONAL KEY FIGURES	2016 Q1	2015 Q1	Change %	2015 Q1–Q4
Online services, unique browsers, weekly, on average (thousands) *)				
Kauppalehti.fi	1,114.5	1,011.8	10.1	1,026.7
Talouselama.fi	304.3	337.3	-9.8	307.8
Audited circulation (thousands)				
Kauppalehti, print				47.7
Kauppalehti, online				53.3
Talouselämä, print				75.1
Talouselämä, online				6.7

\*) The online services' average weekly browser figures are based on TNS Gallup's monitoring data

### January–March 2016

The Alma Talent segment's revenue increased by 112.5% to MEUR 29.3 (13.8). Online business accounted for 29.2% (45.0%) of the segment's revenue. The Talentum businesses acquired in November 2015 contributed MEUR 18.4 to the increase in revenue. The Alma360 business, divested in September 2015, represented a decrease in revenue of MEUR -2.7.

The content revenue of the Alma Talent segment increased by 236.6% to MEUR 13.3 (4.0). Digital content revenue grew by 113.8% and the increase partly covered the decline in content revenue for print media. The Talentum businesses contributed MEUR 9.5 to the increase in content revenue.

Advertising revenue in the first quarter amounted to MEUR 7.4 (4.0). Online advertising revenue increased by 76.8% year-on-year. The Talentum businesses accounted for MEUR 3.3 of the increase in advertising revenue.

The segment's total expenses excluding non-recurring items were MEUR 27.2 (11.9). The Talentum businesses accounted for MEUR 17.8 of the increase in expenses.

The Alma Talent segment's operating profit excluding non-recurring items was MEUR 2.2 (1.9) and operating profit MEUR 0.8 (2.5). Operating profit excluding non-recurring items was 7.6% (14.0%) of revenue. The Talentum businesses contributed MEUR 0.7 to the increase in the segment's result. The non-recurring items in the review period were related to restructuring, while the non-recurring items recognised in the comparison period were related to a sales gain on an acquisition achieved in stages.

Statutory personnel negotiations were held in the Alma Talent segment during the review period, resulting in a reduction in the amount of work by approximately 33 person-years during the next year.

### Alma News & Life

The Alma News & Life segment includes the various digital and print news and lifestyle content of the national Iltalehti. The online services Telkku.com, Kotikokki.net and E-kontakti.fi are also reported in this segment.

<b>KEY FIGURES</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>2015</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1-Q4</b>
Revenue	10.9	10.6	3.0	44.1
Content revenue	5.5	6.4	-13.6	24.7
Advertising revenue	5.3	4.1	28.4	19.3
Total expenses excluding non-recurring items	9.4	10.9	-14.2	41.4
EBITDA excluding non-recurring items	1.6	-0.3	602.6	2.9
EBITDA	1.6	-0.3	602.6	2.6
Operating profit excluding non-recurring items	1.5	-0.4	524.6	2.8
% of revenue	13.9	-3.4		6.2
Operating profit	1.5	-0.4	524.6	1.9
% of revenue	13.9	-3.4		4.3
Average no. of employees, calculated as full-time employees	153	148	2.8	158
Online sales	4.3	3.2	34.1	14.9
Online sales, % of revenue	39.3	30.2		33.8
<b>OPERATIONAL KEY FIGURES</b>	<b>2016</b>	<b>2015</b>		<b>2015</b>
	<b>Q1</b>	<b>Q1</b>		<b>Q1-Q4</b>
Online services, unique browsers, weekly, on average (thousands *)				
Iltalehti.fi	5,480.2	5,193.3	5.5	5,523.5
Telkku.com	625.9	816.7	-23.4	723.9

\*) The online services' average weekly browser figures are based on TNS Gallup's monitoring data

### January–March 2016

The Alma News & Life segment's revenue increased by 3.0% to MEUR 10.9 (10.6) in January–March as a result of growth in online advertising. Online business accounted for 39.3% (30.2%) of the segment's revenue.

The segment's content revenue declined by 13.6% to MEUR 5.5 (6.4) in January–March, mainly due to the decrease of Iltalehti's circulation.

The segment's advertising revenue increased by 28.4% to MEUR 5.3 (4.1). The segment's online advertising revenue increased by 36.1% to MEUR 4.3 (3.1) on the strength of mobile advertising and programmatic buying. Advertising revenue from print media grew by 5.1%.

The segment's total expenses excluding non-recurring items were MEUR 9.4 (10.9). The decrease in total expenses was particularly attributable to the decrease in printing and distribution costs due to lower print media sales, as well as reduced service purchases in content production.

The segment's operating profit excluding non-recurring items was MEUR 1.5 (-0.4), or 13.9% (-3.4%) of revenue. No non-recurring expenses were reported during the review period.

### Alma Regions

The print and online publishing business of Aamulehti, Satakunnan Kansa, Lapin Kansa/Pohjolan Sanomat and several local and town papers is reported in the Alma Regions segment. The printing and distribution unit Alma Manu is also included in this segment.

KEY FIGURES MEUR	2016 Q1	2015 Q1	Change %	2015 Q1-Q4
Revenue	30.8	34.9	-11.9	134.5
Content revenue	14.1	15.7	-10.4	59.8
Advertising revenue	12.6	14.5	-12.8	56.4
Service revenue	4.1	4.8	-14.2	18.3
Total expenses excluding non-recurring items	29.8	34.9	-14.5	126.4
EBITDA excluding non-recurring items	1.8	0.9	103.7	11.8
EBITDA	0.7	1.1	-35.2	9.3
Operating profit excluding non-recurring items	1.0	0.0	3,173.9	8.3
% of revenue	3.1	0.1		6.2
Operating profit	-0.2	0.2	-173.7	4.8
% of revenue	-0.5	0.6		3.5
Average no. of employees, calculated as full-time employees, excl. delivery staff	616	689	-10.6	677
Average no. of delivery staff	829	954	-13.1	929
Online sales	2.0	1.0	103.0	4.8
Online sales, % of revenue	6.5	2.8		3.6
OPERATIONAL KEY FIGURES	2016 Q1	2015 Q1		2015 Q1-Q4
Online services, unique browsers, weekly, on average (thousands *)				
Aamulehti.fi	633.8	451.4	40.4	544.4
Audited circulation (thousands)				
Aamulehti				100.2
Printing volume (in thousands)	67,036	64,758		277,578
Paper usage (tonnes)	5,969	5,729		23,966

\*) The online services' average weekly browser figures are based on TNS Gallup's monitoring data

### January–March 2016

The Alma Regions segment's revenue amounted to MEUR 30.8 (34.9) in January–March. Online business accounted for 6.5% (2.8%) of the segment's revenue. The divestment of the newspaper business in Kainuu in early 2015 had an effect of MEUR -1.8 on the segment's decline in revenue.

The segment's content revenue declined by 10.4% to MEUR 14.1 (15.7) in January–March due to Easter falling in March in 2016 and changes to the publication dates of local papers.

The segment's advertising revenue declined by 12.8% to MEUR 12.6 (14.5). Advertising revenue from print media decreased by 15.2%. The segment's online advertising revenue increased by 46.1% to MEUR 0.9 (0.6).

The segment's service revenue declined by 14.2% to MEUR 4.1 (4.8). The Group's external sales of printing services declined in low-margin volume-linked printed products.

The segment's total expenses excluding non-recurring items were MEUR 29.8 (34.9) and total expenses MEUR 31.0 (35.0). The factors contributing to the decline in total expenses included efficiency improvement measures for newspapers as well as printing operations.

The segment's operating profit excluding non-recurring items was MEUR 1.0 (0.0) and operating profit MEUR -0.2 (0.2). Operating profit excluding non-recurring items was 3.1% (0.1%) of revenue. Non-recurring restructuring expenses recognised in the review period amounted to MEUR 1.1. The non-recurring items in the comparison period were related to a sales gain on real estate.

Alma Regions restructured its customer service and advertisement production functions during the review period. The changes led to the dismissal of 37 employees.

### Associated companies

In January 2016, Alma Media's subsidiary Alma Mediapartners Oy acquired 24% of the share capital of AutoJerry Oy, which offers competitive tender services for car servicing.

### SHARE OF PROFIT OF ASSOCIATED COMPANIES

MEUR	2016 Q1	2015 Q1	2015 Q1-Q4
Alma Markets	0.1	0.0	0.3
Alma Talent	0.1	0.2	1.0
Alma News & Life	0.0	0.0	0.0
Alma Regions	0.0	0.0	0.0
Other associated companies	0.1	0.1	0.3
Total	0.3	0.3	1.6

\* Alma Talent's figures for the comparison period include Alma Media Group's share of the result of Talentum Corporation.

### Non-recurring items

A non-recurring item is a comprehensive income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised as non-recurring items. Non-recurring items are recognised in the profit and loss statement within the corresponding income or expense group.

NON-RECURRING ITEMS MEUR	2016 Q1	2015 Q1	2015 Q1-Q4
Alma Markets			
Impairment losses	0.0	0.0	0.0
Restructuring	0.0	0.0	0.0
Gains on the sale of assets	0.0	0.0	0.0
Alma Talent			
Impairment losses	0.0	0.0	-1.2
Restructuring	-1.4	0.0	0.0
Gains (losses) on the sale of assets	0.0	0.6	0.2
Alma News & Life			
Impairment losses	0.0	0.0	-0.5
Restructuring	0.0	0.0	-0.3
Gains (losses) on the sale of assets	0.0	0.0	0.0
Alma Regions			
Impairment losses	0.0	0.0	-1.1
Restructuring	-1.1	-0.1	-2.8
Gains (losses) on the sale of assets	0.0	0.3	0.3
Non-allocated			
Restructuring	-0.5	0.0	-0.5

Costs related to the Talentum acquisition			-1.8
Gains (losses) on the sale of assets	0.0	0.0	2.0
NON-RECURRING ITEMS IN OPERATING PROFIT	-3.0	0.8	-5.7
NON-RECURRING ITEMS IN PROFIT BEFORE TAX	-3.0	0.8	-5.7

### Balance sheet and financial position

At the end of March 2016, the consolidated balance sheet stood at MEUR 333.7 (267.4). The Group's equity ratio at the end of March was 40.3% (39.4%) and equity per share was EUR 1.24 (1.08).

Consolidated cash flow from operations in January–March was MEUR 20.6 (14.9). Cash flow before financing was MEUR 18.7 (12.3).

At the end of March, the Group's interest-bearing debt amounted to MEUR 91.2 (84.5). The total interest-bearing debt at the end of March comprised MEUR 63.8 in finance leasing debt, MEUR 15.4 in loans from financial institutions and MEUR 12.0 in commercial papers. The Group's interest-bearing net debt at the end of March stood at MEUR 67.4 (67.8).

Alma Media has two MEUR 15.0 and one MEUR 20.0 committed financing limits at its disposal, which were entirely unused on 31 March 2016. In addition, the company has a commercial paper programme of MEUR 100 in Finland. Of the commercial paper programme, MEUR 12.0 was in use on 31 March 2016.

Alma Media did not have financial assets or liabilities created in conjunction with business combinations measured at fair value and recognised through profit or loss on 31 March 2016. Financial liabilities measured at fair value and recognised through profit or loss amounted to MEUR 1.4 (2.9).

### Capital expenditure

Alma Media Group's capital expenditure in January–March 2016 totalled MEUR 3.3 (7.2). The capital expenditure mainly consisted of the acquisitions of Jobote s.r.o. and Raksa ja KotiKauppa Oy, as well as normal operating and maintenance investments.

CAPITAL EXPENDITURE BY SEGMENT MEUR	2016 Q1	2015 Q1	2015 Q1–Q4
Alma Markets	1.9	0.2	3.1
Alma Talent	0.4	6.2	53.7
Alma News & Life	0.0	0.1	0.4
Alma Regions	0.4	0.3	1.4
Segments total	2.8	6.8	58.6
Non-allocated	0.5	0.4	1.6
Total	3.3	7.2	60.2

### Governance

Alma Media Corporation's Annual General Meeting held on 17 March 2016 decided that, of the current Board members, Niklas Herlin, Esa Lager, Petri Niemisvirta, Catharina Stackelberg-Hammarén and Harri Suutari be re-elected for a new term of office, extending until the end of the next AGM. The Managing Director of Ilkka Yhtymä Oyj, Matti Korkiatupa, and Head of Business Analytics in Devices Marketing at Microsoft, Mitti Storckovius, were elected as new Board members for the same term. In its constitutive meeting held after the AGM, the Board of Directors elected Harri Suutari as its Chairman and Petri Niemisvirta as its Vice Chairman.

The Board of Directors also appointed the members to its permanent committees. Matti Korkiatupa and Catharina Stackelberg-Hammarén were elected as members of the Audit Committee and Esa Lager as Chairman of the Committee. Niklas Herlin, Harri Suutari and Mitti Storckovius were elected as members of the Nomination and Compensation Committee, and Petri Niemisvirta was elected Chairman of the Committee.

The Board of Directors has assessed that with the exception of Matti Korkiatupa, Esa Lager and Niklas Herlin, the members of the Board are independent of the company and its significant shareholders. The aforementioned members are assessed to be independent of the company but not independent of its significant shareholders.

Mikko Korttila, General Counsel of Alma Media Corporation, was appointed secretary to the Board of Directors.

The AGM appointed PricewaterhouseCoopers Oy as the company's auditors, with Markku Launis, APA, as the principal auditor.

Alma Media Corporation began applying the Finnish Corporate Governance Code 2015 for listed companies in its unaltered form from 1 January 2016 onwards. The Remuneration Statement for 2015 was published on 12 February 2016 on the company's website at [www.almamedia.com/investors](http://www.almamedia.com/investors).

The Corporate Governance Statement is available on the company's website at [www.almamedia.com/investors](http://www.almamedia.com/investors).

### **Dividends**

In accordance with the proposal of the Board of Directors, the AGM resolved that no dividend be paid for the financial year 2015. The company has no retained earnings.

### **Use of the invested non-restricted equity fund**

In accordance with the proposal of the Board of Directors, the AGM resolved that EUR 70,092,000 be used from the reserve for invested non-restricted equity, complying with the company's balance sheet of 31 December 2015, to cover losses. The covering of losses will improve the preconditions for the distribution of profit in future financial periods.

### **Capital repayment**

In accordance with the proposal of the Board of Directors, the AGM resolved to distribute EUR 0.12 per share as capital repayments from the reserve for invested non-restricted equity. At the time of the AGM, the company had 82,383,182 shares, translating into a repayment amount of EUR 9,885,981.84. Capital repayments were paid to shareholders registered in Alma Media Corporation's shareholder register, maintained by Euroclear Finland Ltd, on the record date of the payment, 21 March 2016. The capital repayments were paid on 30 March 2016 as proposed by the Board of Directors.

### **Other decisions by the Annual General Meeting**

The AGM authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots. The proposed maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The shares shall be acquired using the company's non-restricted shareholders' equity through trading in a regulated market arranged by NASDAQ Helsinki and in accordance with its rules and instructions, which is why the acquisition is directed, that is, the shares are purchased otherwise than in proportion to shareholders' current holdings. The price paid for the shares shall be based on the price of the company share in the regulated market, so that the minimum price of purchased shares is the lowest market price of the share quoted in the regulated market during the term of validity of the authorisation and the maximum price, correspondingly, the highest market price quoted in the regulated market during the term of validity of the authorisation. Shares may be purchased for the purpose of improving the company's capital structure, financing or carrying out corporate acquisitions or other arrangements, implementing incentive schemes for the management or key employees, or to be otherwise transferred or cancelled. It is proposed that the authorisation be valid until the following Annual General Meeting, but no longer than until 30 June 2017.

The AGM authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company. A maximum of 824,000 shares may be issued on the basis of the authorisation. The proposed maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more parts. The Board of Directors may use the authorisation to implement incentive programmes for the management or key employees of the company. It is proposed that the authorisation be valid until the following Annual General Meeting, but no longer than until 30 June 2017. This authorisation overrides the share issue authorisation granted at the Annual General Meeting of 17 March 2015.

The AGM authorised the Board of Directors to decide on a share issue. The authorisation would entitle the Board to issue a maximum of 16,500,000 shares. The proposed maximum amount of shares corresponds to approximately 20 per cent of the total number of shares in the company. The share issue may be implemented by issuing new shares or transferring shares now in possession of the company. The authorisation entitles the Board to decide on a

directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more parts.

The Board may use the authorisation for developing the capital structure of the company, widening the ownership base, financing or realising acquisitions or other arrangements, or for other purposes decided on by the Board. The authorisation may not, however, be used to implement incentive programmes for the management or key employees of the company. The authorisation is valid until the following ordinary Annual General Meeting, but no longer than until 30 June 2017. This authorisation overrides the share issue authorisation granted at the Annual General Meeting of 17 March 2015, but not the share issue authorisation mentioned above.

### **The Alma Media share**

In January–March, altogether 1,437,772 Alma Media shares were traded on the NASDAQ Helsinki stock exchange, representing 1.7% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the reporting period, 31 March 2016, was EUR 3.40. The lowest quotation during the review period was EUR 2.95 and the highest EUR 3.50. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 280.1.

### **Option programme and share-based incentive programme**

Alma Media's option programme 2009 ended on 31 March 2016.

The Board of Directors of Alma Media Corporation approved in 2015 the establishment of a new long-term share-based incentive programme for the key management of Alma Media and, in March 2016, decided to launch the share-based incentive programme (LTI 2016) based on it in 2016. The share-based incentive programme consists of annually commencing individual plans, each subject to separate Board approval. Each of the individual plans consists of three main elements: an investment in Alma Media shares as a precondition for participation in the scheme, matching shares based on the above share investment and the possibility of earning performance-based matching shares. At most 43 people are eligible to participate in LTI 2016 and 35 people in LTI 2015.

### **Other authorisations of the Board of Directors**

The Board of Directors has no other current authorisations.

### **Market liquidity guarantee**

The Alma Media share has no market liquidity guarantee in effect.

### **Flagging notices**

In the first quarter of 2016, Alma Media did not receive notices of changes in shareholdings pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act.

### **Risks and risk management**

At Alma Media Group, the task of risk management is to detect, evaluate and monitor business opportunities, threats and risks to ensure the achievement of objectives and business continuity. The risk management process identifies and controls the risks, develops appropriate risk management methods and regularly reports on risk issues to the risk management organisation and the Board of Directors. Risk management is part of Alma Media's internal control function and thereby part of good corporate governance.

The most critical strategic risks for Alma Media are a significant drop in its print newspaper readership, a permanent decline in advertising sales and a significant increase in distribution and delivery costs. The group subscriptions of the major financial and technology-related magazines are significant in scale. Changes to the subscription agreements could have a substantial impact on the magazines' total subscription volumes. The media industry is undergoing changes following the transformation in media consumption and technological development. Alma Media's strategic objective is to meet this challenge through renewal and the development of new business in digital consumer and business services.

Fluctuating economic cycles are reflected in the development of advertising sales. Advertising sales account for approximately half of the Group's revenue. Business operations outside Finland, such as in Eastern and Central



European countries, include country-specific risks relating to market development and economic growth. The expansion of business outside Finland has reduced the risks inherent in operating in one market area.

Disturbances of information technology and communications as well as disruption of printing are the most important operational risks.

#### **Events after the review period**

On 1 April 2016, Alma Media Corporation increased its share in Rantapallo Oy from 35 to 79 per cent. The shares were acquired from TukTuk Media Oy and EX VM Oy. Rantapallo.fi is a comprehensive online travel service established in 2007 to provide information, inspiration and services to online readers interested in travel and tourism. Rantapallo Oy's turnover in 2015 totalled MEUR 1.3.

#### **ALMA MEDIA CORPORATION**

**Board of Directors**

## SUMMARY OF INTERIM REPORT AND NOTES

<b>COMPREHENSIVE INCOME STATEMENT MEUR</b>	<b>2016 Q1</b>	<b>2015 Q1</b>	<b>Change %</b>	<b>2015 Q1-Q4</b>
REVENUE	86.7	71.9	20.6	291.5
Other operating income	0.2	0.9	-73.4	3.6
Materials and services	18.3	19.2	-4.5	69.6
Employee benefits expense	41.1	31.2	31.8	124.1
Depreciation, amortisation and impairment	4.4	3.4	28.8	16.8
Other operating expenses	20.6	16.3	26.6	66.9
<b>OPERATING PROFIT</b>	<b>2.5</b>	<b>2.7</b>	<b>-6.4</b>	<b>17.7</b>
Finance income	0.1	0.1	-6.9	0.3
Finance expenses	0.8	0.6	26.4	2.8
Share of profit of associated companies	0.3	0.3	15.5	1.6
<b>PROFIT BEFORE TAX</b>	<b>2.1</b>	<b>2.4</b>	<b>-12.4</b>	<b>16.8</b>
Income tax	0.5	0.6	-13.6	4.7
<b>PROFIT FOR THE PERIOD</b>	<b>1.6</b>	<b>1.8</b>	<b>-12.0</b>	<b>12.1</b>
<b>OTHER COMPREHENSIVE INCOME:</b>				
Items that are not later transferred to be recognised through profit or loss				
Items arising due to the redefinition of net defined benefit liability (or asset item)	0.0	0.0		1.2
Tax on items that are not later transferred to be recognised through profit or loss	0.0	0.0		-0.2
Items that may later be transferred to be recognised through profit or loss				
Translation differences	-0.1	0.3		1.0
Share of other comprehensive income of associated companies	0.0	0.1		0.1
Income tax relating to components of other comprehensive income	0.0	0.0		0.0
<b>Other comprehensive income for the year, net of tax</b>	<b>-0.1</b>	<b>0.3</b>		<b>2.1</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1.5</b>	<b>2.2</b>		<b>14.2</b>
Profit for the period attributable to:				
– Owners of the parent	0.8	1.4		9.9
– Non-controlling interest	0.9	0.4		2.1
Total comprehensive income for the period attributable to:				
– Owners of the parent	0.7	1.7		11.9
– Non-controlling interest	0.9	0.4		2.3
Earnings per share calculated from the profit for the period attributable to the parent company shareholders:				
- Earnings per share (basic and diluted), EUR	0.01	0.02		0.13

BALANCE SHEET			
MEUR	31 Mar 2016	31 Mar 2015	31 Dec 2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	119.2	73.7	118.6
Other intangible assets	71.2	38.8	72.3
Tangible assets	69.0	74.8	70.5
Investments in associated companies	6.8	24.7	6.8
Other non-current financial assets	4.6	3.9	4.6
Deferred tax assets	1.6	1.4	1.6
<b>CURRENT ASSETS</b>			
Inventories	2.2	1.0	2.2
Current tax assets	0.2	1.9	1.8
Trade receivables and other receivables	35.1	30.5	35.3
Cash and cash equivalents	23.8	16.7	14.4
<b>TOTAL ASSETS</b>	<b>333.7</b>	<b>267.4</b>	<b>328.2</b>
<b>MEUR</b>			
	<b>31 Mar 2016</b>	<b>31 Mar 2015</b>	<b>31 Dec 2015</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	45.3	45.3	45.3
Share premium reserve	7.7	7.7	7.7
Translation differences	-1.7	-2.3	-1.6
Invested non-restricted equity fund	19.1	0.0	19.1
Retained earnings	32.1	30.4	41.0
Equity attributable to owners of the parent	102.6	81.2	111.5
Non-controlling interest	18.1	15.6	17.2
<b>TOTAL EQUITY</b>	<b>120.6</b>	<b>96.8</b>	<b>128.7</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current interest-bearing liabilities	69.4	69.8	63.1
Deferred tax liabilities	13.7	7.2	14.2
Pension liabilities	1.5	2.7	1.5
Provisions	0.3	0.0	0.2
Other financial liabilities	0.0	0.0	0.2
Other non-current liabilities	0.2	0.3	0.2
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	23.2	18.3	28.5
Advances received	34.2	21.4	25.3
Income tax liability	0.1	0.0	2.2
Provisions	0.7	0.3	0.6
Trade payables and other payables	69.7	50.5	63.5
<b>TOTAL LIABILITIES</b>	<b>213.1</b>	<b>170.5</b>	<b>199.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>333.7</b>	<b>267.4</b>	<b>328.2</b>

## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Column headings:

A = Share capital

B = Share premium reserve

C = Translation differences

D = Invested non-restricted equity fund

E = Retained earnings

F = Total

G = Non-controlling interest

H = Equity total

MEUR	Equity attributable to owners of the parent							
	A	B	C	D	E	F	G	H
Equity on 1 Jan 2016	45.3	7.7	-1.6	19.1	41.0	111.5	17.2	128.7
Profit for the period					0.8	0.8	0.9	1.6
Other comprehensive income			-0.1		0.0	-0.1	0.0	-0.1
Transactions with equity holders								
Dividends paid by parent					-9.7	-9.7		-9.7
Dividends paid by subsidiaries							0.0	0.0
Share-based payment transactions and exercised share options					0.1	0.1		0.1
Business combinations					0.0	0.0	0.0	0.0
Share of items recognised in the equity of associated companies					0.0	0.0	0.0	0.0
Equity on 31 Mar 2016	45.3	7.7	-1.7	19.1	32.1	102.5	18.1	120.6
MEUR								
Equity on 1 Jan 2015	45.3	7.7	-2.5	0.0	38.0	88.5	15.2	103.7
Profit for the period					1.4	1.4	0.4	1.8
Other comprehensive income			0.3		0.1	0.3		0.3
Transactions with equity holders								
Dividends paid by parent					-9.1	-9.1		-9.1
Dividends paid by subsidiaries							0.0	0.0
Share of items recognised in the equity of associated companies					0.0	0.0	0.0	0.0
Equity on 31 Mar 2015	45.3	7.7	-2.3	0.0	30.4	81.2	15.6	96.8

<b>CASH FLOW STATEMENT MEUR</b>	<b>2016 Q1</b>	<b>2015 Q1</b>	<b>2015 Q1-Q4</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period	1.6	1.8	12.1
Adjustments	5.5	3.9	19.0
Change in working capital	15.1	11.1	5.9
Dividends received	0.4	0.1	1.7
Interest received	0.0	0.0	0.1
Interest paid and other finance expenses	-0.5	-0.6	-1.9
Taxes paid	-1.5	-1.5	-3.7
Net cash flow from operating activities	20.6	14.9	33.2
<b>INVESTING ACTIVITIES</b>			
Acquisitions of tangible and intangible assets	-1.3	-0.5	-3.3
Proceeds from sale of tangible and intangible assets	0.0	0.3	2.2
Other investments	0.0	-0.1	-0.1
Proceeds from sale of other investments	0.0	0.0	1.0
Acquisition of subsidiaries	-0.7	-2.3	-26.8
Acquisition of associated companies	0.0	0.0	-0.5
Proceeds from sale of subsidiaries and recovered acquisition cost	0.0	0.0	5.3
Proceeds from sale and repayment of capital of associated companies	0.0	0.0	0.0
Net cash flows from/(used in) investing activities	-2.0	-2.6	-22.1
Cash flow before financing activities	18.7	12.3	11.1
<b>FINANCING ACTIVITIES</b>			
Non-current loans taken	10.0	0.0	0.0
Repayment of non-current loans	-2.5	0.0	0.0
Current loans taken	23.0	20.0	45.0
Repayment of current loans	-29.9	-18.5	-43.2
Dividends paid	-9.9	-9.1	-10.5
Net cash flows from/(used in) financing activities	-9.3	-7.6	-8.7
Change in cash and cash equivalent funds (increase +/decrease -)	9.4	4.7	2.4
Cash and cash equivalents at beginning of period	14.4	12.0	12.0
Effect of change in foreign exchange rates	0.0	0.0	0.1
Cash and cash equivalents at end of period	23.8	16.7	14.4

## Acquired businesses in 2016

Alma Media has acquired the following business operations during 2016:

	<u>Business</u>	<u>Acquisition date</u>	<u>Acquired share</u>	<u>Group share</u>
<u>Alma Markets segment</u>				
Raksa ja KotiKauppa Oy	Online service	1 Jan 2016	51%	33.15%
Jobote s.r.o	Online service	1 Jan 2016	100%	83%

Information on acquired businesses is presented in combined form.

<b>MEUR</b>	<b>Fair values at consolidation</b>
Intangible assets	0.5
Trade receivables and other receivables	0.1
Cash and cash equivalents	0.0
<b>Total</b>	<b>0.6</b>
Deferred tax liabilities	0.1
Trade payables and other payables	0.1
<b>Total</b>	<b>0.2</b>
Total identifiable net assets at fair value 100%	0.4
Group's share of net assets	0.2
IFRS acquisition cost	1.0
Goodwill	0.8

The fair values entered on intangible assets in integration relate primarily to acquired ICT applications and customer relationships. Factors contributory to goodwill were the expected synergies related to these businesses.

## Contingent considerations

Contingent considerations arising from business acquisitions are classified as financial liabilities recognised at fair value through profit or loss. The amount of the contingent considerations due to acquisitions and business arrangements is based on the revenue and operating profits of the acquired businesses in 2015 and 2016.

### CONTINGENT CONSIDERATION LIABILITY MEUR

Initial recognition of the liability	0.6
Change in fair value during previous financial periods	0.0
Considerations, settled in cash	0.0
Change in fair value during the financial period	0.0
Fair value of the contingent consideration liability at the end of the period	0.6

REVENUE BY GEOGRAPHICAL AREA MEUR	2016 Q1	2015 Q1	2015 Q1–Q4
Segments, Finland	63.7	59.8	235.3
Segments, other countries	18.1	9.8	44.6
Segments total	81.8	69.6	280.0
Non-allocated	5.0	2.3	11.5
Group, total	86.7	71.9	291.5

OPERATING PROFIT BY GEOGRAPHICAL AREA MEUR	2016 Q1	2015 Q1	2015 Q1–Q4
Segments, Finland	3.6	3.7	16.8
Segments, other countries	3.4	1.6	10.6
Segments total	7.0	5.3	27.4
Non-allocated	-4.5	-2.6	-9.7
Group, total	2.5	2.7	17.7

EMPLOYEES BY GEOGRAPHICAL AREA	2016 Q1	2015 Q1	2015 Q1–Q4
Employees, Finland	1,666	1,338	1,362
Employees, other countries	825	401	430
Employees, total	2,492	1,739	1,793

*\*) Revenue and operating profit by geographical area is presented in accordance with the countries in which the Group's units are located.*

## Information by segment

Alma Media's segments are Alma Markets, Alma Talent, Alma News & Life and Alma Regions. The descriptive section of the interim report presents the revenue and operating profits of the segments and the allocation of the associated companies' results to the reporting segments.

The following table presents the assets and liabilities by segment, as well as the non-allocated asset and liability items.

ASSETS BY SEGMENT MEUR	31 Mar 2016	31 Mar 2015	31 Dec 2015
Alma Markets	79.7	80.0	79.7
Alma Talent	112.7	43.1	114.2
Alma News & Life	10.6	12.5	10.6
Alma Regions	62.0	66.3	63.2
Segments total	265.0	201.9	267.8
Non-allocated assets and eliminations	68.7	65.4	60.5
Total	333.7	267.4	328.2

## LIABILITIES BY SEGMENT

MEUR	31 Mar 2016	31 Mar 2015	31 Dec 2015
Alma Markets	19.5	18.2	16.7
Alma Talent	36.8	11.4	33.5
Alma News & Life	1.8	5.0	3.0
Alma Regions	72.7	75.5	64.6
Segments total	130.7	110.2	117.8
Non-allocated liabilities and eliminations	82.4	60.4	81.7
Total	213.1	170.5	199.5

## Provisions

The company's provisions totalled MEUR 1.0 (0.3) on 31 March 2016. It has not been necessary to change the estimates made when the provisions were entered.

## Commitments and contingencies

## COMMITMENTS AND CONTINGENCIES

MEUR	31 Mar 2016	31 Mar 2015	31 Dec 2015
Collateral for others			
Guarantees	1.2	1.4	1.2
Other commitments and contingencies	2.2	1.7	2.5
Minimum lease payments on other lease agreements:			
Within one year	8.3	8.6	11.4
Within 1–5 years	27.1	24.9	37.1
After 5 years	24.4	30.3	28.5
Total	59.8	63.8	76.9

In addition, the Group has purchase agreements that, based on IFRIC 4, include a lease component as per IAS 17.

Minimum payments based on these agreements:	0.1	0.2	0.1
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## DERIVATIVE CONTRACTS

MEUR	31 Mar 2016	31 Mar 2015	31 Dec 2015
Commodity derivative contracts, electricity derivatives			
Fair value*	-0.1	0.0	-0.1
Nominal value	0.3	1.9	0.3
Interest rate derivatives			
Fair value*	-0.7	-0.7	-0.7
Nominal value	19.5	19.6	19.5
Foreign currency derivatives			
Fair value*	0.0	0.0	0.0
Nominal value	2.4	1.5	2.4



## Related party transactions

Alma Media Group's related parties are the major shareholders of the parent company, associated companies and companies owned by them. Related parties also include the Group's senior management and their related parties (members of the Board of Directors, President and CEO and Managing Directors, and the Group Executive Team). The following table summarises the business operations undertaken between Alma Media and its related parties as well as the status of their receivables and liabilities:

RELATED PARTY TRANSACTIONS MEUR	2016 Q1	2015 Q1	2015 Q1-Q4
Sales of goods and services	0.1	0.0	0.2
Associated companies	0.0	0.0	0.2
Principal shareholders	0.0	0.0	0.1
Corporations where management exercises influence	0.0	0.0	0.0
Associated companies	0.5	0.6	2.7
Principal shareholders	0.0	0.0	0.1
Corporations where management exercises influence	0.0	0.0	0.0
Trade receivables, loan and other receivables at the end of the reporting period	0.0	0.0	0.3
Associated companies	0.0	0.0	0.3
Trade payables at the reporting date	0.0	0.0	1.1
Associated companies	0.0	0.0	1.1

## Share-based incentive programme

In February 2015, The Board of Directors of Alma Media Corporation approved a share-based incentive programme for the key management of Alma Media and, in March 2016, decided to launch the share-based incentive programme (LTI 2016) based on it in 2016.

Three plans were started in spring 2015 under the programme: a fixed matching share plan and two performance matching plans. Investment in Alma Media shares is a precondition for participation. At most 43 people are eligible to participate in LTI 2016 and 35 people in LTI 2015. In each plan, the participant can earn a maximum of two matching shares for each invested share, which means that the maximum numbers of Alma Media shares that can be earned under the plans are 390,000 shares (LTI 2016) and 459,300 shares (LTI 2015) (gross amounts from which taxes are withheld).

In the fixed matching share plan, the participant receives two matching shares for each invested share free of charge after a two-year vesting period, provided that the participant holds on to the shares invested in the plan and remains employed by Alma Media Group for the duration of the vesting period, or until spring 2018 (LTI 2016) or spring 2017 (LTI 2015). The maximum numbers of matching shares that can be earned are currently 195,000 shares (LTI 2016) and 153,100 shares (LTI 2015) (gross amounts from which taxes are withheld).

In the performance matching plans, the participant may earn at most two matching shares based on the profitable growth of the digital business and at most two matching shares based on the total shareholder return of the Alma Media share. Any performance matching shares earned will be paid based on digital business growth in spring 2018 and based on the total shareholder return of the company's share in spring 2020. The maximum numbers of matching shares that can be earned under the performance matching plans are currently 390,000 shares (LTI 2016) and 153,100 shares (LTI 2015) (gross amounts from which taxes are withheld).

The Board of Directors anticipates that no new shares will be issued in connection with the new share-based incentive plan. Therefore, the plan will have no dilutive effect on the number of the company's registered shares. The Annual General Meeting of Alma Media Corporation held on 17 March 2016 authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots, and further authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company to implement incentive programmes.

Payment of the incentive is contingent on the participant holding on to the shares invested in the plan and remaining employed by the Group for the duration of the plans, until March 2017, 2018 and 2020. The incentives are paid partly in cash and partly in shares. The cash component is intended to cover taxes incurred by the participant from the incentive.

The fair value of the reward is expensed until the matching shares are paid. The fair value of the share component is determined on the date on which the target group has agreed to the conditions of the plan. The financing cost arising from the obligation to hold shares and dividends expected during the vesting period have been deducted from the value of the share. The fair value of the plan based on the total shareholder return of the share also takes the market-based earning criteria into consideration. The cash component of the incentive is remeasured on each reporting date during the vesting period based on the price of the share on the date in question.

QUARTERLY INFORMATION MEUR	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2014 Q1
REVENUE	86.7	78.6	68.0	73.0	71.9	76.6	70.5	75.7	72.7
Alma Markets	16.7	15.9	14.7	14.7	13.8	13.9	12.8	13.1	12.8
Alma Talent	29.3	18.2	12.5	14.0	13.8	14.0	12.2	13.1	13.7
Alma News & Life	10.9	11.8	10.4	11.4	10.6	11.8	12.0	13.6	12.3
Alma Regions	30.8	33.9	31.6	34.1	34.9	38.3	34.6	37.3	35.2
Eliminations and non-allocated	-0.9	-1.1	-1.2	-1.1	-1.2	-1.4	-1.1	-1.4	-1.3
TOTAL EXPENSES EXCLUDING NON-RECURRING ITEMS	81.4	71.7	60.6	66.4	70.0	71.2	63.5	69.5	70.2
Alma Markets	11.9	13.3	10.6	10.6	10.9	12.0	10.2	10.7	10.7
Alma Talent	27.2	16.3	10.4	12.2	11.9	12.2	10.0	11.7	12.4
Alma News & Life	9.4	10.2	9.8	10.5	10.9	11.6	11.1	11.7	11.0
Alma Regions	29.8	30.6	29.1	31.7	34.9	34.7	32.1	34.5	35.2
Eliminations and non-allocated	3.1	1, 3	0.7	1.4	1.4	0.6	0.0	0.9	0.9
EBITDA EXCLUDING NON- RECURRING ITEMS	9.9	10.8	11.0	10.2	5.3	8, 9	10.4	9.7	6.1
Alma Markets	6.1	3.9	5.4	5.3	4.2	3.3	4.0	3.7	3.5
Alma Talent	3.2	2.5	2.3	2.1	2.1	1.9	2.3	1.4	1.5
Alma News & Life	1.6	1.6	0.7	0.9	-0.3	0.2	0.9	2.0	1, 3
Alma Regions	1.8	4.2	3.4	3.3	0.9	4.5	3.8	4.2	1.6
Eliminations and non-allocated	-2.8	-1.3	-0.8	-1.4	-1.6	-1.0	-0.6	-1.6	-1.9
OPERATING PROFIT/LOSS EXCLUDING NON-RECURRING ITEMS	5.5	7.1	7.6	6.8	1.9	5.6	7.0	6.3	2.6
Alma Markets	4.8	2.6	4.2	4.1	2.9	1.9	2.6	2.4	2.2
Alma Talent	2.2	2.1	2.1	1.9	1.9	1.8	2.2	1, 3	1.4
Alma News & Life	1.5	1.6	0.6	0.9	-0.4	0.2	0.9	1.9	1, 3
Alma Regions	1.0	3.3	2.6	2.5	0.0	3.7	2.5	2.8	0.0
Eliminations and non-allocated	-4.0	-2.5	-1.9	-2.5	-2.6	-2.0	-1.2	-2.2	-2.3
% OF REVENUE	6.4	9.0	11.1	9.3	2.7	7.3	9.9	8.3	3.5
Alma Markets	29.0	16.5	28.3	27.7	21.2	13.8	20.6	18.4	17.0
Alma Talent	7.6	11.3	17.1	13.3	14.0	13.2	17.7	10.2	10.0
Alma News & Life	13.9	13.6	6.0	7.8	-3.4	1.4	7.3	14.1	10.3
Alma Regions	3.1	9.7	8.2	7.2	0.1	9.7	7.2	7.5	0.1
Non-allocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NON-RECURRING ITEMS	-3.0	-6.2	-1.6	1, 3	0.8	-0.8	-0.5	-0.2	0.5
Alma Markets	0.0	0.0	0.0	0.0	0.0	1.7	0.0	0.0	0.0
Alma Talent	-1.4	-0.2	-1.4	0.0	0.6	-0.5	-0.5	0.0	0.7
Alma News & Life	0.0	-0.8	0.0	0.0	0.0	-0.6	0.0	0.0	0.0
Alma Regions	-1.1	-3.1	-0.2	-0.4	0.2	-1.5	0.0	0.0	0.0
Non-allocated	-0.5	-2.0	0.0	1.7	0.0	0.0	0.0	-0.2	-0.2
OPERATING PROFIT/LOSS	2.5	0.9	6.0	8.1	2.7	4.8	6.5	6.1	3.2
Alma Markets	4.8	2.6	4.2	4.1	2.9	3.6	2.6	2.4	2.2
Alma Talent	0.8	1.8	0.7	1.9	2.5	1.4	1.6	1, 3	2.1
Alma News & Life	1.5	0.7	0.6	0.9	-0.4	-0.4	0.9	1.9	1, 3
Alma Regions	-0.2	0.1	2.4	2.0	0.2	2.3	2.5	2.8	0.0
Non-allocated	-4.5	-4.4	-1.9	-0.7	-2.6	-2.0	-1.2	-2.3	-2.4
Finance income	0.1	0.0	0	0.3	0.1	0.1	0.0	0.2	0.1
Finance expenses	0.8	1.2	1.2	0.7	0.6	0.7	0.8	0.9	0.8
Share of profit of associated companies	0.3	0.8	0.3	0.2	0.3	1.1	0.2	0.3	0.1
PROFIT BEFORE TAX	2.1	1.4	5.1	8.0	2.4	5.4	5.9	5.8	2.7
Income tax	-0.5	-1.1	-1.4	-1.6	-0.6	-1.3	-1.1	-1.0	-0.5
PROFIT FOR THE PERIOD	1.6	0.3	3.7	6.3	1.8	4.0	4.8	4.8	2.2

## **Main accounting principles (IFRS)**

This interim report has been prepared according to IFRS standards (IAS 34). The interim report applies the same accounting principles and calculation methods as the annual accounts dated 31 December 2015 and the new and revised IFRS standards described in the 2015 financial statements. The interim report does not, however, contain all the information or notes to the accounts included in the annual financial statements. This report should therefore be read in conjunction with the company's financial statements for 2015. The accounting principles of the financial years 2015 and 2016 are comparable. The company has no discontinued operations to report in the 2015–2016 financial periods.

The key indicators are calculated using the same formulae as applied in the previous annual financial statements. The quarterly percentages of Return on Investment (ROI) and Return on Equity (ROE) have been annualised using the formula  $((1 + \text{quarterly return})^4 - 1)$ . The percentage of online business of revenue is calculated as  $\text{online business} / \text{revenue} * 100$ . The figures in this interim report are independently rounded.

The figures in this release are unaudited.

## **Seasonality**

The Group recognises its content revenue from publishing activities as paid. For this reason, content revenues accrue in the income statement fairly evenly during the four quarters of the year. The bulk of newspaper subscription invoicing takes place at the beginning of the year and, therefore, the cash flow from operating activities is the strongest early in the year. This also affects the company's balance sheet position in different quarters.

## **General statement**

This report contains certain statements that are estimates based on the management's best knowledge at the time they were made. For this reason, they contain a certain amount of risk and uncertainty. The estimates may change in the event of significant changes in the general economic conditions.

## **ALMA MEDIA CORPORATION** **Board of Directors**

### **Alma Media's financial calendar 2016**

Alma Media will publish financial reports in 2016 as follows:

- Interim report for January–June 2016 on Friday, 22 July at approximately 9:00 EEST
- Interim report for January–September 2016 on Friday, 28 October at approximately 9:00 EEST