

# Alma Media Corporation

## Interim Report Q1

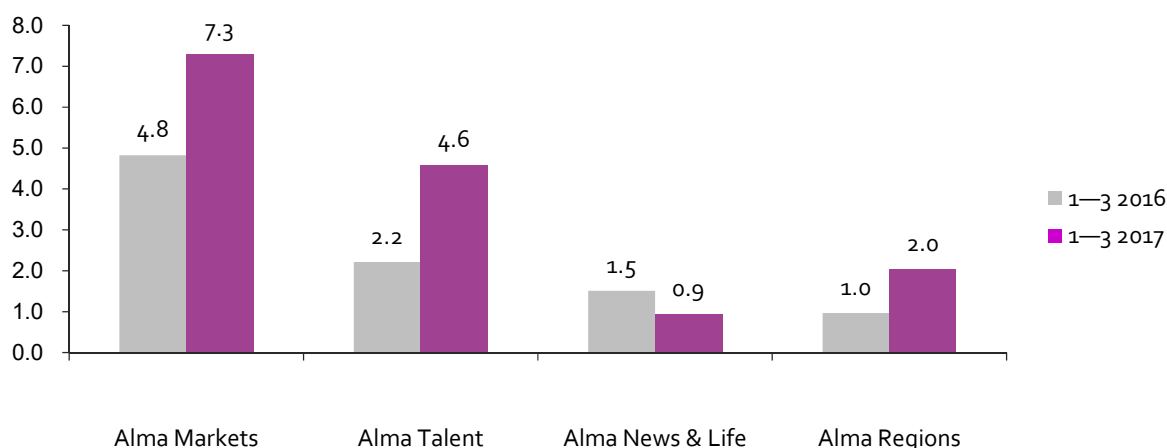
28 April 2017



Alma Media's Interim Report January–March 2017:

**STRONG FIRST QUARTER, GROWTH IN REVENUE AND OPERATING PROFIT****Financial performance January–March 2017:**

- Revenue MEUR 90.5 (86.7), up 4.4%.
- Adjusted operating profit MEUR 12.6 (5.5), or 13.9% (6.4%) of revenue, up 128.3%.
- Operating profit MEUR 11.4 (2.5), or 12.6% (2.9%) of revenue, up 358.1%.
- Earnings per share EUR 0.09 (0.01).
- Alma Markets: Profitable growth continued in both domestic and international operations.
- Alma Talent: Operating profit improved due to restructuring measures implemented last year.
- Alma News & Life: Profitability was weighed down by a decline in the single-copy sales of print media.
- Alma Regions: Profitability was improved by cost savings, election advertising and the external sales of printing services.

**Business segments' adjusted operating profit, January–March, MEUR  
(excludes non-allocated functions)**

KEY FIGURES MEUR	2017 Q1	2016 Q1	Change %	2016 Q1–Q4
Revenue	90.5	86.7	4.4	353.2
Content revenue *)	32.1	32.4	-1.0	128.3
Content revenue, print	28.0	29.1	-3.6	113.5
Content revenue, online	4.1	3.4	21.1	14.8
Advertising revenue	43.8	40.4	8.6	169.7
Advertising revenue, print	15.7	16.4	-4.4	68.5
Advertising revenue, online	27.9	24.0	16.3	101.3
Service revenue *)	14.6	13.9	4.9	55.2
Adjusted total expenses	78.0	81.5	-4.2	318.9
Adjusted EBITDA	16.6	9.9	67.0	53.3
EBITDA	15.4	6.9	122.9	47.9
Adjusted operating profit	12.6	5.5	128.3	35.2
% of revenue	13.9	6.4		10.0
Operating profit/loss	11.4	2.5	358.1	26.8
% of revenue	12.6	2.9		7.6
Profit for the period	8.9	1.6	452.3	19.9
Earnings per share, EUR (undiluted and basic)	0.09	0.01	935.4	0.20
Online sales	37.0	31.3	18.2	133.5
Online sales, % of revenue	40.9	36.1		37.8

\*) Comparison data has been adjusted between content revenue and service revenue

## Outlook for 2017

The Finnish economy is expected to grow by 1–2% in 2017. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth of 2–4%. Macroeconomic development affects both consumer demand and advertising volume. The structural transformation of advertising will continue in 2017; online advertising will grow, while print media advertising will decline.

In 2017, Alma Media expects its full-year revenue to remain at the previous year's level and its adjusted operating profit to increase from the 2016 level. The full-year revenue for 2016 was MEUR 353.2, and the adjusted operating profit was MEUR 35.2.

### **Kai Telanne, President and CEO:**

Alma Media's revenue and profitability developed well in the first quarter of 2017. Revenue grew, mostly organically, by 4.4 per cent and amounted to MEUR 90.5. The sources of this growth included the positive performance of Alma Markets' digital business and the online advertising of our media in Finland as well as municipal election advertising and the fact that there were more working days and publication dates than in the comparison period. The significant improvement in profitability was mainly attributable to the efficiency improvement measures implemented in several businesses last year. The Group's adjusted operating profit for January–March rose by 128 per cent to MEUR 12.6.

The development of the Finnish economy improved in the first months of the year, but the signs of growth are not yet reflected in advertising investments. According to Kantar TNS, media advertising volume declined by 4.7 per cent in the first quarter. Online advertising, however, rose by 7.4 per cent. Alma Media's digital advertising sales outgrew the market due to effective advertising solutions and new mobile services.

In the Alma Markets segment, revenue growth and strong operating profit performance were supported by the favourable operating environment for the recruitment business in Eastern Central Europe as well as the increased activity in the housing and automotive markets in Finland. The segment's result was also improved by lower depreciation.

In the Alma Talent segment, revenue was unchanged from the previous year and the result improved thanks to restructuring measures related to the integration of Talentum in the Finnish and Swedish media businesses as well as the cost savings achieved in Information Services. Alma Talent's broad-based media portfolio has been well received by advertisers: the segment's advertising sales saw positive development, particularly in online advertising and content marketing. Alma Talent's first digital solutions in line with the development projects outlined in the new strategy were launched in the first quarter.

The structural change and digital transformation of the media industry were most clearly evident in the Alma News & Life segment: digital advertising sales grew substantially, particularly in mobile advertising and programmatic buying, but the single-copy sales of print media continued to decline. Investments in the service business increased costs.

The Alma Regions segment's revenue was increased by the external sales of printing services as well as higher content revenue. The segment's advertising revenue declined in spite of election advertising during the review period. Profitability was improved by the lighter cost structure implemented in the previous year.

The sustained decline in demand in the Kemi-Tornio region and unprofitable operations led to the decision to merge Pohjolan Sanomat with Lapin Kansa. The decision to discontinue the centenarian brand was difficult but unavoidable. Our aim is to build a single strong regional media brand in the Lapland region, both in print and as a vital, developing digital media service.

Thanks to a strong position in selected markets paired with stable operating cash flow and financial position, the conditions are excellent for building Alma Media's future. We are continuously looking for new sources of business growth, mainly in the area of digital services in Finland and elsewhere in Europe.

### **For more information, please contact:**

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The figures are compared in accordance with the International Financial Reporting Standards (IFRS) with those of the corresponding period in 2016, unless otherwise stated. The figures in the tables are independently rounded.

## KEY FIGURES

<b>INCOME STATEMENT</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>2016</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1–Q4</b>
Revenue	90.5	86.7	4.4	353.2
Operations in Finland	70.4	68.7	2.5	280.2
Operations outside Finland	20.1	18.1	11.5	73.0
Adjusted total expenses	78.0	81.5	-4.2	318.9
Adjusted EBITDA	16.6	9.9	67.0	53.3
EBITDA	15.4	6.9	122.9	47.9
Adjusted operating profit	12.6	5.5	128.3	35.2
% of revenue	13.9	6.4		10.0
Operating profit (loss)	11.4	2.5	358.1	26.8
% of revenue	12.6	2.9		7.6
Profit before tax	11.3	2.1	436.0	25.4
Profit for the period	8.9	1.6	452.3	19.9
<b>BALANCE SHEET</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>2016</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1–Q4</b>
Balance sheet total	321.5	333.7	-3.6	327.0
Interest-bearing net debt	49.6	67.4	-26.4	57.1
Interest-bearing liabilities	69.3	91.2	-24.0	80.4
Non-interest-bearing liabilities	119.5	121.9	-1.9	108.6
Capital expenditure	1.9	3.3	-42.1	10.0
Equity ratio, %	46.2	40.3	14.7	45.7
Gearing, %	37.4	55.9	-33.0	41.4
<b>EMPLOYEES</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>2016</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1–Q4</b>
Average no. of employees, calculated as full-time employees, excl. delivery staff	2,240	2,408	-7.0	2,287
Average no. of delivery staff	863	829	4.1	845
<b>KEY FIGURES</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>2016</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1–Q4</b>
Return on Equity/ROE (Annual)*	29.1	5.3	450.6	14.9
Return on Investment/ROI (Annual)*	19.0	4.5	321.2	10.1
Earnings per share, EUR **)	0.09	0.01	935.4	0.20
Cash flow from operating activities/share, EUR	0.27	0.25	9.1	0.51
Shareholders' equity per share, EUR	1.36	1.24	9.6	1.44
Dividend per share, EUR				0.16
Effective dividend yield, %				3.2
P/E Ratio				24.6
Market capitalisation	430.0	280.1	53.5	414.4
Average no. of shares **)				
(1,000 shares ***)	82,383	82,383		82,383
No. of shares at the end of the period				
(1,000 shares ***)	82,383	82,383		82,383

\*) See Accounting Principles of the Interim Report

\*\*) undiluted and basic

\*\*\*) the company acquired 93,916 of its own shares during the review period

## Strategy and related activities during the review period

The main directions of Alma Media's strategic development include developing and expanding existing business operations as well as growth in new business areas and markets through both organic growth and acquisitions. During the review period, the implementation of strategy was focused on developing the existing business operations.

The Alma Regions segment continued to ensure the profitability of publishing operations. The Pohjolan Sanomat title that was previously published as Lapin Kansa's other edition was given up during the review period. In addition, all digital media services were moved under the Lapin Kansa brand. The statutory personnel negotiations held in connection with the restructuring measures led to a reduction of 12 employees.

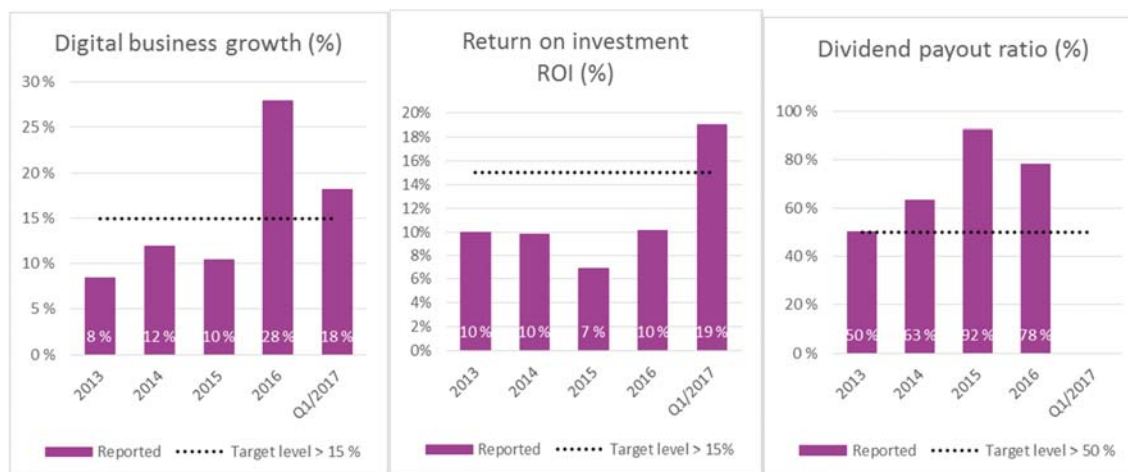
In digital service development, a transaction completed in March saw the share capital of the renovation and construction marketplace Urakkamaailma.fi become fully owned by Alma Mediapartners, a subsidiary of Alma Media. At Urakkamaailma.fi, consumers and housing companies can find verified contractors with reviews by users for renovation and construction projects. The service has become the most popular channel for competitive bidding in the field of renovation.

January saw the launch of the first development project under Alma Talent's new strategy, the online service of Arvopaperi. Broader than its predecessor and partly behind a paywall, the new digital service represents an even better response to the needs of readers who follow the markets closely.

Chatbots, which are customer service software robots based on artificial intelligence, are rapidly becoming more commonplace internationally. Kauppalehti launched the KL Assistant service as a pilot project during the review period. It is a chatbot on the Facebook Messenger platform that sends customised Kauppalehti news on selected topics at user-specified times.

During the news coverage of the municipal elections, Alma Regions' media used a news robot algorithm that produces text automatically based on data. Alma Media is participating in Immersive Automation, a project led by the University of Helsinki and Tekes, the Finnish Funding Agency for Technology and Innovation. The project's news robot produced news based on data provided by the Finnish Ministry of Justice on the election results of all Finnish municipalities and their voting districts. Aamulehti also uses a bot that scans City of Tampere agendas for keywords specified by the editorial team. Robot journalism is also utilised in financial statements analyses produced by Alma Talent and in financial news coverage to automatically update different types of dynamic elements, such as share prices and visualisations.

Alma Media's long-term financial targets and their achievement:



## Market situation in the main markets

According to Kantar TNS, the total advertising volume in Finland decreased by 4.7% (1.3%) in the first quarter, while advertising in online media increased in Finland by 7.4% (increased by 5.2%) in January–March. Advertising in city papers and newspapers declined by 12.6% (5.6%) in Finland. Among the different industries, the retail sector saw a particularly significant decrease in advertising spending. Advertising in Finnish magazines decreased in January–March by 11.0% (11.0%). In terms of volume, the total market for afternoon papers in Finland declined by 13.1% (14.6%) in the first quarter of 2017.

According to Sveriges Mediebyråer, the total advertising volume in Sweden grew by 6.6% (decreased by 3.0%) in the first quarter. Advertising in online media grew by 10.2% in Sweden. Advertising in trade magazines in Sweden decreased by 5.0% (17.4%).

Alma Media's main markets in Eastern Central Europe are the Czech Republic and Slovakia. According to the European Commission's forecast, the Czech GDP will grow by 2.6% (2.3%) in 2017. The Czech National Bank estimates that the GDP will grow by 2.8% in 2017. In Slovakia, GDP growth in 2016 was 3.3% according to the European Commission, and the Commission's forecast for GDP growth in 2017 is 2.9%. The National Bank of Slovakia estimates GDP growth in 2017 to be 3.2%.

## Changes in Group structure in 2017

Alma Mediapartners, a subsidiary of Alma Media, acquired the remaining share capital to become the full owner of Urakkamaailma.fi in February 2017. Alma Mediapartners has gradually increased its ownership in Urakkamaailma.fi, most recently by increasing its stake to 51 per cent in June 2016. Alma Media Group owns 65 per cent of the Alma Mediapartners group.

## Group revenue and result for January–March 2017

The Group's first-quarter revenue increased by 4.4% to MEUR 90.5 (86.7). The increase in revenue was attributable to the larger number of working days in the first quarter compared to the previous year as well as the municipal elections held in spring 2017.

Content revenue declined by 1.0% to MEUR 32.1 (32.4). Content revenue declined due to the decline of print subscriptions and single-copy sales. The increase in content revenue from digital distribution channels was not sufficient to cover the decline in print media content revenue.

Revenue from advertising sales increased by 8.6% to MEUR 43.8 (40.4). Advertising sales for print media decreased by 4.4% from the comparison period, to MEUR 15.7 (16.4). Online advertising sales increased by 16.3% to MEUR 27.9 (24.0).

Service revenue totalled MEUR 14.6 (13.9). Service revenue was increased by growth in the external sales of printing services.

Total expenses decreased in the first quarter by MEUR 5.3, or 6.2%, to MEUR 79.2 (84.5). The decrease in total expenses was attributable to various restructuring measures implemented in 2016.

Adjusted operating profit was MEUR 12.6 (5.5), or 13.9% (6.4%) of revenue. Operating profit was MEUR 11.4 (2.5), or 12.6% (2.9%) of revenue. The operating profit includes net adjusted items of MEUR -1.2 (-3.0).

The result for January–March 2017 was MEUR 8.9 (1.6), and the result excluding adjusted items was MEUR 10.1 (4.6).

## Business segments

Alma Media's reportable segments are Alma Markets, Alma Talent, Alma News & Life and Alma Regions. Centralised services produced by the Group's parent company 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.

The revenue of the E-kontakti business was transferred from Group advertising revenue to Group service revenue.

REVENUE MEUR	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
Alma Markets	19.6	16.7	17.8	69.4
Alma Talent	29.5	29.3	0.9	114.0
Alma News & Life	11.1	10.9	2.1	46.1
Alma Regions	31.3	30.8	1.7	127.7
Segments total	91.6	87.6	4.5	357.1
Non-allocated	-1.0	-0.9	19.4	-3.9
Total	90.5	86.7	4.4	353.2

ADJUSTED OPERATING PROFIT/LOSS MEUR	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
Alma Markets	7.3	4.8	51.4	19.3
Alma Talent	4.6	2.2	106.5	12.4
Alma News & Life	0.9	1.5	-37.6	7.0
Alma Regions	2.0	1.0	110.7	8.5
Segments total	14.9	9.5	56.2	47.1
Non-allocated	-2.3	-4.0	-43.1	-11.9
Total	12.6	5.5	128.3	35.2

ADJUSTED ITEMS MEUR	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
Alma Markets		0.0		0.0
Alma Talent		-1.4	-100.0	-3.6
Alma News & Life		0.0		0.9
Alma Regions	-0.8	-1.1	-25.2	-3.0
Segments total	-0.8	-2.6	-67.0	-5.7
Non-allocated	-0.4	-0.5	-25.8	-2.7
Total	-1.2	-3.0	-60.6	-8.4

OPERATING PROFIT/LOSS MEUR	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
Alma Markets	7.3	4.8	51.4	19.3
Alma Talent	4.6	0.8	479.3	8.8
Alma News & Life	0.9	1.5	-37.6	7.9
Alma Regions	1.2	-0.2	-853.7	5.5
Segments total	14.0	7.0	101.3	41.4
Non-allocated	-2.6	-4.5	-41.3	-14.6
Total	11.4	2.5	358.1	26.8

## Alma Markets

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, MojPosao.net, Monster.hu, Monsterpolska.pl and Monster.cz 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. Also reported in this segment are Nettikoti, which specialises in software for ERP systems in new construction and renovation, Kivi, a real estate agency system, and Urakkamaailma, a marketplace for renovation and construction work.

KEY FIGURES MEUR	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
Revenue	19.6	16.7	17.8	69.4
Advertising revenue	18.1	15.4	17.4	64.3
Service revenue	1.5	1.3	23.1	5.1
Adjusted total expenses	12.4	11.9	4.0	50.2
Adjusted EBITDA	8.0	6.1	30.7	24.5
EBITDA	8.0	6.1	30.7	24.5
Adjusted operating profit	7.3	4.8	51.4	19.3
% of revenue	37.2	28.9		27.8
Operating profit	7.3	4.8	51.4	19.3
% of revenue	37.2	28.9		27.8
Average no. of employees, calculated as full-time employees	565	518	9.1	543
Online sales	19.6	16.7	17.7	69.4
Online sales, % of revenue	100.0	100.0		100.0
OPERATIONAL KEY FIGURES	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
Online services, unique browsers, weekly, on average (thousands) *)				
Etuovi.com	880.3	773.3	13.8	809.4
Autotalli.com	169.3	126.6	33.7	133.8

\*) The average weekly browser figures for Etuovi.com and Autotalli.com are based on visitor volume monitoring produced by Google Analytics.

### January–March 2017

In the first quarter of 2017, the Alma Markets segment's revenue increased in both domestic and international operations and amounted to MEUR 19.6 (16.7). Revenue from the recruitment business increased by 19% during the review period and accounted for 77.4% (76.6%) of the segment's revenue in the first quarter of 2017.

Total expenses during the review period amounted to MEUR 12.4 (11.9). The increase in total expenses was attributable to investments in the development of online services. The increase in total expenses includes MEUR 0.5 associated with discontinued IFRS 3 fair value depreciation allocated to the LMC business.

The Alma Markets segment's adjusted operating profit was MEUR 7.3 (4.8) in the first quarter. The adjusted operating profit was 37.2% (28.9%) of revenue. The segment's operating profit was MEUR 7.3 (4.8).

No adjusted items were reported during the review period.



## Alma Talent

The Alma Talent business segment publishes 20 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 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	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
Revenue	29.5	29.3	0.9	114.0
Content revenue **)	12.7	12.9	-1.6	49.6
Advertising revenue	8.5	7.4	14.4	30.8
Service revenue **)	8.4	9.0	-6.8	33.6
Adjusted total expenses	25.0	27.2	-8.3	101.8
Adjusted EBITDA	5.7	3.2	77.9	16.4
EBITDA	5.7	1.7	223.8	13.8
Adjusted operating profit	4.6	2.2	106.6	12.4
% of revenue	15.5	7.6		10.9
Operating profit	4.6	0.8	479.6	8.8
% of revenue	15.5	2.7		7.7
Average no. of employees, calculated as full-time employees	830	939	-11.6	875
Online sales	9.4	8.4	12.2	35.7
Online sales, % of revenue	31.9	28.7		31.3
OPERATIONAL KEY FIGURES	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
Online services, unique browsers, weekly, on average (thousands)*)				
Kauppalehti.fi	1,168.0	1,114.5	4.8	1,025.1
Talouselama.fi	304.0	304.3	-0.1	272.8

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

\*\*\*) Comparison data has been adjusted between content revenue and service revenue

### January–March 2017

The Alma Talent segment's revenue amounted to MEUR 29.5 (29.3). Online business accounted for 31.9% (29.2%) of the segment's revenue.

The content revenue of the Alma Talent segment decreased by 1.6% to MEUR 12.7 (12.9). Digital content revenue grew by 13% and the increase partly covered the decline in content revenue for print media.

Advertising revenue in the first quarter amounted to MEUR 8.5 (7.4), a rate of growth that outpaced the market as a whole. Online advertising revenue increased by 13.4% year-on-year and mobile sales saw positive development.

Service revenue declined by 6.8% to MEUR 8.4 (9.0) due to lower revenue in the segment's events and training business. The effect of the discontinued event business in Denmark in summer of 2016 on the decrease in revenue was MEUR 0.3.

The segment's adjusted total expenses were MEUR 25.0 (27.2) and total expenses MEUR 25.0 (28.5). The total expenses were reduced by restructuring measures implemented last year as well as integration-related employee expense savings in Media Finland and Sweden as well as Information Services.

The Alma Talent segment's adjusted operating profit was MEUR 4.6 (2.2) and operating profit MEUR 4.6 (0.8). The adjusted operating profit was 15.5% (7.6%) of revenue. No adjusted items were reported during the review period. The adjusted expenses in the comparison period were related to operational restructuring.

## 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, E-kontakti.fi and Rantapallo.fi are also reported in this segment.

KEY FIGURES MEUR	2017 Q1	2016 Q1	Change %	% of revenue Q1-Q4
Revenue	11.1	10.9	2.1	46.1
Content revenue **)	4.9	5.5	-10.8	21.6
Advertising revenue	5.4	5.0	8.3	22.3
Service revenue **)	0.8	0.4	107.0	2.2
Adjusted total expenses	10.2	9.4	8.5	39.1
Adjusted EBITDA	1.1	1.6	-29.4	7.4
EBITDA	1.1	1.6	-29.4	8.4
Adjusted operating profit	0.9	1.5	-37.6	7.0
Operating profit	8.5	13.9		15.1
% of revenue	0.9	1.5	-37.6	7.9
% of revenue	8.5	13.9		17.1
Average no. of employees, calculated as full-time employees	149	153	-2.1	149
Online sales	5.3	4.3	24.5	19.6
Online sales, % of revenue	48.2	39.3		42.5
OPERATIONAL KEY FIGURES	2017 Q1	2016 Q1		2016 Q1-Q4
Online services, unique browsers, weekly, on average (thousands)*)				
Iltalehti.fi	5,459.5	5,480.2	-0.4	5,320.4
Telkku.com	588.5	625.9	-6.0	558.2

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

\*\*\*) Comparison data has been adjusted between advertising revenue and service revenue

### January–March 2017

The Alma News & Life segment's revenue increased by 2.1% to MEUR 11.1 (10.9) in January–March as a result of growth in online advertising. Online business accounted for 48.2% (39.3%) of the segment's revenue. Rantapallo, which was acquired in April 2016, contributed MEUR 0.6 to the increase in revenue.

The segment's content revenue declined by 10.8% to MEUR 4.9 (5.5) in January–March due to the decrease of Iltalehti's circulation.

The segment's advertising revenue increased by 8.3% to MEUR 5.4 (5.0). The segment's online advertising revenue increased by 11.2% to MEUR 4.4 (4.0) on the strength of mobile advertising and programmatic buying.

The segment's total expenses were MEUR 10.2 (9.4). Rantapallo accounted for MEUR 0.6 of the increase in expenses.

The segment's adjusted operating profit was MEUR 0.9 (1.5), or 8.5% (13.9%) of revenue.

No adjusted items were reported during the review period.

## Alma Regions

The print and online publishing business of Aamulehti, Satakunnan Kansa, Lapin Kansa 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	2017 Q1	2016 Q1	Change %	2016 Q1–Q4
Revenue	31.3	30.8	1.7	127.7
Content revenue	14.5	14.1	3.3	57.2
Advertising revenue	11.9	12.6	-5.7	52.4
Service revenue	4.9	4.1	19.0	18.2
Adjusted total expenses	29.3	29.8	-1.8	119.7
Adjusted EBITDA	2.9	1.8	59.9	12.0
EBITDA	2.1	0.7	196.2	11.0
Adjusted operating profit	2.0	1.0	110.7	8.5
% of revenue	6.5	3.1		6.6
Operating profit	1.2	-0.2	-853.7	5.5
% of revenue	3.8	-0.5		4.3
Average no. of employees, calculated as full-time employees, excl. delivery staff	542	616	-14.9	561
Average no. of delivery staff	862	829	4.0	845
Online sales	2.5	2.0	24.2	8.9
Online sales, % of revenue	7.9	6.5		7.0
OPERATIONAL KEY FIGURES	2017 Q1	2016 Q1		2016 Q1–Q4
Online services, unique browsers, weekly, on average (thousands)*				
Aamulehti.fi	622.9	633.8	-1.7	622.9
Printing volume (in thousands)	82,856	67,036		290,226
Paper usage (tonnes)	6,708	5,969		24,831

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

### January–March 2016

The Alma Regions segment's revenue amounted to MEUR 31.3 (30.8) in January–March. Online business accounted for 7.9% (6.5%) of the segment's revenue.

The segment's content revenue grew by 3.3% to MEUR 14.5 (14.1) in January–March due to the larger number of publication dates as well as an increase in digital content revenue.

The segment's advertising sales declined by 5.7% to MEUR 11.9 (12.6). Advertising sales for print media decreased by 6.7% in spite of the boost provided by the municipal elections. The decline is attributable to reduced advertising spending in the retail sector. The segment's online advertising revenue increased by 8.6% to MEUR 0.9 (0.9).

The segment's service revenue increased by 19.0% to MEUR 4.9 (4.1). The Group's external sales of printing services increased in low-margin high-volume printed products.

The segment's adjusted total expenses were MEUR 29.3 (29.8) and total expenses MEUR 30.1 (31.0).

The segment's adjusted operating profit was MEUR 2.0 (1.0) and operating profit MEUR 1.2 (-0.2). The adjusted operating profit was 6.5% (3.1%) of revenue. The adjusted restructuring costs recognised in the review period, MEUR 0.8, were associated with the statutory personnel negotiations completed in March. The adjusted items in the comparison period were related to restructuring costs.

## Associated companies

SHARE OF PROFIT OF ASSOCIATED COMPANIES MEUR	2017 Q1	2016 Q1	2016 Q1-Q4
Alma Markets	0.1	0.1	0.0
Alma Talent	0.0	0.1	0.5
Alma News & Life	0.0	0.0	0.0
Alma Regions	0.0	0.0	0.0
Other associated companies	0.0	0.1	0.4
<b>Total</b>	<b>0.2</b>	<b>0.3</b>	<b>0.9</b>

## Items adjusting operating profit

Items adjusting operating profit are 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 by the Group as adjustments. Adjustments are recognised in the profit and loss statement within the corresponding income or expense group.

ADJUSTED ITEMS MEUR	2017 Q1	2016 Q1	2016 Q1-Q4
Alma Markets			
Impairment losses		0.0	
Restructuring		0.0	
Gains (losses) on the sale of assets		0.0	0.0
Alma Talent			
Impairment losses		0.0	-1.0
Restructuring		-1.4	-3.0
Gains (losses) on the sale of assets		0.0	0.4
Alma News & Life			
Impairment losses		0.0	0.0
Restructuring		0.0	0.0
Gains (losses) on the sale of assets		0.0	0.9
Alma Regions			
Impairment losses	0.0	0.0	-2.0
Restructuring	-0.8	-1.1	-0.8
Gains (losses) on the sale of assets	0.0	0.0	-0.2
Non-allocated			
Impairment losses	0.0		0.0
Restructuring	-0.4	-0.5	
Costs related to the Talentum acquisition			-2.8
Gains (losses) on the sale of assets	0.0	0.0	0.1
<b>ADJUSTED ITEMS IN OPERATING PROFIT</b>	<b>-1.2</b>	<b>-3.0</b>	<b>-8.4</b>
<b>ADJUSTED ITEMS IN PROFIT BEFORE TAX</b>	<b>-1.2</b>	<b>-3.0</b>	<b>-8.4</b>

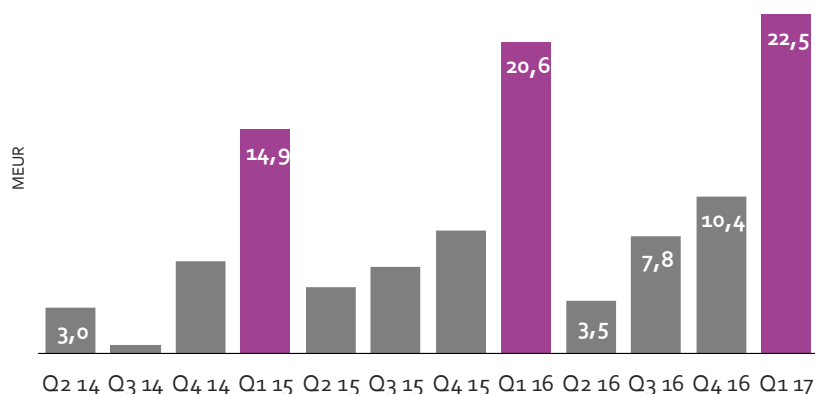
## Balance sheet and financial position

At the end of March 2017, the consolidated balance sheet stood at MEUR 321.5 (333.7). The Group's equity ratio at the end of March was 46.2% (40.3%) and equity per share was EUR 1.36 (1.24).

Consolidated cash flow from operations in January–March was MEUR 22.5 (20.6). Cash flow before financing was MEUR 20.9 (18.7).

## Cash flow from operating activities

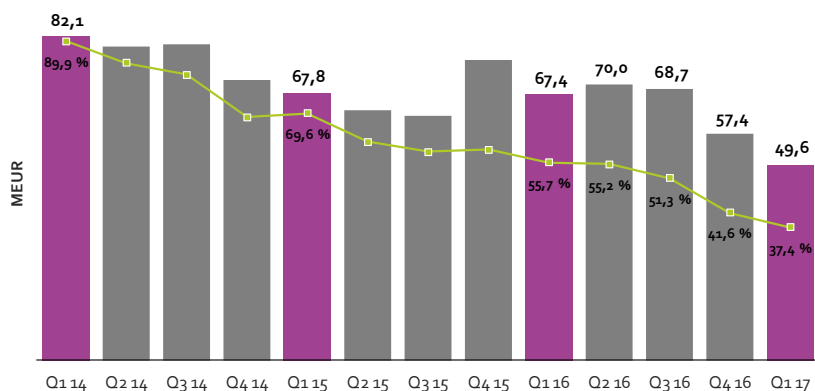
IFRS



At the end of March, the Group's interest-bearing debt amounted to MEUR 69.3 (91.2). The total interest-bearing debt at the end of March comprised MEUR 59.3 in finance leasing debt and MEUR 10.0 in loans from financial institutions. The Group's interest-bearing net debt at the end of March stood at MEUR 49.6 (67.4).

## Net debt and Gearing, MEUR

IFRS



Alma Media has two MEUR 15.0 committed financing limits at its disposal, which were entirely unused on 31 March 2017. In addition, the company has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was entirely unused on 31 March 2017.

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 2017.

## Capital expenditure

Alma Media Group's capital expenditure in January–March 2017 totalled MEUR 1.9 (3.3). The capital expenditure mainly consisted of the acquisition of Urakkamaailma.fi as well as normal operating and maintenance investments.

CAPITAL EXPENDITURE BY SEGMENT		2017	2016	2016
MEUR		Q1	Q1	Q1-Q4
Alma Markets		0.9	1.9	1.7
Alma Talent		0.1	0.4	1.6
Alma News & Life		0.0	0.0	3.2
Alma Regions		0.5	0.4	1.3
Segments total		1.4	2.8	7.9
Non-allocated		0.5	0.5	2.2
Total		1.9	3.3	10.0

## Governance

Alma Media Corporation's Annual General Meeting, held on 22 March 2017, re-elected the current Board members Niklas Herlin, Matti Korkiatupa, Esa Lager, Petri Niemisvirta, Catharina Stackelberg-Hammarén, Mitti Storckovius and Harri Suutari for a new term of office, extending until the end of the next AGM. In its constitutive meeting held after the AGM, the Board of Directors elected Harri Suutari as its Chairman and Petri Niemisvirta as 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 members mentioned above are assessed to be independent of the company but not independent of its significant shareholders. Matti Korkiatupa has been in an employment relationship with Ilkka-Yhtymä Oyj during the past three years as the company's Managing Director, Esa Lager as a member of the Board of Ilkka-Yhtymä Oyj and Niklas Herlin as the Chairman of the Board of Mariatorp Oy.

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

## Dividends

In accordance with the proposal of the Board of Directors, the AGM resolved that a dividend of EUR 0.16 per share be paid for the financial year 2016. The dividend were to be paid to shareholders who were registered in Alma Media Corporation's shareholder register maintained by Euroclear Finland Ltd on the record date, 24 March 2017. The payment was made on 31 March 2017.

## Other decisions by the Annual General Meeting

### Authorisation to the Board of Directors to repurchase own shares

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 Ltd and in accordance with its rules and instructions, for which reason the acquisition is directed, in other words the shares will be 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 can 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 AGM; however, until no later than 30 June 2018.

### **Authorisation to the Board of Directors to decide on the transfer of own shares**

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 this 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 can 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 AGM; however, until no later than 30 June 2018. This authorisation would override the corresponding share issue authorisation granted at the AGM of 17 March 2016.

### **Authorisation to the Board of Directors to decide on a share issue**

The AGM authorised the Board of Directors to decide on a share issue. The authorisation entitles the Board to issue a maximum of 16,500,000 shares. The proposed maximum number of shares corresponds to approximately 20 per cent of the total number of shares in the company. The share issue can 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 can 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 cannot, however, be used to implement incentive programmes for the management or key employees of the company.

It is proposed that the authorisation be valid until the following AGM; however, until no later than 30 June 2018.

### **The Alma Media share**

In January–March, altogether 1,411,080 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 review period, 31 March 2017, was EUR 5.22. The lowest quotation during the review period was EUR 5.05 and the highest EUR 5.50. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 430.0.

### **Purchase of own shares**

The company began purchasing its own shares on 22 February 2017. By 31 March 2017, the company had acquired 93,916 shares, representing approximately 0.1 per cent of all Alma Media shares. The shares were acquired for the purpose of implementing the company's share-based incentive programme.

The company's own shares were acquired using the company's non-restricted shareholders' equity at the market price valid at the time of purchase of the shares through trading in a regulated market arranged by Nasdaq Helsinki Ltd, and the shares are purchased otherwise than in proportion to shareholders' current holdings. The shares were acquired and paid for according to the rules and instructions of Nasdaq Helsinki Ltd and Euroclear Finland Ltd.

### **Share-based incentive scheme (LTI 2015)**

In 2015, the Board of Directors of Alma Media Corporation approved the establishment of a long-term share-based incentive scheme for the key management of Alma Media (hereinafter referred to as "LTI 2015").

The objective of LTI 2015 is to align the interests of the participants with those of Alma Media's shareholders by creating a long-term equity interest for the participants and, thus, to increase the company value in the long term as well as to drive performance culture, to retain participants and to offer them with competitive compensation for excellent performance in the company.

LTI 2015 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.

#### The matching share plan

In the matching share plan, the participant receives a fixed amount of matching shares against an investment in Alma Media shares.

In the first matching share plan, which commenced in 2015 (LTI 2015 I), the participant receives two matching shares for each invested share free of charge after a two-year vesting period, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

#### The performance matching plan

The performance matching plan comprises a five-year performance period in total. The potential share rewards will be delivered in tranches after three and five years if the performance targets set by the Board of Directors are attained.

The performance measures used in the first performance matching plan, which commenced in 2015 (2015 LTI I), are based on the company's profitable growth and share value. If the performance targets set by the Board of Directors are attained in full, the participant will receive in total four matching shares for each invested share free of charge, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

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, 2019, 2020 and 2021. 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.

#### Share-based incentive schemes started in 2016 and 2017

On 18 March 2016, the Board of Directors of Alma Media Corporation decided on a share-based incentive scheme to be launched in 2016 based on the LTI 2015 scheme (LTI 2015 II) and, on 23 March 2017, the Board made a corresponding decision on a share-based incentive scheme to be launched in 2017 (LTI 2015 III). The main terms of the incentive schemes correspond to those of the share-based incentive scheme that was launched in 2015.

Share-based incentive scheme	Based on share investment (shares max)	Performance matching (shares max)	Maximum number of people entitled to participate
LTI 2015			
Launched in 2015 LTI 2015 I	159,000	318,000	35
Launched in 2016 LTI 2015 II	195,000	390,000	43
Launched in 2017 LTI 2015 III	195,000	390,000	44

#### 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**

On 15 March 2017, Alma Media Corporation received a notice of a change in shareholding pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act as follows: Otava Oy announced that Otava's holding of the shares and votes in Alma Media Corporation has risen to over ten (10) per cent.

## **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.

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

## SUMMARY OF INTERIM REPORT AND NOTES

COMPREHENSIVE INCOME STATEMENT MEUR	2017 Q1	2016 Q1	Change %	2016 Q1-Q4
REVENUE	90.5	86.7	4.4	353.2
Other operating income	0.1	0.2	-68.9	2.2
Materials and services	18.6	18.3	-1.2	74.1
Employee benefits expense	37.5	41.1	8.8	149.6
Depreciation, amortisation and impairment	4.0	4.4	9.7	21.1
Other operating expenses	19.2	20.6	6.8	83.8
OPERATING PROFIT	11.4	2.5	358.1	26.8
Finance income	0.0	0.1	-34.6	0.4
Finance expenses	0.4	0.8	47.5	2.8
Share of profit of associated companies	0.2	0.3	-51.3	0.9
PROFIT BEFORE TAX	11.3	2.1	436.0	25.4
Income tax	2.3	0.5	-381.7	5.5
PROFIT FOR THE PERIOD	8.9	1.6	452.3	19.9
<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		0.1
Tax on items that are not later transferred to be recognised through profit or loss	0.0	0.0		
Items that may later be transferred to be recognised through profit or loss				
Translation differences	0.1	-0.1		-0.1
Share of other comprehensive income of associated companies	0.0			
Other comprehensive income for the period, net of tax	0.1	-0.1		0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9.0	1.5		19.9
Profit for the period attributable to:				
– Owners of the parent	7.8	0.8		16.9
– Non-controlling interest	1.2	0.9		3.0
Total comprehensive income for the period attributable to:				
– Owners of the parent	7.8	0.7		16.9
– Non-controlling interest	1.2	0.9		3.0
Earnings per share calculated from the profit for the period attributable to the parent company shareholders:				
- Earnings per share (basic and diluted), EUR	0.09	0.01		0.20

<b>BALANCE SHEET</b>			
<b>MEUR</b>	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>31 Dec 2016</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	120.3	119.2	120.3
Other intangible assets	66.1	71.2	67.8
Tangible assets	63.7	69.0	64.8
Investments in associated companies	5.2	6.8	5.1
Pension receivables, defined benefit plans	0.2		0.2
Other non-current financial assets	4.1	4.6	4.4
Deferred tax assets	1.5	1.6	1.5
<b>CURRENT ASSETS</b>			
Inventories	2.2	2.2	2.3
Current tax assets	0.0	0.2	0.2
Trade receivables and other receivables	38.5	35.1	37.1
Cash and cash equivalents	19.7	23.8	23.3
<b>TOTAL ASSETS</b>	<b>321.5</b>	<b>333.7</b>	<b>327.0</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	-1.6	-1.7	-1.7
Invested non-restricted equity fund	19.1	19.1	19.1
Retained earnings	41.9	32.1	48.3
Equity attributable to owners of the parent	112.4	102.6	118.7
Non-controlling interest	20.3	18.1	19.3
<b>TOTAL EQUITY</b>	<b>132.7</b>	<b>120.6</b>	<b>138.0</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current interest-bearing liabilities	64.1	69.4	65.3
Deferred tax liabilities	13.1	13.7	13.3
Pension liabilities	1.2	1.5	1.2
Provisions	0.3	0.3	0.3
Other non-current liabilities	0.2	0.2	0.2
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	5.6	23.2	15.9
Advances received	34.3	34.2	24.7
Income tax liability	2.8	0.1	1.7
Provisions	0.8	0.7	0.9
Trade payables and other payables	66.5	69.7	65.4
<b>TOTAL LIABILITIES</b>	<b>188.8</b>	<b>213.1</b>	<b>189.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>321.5</b>	<b>333.7</b>	<b>327.0</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

Equity attributable to owners of the parent							
MEUR	B	C	D	E	F	G	H
<b>Equity on 1 Jan 2017</b>	7.7	-1.7	19.1	48.3	118.7	19.3	138.0
Profit for the period				7.8	7.8	1.2	8.9
Other comprehensive income		0.1			0.1		0.1
Transactions with equity holders							
Dividends paid by parent				-13.2	-13.2		-13.2
Acquisition of own shares				-0.5	-0.5		-0.5
Share-based payment transactions and exercised share options				0.1	0.1		0.1
Change in ownership in subsidiaries							
Acquisitions of shares by non-controlling interests that did not lead to changes in control				-0.5	-0.5	-0.1	-0.6
<b>Equity on 31 Mar 2017</b>	7.7	-1.6	19.1	41.9	112.4	20.3	132.7
<b>Equity on 1 Jan 2016</b>	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
Share-based payment transactions and exercised share options				0.1	0.1		0.1
<b>Equity on 31 Mar 2016</b>	7.7	-1.7	19.1	32.1	102.6	18.1	120.6

<b>CASH FLOW STATEMENT</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>Q1-Q4</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period	8.9	1.6	19.9
Adjustments	6.6	5.5	27.5
Change in working capital	9.2	15.1	1.3
Dividends received	0.0	0.4	1.4
Interest received	0.0	0.0	0.2
Interest paid and other finance expenses	-0.4	-0.5	-2.5
Taxes paid	-1.7	-1.5	-5.5
<b>Net cash flow from operating activities</b>	<b>22.5</b>	<b>20.6</b>	<b>42.3</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of tangible assets	-0.5	-1.3	-4.0
Acquisitions of intangible assets	-0.6		0.0
Proceeds from sale of tangible and intangible assets		0.0	
Other investments		0.0	
Proceeds from sale of available-for-sale financial assets	0.0		0.1
Business acquisitions less cash and cash equivalents at the time of acquisition	-0.6	-0.7	-7.9
Acquisition of associated companies		0.0	
Proceeds from sale of associated companies			0.9
<b>Net cash flows from/(used in) investing activities</b>	<b>-1.7</b>	<b>-2.0</b>	<b>-10.9</b>
<b>Cash flow before financing activities</b>	<b>20.9</b>	<b>18.7</b>	<b>31.4</b>
Acquisition of own shares	-0.5		
Loans taken		33.0	96.0
Repayment of loans	-10.1	-32.4	-101.5
Payments of finance lease liabilities	-1.2		-5.3
Dividends paid	-12.7	-9.9	-11.7
<b>Net cash flows from/(used in) financing activities</b>	<b>-24.5</b>	<b>-9.3</b>	<b>-22.5</b>
Change in cash and cash equivalent funds (increase +/decrease -)	-3.6	9.4	8.8
Cash and cash equivalents at beginning of period	23.3	14.4	14.4
Effect of change in foreign exchange rates	0.0	0.0	-0.1
<b>Cash and cash equivalents at end of period</b>	<b>19.7</b>	<b>23.8</b>	<b>23.3</b>

## Acquired businesses in 2017

Alma Media has acquired the following business operations during 2017:

	<u>Business</u>	<u>Acquisition date</u>	<u>Acquired share</u>	<u>Group share</u>
<u>Alma Markets segment</u>				
Urakkamaailma.fi	Online service	28 Feb 2017	31.9%	65%

The acquisition was treated as a change in ownership in a subsidiary, an acquisition of non-controlling interest, which did not lead to a change in control. As a result, a reduction of MEUR 0.6 was recognised in equity. The acquisition had no material impact on Alma Media Group's balance sheet. There were no allocable items or goodwill created in connection with the acquisition.

## 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.

<b>CONTINGENT CONSIDERATION LIABILITY</b>	
<b>MEUR</b>	
Initial recognition of the liability	0.6
Change in fair value during previous financial periods	0.0
Considerations, settled in cash	-0.6
Change in fair value during the financial period	0.0
<b>Fair value of the contingent consideration liability at the end of the period</b>	<b>0.0</b>

<b>REVENUE BY GEOGRAPHICAL AREA</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>Q1-Q4</b>
Segments, Finland	64.6	63.7	278.7
Segments, other countries	20.1	18.1	73.0
Segments total	84.7	81.8	351.7
Non-allocated	5.8	5.0	1.5
<b>Group, total</b>	<b>90.5</b>	<b>86.7</b>	<b>353.2</b>

<b>OPERATING PROFIT BY GEOGRAPHICAL AREA</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>Q1-Q4</b>
Segments, Finland	8.1	3.6	28.8
Segments, other countries	5.9	3.4	12.6
Segments total	14.0	7.0	41.4
Non-allocated	-2.6	-4.5	-14.6
<b>Group, total</b>	<b>11.4</b>	<b>2.5</b>	<b>26.8</b>

<b>EMPLOYEES BY GEOGRAPHICAL AREA</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Q1</b>	<b>Q1</b>	<b>Q1-Q4</b>
Employees, Finland	1,512	1,666	1,548
Employees, other countries	728	825	740
<b>Employees, total</b>	<b>2,240</b>	<b>2,491</b>	<b>2,288</b>

\*) 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.

<b>ASSETS BY SEGMENT</b>			
<b>MEUR</b>	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>31 Dec 2016</b>
Alma Markets	79.8	79.7	79.2
Alma Talent	108.8	112.7	110.0
Alma News & Life	16.1	10.6	16.1
Alma Regions	55.8	62.0	57.0
Segments total	260.6	265.0	262.3
Non-allocated assets and eliminations	60.4	68.7	64.7
Total	320.9	333.7	327.0

<b>LIABILITIES BY SEGMENT</b>			
<b>MEUR</b>	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>31 Dec 2016</b>
Alma Markets	22.9	19.5	21.0
Alma Talent	33.2	36.8	31.1
Alma News & Life	-0.2	1.8	0.1
Alma Regions	68.1	72.7	61.0
Segments total	124.0	130.7	113.0
Non-allocated liabilities and eliminations	64.3	82.4	76.0
Total	188.2	213.1	189.0

### Provisions

The company's provisions totalled MEUR 1.1 (1.0) on 31 March 2017. It has not been necessary to change the estimates made when the provisions were entered.

### Commitments and contingencies

<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>MEUR</b>	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>31 Dec 2016</b>
Collateral for others			
Guarantees	0.9	1.2	0.9
Other commitments and contingencies	1.6	2.2	1.8
Minimum lease payments on other lease agreements:			
Within one year	9.2	8.3	9.3
Within 1–5 years	27.0	27.1	27.6
After 5 years	21.4	24.4	22.5
Total	57.6	59.8	59.2
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	0.1	0.1

### Purchase obligation

Alma Media has a currently effective lease agreement with DNB Bank ASA on the office and production facility at Patamäenkatu 7 in Tampere. On 24 October 2016, Alma Media announced it will exercise the interruption option included in the agreement and redeem the property. The property transaction, its financing and recognition in Alma Media's balance sheet will take place in October 2017 and its value will be MEUR 14.5. The rental commitment related to the lease agreement is presented in Alma Media's liabilities.

DERIVATIVE CONTRACTS			
MEUR	31 Mar 2017	31 Mar 2016	31 Dec 2016
Commodity derivative contracts, electricity derivatives			
Fair value*	0.0	-0.1	0.0
Nominal value	0.2	0.3	0.3
Interest rate derivatives			
Fair value*	-0.6	-0.7	-0.7
Value of underlying instruments	19.4	19.5	19.4
Foreign currency derivatives			
Fair value*	0.0	0.0	0.0
Nominal value	3.1	2.4	3.1

\* The fair value represents the return that would have arisen if the derivative had been cleared on the balance sheet date.

### 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	2017 Q1	2016 Q1	2016 Q1-Q4
Sales of goods and services	0.2	0.1	0.8
Associated companies	0.2	0.0	0.5
Principal shareholders	0.1	0.0	0.2
Corporations where management exercises influence	0.0	0.0	0.1
Purchases of goods and services	0.8	0.5	5.5
Associated companies	0.8	0.5	5.4
Principal shareholders	0.0	0.0	0.0
Corporations where management exercises influence	0.0	0.0	0.1
Trade receivables, loan and other receivables at the end of the reporting period	0.0	0.0	0.2
Associated companies		0.0	0.2
Principal shareholders	0.0		
Corporations where management exercises influence	0.0		
Trade payables at the reporting date	0.0	0.0	0.4
Associated companies	0.0	0.0	0.4
Principal shareholders			0.0
Acquired businesses			1.0
Principal shareholders			1.0



QUARTERLY INFORMATION MEUR	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1
<b>REVENUE</b>	90.5	93.5	80.9	92.0	86.7	78.6	68.0	73.0	71.9
Alma Markets	19.6	18.0	17.2	17.6	16.7	15.9	14.7	14.7	13.8
Alma Talent	29.5	31.2	23.0	30.5	29.3	18.2	12.5	14.0	13.8
Alma News & Life	11.1	12.0	11.1	12.1	10.9	11.8	10.4	11.4	10.6
Alma Regions	31.3	33.5	30.5	33.0	30.8	33.9	31.6	34.1	34.9
Eliminations and non-allocated	-1.0	-1.1	-0.9	-1.2	-0.9	-1.1	-1.2	-1.1	-1.2
<b>ADJUSTED TOTAL EXPENSES</b>	78.0	82.8	72.0	82.2	81.5	71.7	60.6	66.4	70.0
Alma Markets	12.4	14.1	11.8	12.5	11.9	13.3	10.6	10.6	10.9
Alma Talent	25.0	26.4	21.0	27.2	27.2	16.3	10.4	12.2	11.9
Alma News & Life	10.2	10.2	9.3	10.3	9.4	10.2	9.8	10.5	10.9
Alma Regions	29.3	30.4	28.6	30.8	29.8	30.6	29.1	31.7	34.9
Eliminations and non-allocated	1.2	1.7	1.3	1.4	3.1	1.3	0.7	1.4	1.4
<b>ADJUSTED EBITDA</b>	16.6	15.6	13.6	14.4	9.9	10.8	11.0	10.2	5.3
Alma Markets	8.0	5.4	6.6	6.4	6.1	3.9	5.4	5.3	4.2
Alma Talent	5.7	5.8	3.1	4.4	3.2	2.5	2.3	2.1	2.1
Alma News & Life	1.1	2.0	1.9	2.0	1.6	1.6	0.7	0.9	-0.3
Alma Regions	2.9	4.1	2.9	3.1	1.8	4.2	3.4	3.3	0.9
Eliminations and non-allocated	-1.1	-1.7	-0.9	-1.4	-2.8	-1.3	-0.8	-1.4	-1.6
<b>ADJUSTED OPERATING PROFIT/LOSS</b>	12.6	10.9	9.1	9.9	5.5	7.1	7.6	6.8	1.9
Alma Markets	7.3	4.0	5.3	5.1	4.8	2.6	4.2	4.1	2.9
Alma Talent	4.6	4.8	2.1	3.4	2.2	2.1	2.1	1.9	1.9
Alma News & Life	0.9	1.8	1.8	1.9	1.5	1.6	0.6	0.9	-0.4
Alma Regions	2.0	3.3	2.0	2.2	1.0	3.3	2.6	2.5	0.0
Eliminations and non-allocated	-2.3	-2.9	-2.2	-2.6	-4.0	-2.5	-1.9	-2.5	-2.6
<b>% OF REVENUE</b>	13.9	11.7	11.2	10.8	6.4	9.0	11.1	9.3	2.7
Alma Markets	37.2	22.0	31.2	29.0	28.9	16.5	28.3	27.7	21.2
Alma Talent	15.5	15.3	9.0	11.2	7.6	11.3	17.1	13.3	14.0
Alma News & Life	8.5	15.1	16.2	15.3	13.9	13.6	6.0	7.8	-3.4
Alma Regions	6.5	9.8	6.7	6.6	3.1	9.7	8.2	7.2	0.1
Non-allocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ADJUSTED ITEMS</b>	-1.2	-4.3	-0.2	-0.8	-3.0	-6.2	-1.6	1.3	0.8
Alma Markets		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Alma Talent		-0.4	-0.2	-1.5	-1.4	-0.2	-1.4	0.0	0.6
Alma News & Life		0.0	0.0	0.9	0.0	-0.8	0.0	0.0	0.0
Alma Regions	-0.8	-1.6	0.0	-0.2	-1.1	-3.1	-0.2	-0.4	0.2
Non-allocated	-0.4	-2.3	0.0	0.0	-0.5	-2.0	0.0	1.7	0.0
<b>OPERATING PROFIT/LOSS</b>	11.4	6.7	8.9	9.1	2.5	0.9	6.0	8.1	2.7
Alma Markets	7.3	4.0	5.3	5.1	4.8	2.6	4.2	4.1	2.9
Alma Talent	4.6	4.3	1.8	1.9	0.8	1.8	0.7	1.9	2.5
Alma News & Life	0.9	1.8	1.8	2.8	1.5	0.7	0.6	0.9	-0.4
Alma Regions	1.2	1.7	2.0	2.0	-0.2	0.1	2.4	2.0	0.2
Non-allocated	-2.6	-5.1	-2.2	-2.6	-4.5	-4.4	-1.9	-0.7	-2.6
Finance income	0.0	0.4	0.0	0.3	0.1	0.0	0.0	0.3	0.1
Finance expenses	0.4	0.7	1.0	0.7	0.8	1.2	1.2	0.7	0.6
Share of profit of associated companies	0.2	0.1	0.3	0.2	0.3	0.8	0.3	0.2	0.3
<b>PROFIT BEFORE TAX</b>	11.3	6.5	8.2	9.0	2.1	1.4	5.1	8.0	2.4
Income tax	-2.3	-1.4	-1.7	-2.1	-0.5	-1.1	-1.4	-1.6	-0.6
<b>PROFIT FOR THE PERIOD</b>	8.9	5.1	6.5	6.9	1.6	0.3	3.7	6.3	1.8

## **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 2016 and the new and revised IFRS standards described in the 2016 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 2016. The accounting principles of the financial years 2016 and 2017 are comparable. The company has no discontinued operations to report in the 2016–2017 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  $\text{online business/revenue} * 100$ . 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 2017**

Alma Media will publish financial reports in 2017 as follows:

- Interim report for January–June 2017 on Friday, 21 July at approximately 9:00 EEST
- Interim report for January–September 2017 on Friday, 27 October at approximately 9:00 EEST