

# ILKKA-YHTYMÄ OYJ IR-LETTER Q3/2009

Reuters code ILK2S.HE  
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## JULY-SEPTEMBER 2009

- Net sales: EUR 11.4 million (EUR 13.3 million), down 14.4%
  - Operating profit: EUR 2.8 million (EUR 2.7 million), up 1.2%
  - Operating profit excluding Alma Media: EUR 1.6 million (EUR 2.7 million), down 40.0%
  - Operating profit 24.3% of net sales; 14.4% when excluding Alma Media (20.6 %)
  - Pre-tax profit: EUR 2.9 million (EUR 2.1 million), up 37.6%
  - Earnings per share: EUR 0.13 (EUR 0.08)
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- At its meeting of 9 November 2009, the Ilkka-Yhtymä Oyj Board of Directors decided that it would not exercise its authorisation to pay additional dividends for the financial year 2008.
  - On 10 August 2009, Ilkka-Yhtymä Oyj purchased a total of 7,500,000 shares in Alma Media Corporation at a per-share price of EUR 4.75. Following the purchase, Ilkka-Yhtymä Oyj's holding in Alma Media Corporation increased to 20.4% and Alma Media Corporation thus became an associated company of Ilkka-Yhtymä Oyj.
  - The purchase of shares in Alma Media was financed on a temporary basis through a debt-financing-type short-term loan arrangement. In order to repay the temporary financing and to strengthen the Company's capital structure, Ilkka-Yhtymä Oyj carried out a share issue which raised approximately EUR 38.5 million, excluding the expenses entailed by the issue. In the Group income statement, Ilkka-Yhtymä Oyj's share of Alma Media Corporation's profit is included in the Group's operating profit.

## KEY FIGURES

	9/2009	9/2008	12/2008
Earnings/share (EUR)	0.43	0.64	0.70
Shareholders' equity/share (EUR)	3.79	2.49	1.20
Average number of personnel	371	398	393
Investments (EUR 1 000) *)	36 731	55 697	56 348
Interest-bearing dept (EUR 1 000)	40 022	43 500	43 607
Equity ratio, %	66.2	47.5	30.9
Adjusted average number of shares during the period	19 424 354	19 307 920	19 307 920
Adjusted number of shares on the balance sheet date	25 665 208	19 307 920	19 307 920

\*) Includes investments in tangible and intangible assets and shares in associated companies and in available-for-sale financial assets (shares).  
Taxes included in the income statement are taxes corresponding to the result for the period under review.

## OUTLOOK FOR 2009

In 2009, media advertising will decline in Finland as a result of the recession. In spite of consumer wariness, newspapers' circulation income is predicted to enjoy slight growth due to price increases. Printing volumes have fallen as reduced media advertising leads to reductions in numbers of pages. Declining printing volumes have entailed even tougher competition.

The net sales of Ilkka-Yhtymä Group will decrease as the recession cuts demand for publishing and printing services.

Group operating profit from Ilkka-Yhtymä's own operations and operating profit as a percentage of net sales, excluding the share of the associated company Alma Media's profit, are expected to decrease significantly in spite of the ongoing enhancement measures.

In addition, the year's results will depend on interest-rate trends, any trading in securities and the price performance of securities investments. The profit for the entire financial year will remain weaker than in 2008.

The associated company Alma Media Corporation has a significant impact on Group operating profit and profit.

## PERSONNEL

During the period under review, the Group employed approximately 371 (398) persons.

Arno Aho, who had assumed the duties of Chief Editor of the newspaper Pohjalainen in the beginning of June, was invited as Chief News Editor and Deputy Editor-in-Chief in Kauppalehti as of 1 September 2009. For Pohjalainen, Kalle Heiskanen was selected as its new Editor-in-Chief. He is currently functioning as third chief editor in Turun Sanomat and is also heading the shared editorial department of Turun Sanomat, Väli-Suomen Media and Kaleva located in Helsinki. Kalle Heiskanen will take up his duties as Pohjalainen's Editor-in-Chief in early 2010.

As a result of cooperation negotiations conducted in Ilkka-Yhtymä in March, arrangements concerning holiday bonuses were agreed together with the personnel. These arrangements are expected to yield cost savings of approximately EUR 1 million, with EUR 0.9 million of these recorded by the end of the period under review. In addition to this, in Ilkka-Yhtymä Group's production company I-print Oy, the negotiations entailed the dismissal of 6 employees on production-related grounds.

In the spring of 2009, Ilkka-Yhtymä launched a Group-wide development programme for 2010-2011 in order to prepare for the weakening market conditions caused by the prolonged recession.

In May, Ilkka-Yhtymä Oyj's Board of Directors decided to consolidate the Group's publishing operations, currently being carried out in three different companies, into one company whose principal offices will continue to remain in Vaasa and Seinäjoki, as of the beginning of 2010. Local newspapers will continue their operations in their respective circulation areas.

The long-term printing contract between Ilkka-Yhtymä's printing house I-print Oy and HSS Media Ab will expire on 31 December 2009. Consequently, I-print Oy initiated cooperation negotiations on 31 August 2009 with the purpose of closing down the operations of the Vaasa printing unit responsible for printing HSS Media Ab's papers (e.g. Vasabladet) and in order to centralise printing operations in Seinäjoki by early 2010. The cooperation negotiations ended on 22 October 2009, affecting 18 employees in I-print Oy's printing and maintenance team in Vaasa. As a result of these negotiations, three employees will retire and seven will be dismissed.

At this stage in the term of the contract, HSS Media's newspapers have annually accounted for around 10% of I-print Oy's net sales. During the last two years, their share of I-print Oy's net sales has been around 15% and some 5% of Ilkka-Yhtymä Group's net sales.

(Entire Ilkka-Yhtymä Oyj interim report for Q3/2009 available at [www.ilkka-yhtyma.fi](http://www.ilkka-yhtyma.fi))



**ILKKA-YHTYMÄ**