



Interim Report September 2, 2009

## EDITA GROUP INTERIM REPORT JANUARY 1 – JUNE 30, 2009

### Increase in net revenue and operating profit

The net revenue of the Edita Group's continuing operations increased 9 percent in January-June, totaling EUR 57.4 million (EUR 52.5 million). This increase was mainly due to the acquisition in Sweden in 2008. Operating profit increased 12 percent, to EUR 2.4 million (EUR 2.2 million). The higher operating profit was the result of efficiency measures taken.

| EDITA GROUP KEY FIGURES                               |           | Jan-Jun 2009 | Jan-Jun 2008 | Jan-Dec 2008 |
|---|-----------|--------------|--------------|--------------|
| <b>Continuing operations</b>                          |           |              |              |              |
| Net revenue   | EUR 1 000 | 57 391       | 52 532       | 111 078      |
| Operating profit                                      | EUR 1 000 | 2 408        | 2 158        | 3 615        |
| Profit/loss for the period                            | EUR 1 000 | 1 172        | 1 050        | 3 815        |
| <b>Discontinued operations</b>                        |           |              |              |              |
| Profit/loss on discontinued operations for the period | EUR 1 000 | 0            | -657         | -657         |
| <b>Profit/loss for the period</b>                     | EUR 1 000 | <b>1 172</b> | <b>393</b>   | <b>3 158</b> |
| Earnings per share (EPS), continuing operations       | EUR       | 0.19         | 0.17         | 0.64         |
| Average number of employees, continuing operations    |           | 920          | 760          | 896          |
| Gross investment                                      |           | 1 970        | 8 307        | 37 736       |
| Balance sheet   | EUR 1 000 | 91 887       | 84 694       | 93 748       |
| Equity-to-assets ratio, %                             | %         | 33.3         | 34.9         | 31.1         |
| Gearing, %  | %         | 82.3         | 14.7         | 83.9         |
| Interest-bearing liabilities                          | EUR 1 000 | 34 501       | 22 479       | 35 544       |
| Cash and cash equivalents                             | EUR 1 000 | 9 731        | 24 525       | 11 403       |
| Net debt  | EUR 1 000 | 24 770       | -2 045       | 24 141       |

### Timo Lepistö, CEO:

"The improvement in Edita's profit performance shows that the structural change made in our business has been fruitful and that we have been able to adjust our operations to the challenging market conditions in the first half of 2009. Although net revenue has fallen by as much as a fifth in some areas, Edita's profitability has remained quite good."

### Group structure

Since the start of the year, the Edita Group has had four business areas: Marketing Services, Editorial Communication, Publishing, and Print & Distribution. No other changes have taken place in Group structure.

## Net revenue and profit

The net revenue of the Group's continuing operations was EUR 57.4 million (EUR 52.5 million), of which EUR 33.7 million (EUR 40.8 million) was accumulated in Finland and EUR 23.9 million (EUR 14.6 million) in Sweden. Consolidated operating profit was EUR 2.4 million (EUR 2.2 million). The figures for discontinued operations in January-June 2008 (EUR -0.7 million) included the costs of shutting down the AP-Paino Oy plant in spring 2008.

The net revenue of the **Marketing Services business area** was EUR 8.3 million (EUR 2.6 million) and operating profit EUR -0.2 million (EUR -0.2 million). Net revenue grew with the acquisition of Citat Group AB, but the overall growth in net revenue was less than expected. This was because of the steep decline of the media market, especially in Sweden. Due to the low net revenue and the cost of these measures, a loss was recorded in Sweden. In Finland, net revenue was on a par with 2008, and operating profit showed an improvement.

The net revenue of the **Editorial Communication business area** was EUR 7.8 million (EUR 0.7 million), and operating profit was EUR 0.4 million (EUR 0.0 million). The acquisition of Citat Group AB boosted net revenue and operating profit. In Finland, net revenue fell and the operating loss grew in comparison with the previous year's figure.

The net revenue of the **Print & Distribution business area** was EUR 36.2 million (EUR 43.4 million) and operating profit EUR 1.7 million (EUR 2.1 million). Net revenue decreased both in Finland and Sweden as a result of deterioration in the economy and tighter market conditions. Operating profit was also down in both countries. Operating profit decreased due to the cost of the adjustment measures.

The net revenue of the **Publishing business area** was EUR 8.2 million (EUR 9.0 million) and operating profit EUR 1.5 million (EUR 1.2 million). The decline in net revenue was due mostly to the contraction in the textbook and non-fiction markets and tighter market conditions.

## Solvency and financial position

The equity-to-assets ratio was 33% (35%). The balance sheet total was EUR 91.9 million (EUR 84.7 million). The improved balance sheet total was due to the acquisition of Citat Group AB in July 2008. Interest-bearing debt was EUR 34.5 million (EUR 22.5 million). Cash and cash equivalents were EUR 9.8 million (EUR 24.6 million) at the end of the period. The figure was reduced by the acquisition of Citat Group AB, which also increased the amount of interest-bearing debt.

## Capital expenditure

The Group's gross capital expenditure in the period was EUR 2.0 million (EUR 8.3 million). The expenditure was mainly replacement investments, the principle replacements being printing presses for Edita Prima Oy and Edita Västra Aros AB.

## Risks and risk management

The Group's risks are assessed by conducting a regular risk survey. The principal risks concern economic downturn, exchange rates and accumulation of trade receivables.

To prepare for the weakening of general economic conditions and for tougher competition in the printing industry, Edita already took measures to adjust its Finnish operations during the fall of 2008. The adjustment measures were continued in Finland and were also implemented in Sweden in the first half-

year of 2009. A significant deterioration in market conditions and a faster-than-expected increase in raw material prices and other costs may weaken the Group's profitability in 2009.

The Group's foreign exchange risk grew due to the acquisitions in Sweden. Hedging was used in preparation for weakening exchange rates. The decline in market interest rates was taken into consideration in the review of finance risks. Edita hedged some of its interest-bearing debt.

Special attention was paid to the management of credit loss risks. Collection of outstanding debts as well as monitoring the solvency and creditworthiness of customers were enhanced.

### **Board of Directors**

Carina Brorman and Eva Persson were elected as new members of the Edita Plc Board of Directors at the Annual General Meeting of April 29, 2009. Lauri Ratia (chairman), Jarmo Väisänen (vice chairman), Liisa Jauri, Riitta Laitasalo and Timo Löyttyniemi continue as board members.

### **Staff**

The Group employed an average of 920 persons (823) during the review period, and 899 (811) at the end of the period. The average number of personnel in continuing operations was 920 (760). The parent company employed an average of 36 persons (33), and 37 (34) persons at the end of the period.

The acquisition of Citat Group AB in July 2008 increased the average personnel by 274 persons in the Marketing Services and Editorial Communication business areas. In the other business areas, personnel numbers declined as a result of the adjustment measures that were taken.

### **Outlook for the remainder of 2009**

Edita's profit performance is affected significantly by the demand for communications services in Finland and Sweden. In comparison with the first six months, we don't expect the business conditions to improve during the second half of 2009. Edita is ready to react quickly to changes in the market in the second half of 2009 as well.

This interim report has not been audited

Edita Plc

Timo Lepistö  
CEO

ATTACHMENT: Financial statements and Notes to the financial statements

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**ATTACHMENT: Financial statements and Notes to the financial statements**

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**CONDENSED CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME (IFRS) (EUR 1 000)**

Jan 1–Jun 30 2009 Jan 1–Jun 30 2008 Jan 1–Dec 31 2008

**Continuing operations**

|   |               |               |                |
|---|---------------|---------------|----------------|
| <b>Net Revenue</b>                      | <b>57 391</b> | <b>52 532</b> | <b>111 078</b> |
| Other operating income                  | 667           | 278           | 1 136          |
| Cost of sales                           | -55 717       | -50 719       | -108 602       |
| Share of profit in associated companies | 67            | 66            | 2              |

**Operating profit** **2 408** **2 158** **3 615**

|                    |      |        |        |
|--------------------|------|--------|--------|
| Financial income   | 121  | 603    | 1 689  |
| Financial expenses | -990 | -1 064 | -1 185 |

**Profit before taxes** **1 540** **1 697** **4 119**

|              |      |      |      |
|--------------|------|------|------|
| Income taxes | -367 | -647 | -304 |
|--------------|------|------|------|

**Profit on continuing operations for the period** **1 172** **1 050** **3 815****Discontinued operations**

|   |   |      |      |
|---|---|------|------|
| Profit/loss on discontinued operations for the period | 0 | -657 | -657 |
|---|---|------|------|

**Profit for the period** **1 172** **393** **3 158****Other comprehensive income:**

|  |     |     |        |
|--|-----|-----|--------|
| Available-for-sale financial assets                      | 11  | -51 | -51    |
| Translation differences                                  | 100 | -53 | -3 285 |
| Net gain on hedge of net investment                      | 20  | 0   | 0      |
| Tax relating to components of other comprehensive income | -3  | 10  | 10     |
| Other comprehensive income after taxes                   | 128 | -94 | -3 326 |

**Total comprehensive income:** **1 300** **299** **-169****Profit for the period attributable to**

|                               |       |      |       |
|-------------------------------|-------|------|-------|
| Parent company's shareholders | 1 169 | 739  | 3 160 |
| Minority interests            | 3     | -346 | -2    |

**Total comprehensive income attributable to**

|                               |       |      |      |
|-------------------------------|-------|------|------|
| Parent company's shareholders | 1 297 | 646  | -141 |
| Minority interests            | 3     | -346 | -27  |

Earnings per share calculated on the profit attributable to shareholders of the parent company:

|   |      |       |       |
|---|------|-------|-------|
| Basic earnings per share, continuing operations   | 0.19 | 0.17  | 0.64  |
| Basic earnings per share, discontinued operations | 0.00 | -0.05 | -0.11 |
| Basic earnings per share                          | 0.19 | 0.12  | 0.53  |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) (EUR 1 000)

| <b>ASSETS</b>   | <b>Jun 30 2009</b> | <b>Jun 30 2008</b> | <b>Dec 31 2008</b> |
|---|--------------------|--------------------|--------------------|
| <b>NON-CURRENT ASSETS</b>                                 |                    |                    |                    |
| Tangible fixed assets                                     | 32 137             | 32 535             | 32 125             |
| Goodwill  | 18 387             | 2 127              | 18 343             |
| Other intangible assets                                   | 2 198              | 598                | 2 274              |
| Interests in associated companies                         | 2 262              | 2 706              | 2 302              |
| Other financial assets                                    | 432                | 433                | 432                |
| Deferred tax assets                                       | 285                | 224                | 361                |
|   | 55 699             | 38 622             | 55 836             |
| <b>CURRENT ASSETS</b>                                     |                    |                    |                    |
| Inventories   | 8 009              | 5 924              | 6 768              |
| Sales receivables and other receivables                   | 18 357             | 15 559             | 19 633             |
| Tax receivables   | 30                 | 0                  | 42                 |
| Other current financial assets at fair value              | 62                 | 65                 | 65                 |
| Cash and cash equivalents                                 | 9 731              | 24 525             | 11 403             |
|   | 36 188             | 46 072             | 37 912             |
| <b>Total assets</b>                                       | <b>91 887</b>      | <b>84 694</b>      | <b>93 748</b>      |
| <b>EQUITY AND LIABILITIES</b>                             |                    |                    |                    |
|   | <b>30.6.2009</b>   | <b>30.6.2008</b>   | <b>31.12.2008</b>  |
| <b>EQUITY</b>   |                    |                    |                    |
| Share capital   | 6 000              | 6 000              | 6 000              |
| Premium reserve   | 25 870             | 25 870             | 25 870             |
| Fair value reserve  | 22                 | 14                 | 14                 |
| Retained profits  | -1 891             | -2 385             | -3 171             |
| Equity attributable to shareholders of the parent company | 30 001             | 29 499             | 28 712             |
| Minority interests  | 6                  | 2                  | 0                  |
| Total equity  | 30 007             | 29 501             | 28 712             |
| <b>LIABILITIES</b>  |                    |                    |                    |
| <b>Non-current liabilities</b>                            |                    |                    |                    |
| Capital loan  | 0                  | 6 433              | 0                  |
| Pension obligations                                       | 1 728              | 1 915              | 1 710              |
| Interest-bearing non-current liabilities                  | 27 471             | 15 748             | 28 617             |
| Non-current provisions                                    | 2 039              | 5 327              | 2 804              |
| Deferred tax liabilities                                  | 1 818              | 1 572              | 1 920              |
|   | 33 057             | 30 995             | 35 051             |
| <b>Current liabilities</b>                                |                    |                    |                    |
| Installments on interest-bearing non-current liabilities  | 5 301              | 4 817              | 5 216              |
| Advances received   | 1 864              | 47                 | 1 556              |
| Accounts payable and other current liabilities            | 21 199             | 19 335             | 23 212             |
| Tax liabilities   | 460                | 0                  | 0                  |
|   | 28 823             | 24 198             | 29 984             |
| <b>Total equity and liabilities</b>                       | <b>91 887</b>      | <b>84 694</b>      | <b>93 748</b>      |

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**CONDENSED CONSOLIDATED STATEMENT \* (EUR 1 000)****OF CASH FLOWS**

Jan 1-Jun 30 2009 Jan 1-Jun 30 2008 Jan 1-Dec 31 2008

\* Including discontinued operations

**Cash flow from operating activities**

|   |               |               |                |
|---|---------------|---------------|----------------|
| Profit for the period                                 | 1 172         | 393           | 3 158          |
| Adjustments   | 3 039         | 2 364         | 2 714          |
| Changes in working capital                            | -1 666        | -734          | 81             |
| Interest paid   | -990          | -442          | -596           |
| Interest received                                     | 118           | 576           | 1 287          |
| Taxes paid  | 78            | -1 094        | -1 332         |
| <b>Net cash flow from operating activities</b>        | <b>1 751</b>  | <b>1 063</b>  | <b>5 312</b>   |
| <b>Net cash flow from investing activities</b>        | <b>-1 310</b> | <b>-7 682</b> | <b>-29 256</b> |
| <b>Net cash flow from financing activities</b>        | <b>-2 136</b> | <b>2 218</b>  | <b>6 920</b>   |
| <b>Change in cash and cash equivalents</b>            | <b>-1 694</b> | <b>-4 401</b> | <b>-17 025</b> |
| Cash and cash equivalents at start of the period      | 11 468        | 29 041        | 29 041         |
| Effect of changes in exchange rates                   | 10            | -9            | -507           |
| Effect of changes in fair value investments           | 8             | -41           | -41            |
| <b>Cash and cash equivalents at end of the period</b> | <b>9 792</b>  | <b>24 590</b> | <b>11 468</b>  |

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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

|                                   | Shareholders' equity attributable to parent company shareholders |                    |                         |                    |                   |        | Minority interests | Equity total |
|-----------------------------------|--|--------------------|-------------------------|--------------------|-------------------|--------|--------------------|--------------|
|                                   | Share capital  | Share premium fund | Translation differences | Fair value reserve | Retained earnings | Total  |                    |              |
| Shareholders' equity Jan 1 2008   | 6 000  | 25 870             | -228                    | 55                 | -2 843            | 28 854 | 207                | 29 061       |
| Dividends paid from subsidiary    |  |                    |                         |                    |                   |        | -57                | -57          |
| Acquisition of minority interests |  |                    |                         |                    |                   |        | -150               | -150         |
| Change in net investment          |  |                    |                         |                    |                   |        | 347                | 347          |
| Total comprehensive income        |  |                    | -53                     | -41                | 739               | 646    | -346               | 299          |
| Shareholders' equity Jun 30 2008  | 6 000  | 25 870             | -280                    | 14                 | -2 104            | 29 499 | 2                  | 29 501       |
| Shareholders' equity Jan 1 2009   | 6 000  | 25 870             | -3 465                  | 14                 | 294               | 28 712 | 0                  | 28 712       |
| Change in minority interests      |  |                    |                         |                    |                   |        | 3                  | 3            |
| Total comprehensive income        |  |                    | 120                     | 8                  | 1 169             | 1 297  | 3                  | 1 300        |
| Shareholders' equity Jun 30 2009  | 6 000  | 25 870             | -3 345                  | 22                 | 1 454             | 30 001 | 6                  | 30 007       |

## Edita Plc

## KEY INDICATORS OF FINANCIAL PERFORMANCE

|  |           | Jan-Jun 2009 | Jan-Jun 2008 | Jan-Dec 2008 |
|--|-----------|--------------|--------------|--------------|
| Net revenue  | EUR 1 000 | 57 391       | 55 146       | 113 692      |
| Net revenue, continuing operations                 | EUR 1 000 | 57 391       | 52 532       | 111 078      |
| exports and foreign operations, %                  |           | 42.8         | 29.6         | 38.0         |
| Operating profit                                   | EUR 1 000 | 2 408        | 1 518        | 2 975        |
| Operating profit, continuing operations            | EUR 1 000 | 2 408        | 2 158        | 3 615        |
| % of net revenue                                   |           | 4.2 %        | 4.1 %        | 3.3%         |
| Profit before taxes                                | EUR 1 000 | 1 540        | 1 037        | 3 459        |
| Profit before taxes, continuing operations         | EUR 1 000 | 1 540        | 1 697        | 4 119        |
| % of net revenue                                   | %         | 2.7          | 3.2          | 3.7          |
| Profit/loss for the period                         | EUR 1 000 | 1 172        | 393          | 3 158        |
| Profit/loss for the period, continuing operations  | EUR 1 000 | 1 172        | 1 050        | 3 815        |
| Equity-to-assets ratio, %                          | %         | 33.3         | 34.9         | 31.1         |
| Gearing, %   | %         | 82.3         | 14.7         | 83.9         |
| Gross capital expenditure                          | EUR 1 000 | 1 970        | 8 307        | 37 736       |
| % of net revenue                                   |           | 3.4          | 15.8         | 33.2         |
| Average number of employees                        |           | 920          | 823          | 929          |
| Average number of employees, continuing operations |           | 920          | 760          | 896          |
| Earnings per share (EPS)                           | EUR       | 0.19         | 0.12         | 0.53         |
| Earnings per share (EPS), continuing operations    | EUR       | 0.19         | 0.17         | 0.64         |
| Cash flow from operations/share                    | EUR       | 0.29         | 0.18         | 0.89         |
| Equity per share                                   | EUR       | 5.00         | 4.92         | 4.79         |
| No. of shares, adjusted for share issue            |           | 6 000 000    | 6 000 000    | 6 000 000    |

## Formulae for calculating key indicators

Earnings per share, EUR

$$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Number of shares on closing date (adjusted for share issue)}}$$

Equity-to-assets ratio, %

$$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Total assets} - \text{advances received}}$$

Gearing, %

$$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Shareholders' equity} + \text{minority share}}$$



## Collateral and contingent liabilities

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| COLLATERAL AND CONTINGENT LIABILITIES (EUR 1 000)                        | Jan-Jun 2009 | Jan-Jun 2008 | Jan-Dec 2008 |
|--|--------------|--------------|--------------|
| Loans from financial institutions secured by mortgages and pledges       |              |              |              |
| Corporate mortgages given  | 2 992        | 1 072        | 2 978        |
| Property mortgages given   | 2 018        | 2 018        | 2 018        |
| Pledged machinery and equipment  | 3 925        | 1 667        | 1 078        |
| Debts secured by shares  |              |              |              |
| Carrying amount of pledged shares  | 610          | 0            | 607          |
| Other collateral given on behalf of shareholders                         |              |              |              |
| Property mortgages given   | 88           | 88           | 88           |
| Pledged deposits   | 20           | 30           | 21           |
| Minimum leases payable on the basis of non-cancellable operating leases: |              |              |              |
| Within one year  | 2 558        | 1 474        | 3 008        |
| 1-5 years  | 4 116        | 3 330        | 4 955        |
|  | 6 674        | 4 804        | 7 963        |

## Principal accounting policies (IFRS) for the interim report

The Edita Group's interim report was prepared in accordance with the IAS 34 Interim Financial Reporting standard, and the preparation of the report was in compliance with the IFRS standards and interpretations approved for application in the EU and valid on January 1, 2009.

With the exception of the effects of implementing the standards described below, the accounting principles applied in preparing this interim report are the same as those described in the notes to the 2008 financial statements:

### IAS 1 (revised 2007) Presentation of Financial Statements

The revision concerns the presentation of the financial statements and the statement of changes in equity. The revision of the standard includes terminological changes and the headings of the principal statements.