

# Alma Media Corporation

Q1 Interim Report 2019

25 April 2019



Alma Media's Interim Report January–March 2019:

**Adjusted operating profit improved in all business segments in Q1. Revenue declined, mainly due to divestments. The share of the digital business exceeded 50%.**

#### Financial performance January–March 2019:

- Revenue MEUR 85.0 (92.2), down 7.8%.
- Adjusted operating profit MEUR 14.4 (12.2), 16.9 % (13.2%) of revenue, up 17.9%.
- Operating profit MEUR 14.4 (12.9), 16.9 % (14.0%) of revenue, up 11.7%.
- Earnings per share EUR 0.12 (0.11).
- Alma Markets: The growth of the recruitment business slowed down, the housing and car marketplaces business in Finland continued to grow.
- Alma Talent: Digital content revenue in Finland grew strongly.
- Alma Consumer: Cost savings improved profitability.

#### Business segments' adjusted operating profit, January–March, MEUR (excluding non-allocated operations)



KEY FIGURES MEUR	2019 Q1	2018 Q1	Change %	2018 Q1–Q4
Revenue	85.0	92.2	-7.8	354.6
Content revenue	27.6	31.0	-11.1	114.8
Content revenue, print	23.0	26.7	-13.9	97.9
Content revenue, digital	4.6	4.3	6.2	16.9
Advertising revenue	44.6	46.7	-4.6	185.7
Advertising revenue, print	11.0	13.9	-20.8	50.6
Advertising revenue, digital	33.4	32.2	3.5	132.7
Service revenue	12.9	14.5	-10.9	54.1
Adjusted total expenses	70.8	80.1	-11.6	297.9
Adjusted EBITDA	20.1	16.4	22.5	72.9
EBITDA	20.1	17.1	17.6	76.6
Adjusted operating profit	14.4	12.2	17.9	57.3
% of revenue	16.9	13.2		16.2
Operating profit (loss)	14.4	12.9	11.7	61.0
% of revenue	16.9	14.0		17.2
Profit for the period	11.3	10.4	7.8	47.9
Earnings per share, EUR (undiluted and basic)	0.12	0.11	9.3	0.51
Digital business revenue	43.1	41.9	2.9	170.3
Digital business, % of revenue	50.7	45.4		48.0

## Operating environment in 2019

Finland and Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth, but the rate of growth is predicted to slow down in 2019. Uncertainty about the economic development in Germany has increased and, due to its indirect effects, demand for recruitment advertising has declined in certain sectors in the Czech Republic and Slovakia.

The structural transformation of the media will continue; online advertising and content sales will grow, while the demand for print media will decline. The profitability of print media will be reduced by higher distribution and delivery costs as well as volume-linked costs. Data, analytics, machine learning and automation will become increasingly important, which calls for increasing technology investments. The areas of digital advertising that are expected to see the fastest growth are search engine, social media, mobile and video advertising as well as content marketing.

## Outlook for 2019 (unchanged)

In 2019, Alma Media expects its full-year revenue to be at the previous year's level and its adjusted operating profit to increase compared to 2018. The full-year revenue for 2018 was MEUR 354.6 and the adjusted operating profit was MEUR 57.3.

## Market situation in the main markets

According to Kantar TNS, the total advertising volume in Finland decreased by 1.6% (2.3%) in January–March 2019, while advertising in online media increased in Finland by 2.0% (6.9% in the first quarter of the year). Advertising in city papers and newspapers declined by 6.0% (11.0%) in Finland. Advertising in magazines in Finland decreased in January–March by 4.5% (7.2%). In terms of volume, the total market for afternoon papers in Finland declined by 9.0% (12.5%) in the first quarter of 2019.

According to Sveriges Mediebyråer, the total advertising volume in Sweden decreased by 1.0% (increased 4.3%) in January–March 2019. During the same period, online media advertising increased by 5.3% (5.2%) in Sweden, while advertising in trade magazines decreased by 20.3% (20.3%).

Alma Media's main markets in Eastern Central Europe are the Czech Republic and Slovakia. According to the European Commission's forecast, the Czech Republic's GDP will grow by 2.9% in 2019. In Slovakia, GDP growth in 2019 will be 4.1% according to the European Commission's forecast.

## Kai Telanne, President and CEO:

In the first quarter of 2019, all of Alma Media's business segments improved their profitability. The digital business's share of our revenue exceeded 50 per cent during the review period. The increase in digital sales, last year's cost reduction measures and the divestment of business operations with negative or low profitability boosted the Group's adjusted operating profit to 16.9 per cent of revenue. Our revenue declined, mainly due to divestments but also weighted down by the print media market.

Alma Markets' recruitment business reflected the generally slowing economic growth. The recruitment business continued to grow but more slowly, especially in the Czech Republic and Finland. The positive trend in the housing and car marketplaces business in Finland continued in January–March. The segment's expenses were increased by the further development of existing online services, such as Etuovi, and investments in new products and markets.

The development of Alma Talent's media business in Finland was positive during the review period. Digital content sales increased by 21 per cent; in Kauppalehti, it more than compensated for the decline in print media content revenue. Advertising sales targeted at B2B customers developed favourably in Finland. In Sweden, the decline of advertising and divested and discontinued operations impaired revenue but, thanks to efficiency improvements made, the unit's profitability improved in January–March.

The majority of the decrease in Alma Consumer's revenue is due to the divestment of newspapers in Northern Finland carried out during the comparison period. Starting from the second quarter, the divestment will no longer influence reporting. In January–March, factors that reduced revenue organically included the decline in print

advertising and Italehti's single-copy sales as well as lower external printing volumes. Similarly to Alma Talent, Alma Consumer continued to experience two-digit growth in digital content sales. Profitability was improved by cost savings achieved with last year's restructuring related to segment integration and the decrease in external content purchases.

As subscription invoicing takes place at the beginning of the year, our cash flow strengthened, amounting to MEUR 30.3. The equity ratio stood at 46.1 per cent at the end of March and gearing was 33.1 per cent. The IFRS 16 standard on leases that was adopted at the beginning of the year has an impact on key figures. The adoption of the standard increased Alma Media's first-quarter EBITDA by MEUR 1.9, and net debt by MEUR 52.0. It had no impact on operating profit.

Although growth forecasts for 2019 have generally been revised downwards and uncertainty has increased, Alma Media is in good position for coming quarters. The forecasts for Alma Media's operating countries in Eastern Central Europe still predict GDP growth of 2.5–4 per cent and a decrease in unemployment. Good digital content sales development is an indication of readers' increasing willingness to pay for digital content and of appropriately selected measures for strengthening the digital subscription operating model. Softness of the domestic advertising market and intensifying competition between domestic media operators and international platforms continue. However, we believe that we are in a better-than-average position when it comes to compensating for the decline in print media with increasing digital advertising. Our scalable and efficient digital business model makes it possible to improve profitability and our strong balance sheet allows investments in business growth.

### **Strategy and related activities during the review period**

Alma Media creates sustainable growth by taking advantage of the opportunities presented by the digital transformation. The objective is to increase shareholder value through revenue growth and improved profitability. Alma Media is developing and expanding its current business operations and seeking growth opportunities in new businesses and markets. The company will remain on the path of internationalisation. In addition to organic growth, the improvement of profitability will be accelerated by acquisitions.

Alma Media will respond to consumers' changing media consumption and build its publishing brands into multi-channel media solutions. In the media business, the shift from print to digital media will continue with the development of digital content and marketing solutions in line with customer needs, ensuring that the Group's media are valued as the leading brands in their respective regions and communities. In order to increase service revenue, Alma Media will increase its digital offering by launching new products and services, also outside publishing operations.

For the 2018–2020 strategy period, Alma Media has selected five strategic cross-business initiatives that are particularly aimed at the growth and development of digital business. Cooperation and synergies between the Group's various businesses will be leveraged in the execution of the initiatives. The strategic initiatives are as follows: 1) centralised national media sales through Alma Media Solutions; 2) aiming for growth in digital content revenue through eCom; 3) utilising data in business while taking regulatory requirements into consideration; 4) Alma themes and services focused on special content areas and services; and 5) growth and management of visitor traffic.

The strategic initiative aims at boosting content and media sales through increasing incoming visitor flow, cross-brand traffic and length of visit per user. The focus of the initiative is on attracting visitors outside the Alma digital network and in directing visitors from one Alma digital service or media site to another. The goal of the strategic initiative is to optimize the customer experience in Alma's media and services by improving the ways in which content is offered and through personalisation in different phases of the customer journey, for instance. Supported by analytics and based on customer insight, better offers of content and services to readers and users are enabled, leading to stronger customer engagement. An engaged user is a more valuable contact also for advertisers.

The Alma Markets segment grows the recruitment business and market share by acquisitions, and the strategy is supported by product and service greenfield investments in the Alma Career network's subsidiary countries or their nearby regions. During the review period, the Czech subsidiary LMC continued to invest in the new mobile recruitment service in Poland, the Slovakian recruitment company Profesia strengthened the Workania service in Hungary and the Croatian company MojPosao was implementing its operating models and products into an associated company in Macedonia as well as starting recruitment business operations in Slovenia.

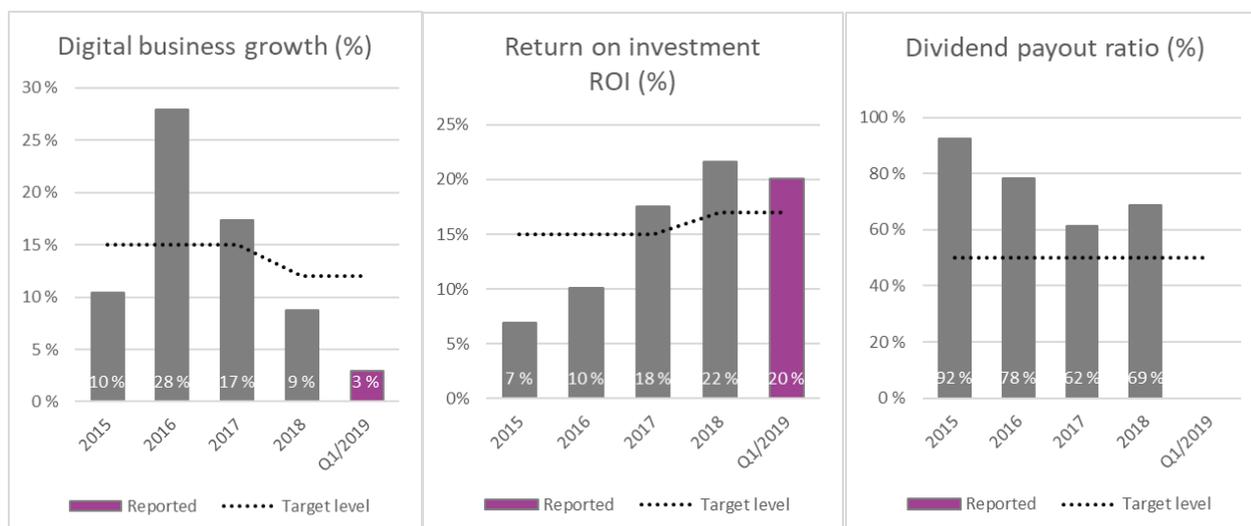
Etuovi.com is one of Alma Markets' services and Finland's largest service for finding a new home. It was renewed during the review period and now the website can be used by both mobile and desktop customers on various devices. The new features of the service include, for instance, a LMC-developed algorithm for recommending homes to users and an apartment price calculator that utilises machine learning. The renewal has shifted the focus to mobile service and already 67 per cent of all users use the service with a mobile device (phones+tablets). Etuovi has approximately 1.6 million unique visitors each month (source: FIAM-Comscore, January–February 2019) and displays an average of more than 60,000 housing ad listings per week.

During the review period, Alma Markets also launched Tunto, a digital service that sheds light on the employer image of various companies. The service gives its users access to anonymous employer reviews and offers them the opportunity to share their experiences of employers. In order to establish a comprehensive profile of the featured companies, Tunto complements the user reviews with the employers' financial information retrieved from Alma Talent's business information service. At the end of the review period, there were nearly 1,800 peer reviews recorded in the service. In addition, the baseline data of the service consists of approximately 1,000 reviews collected in surveys.

In line with its digital strategy, Alma Talent continued renewing its media during the review period: Tivi, targeted at IT specialists and decision-makers, underwent a digital renewal, in which some of the content became subject to a charge and the content was expanded to also cover Alma Talent's IT business data, the sector's jobs and IT professional training and coaching. Tivi's print and digital versions reach 109,000 readers every week (KMT 2018). In the gradual digital transformation of Alma Talent's media, websites are moved to the same technical platform, which facilitates their maintenance and increases cooperation among Alma Talent's editorial teams as well as opportunities to direct visitor traffic between different media.

Machine learning can also be utilised in the moderation of reader comments. The use of machine learning based moderation in Iltalehti's news-related comments was started in late 2018. In the review period, already 60 per cent of comment moderation decisions were made by machine. AI-based moderation generates cost savings and accelerates the flow of online discussion on websites. In addition, the quality of automatic moderation varies less than that of traditional moderation. Automatic moderation and the simultaneous expansion of the comment feature to Iltalehti's applications have nearly doubled news-related comment volumes. The goal is to further expand AI-based moderation in Iltalehti and start using it in other Alma's media, too.

**Alma Media's long-term financial targets:**



The figures are compared in accordance with the International Financial Reporting Standards (IFRS) with those of the corresponding period in 2018, unless otherwise stated. The figures in the tables are independently rounded.

Alma Media Corporation additionally uses and presents Alternative Performance Measures to better illustrate the operative development of its business and to improve comparability between reporting periods. The Alternative Performance Measures are reported in addition to IFRS key figures.

**KEY FIGURES**

<b>INCOME STATEMENT</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>2018</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1–Q4</b>
Revenue	85.0	92.2	-7.8	354.6
Adjusted total expenses	70.8	80.1	-11.6	297.9
Adjusted EBITDA	20.1	16.4	22.5	72.9
EBITDA	20.1	17.1	17.6	76.6
Adjusted operating profit	14.4	12.2	17.9	57.3
% of revenue	16.9	13.2		16.2
Operating profit (loss)	14.4	12.9	11.7	61.0
% of revenue	16.9	14.0		17.2
Profit for the period before tax	14.0	12.9	8.3	60.4
Profit for the period	11.3	10.4	7.8	47.9
<b>BALANCE SHEET</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>2018</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1–Q4</b>
ASSETS	394.9	352.3	12.1	345.6
Net debt	55.1	38.2	44.1	2.0
Interest-bearing liabilities	102.7	64.7	58.6	51.5
Non-interest-bearing liabilities	122.1	135.5	-9.9	107.2
Capital expenditure	1.0	18.5	-94.4	22.1
Equity ratio %	46.1	47.8	-3.4	57.5
Gearing %	33.1	25.2	31.3	1.1
<b>EMPLOYEES</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>2018</b>
	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1–Q4</b>
Average no. of employees, excl. delivery staff and telemarketers	1,853	1,965	-5.7	1,913
Delivery staff and telemarketers on average	1,107	1,159	-4.5	1,149
<b>KEY FIGURES</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>2018</b>
	<b>Q1</b>	<b>Q1</b>	<b>%</b>	<b>Q1–Q4</b>
Return on Equity/ROE (annual)*	28.0	29.8	-6.0	27.8
Return on Investment/ROI (annual)*	20.0	21.2	-5.4	21.7
Earnings per share, EUR (basic)	0.12	0.11	9.3	0.51
Earnings per share, EUR (diluted)	0.12			0.50
Cash flow from operating activities/share, EUR	0.37	0.34	7.4	0.68
Shareholders' equity per share	1.71	1.54	11.2	1.94
Dividend per share				0.35
Effective dividend yield %				6.3
P/E Ratio				10.9
Market capitalisation	497.6	584.9	-14.9	456.4
Average number of shares, basic **)	82,283	82,383		82,147
Average number of shares, diluted (YTD)	83,392	82,383		82,219
Number of shares at end of period	82,283	82,383		82,383

\*) See the accounting principles of the Interim Report. \*\*) The company disposed of 136,519 of its own shares during the review period. At the end of the review period, the company held 99,795 of its own shares.

## REVENUE

### January–March 2019

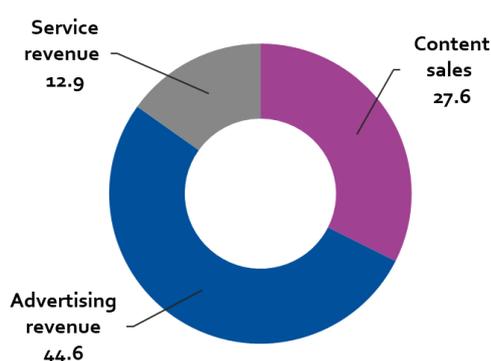
Revenue declined by 7.8% to MEUR 85.0 (92.2) in the first quarter of 2019. The effect of divested and discontinued operations on the decrease in revenue was MEUR 5.7. Comparable revenue decrease was 1.7%.

Content revenue declined by 11.1% to MEUR 27.6 (31.0). Comparable content revenue decrease excluding the effect of divestments was 3.5% and comparable digital content revenue increase was 14.4%.

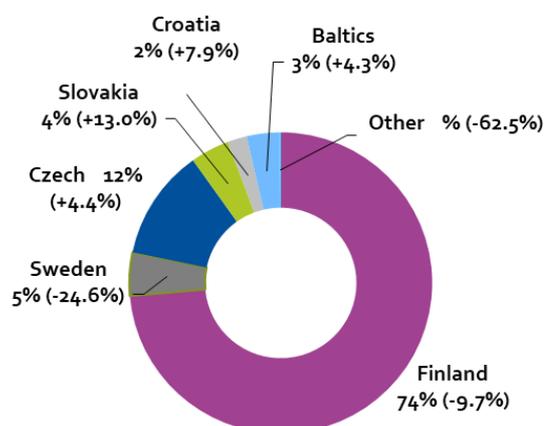
Revenue from advertising sales declined by 4.6% to MEUR 44.6 (46.7). Comparable advertising sales was on a par with the previous year. Comparable print media advertising sales decreased by 8.7% from the comparison period. Comparable digital advertising sales grew by 4.3%.

Service revenue was MEUR 12.9 (14.5) and comparable revenue decrease excluding the effect of divested and discontinued operations was 5.2%. Service revenue includes items such as the sale of information services, the training and direct marketing business and the printing and distribution services sold to customers outside the Group by Alma Manu.

### Revenue split Q1/2019, MEUR



### Geographical revenue split Q1/2019



REVENUE MEUR	2019 Q1	2018 Q1	Change %	2018 Q1–Q4
Alma Markets	25.0	23.8	5.1	96.4
Alma Talent	26.2	27.8	-5.9	108.9
Alma Consumer	34.7	40.7	-15.0	151.7
Segments total	85.8	92.3	-7.1	356.9
Non-allocated operations	-0.8	-0.2	-370.8	-2.3
Total	85.0	92.2	-7.8	354.6

REVENUE BY GEOGRAPHICAL AREA MEUR	2019 Q1	2018 Q1	Change %	2018 Q1–Q4
Segments, Finland	62.8	68.8	-8.8	278.7
Segments, other countries	22.3	22.7	-2.1	73.0
Segments total	85.0	91.5	-7.1	351.7
Non-allocated	0.0	0.6	-106.1	1.5
Group total	85.0	92.2	-7.8	353.2

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

## RESULT

### January–March 2019

Adjusted operating profit was MEUR 14.4 (12.2), or 16.9% (13.2%) of revenue. Operating profit was MEUR 14.4 (12.9), or 16.9% (14.0%) of revenue. The operating profit includes net adjusted items in the amount of MEUR 0.0 (0.7). The non-recurring items in the comparison period were related to gains on the sale of assets.

Total expenses declined in the first quarter by MEUR 9.3. Depreciation included in the total expenses amounted to MEUR 5.7 (4.2). The increase in depreciation was attributable the adoption of the IFRS 16 standard in the Group. The impact of the adoption of the standard on the Group's financial position is described in the accounting principles of the Interim Report.

The result for January–March was MEUR 11.3 (10.4) and the adjusted result was MEUR 11.3 (9.8).

ADJUSTED OPERATING PROFIT (LOSS) MEUR	2019 Q1	2018 Q1	Change %	2018 Q1–Q4
Alma Markets	8.7	8.2	5.9	34.4
Alma Talent	3.8	3.3	17.5	15.5
Alma Consumer	3.2	2.3	36.2	14.4
Segments total	15.7	13.8	13.8	64.3
Non-allocated operations	-1.3	-1.6	20.5	-7.0
Total	14.4	12.2	18.3	57.3

### 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 income statement within the corresponding income or expense group.

ADJUSTED ITEMS MEUR	2019 Q1	2018 Q1	2018 Q1–Q4
Alma Markets			
Gains (losses) on the sale of assets		0.7	0.7
Alma Talent			
Restructuring			-0.6
Gains (losses) on the sale of assets			0.2
Alma Consumer			
Restructuring			-1.0
Gains (losses) on the sale of assets			4.5
Non-allocated			
Gains (losses) on the sale of assets			-0.1
Adjusted items in operating profit		0.7	3.7
Adjusted items in profit before tax		0.7	3.7

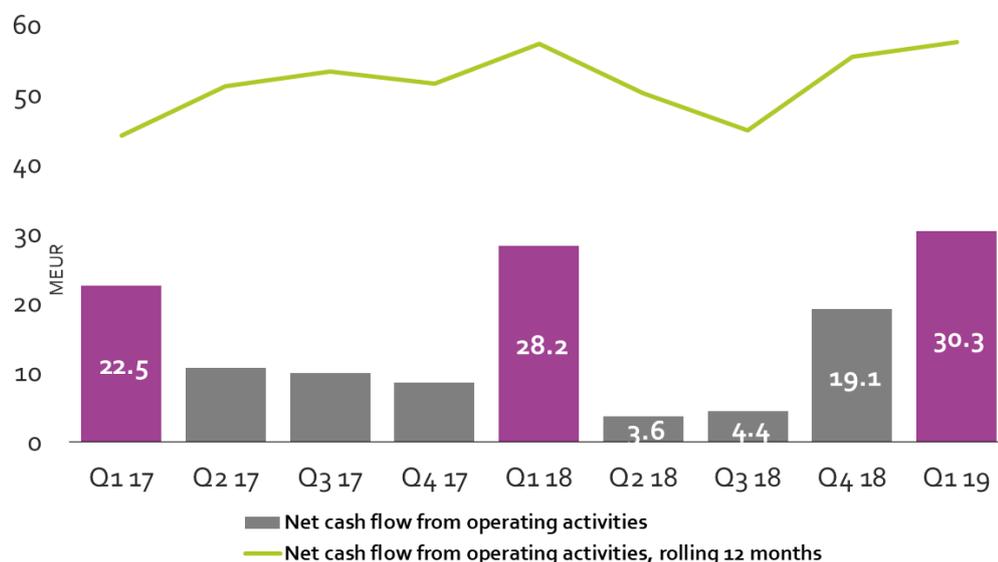
OPERATING PROFIT (LOSS) MEUR	2019 Q1	2018 Q1	Change %	2018 Q1-Q4
Alma Markets	8.7	8.9	-2.4	35.1
Alma Talent	3.8	3.3	17.5	15.1
Alma Consumer	3.2	2.3	36.2	17.9
Segments total	15.7	14.5	8.3	68.1
Non-allocated operations	-1.3	-1.6	21.2	-7.1
Total	14.4	12.9	12.0	61.0

## BALANCE SHEET AND FINANCIAL POSITION

At the end of March 2019, the consolidated balance sheet stood at MEUR 394.9 (352.3). The Group's equity ratio at the end of March was 46.1% (47.8%) and equity per share was EUR 1.71 (1.54).

Consolidated cash flow from operations in January–March was MEUR 30.3 (28.2). Cash flow before financing was MEUR 29.9 (21.9).

### Cash flow from operating activities, MEUR



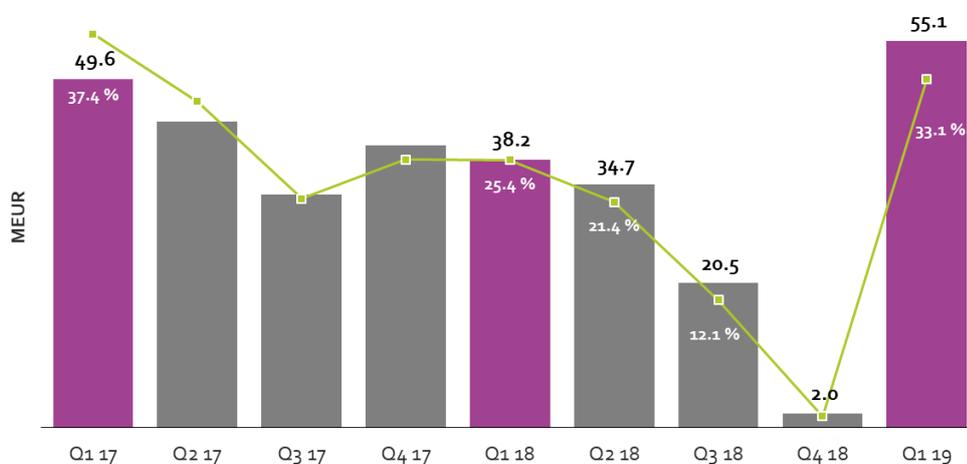
At the end of March 2019, the Group's interest-bearing debt amounted to MEUR 102.7 (64.7), consisting entirely of finance lease liabilities. The Group's interest-bearing net debt stood at MEUR 55.1 (38.2). The increase in interest-bearing debt was attributable the adoption of the IFRS 16 standard in the Group. The impact of the adoption of the standard on the Group's financial position is described in the accounting principles of the Interim Report.

INTEREST-BEARING NET DEBT MEUR	2019 Q1	2018 Q1	2018 Q1-Q4
Interest-bearing long-term liabilities	91.2	54.9	47.3
Short-term interest-bearing liabilities	11.5	9.8	4.2
Cash and cash equivalents	47.6	26.5	49.5
Interest-bearing net debt	55.1	38.2	2.0

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 31 March 2019. The company also has a commercial paper program of MEUR 100 in Finland. The commercial paper program was entirely unused as at 31 March 2019.

Alma Media did not have financial assets created in conjunction with business combinations measured at fair value and recognised through profit or loss at the end of the reporting period. Financial liabilities measured at fair value and recognised through profit or loss amounted to MEUR 8.3.

### Net debt, MEUR and gearing, %



### Changes in Group structure in 2019

In March 2019, Alma Career, a subsidiary of Alma Media, acquired 100% of the Slovenian company Zaposlitev.net d.o.o., the owner of the www.zaposlitev.net recruitment portal.

### Capital expenditure

Alma Media Group's capital expenditure in January–March 2019 totalled MEUR 1.0 (18.5). The capital expenditure mainly consisted of normal operating and maintenance investments.

CAPITAL EXPENDITURE BY SEGMENT		2019	2018	2018
MEUR		Q1	Q1	Q1–Q4
Alma Markets		0.4	16.0	16.5
Alma Talent		0.2	0.2	0.9
Alma Consumer		0.1	1.6	1.9
Segments total		0.7	17.8	19.4
Non-allocated		0.4	0.7	2.7
Total		1.0	18.5	22.1

CAPITAL EXPENDITURE AND ACQUISITIONS		2019	2018	2018
		Q1	Q1	Q1–Q4
Capex		1.0	2.8	6.3
Acquisitions		0.0	15.7	15.7
Total		1.0	18.5	22.1

DEPRECIATION		2019	2018	2018
		Q1	Q1	Q1–Q4
Depreciation of tangible and intangible assets		4.3	2.7	9.9
Amortisation of intangible assets related to acquisitions		1.4	1.4	5.7
Total		5.7	4.2	15.6

## BUSINESS SEGMENTS

Alma Media's reportable segments are Alma Markets, focusing on digital marketplaces and the recruitment business, Alma Talent, a provider of financial media and services aimed at professionals and businesses, and Alma Consumer, which focuses on the consumer media business. 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.

### Alma Markets

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, Workania.hu, MojPosao.net 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, Autojerry.fi, Websales and Webrent. Also reported in this segment are Nettikoti and Talosofta, which specialise 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	2019 Q1	2018 Q1	Change %	2018 Q1-Q4
Revenue	25.0	23.8	5.1	96.4
Advertising revenue	22.8	21.8	4.7	88.6
Service revenue	2.2	2.0	9.4	7.8
Adjusted total expenses	16.3	15.6	4.5	62.1
Adjusted EBITDA	9.9	9.1	9.1	38.1
EBITDA	9.9	9.8	1.3	38.7
Adjusted operating profit	8.7	8.2	5.9	34.4
% of revenue	34.7	34.5		35.7
Operating profit (loss)	8.7	8.9	-2.4	35.1
% of revenue	34.7	37.4		36.4
Employees on average	683	646	5.7	667
Digital business revenue	25.0	23.8	5.1	96.4
Digital business, % of revenue	100.0	100.0		100.0

### January–March 2019

The Alma Markets segment's revenue increased by 5.1% to MEUR 25.0 (23.8) in the first quarter of 2019. The growth of the recruitment business slowed down especially in the Czech Republic and Finland: revenue increased in January–March by 4.0% when compared to the comparison period. The recruitment business represented 76.1% (76.9%) of the segment's revenue. In Finland, especially revenue from the housing and car marketplaces business continued to grow strongly.

Total expenses during the review period amounted to MEUR 16.3 (15.6). Expenses were increased by investments in new online services, the further development of existing online services as well as rising wages due to economic growth, particularly in the Eastern Central European countries. In the first quarter of the year, investments in the business launch in Poland amounted to MEUR 0.7 (0.4).

The Alma Markets segment's adjusted operating profit was MEUR 8.7 (8.2) in the first quarter. The adjusted operating profit was 34.7% (34.5%) of revenue. The segment's operating profit was MEUR 8.7 (8.9). No adjusted items were reported during the review period. The adjusted items in the comparison period were related to a sales gain on an acquisition achieved in stages.

## Alma Talent

The Alma Talent business segment publishes trade and financial media as well as books about business and law. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information and marketing services. Alma Talent has operations in Finland, Sweden and the Baltics. Alma Talent media include Kauppalehti, Talouselämä, Tekniikka & Talous and Arvopaperi. In Sweden, Alma Talent's publications include Affärsvärlden and Ny Teknik.

KEY FIGURES MEUR	2019 Q1	2018 Q1	Change %	2018 Q1-Q4
Revenue	26.2	27.8	-5.9	108.9
Content revenue	11.7	12.4	-5.9	47.7
Content revenue, print	8.7	9.8	-11.2	36.6
Content revenue, digital	3.0	2.7	13.6	11.1
Advertising revenue	7.5	8.0	-5.9	33.4
Advertising revenue, print	3.3	3.5	-5.5	13.9
Advertising revenue, digital	4.1	3.9	3.0	17.0
Service revenue	6.9	7.4	-6.0	27.8
Adjusted total expenses	22.4	24.6	-9.0	93.6
Adjusted EBITDA	5.1	4.3	19.1	19.5
EBITDA	5.1	4.3	19.1	19.1
Adjusted operating profit	3.8	3.3	17.5	15.5
% of revenue	14.6	11.7		14.2
Operating profit (loss)	3.8	3.3	17.5	15.1
% of revenue	14.6	11.7		13.8
Average no. of employees, excl. telemarketers	481	525	-8.5	516
Telemarketers on average	318	334	-4.8	326
Digital business revenue	9.8	9.3	5.3	38.8
Digital business, % of revenue	37.3	33.4		35.6

### January–March 2019

In January–March, the Alma Talent segment's revenue decreased by 5.9% to MEUR 26.2 (27.8). Digital business accounted for 37.3% (33.4%) of the segment's revenue. Revenue in Sweden declined by MEUR 1.3, especially due to divested and discontinued operations and the decrease in advertising.

The Alma Talent segment's content revenue decreased in January–March by 5.9% to MEUR 11.7 (12.4), owing to the declining revenue from Swedish media and book businesses. In the Finnish media business, digital content revenue grew by 21.4%. Kauppalehti's content revenue increased by 4.1%, with digital content sales more than compensating for the decrease in print media revenue.

Advertising revenue decreased by 5.9% to MEUR 7.5 (8.0) due to the decrease in the advertising revenue in Sweden. In Finland, advertising revenue grew by 5.8%. Digital advertising revenue in Finland increased by 11%. Service revenue decline by 6.0% to MEUR 6.9 (7.4), owing to divested and discontinued business operations.

The segment's total expenses decreased by 9% to MEUR 22.4 (24.9). The Alma Talent segment's adjusted operating profit was MEUR 3.8 (3.3) and operating profit MEUR 3.8 (3.3). The adjusted operating profit was 14.6% (11.7%) of revenue. Despite the decrease in revenue from Swedish business operations, restructuring and cost savings improved the unit's profitability in the first quarter of the year. No adjusted items were reported during the review period or the comparison period.

## Alma Consumer

Alma Consumer publishes the print and online editions of the national news media Iltalehti, the regional newspapers Aamulehti and Satakunnan Kansa, and local and town papers published in Pirkanmaa, western Finland and central Finland. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment. The printing and distribution unit Alma Manu is also part of the business segment.

KEY FIGURES MEUR	2019 Q1	2018 Q1	Change %	2018 Q1-Q4
Revenue	34.7	40.7	-15.0	151.7
Content revenue	15.8	18.5	-14.6	67.1
Content revenue, print	14.3	16.9	-15.4	61.3
Content revenue, digital	1.6	1.7	-5.7	5.8
Advertising revenue	14.2	17.0	-16.1	63.9
Advertising revenue, print	7.9	10.7	-25.6	37.5
Advertising revenue, digital	6.3	6.3	-0.1	26.4
Service revenue	4.6	5.2	-12.5	20.6
Adjusted total expenses	31.6	38.4	-17.7	137.6
Adjusted EBITDA	4.4	3.4	29.2	18.3
EBITDA	4.4	3.4	29.2	21.8
Adjusted operating profit	3.2	2.3	34.3	14.4
% of revenue	9.1	5.8	57.9	9.5
Operating profit (loss)	3.2	2.3	34.3	17.9
% of revenue	9.1	5.8	57.9	11.8
Average no. of employees, excl. delivery staff	528	633	-16.6	583
Average no. of delivery staff	788	824	-4.4	821
Digital business revenue	8.4	8.9	-5.2	35.7
Digital business, % of revenue	24.4	21.9		23.5
<b>OPERATIONAL KEY FIGURES</b>				
	2019 Q1	2018 Q1	Change %	2018 Q1-Q4
Printing volume (thousands)	65,790	87,530	-24.8	336,641
Paper usage (tonnes)	5,209	6,986	-25.4	27,925

### January–March 2019

The Alma Consumer segment's revenue declined by 15.0% to MEUR 34.7 (40.7) in January–March. The effect of divested operations on the decrease in revenue was MEUR 4.7. Revenue declined particularly in the print media business. Digital business accounted for 24.4% (21.9%) of the segment's revenue.

The segment's content revenue declined by 14.6% to MEUR 15.8 (18.5) in January–March. Comparable content revenue excluding divested operations decreased by 2.4% mainly as a result of Ittalahti's declining single-copy sales. Comparable digital content revenue grew by 13.8%.

The segment's advertising revenue declined by 16.1% to MEUR 14.2 (17.0). Comparable advertising revenue declined by 5.4%. Comparable digital advertising sales grew by 2.0%.

The segment's service revenue declined by 12.5% to MEUR 4.6 (5.2). Comparable service revenue excluding divested operations decreased by 4.3% due to lower external printing volumes. Sales to external distribution customers grew in the first quarter.

The segment's total expenses were MEUR 31.6 (38.4). Expenses decreased as a result of the divestment of business operations, restructuring carried out in 2018 and the decrease in content purchases. The segment's adjusted operating profit was MEUR 3.2 (2.3), or 9.1% (5.8%) of revenue. No adjusted items were reported during the review period or the comparison period. The segment's operating profit was MEUR 3.2 (2.3).

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

ASSETS BY SEGMENT			
MEUR	31 Mar 2019	31 Mar 2018	31 Dec 2018
Alma Markets	105.5	101.4	98.3
Alma Talent	104.6	107.2	100.5
Alma Consumer	63.6	68.3	62.2
Segments total	273.7	277.0	261.0
Non-allocated assets and eliminations	121.2	75.4	84.6
Total	394.9	352.3	345.6

LIABILITIES BY SEGMENT			
MEUR	31 Mar 2019	31 Mar 2018	31 Dec 2018
Alma Markets	46.0	38.4	35.7
Alma Talent	33.7	32.7	26.1
Alma Consumer	50.7	63.8	40.6
Segments total	130.4	134.8	102.4
Non-allocated liabilities and eliminations	95.3	65.8	56.1
Total	225.7	200.6	158.8

#### Annual General Meeting 2019 and decisions made by the Board of Directors in its constitutive meeting

Alma Media Corporation's Annual General Meeting (AGM) held on 15 March 2019 confirmed the financial statements for 2018 and released the members of the Board of Directors and the President and CEO from liability. The AGM decided that a dividend of EUR 0.35 per share shall be paid for the financial year 2018. The dividend was paid on 26 March 2019.

The AGM confirmed the number of Board members as seven, as proposed by the Board of Directors' Shareholders' Nomination Committee. The AGM re-elected the following current Board members for the new term of office, extending until the end of the subsequent Annual General Meeting: Peter Immonen, Esa Lager, Alexander Lindholm, Petri Niemisvirta, Päivi Rekonen and Catharina Stackelberg-Hammarén, with Jorma Ollila elected as a new member. In its constitutive meeting held after the AGM, the Board of Directors elected Jorma Ollila as its Chairman and Petri Niemisvirta as its Vice Chairman.

The Board of Directors also appointed the members to its permanent committees in its constitutive meeting. Esa Lager, Alexander Lindholm, Petri Niemisvirta and Päivi Rekonen were elected as members of the Audit Committee, with Esa Lager as Chairman. Peter Immonen, Jorma Ollila and Catharina Stackelberg-Hammarén were elected as members of the Nomination and Compensation Committee, with Peter Immonen as Chairman.

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

The decisions of the AGM and the constitutive meeting of the Board of Directors were announced in more detail in a stock exchange release on 15 March 2019.

#### Share, stock markets and Board authorisations

In January–March, altogether 672,399 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 0.8% 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, 29 March 2019, was EUR 6.04. The lowest quotation during the review period was EUR 5.52 and the highest EUR 6.54. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 497.6.

Alma Media Corporation conveyed a total of 136,519 treasury shares without consideration and according to the plan terms to the key management participating in the company's share-based incentive plans LTI 2015 II & LTI 2015 III, launched in 2015. After this, Alma Media Corporation owns a total of 99,795 of its own shares.

The AGM of 15 March 2019 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. 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 2020.

The AGM of 15 March 2019 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 lots. The Board of Directors can use the authorisation to implement incentive programmes for the management or key employees of the company. The authorisation is valid until the following AGM, but not later than 30 June 2020.

The AGM of 15 March 2019 authorised the Board of Directors to decide on a share issue. A maximum of 16,500,000 shares may be issued on the basis of this authorisation. The proposed maximum number of shares corresponds to approximately 20 per cent of the company's entire share capital. The share issue can be implemented by issuing new shares or by transferring treasury shares. 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 lots. The Board can use the authorisation for developing the capital structure of the company, widening the ownership base, financing or executing acquisitions or other arrangements, or for other purposes decided on by the Board. The authorisation cannot, however, be used to implement incentive schemes for the management or key employees of the company. The authorisation is valid until the following AGM, but not later than 30 June 2020.

Alma Media has a long-term share-based incentive scheme for key management (LTI 2015) based on a decision by the Board of Directors announced in a stock exchange release on 27 February 2015. 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 said share investment and the possibility of earning performance-based matching shares.

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

The Board of Directors of Alma Media Corporation has decided on the following share-based incentive schemes for the next three years based on the LTI 2015 scheme: LTI 2015 II (2016), LTI 2015 III (2017) and LTI 2015 IV (2018). The main terms of the incentive schemes correspond to those of the share-based incentive scheme that was launched in 2015.

The Board of Directors has estimated that no new shares will be issued in connection with LTI 2015. Therefore, the plan will have no dilutive effect on the number of the company's registered shares.

In December 2018, the Board of Directors of Alma Media Corporation decided on changes to the share-based, long-term incentive scheme of the company's top management. At the same time, the Board of Directors decided to

establish a new share-based long-term incentive scheme for the other key employees of Alma Media Corporation. The new incentive scheme, LTI 2019, entered into effect from the beginning of 2019.

In the LTI 2019 scheme, aimed at the top management of Alma Media Corporation, the matching share plan consists of annually commencing individual plans, each subject to separate Board approval. Each of the individual plans consists of the following main elements: the individual's own investment in Alma Media's shares as a precondition for the individual's participation in the plan, delivery of matching shares to the participant based on a fixed matching ratio to the participant's share investment after a three-year holding period, the possibility to earn performance-based matching shares based on a three-year performance period and a two-year transfer restriction applicable to half of the matching shares received as a reward. The share rewards will be paid in shares of Alma Media Corporation.

In the first matching share plan within the revised plan structure, MSP 2019, the participant will receive two matching shares for each invested share free of charge after a three-year holding period. If all the eligible individuals participate in MSP 2019 by making the required share investment, the maximum aggregate amount of matching shares to be delivered based on the fixed matching ratio is 125,000 shares (representing a gross reward from which the applicable payroll tax is withheld and the remaining net value is paid to the participants in shares). The fixed matching shares will be delivered in the spring of 2022. In MSP 2019, the potential performance-based matching share rewards will be delivered to the participants after the three-year performance period in the spring of 2022 provided that the performance targets set by the Board of Directors for the plan are achieved. The performance targets applied to MSP 2019 are the absolute total shareholder return of Alma Media's share (TSR) and the growth of Alma Media's digital business operations. If the performance targets set by the Board of Directors are achieved in full, the participant will receive in total four performance-based matching shares for each invested share free of charge. In that case, if all the eligible individuals participate in MSP 2019 by making the required share investment, the maximum aggregate amount of performance-based matching shares delivered based on MSP 2019 is 250,000 shares (representing a gross reward from which the applicable payroll tax is withheld and the remaining net value is paid to the participants in shares). The members of Alma Media's Group Executive Team are eligible to participate in MSP 2019.

In the LTI 2019 incentive scheme, aimed at Alma Media's middle management and selected key employees, the Performance Share Plan consists of annually commencing individual performance share plans, each with a three-year performance period, followed by the payment of the potential share reward. The commencement of each individual performance share plan is subject to a separate Board approval. The first performance share plan, PSP 2019, commences effective as of the beginning of 2019 and the potential share rewards thereunder will be paid in the spring of 2022 provided that the performance targets set by the Board of Directors for the plan are achieved. The potential rewards will be paid in shares of Alma Media Corporation. The performance targets applied to the first PSP 2019 plan are the absolute total shareholder return of Alma Media's share (TSR), the growth of Alma Media's digital business operations and EBIT of the participant's relevant business area. Approximately 55 individuals are eligible to participate in PSP 2019. If all the performance targets set for PSP 2019 are achieved in full, the aggregate maximum number of shares to be paid based on this first plan within the performance share structure is approximately 310,000 shares (representing a gross reward from which the applicable payroll tax is withheld and the remaining net value is paid to the participants in shares).

### **Market liquidity guarantee**

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

### **Flagging notices**

The company did not receive any flagging notices during the first quarter of 2019.

### **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 and a decrease in the online audience of digital media, 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. An increasingly important source of competitive advantage, but also a strategic risk, in Alma Media's business is the ability to use customer data to improve the product and service offering for advertisers and enrich end user services. Alma Media will manage customer data and behavioural data by centralising customer data repositories and deploying analysis and activation technology, taking regulatory requirements into consideration. As technology advances and the focus of media consumption shifts to digital channels, Alma Media is responding to the transformation of the operating environment by developing digital products and services for consumers and businesses.

Fluctuating economic cycles are reflected in the development of advertising sales. Advertising sales account for approximately half of the Group's revenue. Business operations outside Finland, such as in Eastern and Central European countries, include country-specific risks relating to market development and economic growth. The expansion of business outside Finland has reduced the risks inherent in operating in one market area.

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

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

On 5 April, Alma Media published a stock exchange release about the head of Alma Media's Alma Markets business segment, Raimo Mäkilä (61), announcing that he will retire effective from 31 July 2019. He started at the Aamulehti Group in 1997 has worked in his current role at Alma Media since 1999. Alma Media has started the search for Mäkilä's successor.

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

## SUMMARY OF INTERIM REPORT AND NOTES

COMPREHENSIVE INCOME STATEMENT MEUR	2019 Q1	2018 Q1	Change %	2018 Q1-Q4
REVENUE	85.0	92.2	-7.8	354.6
Other operating income	0.2	0.8	-77.9	6.7
Materials and services	14.5	18.1	-20.2	64.8
Expenses arising from employee benefits	34.4	37.1	-7.2	141.9
Depreciation and write-downs	5.7	4.2	35.9	15.6
Other operating expenses	16.2	20.7	-21.7	78.1
OPERATING PROFIT	14.4	12.9	12.0	61.0
Finance income	0.1	0.2	-67.0	2.1
Finance expenses	0.5	0.3	47.4	2.4
Share of result of assoc. companies	0.1	0.1	-13.3	-0.3
PROFIT BEFORE TAX	14.0	12.9	8.8	60.4
Income tax	2.7	2.5	10.1	12.5
PROFIT FOR THE PERIOD	11.3	10.4	8.5	47.9
<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)				-0.1
Changes in the fair value of equity instruments measured at fair value through other comprehensive income				-0.2
Items that may later be transferred to be recognised through profit or loss				
Translation differences	-0.3	-0.6		0.6
Income tax relating to components of other comprehensive income	0.0	0.0		0.0
Other comprehensive income for the year, net of tax	-0.3	-0.6		0.3
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>10.9</b>	<b>9.8</b>		<b>48.3</b>
Profit for the period attributable to:				
– Owners of the parent	9.8	9.0		41.7
– Non-controlling interest	1.5	1.5		6.3
Total comprehensive income for the period attributable to:				
– Owners of the parent	9.5	8.3		42.0
– Non-controlling interest	1.5	1.5		6.3
Earnings per share calculated from the profit for the period attributable to the parent company shareholders:				
– Earnings per share (basic and diluted), EUR	0.12	0.11		0.51

<b>BALANCE SHEET</b>			
<b>MEUR</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	133.4	134.8	133.5
Intangible assets	57.3	65.5	59.4
Tangible assets	104.5	57.4	53.7
Investment properties	0.0	10.1	0.0
Investments in associated companies	4.2	6.0	4.1
Other non-current financial assets	5.0	4.3	3.9
Deferred tax assets	1.5	2.3	1.5
<b>CURRENT ASSETS</b>			
Inventories	3.5	2.7	3.2
Current tax assets	0.5	0.8	0.4
Trade receivables and other receivables	37.4	41.6	36.3
Financial assets, short-term	0.0	0.0	0.1
Cash and cash equivalents	47.6	26.5	49.5
<b>TOTAL ASSETS</b>	<b>394.9</b>	<b>352.3</b>	<b>345.6</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	-0.9	-1.8	-0.6
Invested non-restricted equity fund	19.1	19.1	19.1
Retained earnings	69.9	56.7	88.7
Equity attributable to owners of the parent	141.2	127.0	160.2
Non-controlling interest	28.0	24.7	26.6
<b>TOTAL EQUITY</b>	<b>169.2</b>	<b>151.7</b>	<b>186.8</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current interest-bearing liabilities	91.2	54.9	47.3
Deferred tax liabilities	11.9	13.5	12.2
Pension liabilities	1.1	1.1	1.1
Provisions	0.4	0.4	0.4
Other non-current liabilities	0.1	0.2	0.1
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	20.4	20.4	13.1
Advances received	28.1	34.7	20.5
Income tax liability	1.9	3.3	3.7
Provisions	0.7	0.8	0.7
Trade payables and other payables	69.9	71.1	59.5
<b>TOTAL LIABILITIES</b>	<b>225.7</b>	<b>200.6</b>	<b>158.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>394.9</b>	<b>352.3</b>	<b>345.6</b>

## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Column headings:

A = Share capital

B = Share premium reserve

C = Translation differences

D = Invested non-restricted equity fund

E = Retained earnings

F = Total

G = Non-controlling interest

H = Equity total

MEUR	Equity attributable to owners of the parent							
	A	B	C	D	E	F	G	H
<b>Equity 1 Jan 2019</b>	45.3	7.7	-0.6	19.1	88.7	160.2	26.6	186.8
Profit for the period					9.8	9.8	1.5	11.3
Other comprehensive income								
Translation differences			-0.3			-0.3	-0.1	-0.4
Transactions with equity holders								
Dividends paid by parent					-28.8	-28.8		-28.8
Dividends paid by subsidiaries							-0.1	-0.1
Share-based payment transactions and exercised share options					0.4	0.4		0.4
<b>Equity 31 Mar 2019</b>	45.3	7.7	-0.9	19.1	69.9	141.2	28.0	169.2
<b>Equity 1 Jan 2018</b>	45.3	7.7	-1.2	19.1	65.8	136.8	21.6	158.3
Adoption of IFRS 9					-0.2	-0.2		-0.2
Adoption of amendment to IFRS 2					1.6	1.6		1.6
<b>Equity 1 Jan 2018</b>	45.3	7.7	-1.2	19.1	67.3	138.2	21.6	159.8
Profit for the period					9.0	9.0	1.5	10.4
Other comprehensive income			-0.6			-0.6	0.0	-0.6
Transactions with equity holders								
Dividends paid by parent					-19.7	-19.7		-19.7
Share-based payment transactions and exercised share options					0.2	0.2		0.2
Change in ownership in subsidiaries								
Acquisitions of shares by non-controlling interests that did not lead to changes in control						0.0	1.7	1.7
<b>Equity 31 Mar 2018</b>	45.3	7.7	-1.8	19.1	56.7	127.0	24.7	151.7

<b>CASH FLOW STATEMENT</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
<b>MEUR</b>	<b>Q1</b>	<b>Q1</b>	<b>Q1-Q4</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period	11.3	10.4	47.9
Adjustments	9.0	7.7	26.1
Change in working capital	14.6	15.4	-2.7
Dividends received		0.1	0.4
Interest received	0.0	0.0	0.1
Interest paid and other finance expenses	-0.6	-0.3	-1.7
Taxes paid	-4.1	-5.1	-13.9
<b>Net cash flow from operating activities</b>	<b>30.3</b>	<b>28.2</b>	<b>56.2</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of tangible assets	-0.2	-0.3	-1.6
Acquisitions of intangible assets	-0.2	-0.8	-2.1
Proceeds from sale of tangible and intangible assets	0.0	1.2	1.4
Other investments		0.1	-0.1
Business acquisitions less cash and cash equivalents at the time of acquisition		-5.0	-5.2
Proceeds from sale of businesses less cash and cash equivalents at the time of sale		0.0	12.9
Acquisition of associated companies		-1.5	-1.2
Proceeds from sale of associated companies		0.0	1.2
<b>Net cash flows from/(used in) investing activities</b>	<b>-0.4</b>	<b>-6.4</b>	<b>5.3</b>
<b>Cash flow before financing activities</b>	<b>29.9</b>	<b>21.9</b>	<b>61.6</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Loans taken	0.0	11.0	14.0
Repayment of loans	0.0	-6.0	-19.0
Payments of finance lease liabilities	-3.0	-1.4	-5.1
Dividends paid	-28.9	-19.7	-22.9
<b>Net cash flows from/(used in) financing activities</b>	<b>-31.9</b>	<b>-16.2</b>	<b>-33.0</b>
Change in cash and cash equivalent funds (increase +/decrease -)	-2.0	5.7	28.6
Cash and cash equivalents at beginning of period	49.5	20.7	20.7
Effect of change in foreign exchange rates	0.1	-0.1	0.2
<b>Cash and cash equivalents at end of period</b>	<b>47.6</b>	<b>26.5</b>	<b>49.5</b>

## Associated companies

SHARE OF RESULT OF ASSOCIATED COMPANIES			
MEUR	2019 Q1	2018 Q1	2018 Q1-Q4
Alma Markets	0.1	0.1	-0.4
Alma Talent	0.0	0.0	0.0
Alma Consumer	0.0	0.0	0.1
Other associated companies	0.0	0.0	-0.1
Total	0.1	0.1	-0.3

## 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 profit of the acquired businesses in 2018.

CONTINGENT CONSIDERATION LIABILITY	
MEUR	
Initial recognition of the liability	10.0
Change in fair value during previous financial periods	-1.6
Fair value of the contingent consideration liability at the end of the period	8.3

## Employees

EMPLOYEES BY GEOGRAPHICAL AREA			
	2019 Q1	2018 Q1	2018 Q1-Q4
Employees, Finland	1,204	1,320	1,294
Employees, other countries	648	645	649
Employees, total	1,853	1,965	1,943

## Provisions

The company's provisions totalled MEUR 1.0 (1.1) on 31 March 2019. It has not been necessary to change the estimates made when the provisions were entered.

## Commitments and contingencies

COMMITMENTS AND CONTINGENCIES			
MEUR	31 Mar 2019	31 Mar 2018	31 Dec 2018
Collateral for others			
Guarantees	0.9	0.9	0.9
Other commitments and contingencies	0.2	1.2	1.0
Minimum lease payments on other lease agreements: *)			
Within one year	0.9	9.3	9.2
Within 1–5 years	0.7	25.1	25.2
After 5 years	0.0	17.4	18.2
Total	1.6	51.8	52.6
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:	0.0	0.1	0.1

\*) Due to the adoption of the IFRS 16 standard, off-balance sheet property and car obligations reported in the financial statements for 2018 have been transferred to be reported on the balance sheet as of 1 January 2019.

<b>DERIVATIVE CONTRACTS</b>			
<b>MEUR</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>	<b>31 Dec 2018</b>
Commodity derivative contracts, electricity derivatives			
Fair value	0.0	0.0	0.1
Nominal value	0.2	0.3	0.1
Interest rate derivatives			
Fair value	-0.5	-0.5	-0.5
Nominal value	15.4	19.4	15.4
Foreign currency derivatives			
Fair value	-0.1	-0.2	0.0
Nominal value	9.1	8.0	4.6

### 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:

<b>RELATED PARTY TRANSACTIONS</b>			
<b>MEUR</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Q1</b>	<b>Q1</b>	<b>Q1-Q4</b>
Sales of goods and services	0.1	0.0	0.6
Associated companies	0.1	0.0	0.4
Principal shareholders	0.0	0.0	0.2
Corporations where management exercises influence		0.0	0.0
Purchases of goods and services	0.1	0.3	2.9
Associated companies	0.1	0.3	2.9
Principal shareholders	0.0	0.0	0.0
Corporations where management exercises influence		0.0	0.0
Trade receivables, loan and other receivables at the end of the reporting period	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0
Principal shareholders	0.0	0.0	0.0
Corporations where management exercises influence			0.0
Trade payables at the reporting date	0.0	0.0	0.0
Associated companies		0.0	
Principal shareholders	0.0	0.0	

QUARTERLY INFORMATION MEUR	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
<b>REVENUE</b>	85.0	91.9	81.6	88.9	92.2	97.1	86.0	93.7	90.5
Alma Markets	25.0	24.4	23.9	24.2	23.8	22.1	20.9	20.6	19.6
Alma Talent	26.2	29.9	23.1	28.1	27.8	31.0	24.0	28.7	29.5
Alma Consumer	34.7	38.4	35.3	37.2	40.7	44.2	41.3	44.7	41.6
Eliminations and non-allocated	-0.8	-0.8	-0.7	-0.6	-0.2	-0.3	-0.2	-0.2	-0.2
<b>ADJUSTED TOTAL EXPENSES</b>	70.8	75.0	66.6	76.2	80.1	90.1	72.2	80.5	78.0
Alma Markets	16.3	16.2	14.6	15.7	15.6	16.4	13.0	13.3	12.4
Alma Talent	22.4	24.4	20.3	24.3	24.6	27.2	21.2	25.3	25.0
Alma Consumer	31.6	33.2	31.4	34.6	38.4	39.7	36.8	40.4	38.6
Eliminations and non-allocated	0.5	1.2	0.3	1.7	1.5	6.8	1.2	1.6	2.1
<b>ADJUSTED EBITDA</b>	20.1	20.8	18.9	16.9	16.4	15.7	17.9	17.2	16.6
Alma Markets	9.9	9.1	10.3	9.5	9.1	6.5	8.6	8.1	8.0
Alma Talent	5.1	6.6	3.8	4.8	4.3	4.9	3.9	4.4	5.7
Alma Consumer	4.4	6.3	4.9	3.7	3.4	5.6	5.7	5.4	4.0
Eliminations and non-allocated	0.7	-1.2	-0.2	-1.2	-0.4	-1.4	-0.4	-0.7	-1.1
<b>ADJUSTED OPERATING PROFIT/LOSS</b>	14.4	17.1	15.1	12.9	12.2	11.3	14.0	13.2	12.6
Alma Markets	8.7	8.2	9.4	8.6	8.2	5.8	7.9	7.3	7.3
Alma Talent	3.8	5.6	2.8	3.8	3.3	3.9	2.8	3.3	4.6
Alma Consumer	3.2	5.4	4.0	2.7	2.3	4.6	4.7	4.4	3.0
Eliminations and non-allocated	-1.3	-2.1	-1.0	-2.2	-1.6	-3.0	-1.5	-1.8	-2.3
<b>% OF REVENUE</b>	16.9	18.6	18.5	14.5	13.2	11.6	16.2	14.1	13.9
Alma Markets	34.7	33.7	39.3	35.5	34.5	26.2	37.8	35.7	37.2
Alma Talent	14.6	18.7	12.1	13.7	11.7	12.5	11.7	11.6	15.5
Alma Consumer	9.1	14.0	11.2	7.3	5.8	10.3	11.4	9.8	7.2
Non-allocated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ADJUSTED ITEMS</b>	0.0	-0.9	-0.6	4.5	0.7	-5.4	0.3	1.8	-1.2
Alma Markets	0.0	0.0	0.0	0.0	0.7	0.0	0.5	0.0	0.0
Alma Talent	0.0	-0.4	0.1	-0.1	0.0	0.0	-0.1	0.7	0.0
Alma Consumer	0.0	-0.6	-0.2	4.3	0.0	-1.4	0.1	0.0	-0.8
Non-allocated	0.0	0.1	-0.5	0.3	0.0	-4.0	-0.2	1.1	-0.4
<b>OPERATING PROFIT/LOSS</b>	14.4	16.1	14.6	17.4	12.9	5.8	14.3	15.0	11.4
Alma Markets	8.7	8.2	9.4	8.6	8.9	5.8	8.4	7.3	7.3
Alma Talent	3.8	5.2	2.9	3.7	3.3	3.9	2.7	4.0	4.6
Alma Consumer	3.2	4.8	3.8	7.0	2.3	3.1	4.8	4.4	2.1
Non-allocated	-1.3	-2.0	-1.6	-1.9	-1.6	-7.0	-1.6	-0.7	-2.6
Finance income	0.1	0.0	0.9	0.2	0.0	0.0	0.0	0.2	0.0
Finance expenses	0.5	-0.2	-0.4	0.8	0.1	0.1	0.6	0.5	0.3
Share of profit of associated companies	0.1	-0.7	0.2	0.1	0.1	0.0	0.3	0.2	0.2
<b>PROFIT BEFORE TAX</b>	14.0	15.7	15.3	16.9	12.9	5.8	14.0	14.9	11.3
Income tax	-2.7	-3.9	-3.1	-3.1	-2.5	-1.4	-2.8	-2.7	-2.4
<b>PROFIT FOR THE PERIOD</b>	11.3	11.8	12.2	13.8	10.4	4.4	11.2	12.2	8.9

## 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 2018 and the new and revised IFRS standards described in the 2018 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 2018. This Interim Report applies the same accounting principles as the consolidated financial statements, with the exception of the following new standards adopted at the start of the financial year:

IFRS 16 *Leases* (effective for financial periods beginning on or after 1 January 2019). Under the new standard, all leases except short-term leases with a term of less than 12 months and leases of low-value assets were transferred to the balance sheet as right-of-use assets. Operating leases and finance leases will no longer be differentiated between. The change will move off-balance sheet obligations to the balance sheet and thus increase the amount of property, plant and equipment as well as liabilities. Lessor accounting will not be subject to significant changes.

The concepts of agreements processed as off-balance sheet liabilities and the concepts used in IFRS 16 are somewhat different from each other, which is why the number of agreements recognised on the balance sheet may differ from the number of off-balance sheet liabilities. The lease contracts recognised on the balance sheet are mainly for business premises and cars. Leases for IT equipment, on the other hand, are treated as off-balance sheet obligations, unlike under the current IAS 17 standard.

Effect of IFRS 16 on Alma Media Corporation's consolidated financial statements				
	31 Mar 2019	31 Mar 2019	1 Jan 2019	1 Jan 2019
Balance sheet (MEUR)	Assets	Liabilities	Assets	Liabilities
Leases for business premises and operating leases	53.0	53.2	53.7	53.7
Leases for IT equipment	-1.2	-1.3	-1.2	-1.2
Total	51.8	52.0	52.5	52.5

IFRS 16 – IMPACT ON RESULT BY SEGMENT MEUR	Alma Markets	Alma Talent	Alma Consumer	Non-allocated and eliminations	Group
Other expenses – decrease	0.4	0.3	0.3	0.9	1.9
EBITDA	0.4	0.3	0.3	0.9	1.9
Depreciation – increase	-0.4	-0.3	-0.3	-1.0	-1.9
EBIT	0.0	0.0	0.0	0.0	0.0
Interest expenses – increase	0.0	0.0	0.0	-0.2	-0.2
Profit for the period	0.0	0.0	0.0	-0.2	-0.2

IFRS 16 – ASSETS BY SEGMENT MEUR	31 Mar 2019
Alma Markets	6.6
Alma Talent	3.0
Alma Consumer	3.5
Segments total	13.1
Non-allocated and eliminations	39.9
Total	53.0

## IFRS 16 – LIABILITIES BY SEGMENT

MEUR

31 Mar 2019

Alma Markets	6.6
Non-current liabilities	5.0
Current liabilities	1.6
Alma Talent	3.0
Non-current liabilities	1.9
Current liabilities	1.1
Alma Consumer	3.5
Non-current liabilities	2.6
Current liabilities	0.9
Segments total	13.1
Non-allocated and eliminations	39.9
Total	53.0

Operating lease-related obligations presented in the Notes, 31 Dec 2018	52.6
Discounted with the Group's completion loan interest 1.5%	-3.4
Decrease (-): short-term leases, expensed on a straight-line basis	-1.2
Increase/decrease (-): adjustments due to the differences in processing continuation and termination options	+0.8
Increase/decrease (-): adjustments related to index or price level changes that have effects on variable payments and missing lease agreements	+3.7
Lease liability recorded on 31 March 2019	52.5

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 digital business of revenue is calculated as digital business/revenue \* 100. The figures in this Interim report are independently rounded.

### Alternative Performance Measures

Alma Media Corporation additionally uses and presents Alternative Performance Measures to better illustrate the operative development of its business and to improve comparability between reporting periods. The Alternative Performance Measures are reported in addition to IFRS key figures.

The Alternative Performance Measures used by Alma Media Corporation are the following:

Adjusted operating profit (MEUR and % of revenue)	Profit before tax and financial items excluding adjusted items
Adjusted EBITDA	Operating profit excluding depreciation, amortisation, impairment losses and adjusted items

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 income statement within the corresponding income or expense group.

Interest-bearing net debt (MEUR)

Interest-bearing debt — cash and cash equivalents

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 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**

#### **More information:**

Kai Telanne, President and CEO, telephone +358 (0)10 665 3500

Juha Nuutinen, CFO, telephone +358 (0)10 665 3873

#### **Alma Media's financial calendar 2019**

- Interim report for January–June 2019 on Wednesday, 17 July 2019 at approximately 8:00 EEST
- Interim report for January–September 2019 on Wednesday, 23 October 2019 at approximately 8:00 EEST