

Alma Media Q2/2014

Kai Telanne, President and CEO
Juha Nuutinen, CFO
18 July 2014



Agenda

Main points

Market development

Financial development

Strategy and outlook

Q & A

Q2/2014 highlights

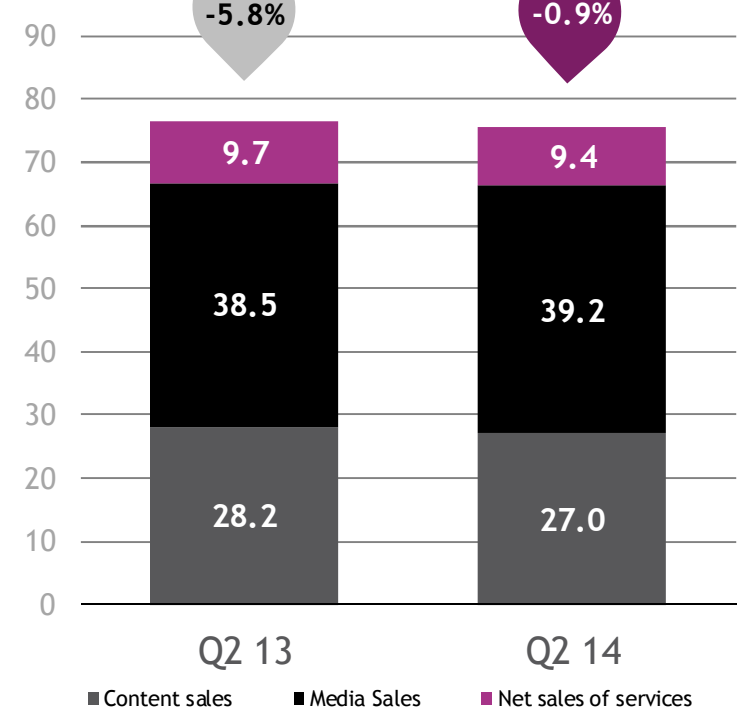
- The Group's revenue in the second quarter declined slightly, but digital revenue increased by more than 13% year-on-year. Digital products and services accounted for 31.4% (27.5%) of Group revenue.
- Operating profit excluding non-recurring items increased by 37.3% to MEUR 6.3. Total expenses excluding non-recurring items decreased by 2.4%.
- Alma Media continued to develop mobile media and video content solutions. New mobile applications and tablet publications played a key role in mobile development, with new products launched by Iltalehti and Kauppalehti, among others.
- Digital advertising sales showed very strong development in IL-Media. Online advertising revenue increased by 46.6% to account for more than 64% of total advertising revenue.
- Kauppalehti's digital content revenue increased by 30.2%, partially covering the decline in content revenue for print media.
- Alma Media expects its full-year revenue 2014 to remain at the 2013 level. The operating profit excluding non-recurring items for 2014 is expected to be lower than in 2013. The full-year revenue 2013 was MEUR 300.2 and operating profit excluding non-recurring items was MEUR 24.2.

Revenue Q2/2014

- Revenue for the quarter decreased by 0.9% to MEUR 75.7.
- Online business revenue increased by 13.4%.
- Digital products and services accounted for 31.4% (27.5%) of Group revenue in the second quarter.
- Content revenue decreased by 4.1%.
 - Content revenue from digital channels does not completely cover the decline in print content revenue.
- Revenue from advertising sales increased by 2.1%.
 - Online advertising sales increased by 11.4%.
 - Advertising sales for print media decreased by 4.3%.

Revenue, MEUR

IFRS

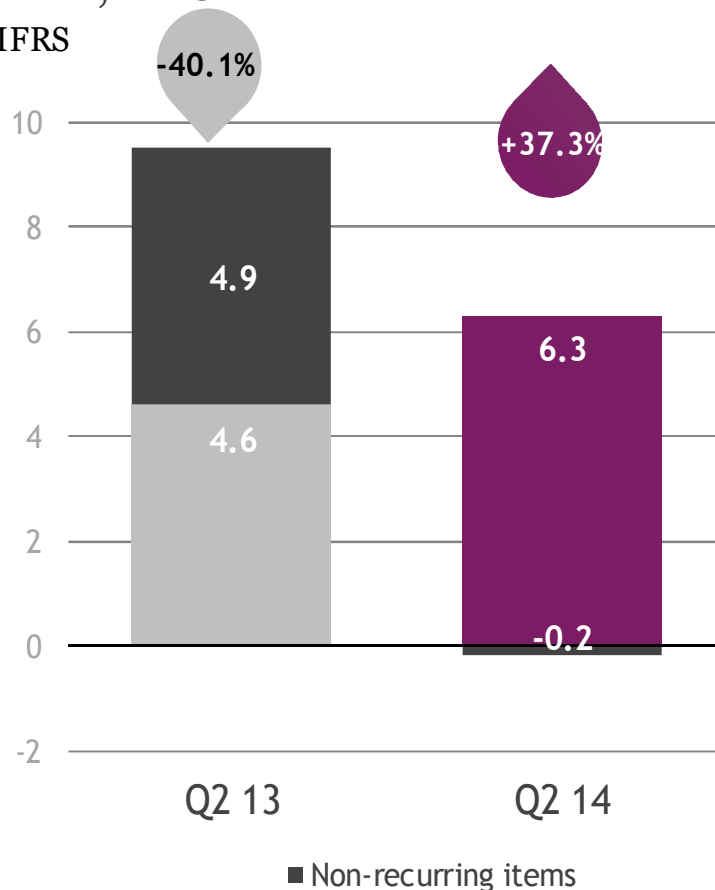


Operating profit Q2/2014

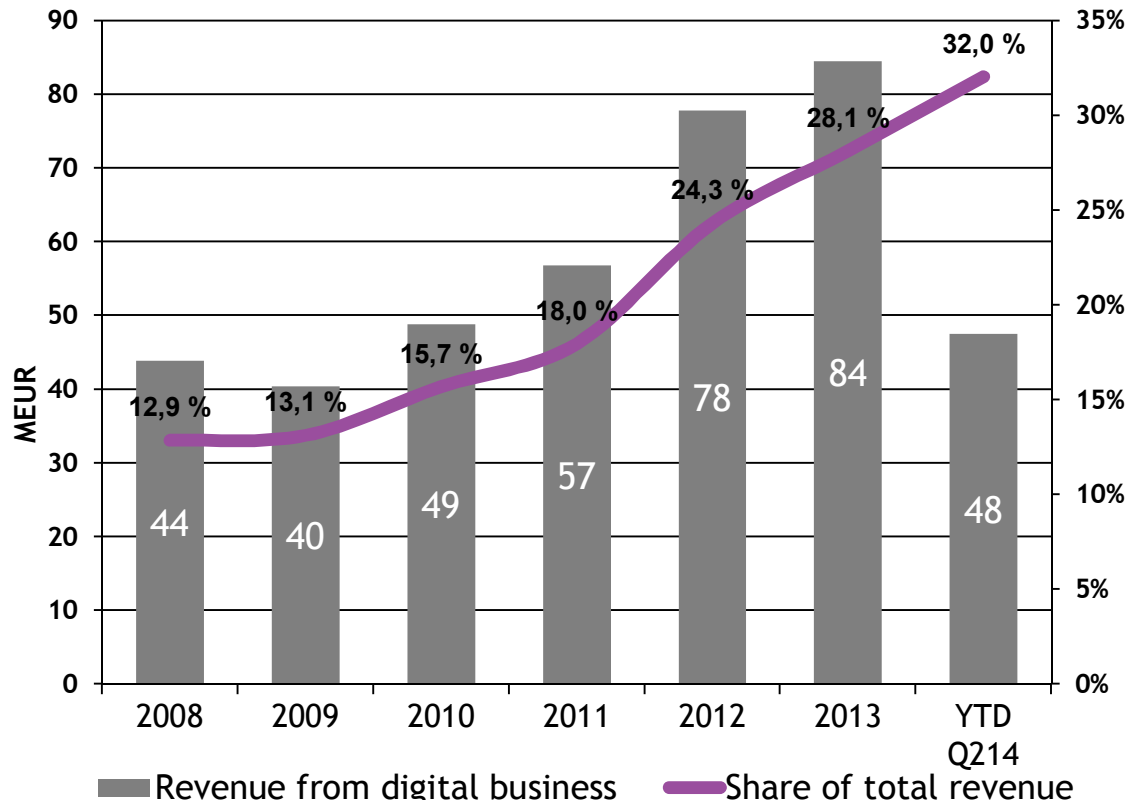
- Operating profit excluding non-recurring items increased by 37.3% to MEUR 6.3.
- Operating profit was MEUR 6.1, or 8.1% of revenue.
 - The operating profit includes net non-recurring items of MEUR -0.2. The non-recurring items were related to operational restructuring in the Group's parent company.
- Total expenses excluding non-recurring items decreased by 3.3% year-on-year to MEUR 69.5.

EBIT, MEUR

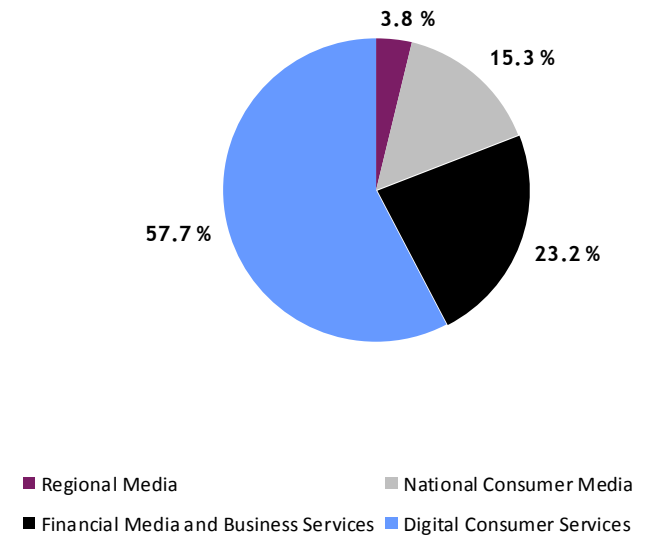
IFRS



Growth in digital business



Segment's share of the Group's digital revenue



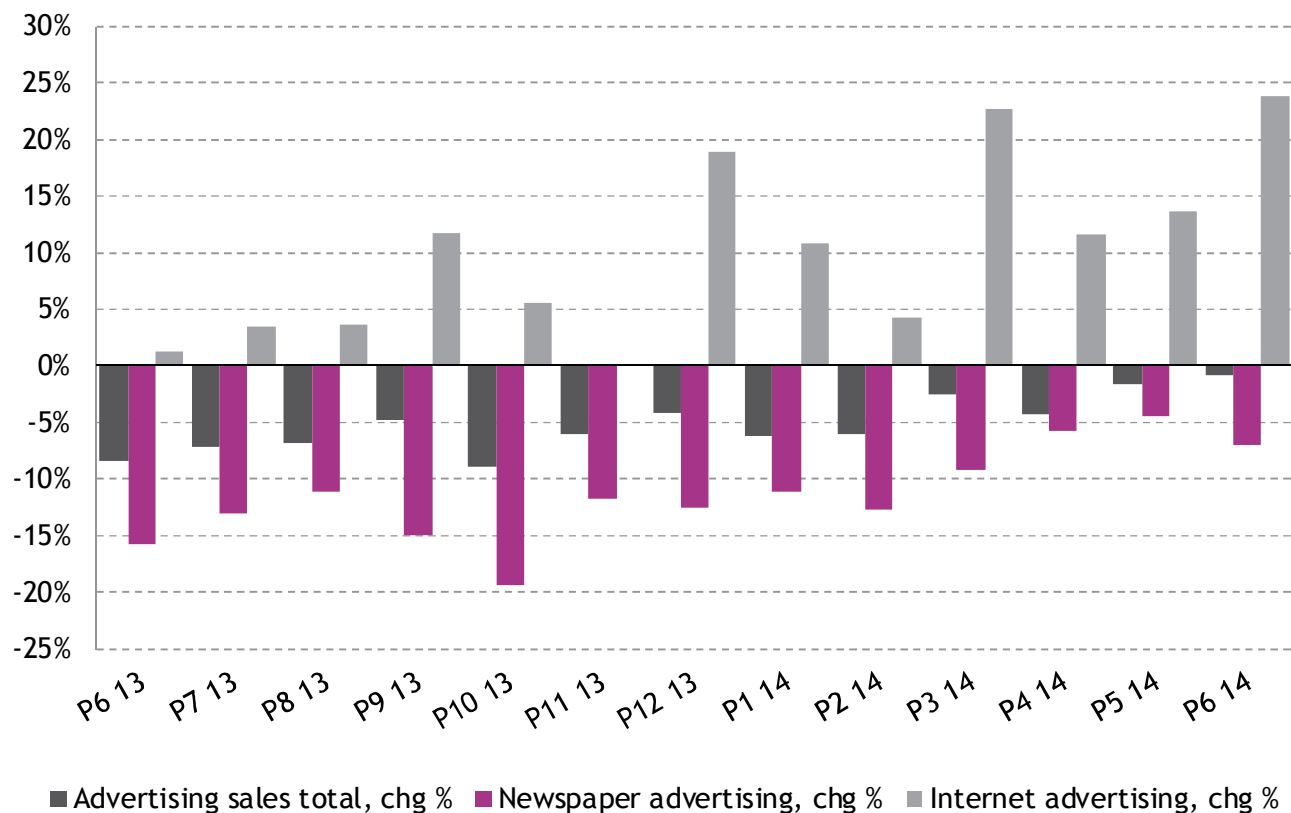
Market development in Finland



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Change in media advertising 6/2013–6/2014

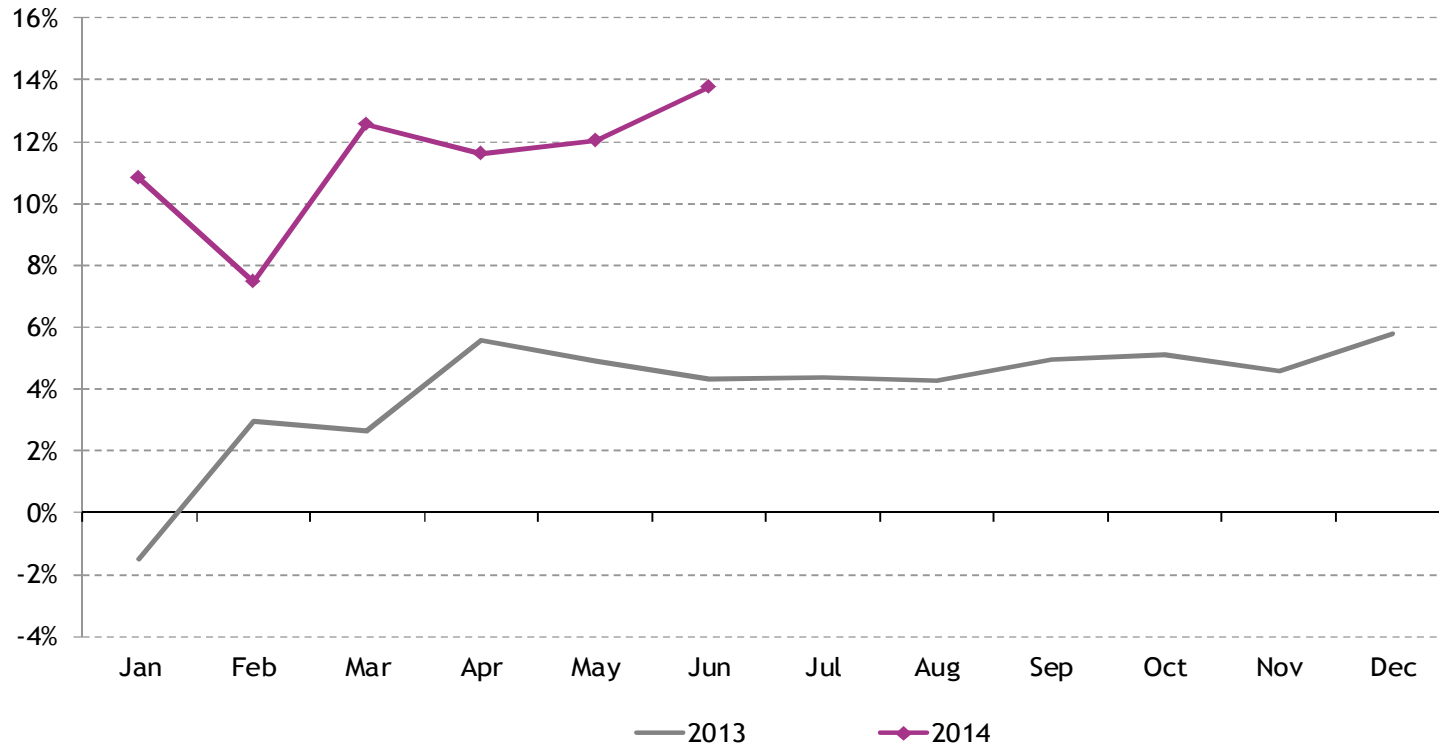


Change (%) YTD 6/14 vs. 6/13	
News- papers	-8.3
Magazines	-14.8
TV	-5.2
Radio	+10.5
Internet	+13.8
Total	-3.6

Source: TNS Media Intelligence

Growth in digital advertising

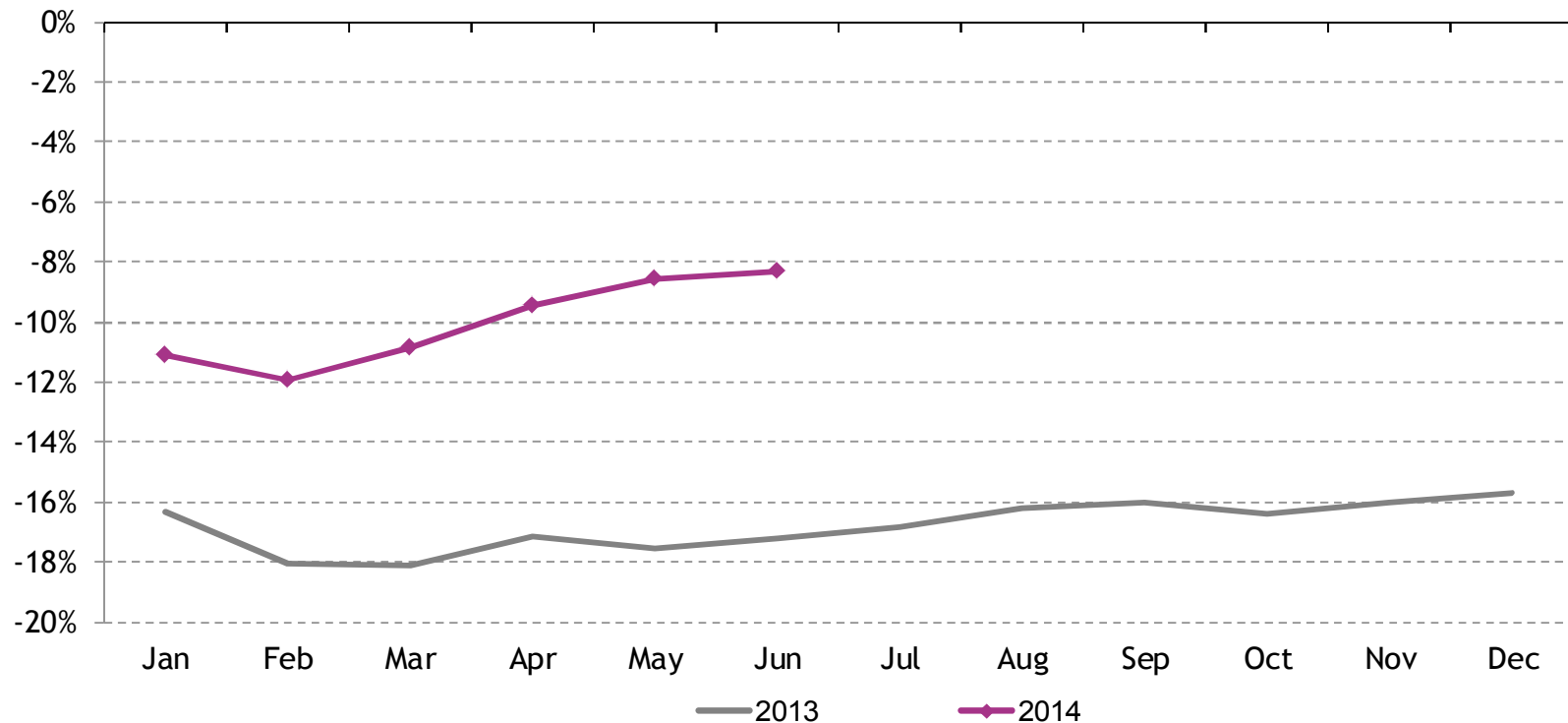
YTD change from previous year, %



Source: TNS Media Intelligence

Advertising volume in printed newspapers* remains low

YTD change from previous year, %



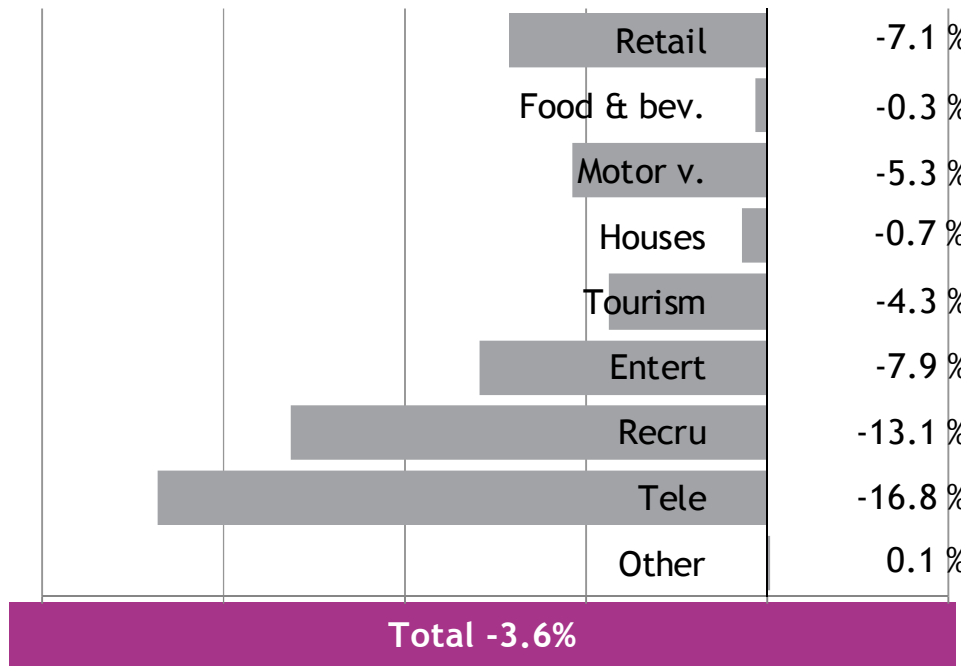
Source: TNS Media Intelligence

* Newspapers, local and free issue papers

Advertising declined across all industries

Advertising by branch Q1-Q2 / 2014

Total market, change from Q1-Q2 2013



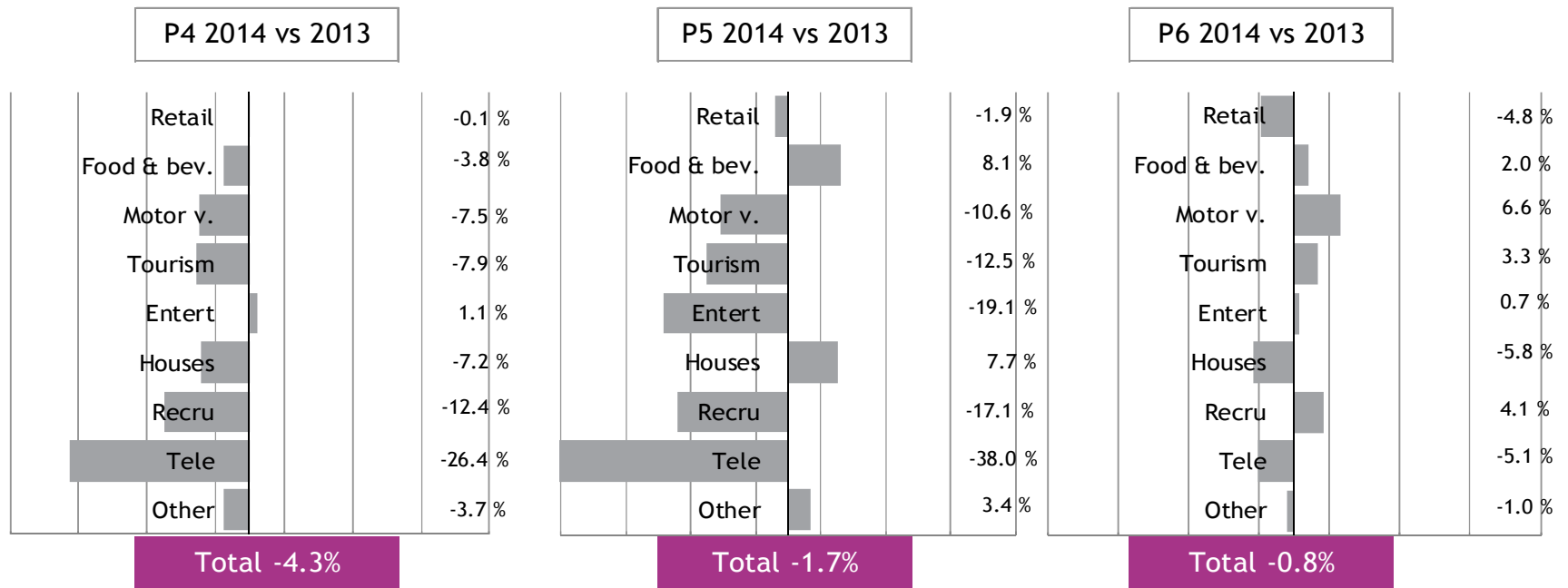
Advertising in Q1-Q2 14	MEUR
Retail	109
Food & beverages	51
Motor vehicles	47
Houses and premises	24
Tourism and traffic	22
Entertainment	21
Recruiting	17
Telecommunications	10
Other	198
Total	500

Source: TNS Media Intelligence

The decline is sustained

Advertising change by branch

Total market, change from previous year



Source: TNS Media Intelligence



Financial review

Juha Nuutinen, CFO

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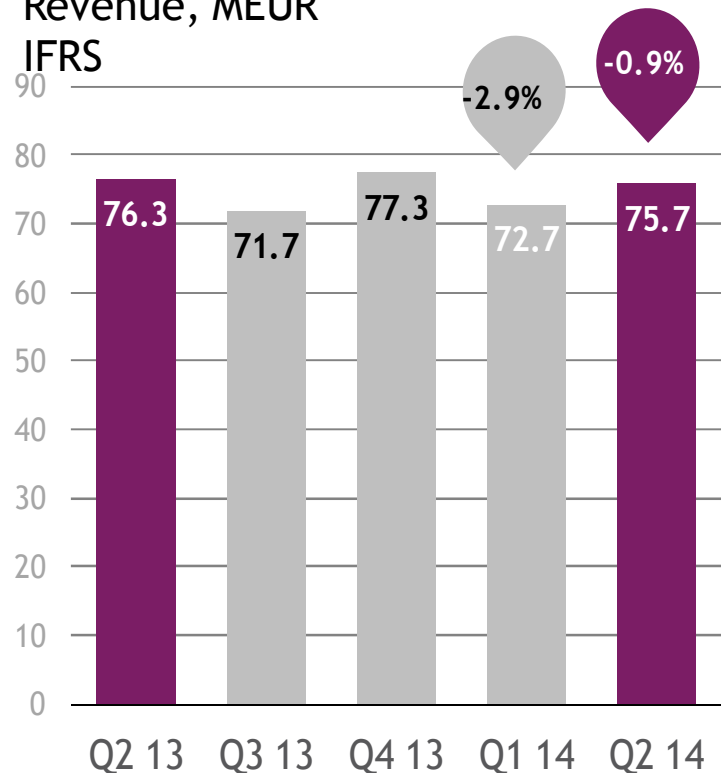
Long-term financial targets

Alma Media's financial targets	2011	2012	2013	2014 YTD	2014 Q2	Target level
Digital business growth	16.3%	36.8%	8.4%	12.2%	13.4%	> 15%
Return on Investment (ROI), %	26.1%	13.8%	10.1%	8.6%	12.0%	> 15%
Dividend payout ratio*	103%	45%	50%	n/a	n/a	> 50%

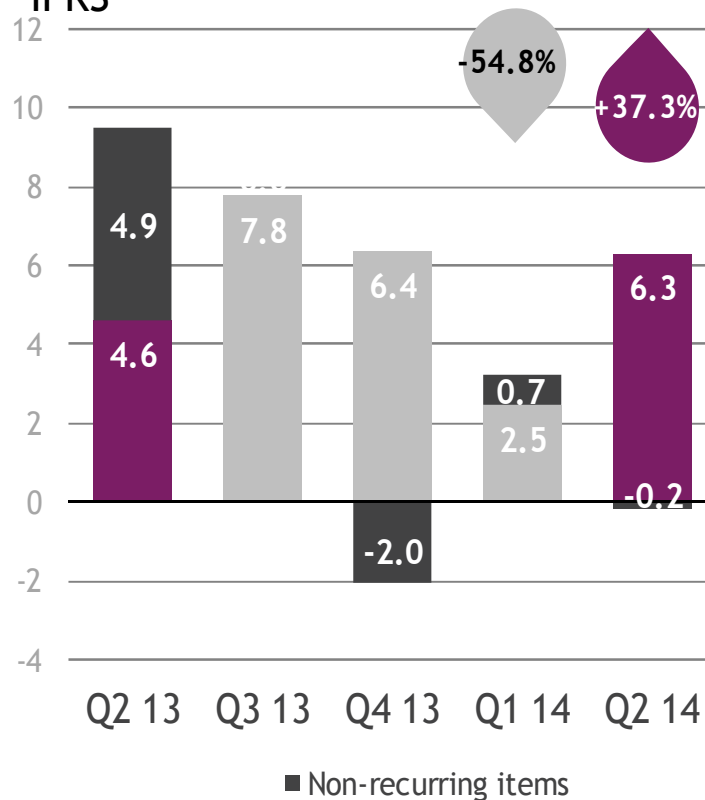
* Includes capital repayment to shareholders.

Operating profit increased in the second quarter

Revenue, MEUR
IFRS

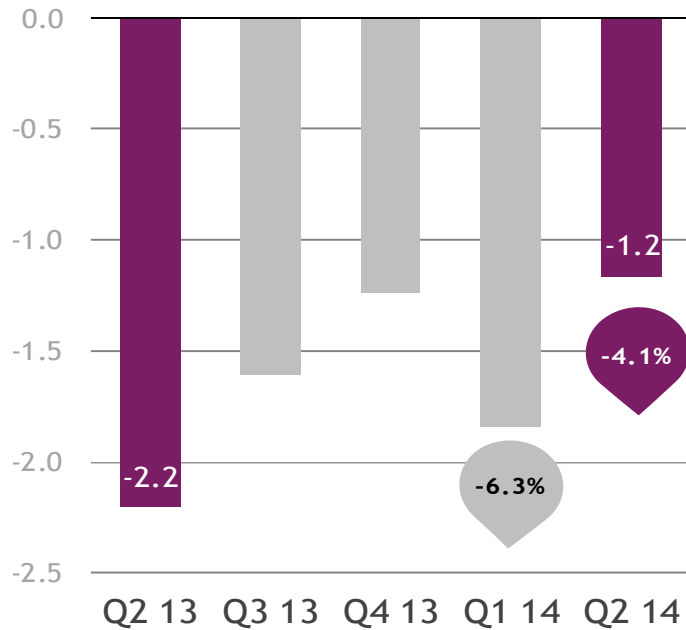


Operating profit, MEUR
IFRS

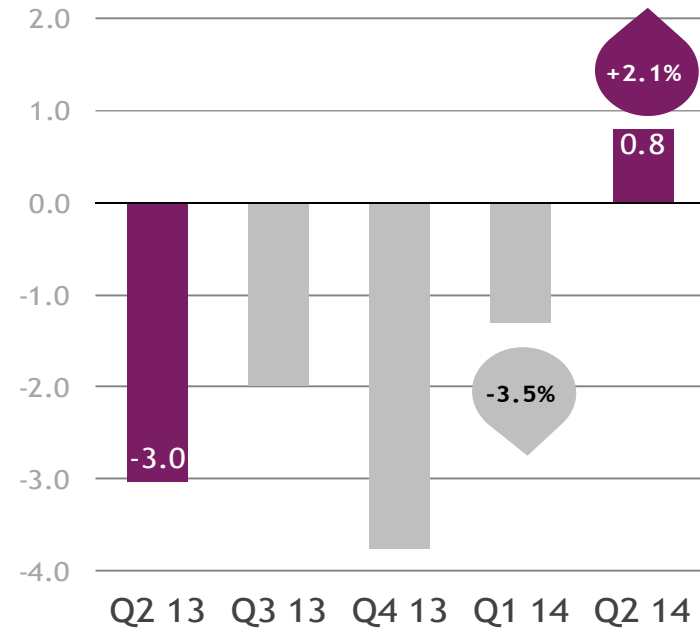


Content revenue fell due to a declining trend in print media. Advertising revenue increased in Q2.

Content revenue, MEUR



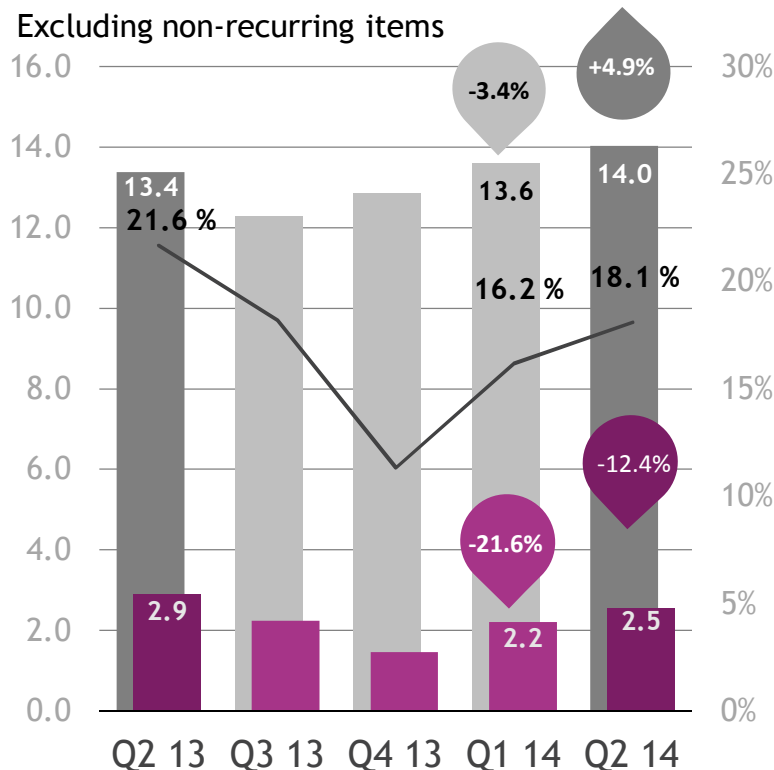
Advertising revenue, MEUR



Digital Consumer Services Q2/2014

- Revenue increased by 4.9% to MEUR 14.0.
 - The revenue in the comparison period included MEUR 0.7 in revenue from the Mascus business that was sold in April 2013.
 - Revenue was increased by MEUR 0.4 by new recruitment service companies in Hungary, Czech Republic and Poland.
- Recruitment service revenue increased by 14.9% and accounted for 66.2% of the segment's revenue. Sales also developed favourably for housing-related services.
- Total expenses increased by 9.8% to MEUR 11.5.
- Operating profit excluding non-recurring items decreased by 12.4% to MEUR 2.5.
 - The divestment of Mascus had an effect of MEUR -0.2 on the decrease in operating profit.
 - No non-recurring items were reported in the review period.

Revenue and operating profit, MEUR & %

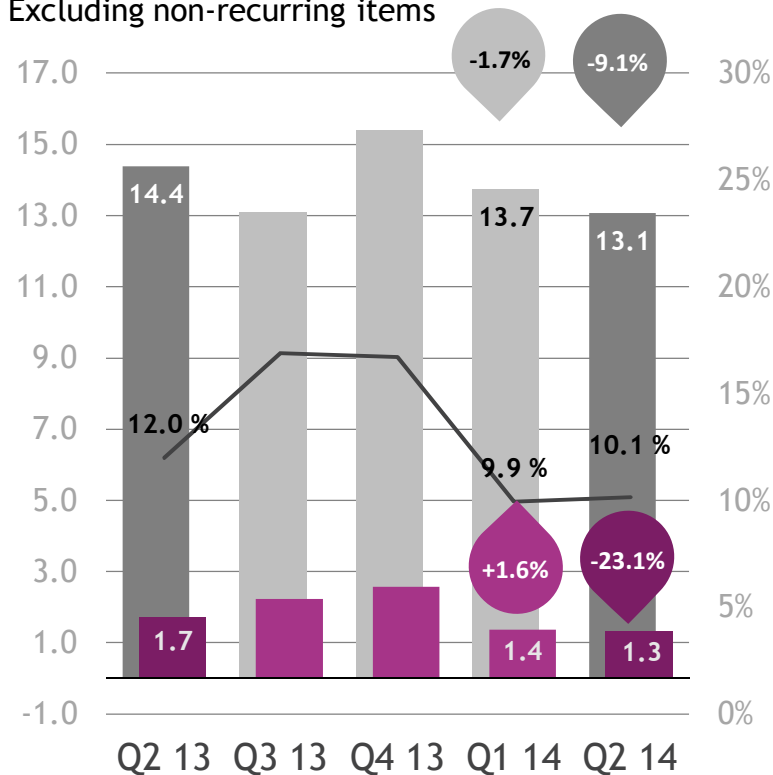


Financial Media and Business Services Q2/2014

- Revenue declined by 9.1% to MEUR 13.1.
 - Digital business accounted for 42.6% of revenue.
 - The divestment of the BNS business had an effect of MEUR 1.1 on the decrease.
- Content revenue decreased by 6.0%.
 - Kauppalehti's digital content revenue increased by 30.2%, partially covering the decline in print media content revenue.
 - Content revenue from print media declined partly due to the termination of unprofitable subscriptions.
- Advertising sales were unchanged from the previous year at MEUR 4.1
 - Online advertising sales increased by 18.2%.
- Total expenses were MEUR 11.7 (12.7) and the operating profit excluding non-recurring items was MEUR 1.3.

Revenue and operating profit, MEUR & %

Excluding non-recurring items

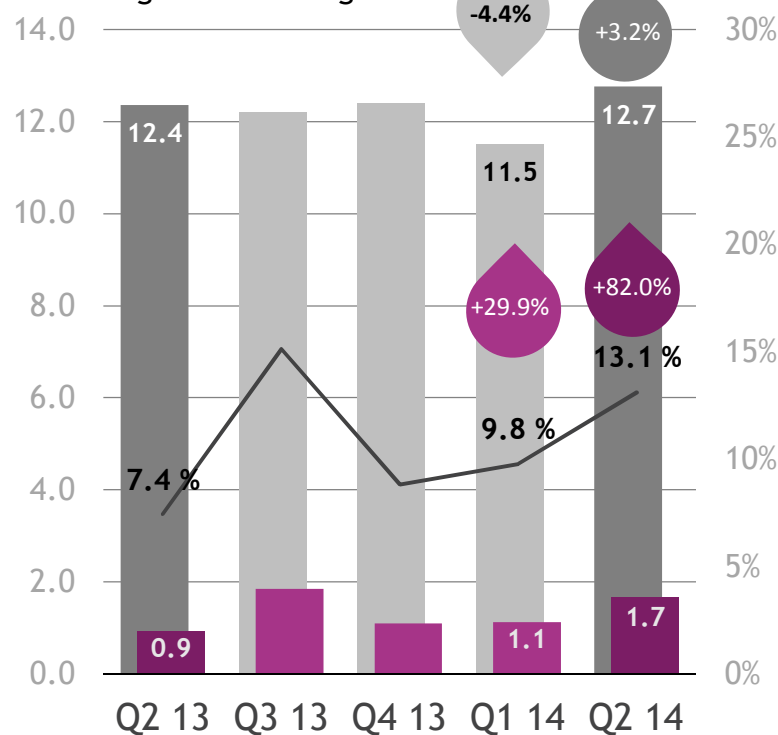


National Consumer Media Q2/2014

- Content revenue grew by 3.2% to MEUR 12.7.
 - Online business accounted for 28.8% of the segment's revenue.
- Content revenue decreased by 6.0% due to a decline in Iltalehti's circulation.
- Advertising sales increased by 21.2%.
 - Digital advertising sales increased by 46.6%. Online advertising revenue accounted for more than 64% of total advertising revenue.
 - Advertising sales for print media declined by 6.2%.
- Total expenses decreased to MEUR 11.1 (11.4).
 - A decrease in printing and distribution costs contributed to the decline in total expenses.
- Operating profit increased to MEUR 1.7, or 13.1% of revenue.
 - No non-recurring income or expenses were reported in the review period.

Revenue and operating profit, MEUR & %

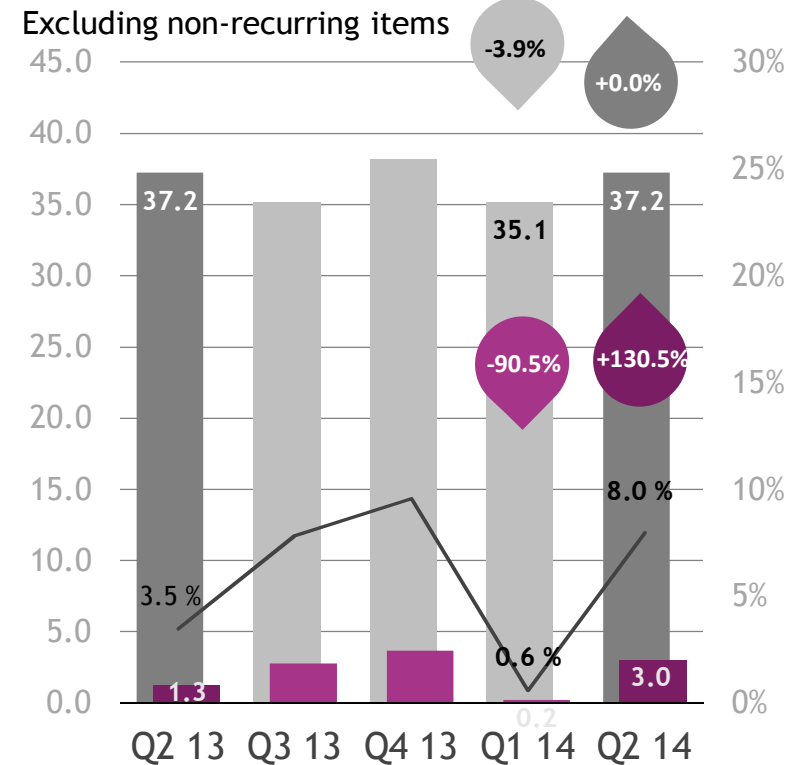
Excluding non-recurring items



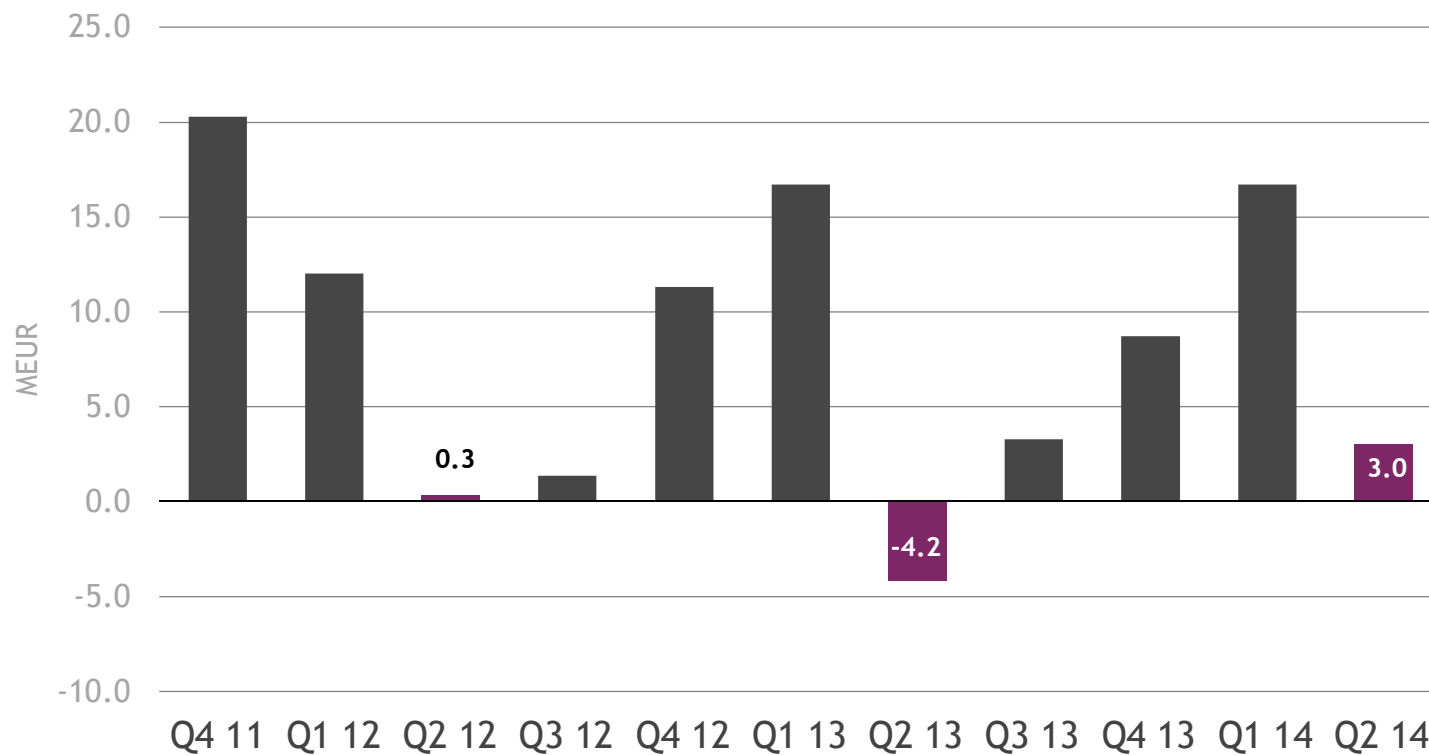
Regional Media Q2/2014

- Revenue was on a par with the comparison period at MEUR 37.2.
 - Digital business accounted for 2.5% of revenue.
- Content revenue decreased by 2.9% due to declining circulations.
- Advertising sales decreased by 3.8%.
 - Digital advertising sales increased by 16.3%.
 - Advertising sales for print media decreased by 4.4%. The decline slowed due to strong sales in May.
- Service revenue increased by 40.1% due to an increase in Alma Manu's external printing service revenue.
- Total expenses excluding non-recurring items were MEUR 34.3 (35.9).
- Operating profit excluding non-recurring items was MEUR 3.0, or 8.0% of revenue.

Revenue and operating profit, MEUR

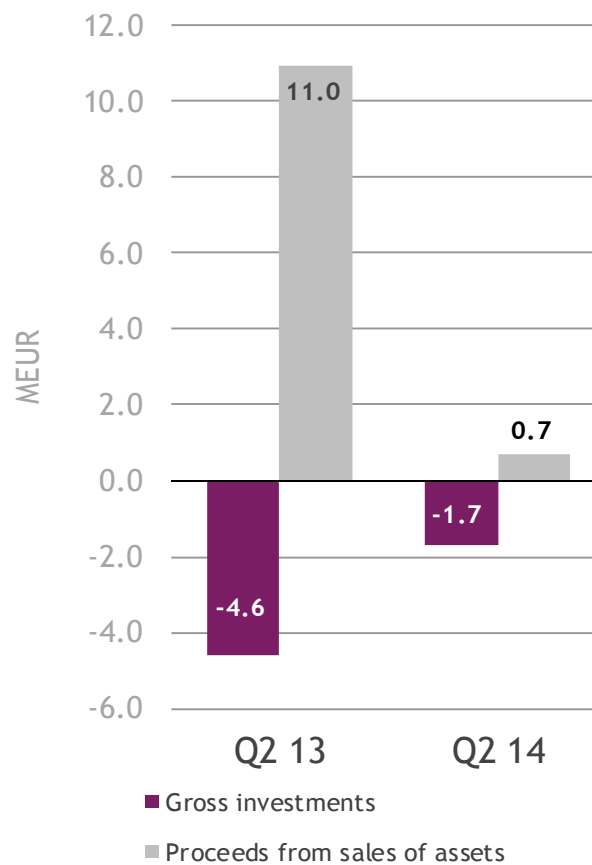
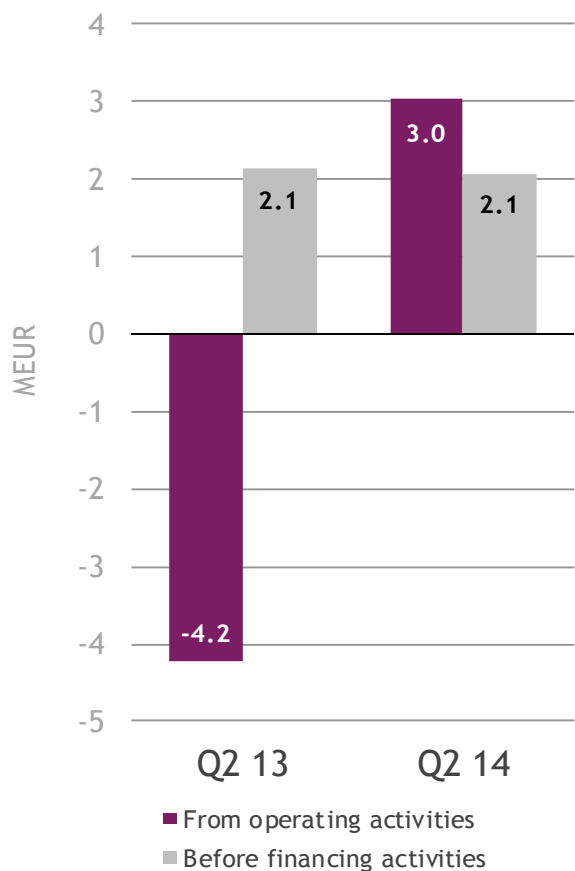


Cash flow from operating activities



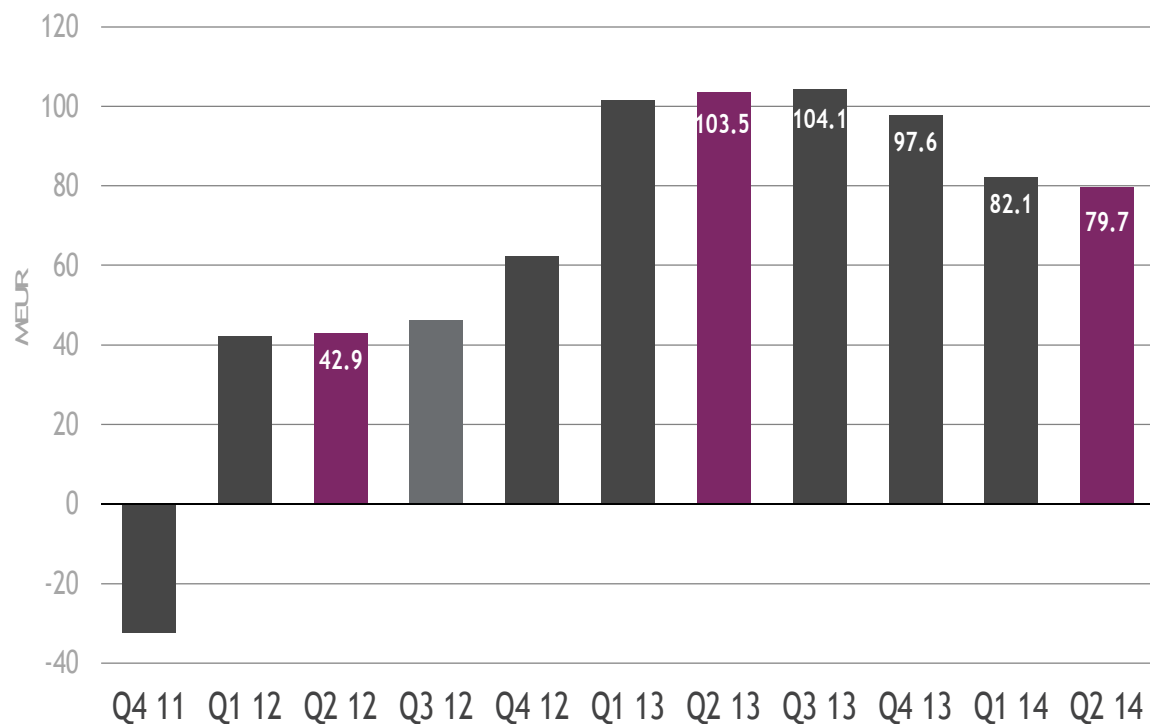
Cash flow and capital expenditure

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Interest-bearing liabilities

Net debt Q4/2011–Q2/2014



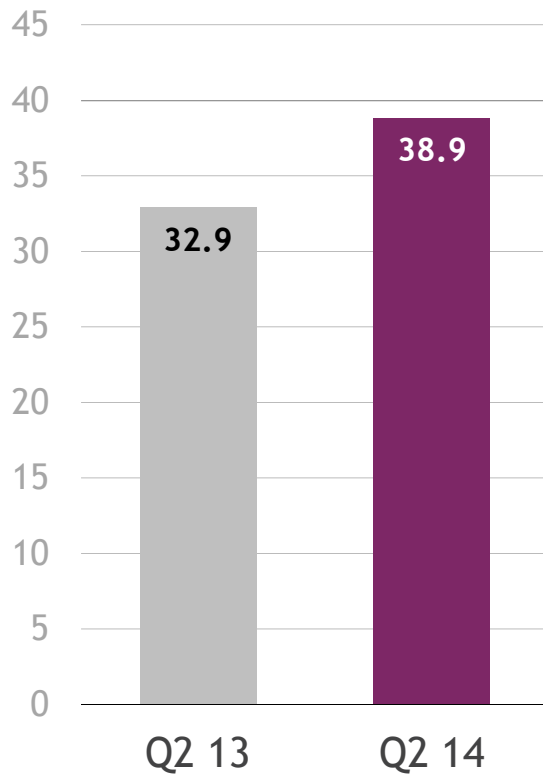
Net debt distribution

	Q2/2014
Financial leasing	71.8
Financial loans	9.5
Commercial papers	12.0
Cash and cash equivalents	-13.6
Total	79.7

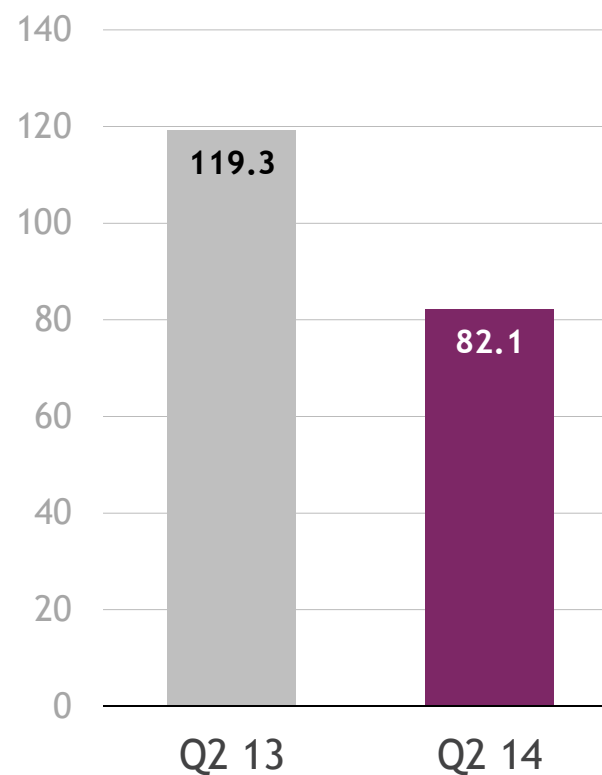
Key indicators

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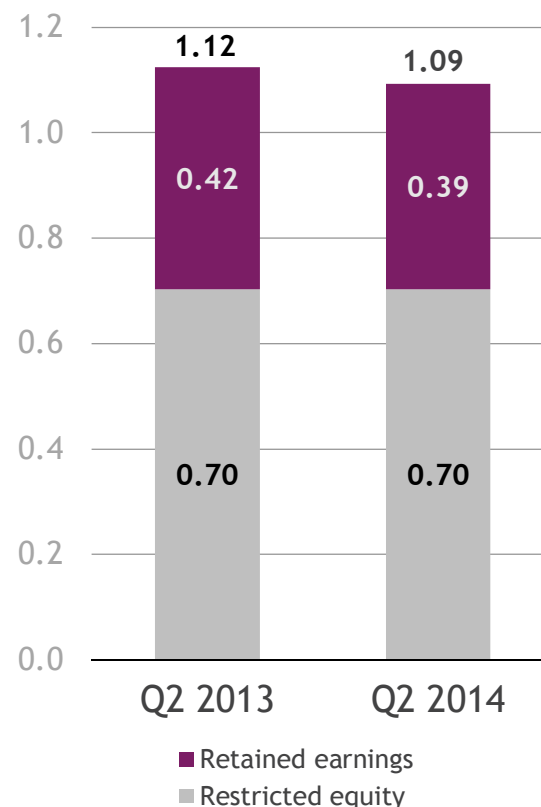
Equity ratio, %



Gearing, %



Earnings per share and equity per share



Balance sheet

MEUR	Q2 2014	Q2 2013
Intangibles and goodwill	114.8	116.4
Tangibles	83.2	87.9
Associated companies	24.9	31.0
Inventory	1.1	0.7
Receivables	33.8	37.8
Cash	13.6	12.4
Assets	271.3	286.2
Equity	97.1	86.8
Reserves-obligatory	3.9	3.9
Pension liabilities	2.9	2.8
lb debt	93.3	116.0
Non-lb debt	52.7	54.1
Advances received	21.4	22.7
Equity and liabilities	271.3	286.2

Strategy and outlook

Kai Telanne



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The focal points of the implementation of the strategy in 2014

**Multi-channel
content**

**Marketing
solutions**

Digital services

**Resources and
expertise**

We will build new capacities, seek efficiency and accelerate growth in digital services and media.

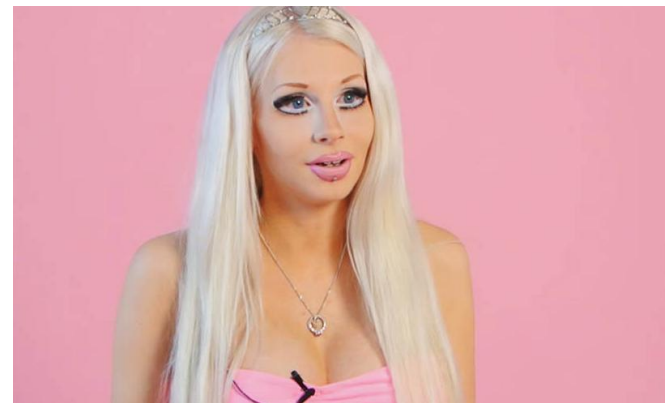
A photograph of two women standing in a studio. The woman on the left is wearing a light blue jacket over a white top and black leather leggings, paired with black high-heeled boots. The woman on the right is wearing a white long-sleeved top and grey jeans, paired with grey high-heeled shoes. In the background, there is a sign that reads 'TYYYLI.com'. A purple semi-transparent banner is overlaid across the middle of the image.

Multi-channel content

Multi-channel
content

IL-TV launches new content concepts - IL-Doc documentary series

- Iltalehti IL-Doc is an IL-TV concept, with the themes of the episodes also covered in reports in the newspaper.
- The topics of the documentary series will be touching or surprising.
- Examples:
 - Area 51: a location in Nevada that the United States has long denied exists at all.
 - Barbiella Manson: a mother who wants to look like a Barbie doll.



Development in multi-channel content concepts

- Iltalehti will have a strong multi-channel focus on the topical theme of the Finnish Continuation War (jatkosota).
- The IL Jatkosota 1944 coverage includes:
 - A special paper
 - A daily series of articles in Iltalehti and at iltalehti.fi
 - A weekly IL-TV documentary film
 - A photo exhibition in Joensuu, Kotka and Oulu

Ainutlaatuiset värikuvat jatkosodasta julki - katso ennennäkemätön kooste

Sunnuntai 27.4.2014 klo 12.00 (päivitetty 28.4.2014 klo 13.23)   

Puolustusvoimien SA-kuva-arkisto julkaisi kansallisena veteraanipäivänä yli 800 uutta kuvaa jatkosodan ajalta.

KUVAGALLERIA

Jatkosodan värikuvat

Kuvat ta



Lifestyle content moves ahead in digital media

- The IL-Lifestyle content selection is growing in digital media.
- Two tablet publications, Autot 2014 and Kesäkeittiö, published in the spring.
- Digital Ilona to be launched in the second week of August.



Marketing solutions

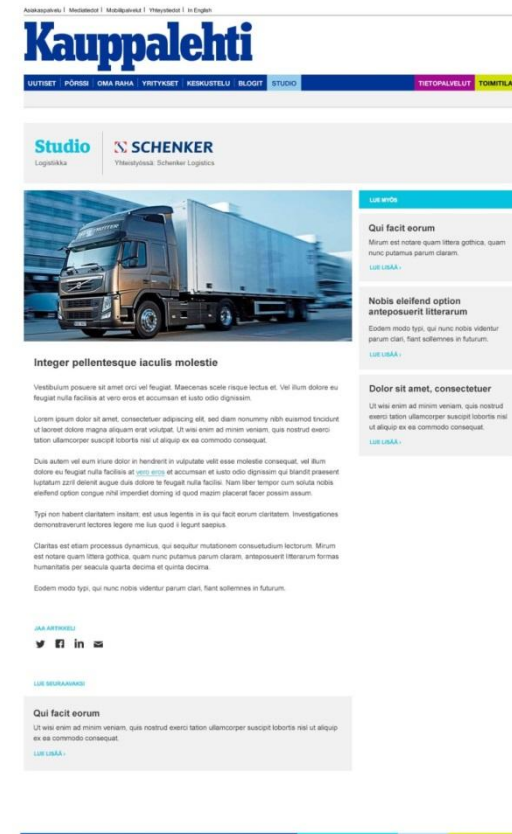
**Marketing
solutions**

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New content marketing solutions – Kauppalehti Studio

- Kauppalehti Studio is a turnkey solution for content marketing. The service is handled on the customer's behalf in cooperation between Kauppalehti and Alma 360.
- News-style content produced by Alma 360 or the client is collected on the client's own Studio site.
- Studio articles will be featured on Kauppalehti's other sections and services to increase visibility.



New content marketing solutions - Iltalehti Ilab

- Ilab is a turnkey approach to planning and implementing content cooperation campaigns according to customer needs.
- The advertiser receives support to ensure the optimal utilisation of purchased, owned and earned media.
- Multi-channel implementation on Iltalehti media including print, online, mobile and IL-TV.
- Examples of recent implementations:
 - Case Pajulahti
 - Fiidi.fi campaign for the Slot Machine Association

Juha Mieto ja Iltalehti etsivät:
Suomen Teräsmiestä

miehet rautaa, puuta. Niinhän sitä mutta me emme sitä usko. Me oim on täynnä rautaisiamiehiä, h tienailla näyttävät nuorem- mat. Oletko sinä yli 60-vuotias elinvoimaa huokuva, ikäiseksesi i kunnossa? Tai tunnetko

Juha Mieto

moita kaverisi Suomen Teräsmies -kisaan!
SÄÄ WWW.ILTALEHTI.FI/TERASMIES

Digital services

Digital services



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Alma Mediapartners strengthened its software expertise in the automotive retail industry

- Alma Media's subsidiary Alma Mediapartners Oy purchased all of the shares in Alma Media's associated company Alkali Oy.
- Through Alkali, a comprehensive selection of applications will be added to the offering for customers in the automotive retail industry.
- Alkali develops software applications for various automotive industry needs such as retail, rental and leasing.

AUTOTALLI.COM





Resources and expertise

**Resources and
expertise**

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Alma Manu applies for a licence for postal operations

- Alma Manu, the printing and distribution company of Alma Media, has submitted an application to the government for a licence for postal operations.
- The licence is being applied for to provide a distribution service for addressed mail to contract customers, or companies and organisations, in the Pirkanmaa and Satakunta regions.
- Alma Manu already has a reliable distribution network that operates seven days per week. Every day, Alma Manu delivers an average of 175,000 items in the Pirkanmaa and Satakunta regions.



Progress in Lännen Media collaboration

- The Lännen Media collaboration agreement was finalised.
- The Lännen Media joint editorial team will produce national content on domestic and international news, background articles on current events, weekend materials, daily theme pages and national online news.
- Content will be produced for printed newspapers as well as their digital, online and mobile channels.
- The Lännen Media editorial team will be formed by 40 journalists from the participating newspapers.
- Full-scale operations will start by the beginning of 2015.
- Appointed personnel:
 - Editor-in-Chief: Matti Posio
 - Head of Newsroom: Veikko Valtonen
 - Producer for weekend and supplement pages: Marjo Oikarinen
 - Theme content producer: Annukka Latvala



Outlook

18 July 2014

Economic growth in Europe, and in particular Finland, is expected to remain weak also in the second half of 2014. In this market situation, Alma Media's strong growth in digital service revenue does not yet fully offset the decline in the sales of print media.

Alma Media expects its full-year revenue 2014 to remain at the 2013 level. The operating profit excluding non-recurring items for 2014 is expected to be lower than in 2013. The full-year revenue 2013 was MEUR 300.2 and operating profit excluding non-recurring items was MEUR 24.2.

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Thank you! Questions?

Upcoming events in the investor calendar:

- Q3 result 24 October 2014

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