

# ALMA MEDIA

## Q2/2016

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Kai Telanne, President and CEO

Juha Nuutinen, CFO

22 July 2016





# Alma Media's Q2/2016 in brief

## Good growth in profitability and digital business

- Alma Media's revenue increased by 25.9% to MEUR 92.0 due to the positive sales development of Alma Markets and Alma News & Life as well as the Talentum acquisition.
- Adjusted operating profit increased by 45.5% to MEUR 9.9.
- Earnings per share were weighed down by a provision of MEUR 1.5 recognised in relation to restructuring expenses in Alma Talent's Swedish operations.
- Revenue from online business grew to MEUR 33.8 and represented 36.7% of the Group's total revenue.

## Alma Media's businesses keep up their strong pace in Q2

- Alma Markets: the excellent performance included both international recruitment services and domestic marketplaces.
- Alma Talent: operating profit improved thanks to cost synergies from integration. The segment's restructuring measures in Finland are mostly complete in Finland and still ongoing in Sweden.
- Alma News & Life: digital advertising revenue continued to grow for the third consecutive quarter. Operating profit doubled.
- Alma Regions: positive development in digital content and advertising revenue, but not yet sufficient to cover the gap left by declining print media revenue.



# MARKET DEVELOPMENT IN FINLAND

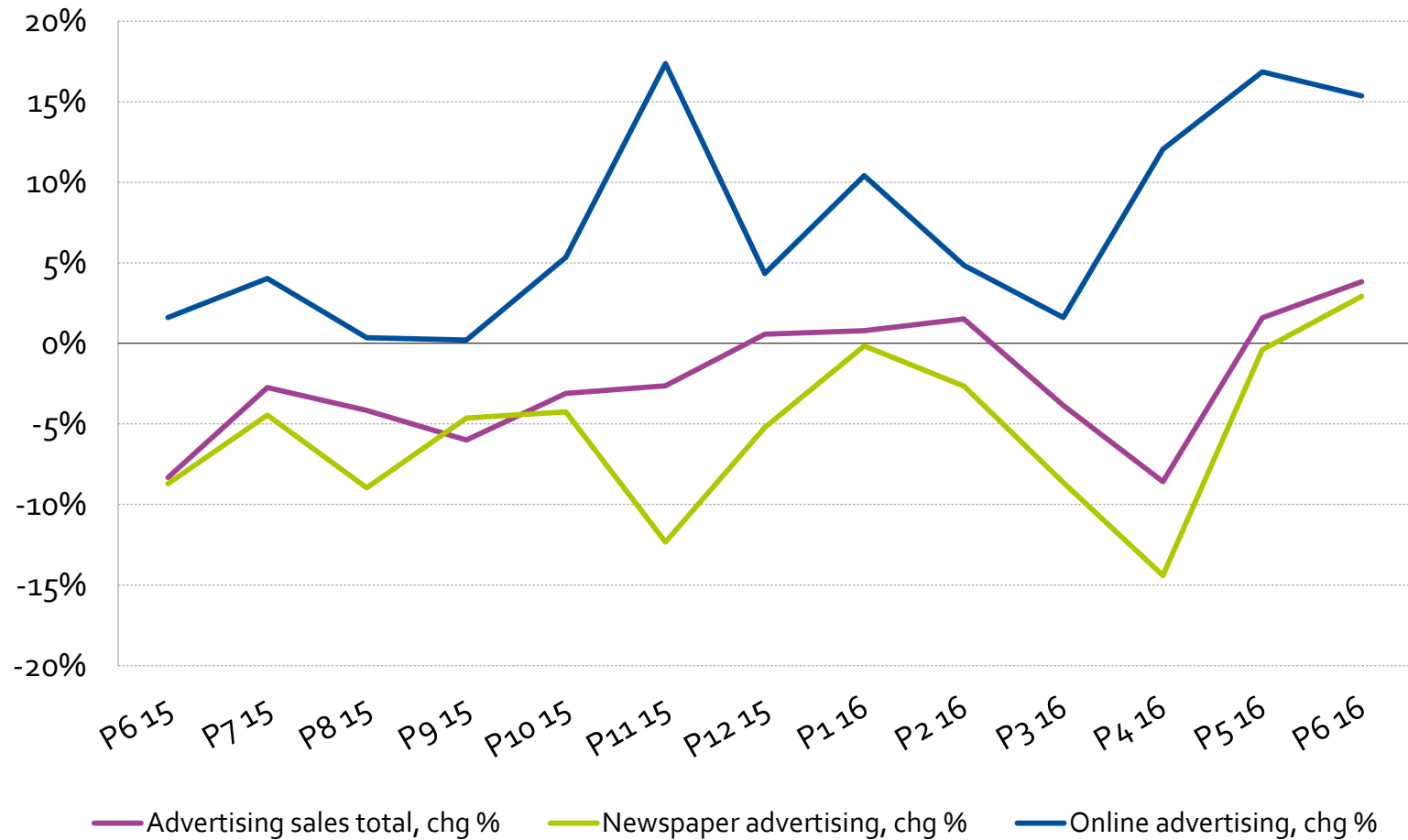
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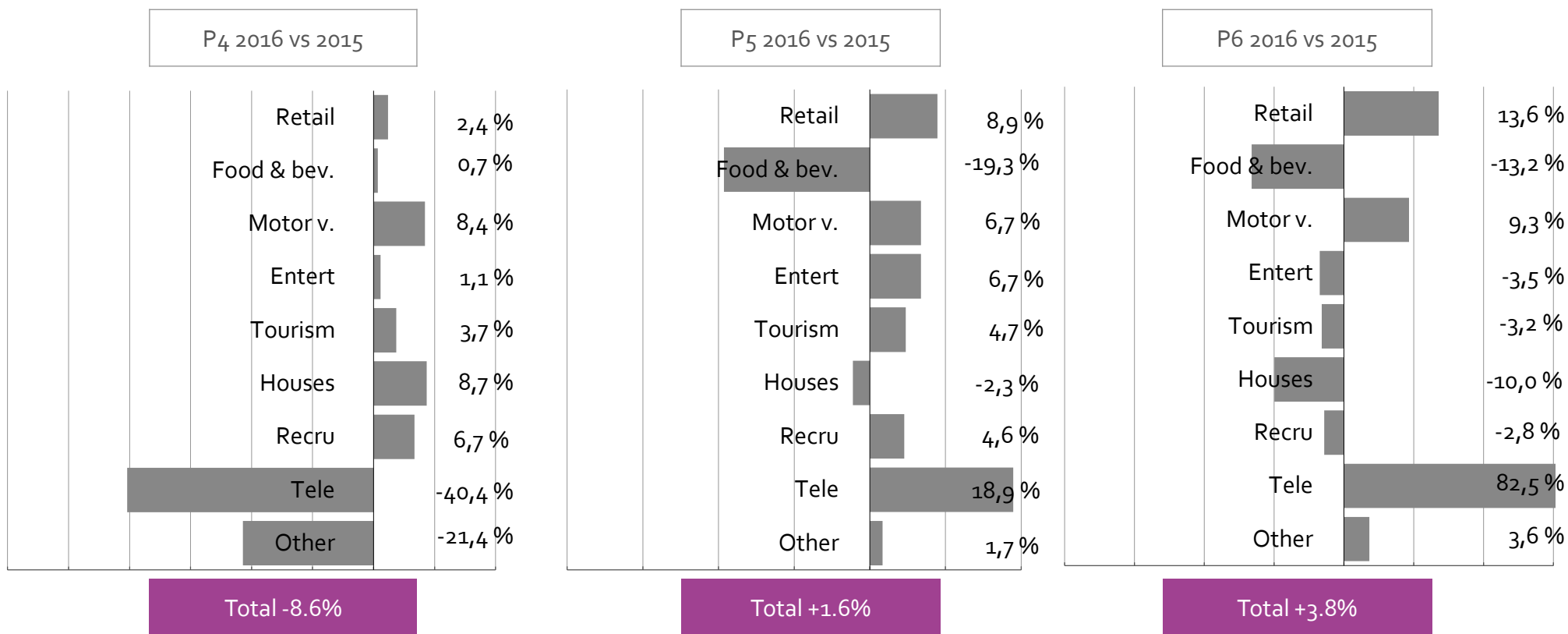
The start of the summer season brought a slight boost to media advertising; online advertising grew by 15.4%



Source: TNS Media Intelligence

# Media advertising is growing in many industries

Total market, change from previous year



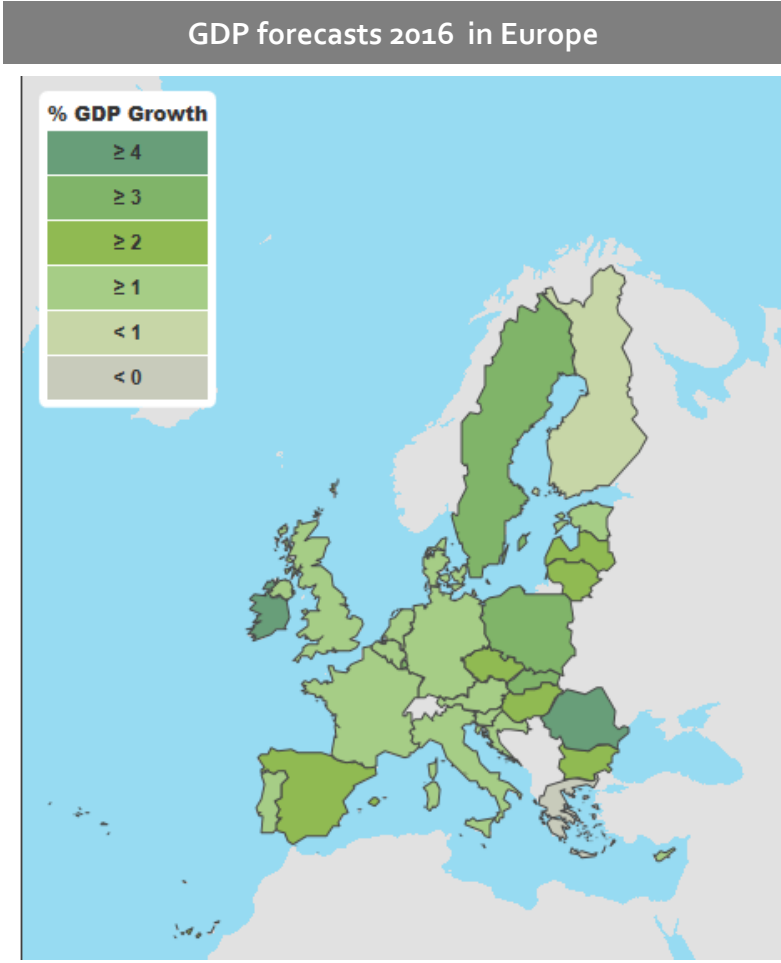
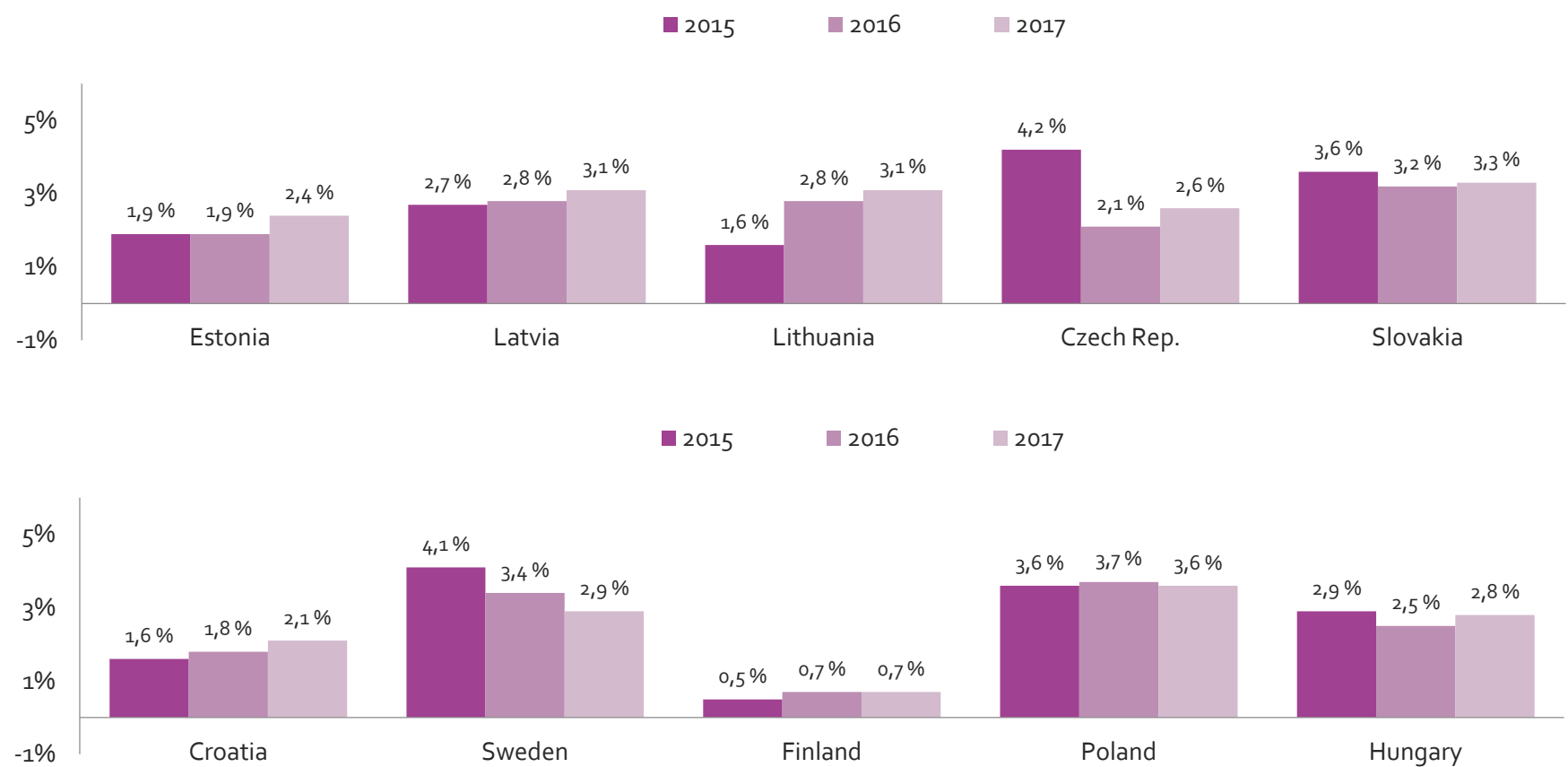
Source: TNS Media Intelligence



# BUSINESS ENVIRONMENT IN ALMA'S OPERATING COUNTRIES

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# GDP growth and forecasts in Alma's operating countries in 2015–2017E



Source: European Economic Forecast, European Commission  
Spring 05/2016.





# ALMA MEDIA'S PROFIT PERFORMANCE

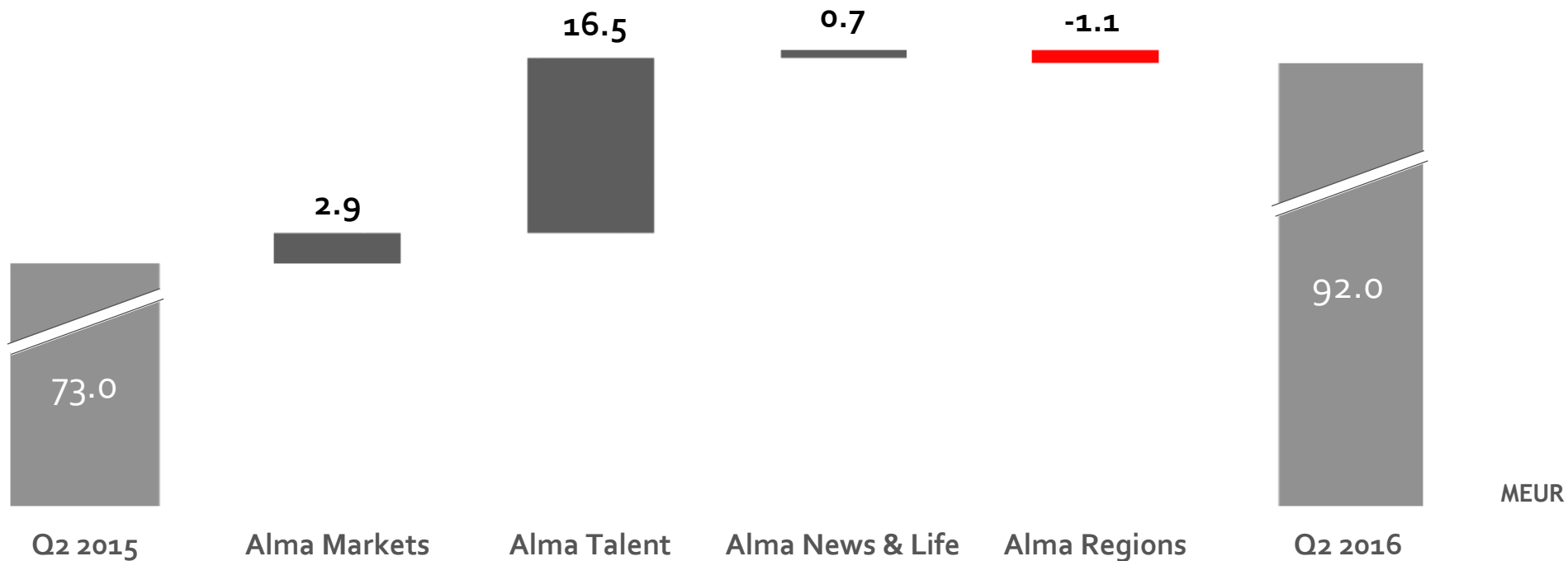
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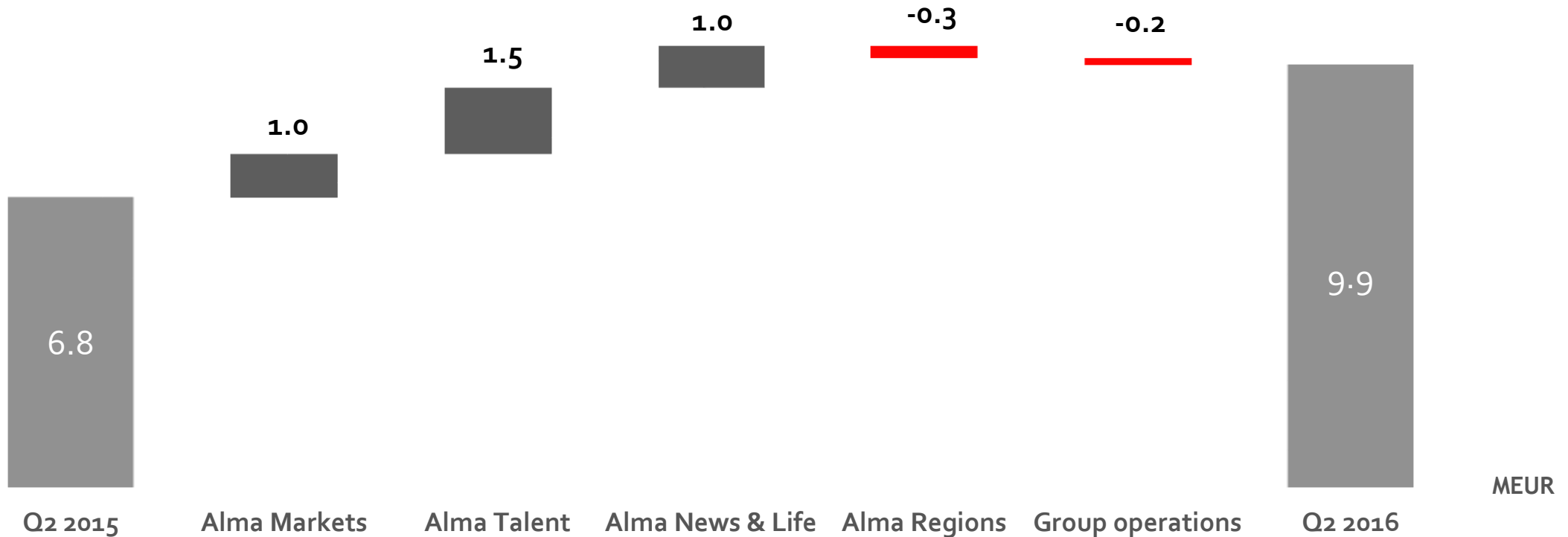
# Revenue: the strong pace seen earlier in the year was maintained in Q2

- Q2 revenue +25.9% to MEUR 92.0. Alma Talent's revenue grew, in particular, as a result of the Talentum acquisition.
- Revenue also grew thanks to the positive sales development of Alma Markets and Alma News & Life. Alma Regions was weighed down by a decrease in advertising and content revenue.



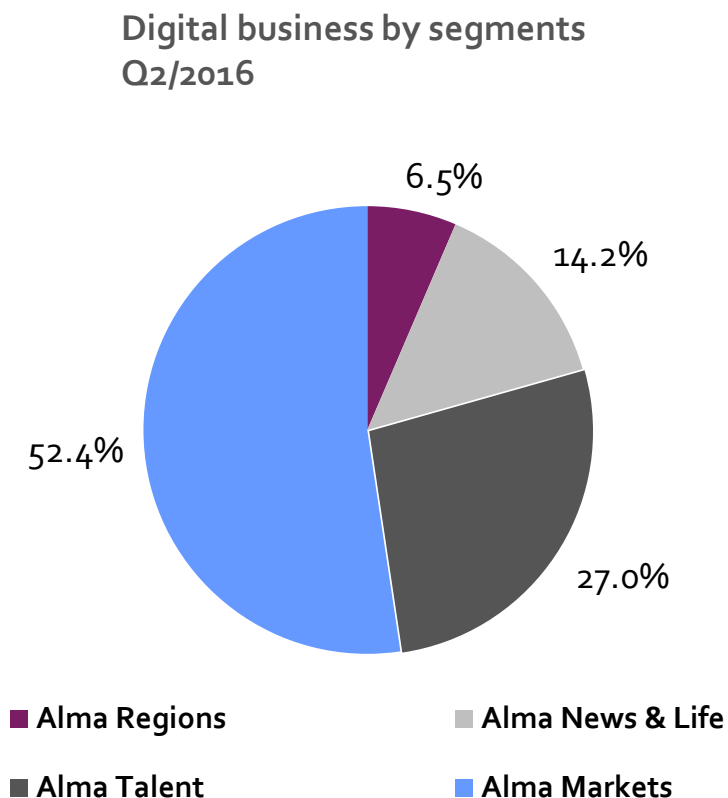
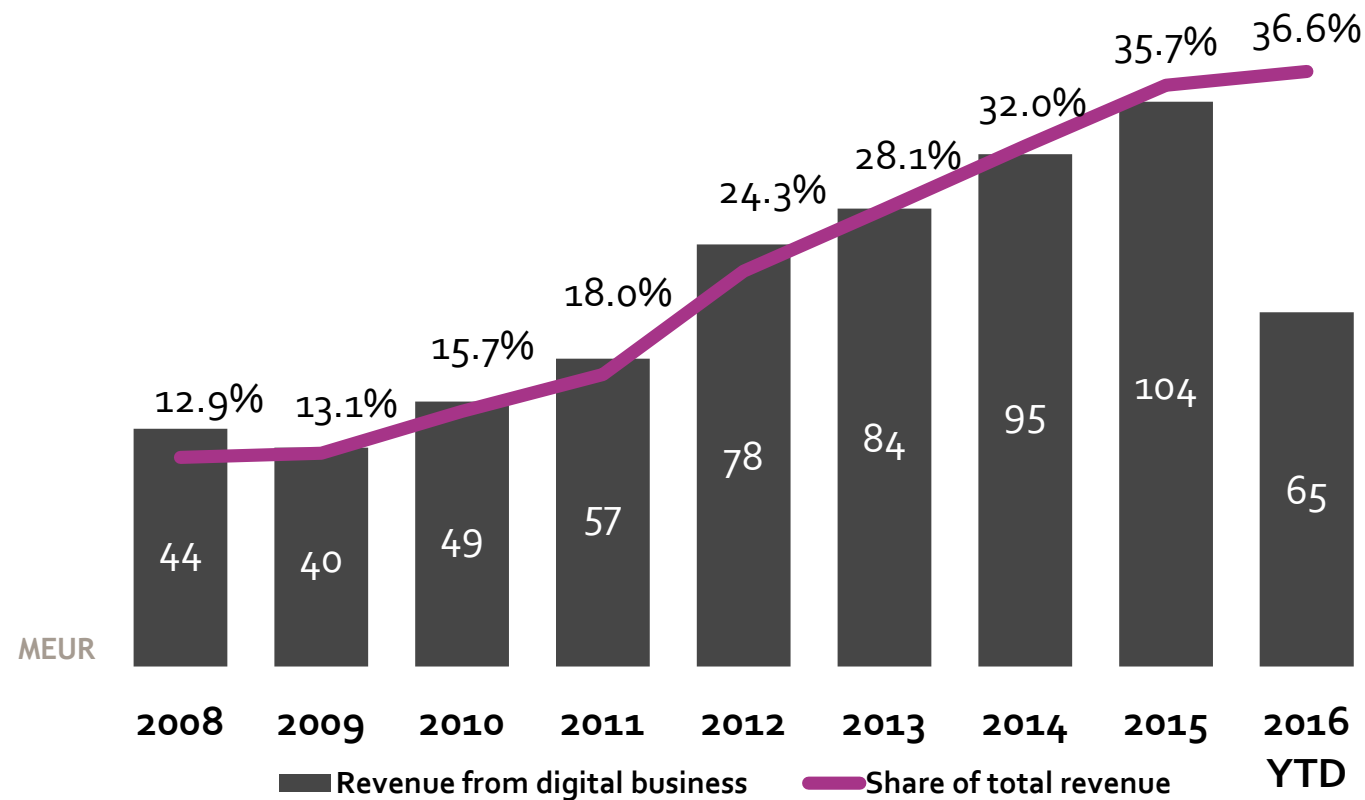
# Operating profit Q2: positive development in profitability

- Adjusted operating profit +45.5% to MEUR 9.9 or 10.8 % (9.3 %) of revenue.
- The operating profit includes net adjusted items in the amount of MEUR -0.8 (1.3) related to restructuring and gains on sales from acquisitions achieved in stages.



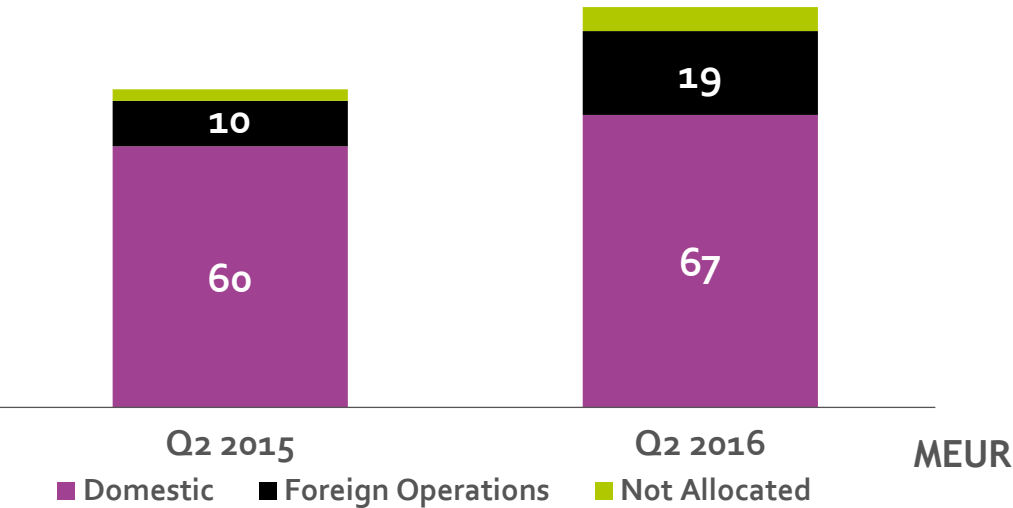


# Digital business grew by 29.5% in Q2

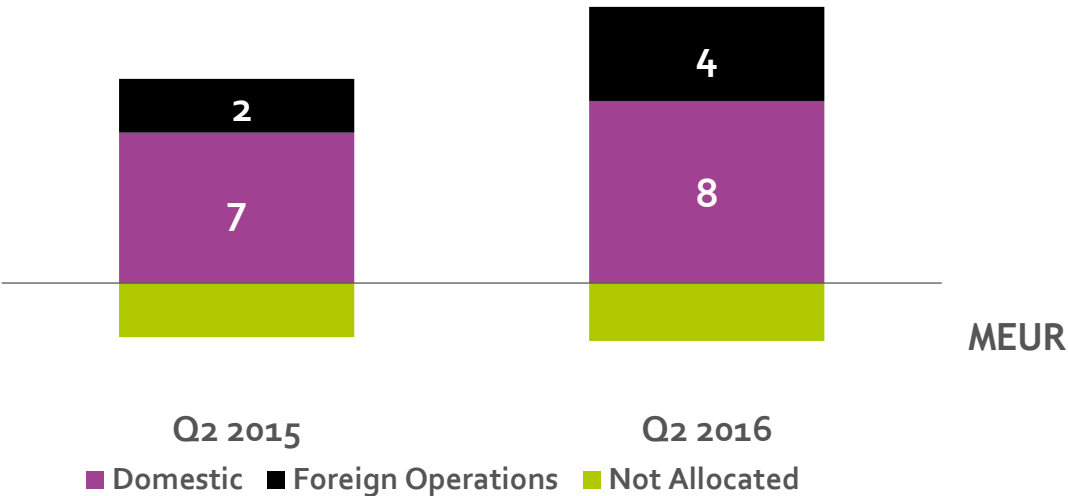


# Continued growth in Alma's international business

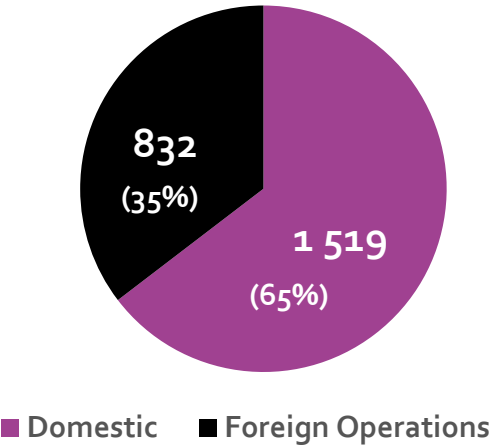
Revenue



Adjusted EBIT



Personnel  
Q2/2016





# FINANCIAL REVIEW

Juha Nuutinen, CFO

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# Long-term financial targets

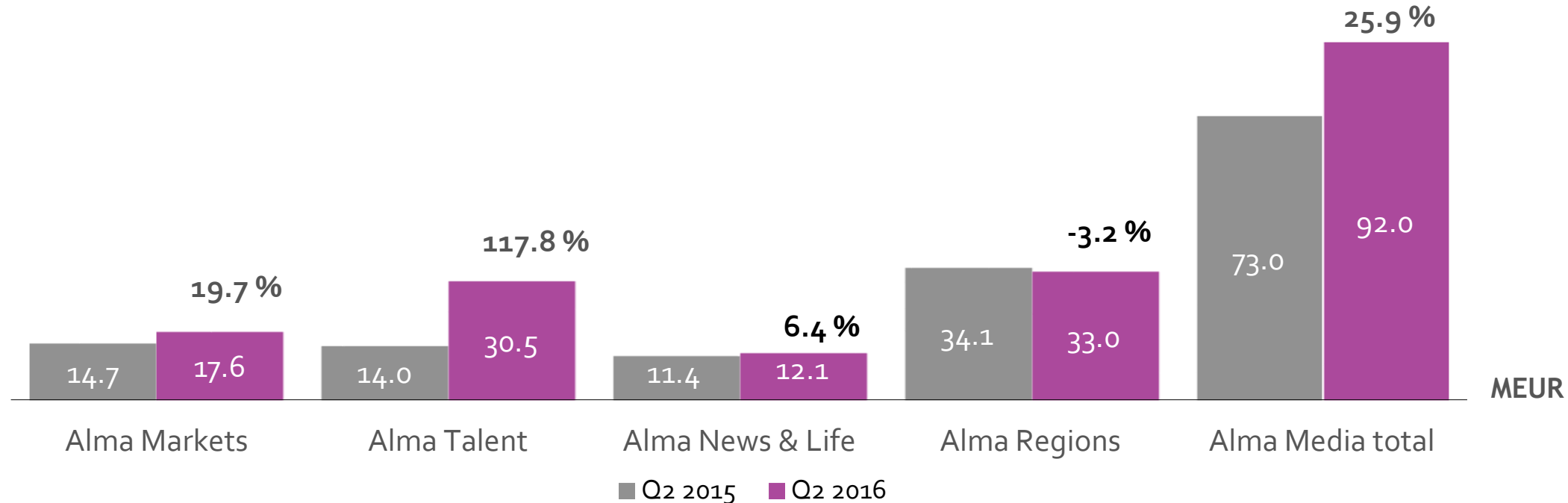
Alma Media's financial targets	2012	2013	2014	2015	Q2/2016	Target level
Digital business growth	36.8 %	8.4 %	11.9 %	8.7 %	30.1%	> 15 %
Return on Investment (ROI), %	13.8 %	10.0%	9.8 %	6.9 %	9.3%	> 15 %
Dividend payout ratio*	45 %	50 %	63 %	92 %	n/a	> 50 %

\*Includes capital repayment to shareholders.



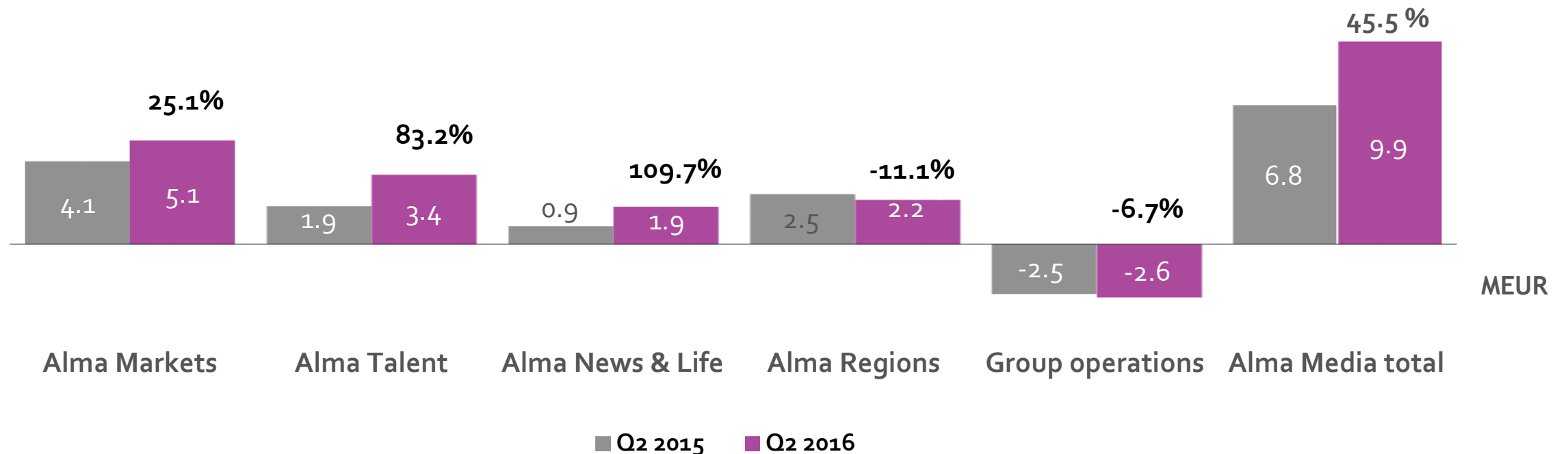
# Revenue breakdown Q2/2016

- Content revenue +34.7% (MEUR +8.4)
  - Talentum's effect on content revenue MEUR +8.9.
  - Comparable content revenue declined by 1.4% due to the lower circulations of print media.
- Advertising revenue +18.8% (MEUR +7.2)
  - Online advertising sales +27.5% (MEUR +5.6)
  - Advertising sales for print media +9.1% (MEUR +1.6)
  - Talentum's effect on the increase in advertising revenue was MEUR +4.2.



# Operating profit breakdown Q2/2016

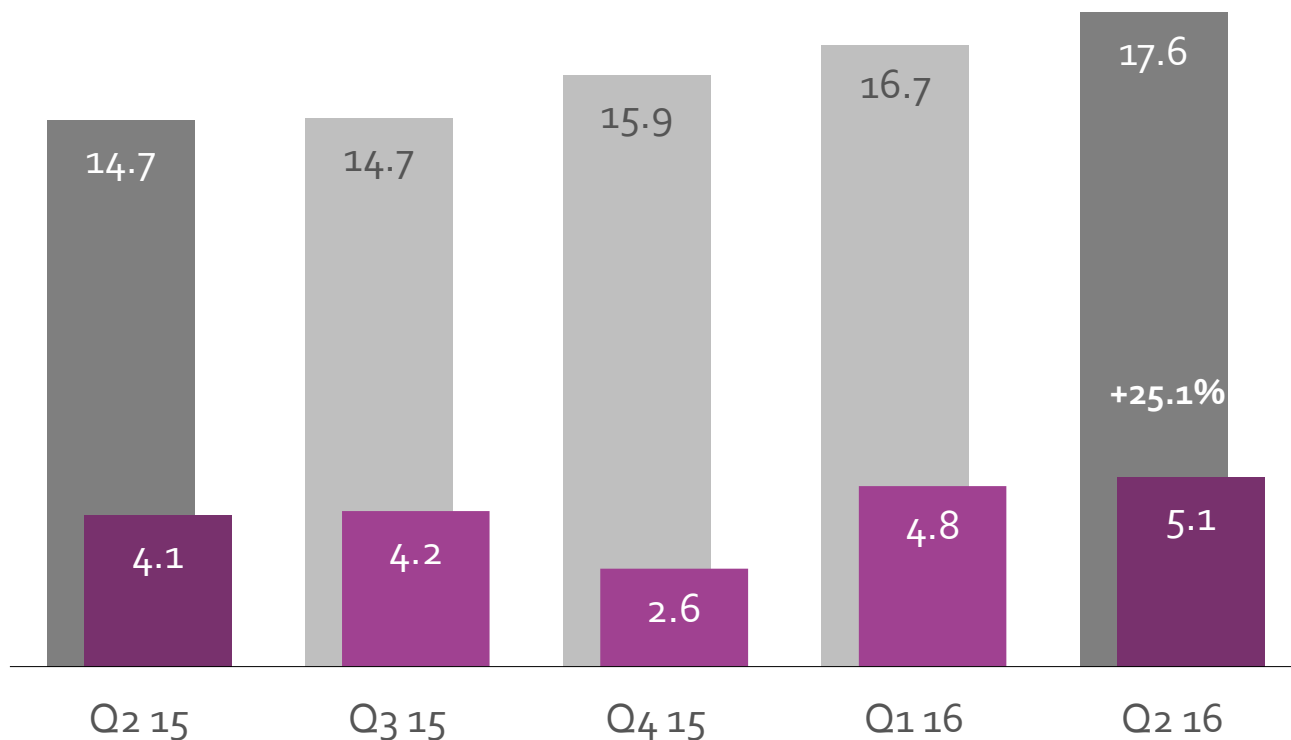
- Q2 adjusted operating profit was MEUR 9.9 (6.8), or 10.8% (9.3%) of revenue.
- The operating profit includes net adjusted items of MEUR -0.8 (1.3) related to restructuring.
- Adjusted expenses increased 23.8% (MEUR +15.8). Acquisitions measures accounted for MEUR 15.4 of the increase in expenses.



# Alma Markets Q2/2016:

## A strong quarter internationally as well as in Finland

- Revenue +19.7% to MEUR 17.6 In Finland, revenue increased across all business areas: housing-related services, automotive services and recruitment services. The segment's international recruitment business continued to achieve strong growth.
- In total, the revenue from the recruitment business +19.2% and accounted for 76.0% of the segment's revenue in Q2/2016.
- Growth was profitable: adjusted operating profit increased by +25.1% to MEUR 5.1.



Acquisitions  
(Autosofta, NettiKoti, Urakkamaailma)  
increased revenue by  
MEUR 0.3.

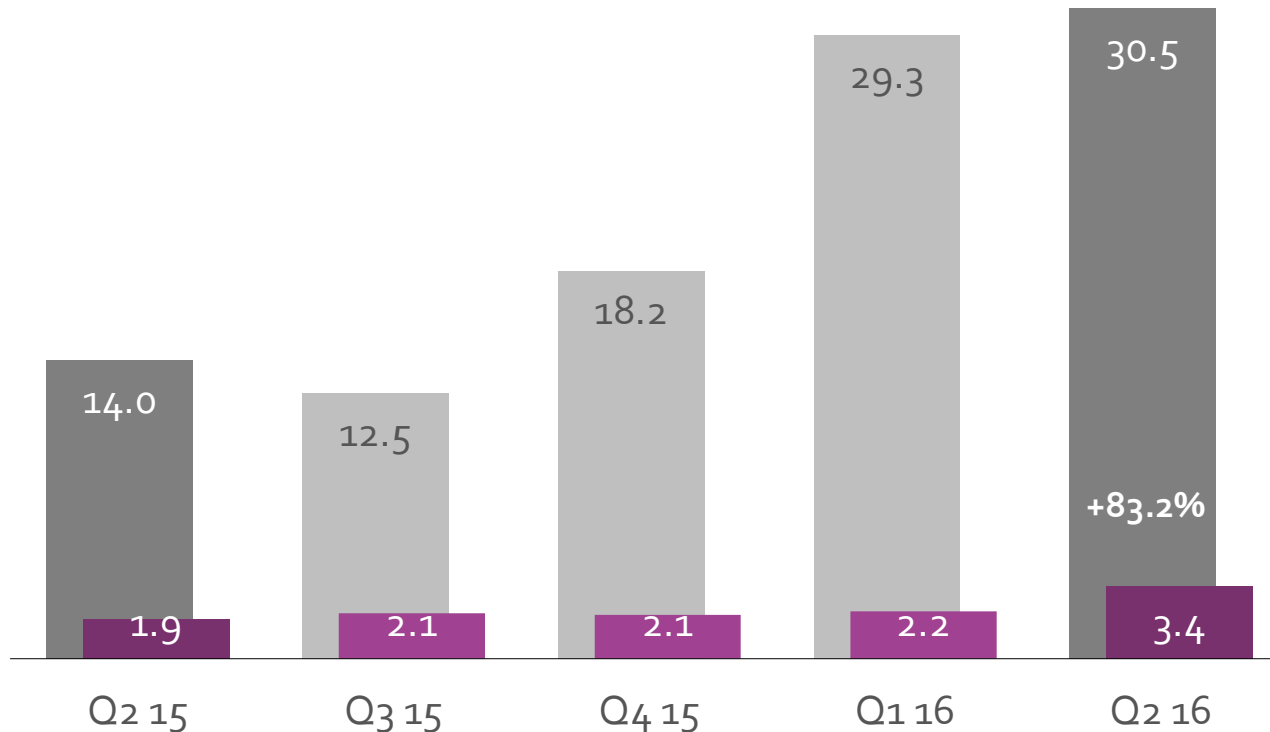
Revenue and Adjusted EBIT, MEUR



# Alma Talent Q2/2016:

## Result improved by cost synergies from integration

- Revenue increased by 117.8% to MEUR 30.5. Adjusted operating profit +83,2 to MEUR 3.4.
- Restructuring measures have mostly been completed in Finnish operations but they are still ongoing in Sweden. The event business operations in Denmark were closed down.
- Restructuring expenses recognised in Q2/2016 amounted to MEUR 1.5.



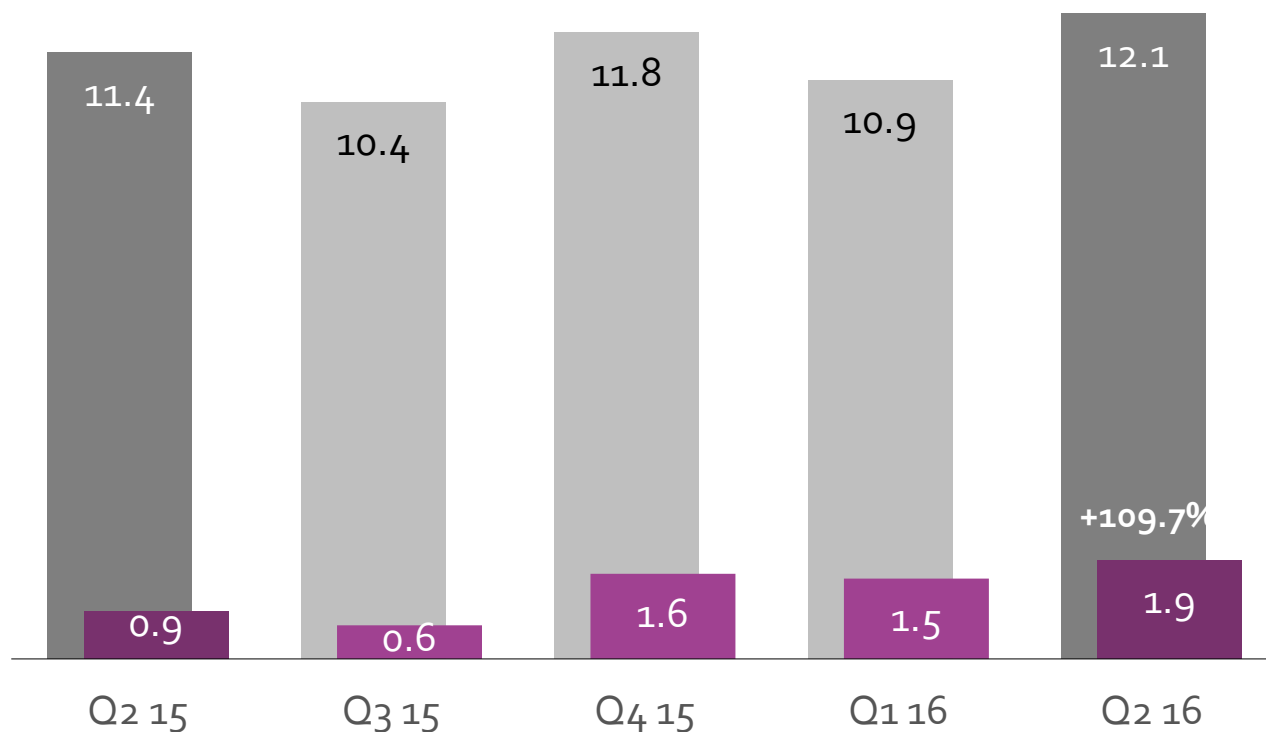
The Talentum businesses contributed MEUR 18.6 to the increase in revenue. The Alma360 business represented a decrease in revenue of MEUR -2.7.

Revenue and Adjusted EBIT, MEUR

# Alma News & Life Q2/2016:

## Third consecutive quarter of strong growth in digital advertising

- Revenue +6.4% to MEUR 12.1. Profit doubled: adjusted operating profit +109.7% to MEUR 1.9.
- The positive development of the digital business and declining single-copy sales saw the online business increase its share of the segment's total revenue to 41.3%.
- Advertising grew to account for more than half of the segment's total revenue.



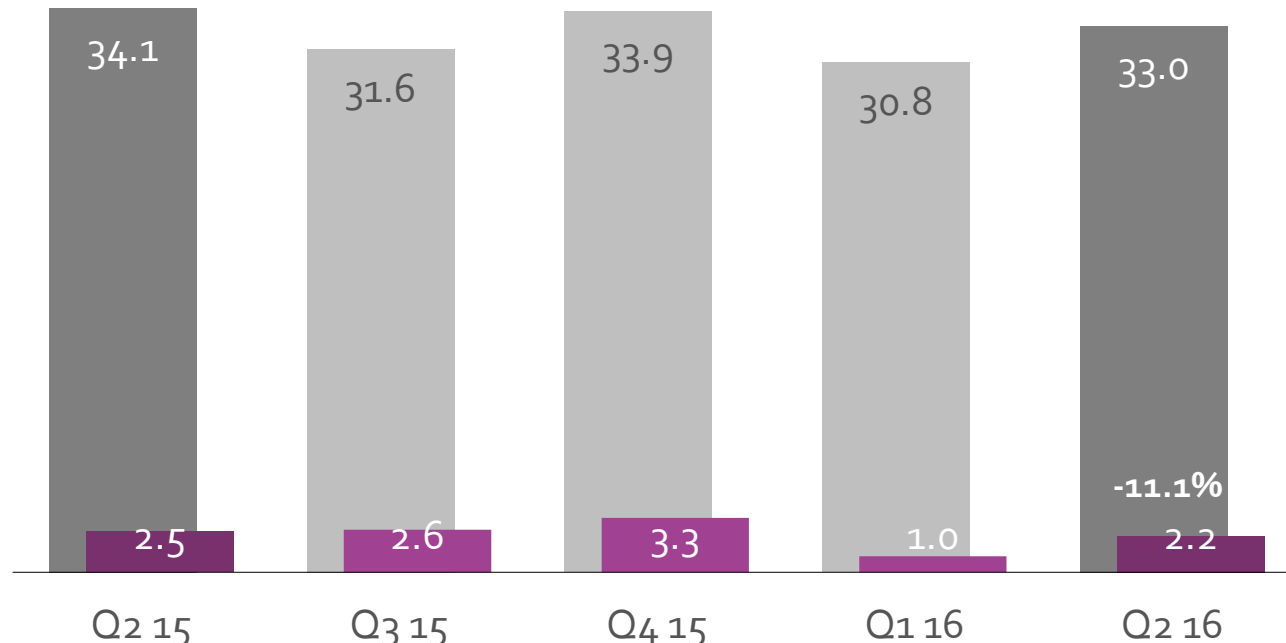
Rantapallo.fi contributed MEUR 0.4 to the increase in revenue

Revenue and Adjusted EBIT, MEUR

# Alma Regions Q2/2016:

## Positive development in digital sales not enough; profitability declined slightly

- Revenue -3.2% to MEUR 33.0, adjusted operating profit -11.1% to MEUR 2.2.
- The segment saw positive development in digital content and advertising revenue, but it was not yet sufficient to cover the gap left by declining print media sales.
- Adjusted total expenses declined to MEUR 30.8 (31.7) as a result of efficiency improvement measures.

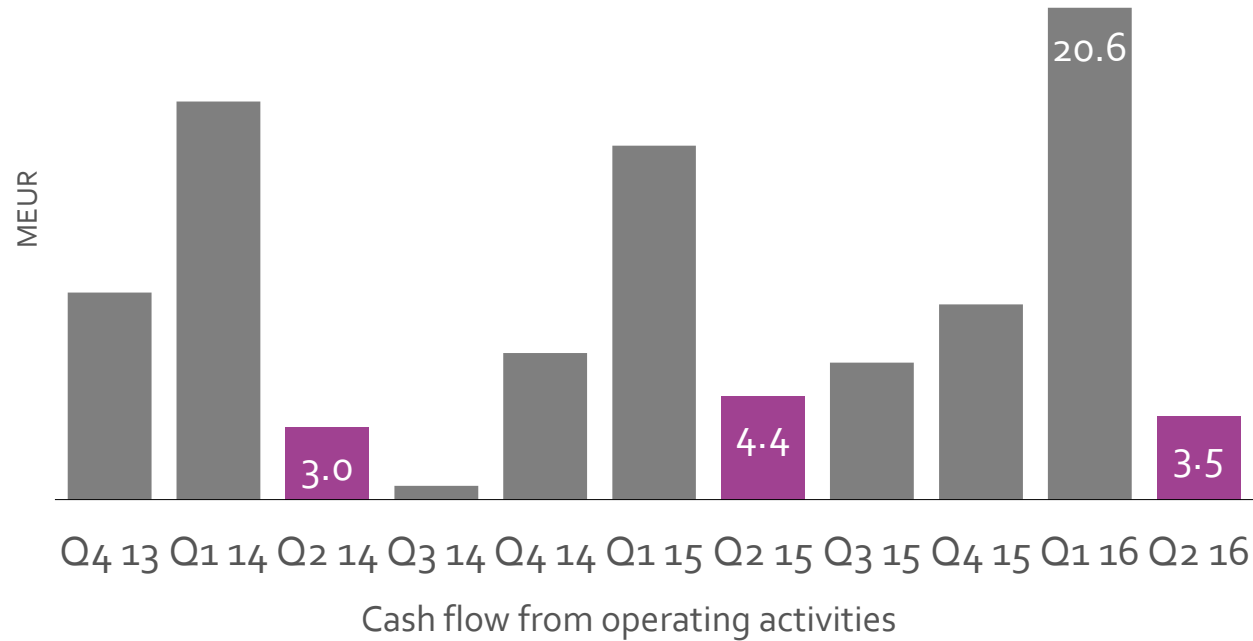


Revenue and Adjusted EBIT, MEUR



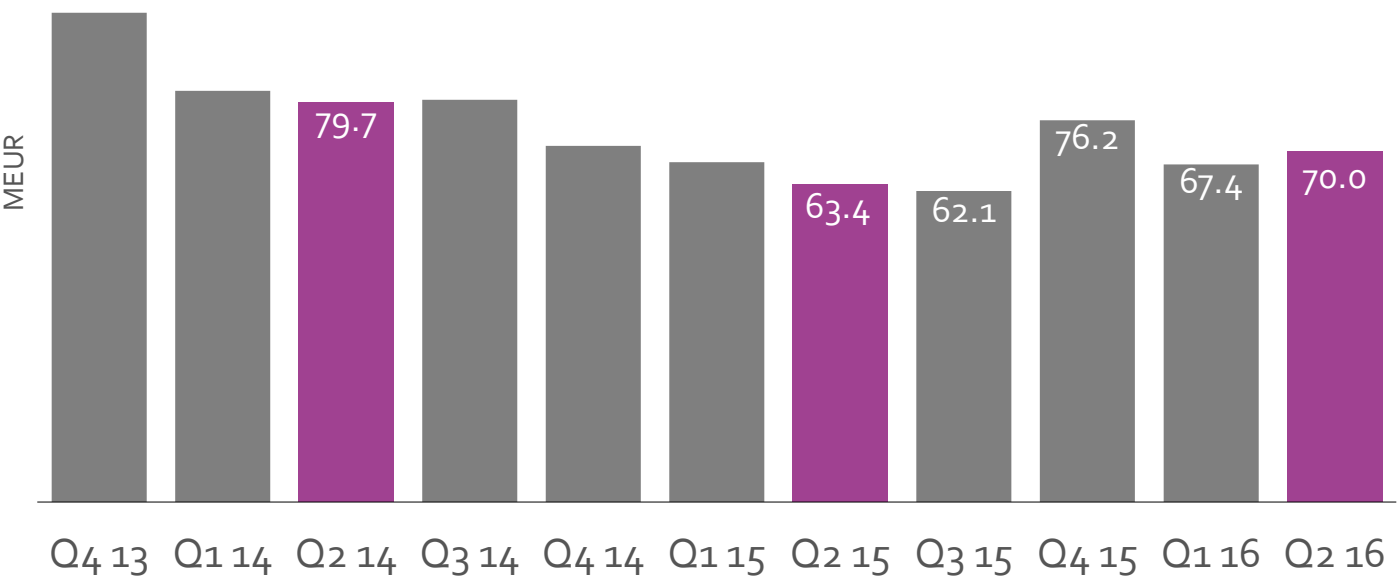


# Cash flow from operating activities and investments



# Interest-bearing liabilities

Net debt Q4/2013-Q2/2016



Net debt distribution

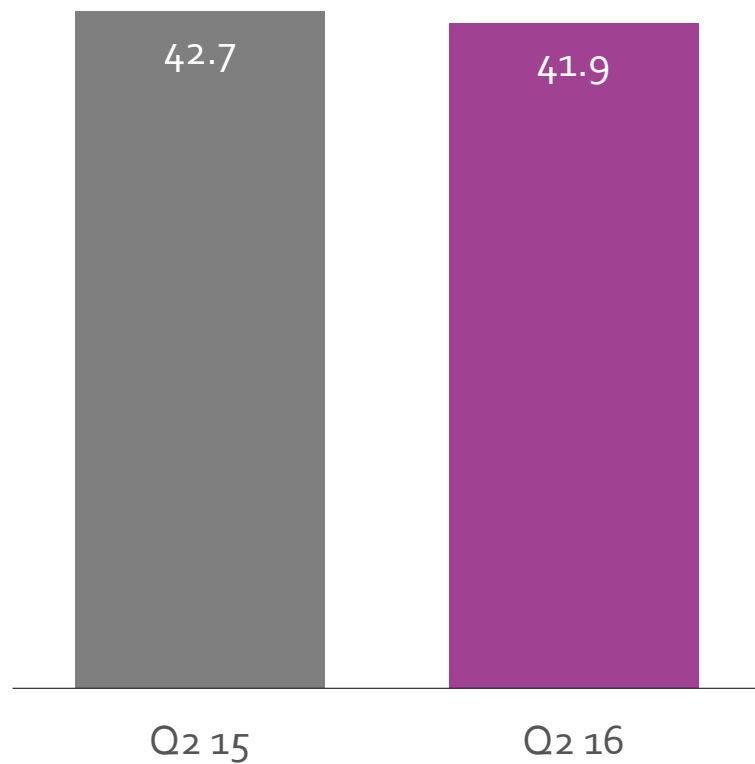
	Q2/2016
Financial leasing	62.5
Financial loans	12.6
Commercial papers	13.0
Cash and cash equivalents	-18.2
Total	70.0



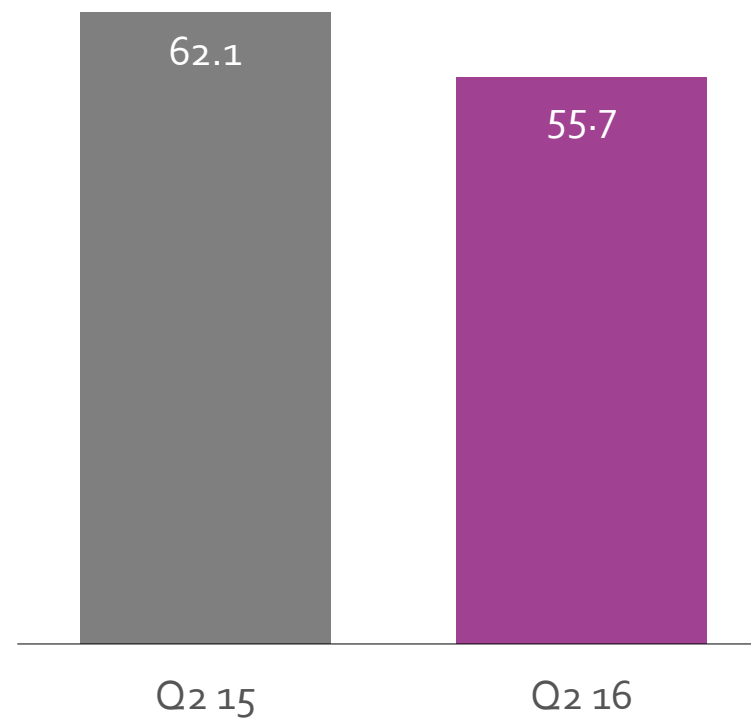
# Equity ratio and Gearing

IFRS

Equity ratio, %

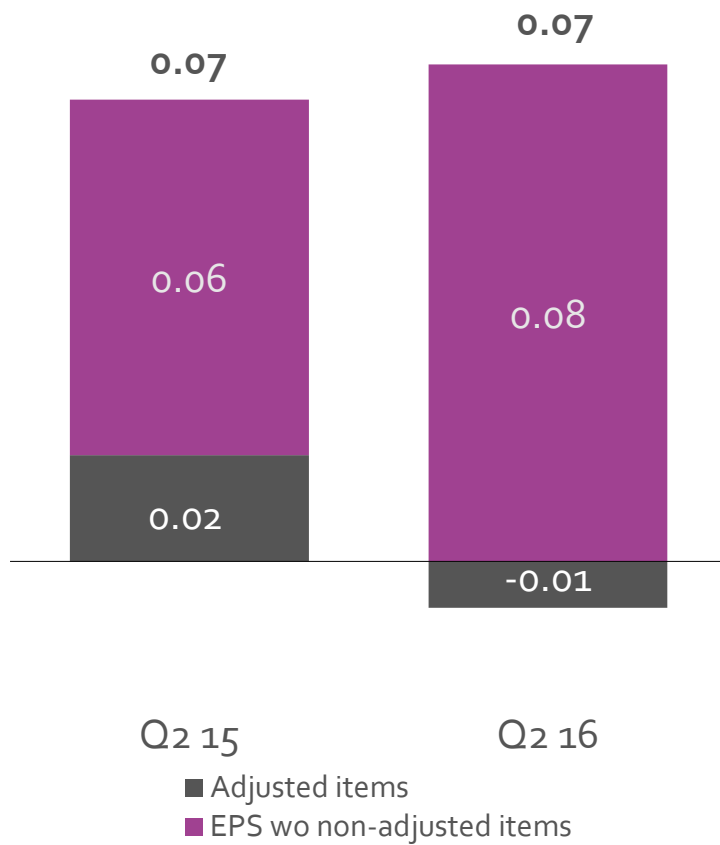


Gearing, %



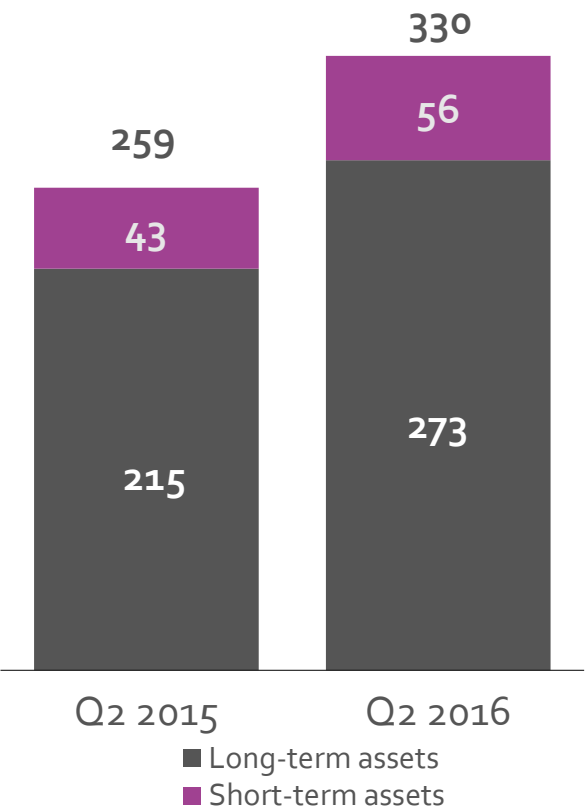


# EPS and shareholders' equity per share

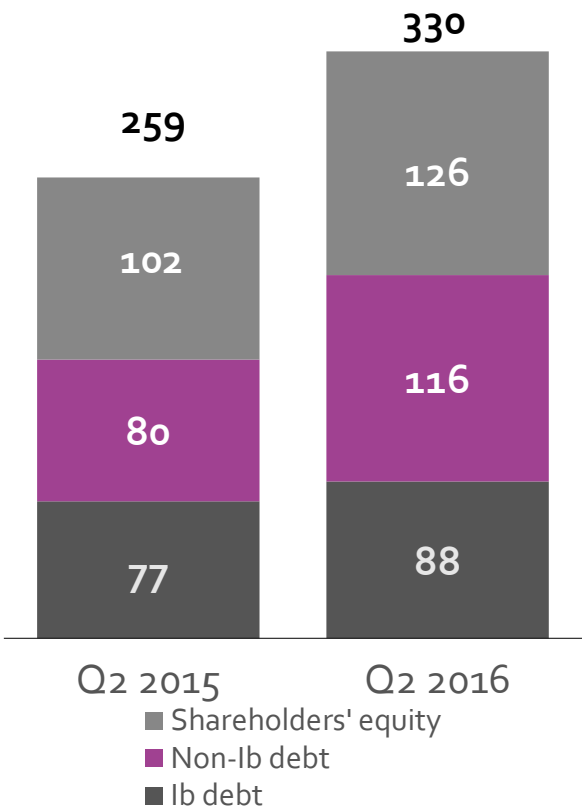


# Balance Sheet

Assets



Liabilities



# STRATEGY AND OUTLOOK

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# Strategic development areas

**Multi-channel  
content**

**Marketing  
solutions**

**Digital services**

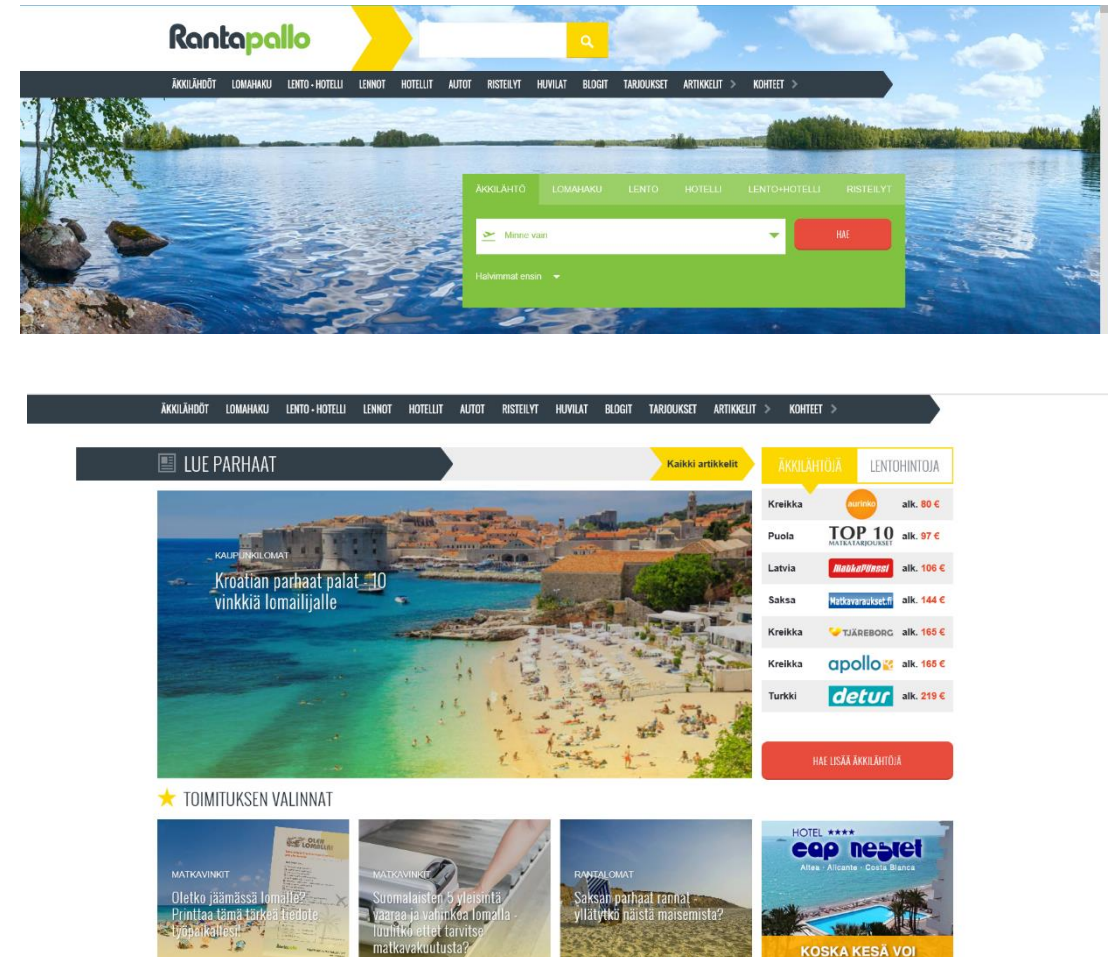
**Resources and  
expertise**

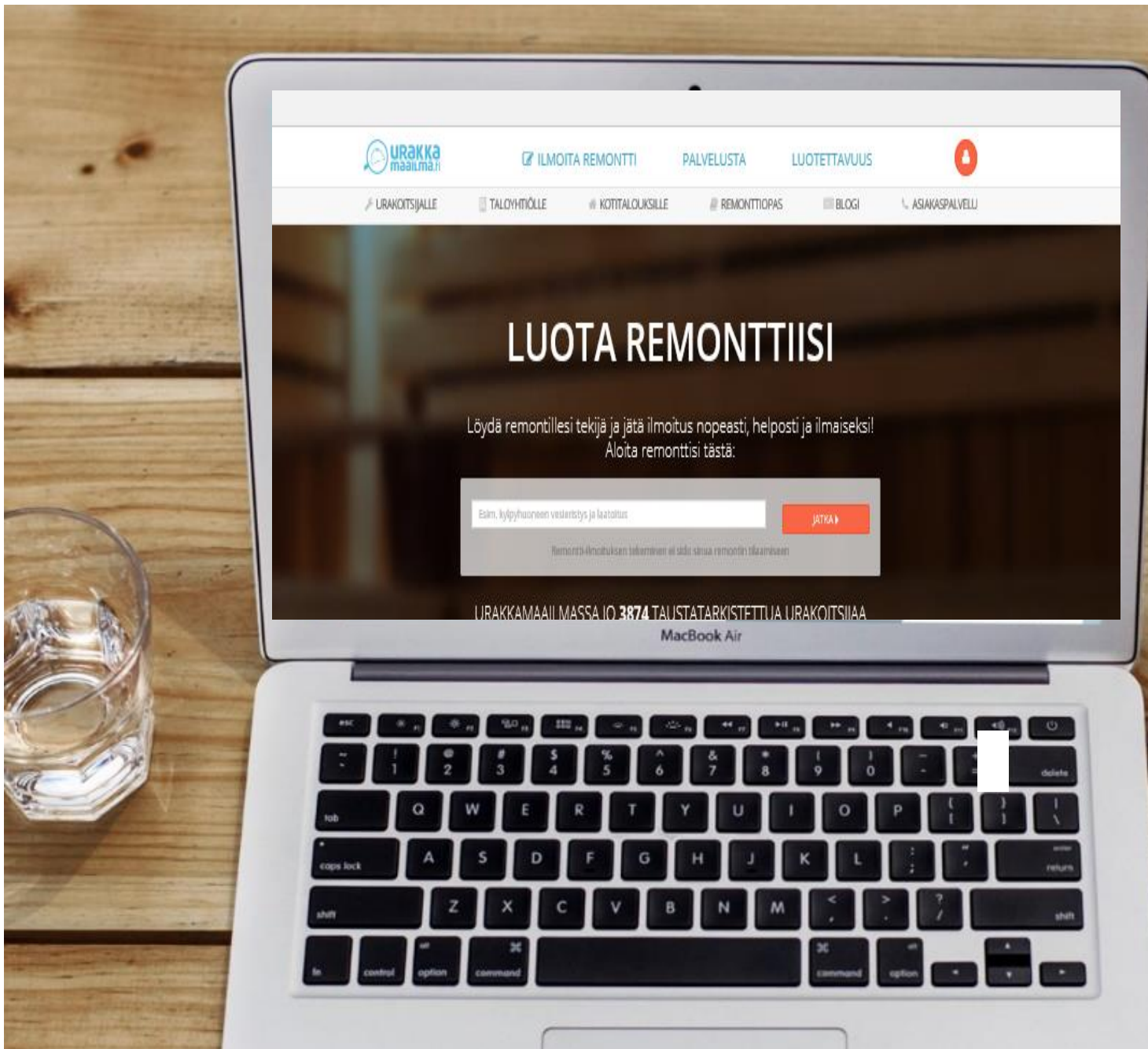
**We will build new capacities, seek efficiency and  
accelerate growth in digital services and  
media.**



# Expansion in consumer services in the travel industry

- Alma Media acquired a majority share in Rantapallo.fi, which is Finland's most extensive marketplace for package tours.
- The company also includes the online travel service Matkapörssi and LT Lentokeskus, which provides B2B services to travel agencies.
- The aim is to build an offering that provides comprehensive services to travel agents and consumers who are interested in travelling.
- Synergies will also be achieved between the editorial content produced by Rantapallo.fi and Italehti's lifestyle editorial team.





Alma Mediapartners made an additional investment in Urakkamaailma.fi, a marketplace for renovation and construction work.

The service helps consumers and housing companies find verified contractors with reviews by users for renovation and construction projects.





# Alma Regions' Reviiri digitalisation project

Total project cost  
MEUR 1.4.

The goal is local  
content service and  
shifting customers to  
digital.

Media innovation  
funding from Tekes  
MEUR 0.6.

Leveraging location data, users'  
interests and reading habits.  
Optimised and curated content for  
customers.

# Resources and competence development

## A new 1-to-1 discussion model

- Alma Media has shifted to a continuous and flexible model with respect to the target setting and performance discussions held between employees and supervisors.
- The new model engages employees better and increases understanding of the implementation of the strategy of the Group and its various businesses in practice and in the work of each Alma Media employee.





# Outlook

- The Finnish economy is expected to show zero growth or only slight growth in 2016. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see continued economic growth, but at a lower rate than in 2015.
- Macroeconomic development affects both consumer demand and advertising volume. The structural transformation of advertising will continue in 2016; online advertising will grow, while print media advertising will decline. Total advertising volume is not expected to increase in Finland in 2016.
- The Talentum acquisition completed in late 2015 will increase Alma Media's revenue and operating profit in 2016. In 2016, Alma Media expects its full-year revenue and adjusted operating profit to increase from the 2015 level. The full-year revenue for 2015 was MEUR 291.5, and the adjusted operating profit was MEUR 23.4.



Low marketing activity among  
Finnish businesses is a problem  
for our national  
competitiveness.

Significantly increasing marketing investments  
is one way to build  
growth and success not only  
for Finnish businesses, but also the country as a whole.



# THANK YOU!

Upcoming events in the investor calendar:

- Q3 result 28 October 2016

