

ALMA MEDIA Q4/2016 AND FY/2016

Living
Information

Kai Telanne, President and CEO
Juha Nuutinen, CFO
10 February 2017

Agenda

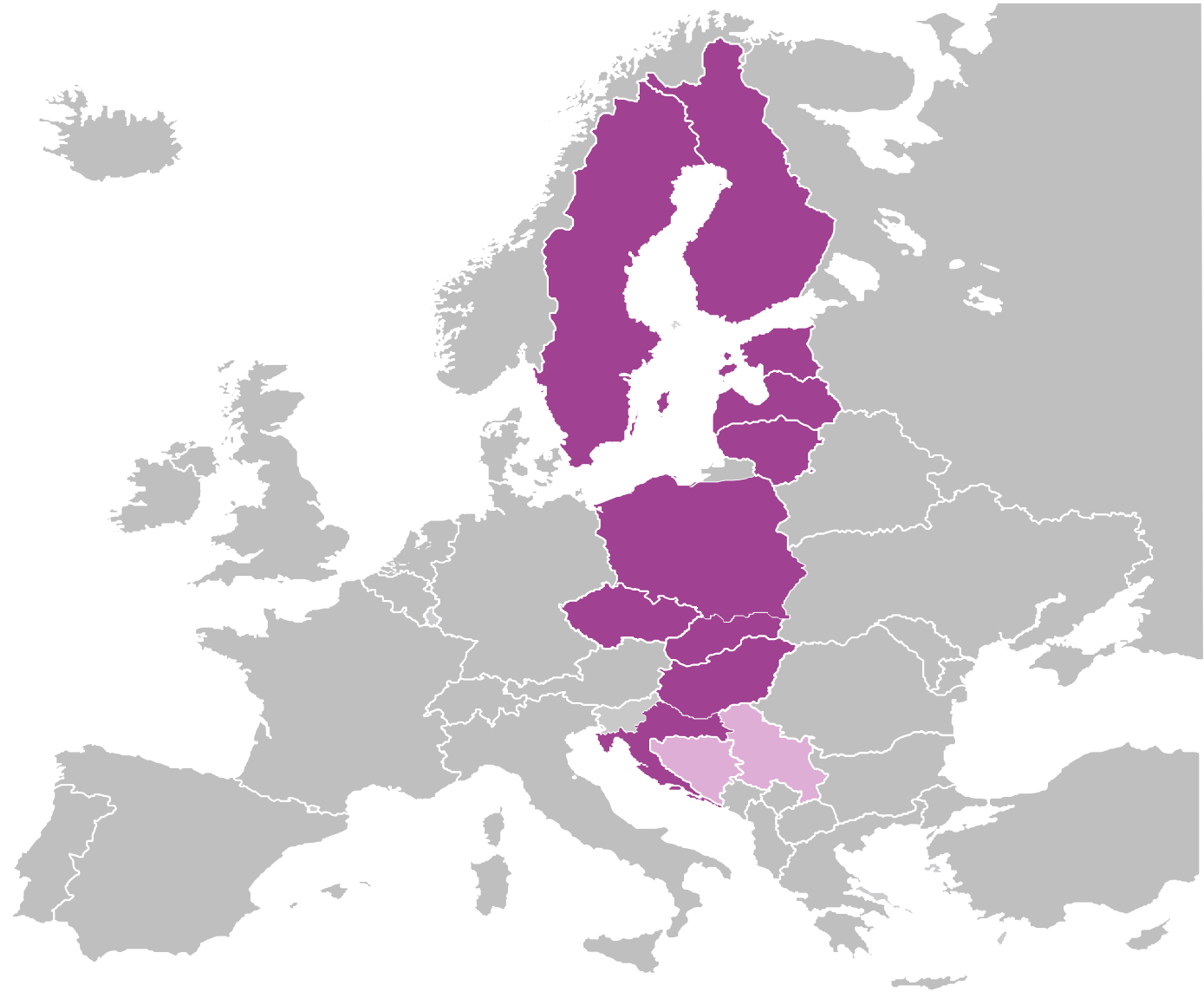
Highlights

Market development

Financial development

Strategy and outlook

Q&A



Year 2016 in brief

Good business development in 2016

- Revenue rose by 21.2% to MEUR 353.2.
- Adjusted operating profit grew by 50.4% to MEUR 35.2.
- Revenue from online business grew to MEUR 133.5 and represented 37.8% of the Group's total revenue in 2016.
- EPS was EUR 0.20 (0.13) in spite of restructuring costs, impairment and an increase in the number of shares.
- Financial position improved further: equity ratio 45.7% and gearing 41.4%.
- The Board proposes a dividend of EUR 0.16 (0.12) per share.

Growth was boosted by the strong sales of Alma Markets and Alma News & Life

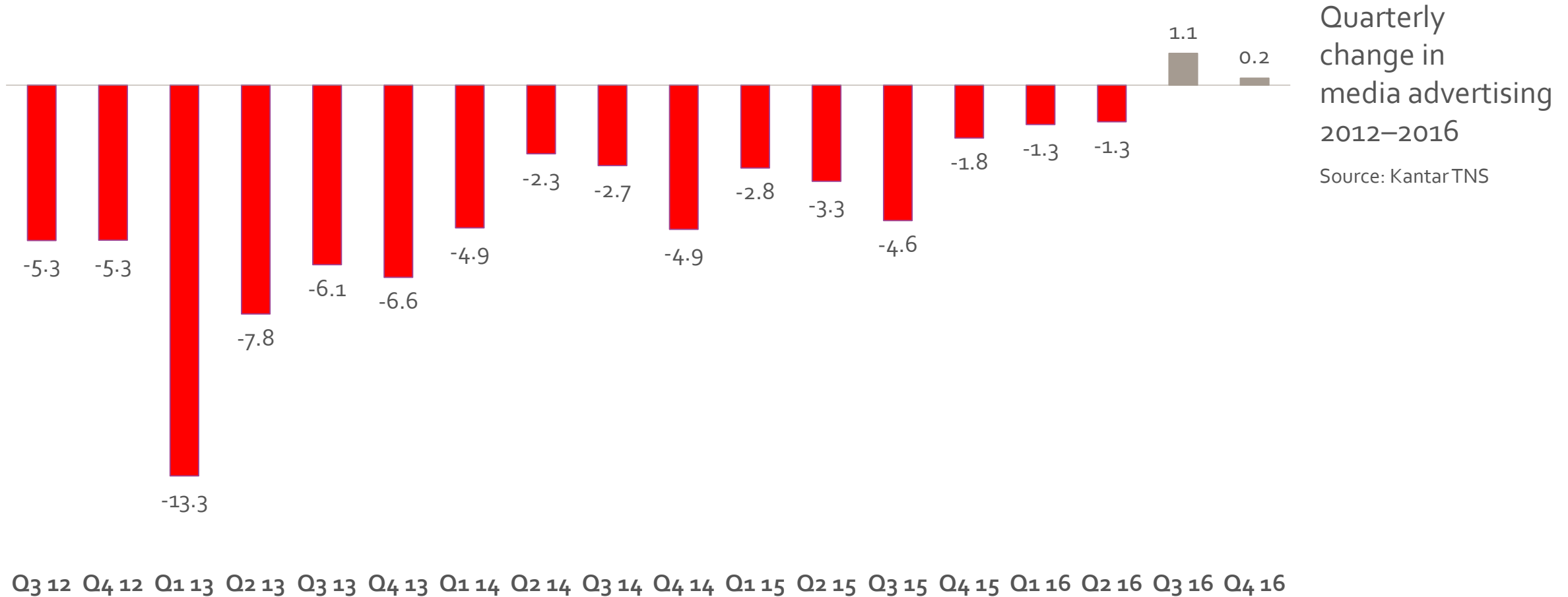
- Alma Markets: strong trend in the sales of international recruitment services and domestic marketplaces. Operating profit was at a record level.
- Alma Talent: A year of integration. The planned cost synergies will be achieved in full. Comparable revenue down 3%, revenue declined particularly in services.
- Alma News & Life: programmatic ad buying, content marketing and mobile advertising increased Italehti's digital business and operating profit.
- Alma Regions: decline in revenue from publishing operations slowed towards the end of the year. Adjusted operating profit was on a par with the previous year thanks to cost savings.

MARKET DEVELOPMENT IN FINLAND

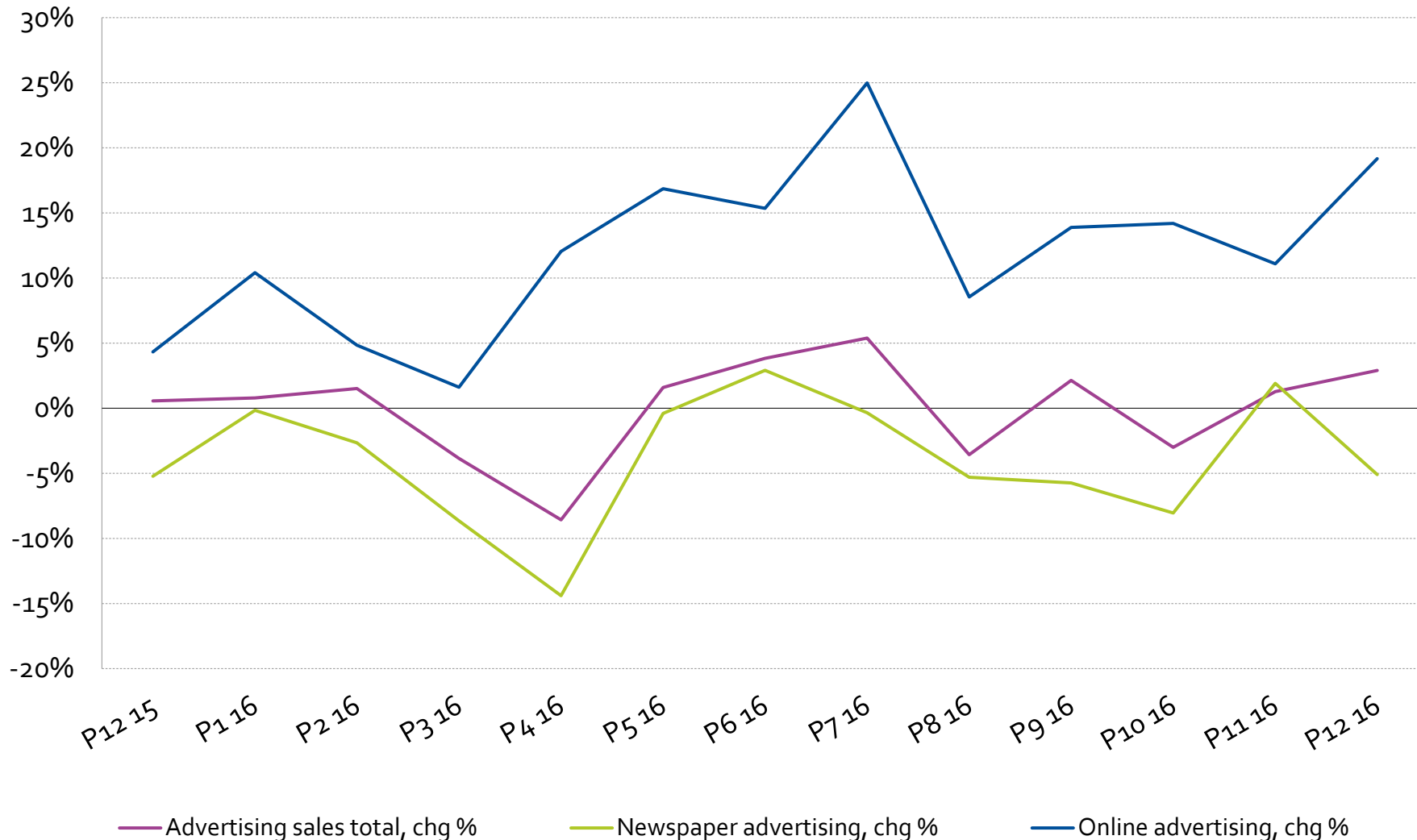
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@AlmaMedia_IR

Finally a turn to growth in the advertising market?



Strong growth in online advertising

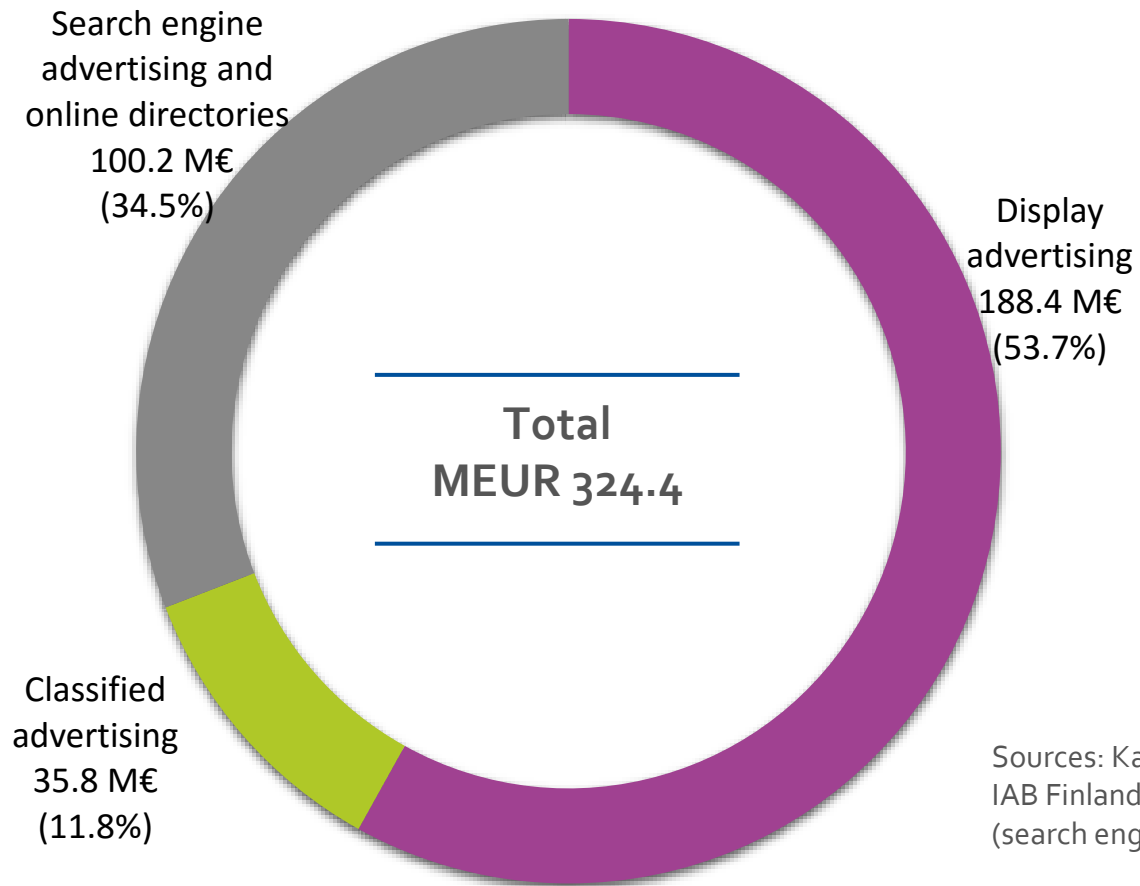


Cumulative
change in
media advertising
12/2015–12/2016

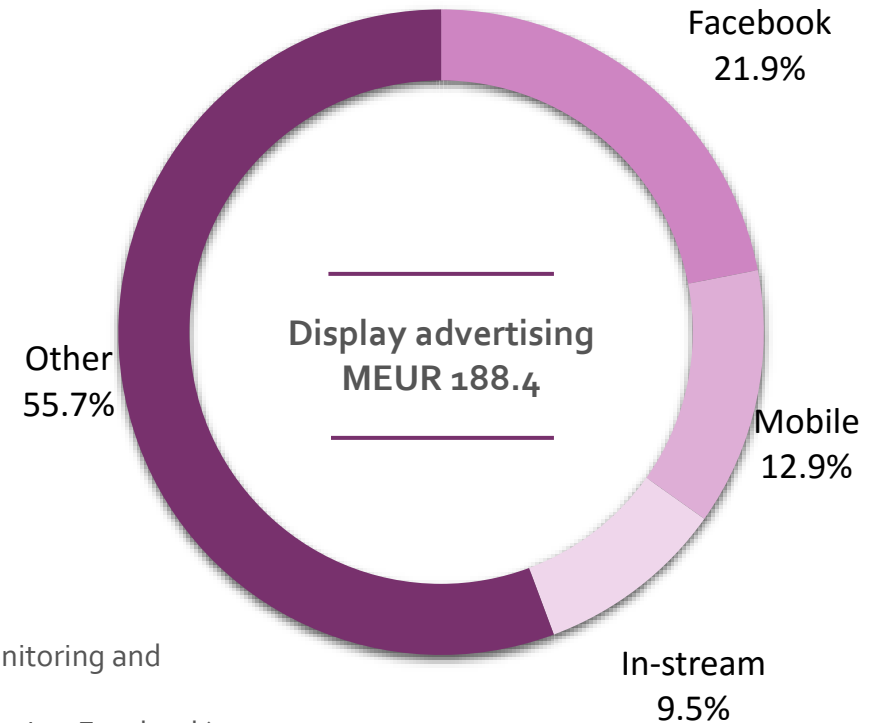
Source: Kantar TNS

Digital advertising now accounts for about 1/3 of all media advertising investments

Online advertising investments 2016



Breakdown of display advertising in 2016

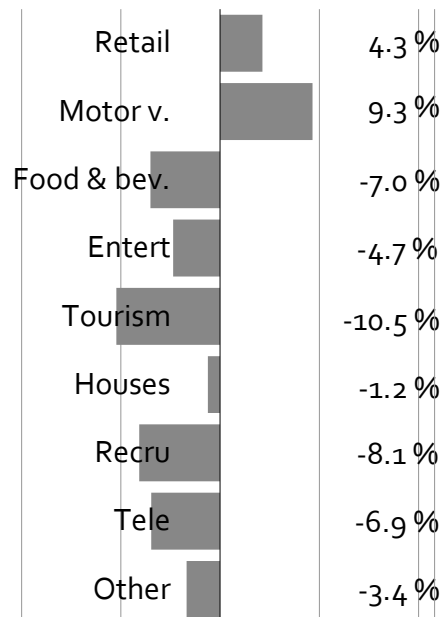


Sources: Kantar TNS monthly monitoring and IAB Finland quarterly monitoring (search engine advertising, directories, Facebook).

Media advertising investments grew particularly in the telecom, travel and food retail industries

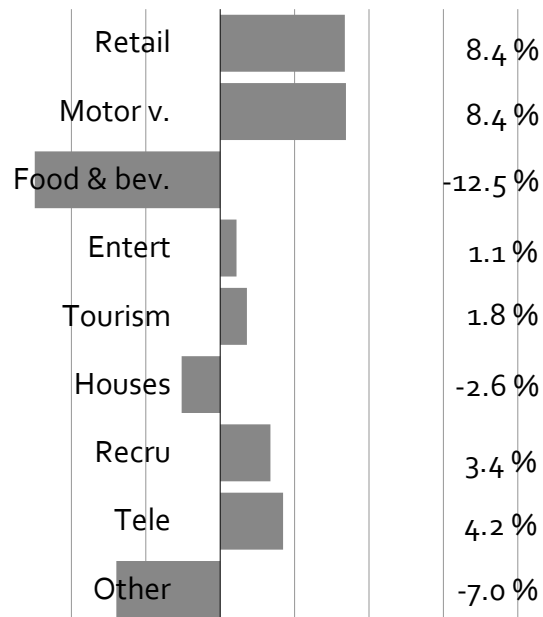
Job advertising also increased

Q1 2016 vs 2015



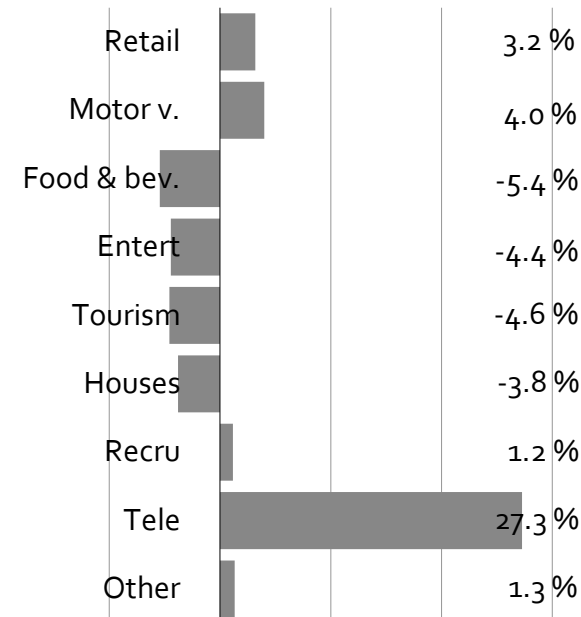
Total -1.3%

Q2 2016 vs 2015



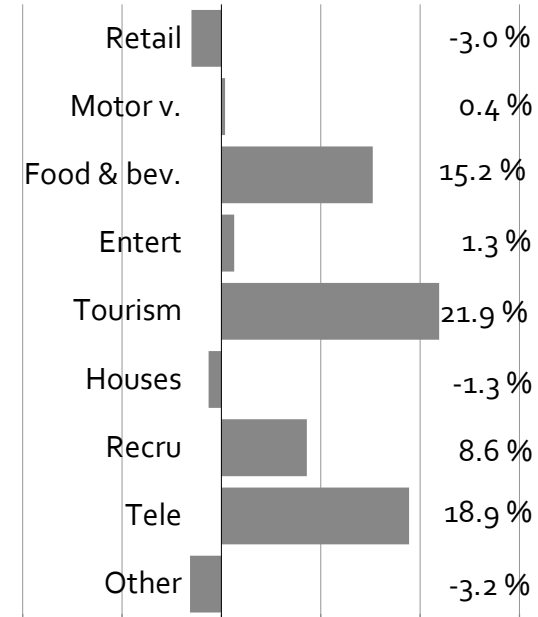
Total -1.3%

Q3 2016 vs 2015



Total +1.1%

Q4 2016 vs 2015



Total +0.2%

Source: Kantar TNS

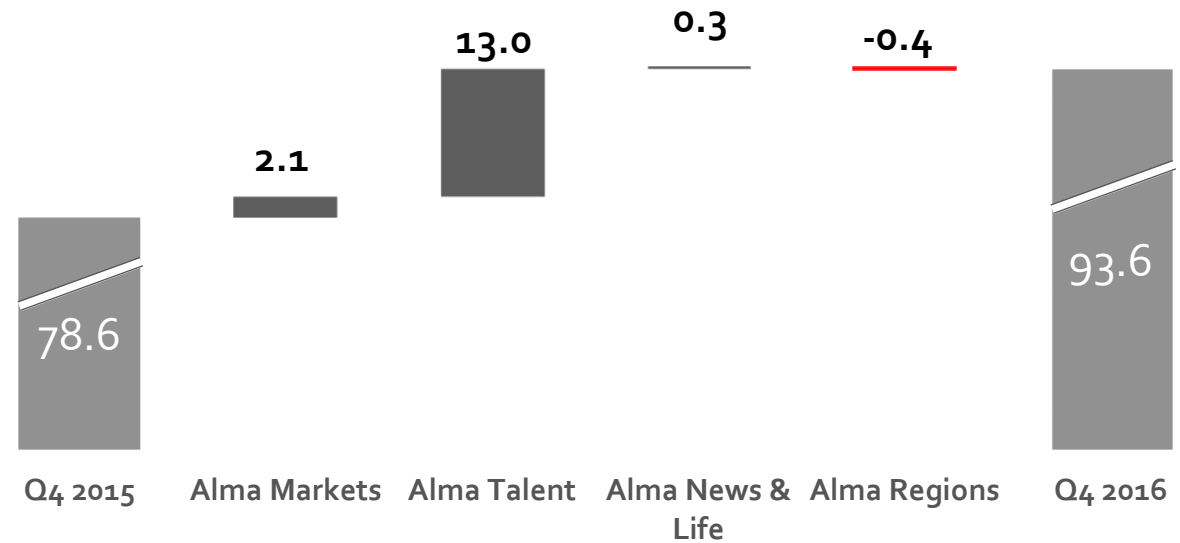
ALMA MEDIA'S PROFIT PERFORMANCE

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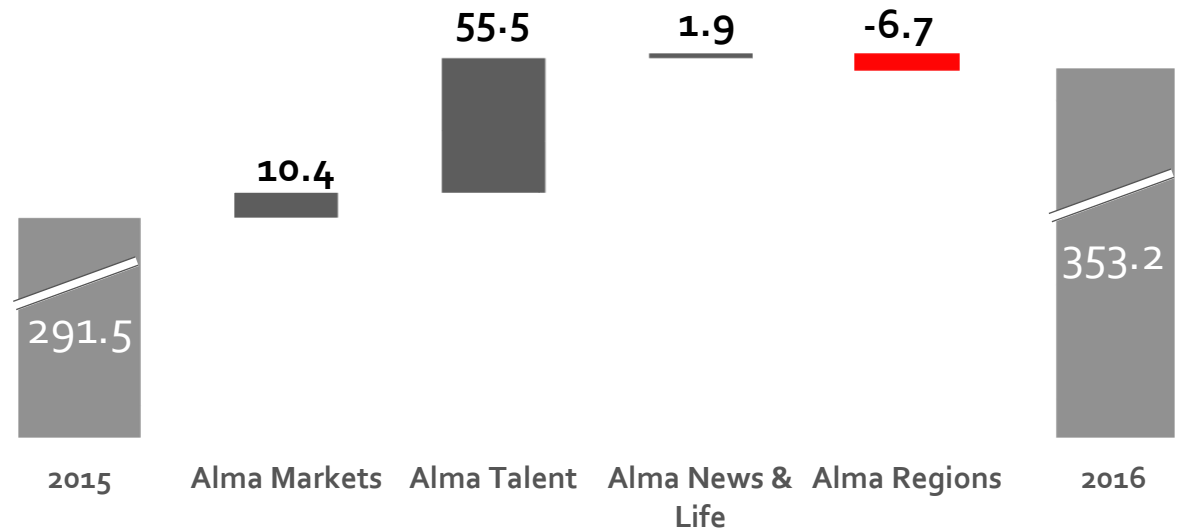
A year of revenue growth

Growth boosted by acquisitions and strong sales

- Revenue grew by +21.2% in 2016 due to the positive organic development of Alma Markets and Alma News & Life.
- Alma Talent's revenue grew as a result of the Talentum acquisition.
- In Alma Regions, the decline in revenue from publishing operations slowed in late 2016: growth in online advertising revenue and sales of external printing services.



2016 Q4, MEUR



2016 FY, MEUR

Profitability improved substantially

Adjusted operating profit

- Adjusted operating profit was MEUR 35.2 (23.4), or 10.0% (8.0%) of revenue.
- Alma Markets and Alma News & Life made the most significant contributions to the improved result. Alma Talent's improved result was attributable to the Talentum acquisition.
- Taking into account the acquisitions and divestments carried out in 2015, the Group's total expenses decreased by 1.4%. Depreciation and impairment included in the total expenses amounted to MEUR 21.1 (16.8).

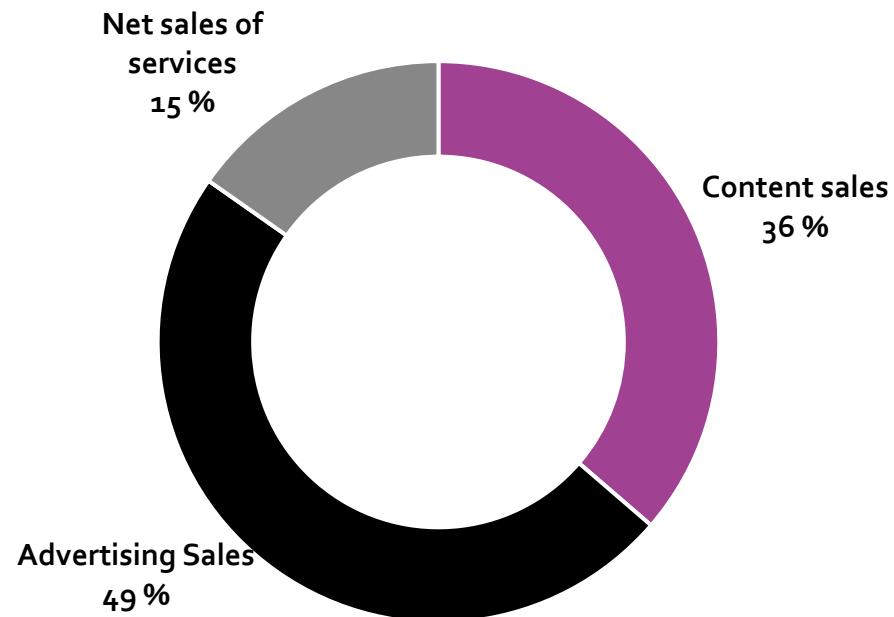


Revenue breakdown:

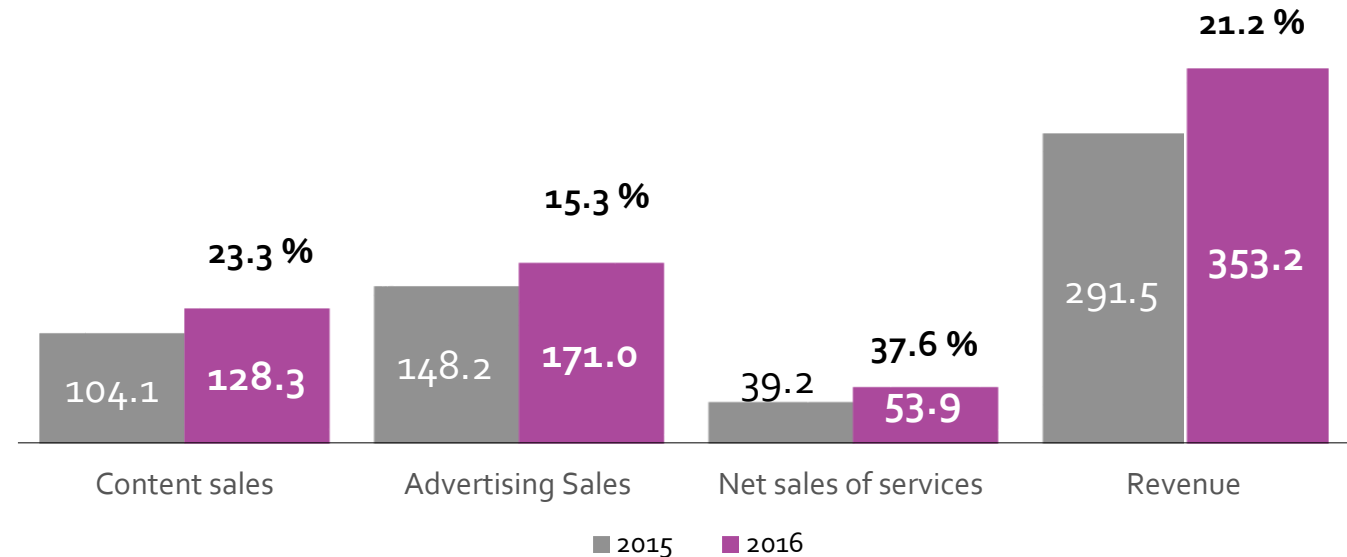
Share of content revenue increased as a result of an acquisition

- In 2016, content revenue grew by 23.3% to MEUR 128.3, but comparable content revenue declined by 4.8% due to lower print media circulations.
- Advertising revenue grew by 15.3% in 2016, to MEUR 171.

Breakdown of net sales 2016

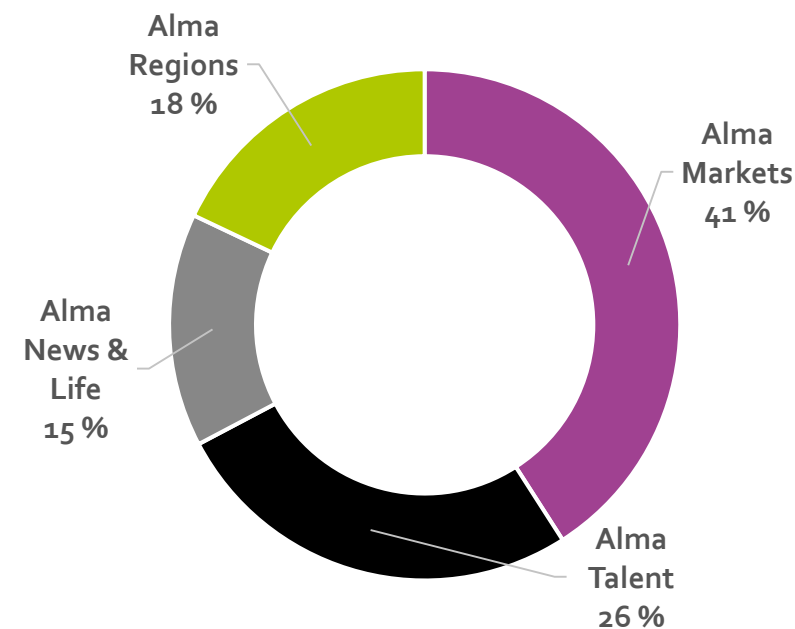


Breakdown of net sales, change 2015/2016

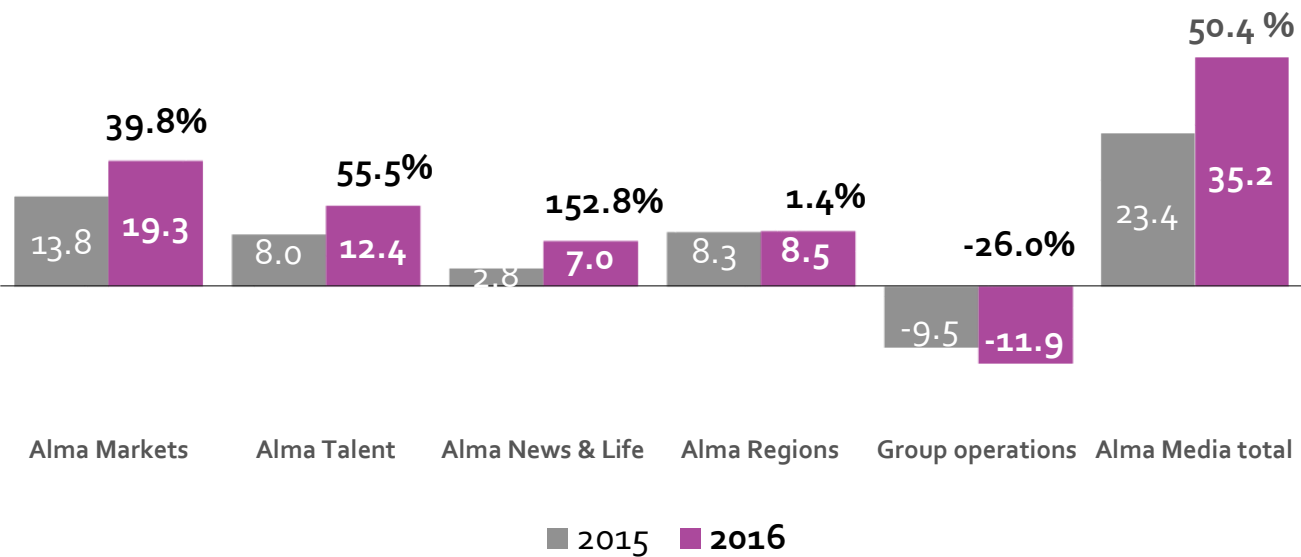


Operating profit breakdown 2016

Segment's share of the Group's operating profit in 2016

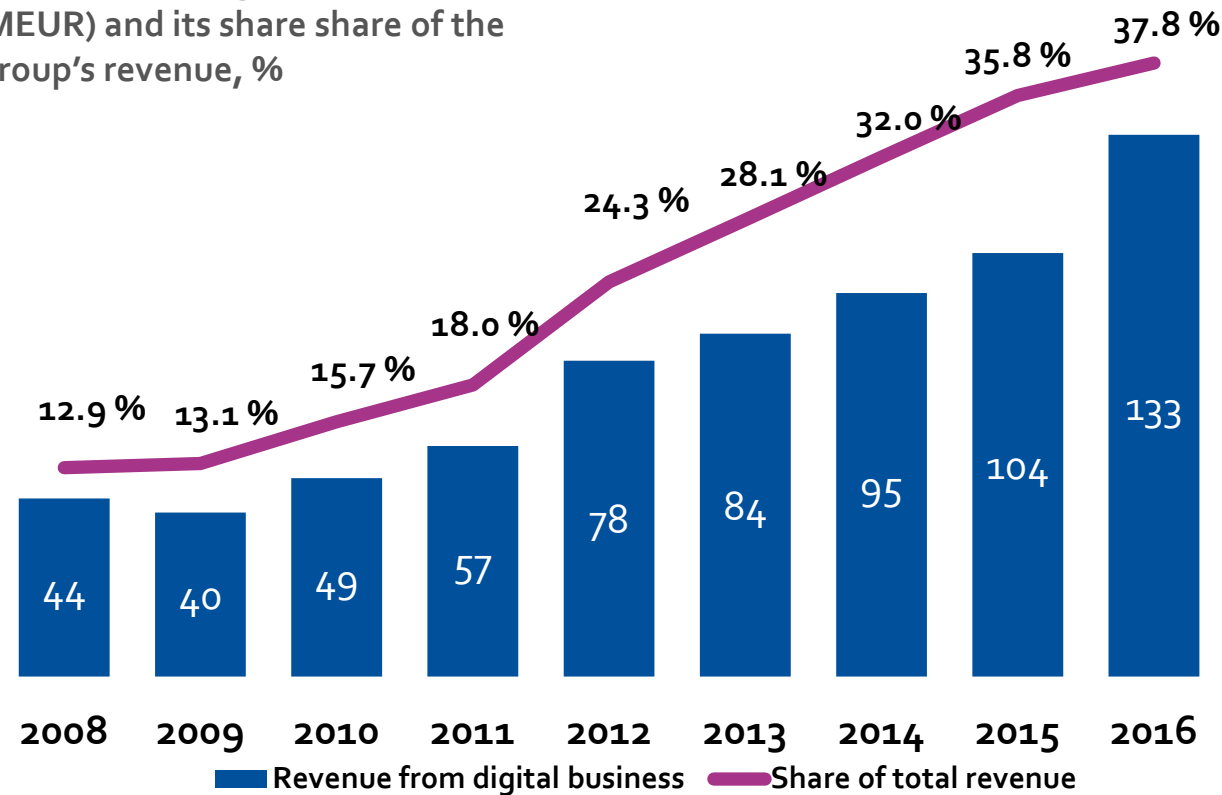


Change in operating profit by segment 2015/2016

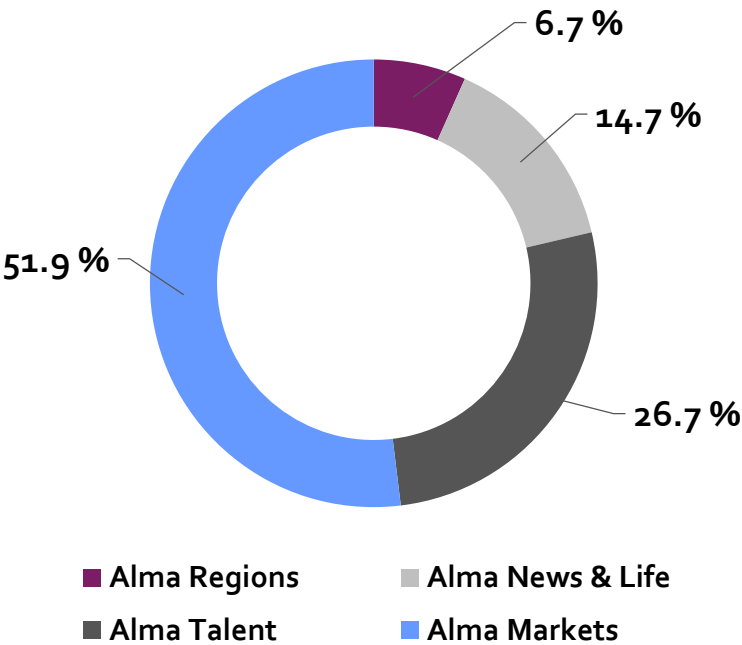


Digital business grew by 27.9% in 2016

Revenue from digital businesses (MEUR) and its share share of the Group's revenue, %



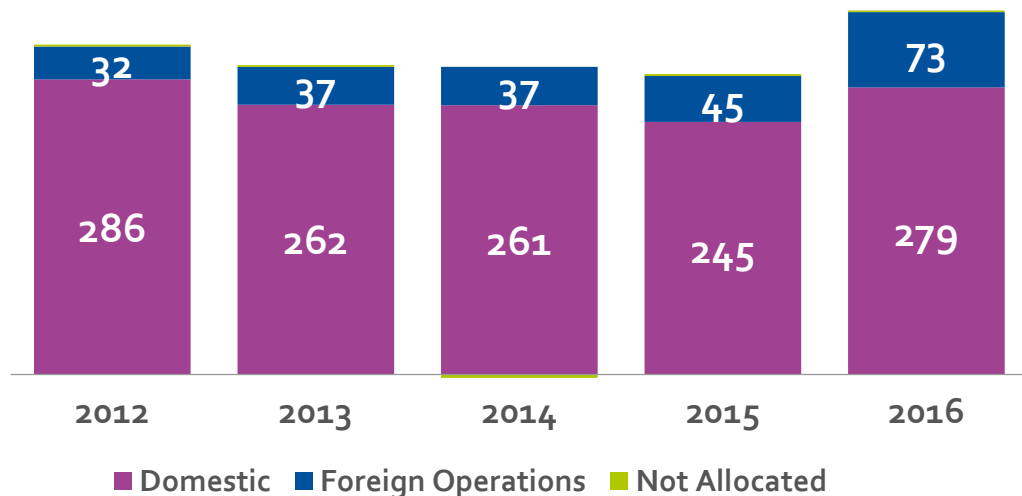
Segment's share of the Group's digital revenue



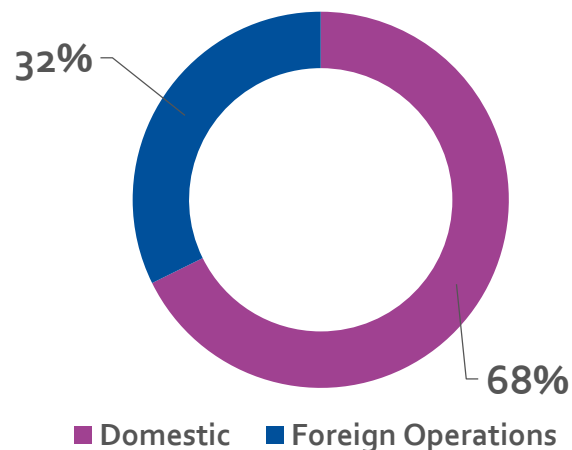
Alma's operations in Finland and internationally

- Alma's international business now represents about 20% of total revenue and approximately 30% of operating profit and employees.

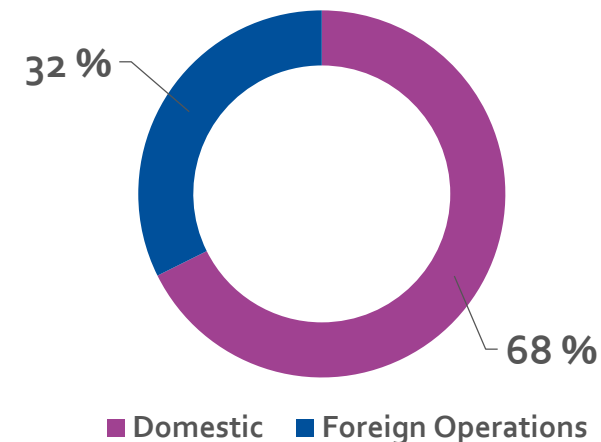
Revenue 2012–2016



Operating profit 2016



Employees 2016



FINANCIAL REVIEW

Juha Nuutinen, CFO

Long-term financial targets

Alma Media's financial targets	2012	2013	2014	2015	2016	Target level
Digital business growth	36.8%	8.4%	11.9%	10.4%	27.9%	> 15%
Return on Investment (ROI), %	13.8%	10.0%	9.8%	6.9 %	10.1%	> 15%
Dividend payout ratio*	45%	50%	63%	92%	78.2%**	> 50%

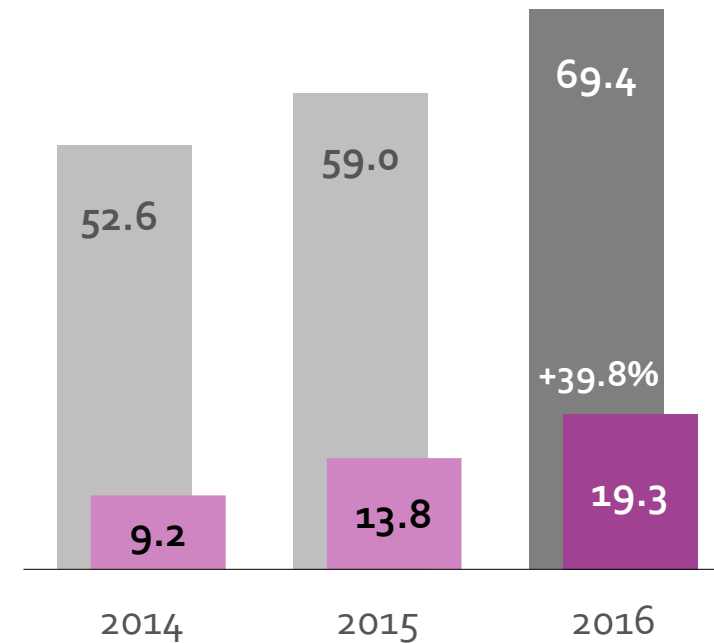
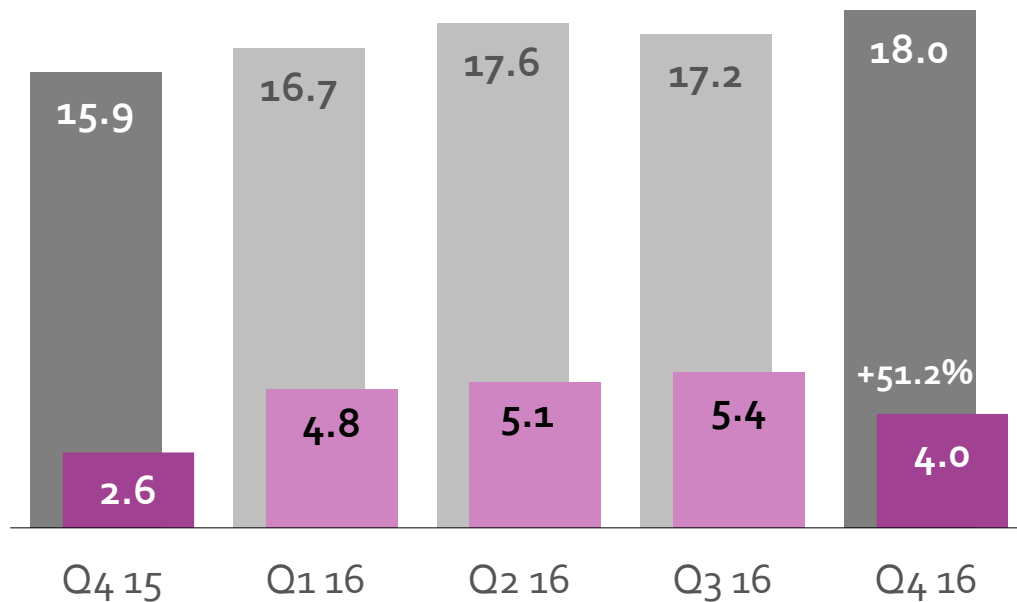
* Includes capital repayment to shareholders

** Board of Directors dividend proposal.

Alma Markets 2016: growth in each quarter compared to the previous year

- Revenue from the recruitment business increased by 13.6% in Q4/2016 and accounted for 77.4% of the segment's revenue.
- The operating environment in Eastern Central Europe remains favourable, and the revenue and operating profit of marketplace businesses also saw a substantial increase in Finland.
- The business was very profitable, with the adjusted operating profit increasing by 51.2% in Q4/2016 compared to Q4/2015.

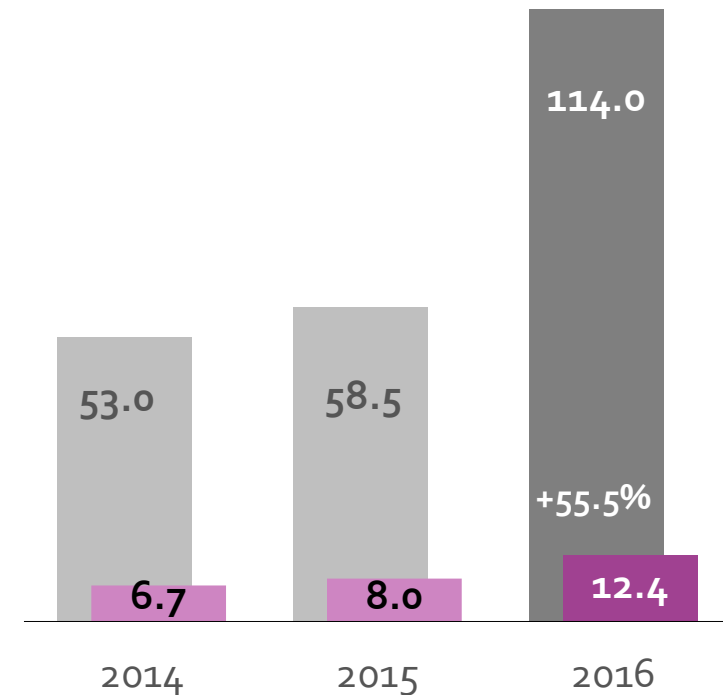
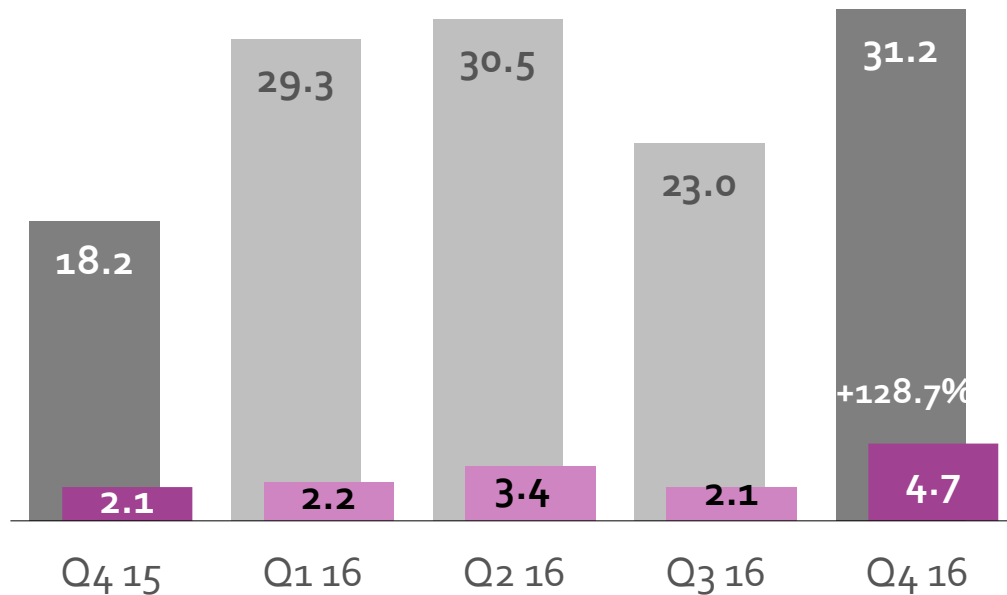
Revenue and adjusted operating profit, MEUR



Alma Talent 2016: a year of integration, cost synergies achieved

- Comparable revenue declined by 3.1% in FY/2016, with service revenue decreasing, in particular. The planned cost synergies from the integration will be achieved in full.
- Advertising sales in FY/2016 amounted to MEUR 30.8 (17.2), online advertising sales up 76.2% year-on-year.
- FY/2016 content revenue up 152% to MEUR 49.6 (19.7). The increase in digital content revenue covered the decline in content revenue from print media. The Talentum businesses contributed MEUR 30.5 to the increase in content revenue.

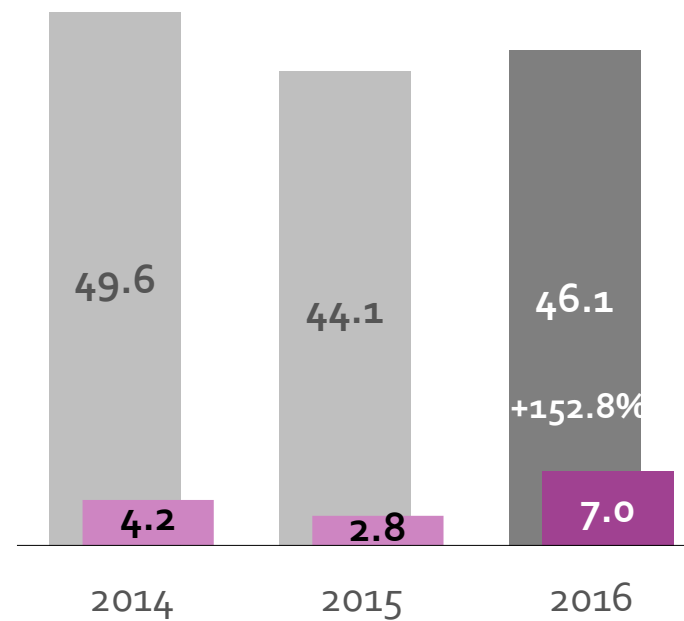
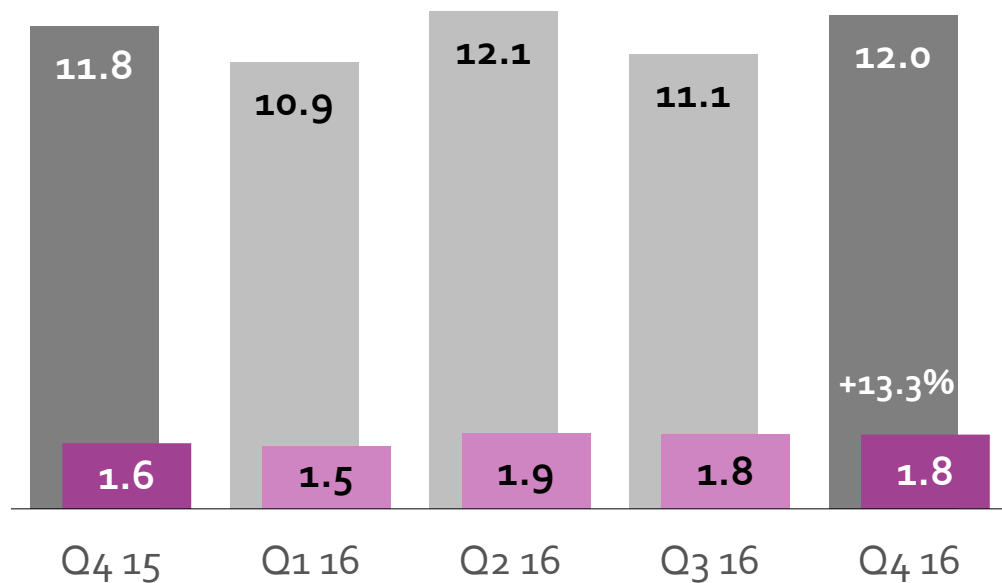
Revenue and adjusted operating profit, MEUR



Alma News & Life 2016: a year of strong growth in the digital business

- Online business grew to account for nearly half of the segment's revenue in Q4/2016, specifically 48.5% (40.7%).
- Content revenue FY/2016 -12.9% to MEUR 21.6 due to a decrease in Italehti's circulation.
- Advertising sales up FY/2016 22.2% to MEUR 23.6: print media advertising sales up 7.2%, online advertising sales up 27.0%.

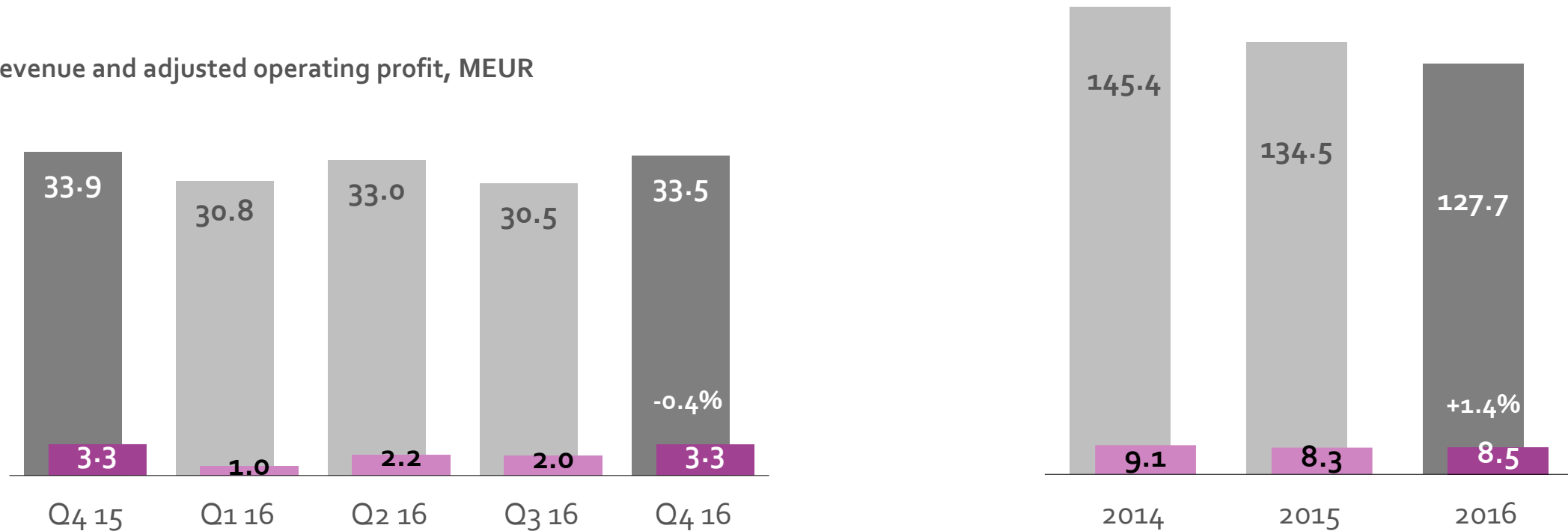
Revenue and adjusted operating profit, MEUR



Alma Regions 2016: cost savings and digital investments continued

- Online business accounted for 7.0% (3.6%) of the segment's revenue.
- The segment's content revenue declined by 4.2% to MEUR 57.2 (59.8) in 2016. Advertising sales -7.2% to MEUR 52.4 (56.4): print media advertising sales -9.1%, while online advertising sales increased by 33.5%.
- Adjusted operating profit remained on a par with the previous year thanks to cost savings.

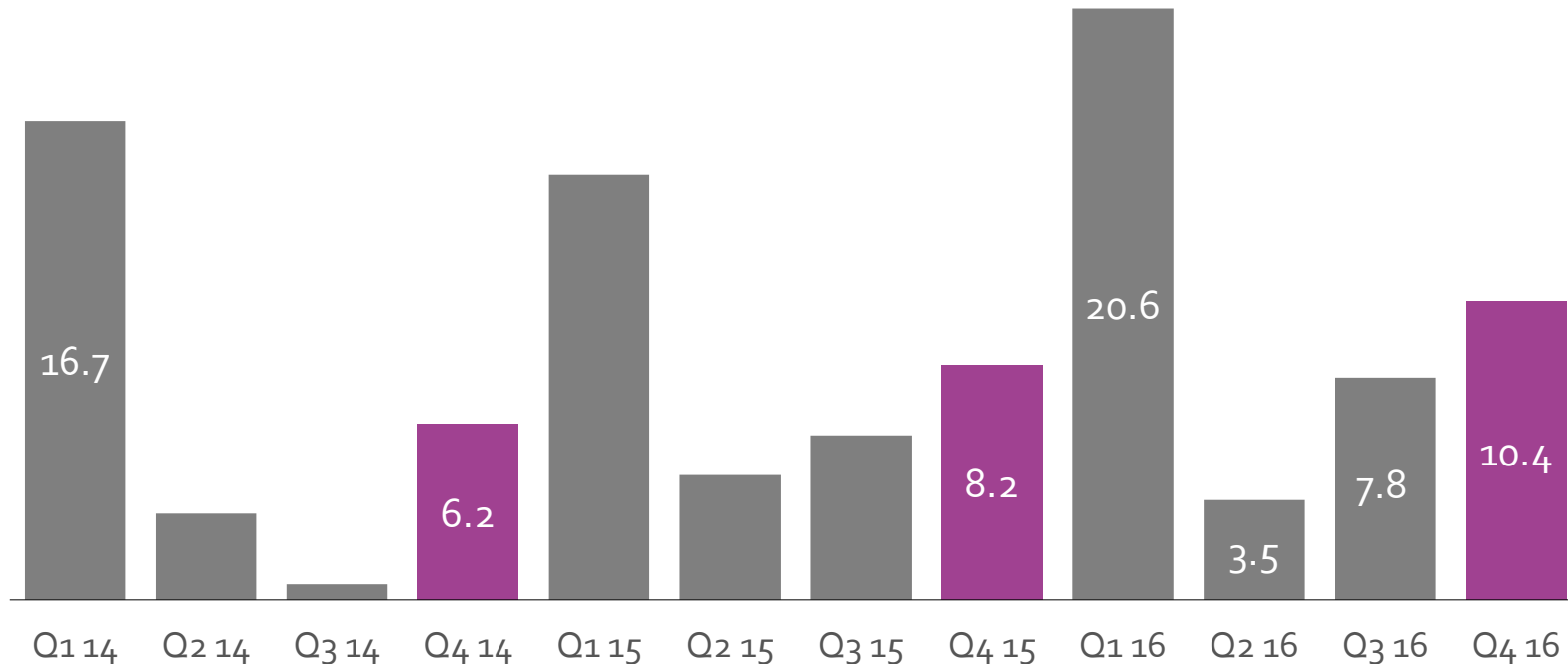
Revenue and adjusted operating profit, MEUR



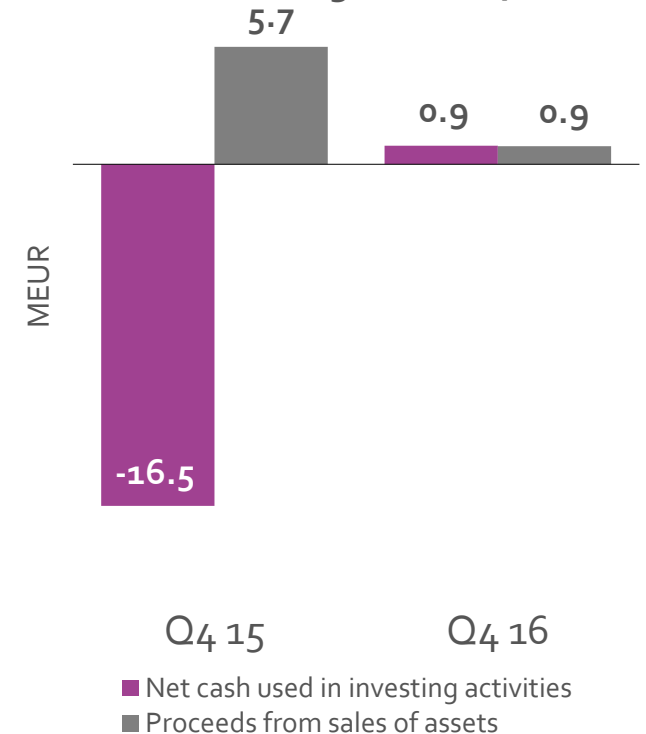
Operating cash flow and capital expenditure

- Cash flow from operating activities amounted to MEUR 42.3 (33.2) in January–December due to the stronger result.
- Cash flow from investing activities amounted to MEUR -10.9 (-22.1), with maintenance investments representing MEUR -4.0 of this amount. Acquisitions include the redemption of Talentum's minority shares and the acquisition of Nettikoti, Rantapallo and the Uusi Suomi business.
- Cash flow before financing was MEUR 31.4 (11.1).

Cash flow from operating activities, MEUR



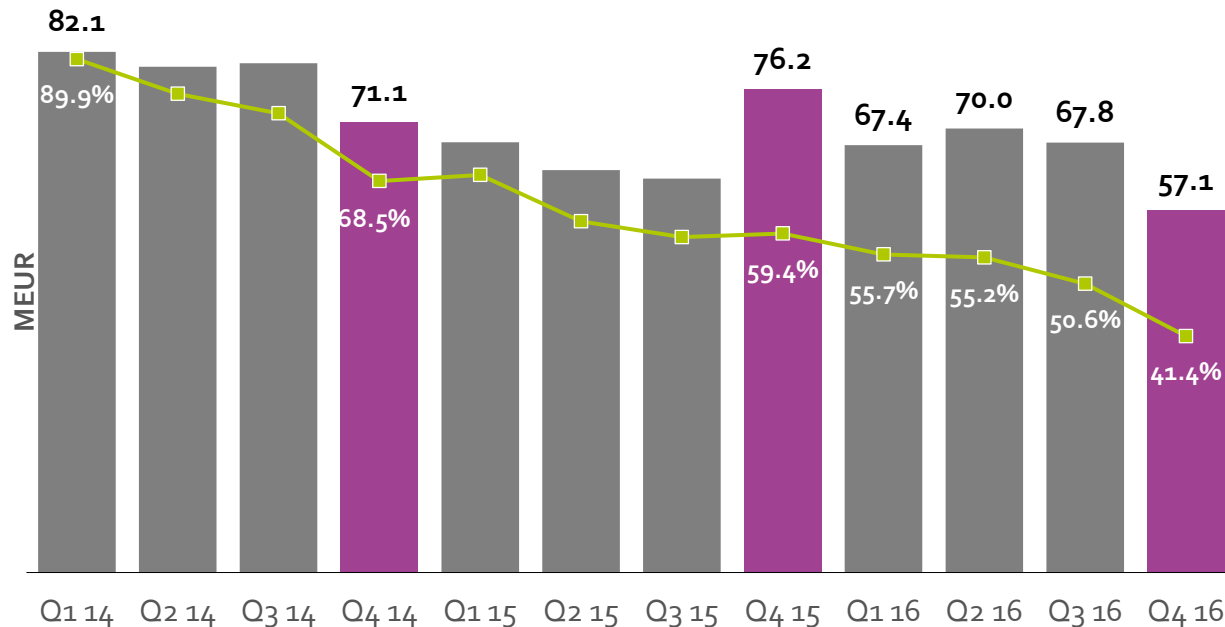
Cash flow from investing activities, MEUR



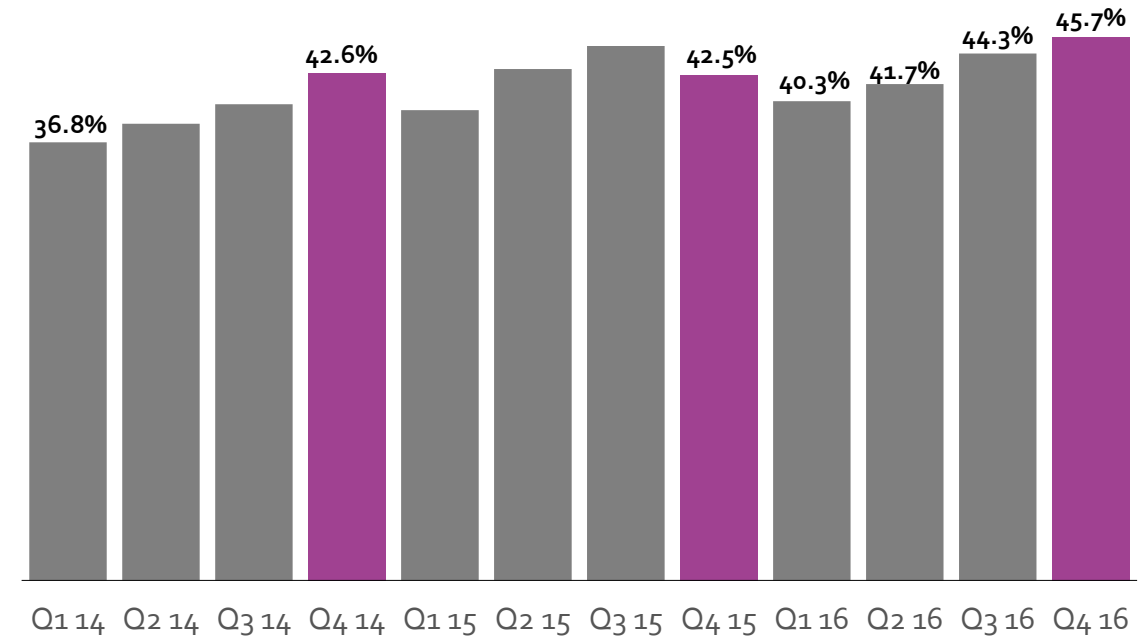
Interest-bearing liabilities decreased, equity ratio improved

- At the end of December, the gearing ratio was 41.4% and net debt stood at MEUR 57.1.
- At the end of December, interest-bearing liabilities totalled MEUR 80.4, of which MEUR 65.3 were non-current liabilities.
- The equity ratio was at its highest level since 2011.

Net debt, MEUR and gearing, %
Q1/2014–Q4/2016



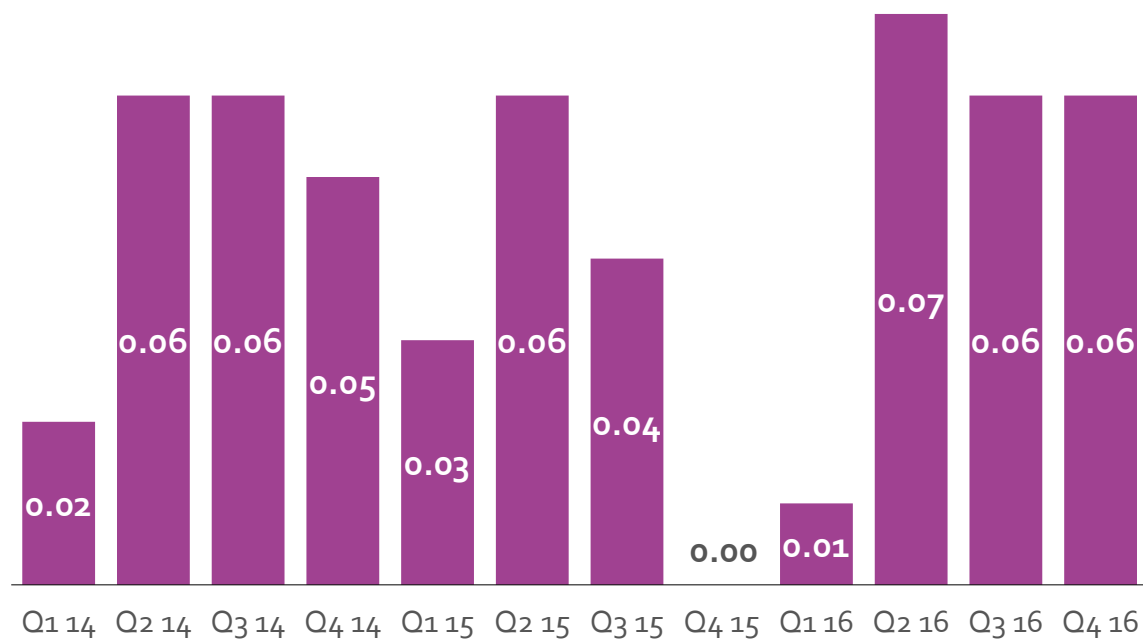
Equity ratio,
Q1/2014–Q4/2016



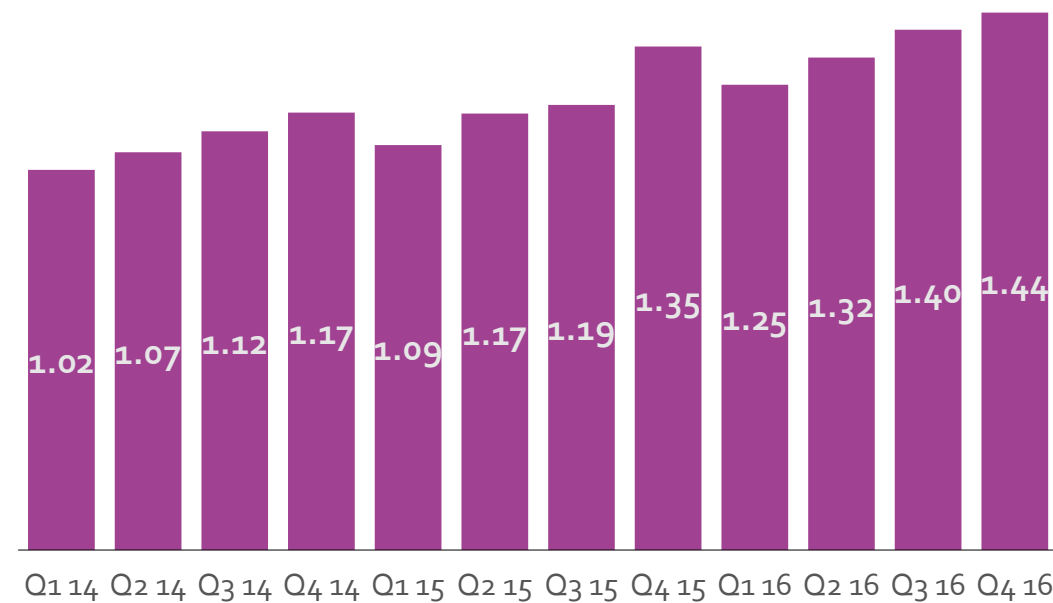
EPS and equity per share

- EPS in Q₄ were EUR 0.06 (EUR 0.00). The Talentum business had a significant impact on the Q₄ result. Adjusted expense items were MEUR 1.9 higher in the comparison period

Earnings per share, EUR



Equity per share, EUR



STRATEGY AND OUTLOOK

Kai Telanne

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Strategic development areas

Content

**Marketing
solutions**

Service business

**Resources and
expertise**

**Sustainable growth by making use of
digitisation opportunities.**

New content management system for Alma's editorial offices

Also new mobile applications for Iltalehti's readers

- Editorial offices will gradually deploy a new comprehensive Alma-level content management system.
 - Enhances editorial work and ensures smooth work flow between different products and content networks.
 - Offers better opportunities the development and delivery of multi-channel content.
- Alma News & Life: new mobile applications
 - The Iltalehti news application provides new ways of finding interesting content
 - At the same time, it is aimed at attracting new user groups to the application.

Content



Significant investments in the development of digital advertising

Marketing
solutions

- The deployment of Alma's new digital advertising distribution system began
 - One of Alma Media's largest digital business projects in recent years.
- The first advertisements were sold via the Automated Guaranteed marketplace for digital advertising established by Finnish media companies.
- Investments were made in programmatic buying.



New services – Etuovi.com

Service business

Alma Markets: the aim is to expand the service offering by complementing the existing solutions with new concepts.

360-degree panorama drone videos for presenting residential neighbourhoods

Added visibility solutions for homes listed for sale



Etuovi.com NOUSU

Tallenna vahti | Uusi haku | Tulosta

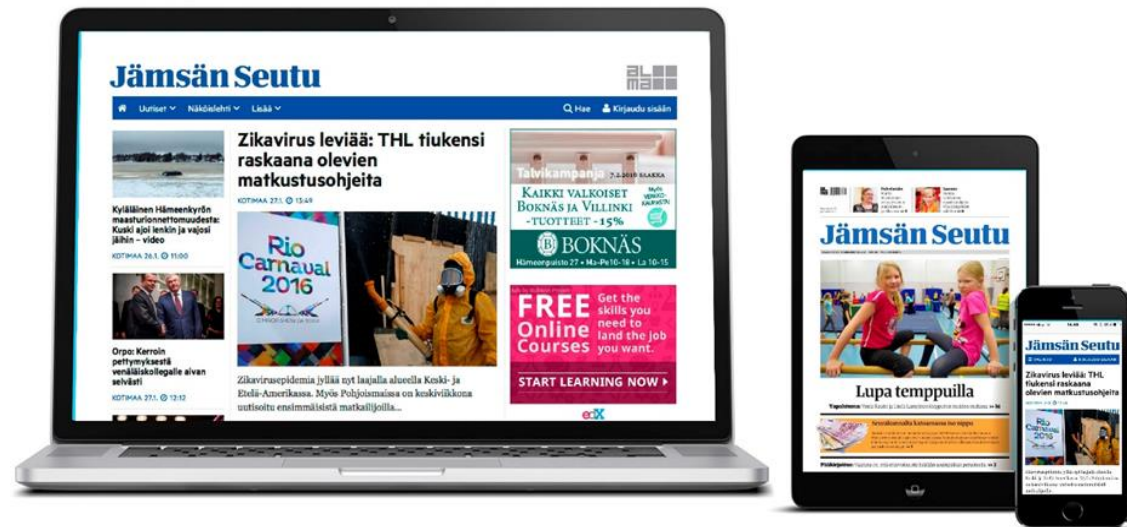
Järjestä: Uudet ja nostetut ensin | Halvimmat ensin, € | Suurimmat ensin, m²

	Etuoventie 20 Helsinki	Kerrostalo 2h+avok.+kph+...	Koko 60,0 m²	Hinta 284 000 €
				NOUSU
	Markkinapaikantie 20 Helsinki	Kerrostalo 5H+K+S	Koko 123,5 m²	Hinta 32 370,96 €
				UUSI 24H

From the Etukeno digital project to Reviiri

Resources and expertise

- Alma Regions is developing a new technological solution and media platform.
- The digital service provides interesting content, targeted at its customers, through a single service interface.
- Developed in collaboration with readers.
- In late 2016, preparations began for piloting Reviiri in the Jamsanseutu.fi online service.



Outlook

The Finnish economy is expected to grow by 1-2% in 2017. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth of 2–4%. Macroeconomic development affects both consumer demand and advertising volume. The structural transformation of advertising will continue in 2017; online advertising will grow, while print media advertising will decline.

In 2017, Alma Media expects its full-year revenue to remain at the previous year's level and its adjusted operating profit to increase from the 2016 level. The full-year revenue for 2016 was MEUR 353.2, and the adjusted operating profit was MEUR 35.2.

THANK YOU!

Q&A

Upcoming events in the investor calendar:

- Financial Statements, Report by the Board of Directors, Auditor's Report and Corporate Governance Statement for the 2016 financial year: 1 March 2017.
- Annual report during week 12 at the latest.
- Annual General Meeting: 22 March 2017.
- Q1/2017: 28 April at approximately 9:00 EEST.

