

ALMA MEDIA Q1/2017

Kai Telanne, President and CEO

Juha Nuutinen, CFO

28 April 2017



Helsinki, Finland



Agenda

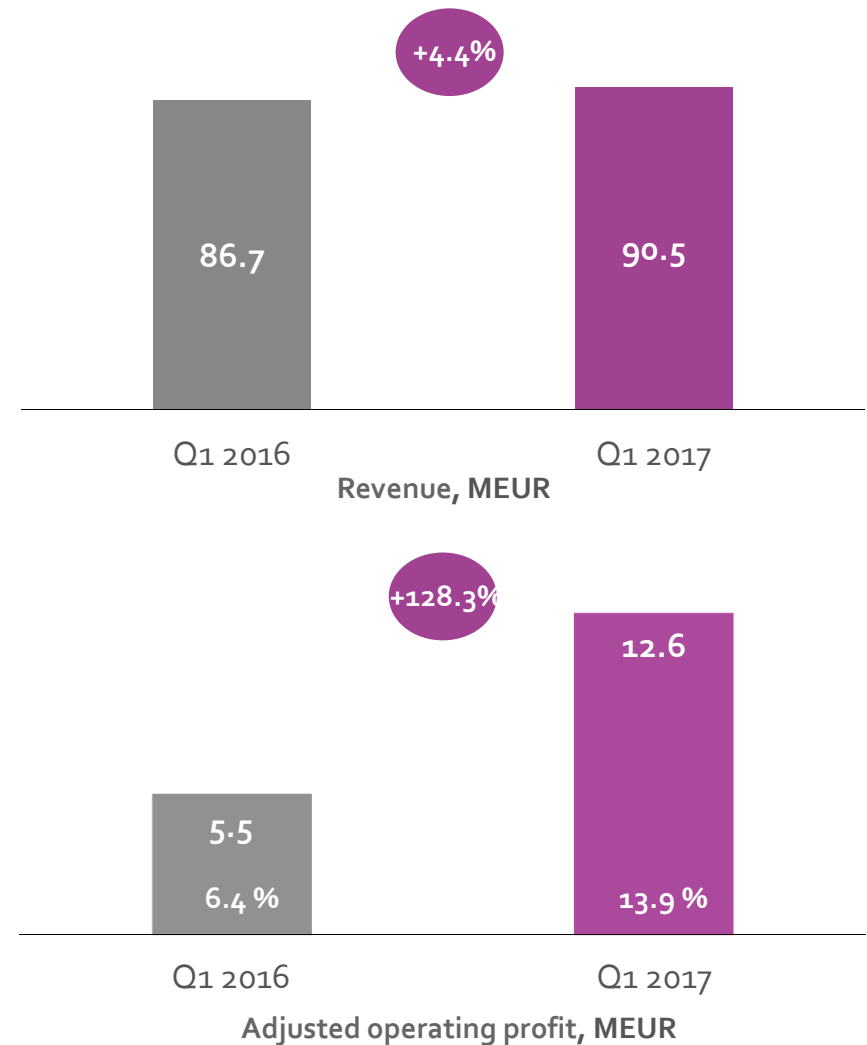
Highlights
Market development
Business performance
Financial position
Strategy and outlook
Q&A



Alma Media's Q1/ 2017 in brief

Good business performance

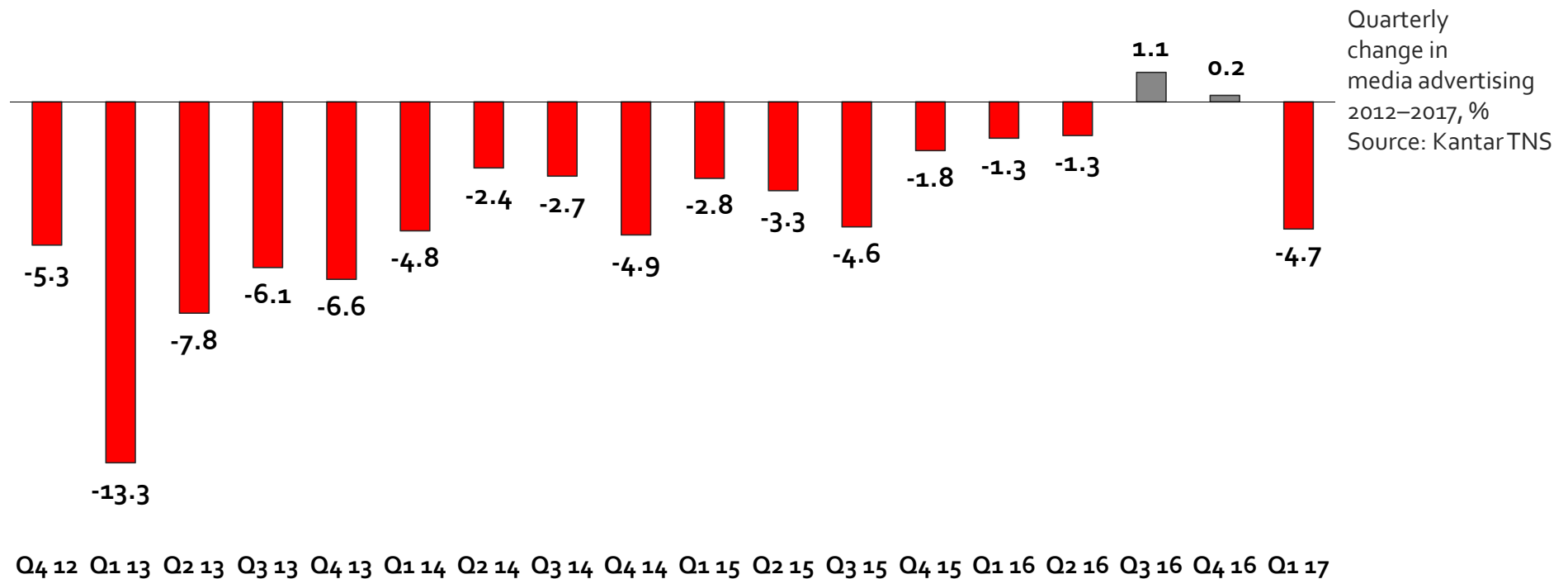
- Revenue growth was supported by the positive performance of Alma Markets' digital business and the online advertising of our media in Finland as well as municipal election advertising. There were also more working days and publication dates than in the comparison period (Easter).
- Profitability was mainly increased by the efficiency improvement measures implemented in various businesses last year.



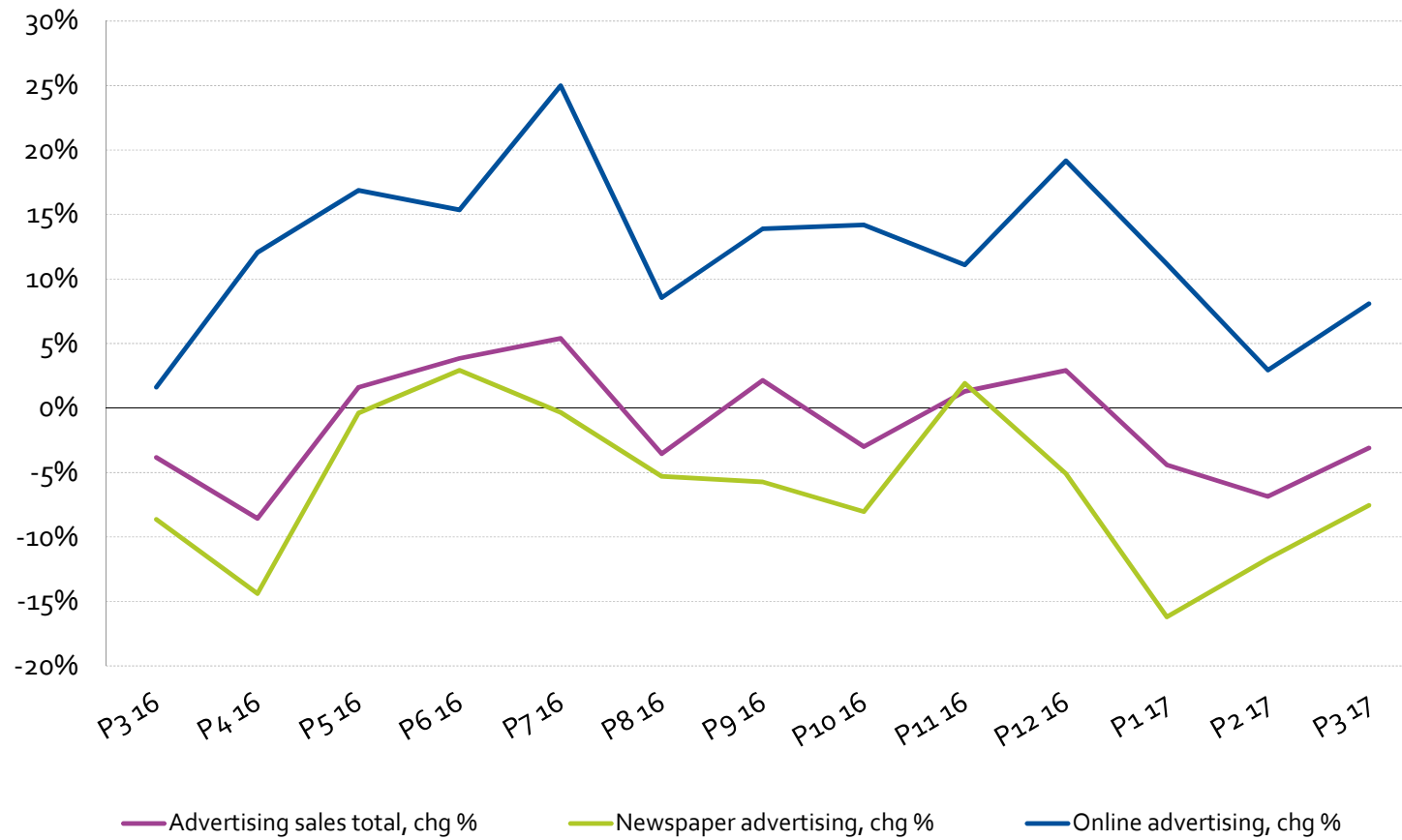


Tampere, Finland

Finland's improving economic development is not reflected in the advertising market



Growth in online advertising

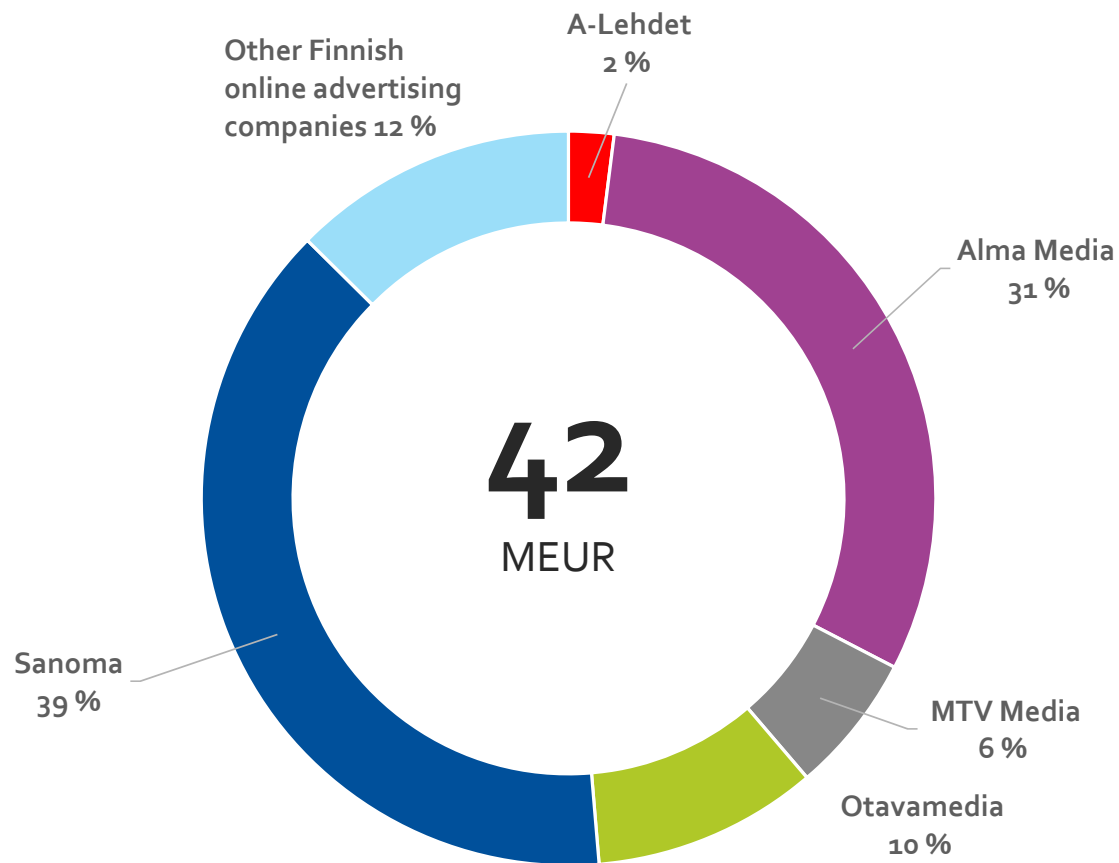


Cumulative
change in
media advertising
3/2016–3/2017

Source: Kantar TNS



Online advertising by Finnish media companies in Q1/2017

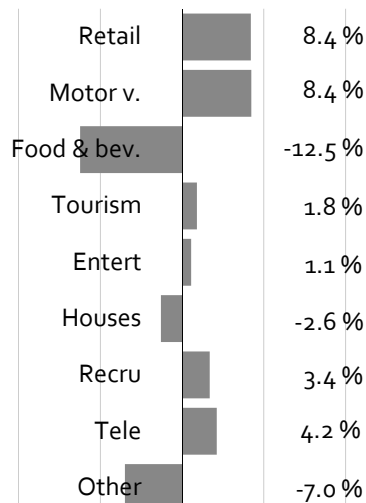


Market shares of
Finnish media
companies
Source: Kantar TNS

Structural change underway in media advertising?

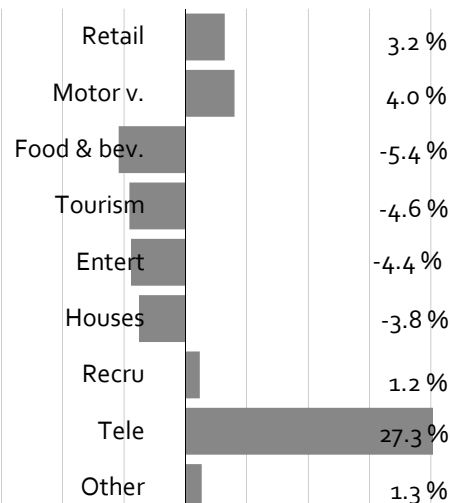
The retail sector has significantly reduced its advertising spending

Q2 2016 vs 2015



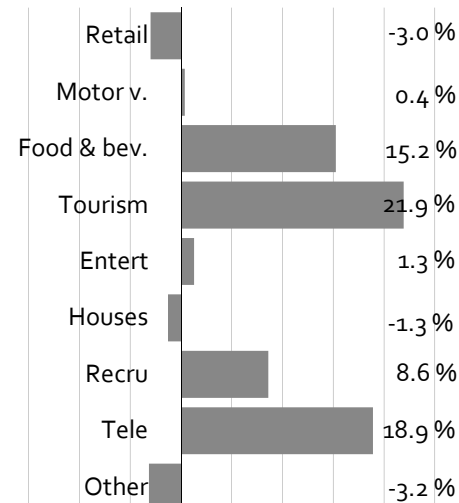
Total -1.3%

Q3 2016 vs 2015



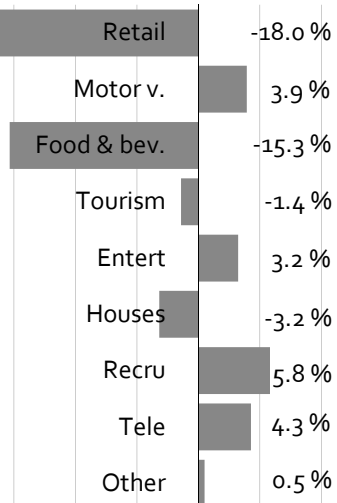
Total +1.1%

Q4 2016 vs 2015



Total +0.2%

Q1 2017 vs 2016



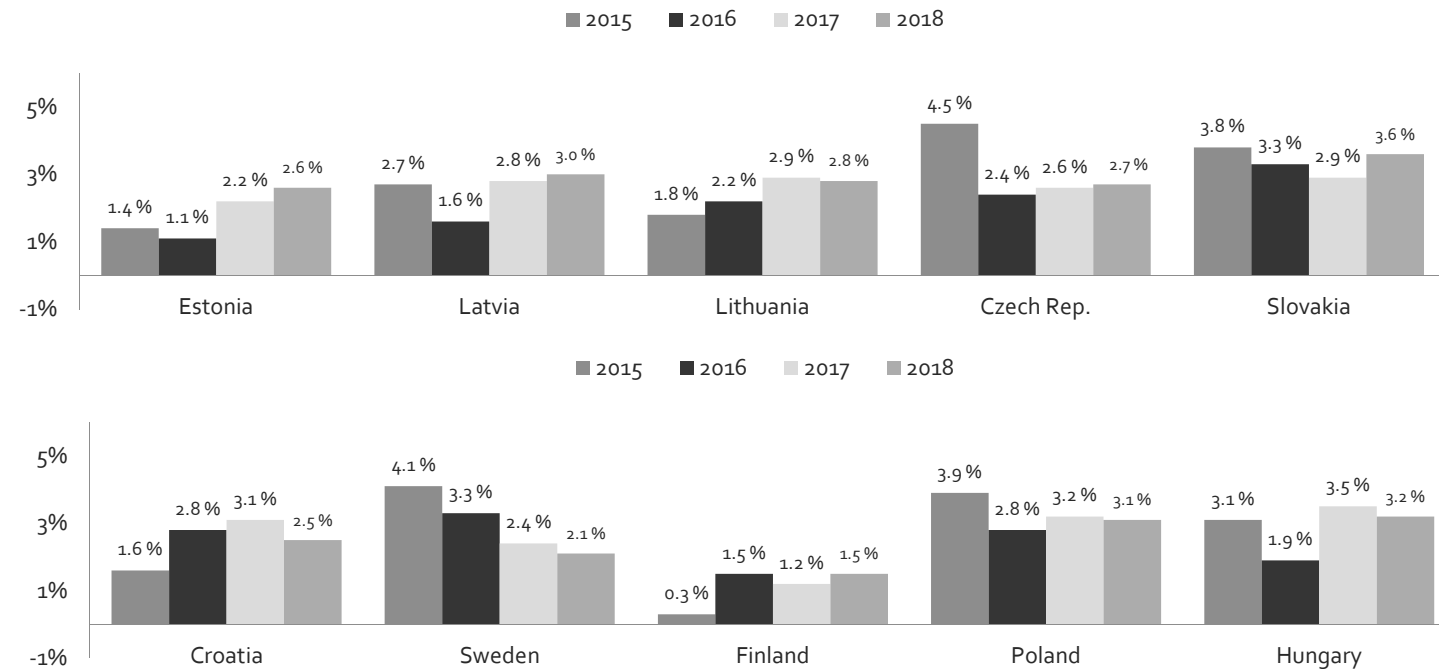
Total -4.7%

Source: KantarTNS



Business environment in Alma's operating countries

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



European Economic Forecast, European Commission
Winter 02/2017.

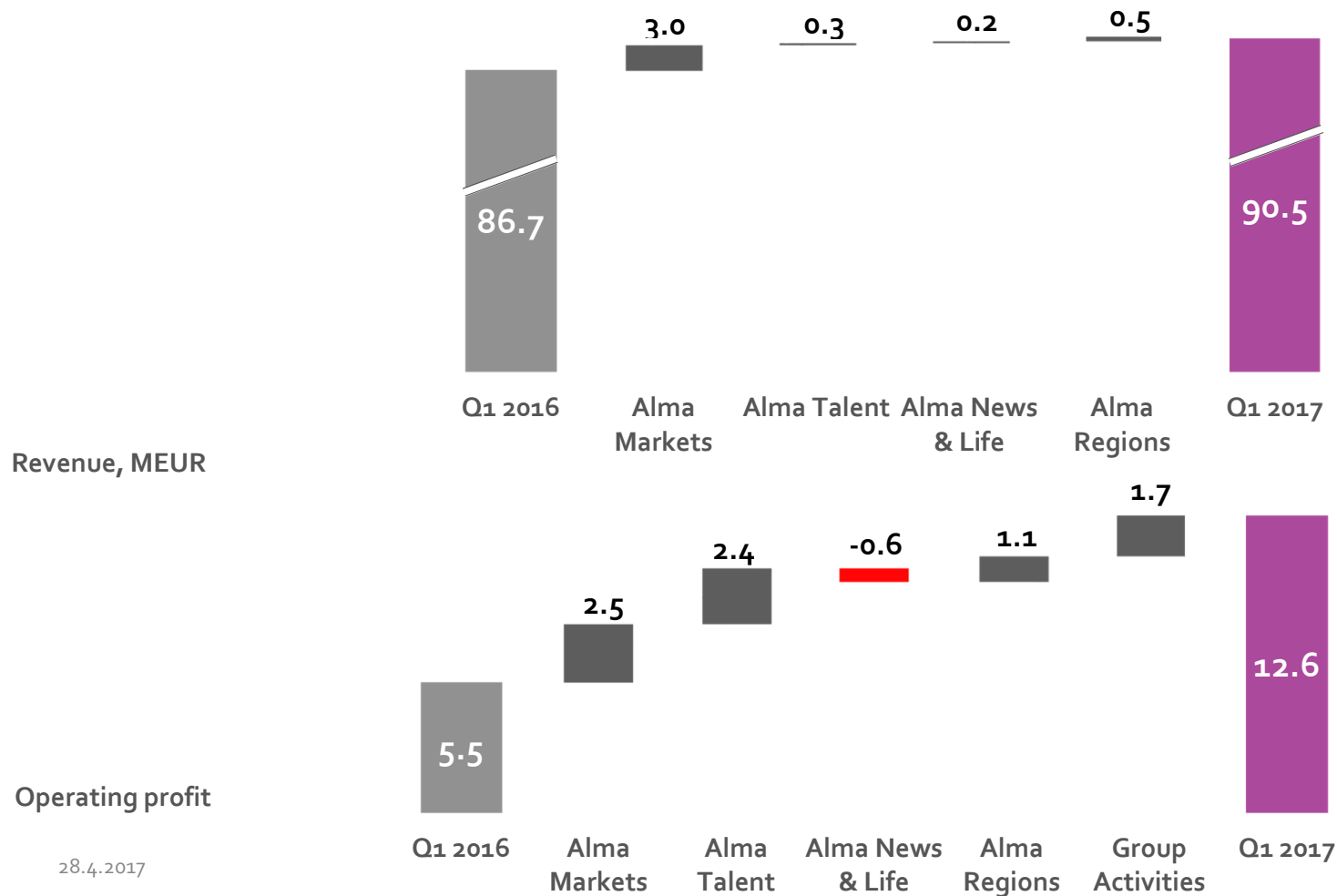


BUSINESS PERFORMANCE



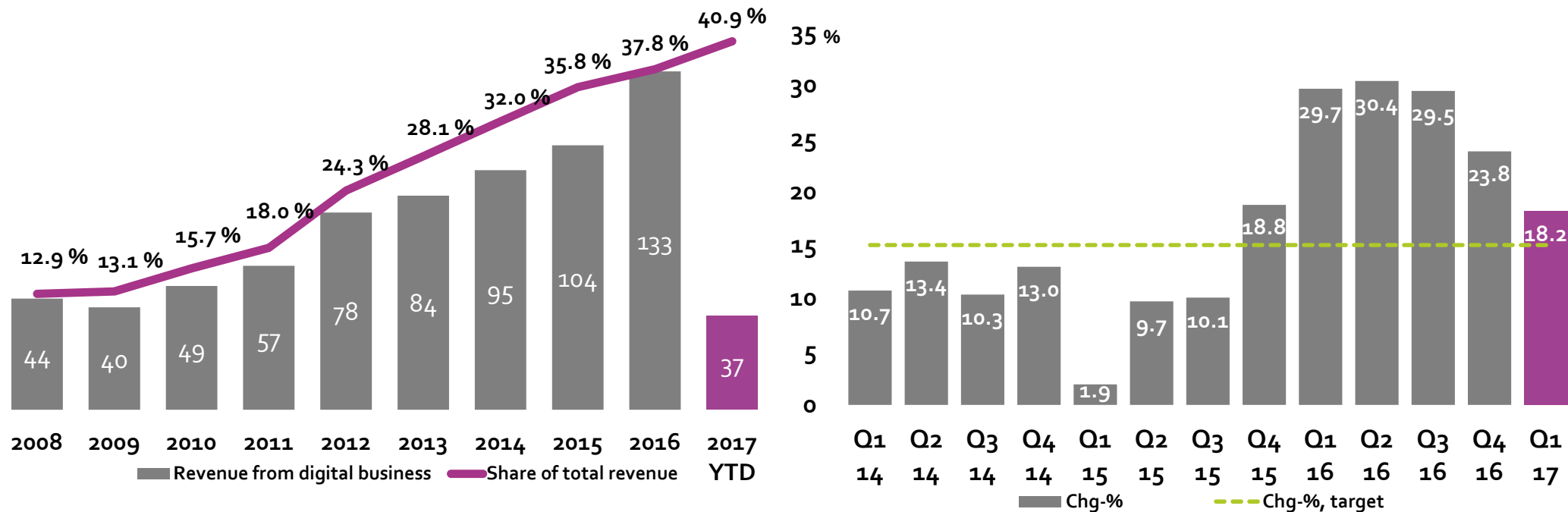
Zagreb, Croatia

Revenue +4.4% and adjusted operating profit +128.3%



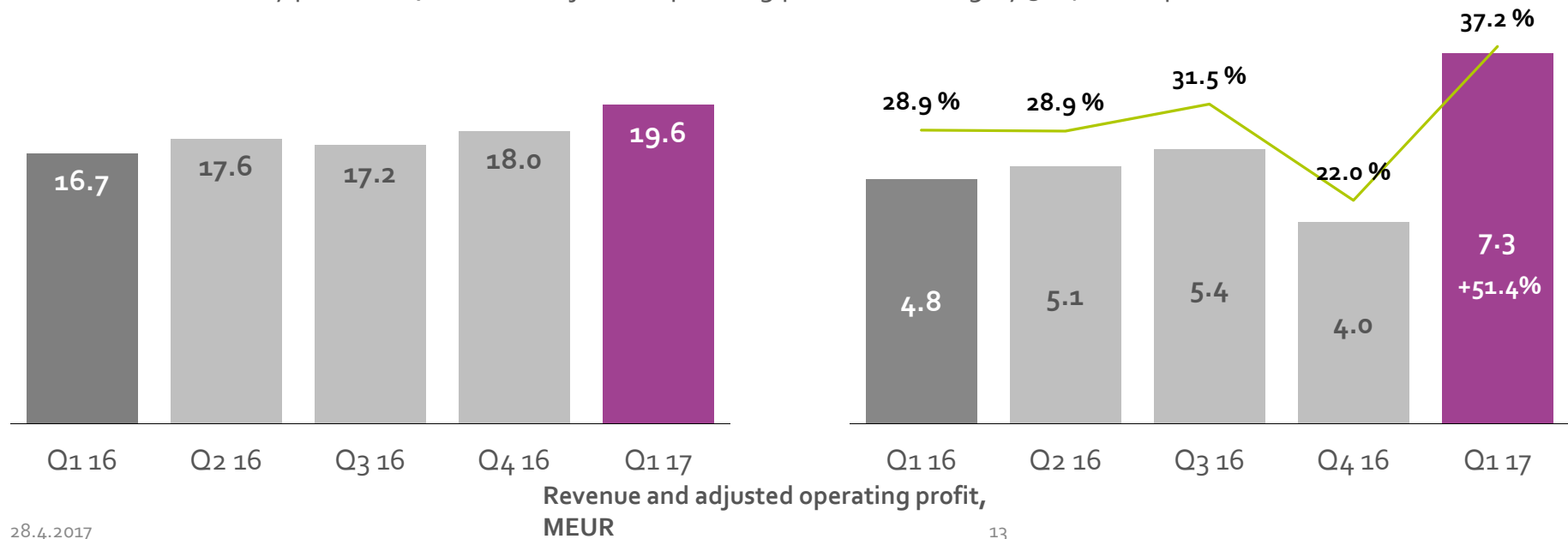
Continued growth in digital business

- In Q1/2017, the share of the digital business exceeded 40% of the Group's total revenue.



Alma Markets Q1/2017: Profitable growth continued in both domestic and international operations

- Revenue from the recruitment business +19% and it accounted for 77.4% of the segment's revenue.
- The operating environment in Eastern Central Europe remains favourable. In Finland, the growth of the marketplaces business was supported by the increased activity in the housing and automotive markets. The result was also improved by lower depreciation.
- The business was very profitable, with the adjusted operating profit increasing by 51.4% compared to Q1/2016.

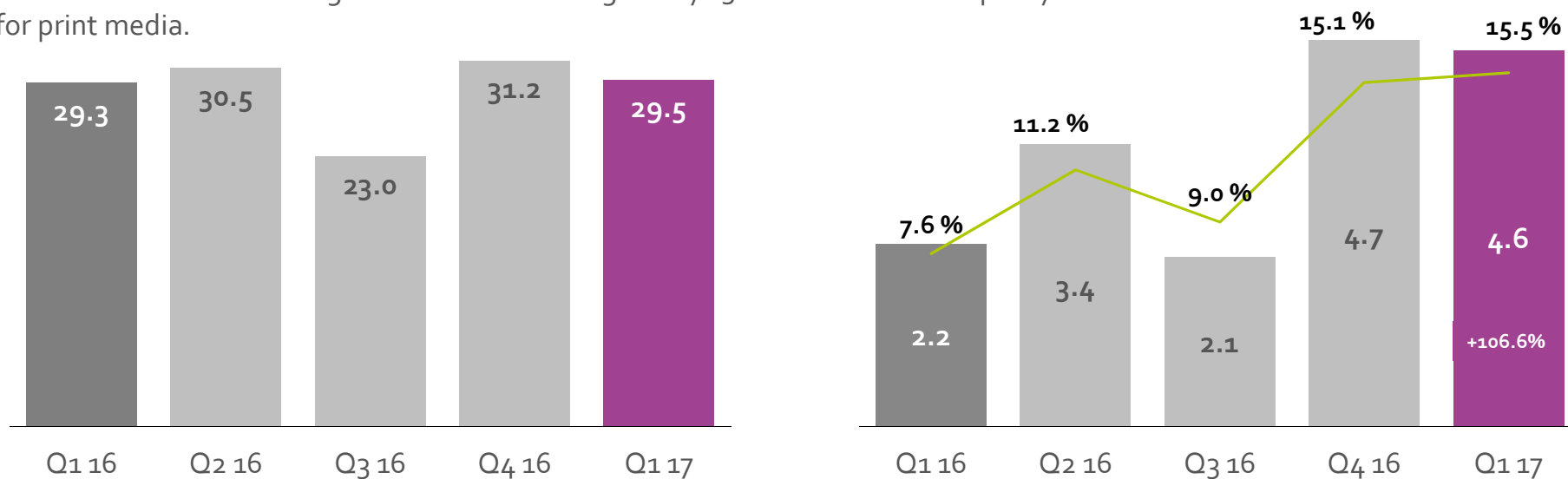


28.4.2017



Alma Talent Q1/2017: Operating profit improved due to restructuring measures implemented in 2016

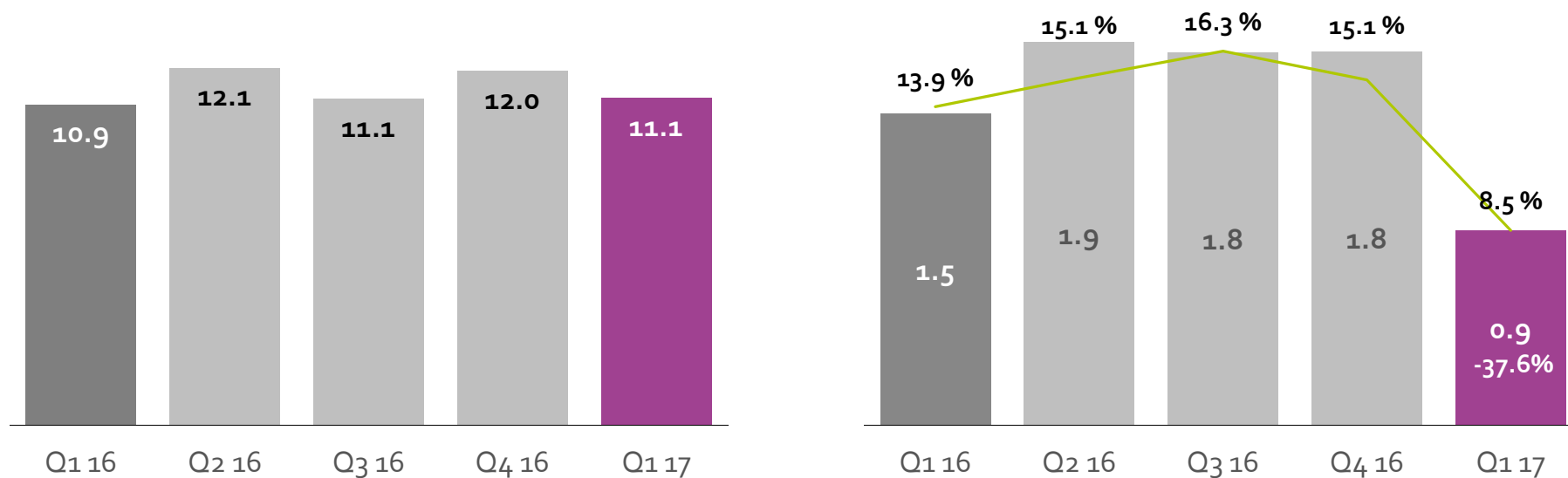
- Revenue was unchanged from the previous year and the result improved thanks to restructuring measures related to the integration of Talentum in the Finnish and Swedish media businesses as well as cost savings achieved in Information Services.
- Advertising growth outpaced the market. Advertising revenue +14.4%, online advertising revenue +13.4%, strong sales in mobile.
- Content revenue -1.6%. Digital content revenue grew by 13% and the increase partly covered the decline in content revenue for print media.



Revenue and adjusted operating profit, MEUR

Alma News & Life Q1/2017: Profitability was weighed down by the decline in the single-copy sales of print media

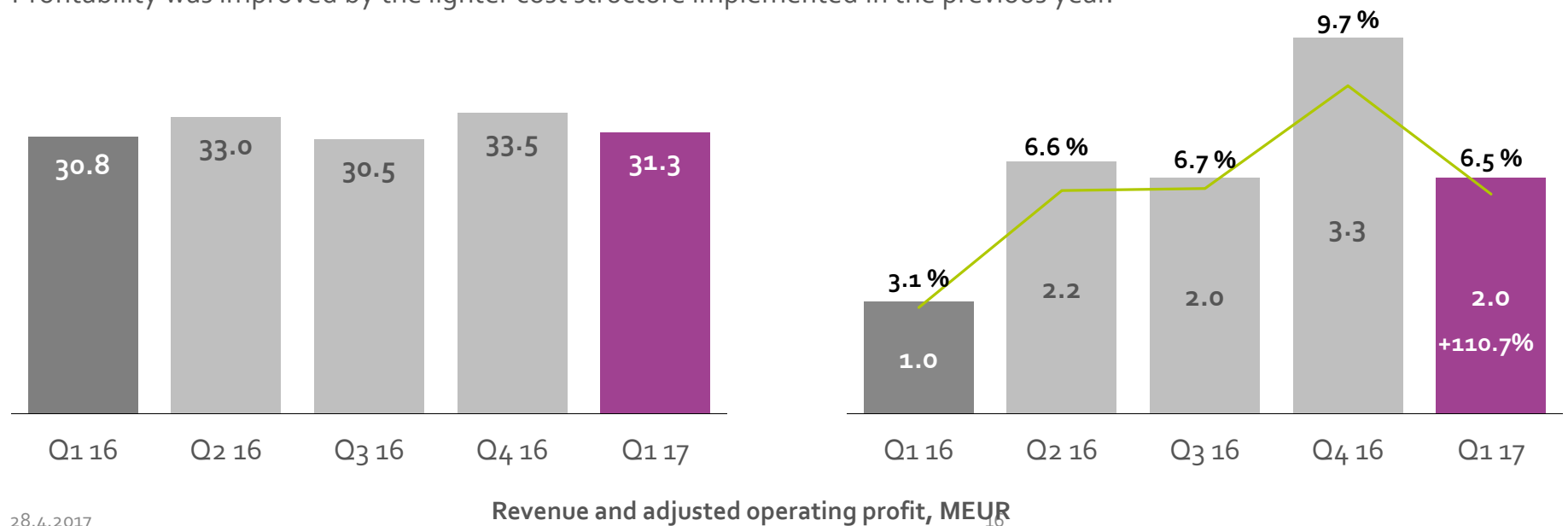
- Content revenue -10.8% due to a decrease in Italehti's circulation.
- Advertising revenue +8.3%. Digital advertising revenue increased, particularly in mobile advertising and programmatic buying.
- Investments in the service business increased costs.



Revenue and adjusted operating profit, MEUR

Alma Regions Q1/2017: Profitability was improved by cost savings

- Revenue was increased by the external sales of printing services and higher content revenue. The growth in content revenue was due to the larger number of publication dates as well as an increase in digital content revenue.
- The segment's advertising sales -5.7%. Advertising sales for print media -6.7% in spite of the boost provided by the municipal elections. The decline is attributable to reduced advertising spending in the retail sector. The segment's online advertising sales +8.6%.
- Profitability was improved by the lighter cost structure implemented in the previous year.



28.4.2017



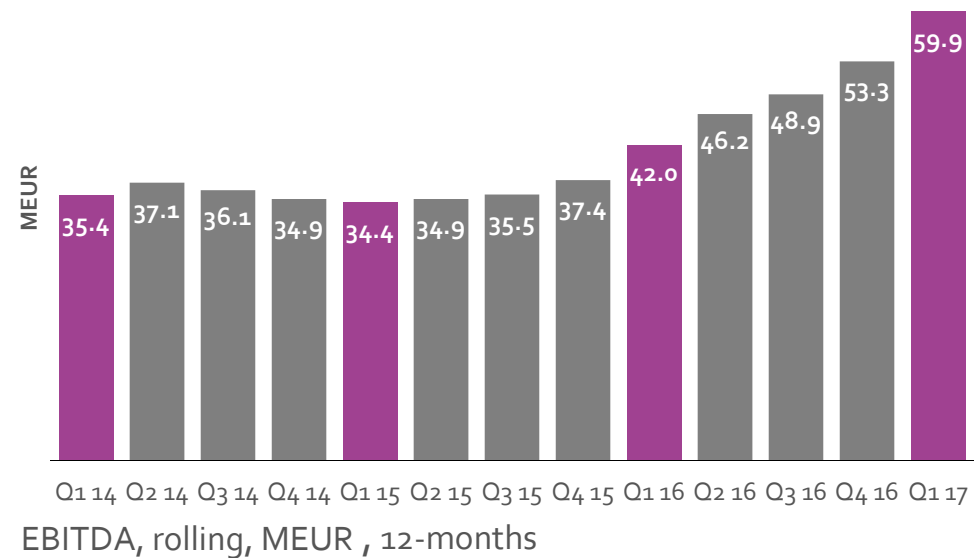
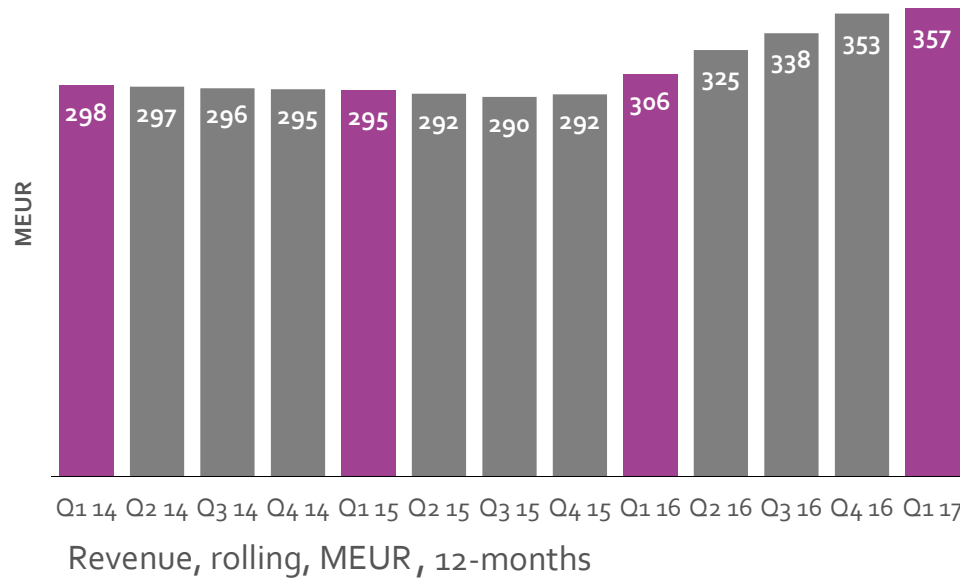
FINANCIAL POSITION

Juha Nuutinen, CFO

Stockholm, Sweden

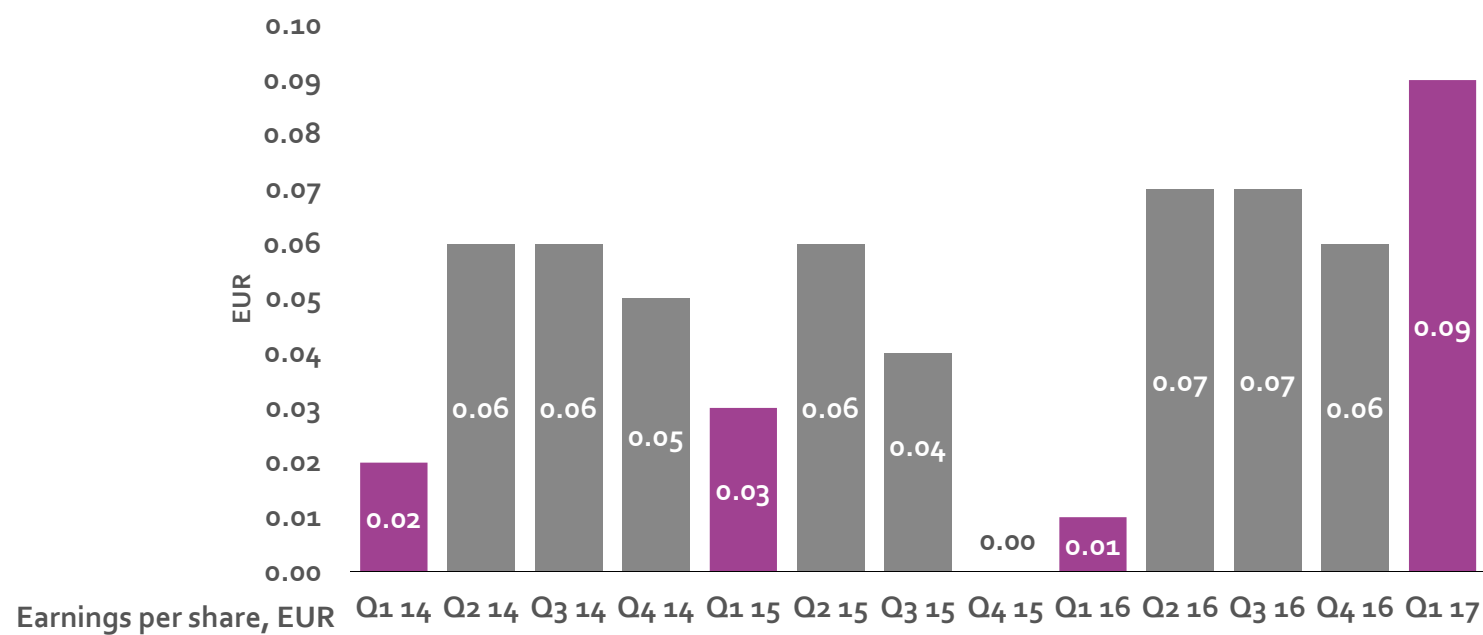


Development of revenue and adjusted EBITDA



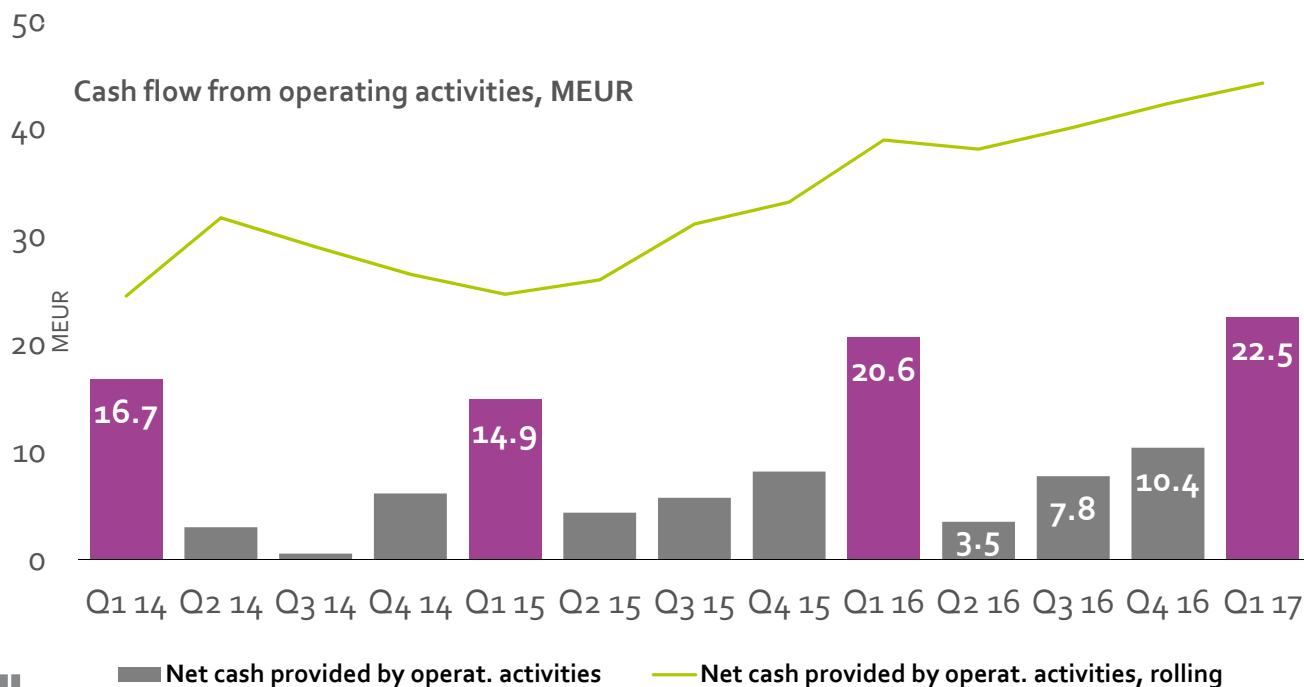
EPS

- Q1 earnings per share EUR 0.09 (EUR 0.01). Adjusted items MEUR -1.2 (Q1/2016: MEUR -3.0).



Operating cash flow and capital expenditure

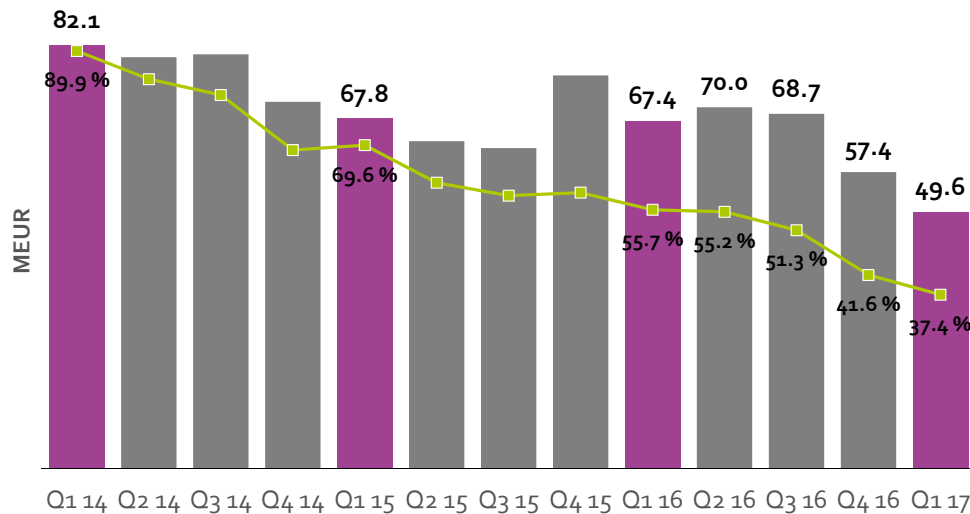
- Operating cash flow in January–March improved to MEUR 22.5 (20.6) due to the stronger result.
- Cash flow from investing activities amounted to MEUR -1.7 (-2.0), including the Urakkamaailma acquisition and maintenance investments.
- Cash flow before financing was MEUR 20.9 (18.7).



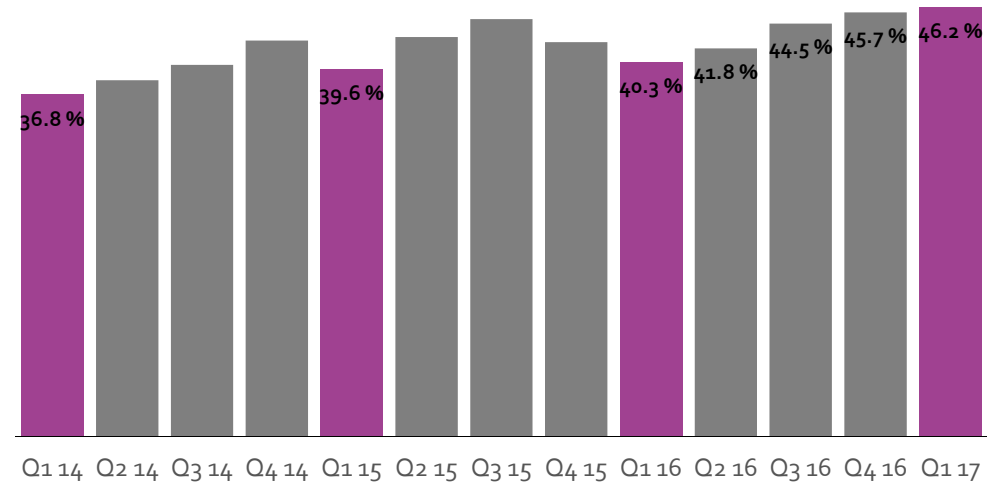
Interest-bearing liabilities decreased, equity ratio improved

- At the end of March, the gearing ratio was 37.4% and net debt stood at MEUR 49.6.
- At the end of March, interest-bearing liabilities totalled MEUR 69.3, of which MEUR 64.1 were non-current liabilities.
- The equity ratio continued to improve and is at its highest level since 2011.

Net debt, MEUR and gearing, %
Q1/2014–Q1/2017

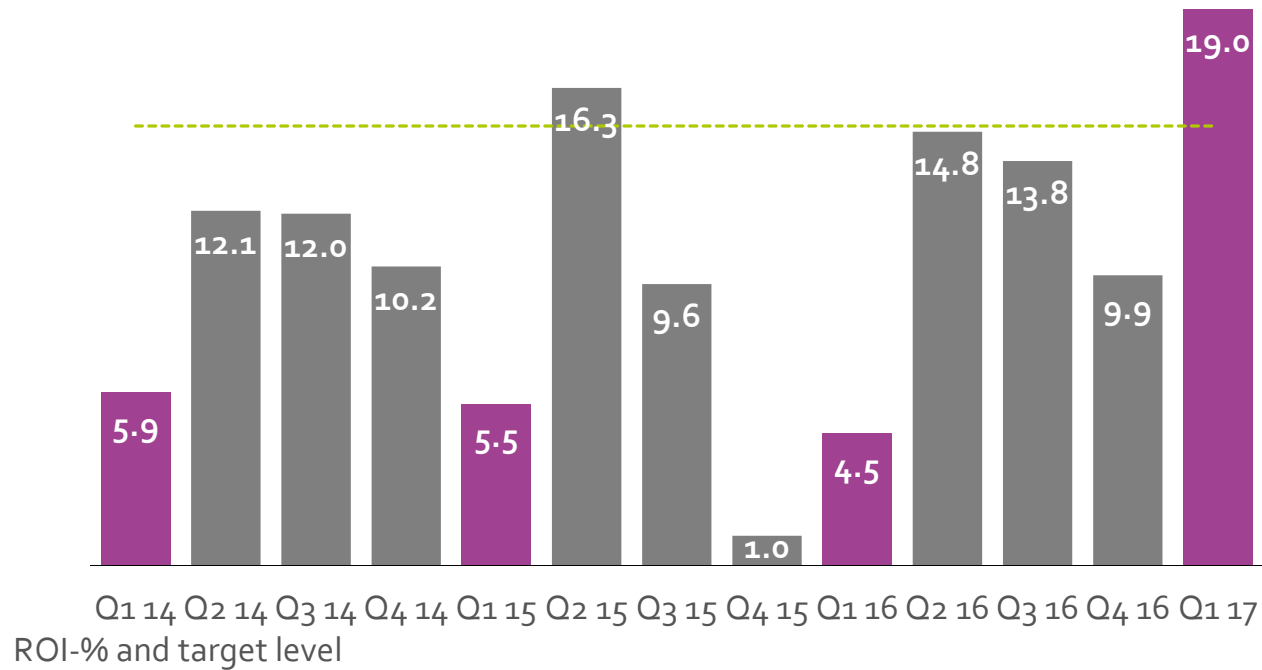


Equity ratio,
Q1/2014–Q1/2017



Return on investment

- Return on investment reached the long-term target of 15%.



A person with curly hair, seen from behind, sits on a stone wall. They are looking out over a cityscape at sunset. The sky is a warm orange, and the city below is silhouetted against the light. Several church spires and domes are visible in the distance. The overall mood is contemplative and serene.

STRATEGY AND OUTLOOK

Kai Telanne

Prague, Czech Republic





Strategic development areas

Multi-channel
content

Marketing
solutions

Digital services

Resources and
expertise

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

Pohjolan Sanomat merged with Lapin Kansa

The aim is to build a single strong regional media brand in the Lapland region.

- The Pohjolan Sanomat title, which was previously published as Lapin Kansa's other edition, was given up.
 - The decision was based on the sustained decline in demand in the Kemi-Tornio region and unprofitable operations.
- In addition, all digital media services were moved under the Lapin Kansa brand.
 - The statutory personnel negotiations held in connection with the restructuring measures led to a reduction of 12 employees.



Urakkamaailma becomes fully owned by Alma Media

Urakkamaailma.fi is Finland's largest marketplace in the construction sector. It provides access to renovation consumers, decision-makers in housing cooperatives, construction companies and property managers.

10,900

Requests for quotations in 2016

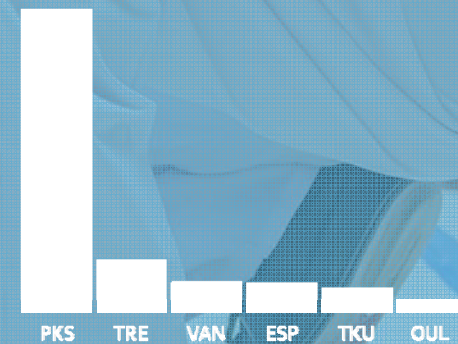
MEUR 79

Total value of renovation work in 2016

66,000

Users 1 March–31 March 2017

What city?



Source: Urakkamaailma.fi database

First project launched under Alma Talent's digital strategy

- Broader than its predecessor and partly behind a paywall, Arvopaperi's new digital service represents an even better response to the needs of readers who follow the markets closely.
- The latest news from the markets, along with background information, analyses and key indices.
- The website is also the first media in Finland to offer an insider trading database.

The screenshot displays the Arvopaperi website interface. At the top, there are social media icons for Twitter and Facebook, the site's name 'ARVOPAPERI' in red, and a search bar labeled 'Vapaa haku'. Below this is a table of market indices:

OMX HELSINKI	DAX	FTSE 100	NASDAQ	S&P 500	NIKKEI 225	EUR/USD	JPY/USD
1,88 %	3,12 %	1,93 %	-0,03 %	-0,30 %	1,37 %	1,13 %	-1,04 %
9363,30 15:30	12425,04 15:15	7251,71 15:15	5442,05 00:40	2348,69 23:41	18875,88 09:15	1,0848 15:10	0,0091 15:10

Below the table is a navigation bar with links: 'Pääuutiset', 'Uusimmat', 'Pörssi', 'Sisäpiirin kaupat', 'Listautumiset', 'Arvoasunto', and a user login link 'Kirjaudu palveluun'. The main content area features a large image of a city skyline with the text 'Kaikki eivät lue Arvopaperia. Ja hyvä niin.' and the 'ARVOPAPERI' logo at the bottom. On the left side, there is a sidebar with a 'Näköislehti' section showing a magazine cover and a 'Uusimmat' section with news snippets.

Artificial intelligence 1: Robot journalism

- Alma Regions' media used a news robot in their coverage of the municipal elections. Alma is participating in Immersive Automation, a project led by the University of Helsinki and Tekes.
- Aamulehti has a bot that scans City of Tampere agendas for keywords specified by the editorial team.
- Also used in financial statements analyses produced by Alma Talent. In financial news, the technology automatically updates various dynamic elements, such as share prices and visualisations.

Tyrvään Sanomat

Puheenaiheet Lisää Ota yhteyttä Näköislehti

Tee tilaus
Jätä ilmoitus
Hae Kirjautu sisään

Katso Valterri-robotin kirjoittama uutinen Sastamalan vaalituloksesta

UUTiset 10.04. © 12.40



Valterri on kirjoittanut jo yli 750 000 juttua sunnuntain kuntavaalitulosista.



Alla on Alma Median käyttämän Valterri-robotin kirjoittama uutinen Sastamalan kuntavaalituloksesta.

Valterri tuottaa uutisia kuntavaalituloksesta kaikista Suomen kunnista ja niiden äänestysalueilta. Sinne on syötetty koko maan vaalitulokset Oikeusministeriön datana.

Data saatiin syötettyä sinne viime yönä kello 5. Valterri on rakennettu aiemmin ja sitä on testattu vuoden 2012 kuntavaalidatalla, mutta ennen näitä vaaleja se oli suljettuna.

Valterri on Immersive Automation -hankkeen tuottama kokeilu. Alma Media on mukana hankkeessa.

Tässä robotin tekemä uutinen:

Katso edullisimmat hinnat yli 200 sivustalta

Hotel Garden
Sienä
Alkaen 91 €

Hotel Athena
Sienä
Alkaen 109 €

asiakaspalvelu.almamedia.fi/tyrvaa-sanomat/kanta

Huuhkuaan edut Tyrvään Sanomien kanta-asukkaalle!

13,60 €

LUETUIMMAT

- NYT Päivä Viikko
- 1 Näin mestarit juhlivat! Torilla tavataan
 - 2 Kansanedustaja Pertti Hakanen Karjalan Liiton puheenjohtajaksi
 - 3 "Tänään vähän juhliitaan" Näin fanit ottivat mestarit vastaan - Katso video
 - 4 Sastamalassa tienataan ainakin 20 miljoonaa euroa puusta - ylivoimainen ykkönen Pirkanmaalla
 - 5 SDP esittää Jenni Jukista kaupunginhallituksen johtoon
 - 6 Itsenäisyydentien putkirikko korjattu
 - 7 Hurjaa vauhtia Kiikassa - Auto törmäsi

Verkko kauppa

Tyylikäs uuden ajan mummopyörä!

Baana Hermannin 28" -retropyörä

189,90 €

Apurahalla 16,00 €/kk (10 kkk)

Osta tästä »

ILTALEHTI

ALEKODIT

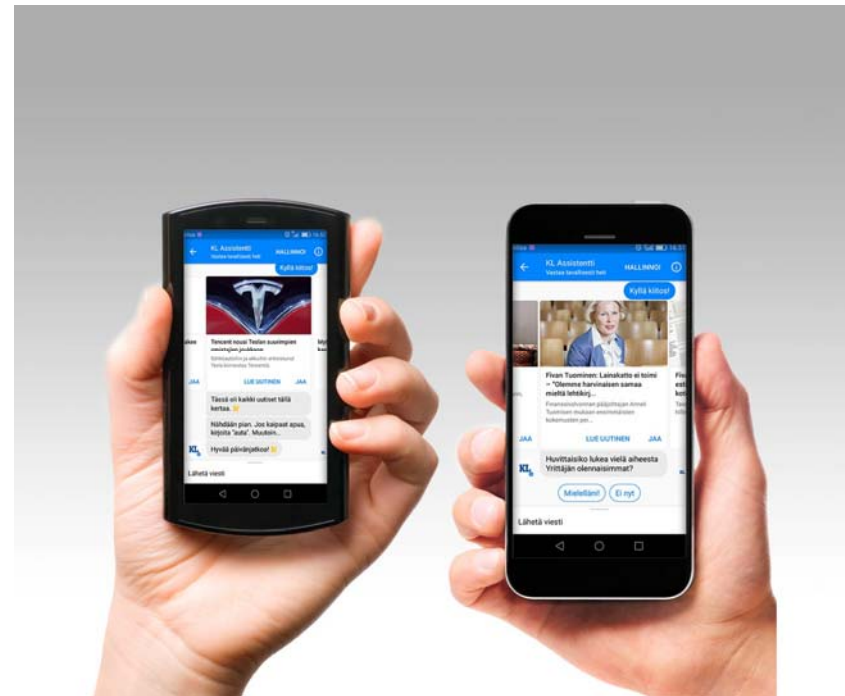
Alennusta vaatteisiin, kenkiin ja laukkuihin

KATSO LISÄÄ

50%

Artificial intelligence 2: Chatbots

- Software robots known as chatbots are rapidly becoming more commonplace internationally.
- Kauppalehti is piloting the KL Assistant.
- KL Assistant is a chatbot on the Facebook Messenger platform that sends customised Kauppalehti news on selected topics at user-specified times.



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! QUESTIONS?

Upcoming events in the investor calendar

Q2 interim report: 21 July 2017

Q3 interim report: 27 October 2017

