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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Q4 12</td>
<td>-5.3</td>
</tr>
<tr>
<td>Q1 13</td>
<td>-13.3</td>
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<tr>
<td>Q2 13</td>
<td>-7.8</td>
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<td>Q3 13</td>
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<td>Q4 13</td>
<td>-6.6</td>
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<td>Q1 14</td>
<td>-4.8</td>
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<tr>
<td>Q2 14</td>
<td>-4.9</td>
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<tr>
<td>Q3 14</td>
<td>-2.7</td>
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<td>Q4 14</td>
<td>-2.8</td>
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<tr>
<td>Q1 15</td>
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<td>Q2 15</td>
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<tr>
<td>Q4 16</td>
<td>-4.7</td>
</tr>
<tr>
<td>Q1 17</td>
<td></td>
</tr>
</tbody>
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Quarterly change in media advertising 2012–2017, %
Source: Kantar TNS
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

- A-Lehdet: 2%
- Alma Media: 31%
- Sanoma: 39%
- MTV Media: 6%
- Otavamedia: 10%
- Other Finnish online advertising companies: 12%

Market shares of Finnish media companies
Source: Kantar TNS
**Structural change underway in media advertising?**

The retail sector has significantly reduced its advertising spending

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<tbody>
<tr>
<td>Retail</td>
<td>8.4 %</td>
<td>3.2 %</td>
<td>Retail</td>
</tr>
<tr>
<td>Motor v.</td>
<td>8.4 %</td>
<td>4.0 %</td>
<td>Motor v.</td>
</tr>
<tr>
<td>Food &amp; bev.</td>
<td>-12.5 %</td>
<td>-5.4 %</td>
<td>Food &amp; bev.</td>
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<tr>
<td>Tourism</td>
<td>1.8 %</td>
<td>-4.6 %</td>
<td>Tourism</td>
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<td>Entert</td>
<td>1.1 %</td>
<td>-4.4 %</td>
<td>Entert</td>
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<tr>
<td>Houses</td>
<td>-2.6 %</td>
<td>-3.8 %</td>
<td>Houses</td>
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<td>Recru</td>
<td>3.4 %</td>
<td>1.2 %</td>
<td>Recru</td>
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<tr>
<td>Tele</td>
<td>4.2 %</td>
<td>27.3 %</td>
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</tr>
<tr>
<td>Other</td>
<td>-7.0 %</td>
<td>1.3 %</td>
<td>Other</td>
</tr>
</tbody>
</table>

**Total**

-1.3%  
+1.1%  
+0.2%  
-4.7%  

*Source: Kantar TNS*
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.
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.
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 Iltalehti’s circulation.
- Advertising revenue +8.3%. Digital advertising revenue increased, particularly in mobile advertising and programmatic buying.
- Investments in the service business increased costs.
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.
FINANCIAL POSITION

Juha Nuutinen, CFO
Development of revenue and adjusted EBITDA

Revenue, rolling, MEUR, 12-months

EBITDA, rolling, MEUR, 12-months
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.
Return on investment

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

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.
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.
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