



Alma Media Q3/2018

Kai Telanne, President and CEO
Juha Nuutinen, CFO

Agenda

Performance highlights

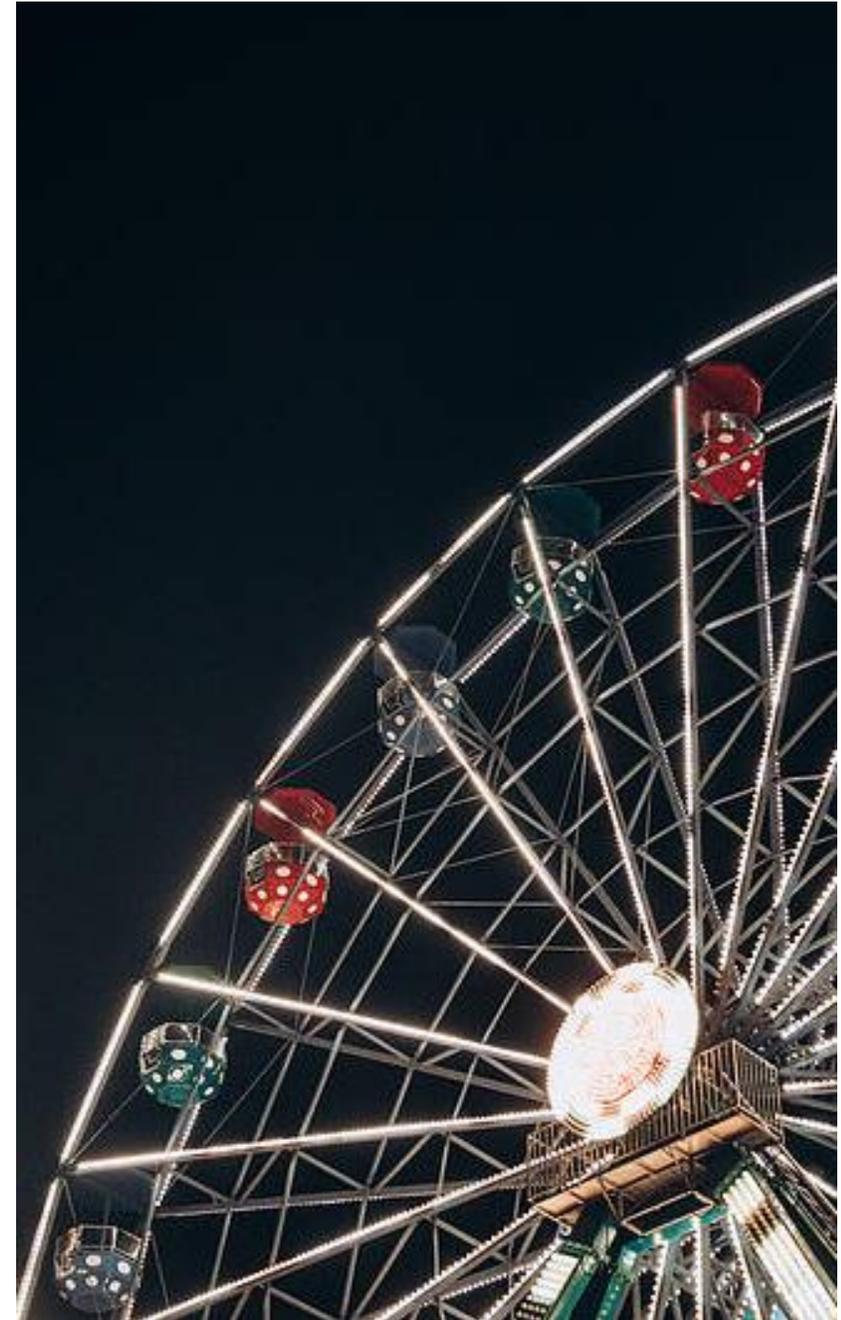
Advertising market development

Business development by unit

Financial position

Strategy and outlook

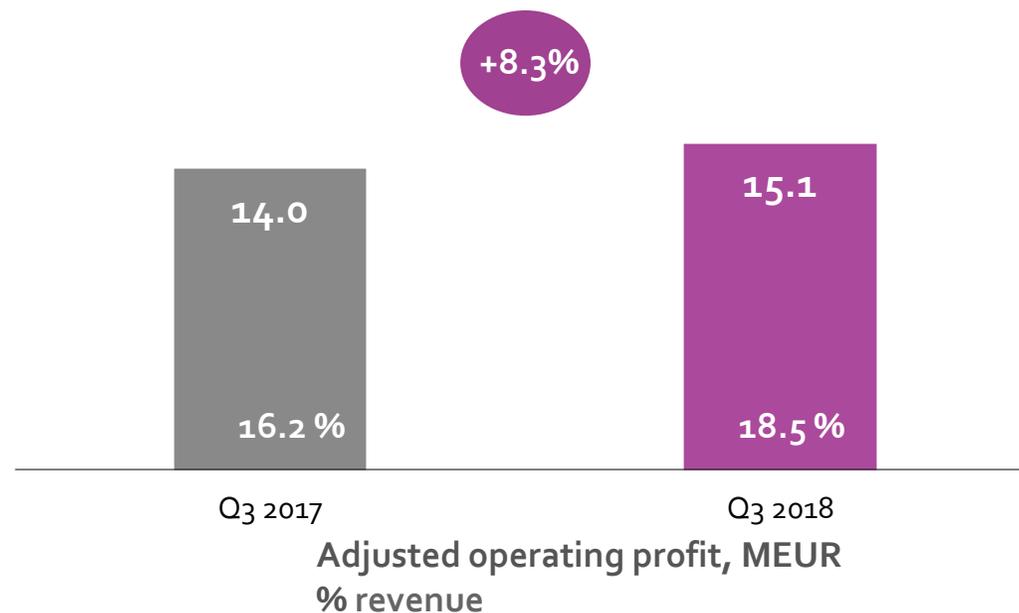
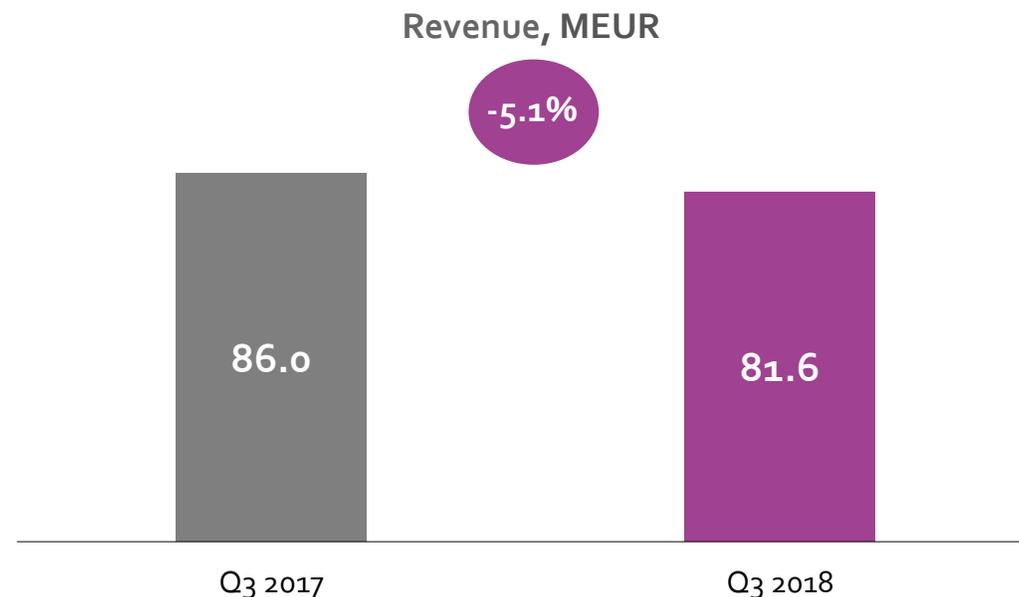
Q&A



Alma Media Q3/ 2018 in brief

Profitability developed well,
revenue down by divestments

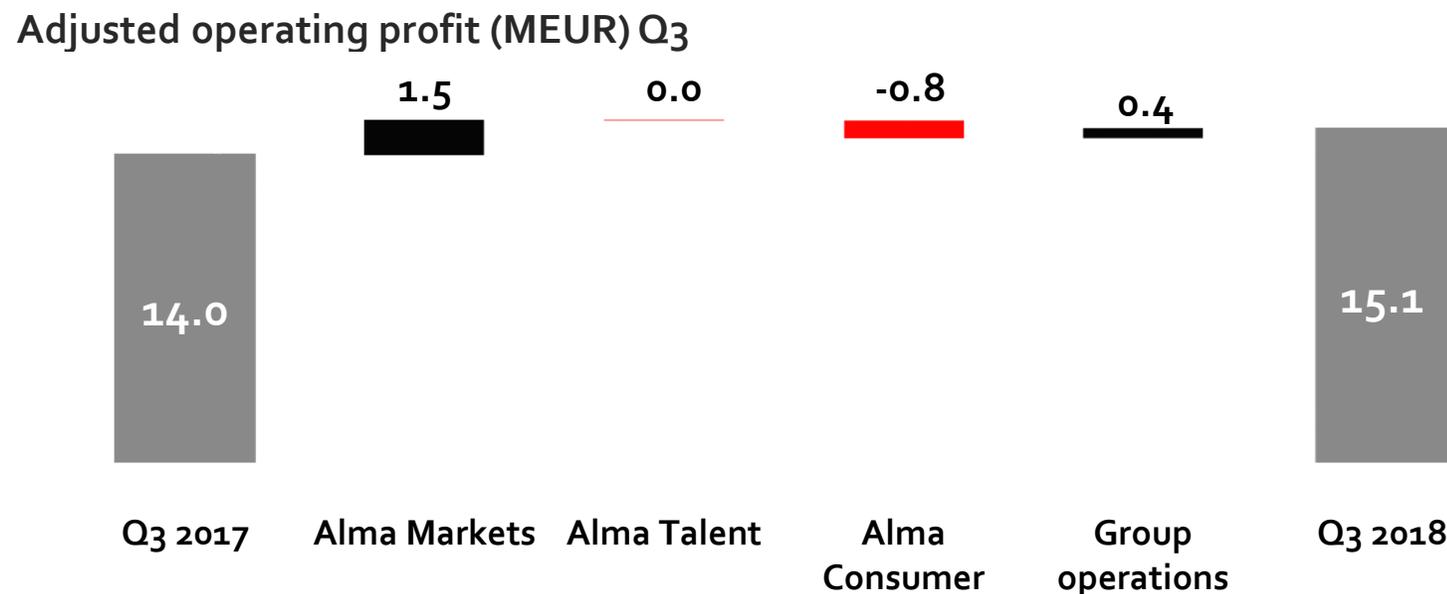
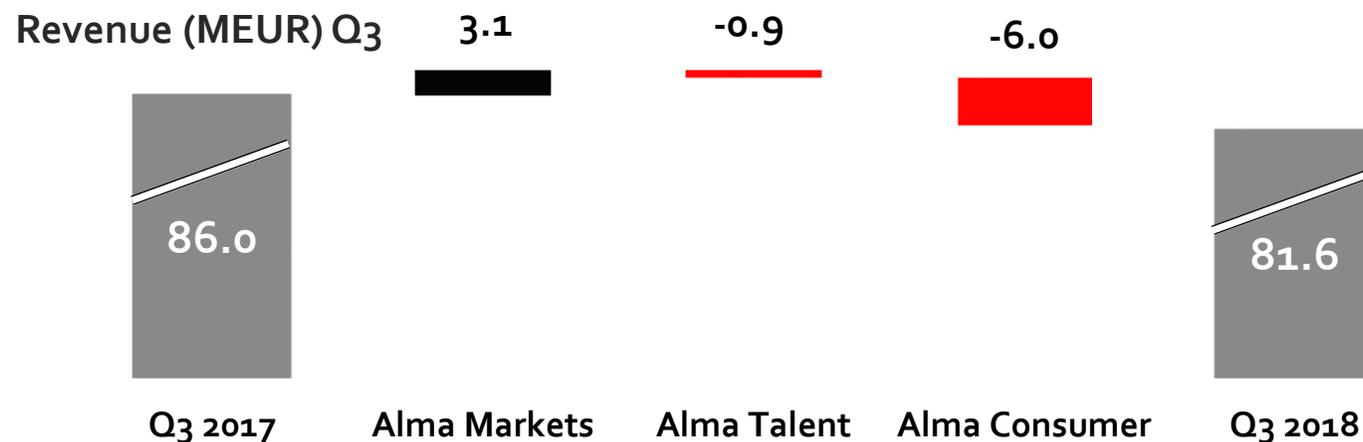
- Alma Media's revenue down by 5.1% to MEUR 81.6.
- Divested, acquired and discontinued businesses' net effect on revenue was MEUR -4.8.
- Adjusted operating profit increase to MEUR 15.1, operating profit margin at record-high level.



Revenue and adj. operating profit Q3/2018

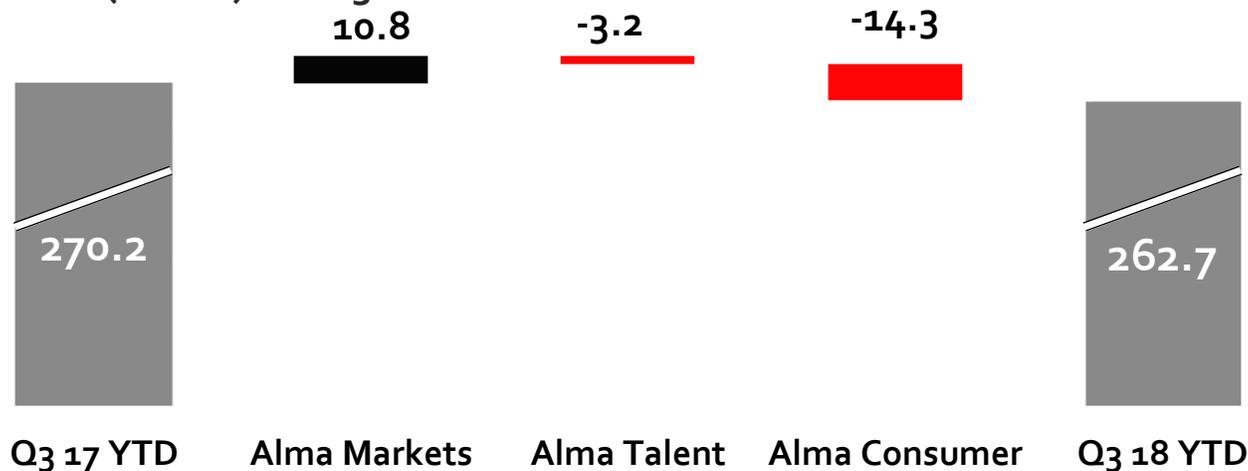
Alma Markets as the driver of growth and profitability

- Alma Markets continued its strong profit performance.
- Alma Talent's adjusted operating profit was on par year-on-year.
- Alma Consumer's revenue down by the divestment of newspapers in Lapland. The development of profitability was weighed down by the decline of print media.
- Relative profitability was also improved in Q3 by the divestment of businesses with negative or low profitability.



Revenue and adj. operating profit Q1–Q3/2018

Revenue (MEUR) Q1-Q3



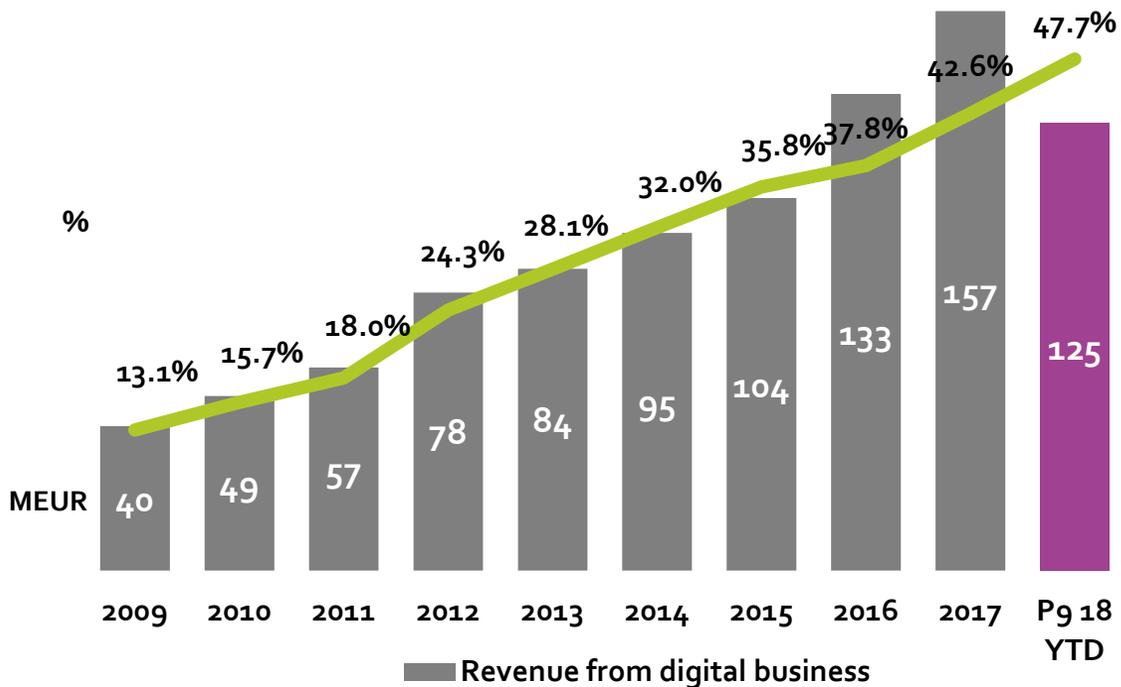
Adjusted operating profit (MEUR) Q1-Q3



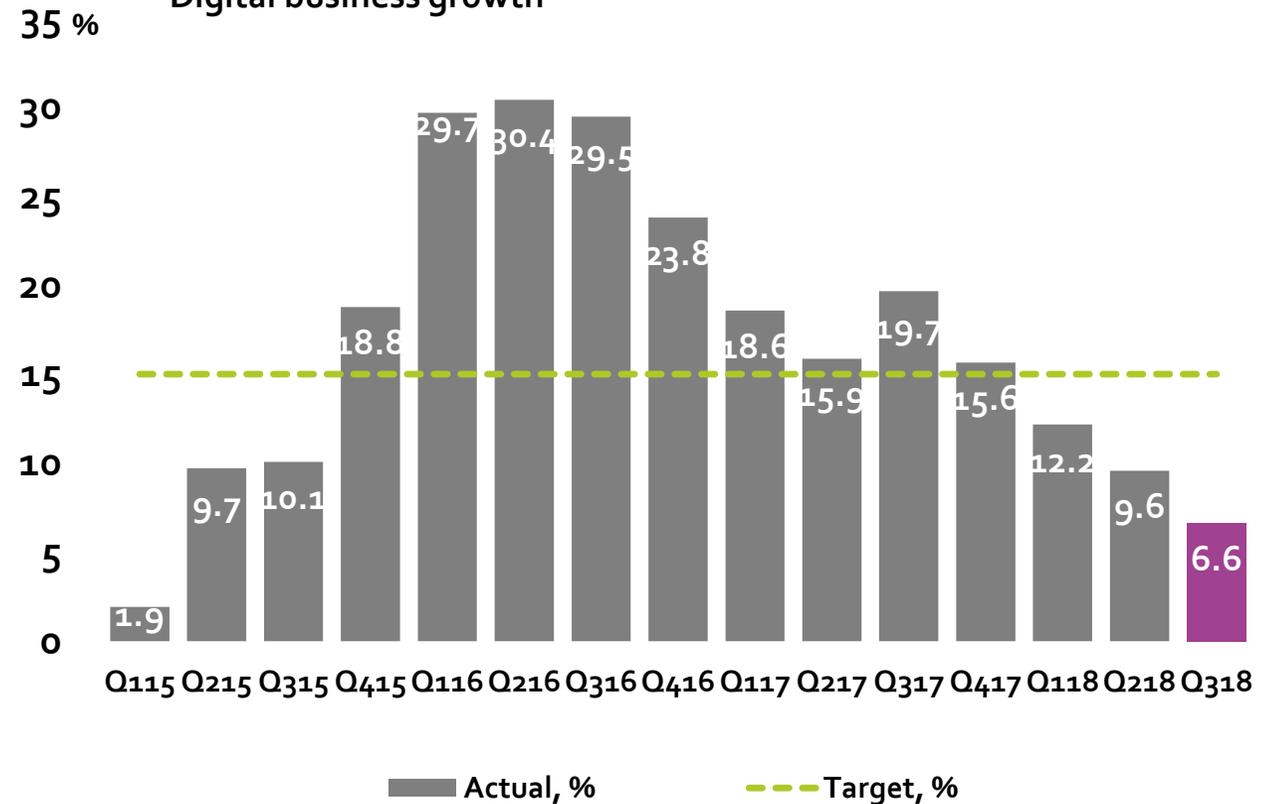
Digital business growth

The share of digital business of Group revenue is approaching 50%.

Share of digital business of Group revenue

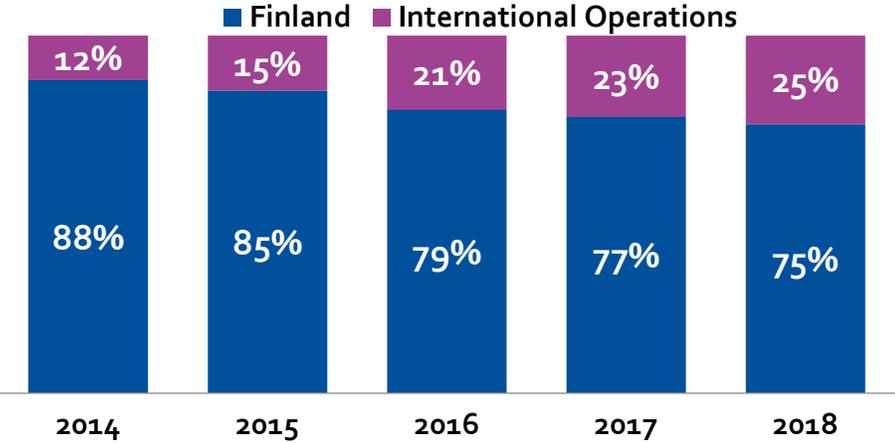


Digital business growth

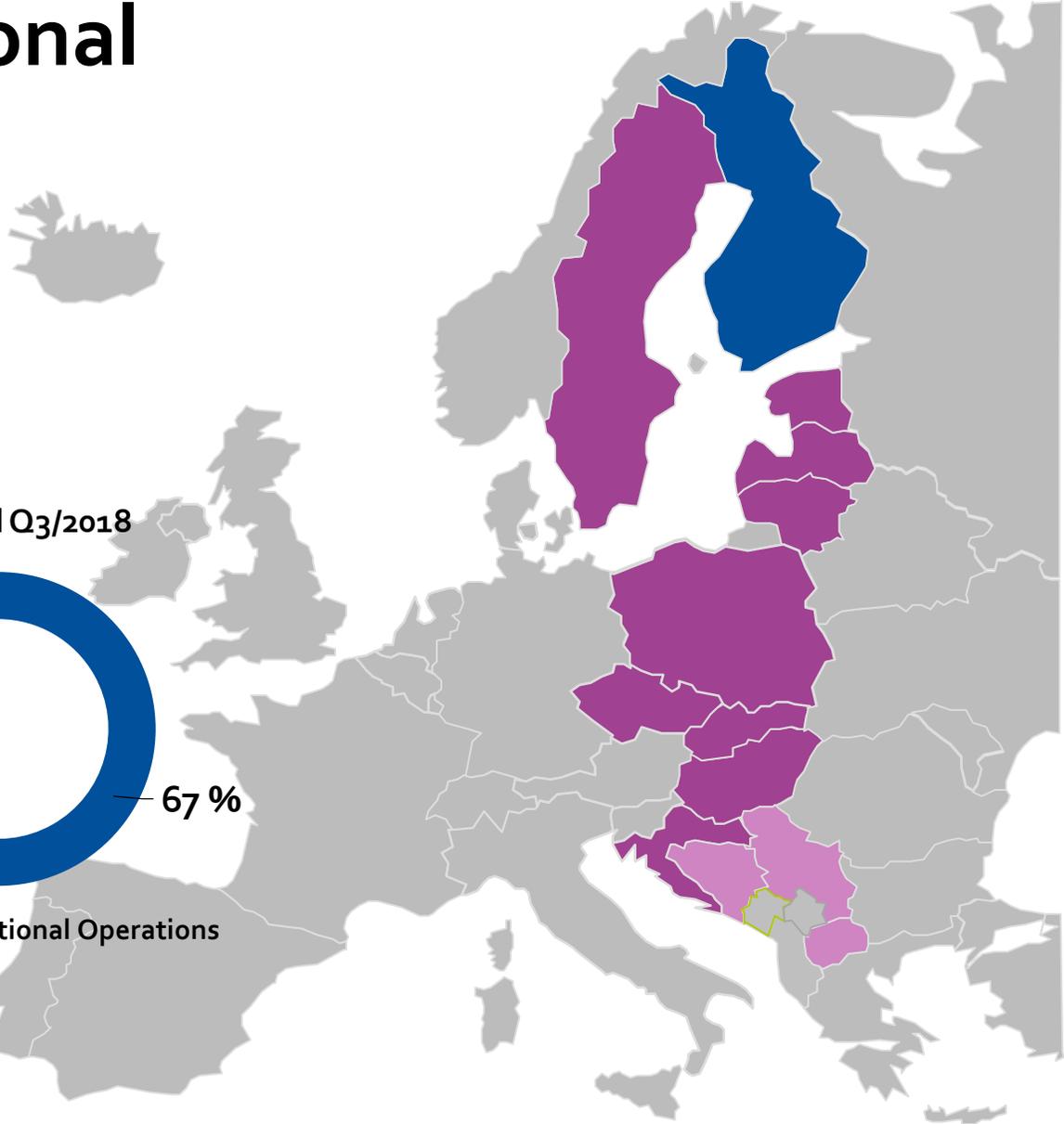
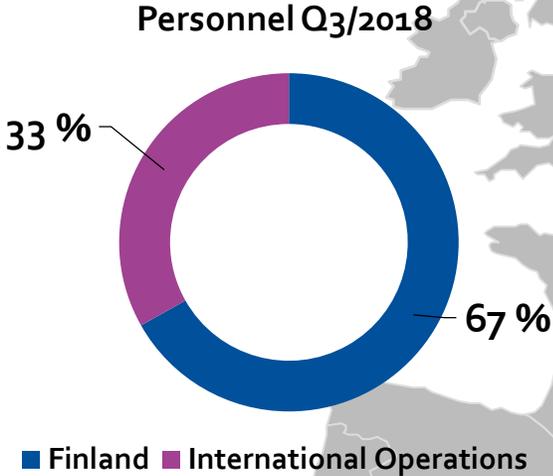
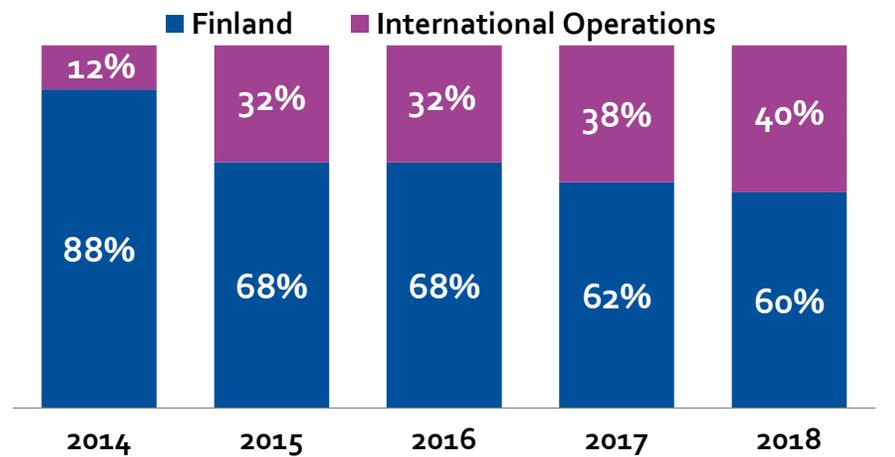


Profitable growth in international operations

Revenue 2014–2018, rolling, prev. 12 months



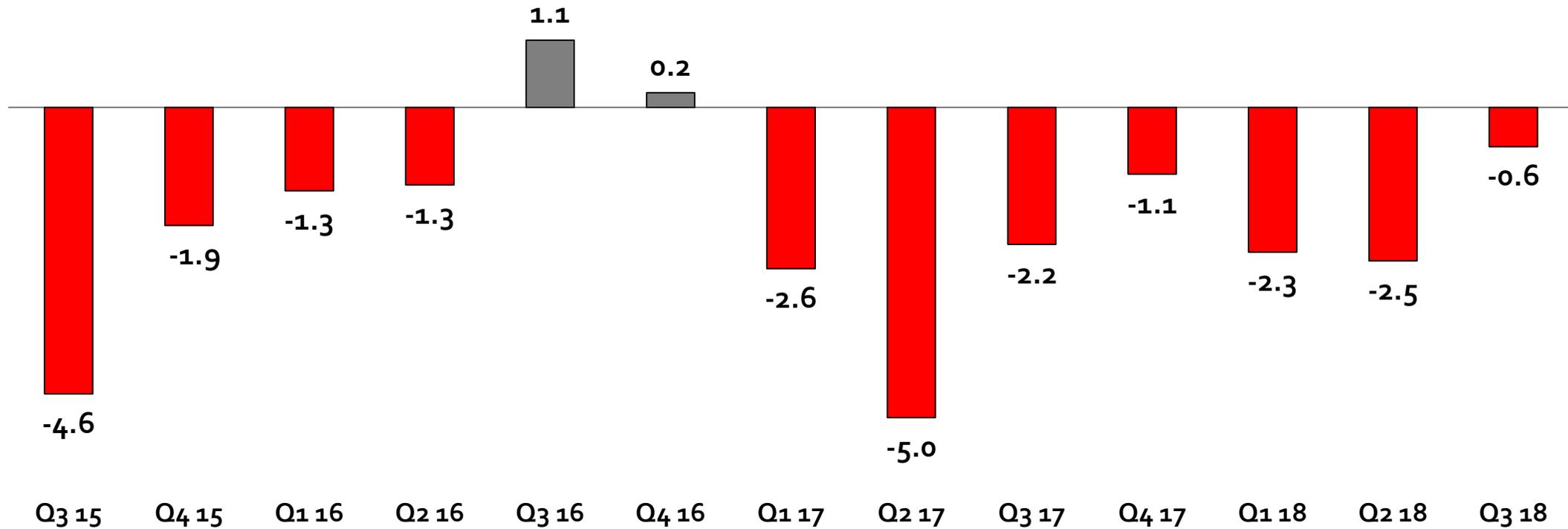
Operating profit 2014–2018, rolling, prev. 12 months



An aerial photograph of a city square, likely in Helsinki, Finland. The square is paved with dark cobblestones and is surrounded by grand, classical-style buildings with many windows. In the center of the square, there is a Louis Vuitton store with its distinctive black and gold branding. Several people are walking across the square, and there are some outdoor seating areas with tables and chairs. The overall scene is a busy urban environment.

ADVERTISING MARKET DEVELOPMENT IN FINLAND

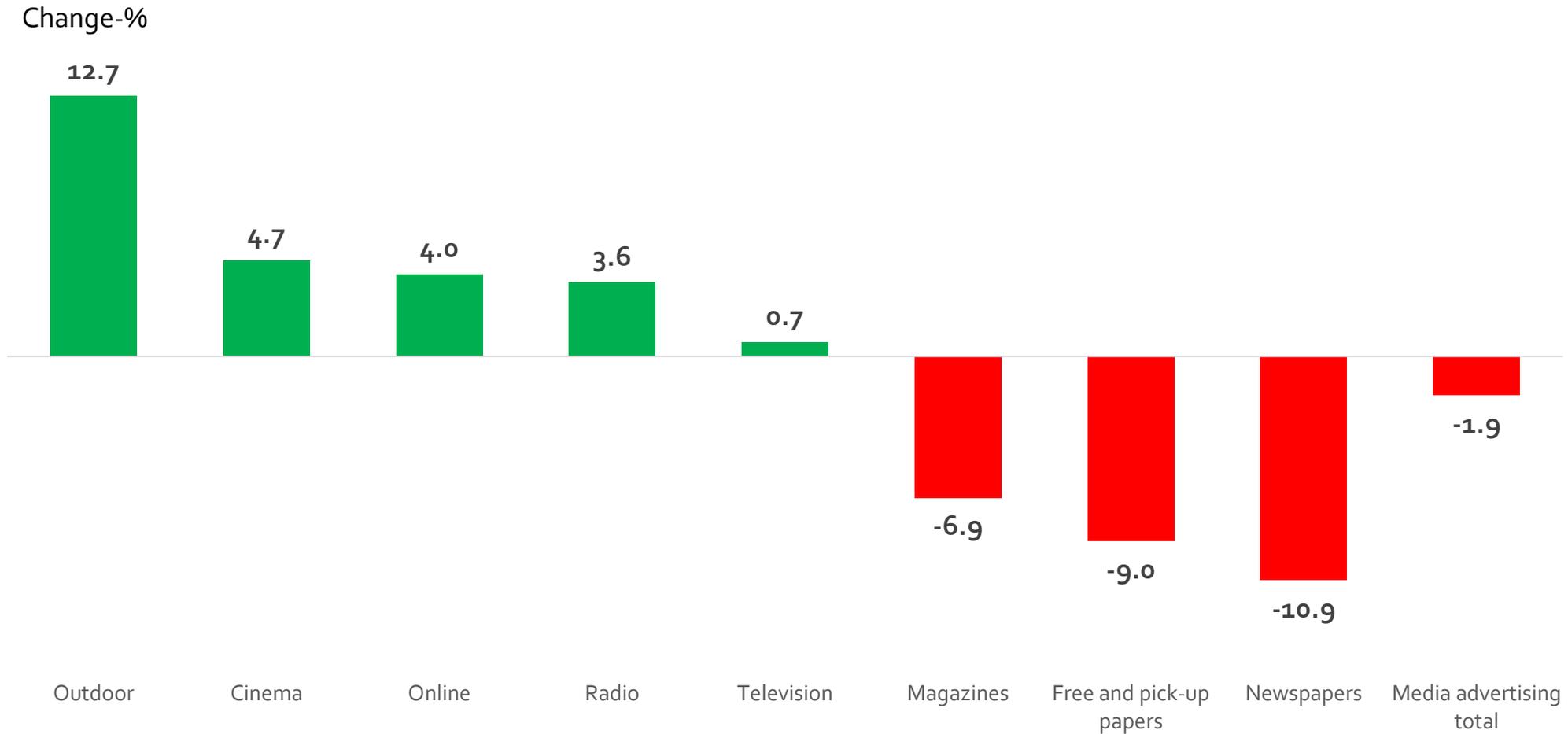
The Finnish economic boom has not reflected in advertising



Change in media advertising in Q3/2015 – Q3/2018
Source: Kantar TNS

Shift to digital advertising continues

Advertising trends by media group in Finland Q1–Q3/2018



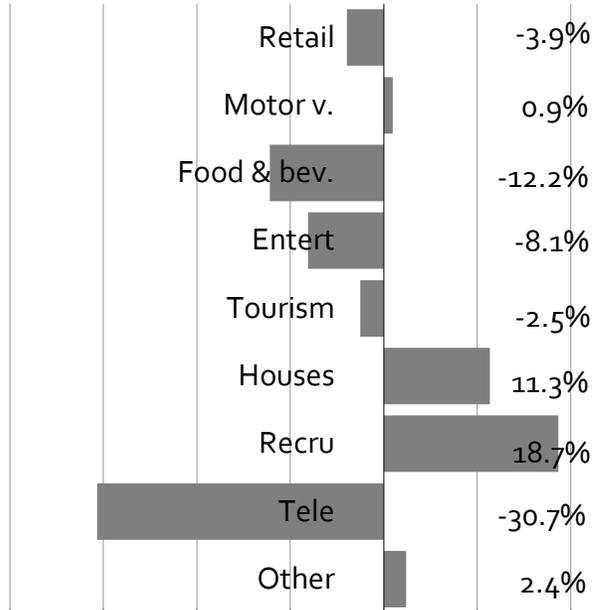
January-September/2018 development in Sweden:

- total advertising volume +6.7 % (+3.6%), online media +5.2% (+9.8%), trade magazines -17.5% (8.1%)

Source: Kantar TNS,
Sveriges Mediebyråer

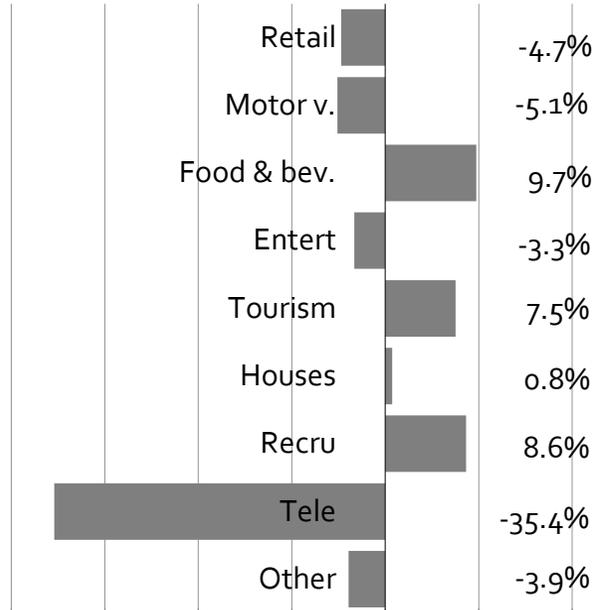
In Q3 growth in food, automotive and recruitment advertising

Q4 2017 vs 2016



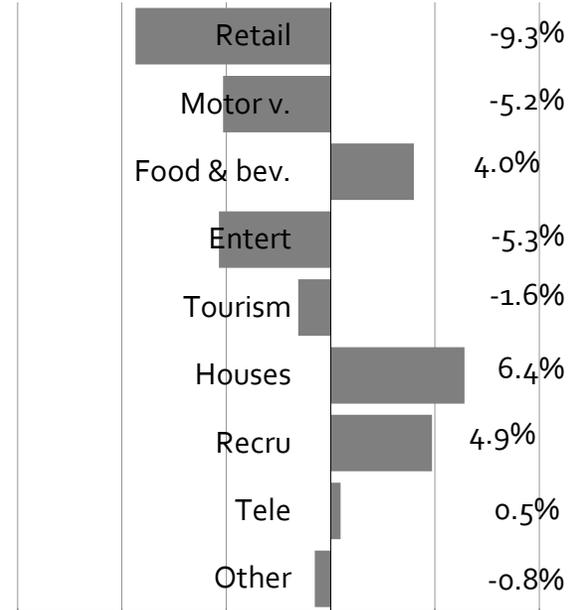
Total -1.1 %

Q1 2018 vs 2017



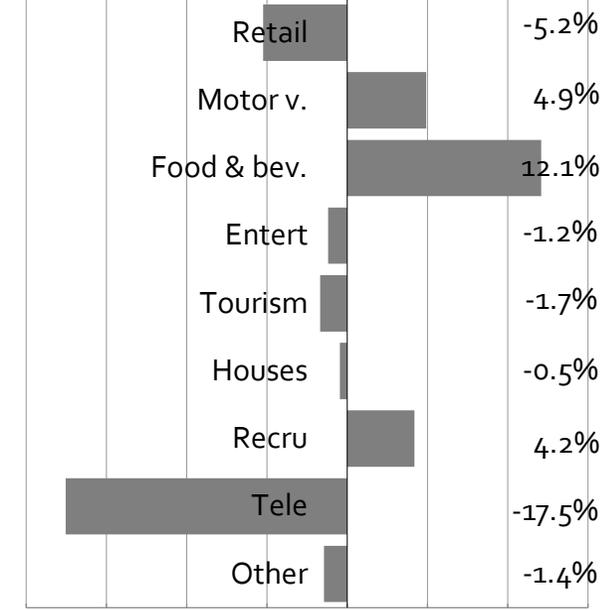
Total -2.3 %

Q2 2018 vs 2017



Total -2.5 %

Q3 2018 vs 2017

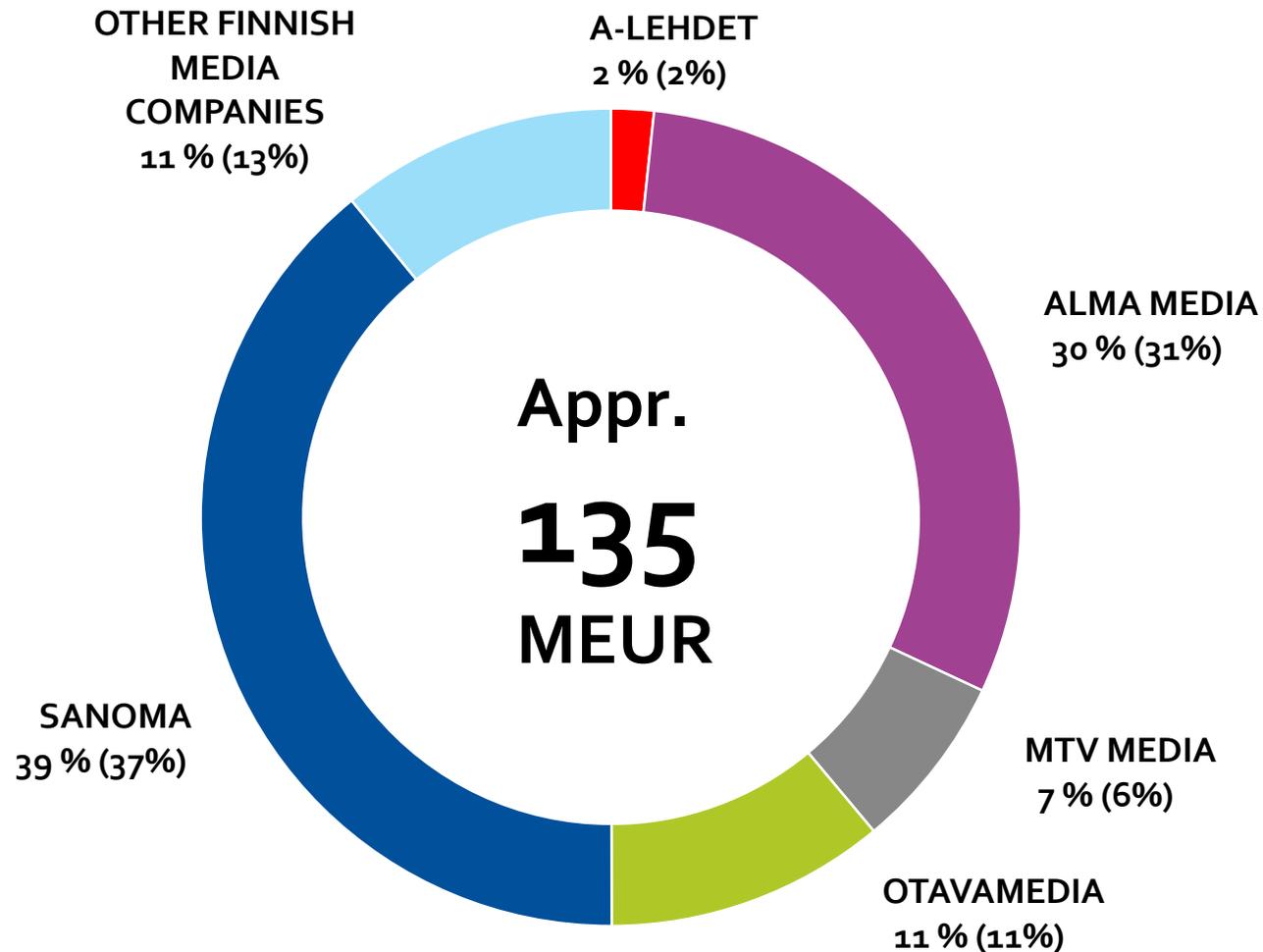


Total -0.6 %

Biggest advertising sectors
Source: Kantar TNS



Online advertising in Finland by media companies in Q1–Q3/2018



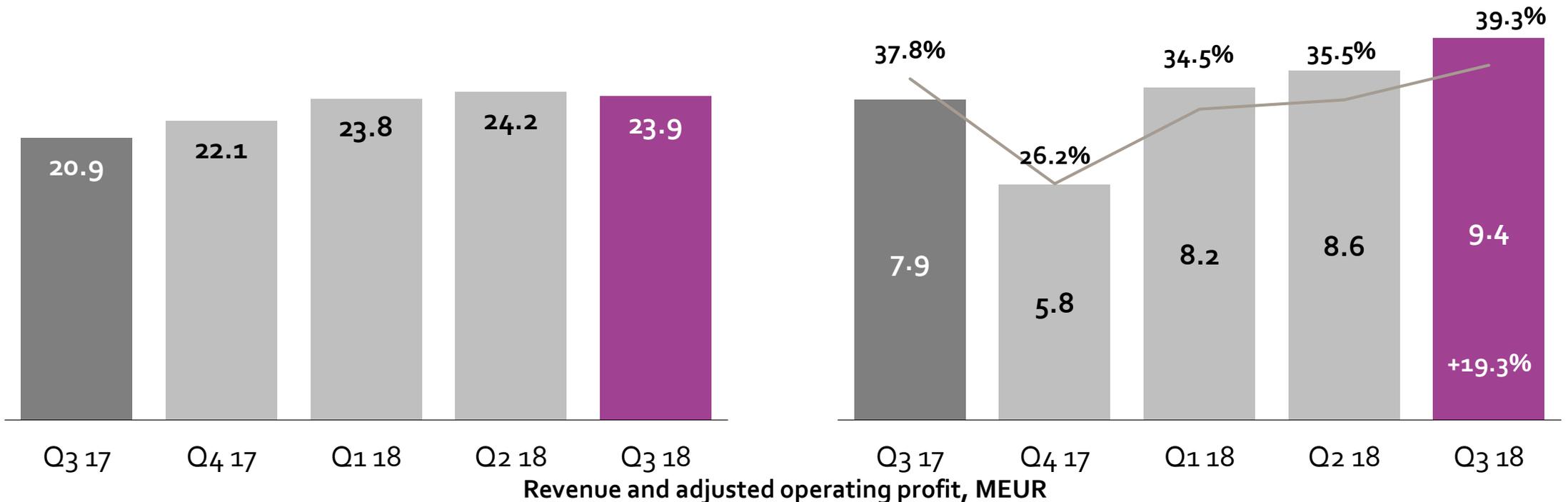
Online advertising
by media companies
1-9/2018 (versus 1-9/2017.)
Source: Kantar TNS

An aerial photograph of a city street intersection. Several blue and white buses are visible, some stopped at a bus stop and others in motion. The street is lined with buildings and trees. The text "DEVELOPMENT BY BUSINESS SEGMENT" is overlaid in the center of the image.

DEVELOPMENT BY BUSINESS SEGMENT

Alma Markets Q3/2018: Profit performance remained strong

- Alma Markets continued on its path of profitable growth. Economic growth in Eastern Central Europe is strong and the demand for recruitment services remains high. The economic boom in Finland boosted the sales of online services related to housing and cars.
- Revenue growth in the recruitment business slowed slightly compared to H1/2018 and amounted to +11.8% (75.8% of the segment's revenue).
- Total expenses +11.8% to MEUR 14.6 (13.0). Expenses up by online service development as well as investments in a new mobile recruitment service in Poland.

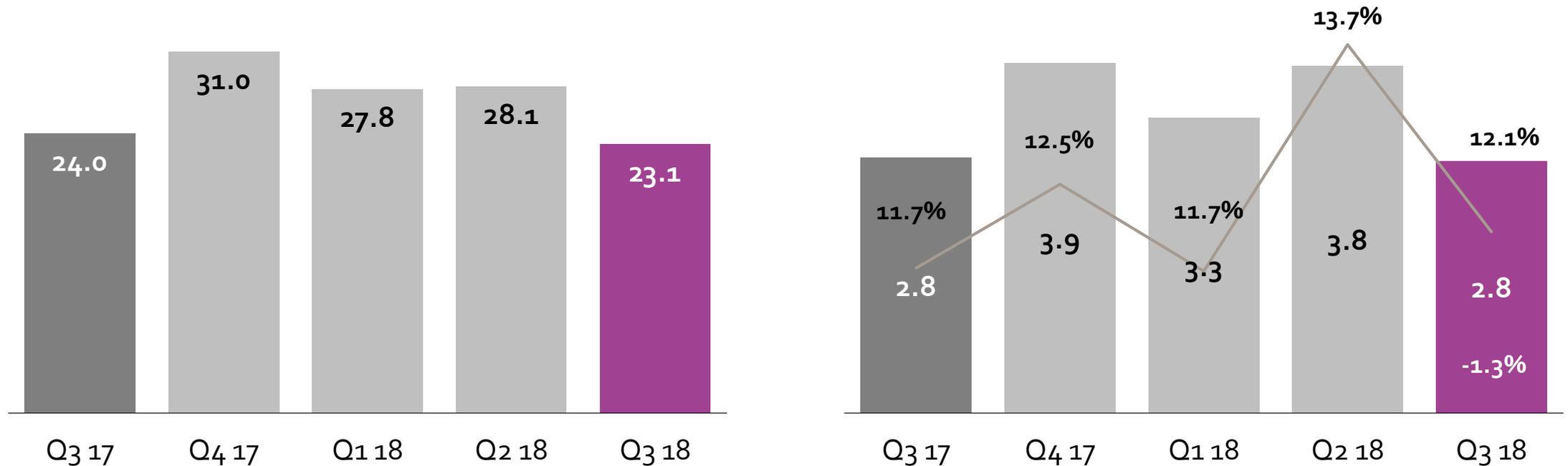


Acquisitions increased the segment's revenue by MEUR 0.6 and operating profit by MEUR 0.2.



Alma Talent Q3/2018: Operating profit on par year-on-year

- Operations refocused, unprofitable and non-synergistic businesses divested or discontinued, the effect on revenue in Q3 MEUR -0.8. The reorganising measures in Sweden continued.
- Digital content revenue was in line with expectations (+11.3%) and compensated for the decline in print media. Advertising revenue -7.7%, digital advertising revenue on a par year-on-year.
- Adjusted total expenses -3.8% to MEUR 20.3 (21.1). Total expenses declined in Finland and Sweden due to restructuring measures aimed at improving cost efficiency.

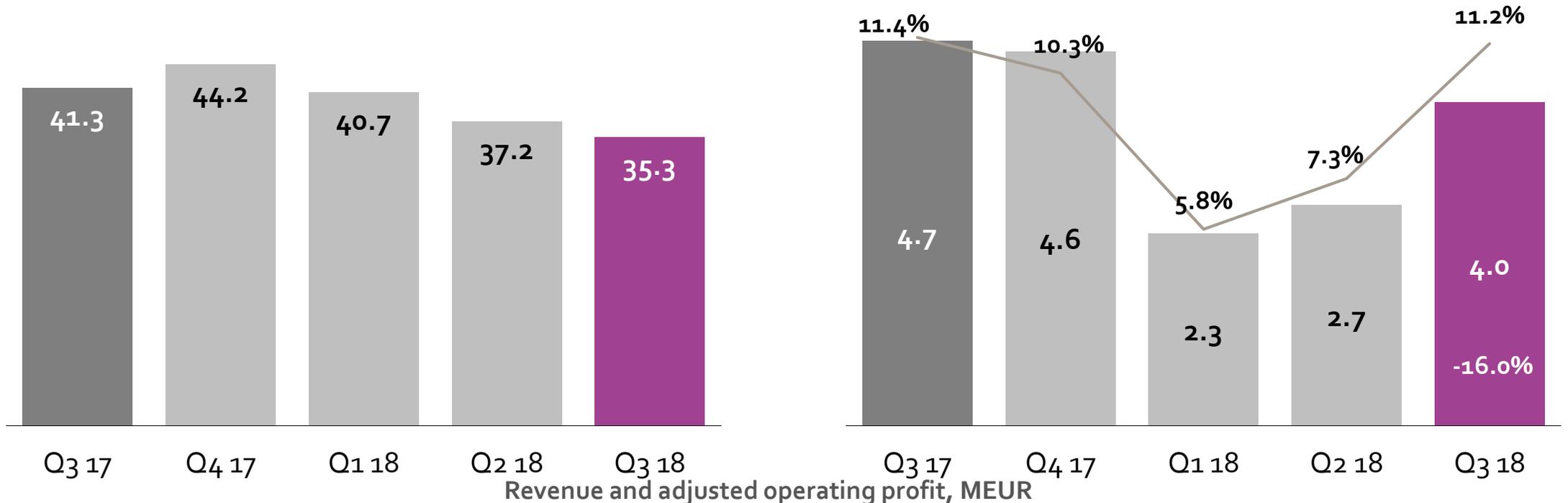


Revenue and adjusted operating profit, MEUR



Alma Consumer Q3/2018: Italehti's single-copy sales and the decline of print media sales weighted profitability

- Revenue down on the divestment of the newspaper business in Lapland. Profit down by the single-copy sales of Italehti and the print media advertising sales of regional and local media. The rate of decline in print advertising revenue was, however, slower than in the market in general.
- Excluding divested businesses: advertising revenue -1.2% (digital +3.9% and print media -4.5%) and content revenue -3.8%. The programmatic buying market has partially recovered of the entry into force of the GDPR, which affected its development in Q2/2018. In digital advertising, good development in mobile and video advertising as well as content marketing.
- Adjusted total expenses -14.6% to MEUR 31.4 (36.8). The effect of divested businesses on expenses was MEUR -5.3.

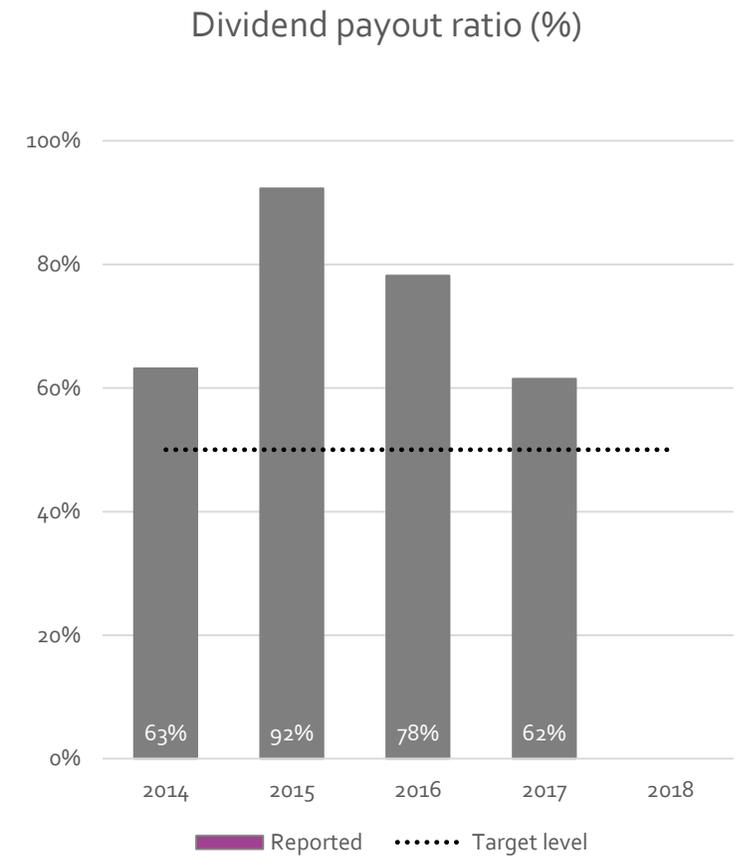
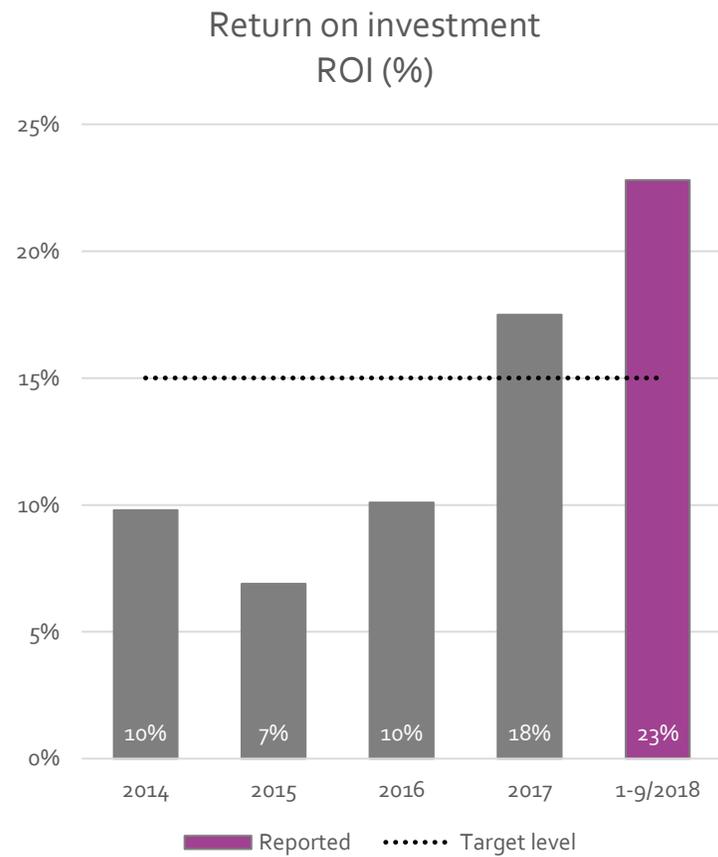
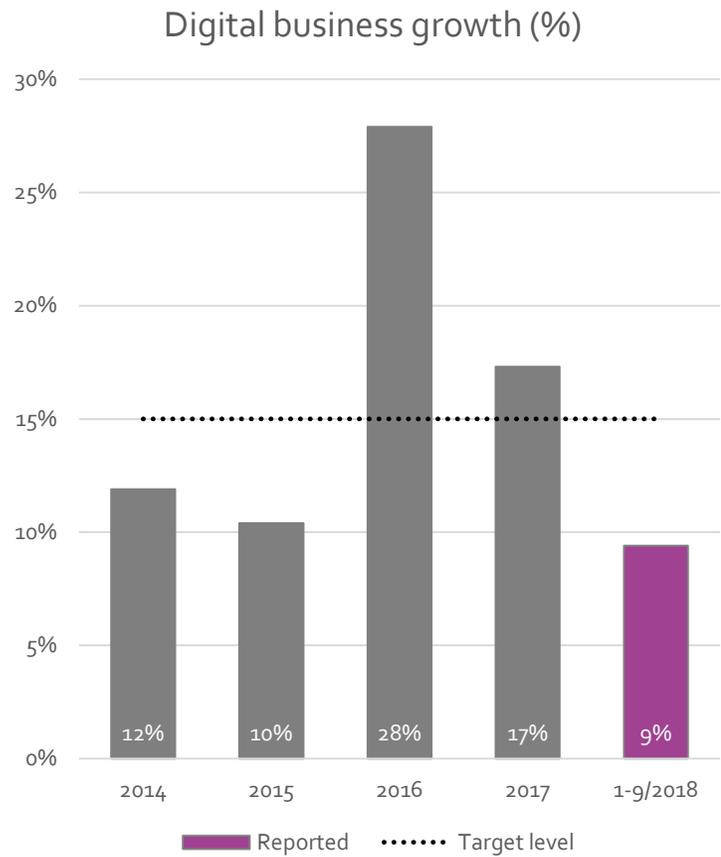




FINANCIAL POSITION

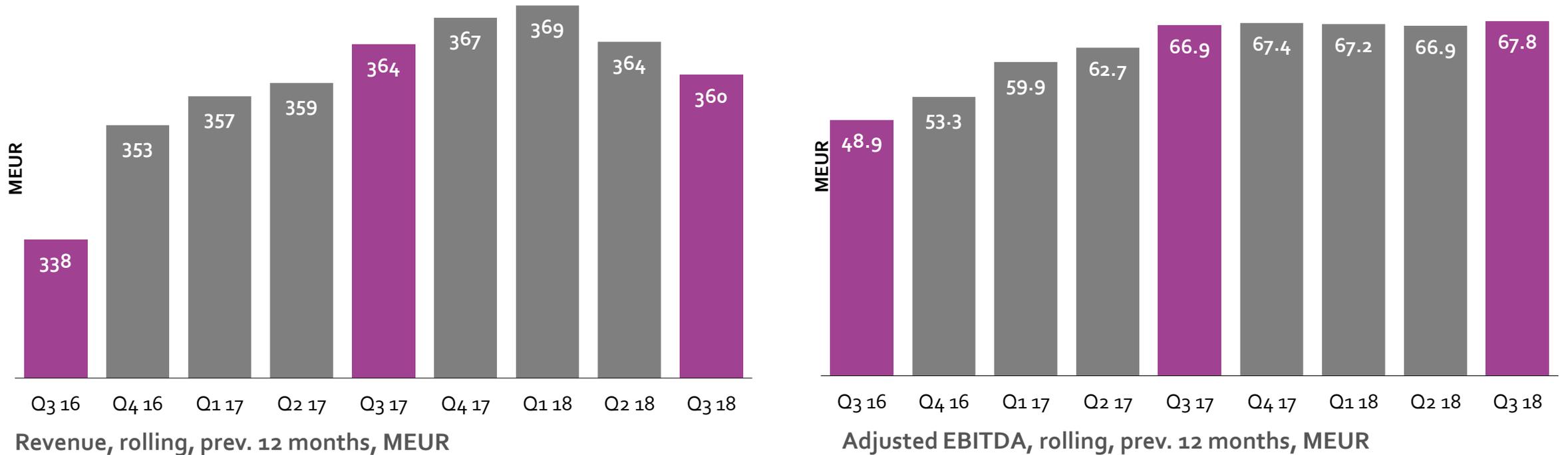
Juha Nuutinen, CFO

Long-term financial targets



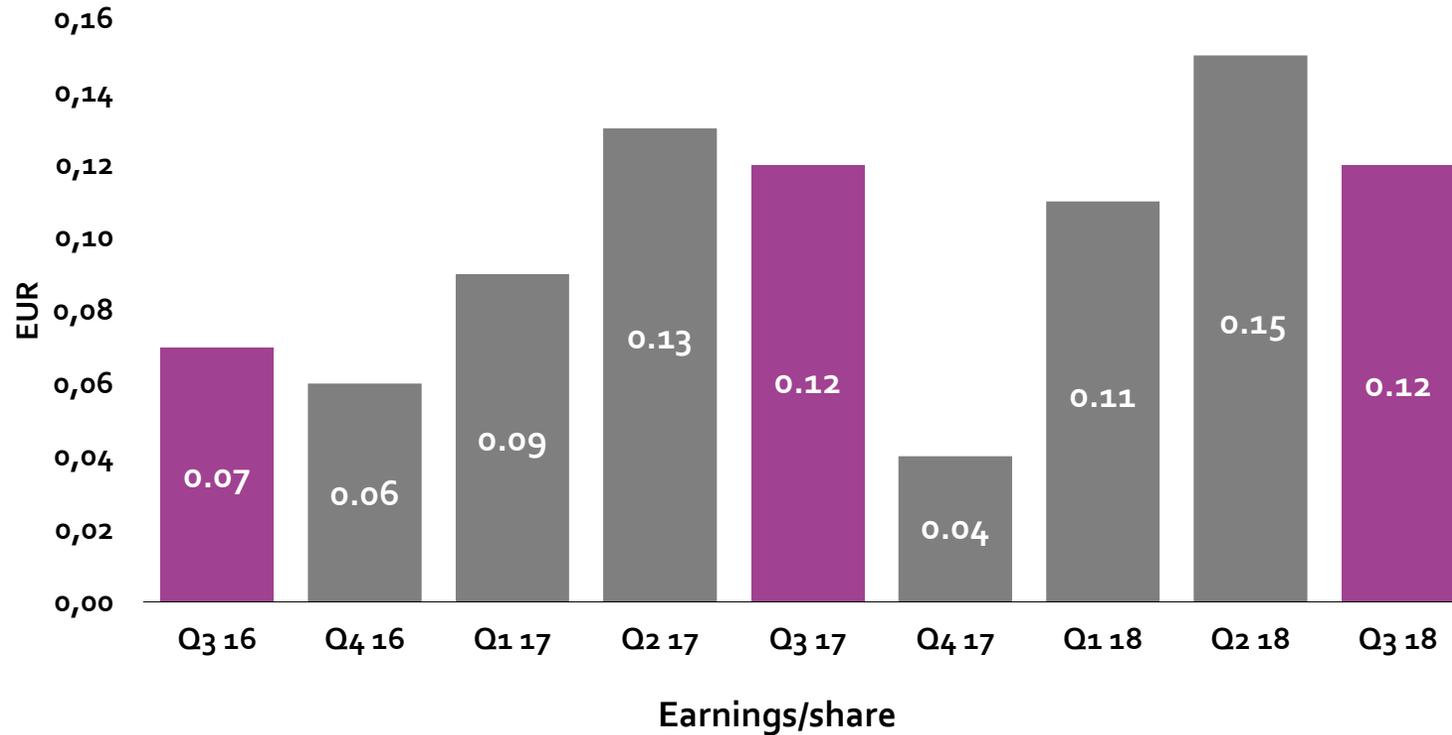
Development of revenue and EBITDA

Organic revenue growth 0.9% in Q3/2018.



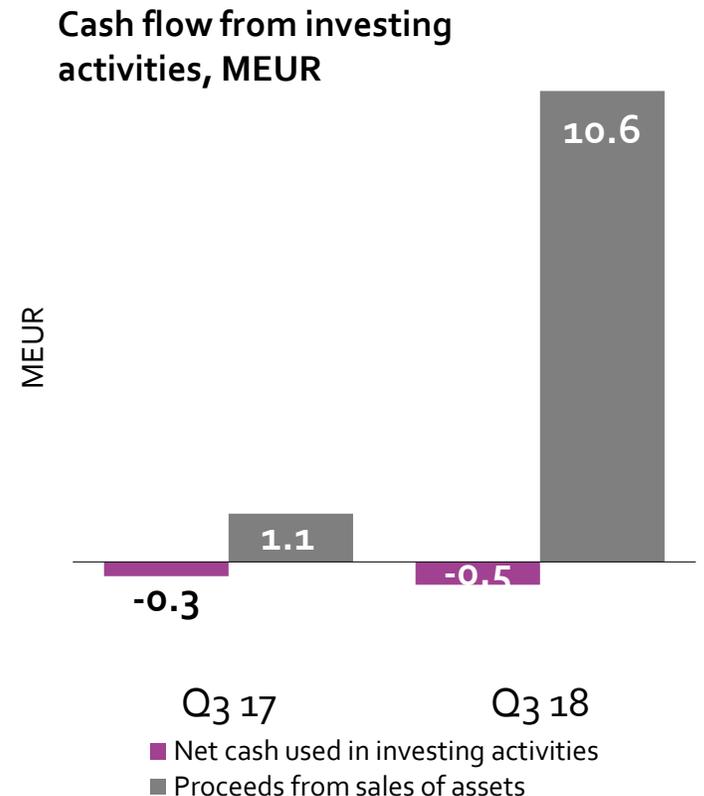
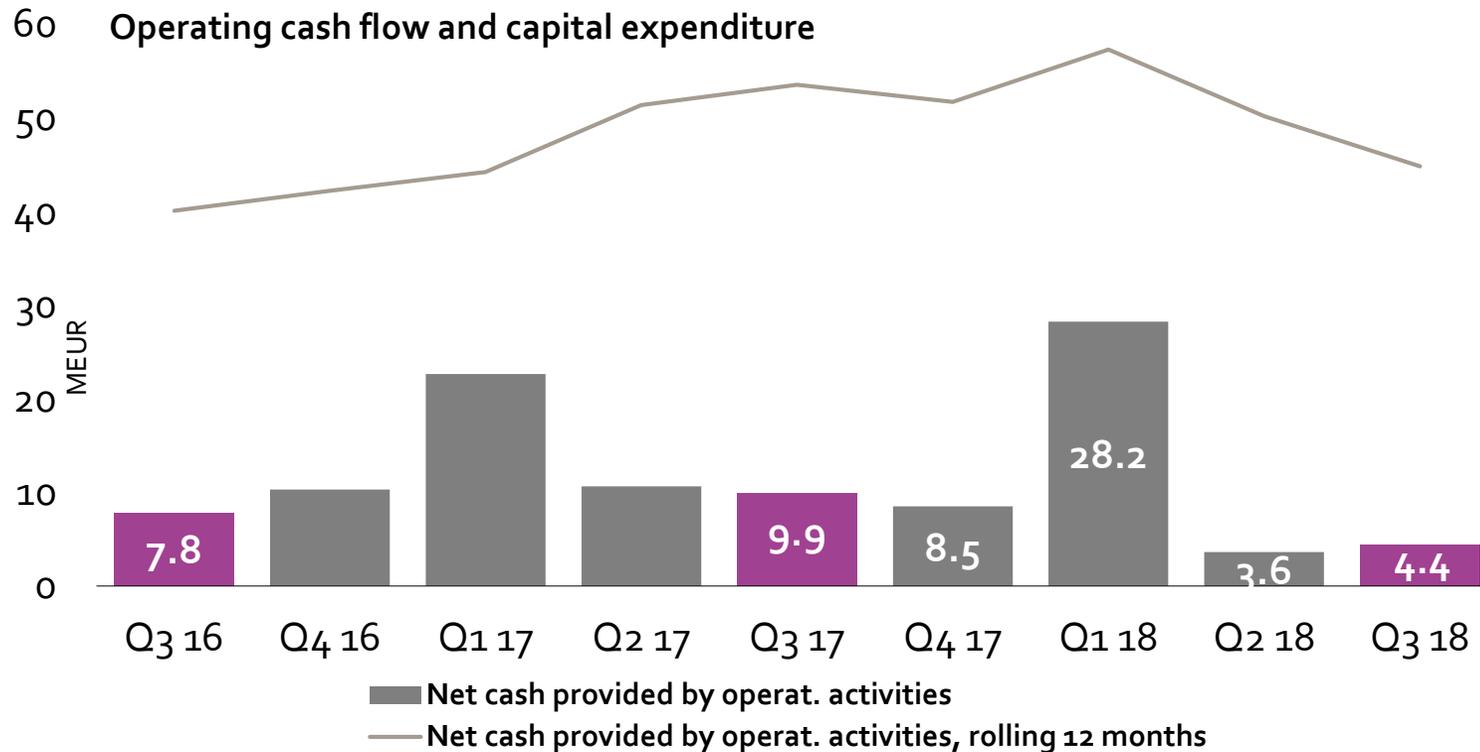
EPS

- Earnings per share in Q3 were EUR 0.12 (EUR 0.12). Adjusted items MEUR -0.6 (Q3/2017: MEUR 0.3).



Operating cash flow and capital expenditure

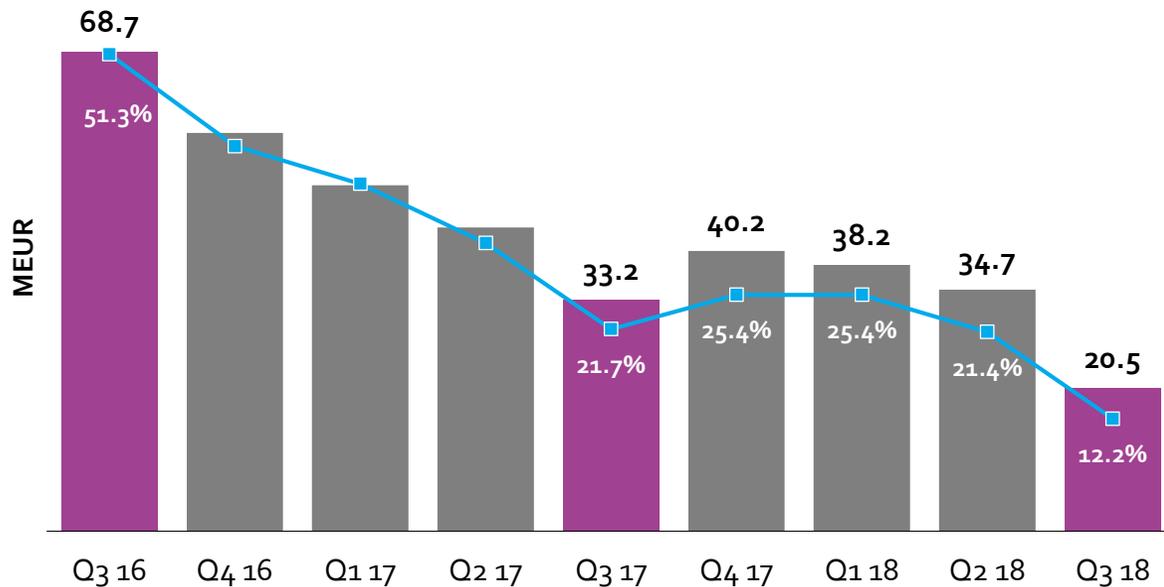
- In Q3/2018, cash flow from operating activities was MEUR 4.4 (9.9) . The decrease was due to higher taxes paid year-on-year and higher working capital.
- In Q3/2018, cash flow from investment activities was MEUR 10.1 (0.8), including the sale of an office and production property in Tampere.
- Cash flow before financing activities amounted to MEUR 14.5 (10.7) in Q3/2018.



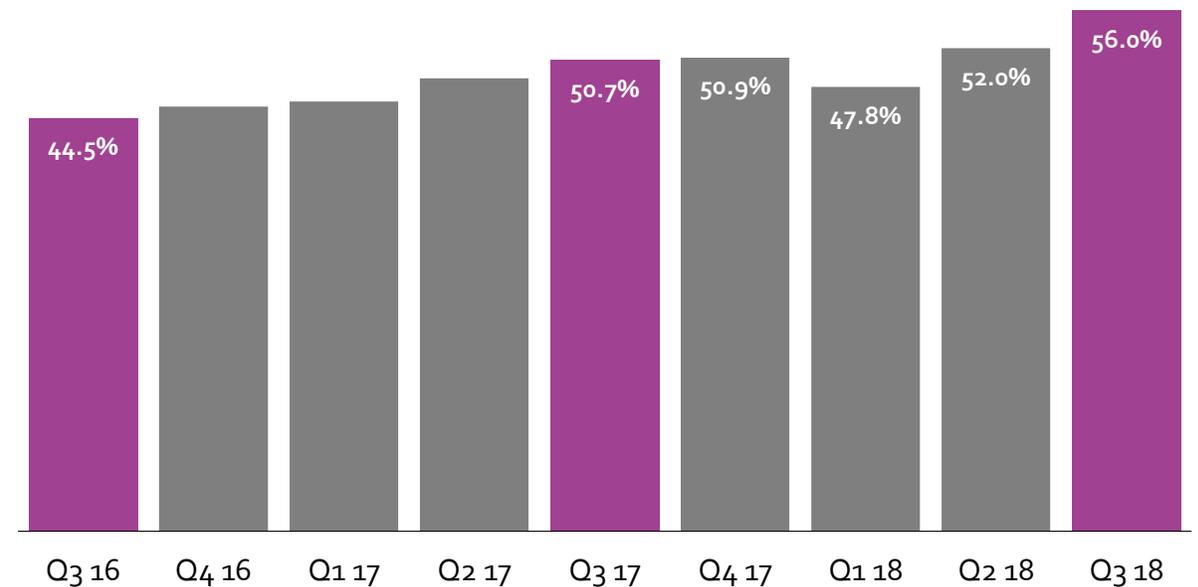
Interest-bearing liabilities and equity ratio

- At the end of September, the gearing ratio was 12.2% and net debt stood at MEUR 20.5.
- At the end of September, interest-bearing liabilities totalled MEUR 52.5, of which MEUR 48.1 were non-current liabilities.
- Equity ratio was 56.0 %.

Net debt, MEUR and gearing, %
Q3/2016–Q3/2018



Equity ratio,
Q3/2016–Q3/2018



IFRS 16 and estimated effects on Alma Media's financial position

IFRS 16: Estimated effect on Alma Media financial reporting (preliminary)	31.12.2017		31.12.2018	
Balance sheet (MEUR)	Assets	Liabilities	Assets	Liabilities
Property & other lease	60.1	60.1	52.1	52.1
Car lease	0.8	0.8	0.8	0.8
IT lease	-1.7	-1.8	-1.7	-1.8
Total	59.1	59.1	51.2	51.1

Profit & Loss (MEUR)	Full-Year 2018
Other expenses - <i>decrease</i>	7.8
Ebitda	7.8
Depreciation - <i>increase</i>	-7.2
Ebit	0.6
Interest expense - <i>increase</i>	-0.6
Result	0.0

IFRS 16: Balance sheet and key financial ratios (preliminary)	Reported Dec 2017	Adjusted Dec 2017
Assets total, MEUR	333.8	392.9
Interest bearing debt, MEUR	61.3	120.4
Net debt, MEUR	40.2	99.3
Equity ratio, %	50.9	42.8
Net debt/EBITDA ratio	0.6	1.3
EBITDA, MEUR	66.9	74.7
EBITDA adjusted, MEUR	67.4	75.2
EBIT, MEUR	46.6	47.2
EBIT adjusted, MEUR	51.1	51.7
EPS	0.39	0.39

A woman with blonde hair in a bun, wearing glasses, a black t-shirt, a blue denim skirt, and sneakers, stands in a dark doorway of a brick building. She is looking to her left with her hands clasped in front of her. The building has a red brick wall on the left and a dark wooden door on the right. A window is visible on the far left. The scene is lit with dramatic, low-key lighting, creating strong shadows.

STRATEGY

Kai Telanne, President and CEO

Accelerating sustainable growth

GROWTH DRIVERS

DIGITAL BUSINESS
MULTI-CHANNEL MEDIA SOLUTIONS
STRONG BRANDS
SERVICE BUSINESS
INTERNATIONALISATION
NEW BUSINESS AREAS
STRONG FINANCIAL POSITION

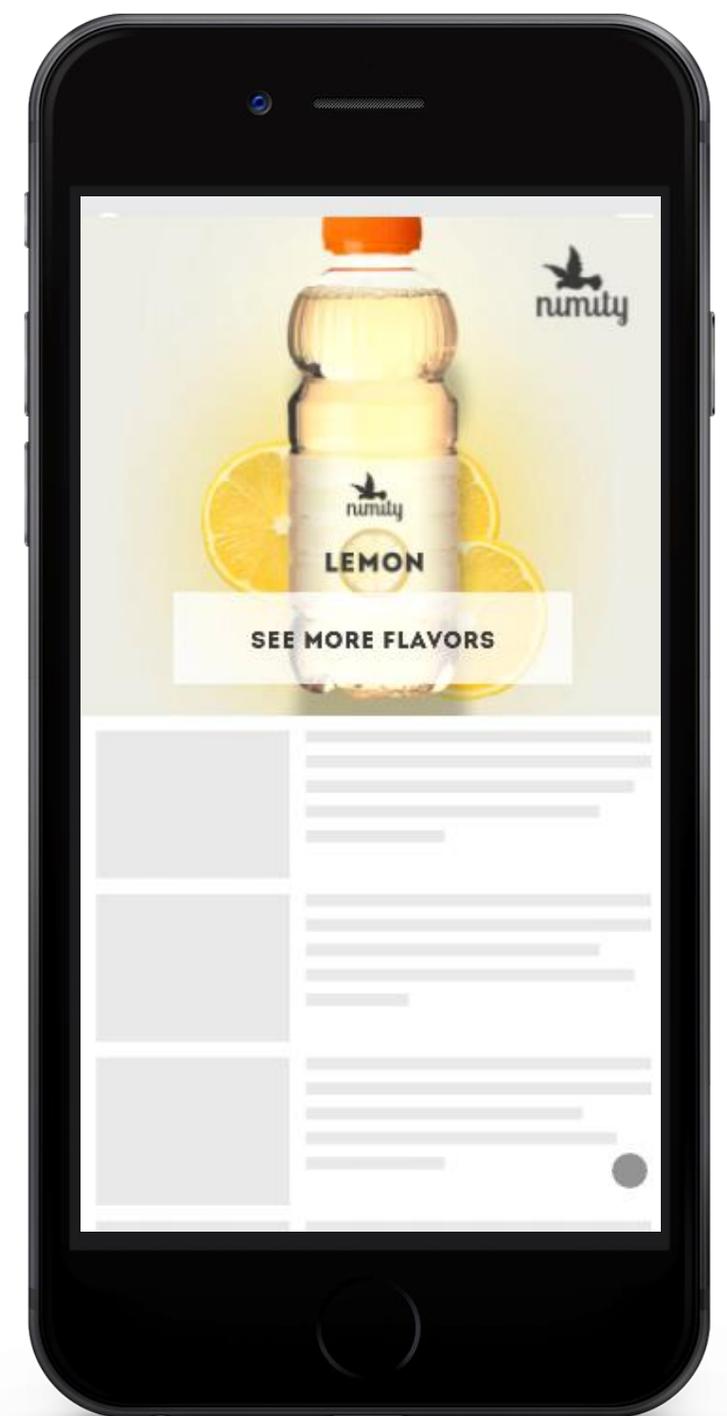
ALMA

GROUP STRATEGIC INITIATIVES

ALMA MEDIA SOLUTIONS
ECOM CONTENT AND SERVICES
DATA
ALMA THEMES AND SERVICES
TRAFFIC MANAGEMENT

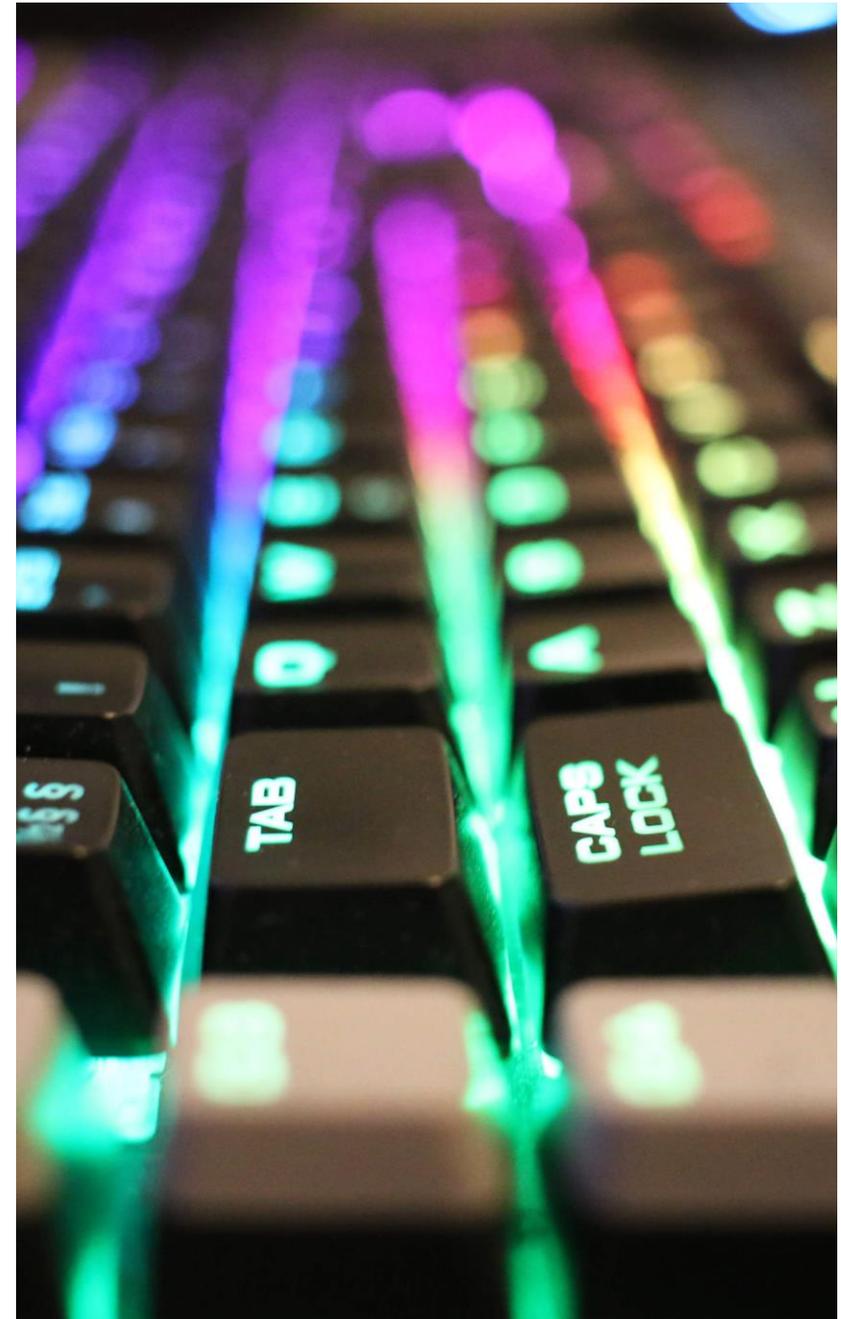
Strategic initiative: Alma Media Solutions

- Started as a pilot project in 2015, now a matrix organisation of 170 employees.
- The goals of the initiative:
 - growth in market share in advertising sales
 - accelerating programmatic buying
 - products and service solutions for marketers
- In Q3
 - Regional sales and marketing efforts were combined to AMS to strengthen Alma Consumer.
 - Stronger data capabilities enabling audience insight and more accurate measuring and analytical tools



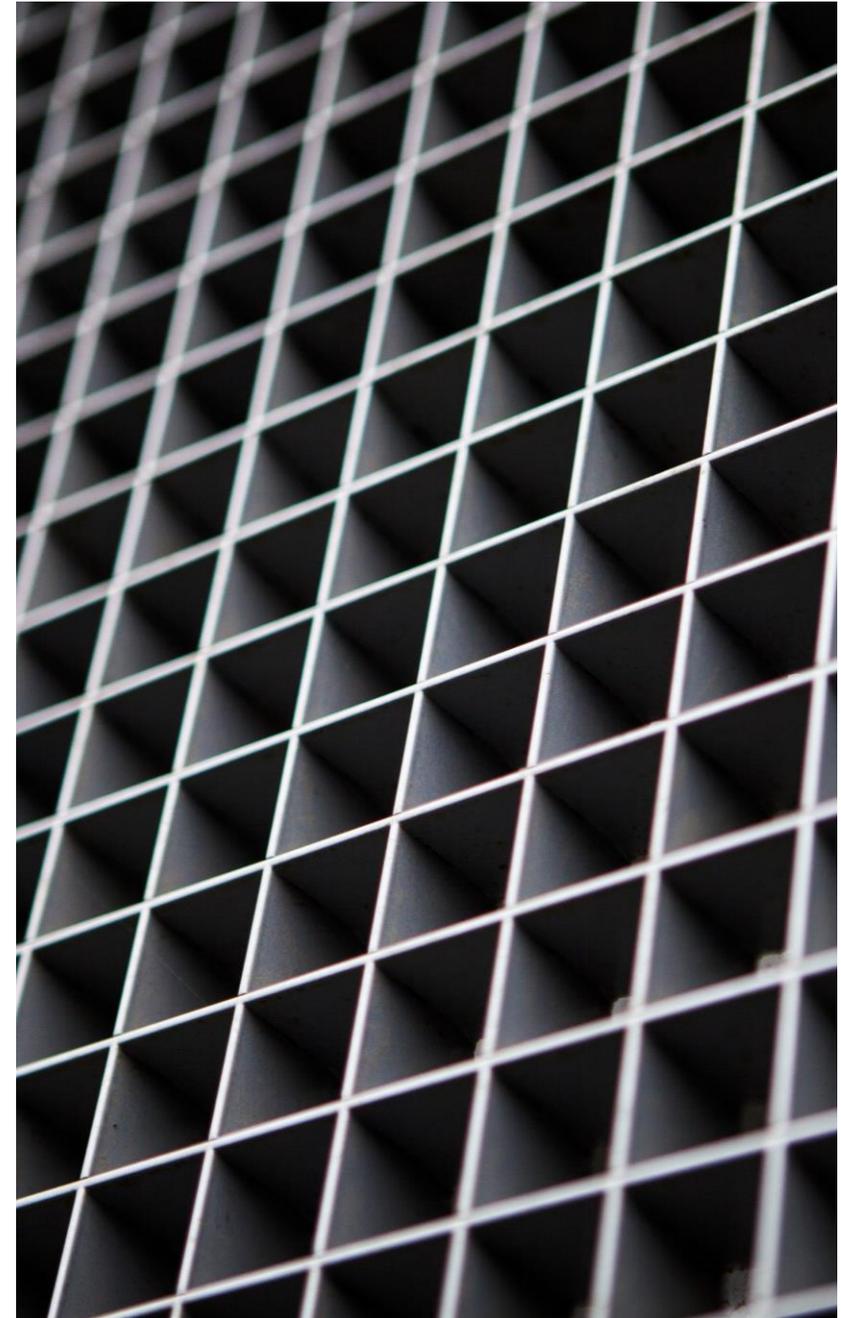
The digital transformation of content production in Q3

- New digital content production tools to make more efficient
 - Increases cooperation between editorial offices and the transparency of content streams
- Many online services were redesigned
 - Mikrobitti.fi: partial paywall put up, ad blockers enabled only for subscribers
 - Kauppalehti, Satakunnan Kansa, Aamulehti and several local media launched redesigned websites
- In content sales, predictive analytics on reader loyalty and subscriber potential were further developed



Divested and discontinued operations in Q3

- Alma Talent divested the media brands Dagens Media and Medievärlden by selling Dagens Media Sverige AB to Bonnier Business Media.
- Alma Career closed down the Monsterpolska.pl and Monster.hu recruitment websites.
 - The Polish and Hungarian companies will be phased down gradually by the end of 2018.



Outlook

Operating environment in 2018

The Finnish economy is expected to experience strong growth in 2018. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth of 3–4%. The structural transformation of the media will continue in 2018; online content sales will grow, while the demand for print media will decline.

Outlook for 2018 (unchanged)

In 2018, Alma Media expects its full-year revenue to remain at the previous year's level and its adjusted operating profit to increase from the 2017 level. The full-year revenue for 2017 was MEUR 367.3, and the adjusted operating profit was MEUR 51.1.

THANK YOU! QUESTIONS?

Upcoming events in the investor calendar

- Capital Markets Day 4 December 2018
- Q4 and FY/2018 14 February 2019
- AGM 15 March 2019



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