



Alma Media Q4/2018 and FY/2018

CEO Kai Telanne and CFO Juha Nuutinen

Agenda

Performance highlights

Operating environment

Business development by unit

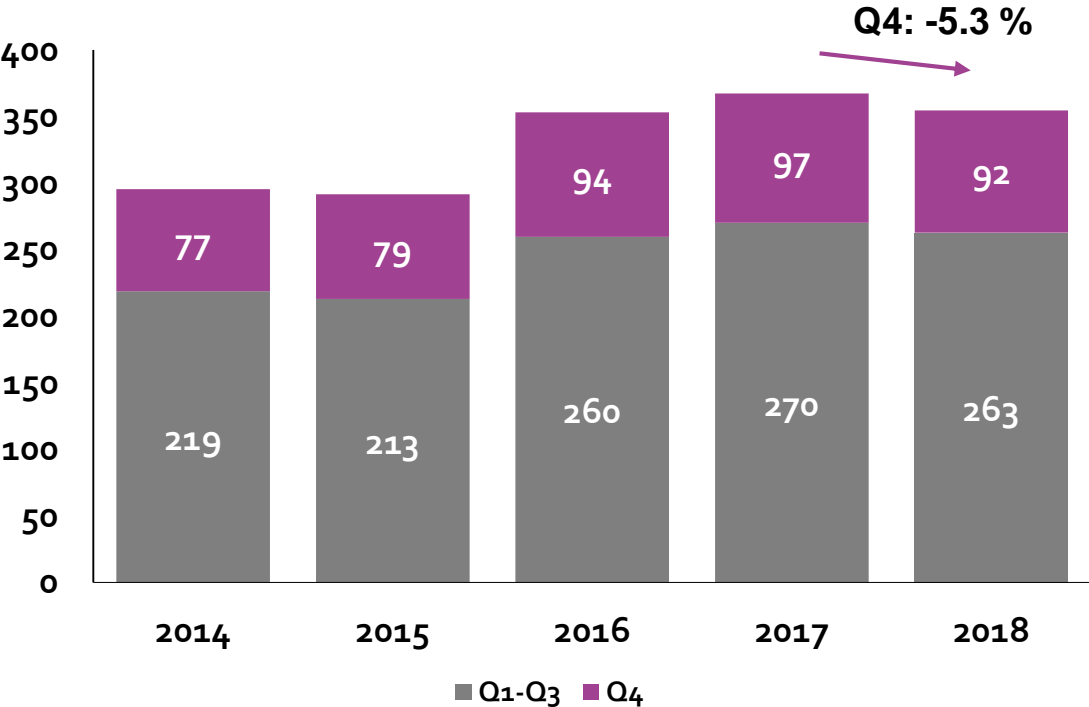
Financial position

Strategy and outlook

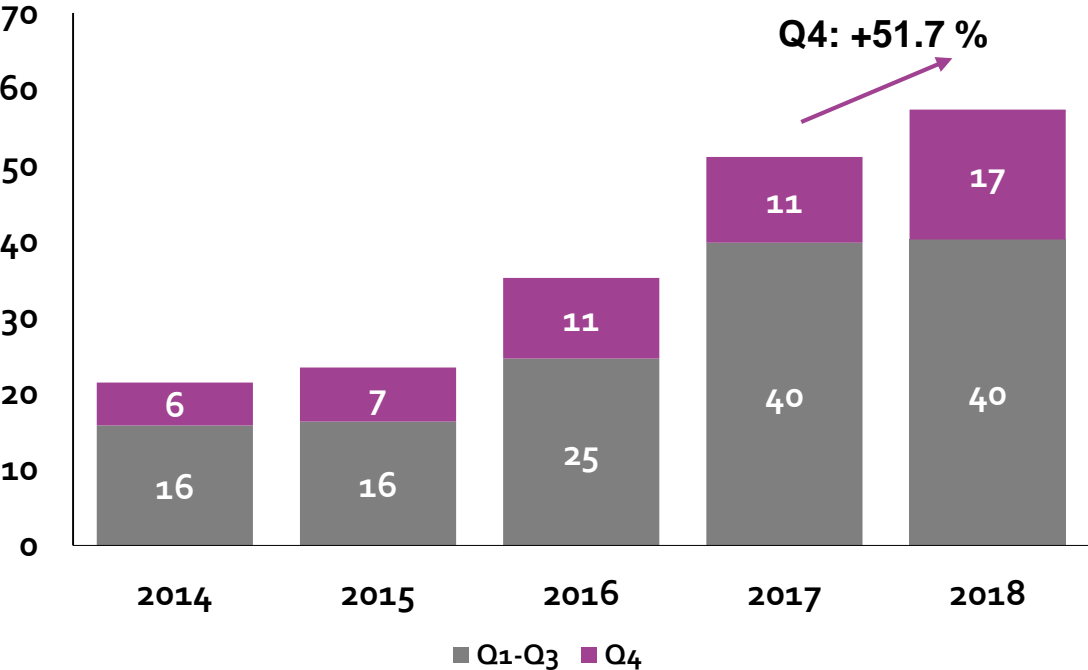
Q&A



Fourth consecutive year of profitable growth



Development of revenue 2014–2018



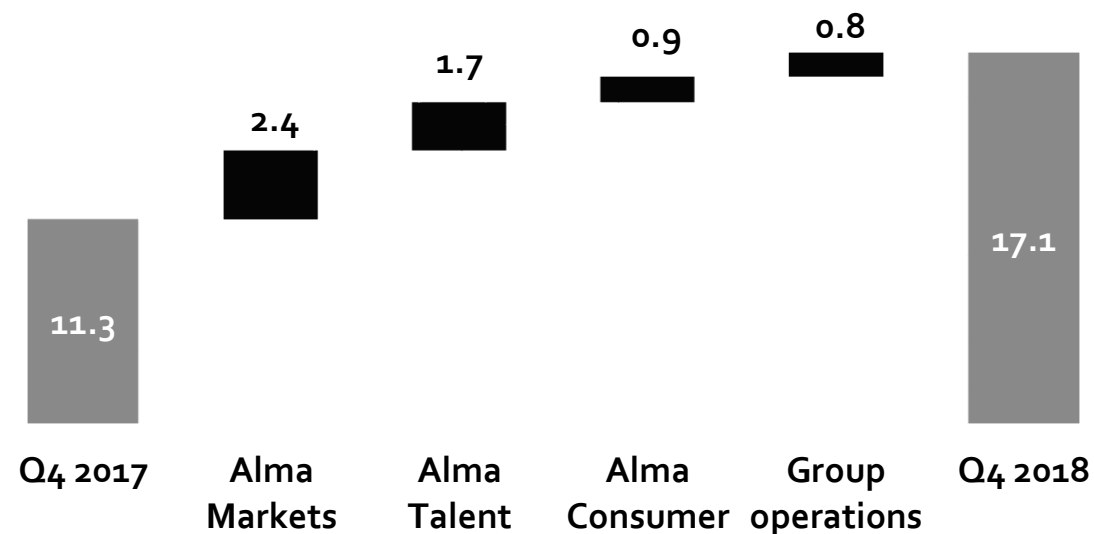
Development of adjusted operating profit 2014–2018

Adjusted operating profit improved in all business units in Q4

Revenue (MEUR) Q4/2018

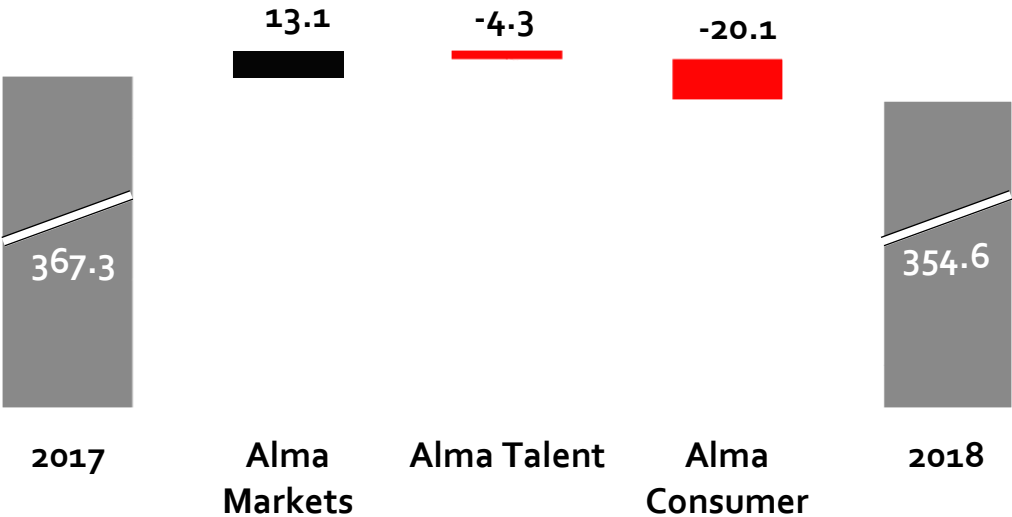


Adjusted operating profit (MEUR) Q4/2018

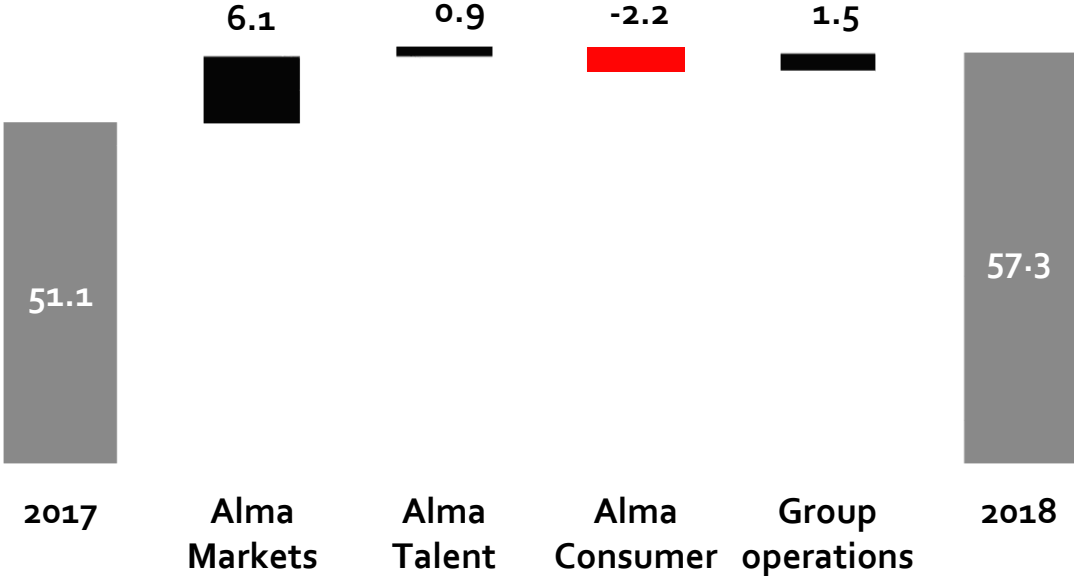


Alma Markets as the growth engine throughout the year

Revenue (MEUR) 2018

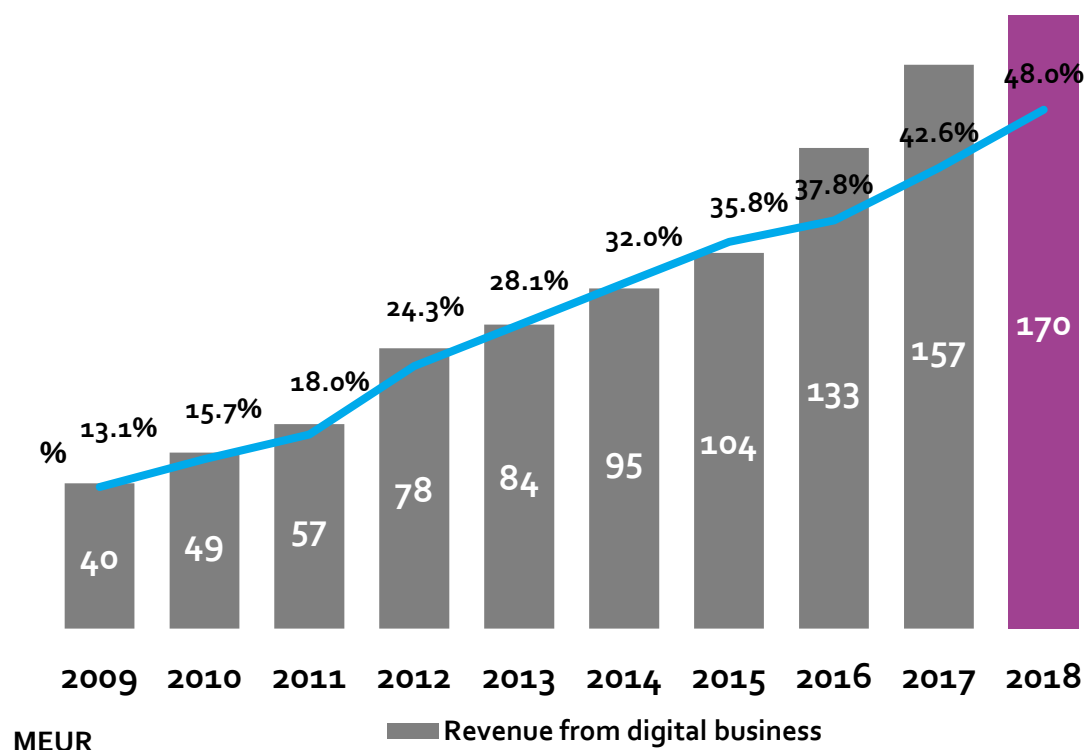


Adjusted operating profit (MEUR) 2018

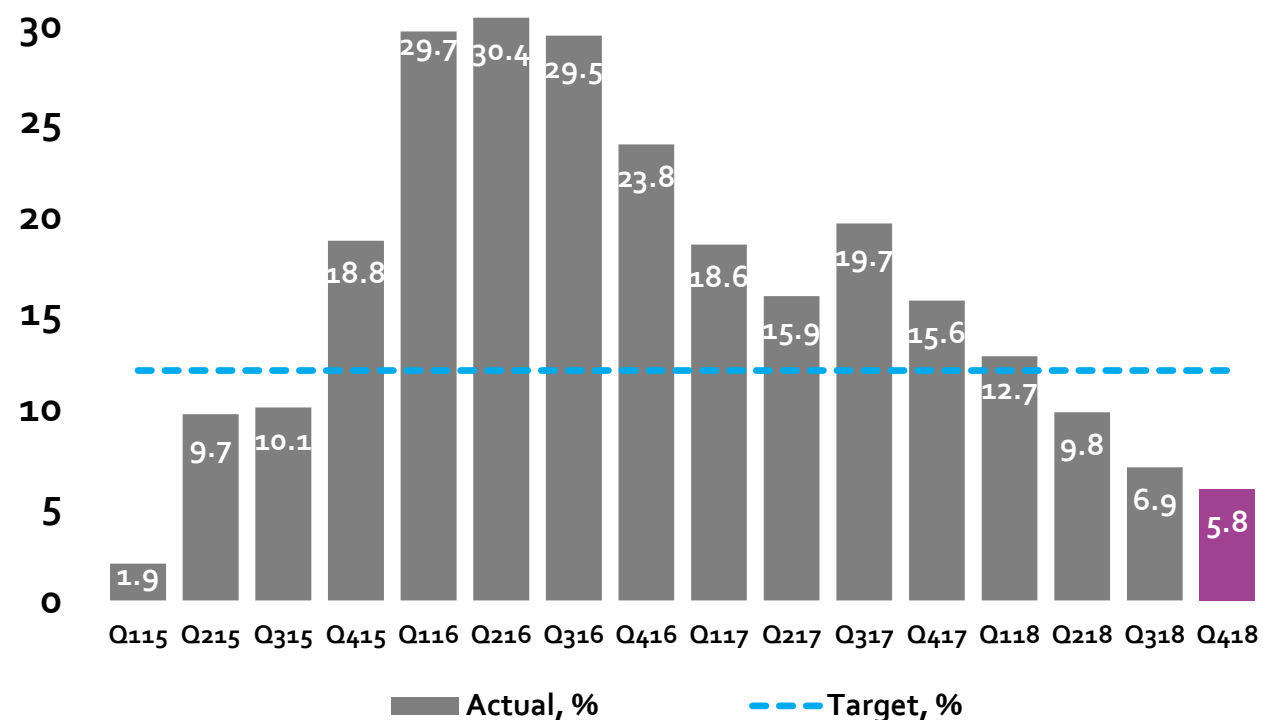


Digital business is now almost 1/2 of revenue and 3/4 of adjusted operating profit

Share of digital business of Group revenue



Digital business growth

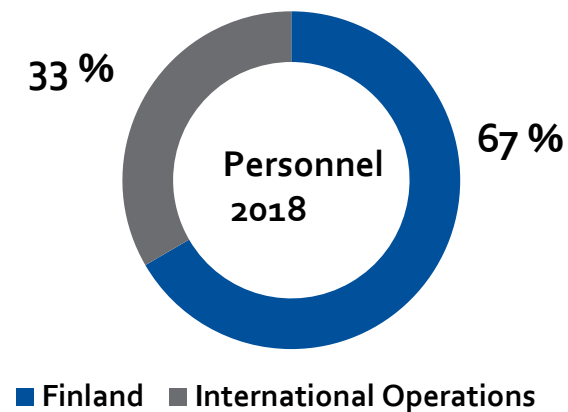
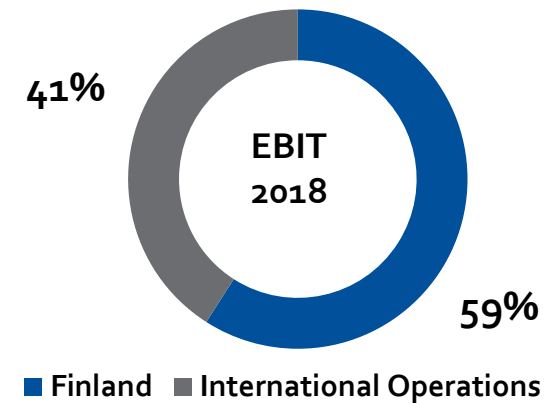
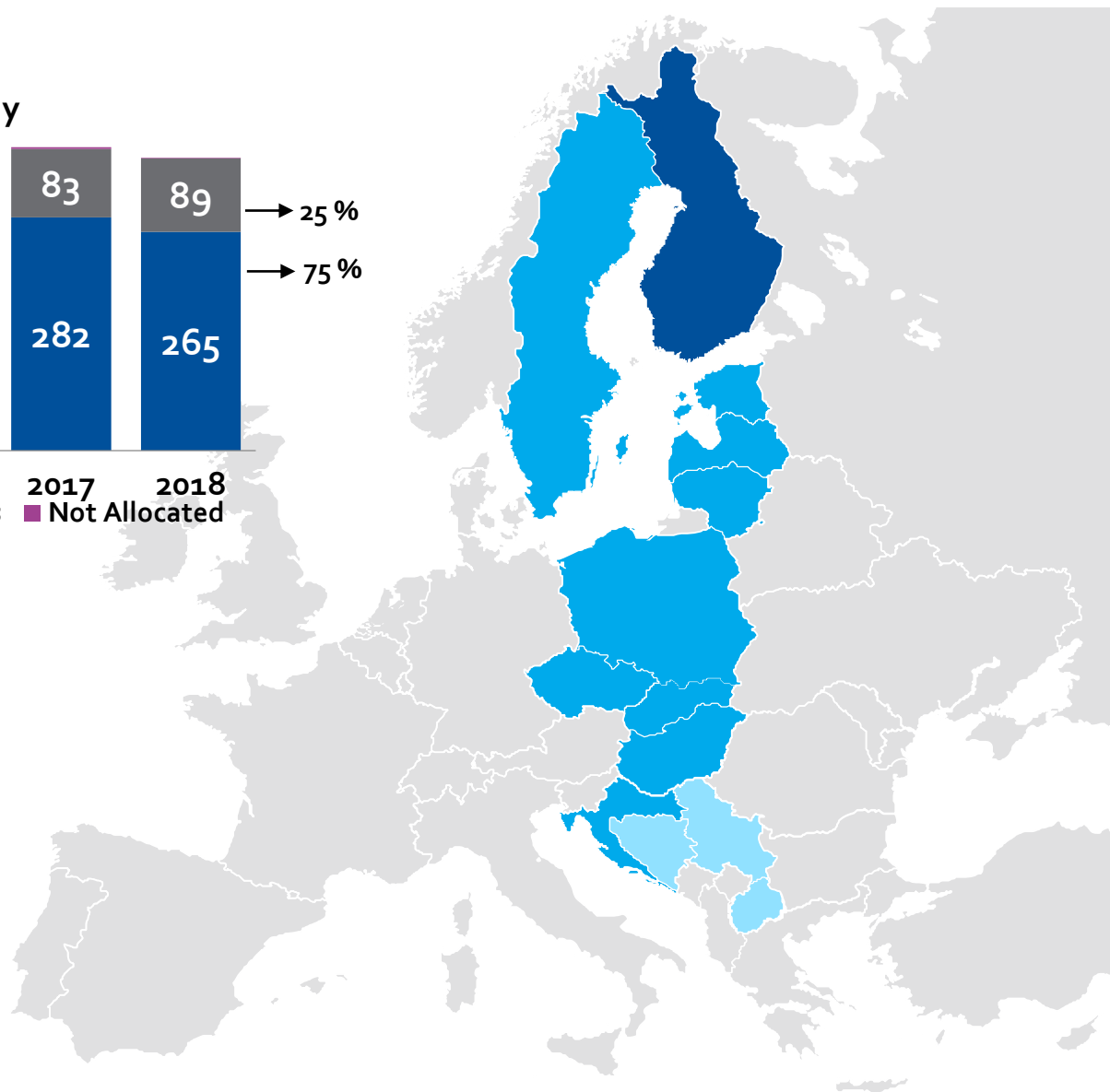
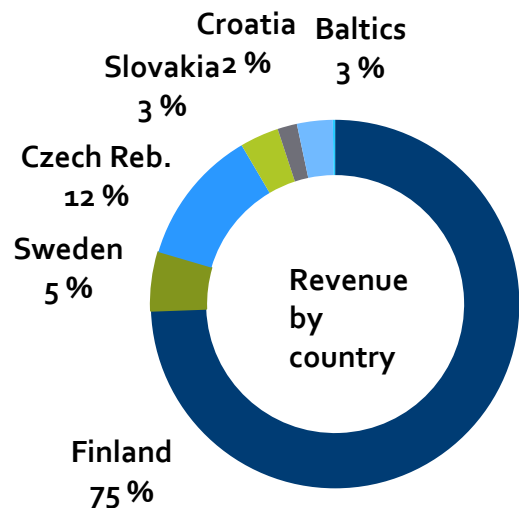


Digital growth expected to continue, however

- GDP growth predicted to slow down
- tough to maintain relative growth pace due to even stronger comparable figures

Profitable expansion of international digital business

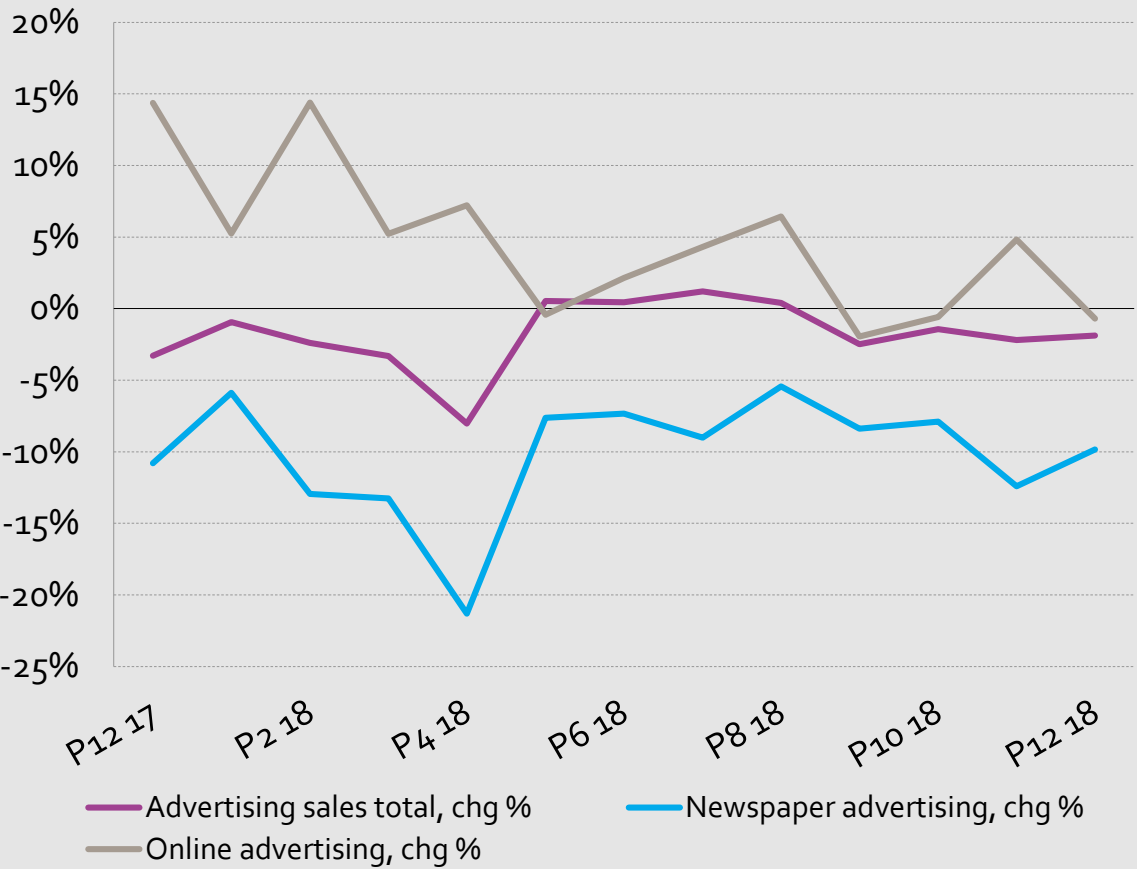
Revenue breakdown geographically



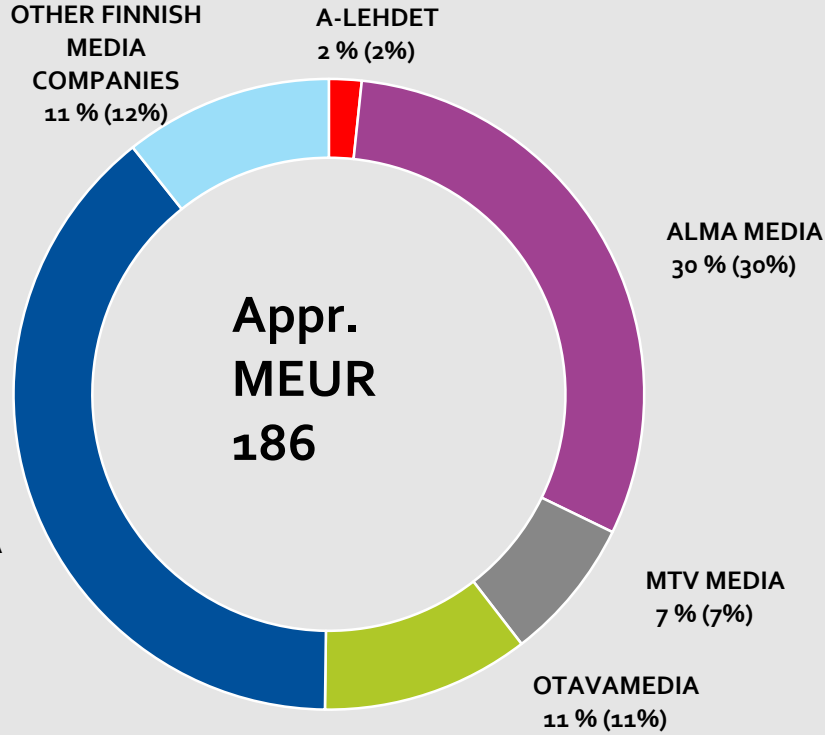
OPERATING ENVIRONMENT



The Finnish advertising market remained soft in 2018



Monthly change in media advertising 12/2017–12/2018
Source: Kantar TNS

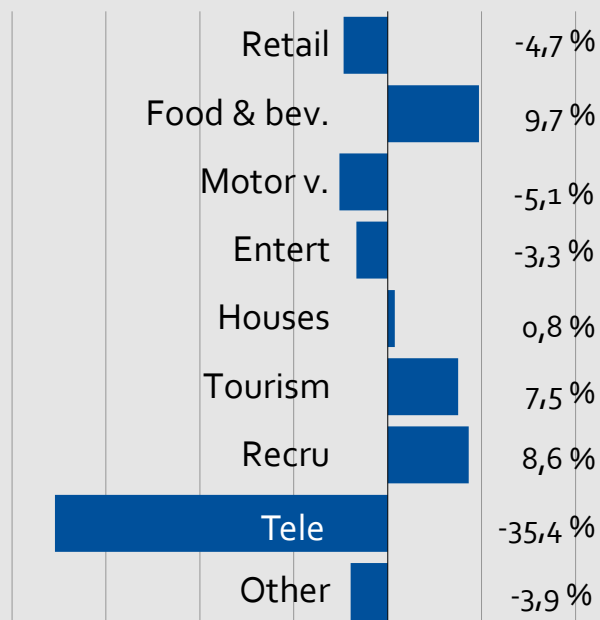


Online advertising by Finnish media companies FY/2018 (2017)

The combined advertising sales of Google and Facebook in Finland amounted to MEUR 226.4, or 18.2% of all advertising sales in 2018.
Source: Kantar TNS

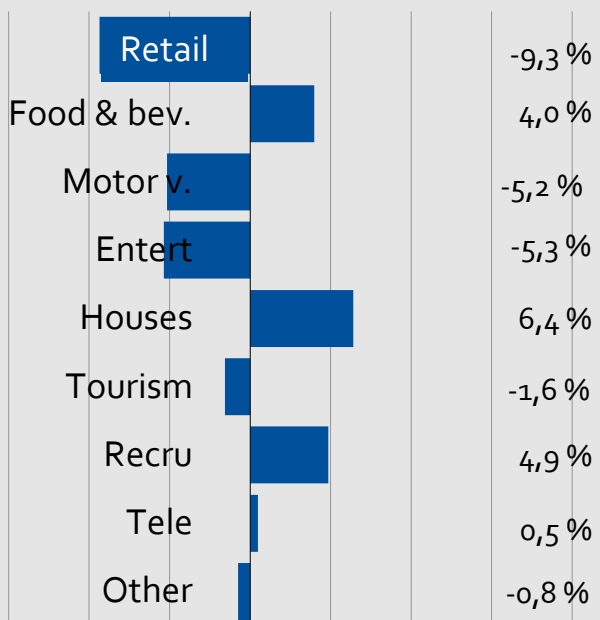
Job and real estate advertising turned into red in Q4/2018

Q1 2018 vs 2017



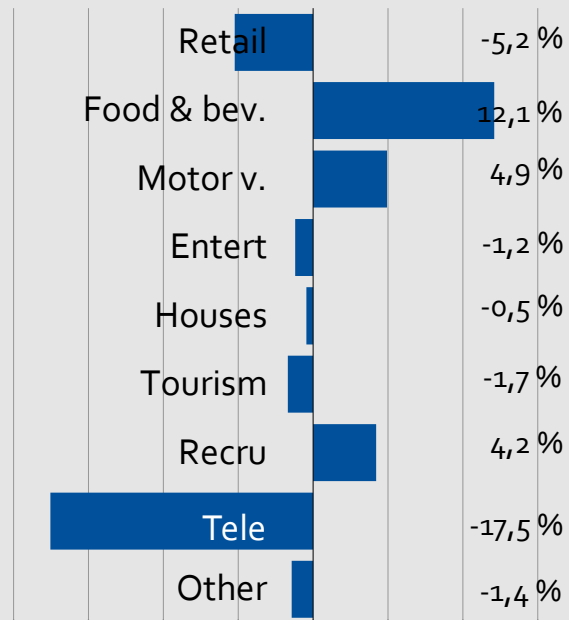
Total -2.3 %

Q2 2018 vs 2017



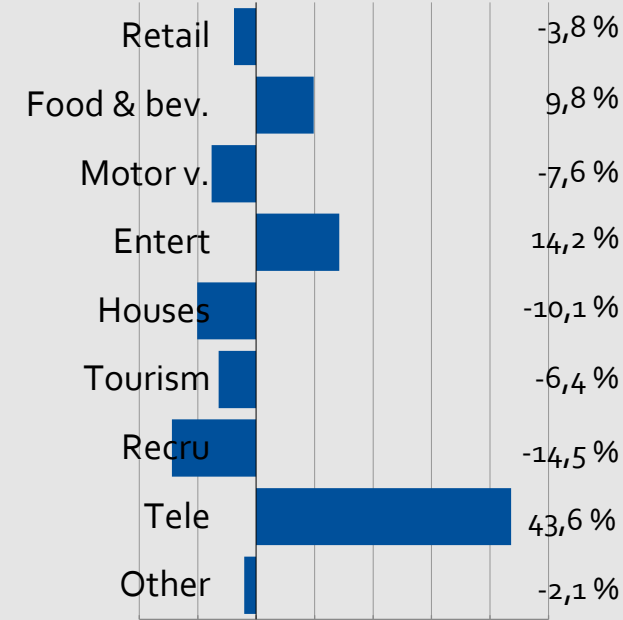
Total -2.5 %

Q3 2018 vs 2017



Total -0.6 %

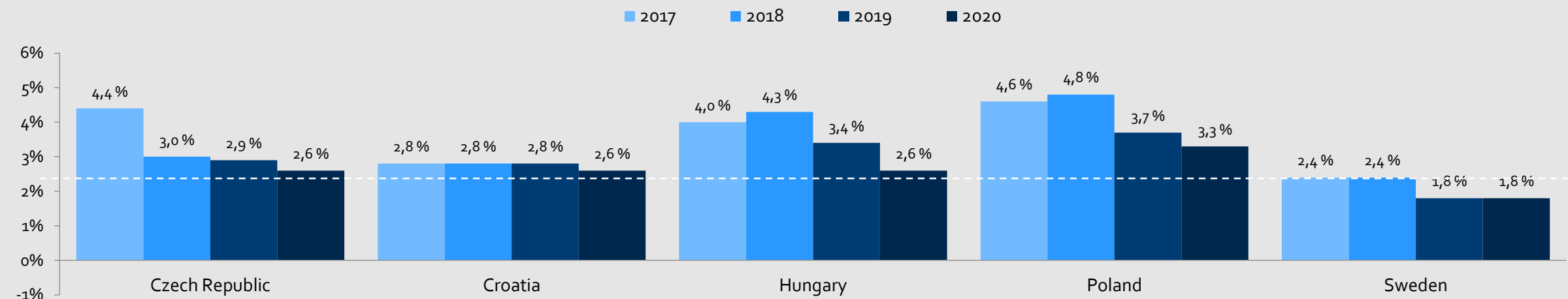
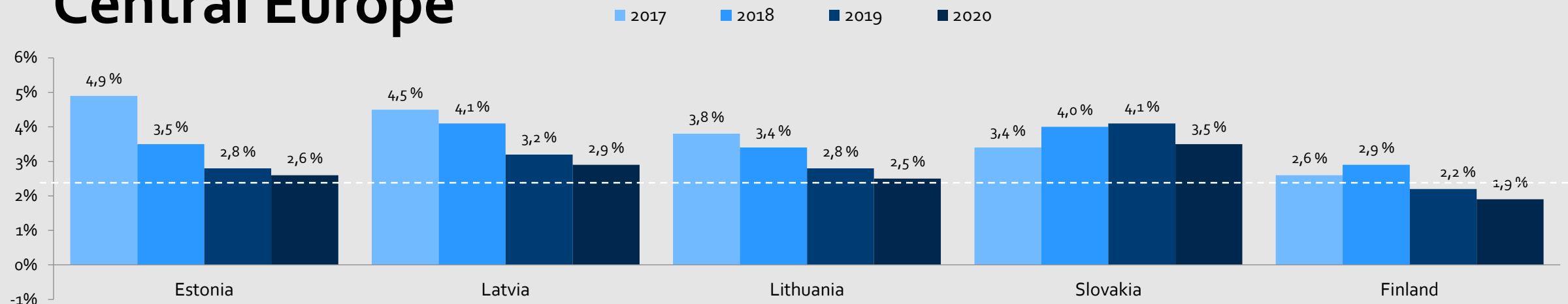
Q4 2018 vs 2017



Total -1.8 %

Source: Kantar TNS

GDP continues growing at a good rate in Eastern Central Europe

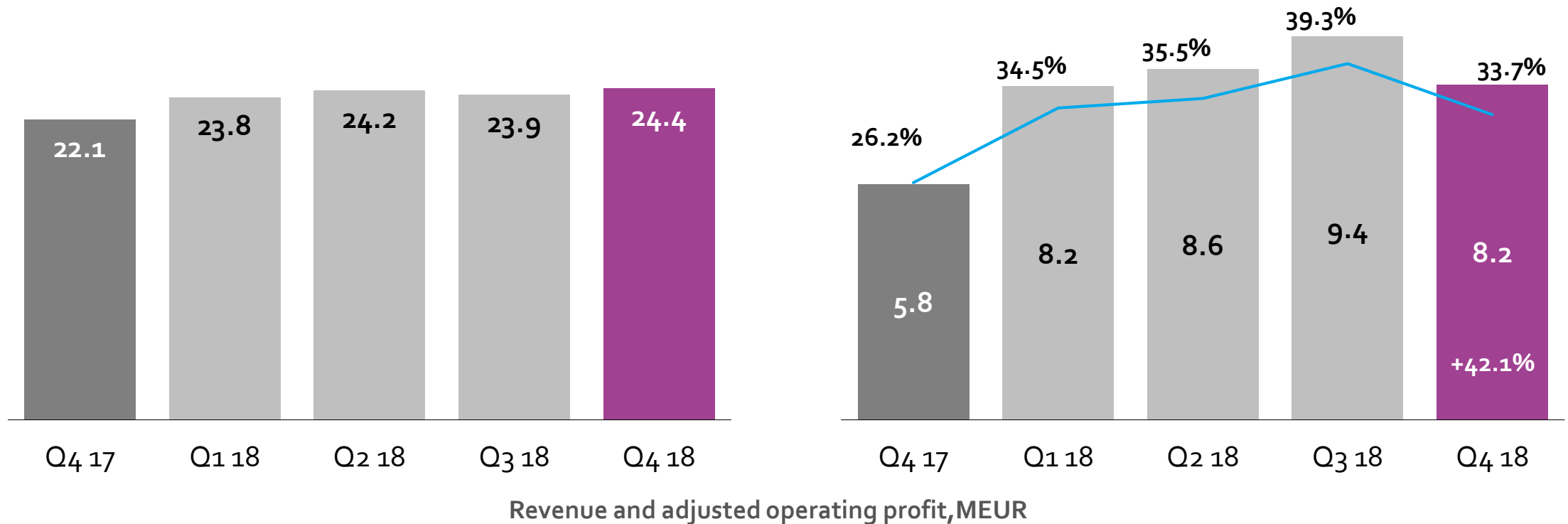


DEVELOPMENT BY BUSINESS SEGMENTS



Alma Markets Q4/2018: Operating profit improved particularly by domestic business growth and lower marketing expenses

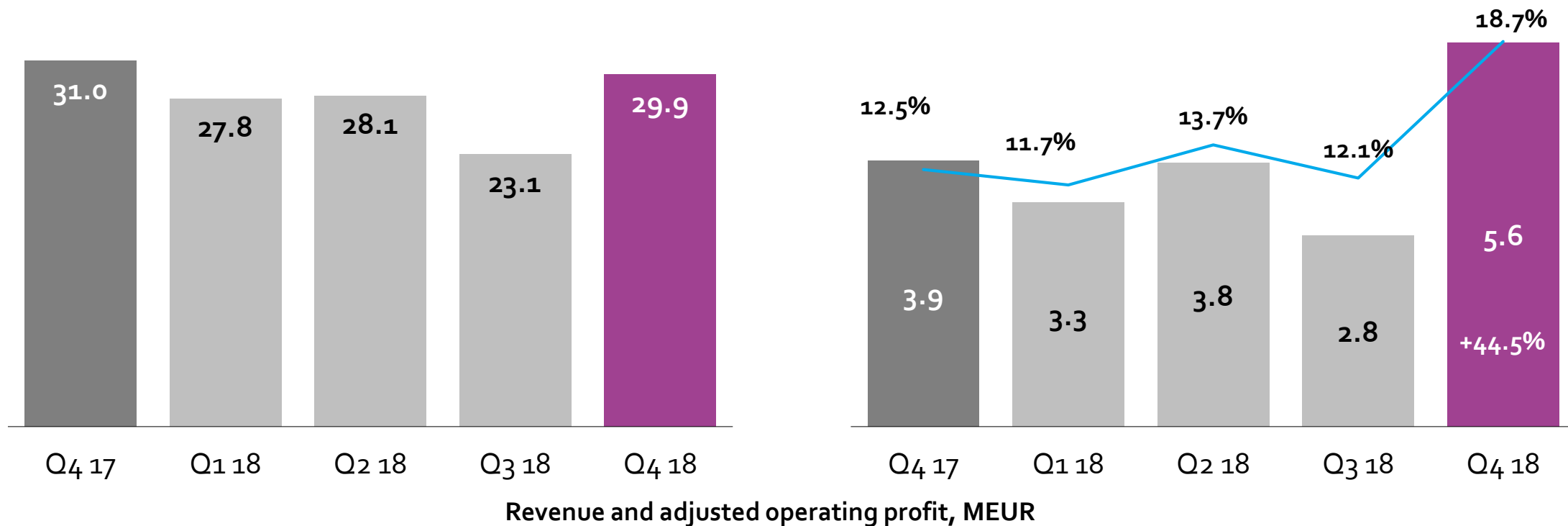
- Revenue growth of the recruitment business slowed down compared to H1/2018 and in Q4/2018 was +5.9% year-on-year.
- In Finland, organic growth of the domestic marketplaces business (excluding the recruitment business) was 11 %. In addition, growth and profitability sources were investments in value added services and the new businesses acquired at the beginning of 2018.
- Total expenses -0.9% to MEUR 16.2 (16.4) due to lower marketing expenses.



The acquisitions made by Alma Mediapartners increased the segment's revenue by MEUR 0.7 and operating profit by MEUR 0.2.

Alma Talent Q4/2018: Divestments and restructuring improved profitability

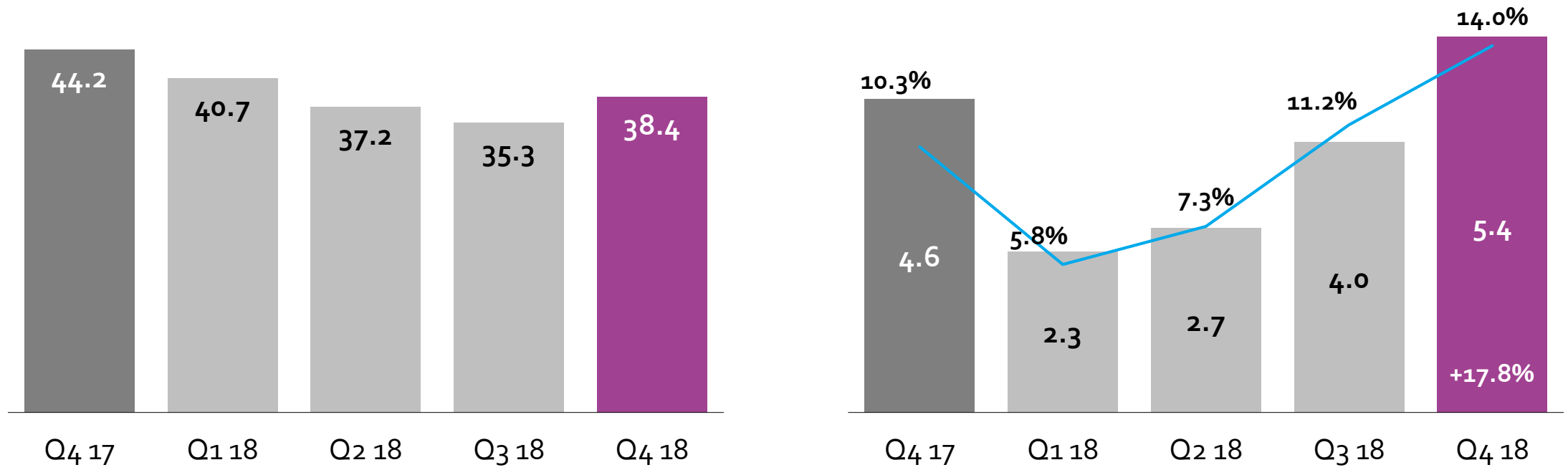
- Focus on core businesses and progress in transformation towards digital media and service business models.
- Digital content revenue +13.7% and compensated for the decline in print media. Alma Talent had some 57,000 company and 15,000 consumer digital-only subscriptions.
- Advertising revenue -5.5%. Digital advertising revenue was on a par year-on-year. In Finland, digital advertising +8%.
- Adjusted total expenses -10.5% to MEUR 24.4 (27.2).



The effect of divested and discontinued operations on the decrease in revenue was MEUR 1.1.

Alma Consumer Q4/2018: Successful digital sales and cost savings improved profit performance

- Revenue down on the Lapland newspaper business divestment. Also down by the single-copy sales of Iltalehti and the print media advertising sales. The decline in print advertising revenue slower than market in general. Excluding divested businesses: advertising revenue -2.2 % (digital +7.2% and print media -8.1%) and content revenue -3.9%.
- The digital subscription revenue promising, Alma Consumer had more than 17,000 digital-only subscriptions.
- Adjusted total expenses -16.3% to MEUR 33.2 (39.7). The effect of divested businesses on expenses was MEUR -5.0.



Revenue and adjusted operating profit, MEUR

Revenue down MEUR 5.1 on the divestment of the newspaper business in Lapland.

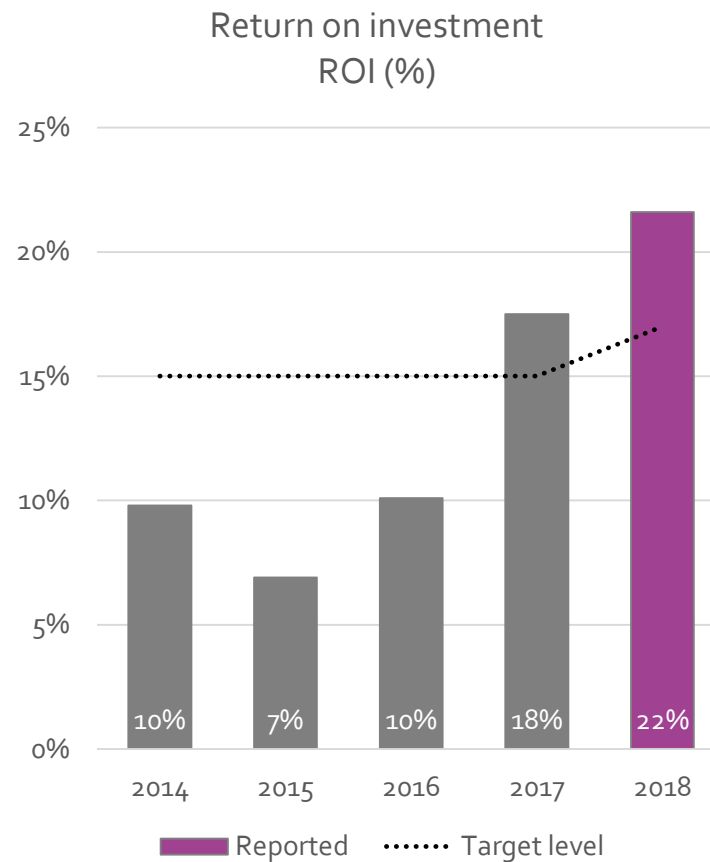
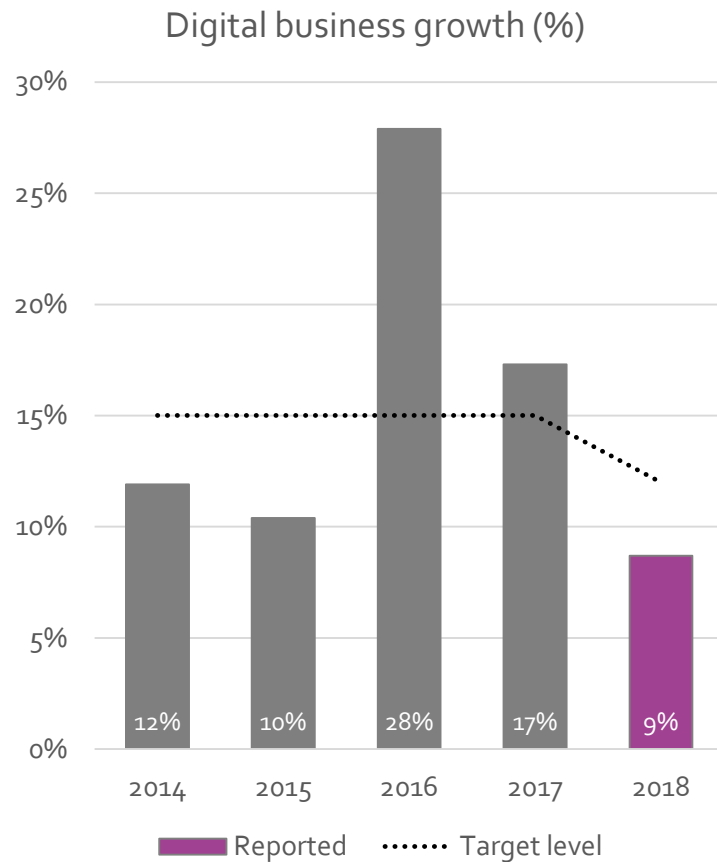
FINANCIAL POSITION

Juha Nuutinen, CFO



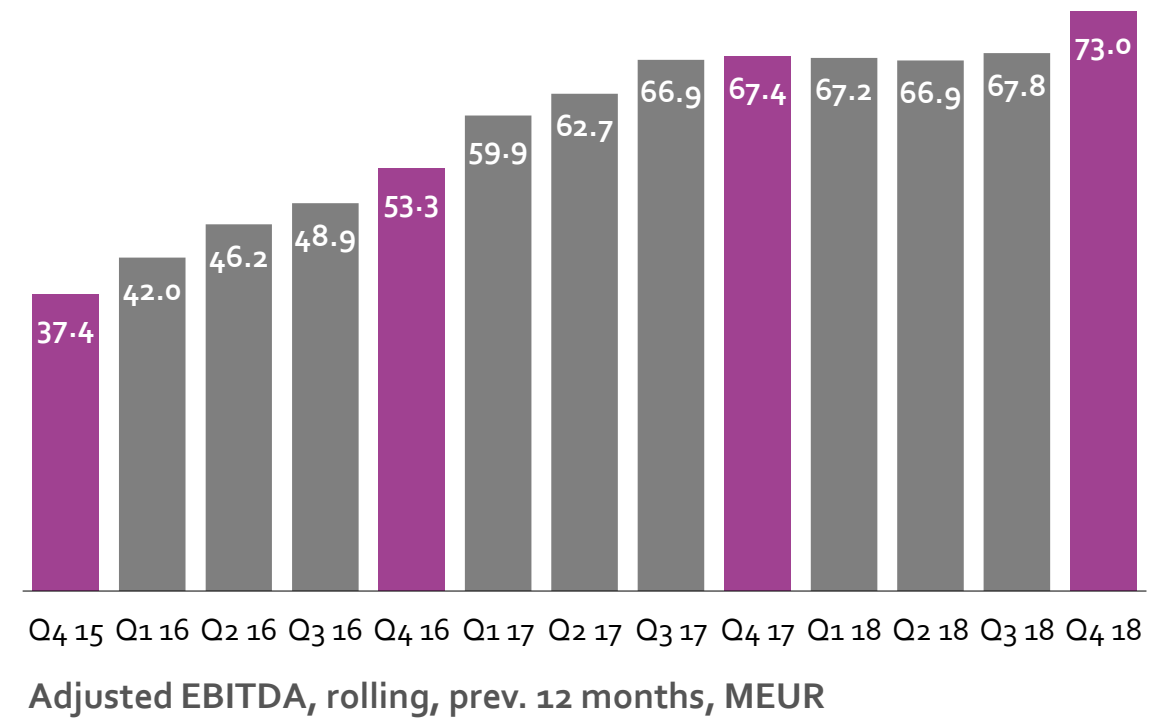
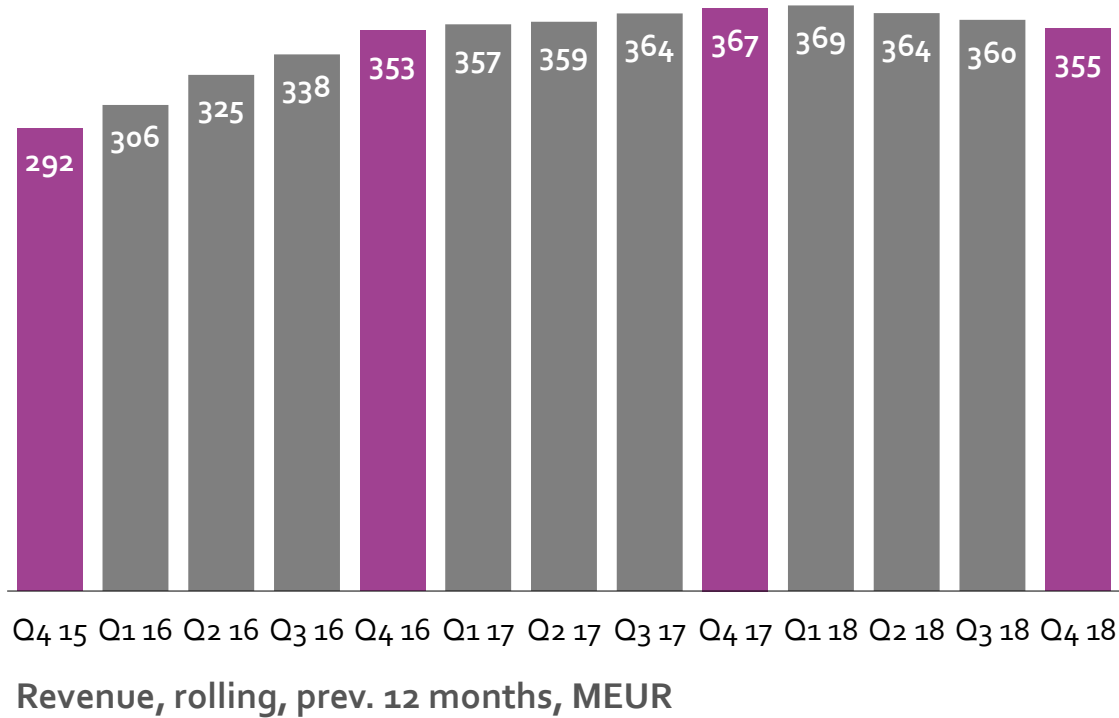
Long-term financial targets

- updated in December 2018



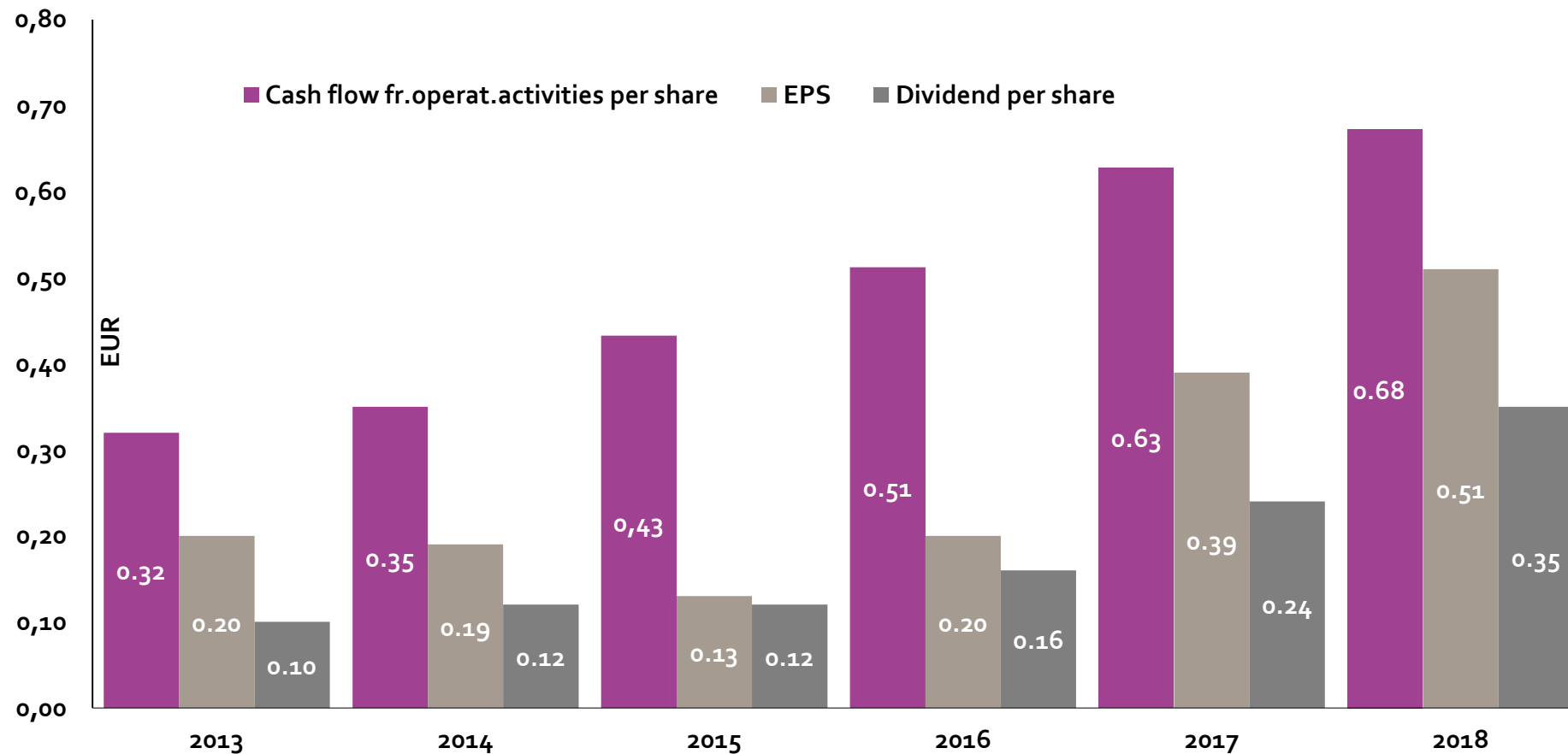
Development of revenue and EBITDA

Organic revenue growth -0.3% in Q4/2018 and 0.2% in FY/2018.



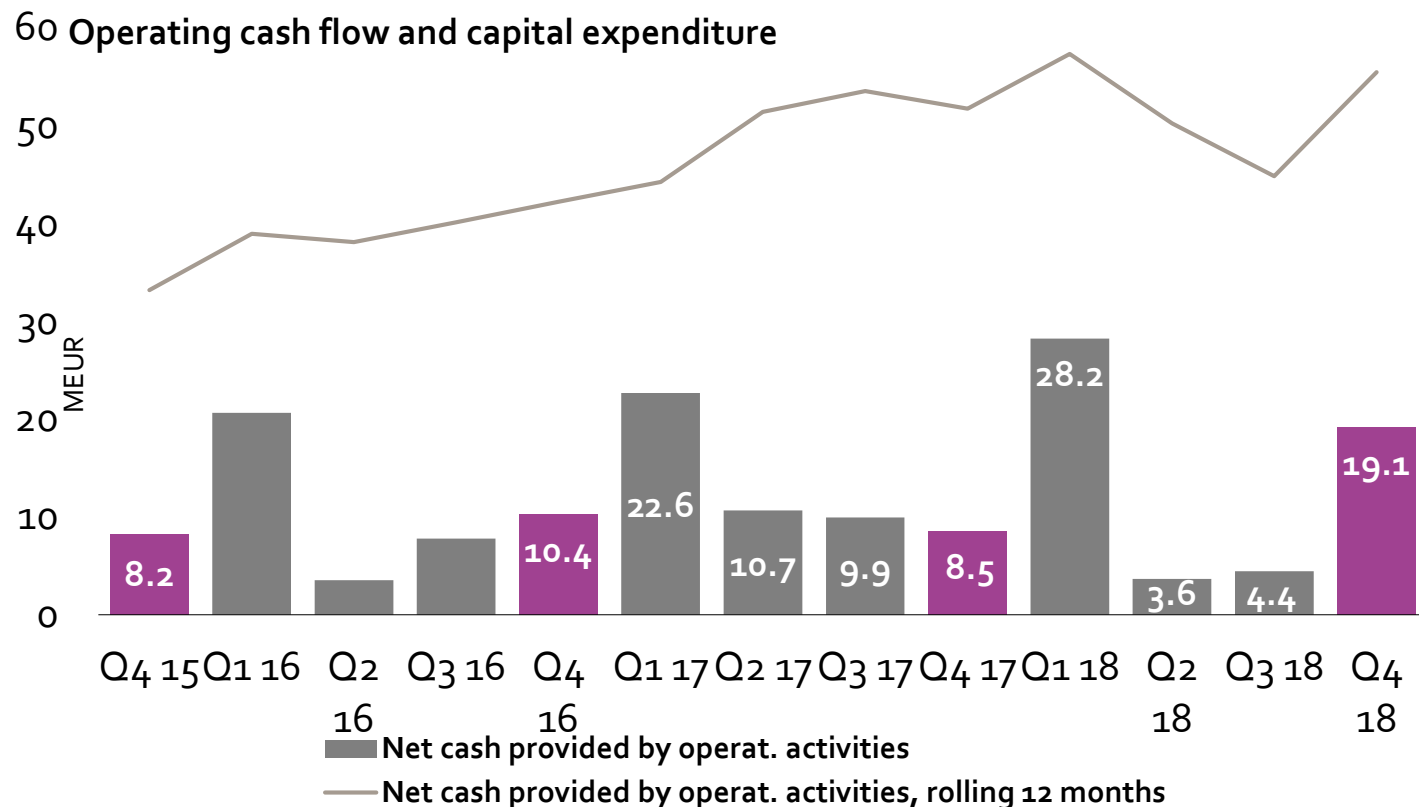
DPS up by 46 %

- Earnings per share in Q4 were EUR 0.12 (EUR 0.04). Adjusted items MEUR -0.9 (Q4/2017: MEUR -5.4).
- The Board's dividend proposal is EUR 0.35 (0.24) per share.



Consistently strong cash flow

- Cash flow from operating activities in Q4/2018 was MEUR 19.1 (8.5). The increase was due to better result and a lower level of working capital.
- Cash flow from investment activities was MEUR -0.6 (-14.7) in Q4/2018.

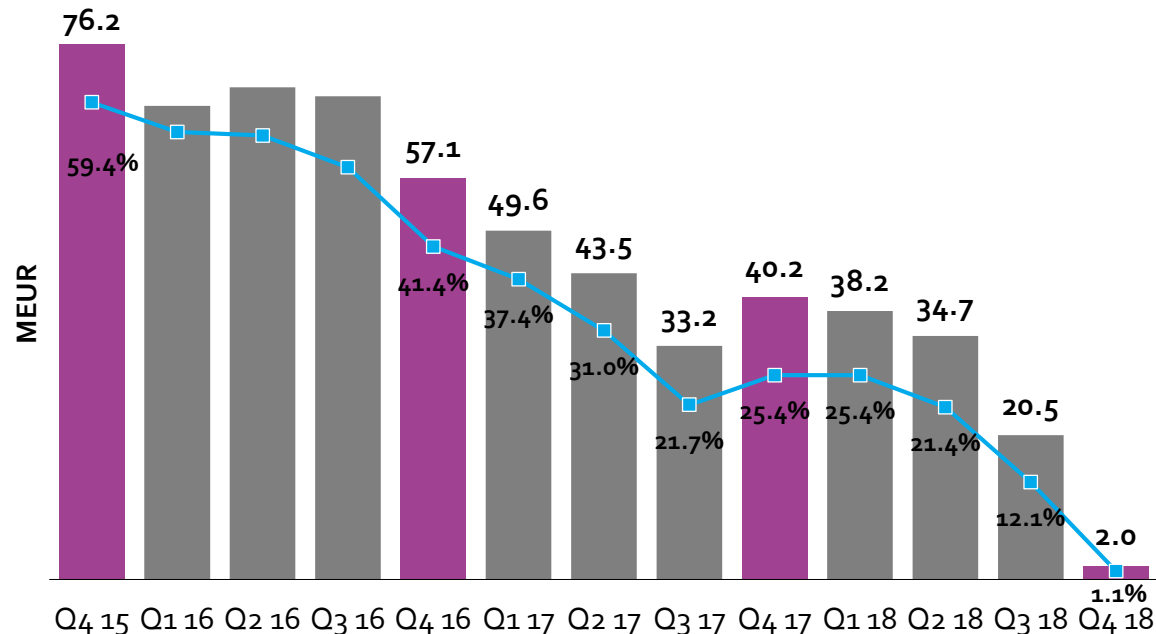


	CAPITAL EXPENDITURE AND ACQUISITIONS MEUR			
	2018 Q4	2017 Q4	2018	2017
Capex	1.3	16.9	4.8	20.1
Acquisitions	0.0	0.0	17.3	2.1
Total	1.3	16.9	22.1	22.2

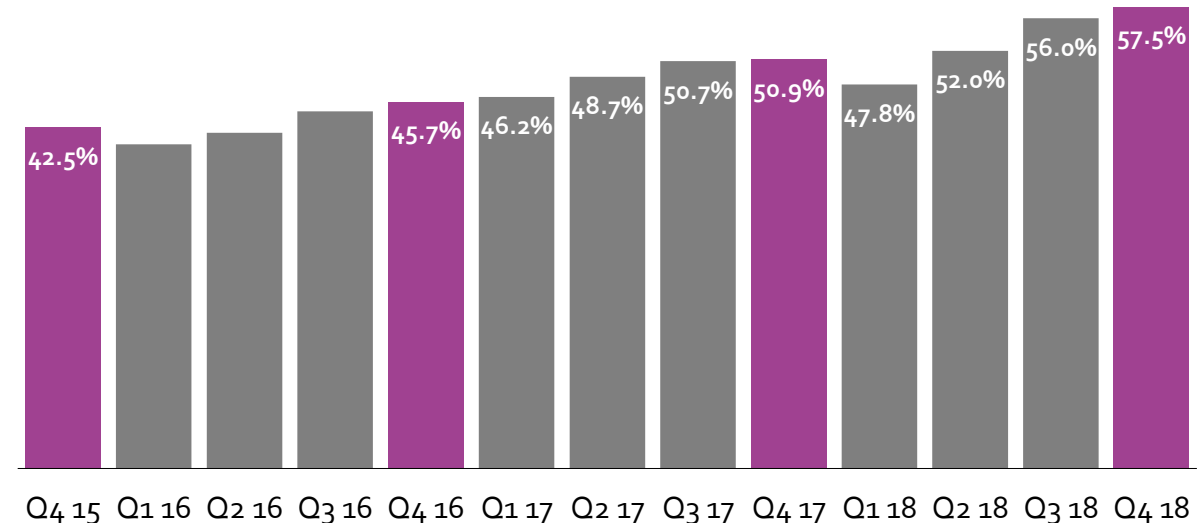
Good profitability and strong cash flow: nearly net debt-free level achieved

- At the end of December, the gearing ratio was 1.1 % and net debt stood at MEUR 2.0.
- At the end of December, interest-bearing liabilities totalled MEUR 51.5 (61.3).
- Equity ratio 57.5%

Net debt, MEUR and gearing, %
Q4/2015–Q4/2018



Equity ratio,
Q4/2015–Q4/2018






STRATEGY AND OUTLOOK

Kai Telanne, President and CEO

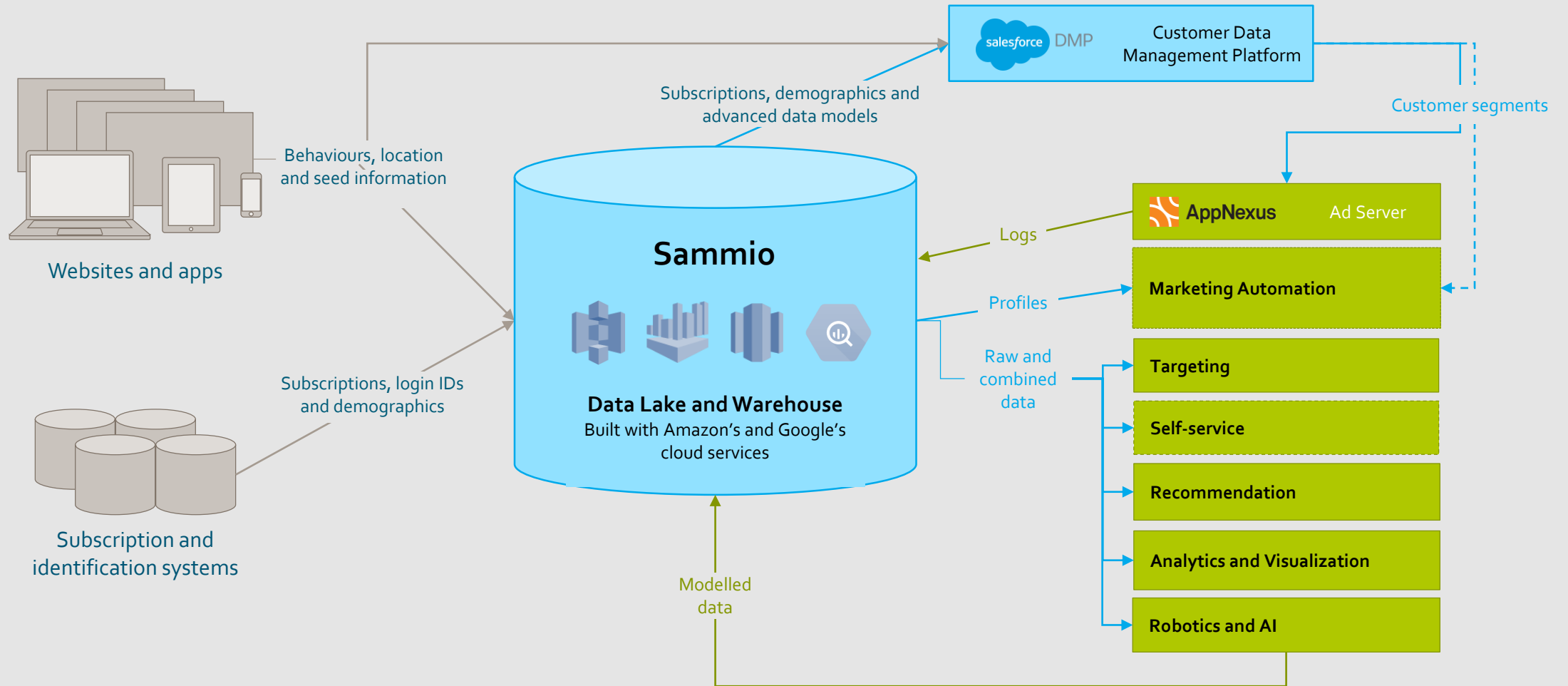


Driving more customer value as one Alma

PURPOSE	ACCELERATING SUSTAINABLE GROWTH					
KEY ELEMENTS	Transformation	Digital content worth paying	World-class marketing and communication expertise	Value -adding services	Agile local partner	Solid financial base
BUSINESS FOCUS	STRATEGIC INITIATIVES					
	 TALENT		 CONSUMER		 MARKETS	
VALUE	Data-driven customer experience					

Strategic Alma data initiative

- from storing data to analysis and activation technologies



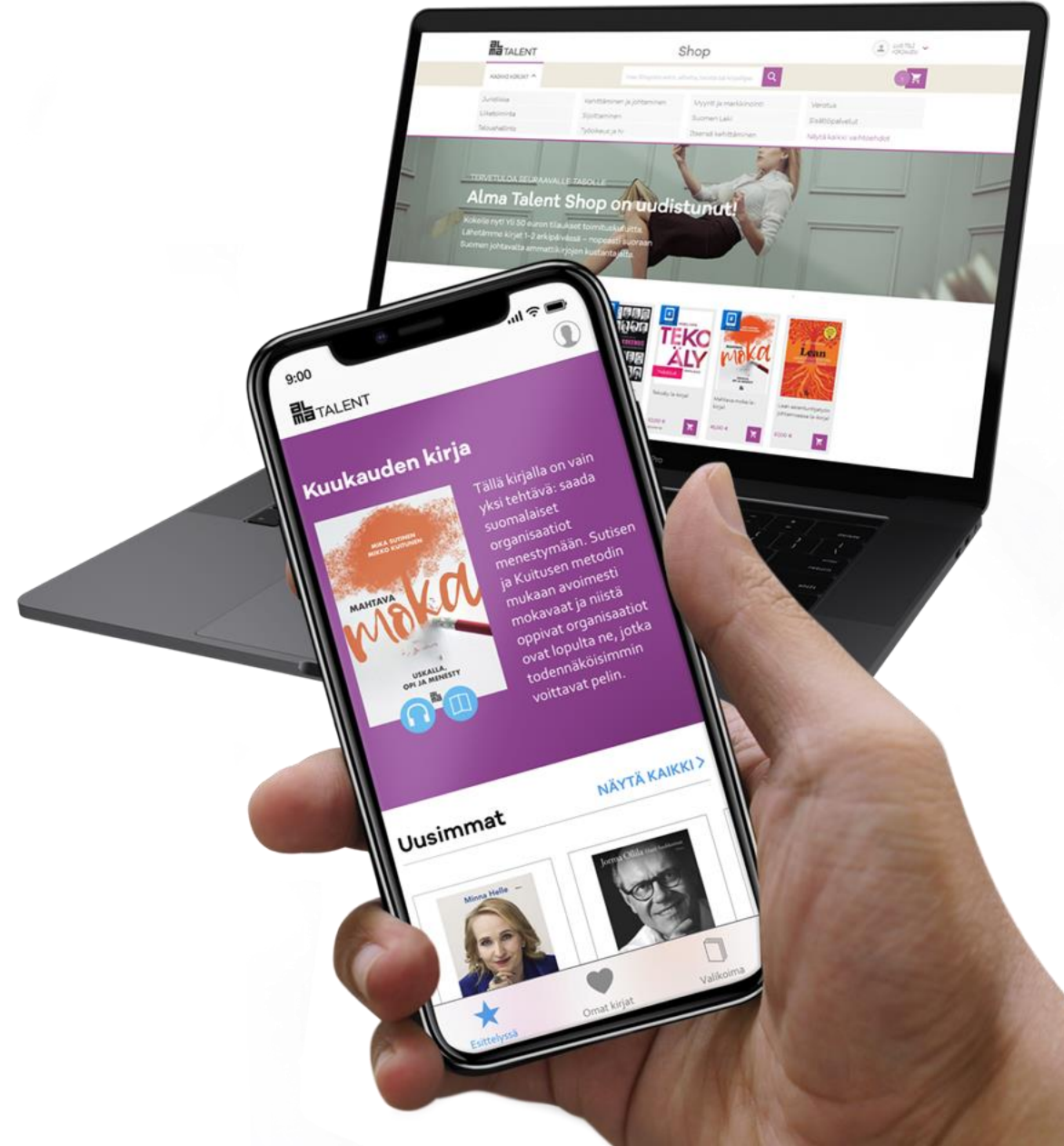


- Biggest and fastest growing portal with company culture reviews by employees in the Czech Republic.
- Launched in December 2017
- 60 000+ reviews on 16 000+ companies
- 80 % of user say the information is helpful
- TV campaign in December 2018 boosted awareness



Alma Talent

- Alma Talent's strategy is to make content easily accessible for customers across various channels. During Q4:
 - Digital content production was improved in several of Alma Talent's media
 - Kauppalehti implemented a significant content renewal.
 - Redesign of the online bookstore for professional literature and launch of the Alma Talent Kirjat application



Operating environment

- Finland and Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth, but the rate of growth is predicted to slow down in 2019.
- The structural transformation of the media will continue; online content sales will grow, while the demand for print media will decline. The profitability of print media will be reduced by higher distribution and delivery costs as well as volume-linked costs. Making use of data, analytics, machine learning and automation will become increasingly important, which calls for increasing technology investments. The areas of digital advertising that are expected to see the fastest growth are search engine, social media, mobile and video advertising as well as content marketing.

Outlook

In 2019, Alma Media expects its full-year revenue to remain at the previous year's level and its adjusted operating profit to increase compared to 2018.

The full-year revenue for 2018 was MEUR 354.6 and the adjusted operating profit was MEUR 57.3.

THANK YOU! QUESTIONS?

Upcoming events in the investor calendar

- Report by the Board of Directors and Financial Statements 2018: 22.2.2019
- AGM: 15.3.2019
- Interim report for January–March 2019: 25.4.2019

