

Analyst meeting

Alma Media Management, December 16th, 2019



Agenda

- CEO Kai Telanne: Business review and operating environment
- CFO Juha Nuutinen: Financing digital transformation
- CDO Santtu Elsinen: Creating value from data
- Short glance on business segments and media advertising sales
 - Alma Markets/Vesa-Pekka Kirsi
 - Alma Talent/Juha-Petri Loimovuori
 - Alma Consumer/Kari Kivelä
 - Alma Media Solutions/Tiina Järvilehto
- Outlook for 2019
- Closing remarks

Alma Media today

Digital company with $\frac{1}{2}$ revenues and $\frac{3}{4}$ of adj. EBIT from digital sources.

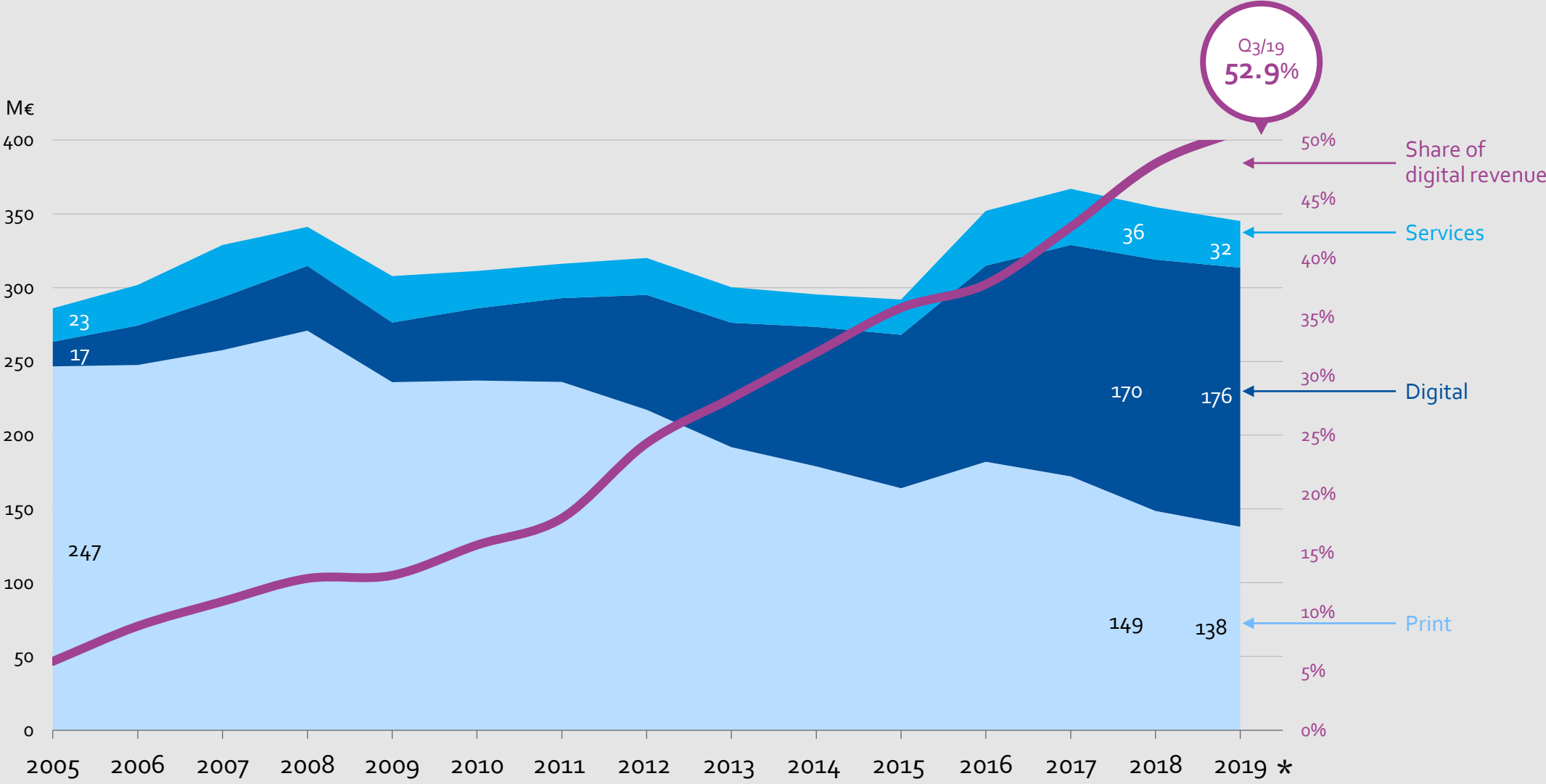
#1 in Eastern Central European recruitment market.

#1 publisher of financial and professional media & services in Finland.

#2 as a digital advertising network in Finland.

Ample room for investments in digital technology, M&A and growing dividend due to strong balance sheet, free cash-flow and high cash conversion.

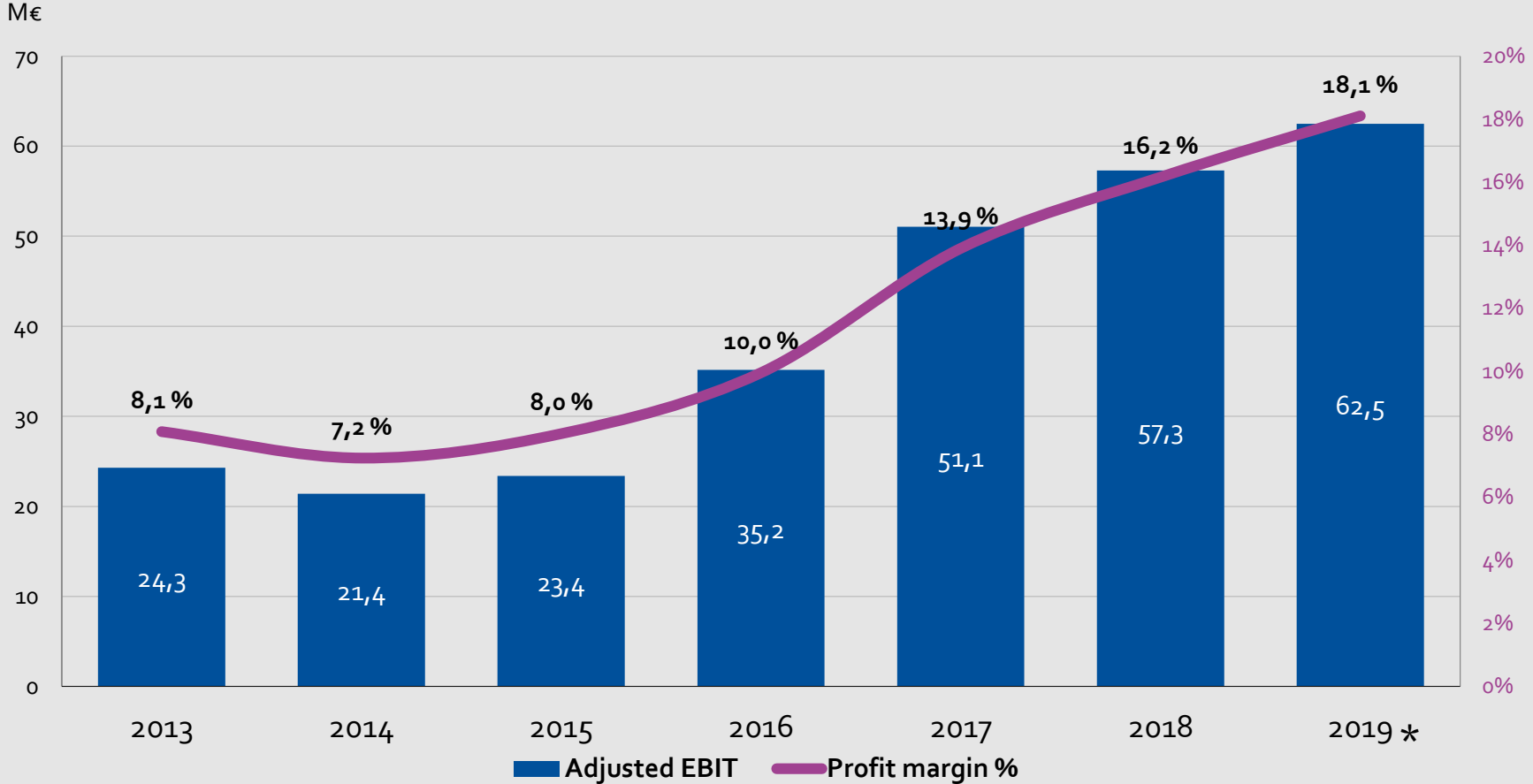
Well underway in digital transformation, yet only halfway



*Rolling 12 months Q3/2019



Digital transformation and business mix driving operational gearing



*Rolling 12 months Q3/2019



Operating environment



ECONOMIC TRENDS IN OPERATING COUNTRIES

- Finland and Eastern Central Europe
- Urbanisation

COMPETITION

- Global technology giants
- Finnish media

MEDIA CONSUMPTION

- Mobile
- Social Media
- Paid digital content
- Print



**DRIVERS
OF CHANGE
IN OPERATING
ENVIRONMENT**

MARKETING AND ADVERTISING

- Automation
- Data
- New forms of digital marketing

TECHNOLOGY AND DATA

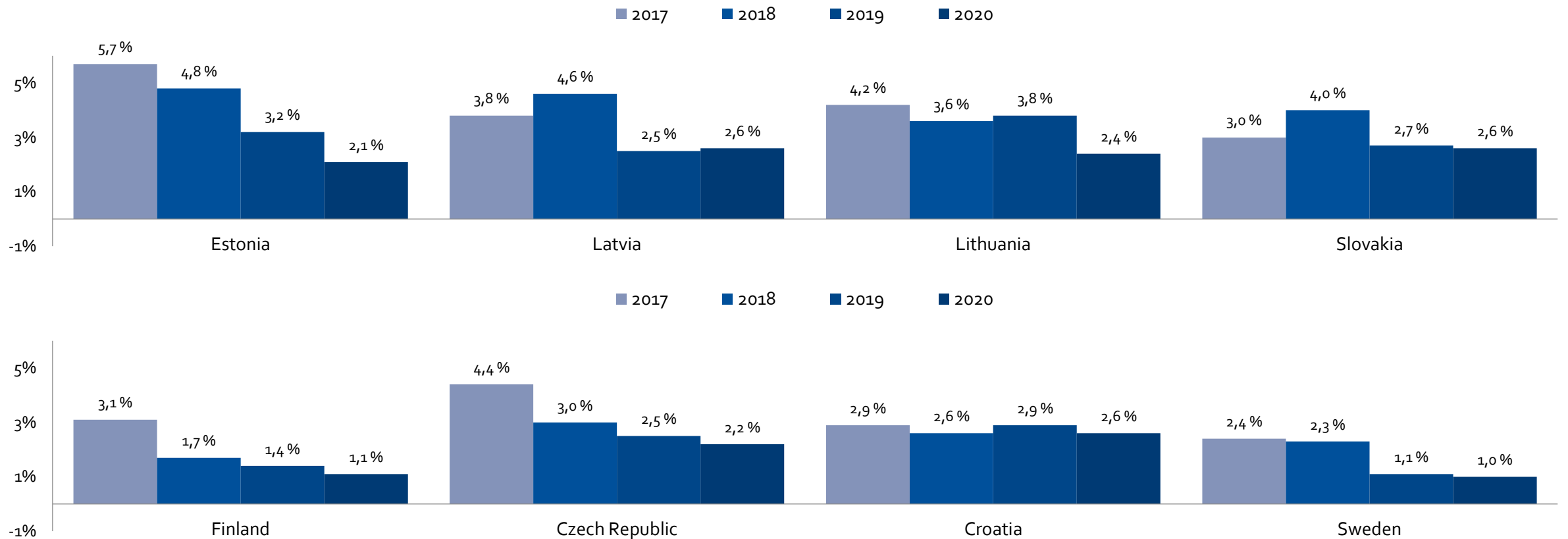
- Data, analytics and AI
- Smart devices, many platforms
- Automation and robotics
- Competence and competition for talent

REGULATION

- Regulatory environment
- Data protection: GDPR and ePrivacy

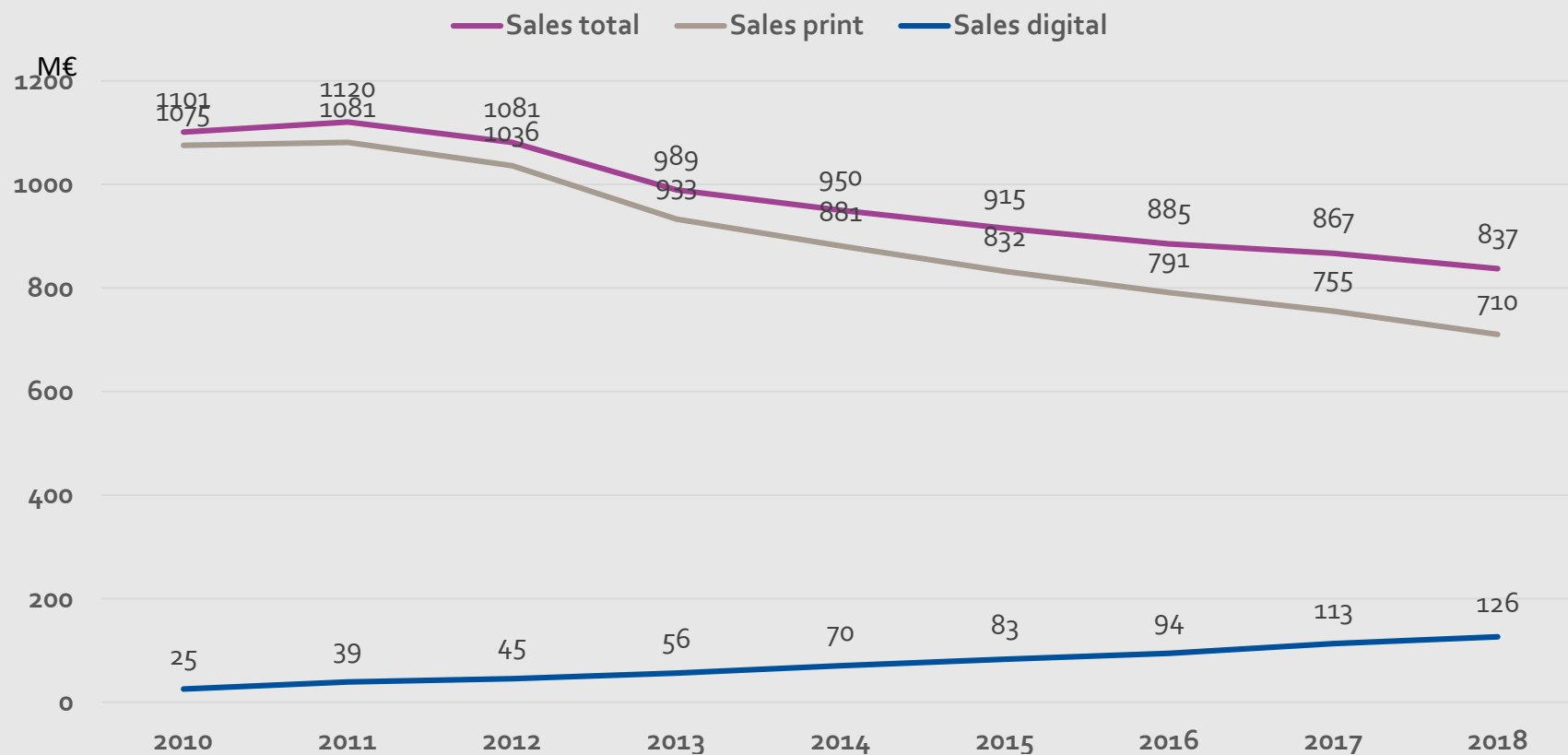
GDP growth decelerates slightly in Eastern European countries

GDP forecasts in Alma's operating countries 2017-2020E



Steady declining trend in Finnish newspaper sales 2010–2018

Subscription and advertising sales



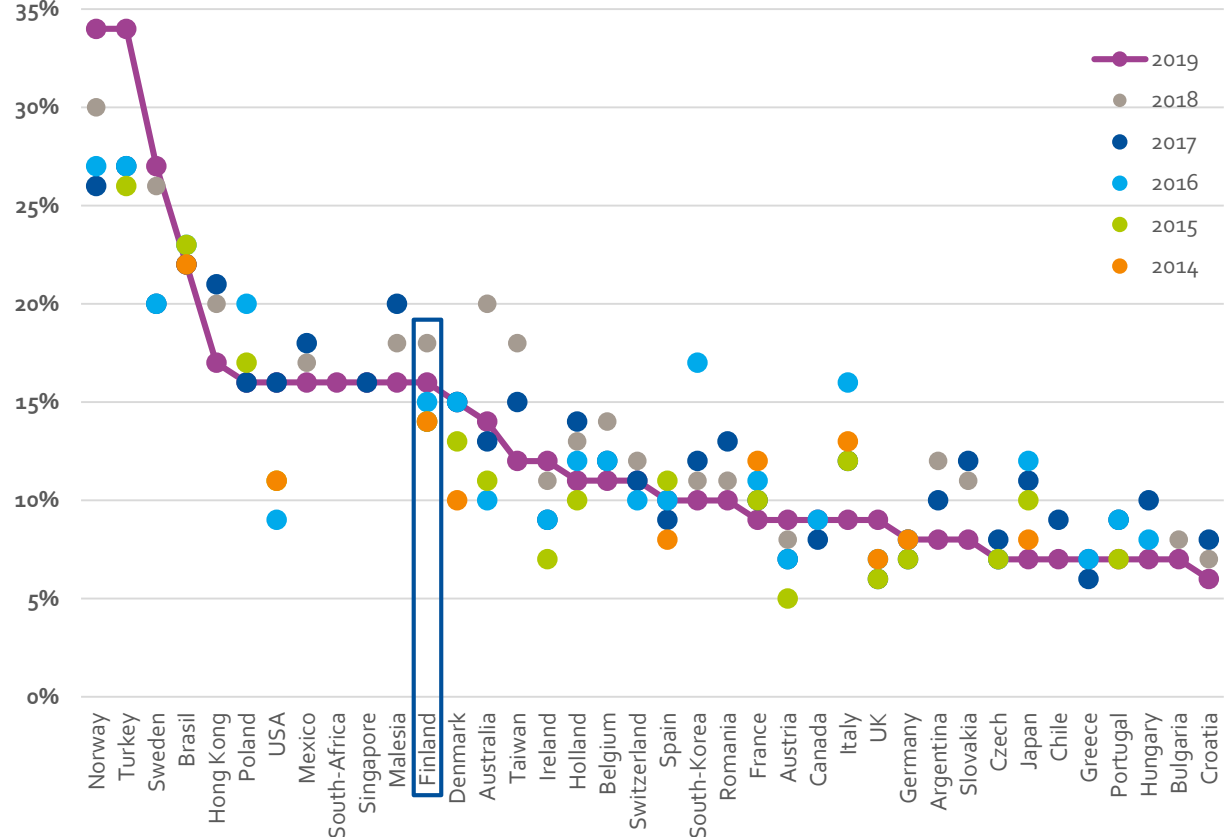
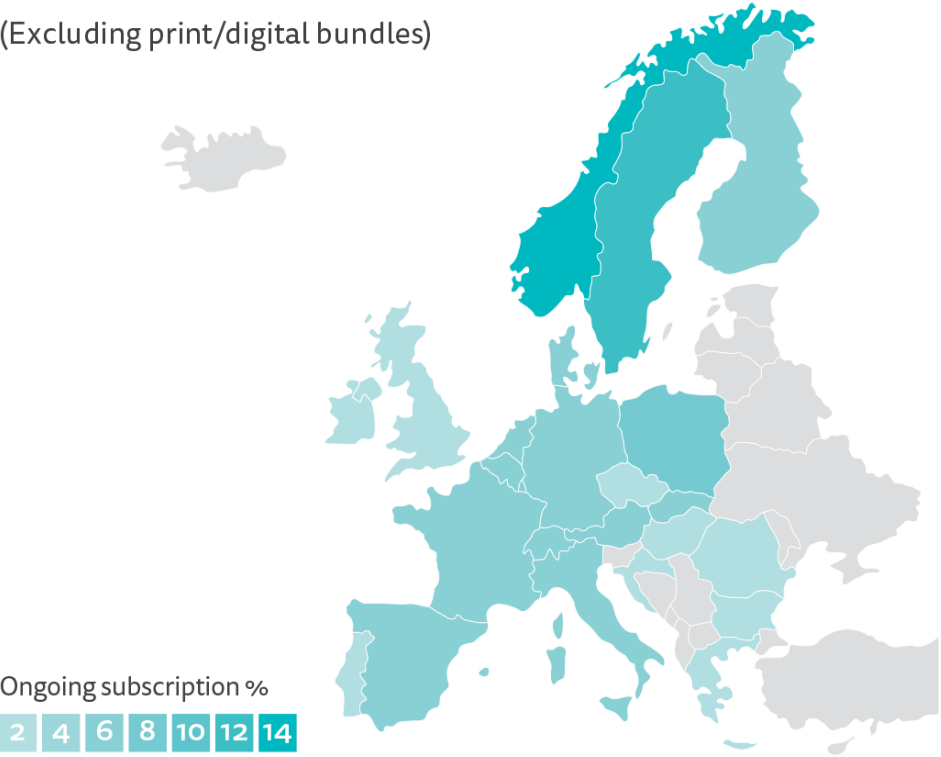
2018	
Finnish media market in general	Alma Media's Finnish business
- Digital 15.1 %	- Digital 27.4 %
- Print 84.9 %	- Print 72.6 %

Source: The Finnish Newspapers Association, annual surveys, revenue related to sales of a journalistic product, net sales, excluding VAT

Norway And Sweden Lead The Way In Paid News Content

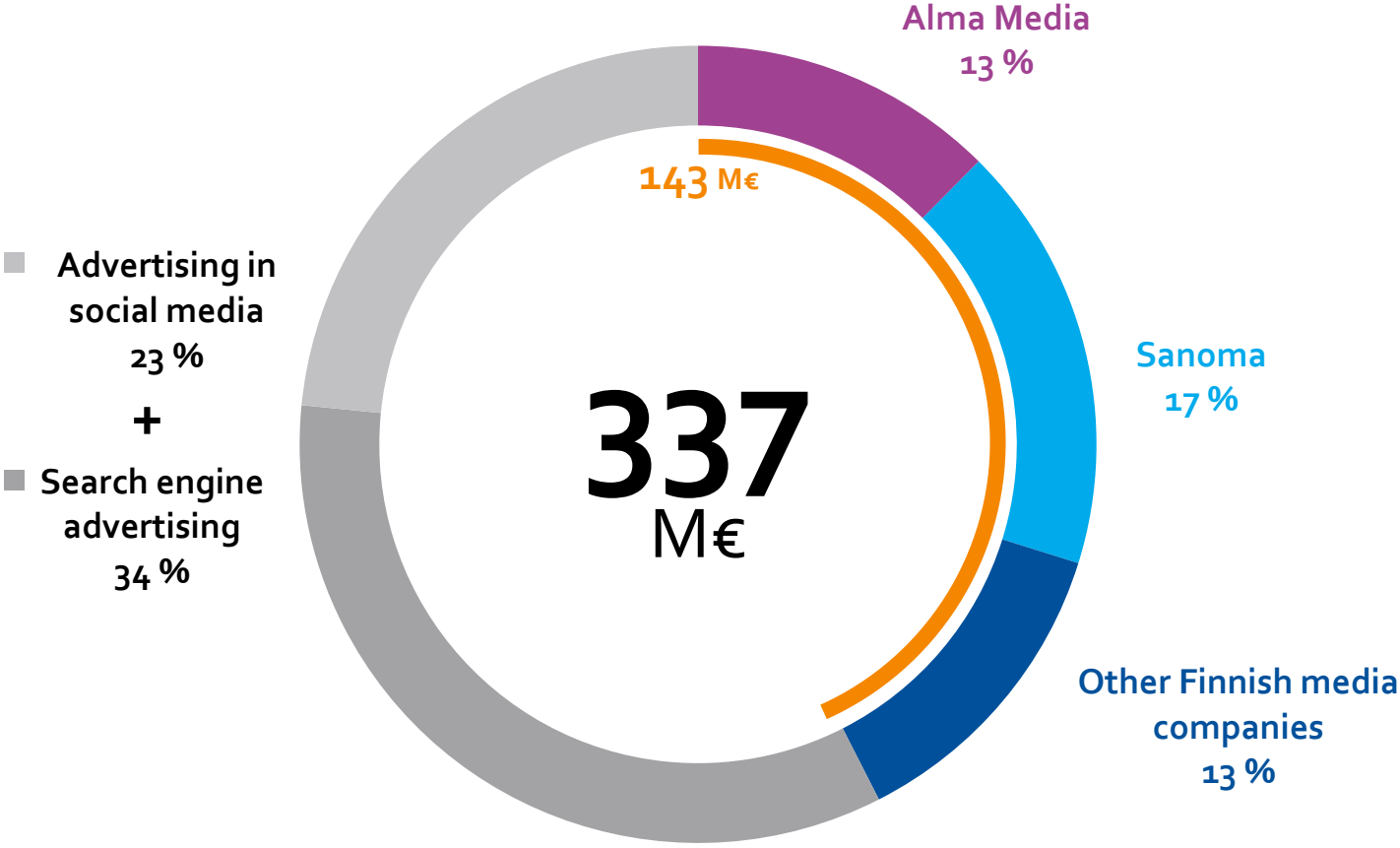
PROPORTION OF DIGITAL-ONLY SUBSCRIBERS – SELECTED MARKETS

(Excluding print/digital bundles)



Source: Reuters Institute Digital News Report 2019

Competition In Digital Advertising Is Fierce Due To International Rivals



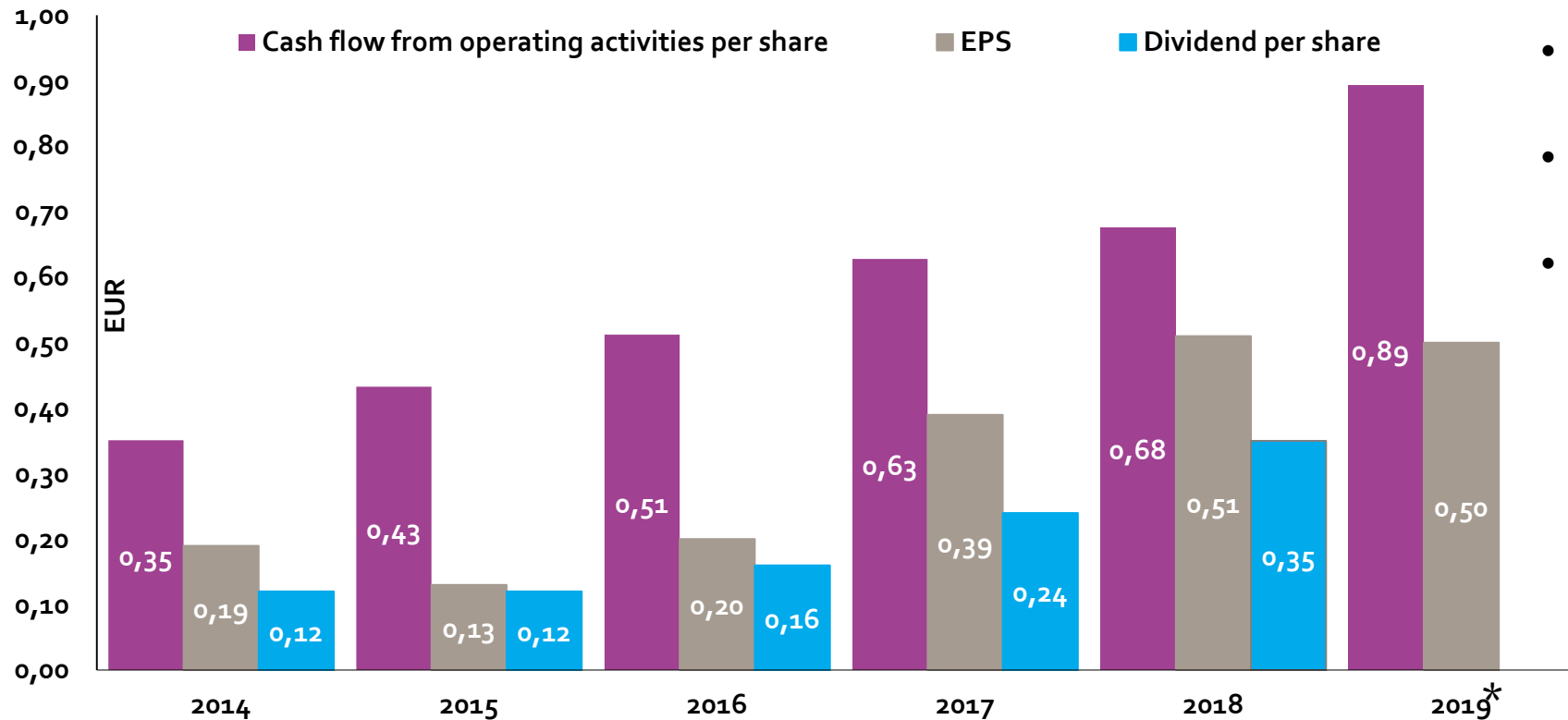
Source: Kantar TNS, IAB Finland, Q1-Q3/2019

Financing digital transformation



Financing the growth

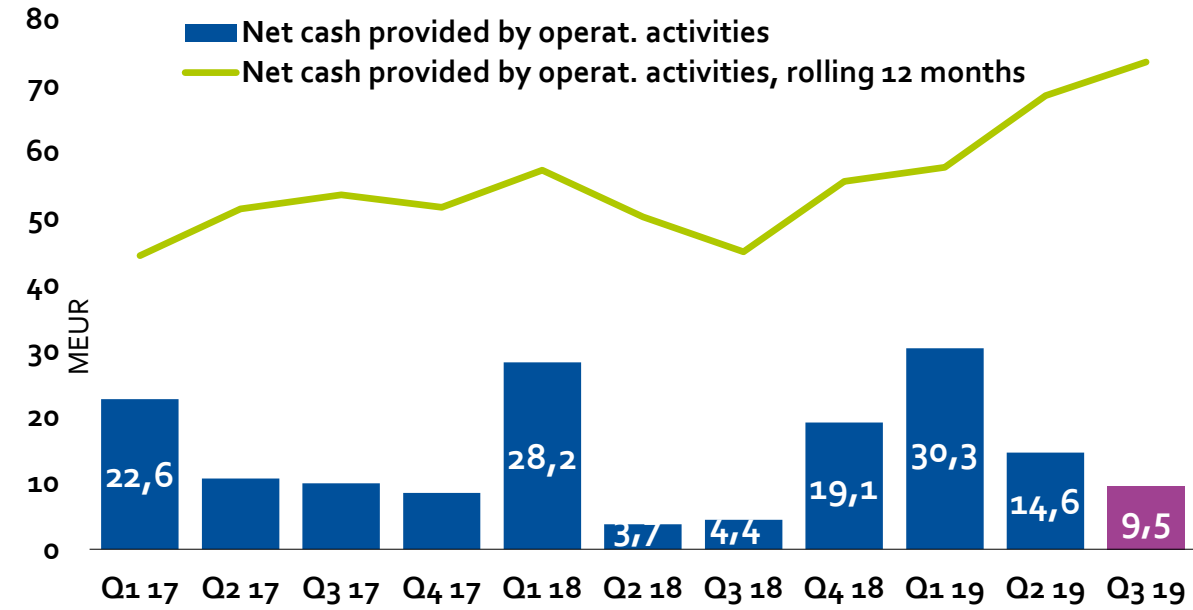
Strong capacity to invest and raise dividends



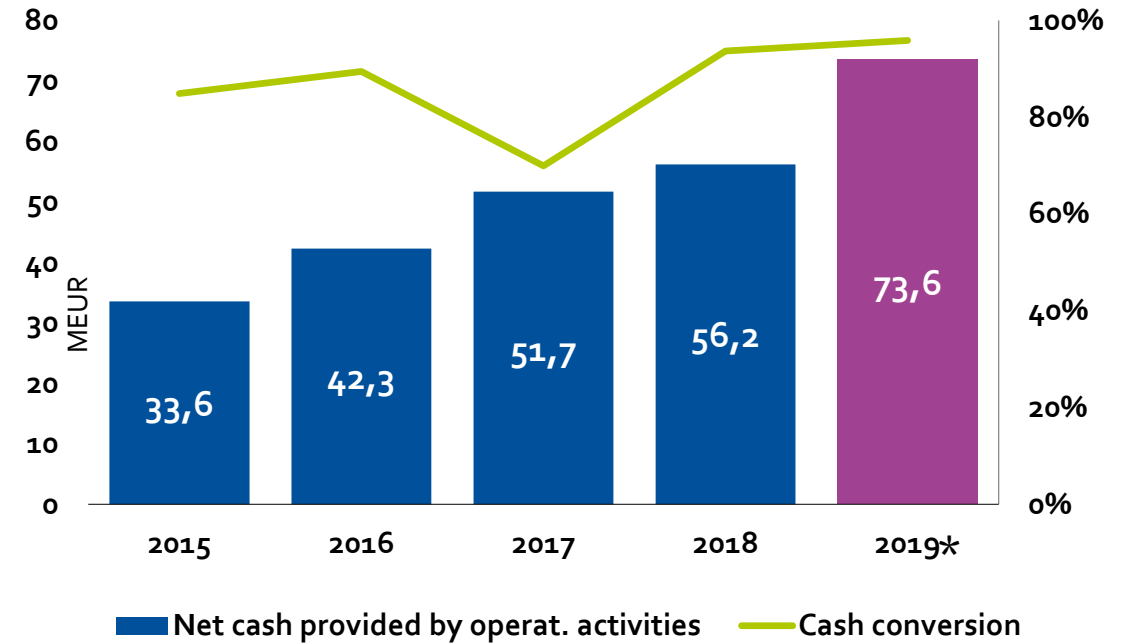
- Business generates significant free cash flow
- Ample room for M&A MEUR 210 (2.5 X net debt/EBITDA)
- Capex level on average MEUR 4–5 per year

*Rolling 12 mn Q3/2019

Strong cash generation



Cash flow seasonality driven especially by subscriptions.

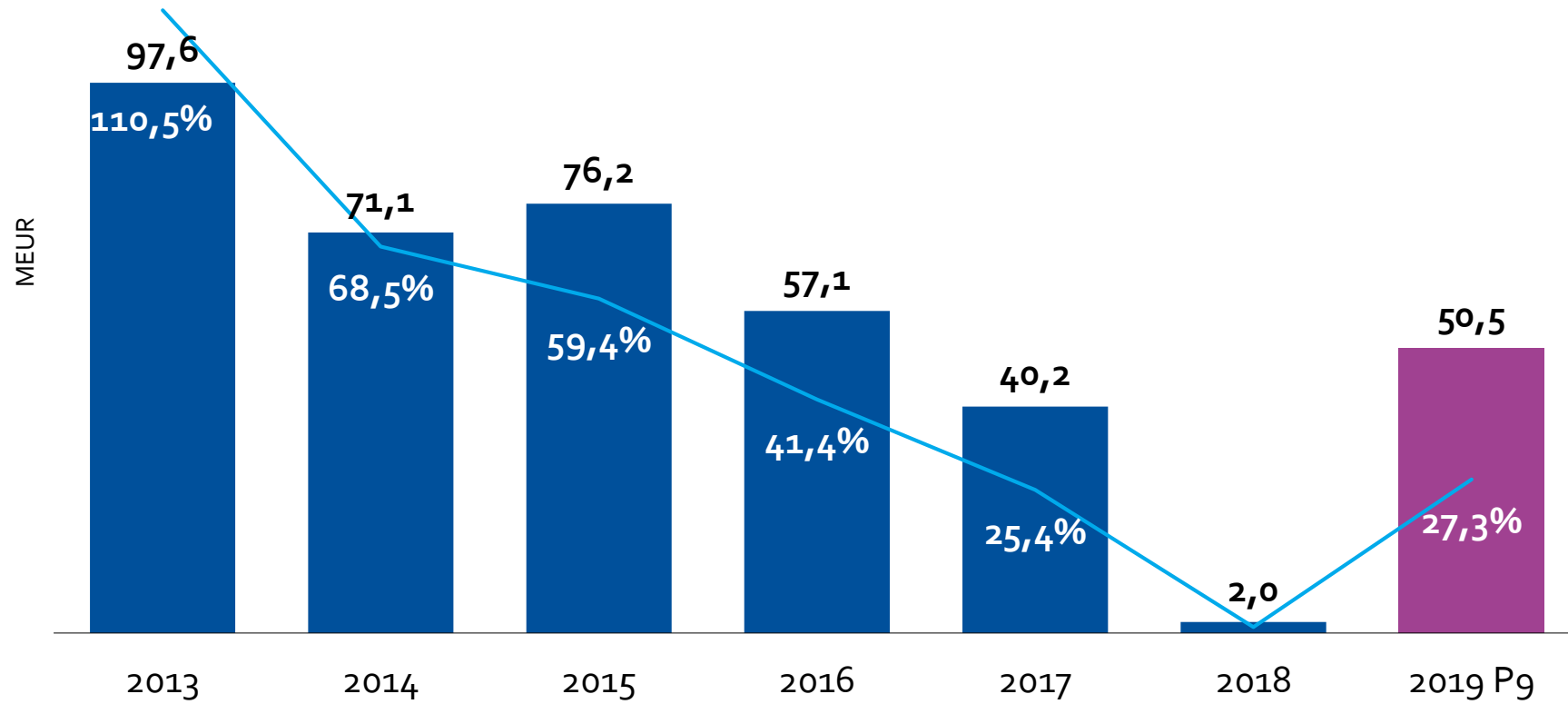


*Rolling 12 mn Q3/2019

Cash conversion = (EBITDA - CAPEX) / EBITDA



Net debt and gearing





Value Creation from Data

Data Drives Monetization In Strategic Initiatives

ALMA MARKETS

ALMA CONSUMER

ALMA TALENT

**ALMA MEDIA
SOLUTIONS**

**DIGITAL
SUBSCRIPTIONS**

DATA

**ALMA
THEMES**

**DIGITAL
AUDIENCES**

Targeting in digital
ad sales

Better conversion and
churn prevention in
digital subscriptions

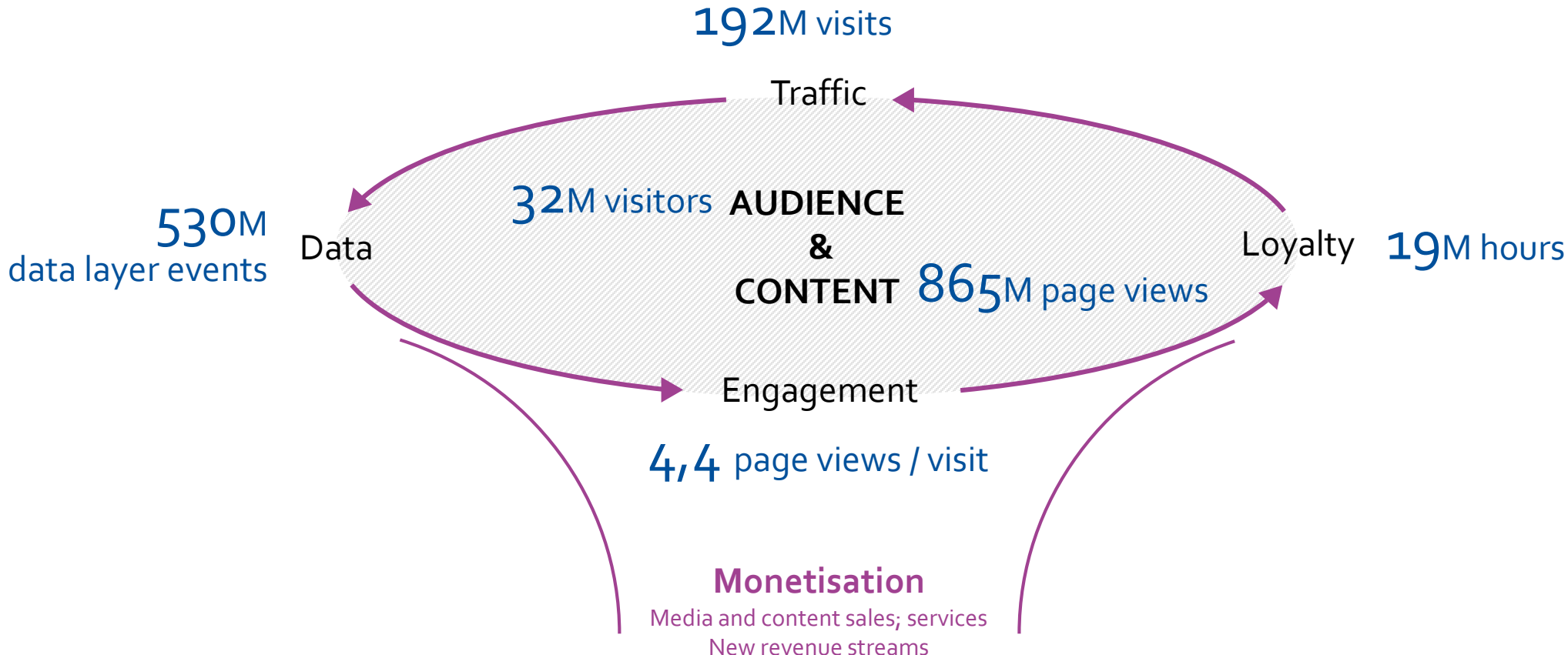
Direct data sales

More traffic to higher
ARPU services

Personalized services
for digital audiences

Audience-Based Monetisation Model

Alma network visitors, consumed content and data layer events per month

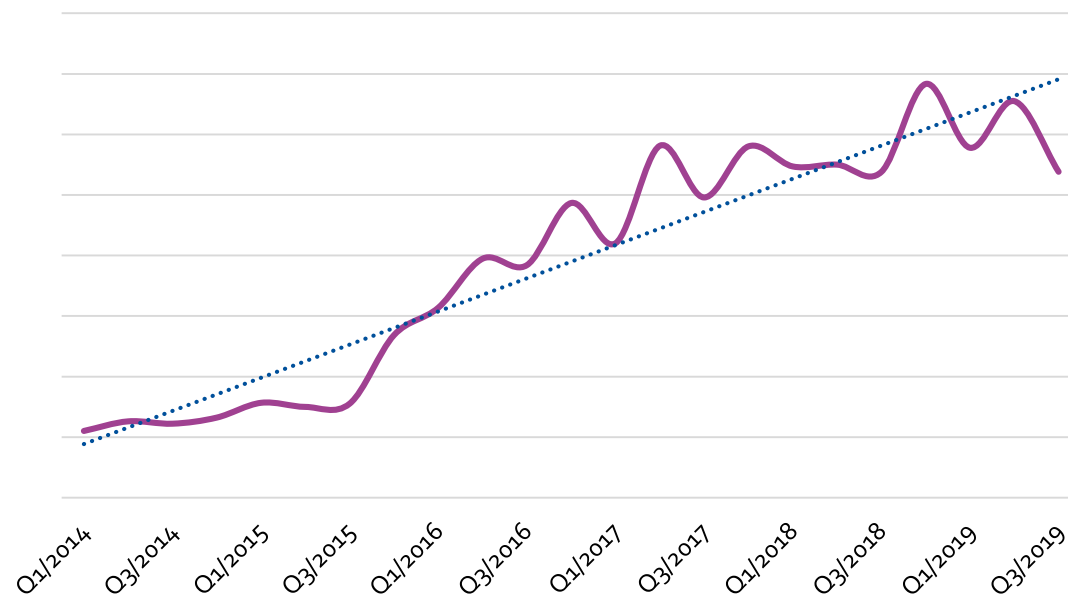


Source: GA 360, monthly averages from January 2019 – October 2019

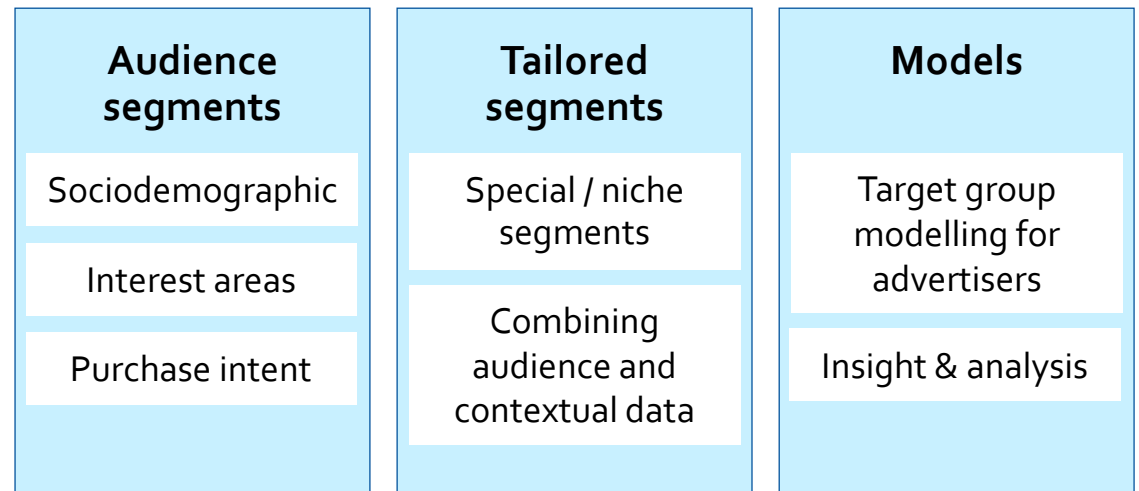


Data Drives Programmatic & Direct Ad Sales Growth

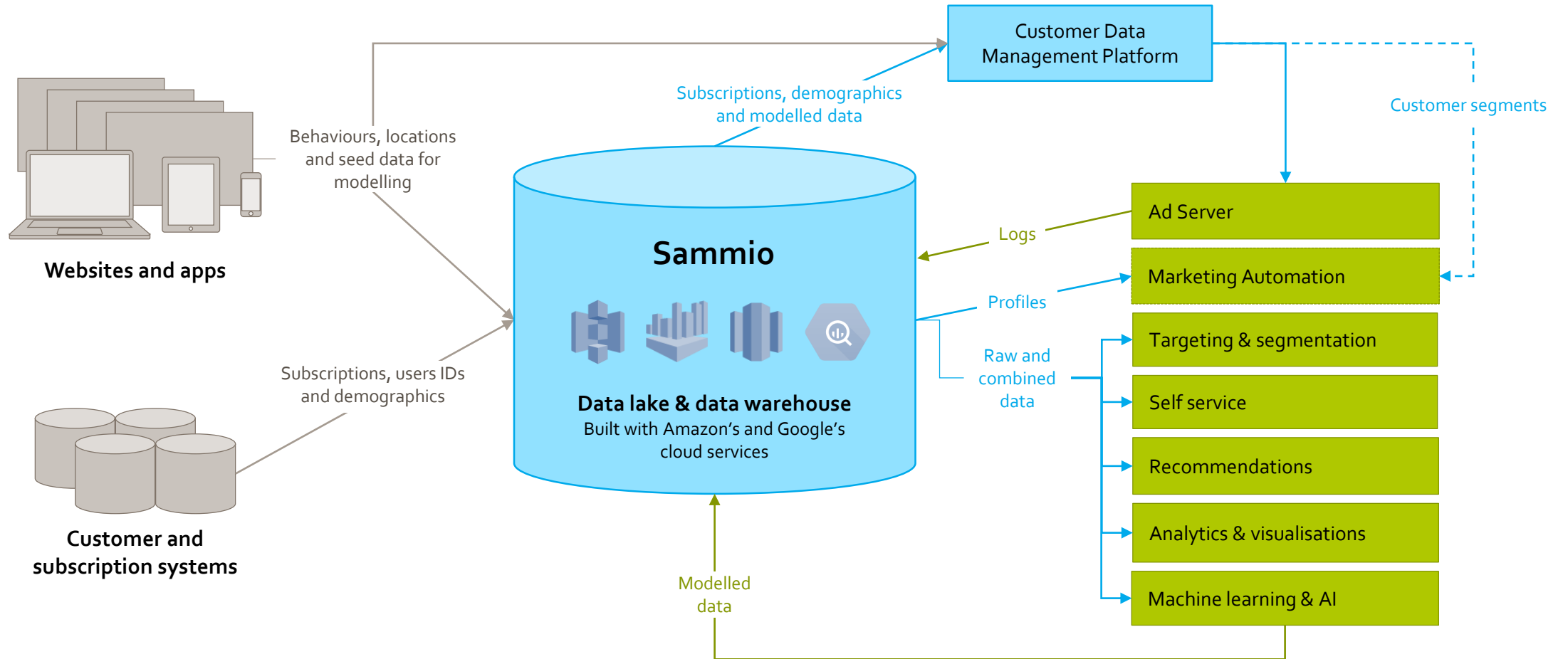
Programmatic sales Q1/2014 – Q3/2019



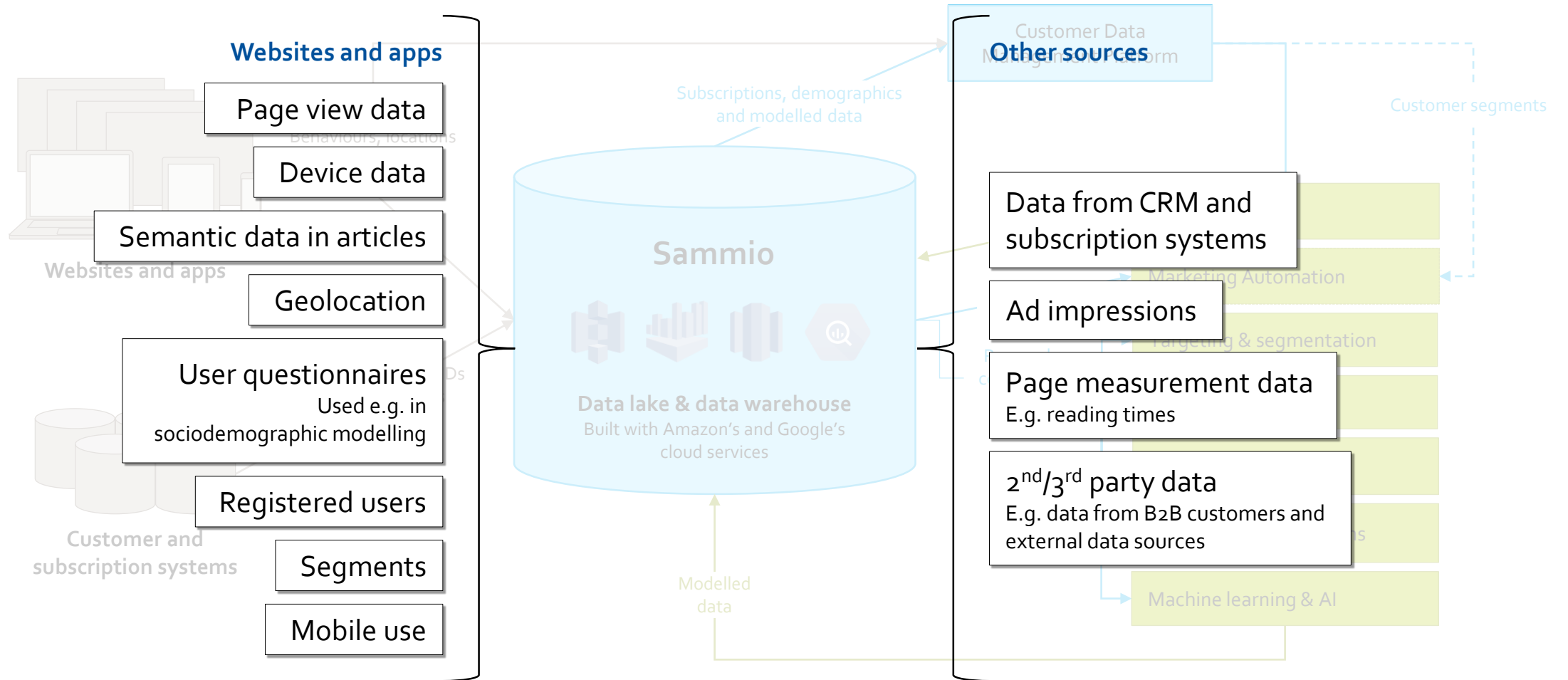
Data products and services for advertisers



Data Architecture

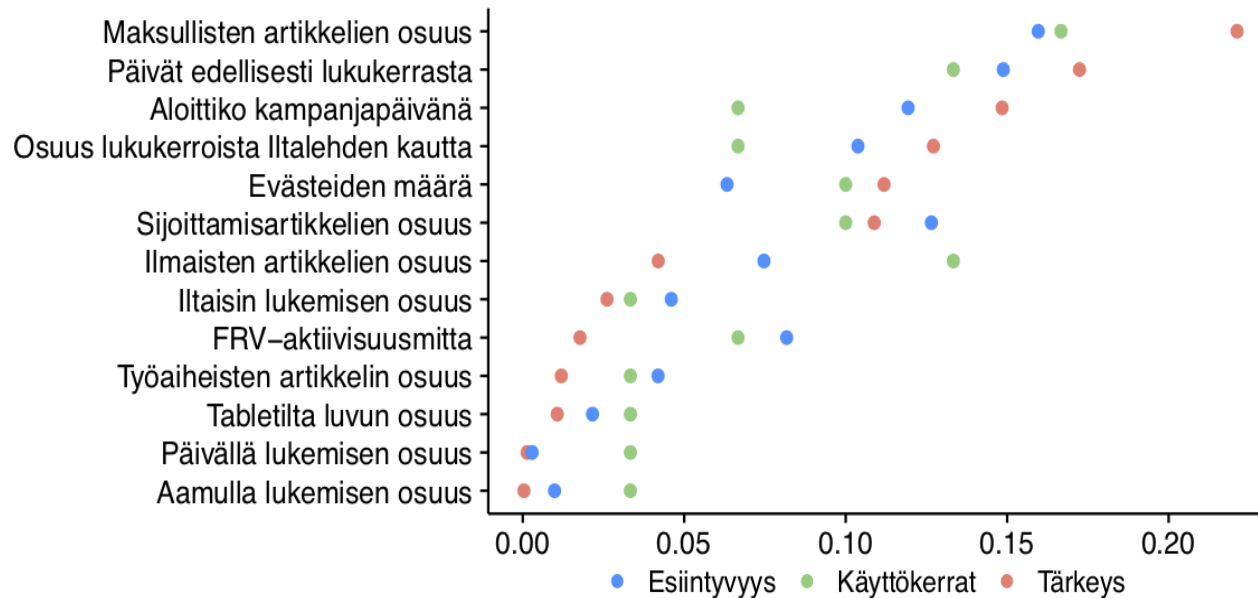


Data Architecture

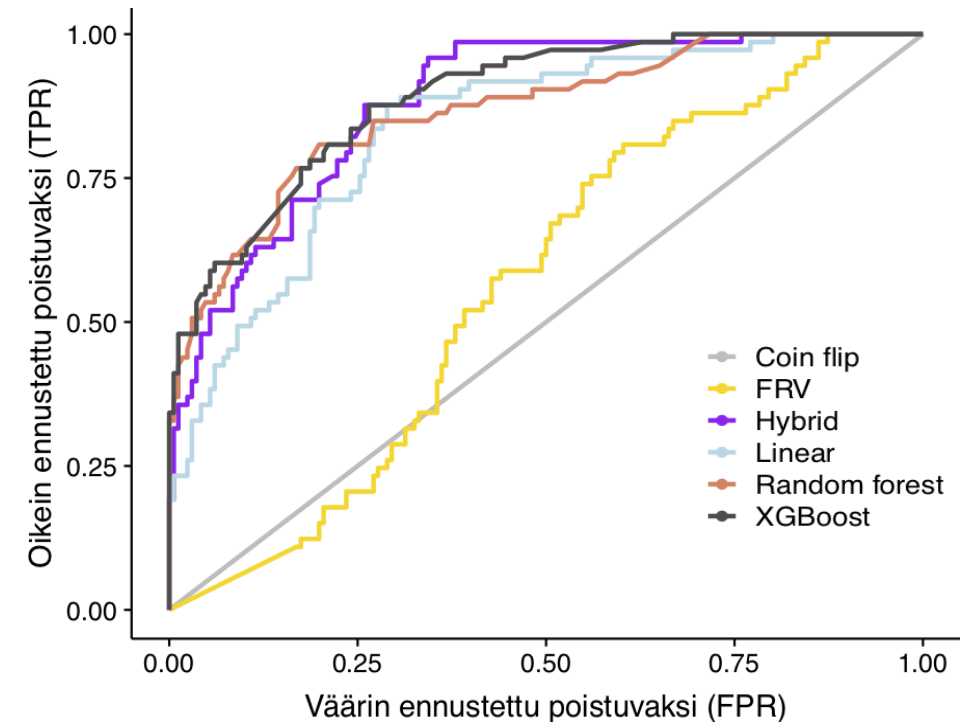


Supervised Learning In Predicting Subscriber Churn

Relative importance of variables in prediction

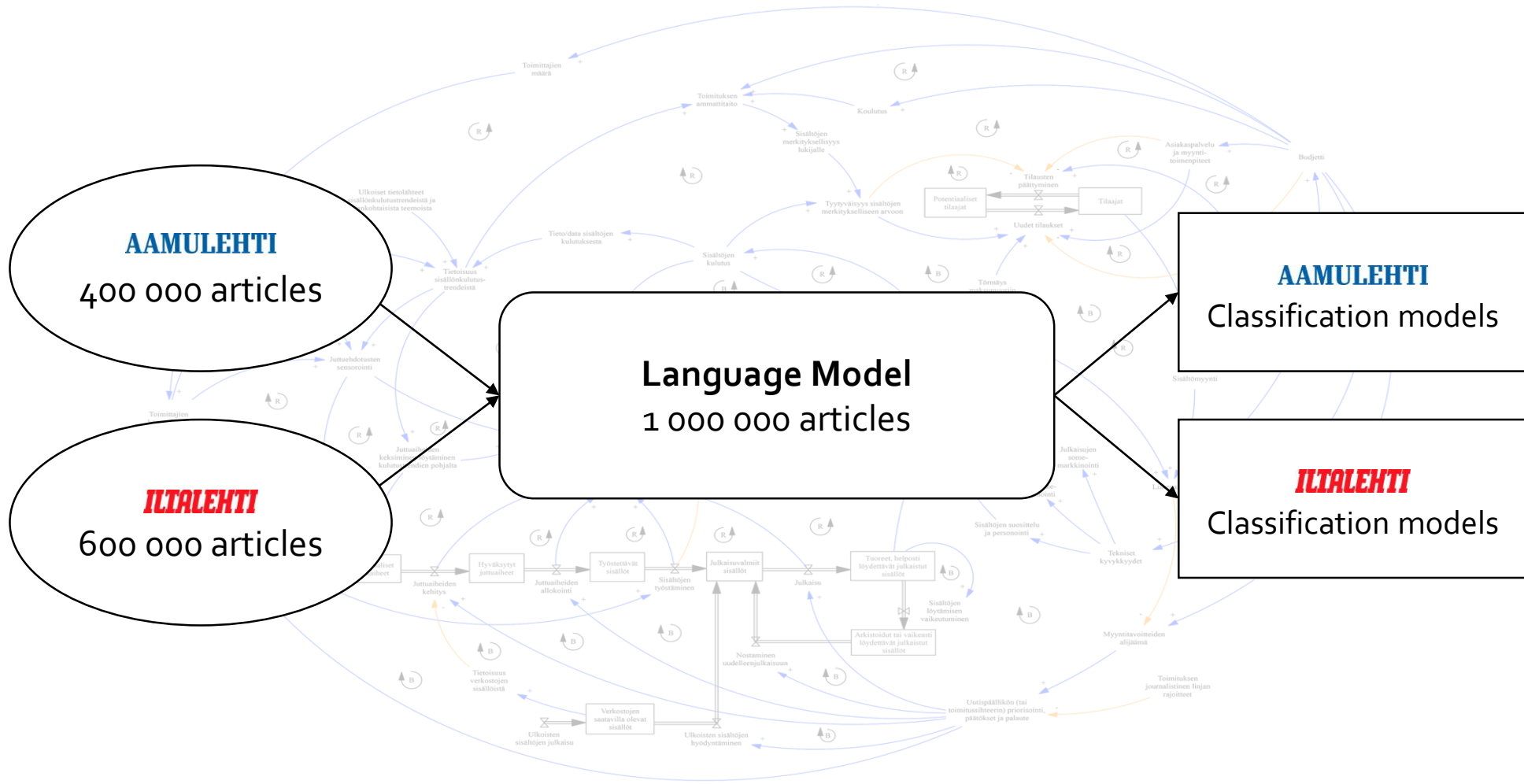


Prediction accuracy (ROC curves) in test sample

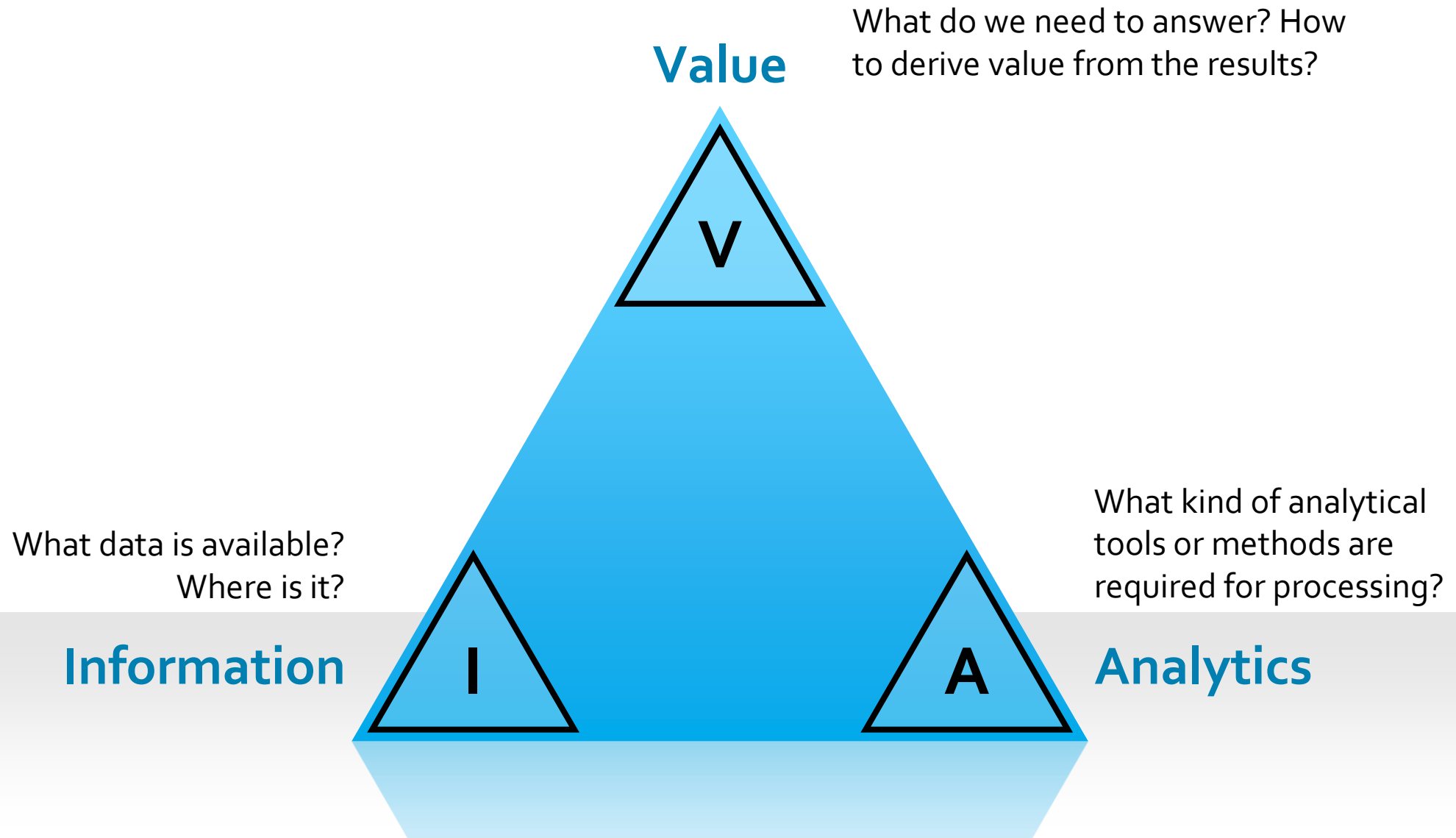




EdIT: Predicting Demand Of Content



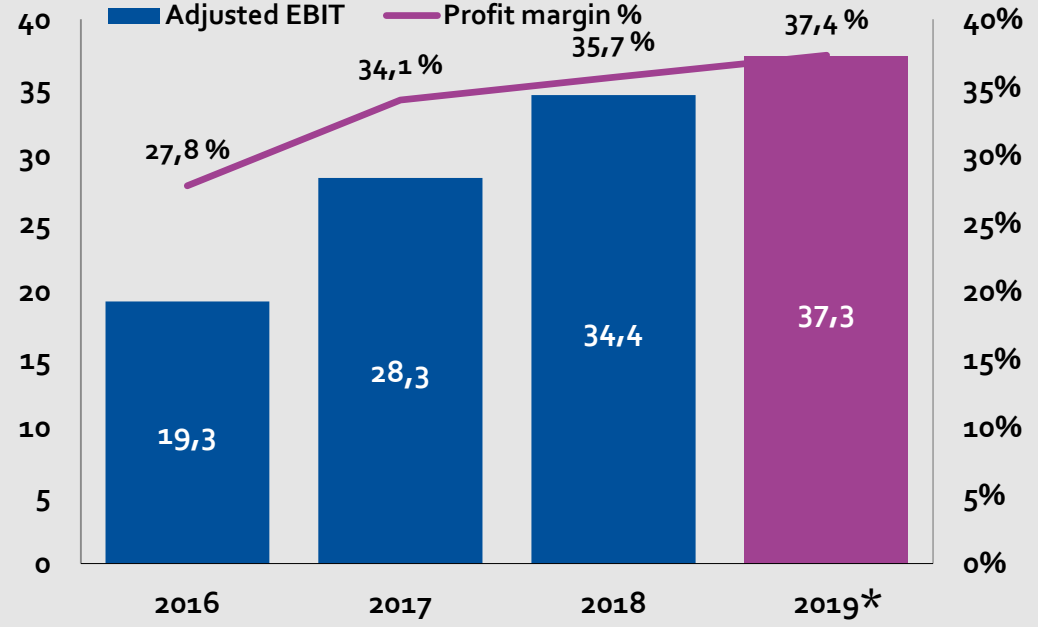
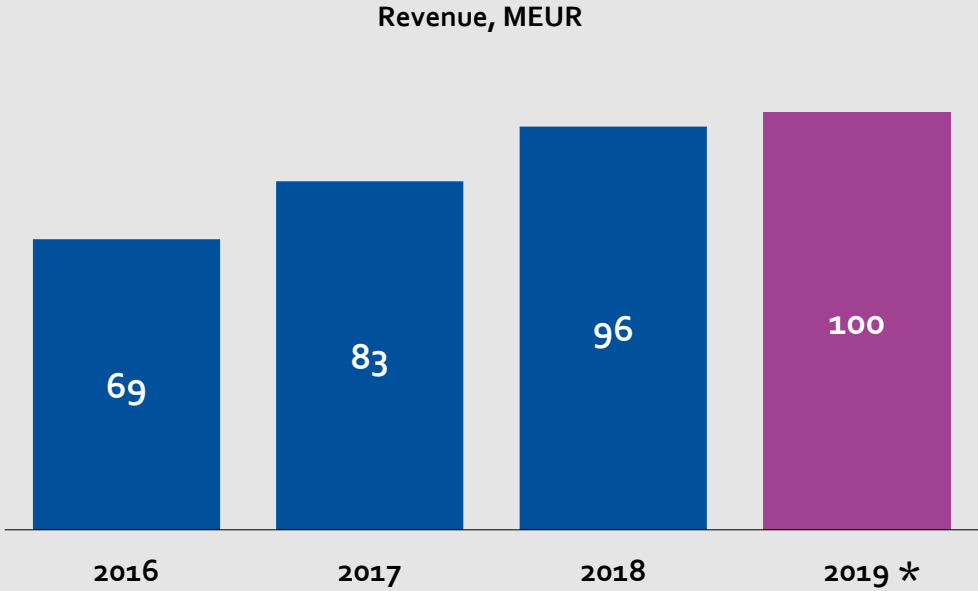
Data Literacy





Business segments

100 % digital Alma Markets as the most important profit contributor



*Rolling 12 mn Q3/2019

3-year revenue growth CAGR 12.9%, organic growth CAGR 11.2%,



Revenue streams of Alma Markets

RECRUITMENT (74%)

- Job listings: 80-90%

Highly scalable with low cost per listing

- Banner advertising
- Add-on services
- Licence fees (ATS systems)
- Employer branding (content marketing)
- Education
- Consultancy **10-20%**
- Job events and fairs



HOUSING (18%)	CARS (8%)
<ul style="list-style-type: none"> Listing fees Banner advertising Add-on services/value-adding ranking fees Licence fees for SaaS services Commission fees from bidding services Lead-pricing 	



Ability to realise scalability benefits

Investments to secure growth

Scalability allows to cut costs up to 20%

Capital light business model

BUSINESS UNIT STRATEGY – ALMA MARKETS

- Recruitment services will be expanded: geographically, organically and through M&A.
- Job advertising will be developed and complemented by new HR services.
- Marketplace offering extension to services: from changing homes to living, from buying a new car to mobility services.

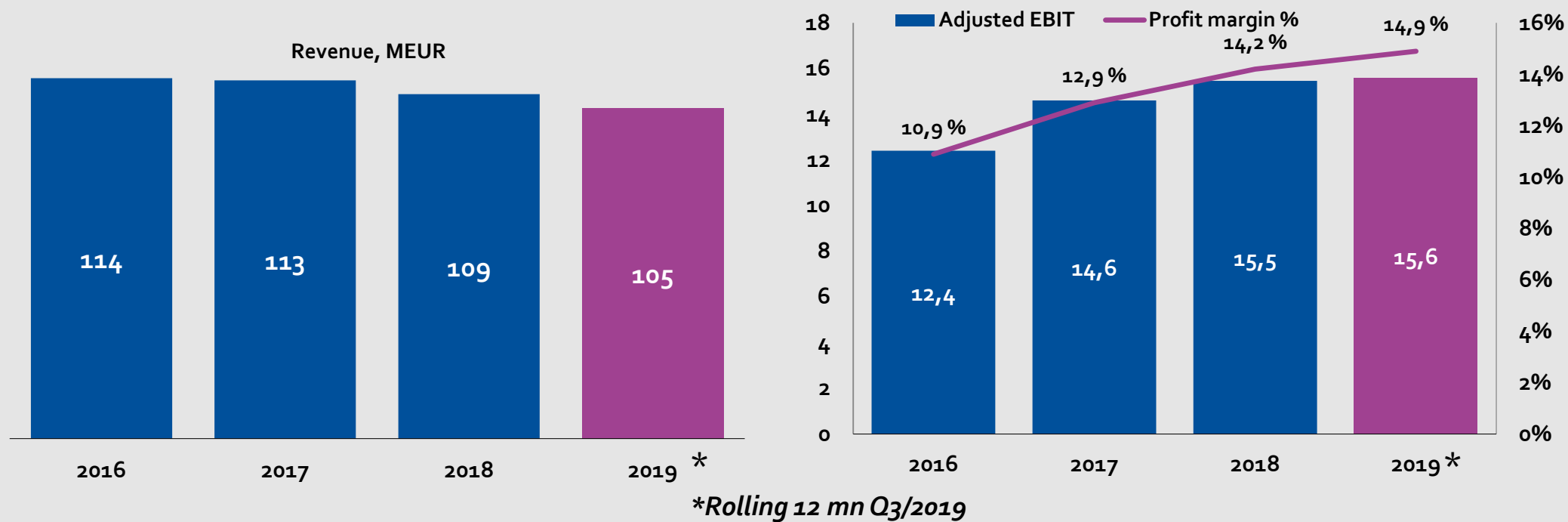
PERFORMANCE Q1-Q3/2019

- Bosnia- Herzegovina/Kolektiv
- Product and service expansion to Poland and Hungary
- Sales focus more on SMEs
- Employer reviews service Tunto
- Employment fairs in three markets (Slovakia, Croatia and Czech)
- Tukkuautot.fi
- Renewal of Etuovi
- Newly acquired services driving growth: Autojerry and Urakkamaailma

GOING INTO 2020

- Growth slowing down, maintaining good profitability level.
- Special focus on marketing and sales performance and efficiency.
- M&A focus supporting main business, enlarging service business and new geographic areas.

Alma Talent – digitalization and restructuring improving profitability



3-year revenue growth CAGR -2.8%, organic growth CAGR -1.0%,
The effect of divested and discontinued operations on the decrease in revenue was M€ 8.8 in 2016.

Revenue streams of Alma Talent

FINANCIAL AND PROFESSIONAL MEDIA (61%)

Content sales/subscriptions:
digital and print

Advertising

Events and sponsorship sales



SERVICES FOR BUSINESSES AND PROFESSIONALS (39%)

Business information services

Books and related digital content services

Trainings and seminars delegate sales

B-to-B marketplace listings

Telemarketing services



*More
towards
digital and
subscription -
based
business
models*

BUSINESS UNIT STRATEGY – ALMA TALENT

- Media business rapid digitalization, all digital content behind paywalls by 2020
- Target group as core asset
- New service products development organically and through M&A
- Alma Talent synergy further increasement by cross-sales and joint products

PERFORMANCE Q1-Q3/2019

- Today all Alma Talent media generate digital content revenue, we are ahead of target. Digital-only subscription growth +90%*
- Kauppalehti and Arvopaperi as spearheads 2019
- Affärsvärlden contract ending
- Co-operation with Messukeskus
- Alma ID and AT database in use and creating value
- Objektvision platform renewed, business developing well despite tight competition.
- Digital training platform and service in co-operation - live 2020
- Kauppalehti Opas online course by editorial staff

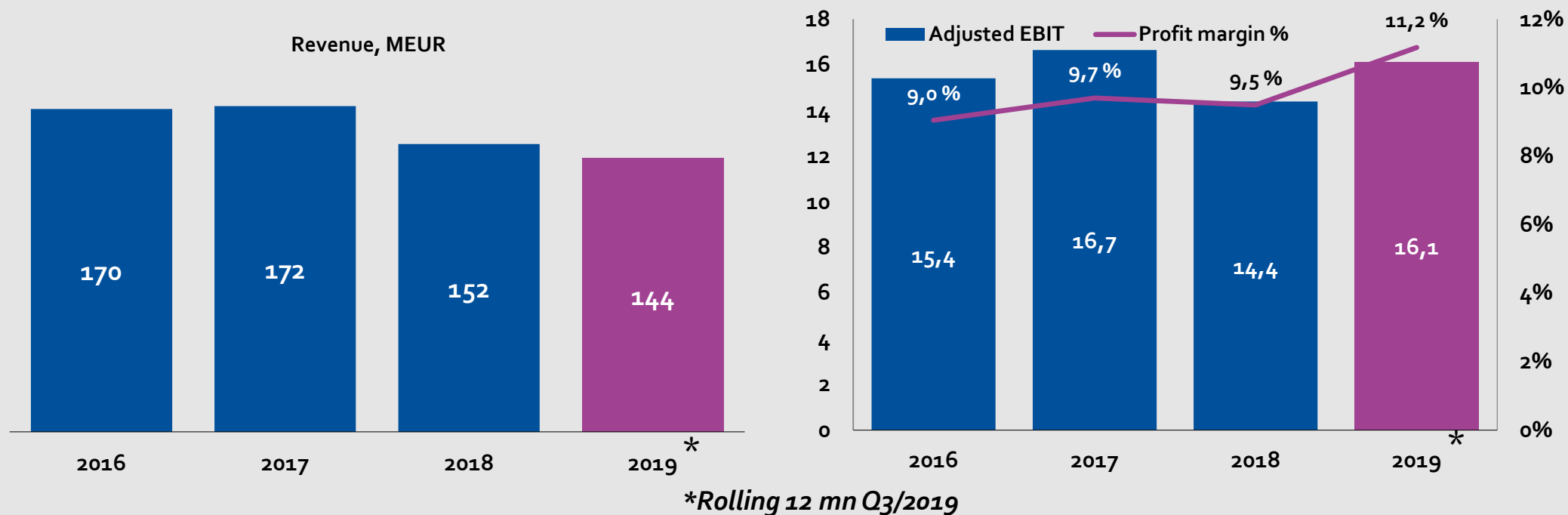
GOING INTO 2020

- Transforming media and growth from services strategy continues.
- Strong digital subscription sales growth.
- Outlook stable in business and profitability development.

* number of digital subs., 12 months end October

Alma Consumer – securing profits in declining print market

Early morning paper distribution outsourcing deal with the Finnish Post to bring cost synergies in 2020-21



3-year revenue growth CAGR -5.4%, organic growth CAGR -1.0%,
The effect of divested and discontinued operations on the decrease in revenue was M€ 22 in 2016.

Revenue streams of Alma Consumer

NATIONAL AND REGIONAL MEDIA (88%)

Content sales:
digital and print subscriptions
sales

Print single-copy sales

Advertising sales
Content marketing
production



DIGITAL CONSUMERS SERVICES (3%)

Advertising
Subscriptions
Commission fees



PRINTING (9%)

Internal and external
customer sales



BUSINESS UNIT STRATEGY – ALMA CONSUMER

- Profitability ensurement and cost adjustments. Strengthening of synergetic service business both organically and through M&A.

- Digital subscription growth acceleration, majority of regional and local media content behind paywall.

- Printing and delivery from support service to service business

PERFORMANCE Q1-Q3/2019

- Cost savings of approx. MEUR 3,
- Investment in Etua.fi (60%)

- Good development: Aamulehti +56 %, Satakunnan Kansa +65 %*

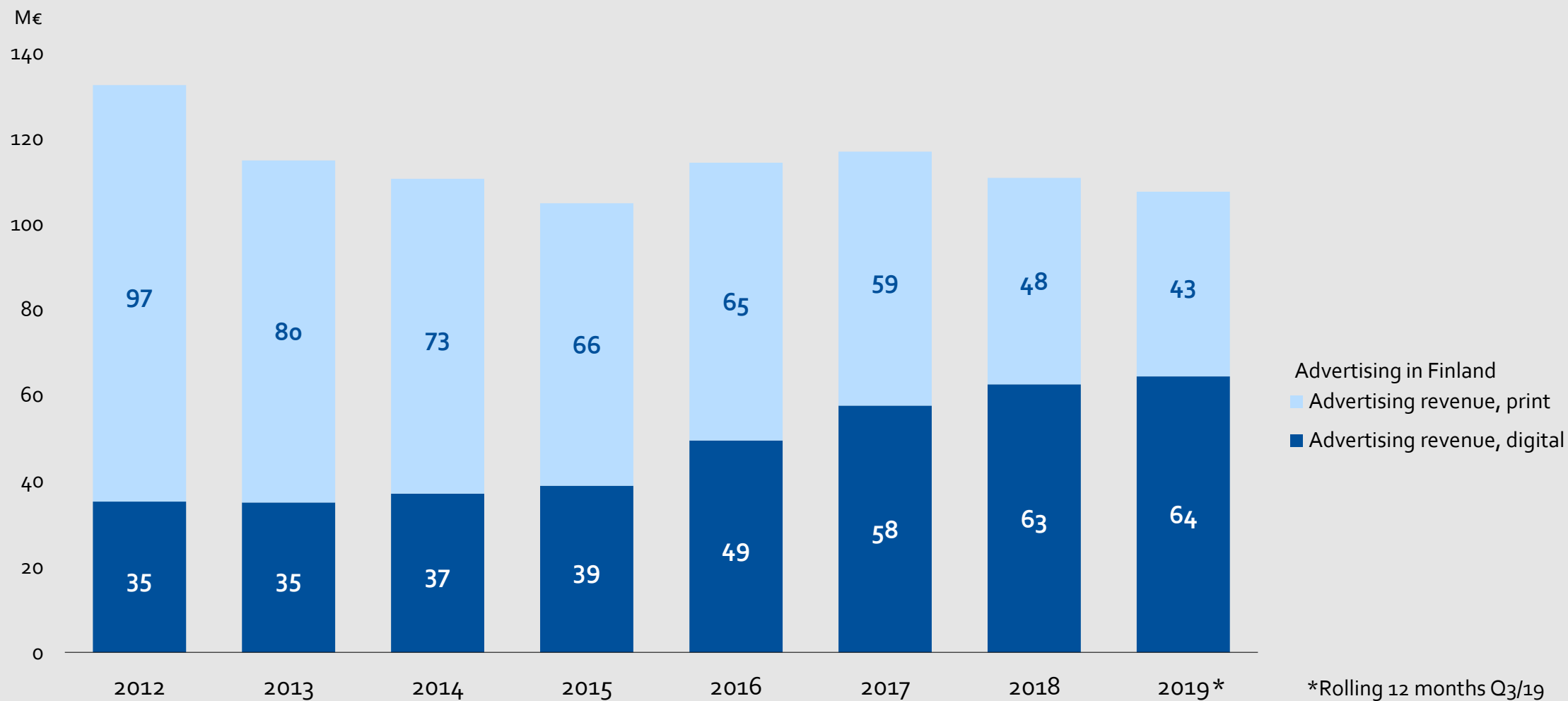
- Distribution outsourcing deal with the Finnish Post 2020-

GOING INTO 2020

- Digital content sales expected to compensate for the decline in print media content revenue, outlook for advertising challenging.
- Searching actively for new digital services with media synergies.

** number of digital subs., 12 months end October*

Majority Of Advertising Digital, Tipping Point In 2018



BUSINESS UNIT STRATEGY – ALMA MEDIA SOLUTIONS

- Aiming for above the average growth of domestic digital market.
- Focus areas mobile, programmatic and content marketing
- New advertising formats and services

PERFORMANCE Q1-Q3/2019

- Slightly underperforming against the market
- Good growth in strategic growth areas
- New marketing solution: Brand studio
- Improving data capabilities (DMP)

GOING INTO 2020

- Strategic growth areas expected to grow, print and advertising market under pressure in general.
- Market-environment and competitive-landscape in digital advertising expected to tighten up.
- Emphasising on content marketing growth.
- Stronger grip on SME.

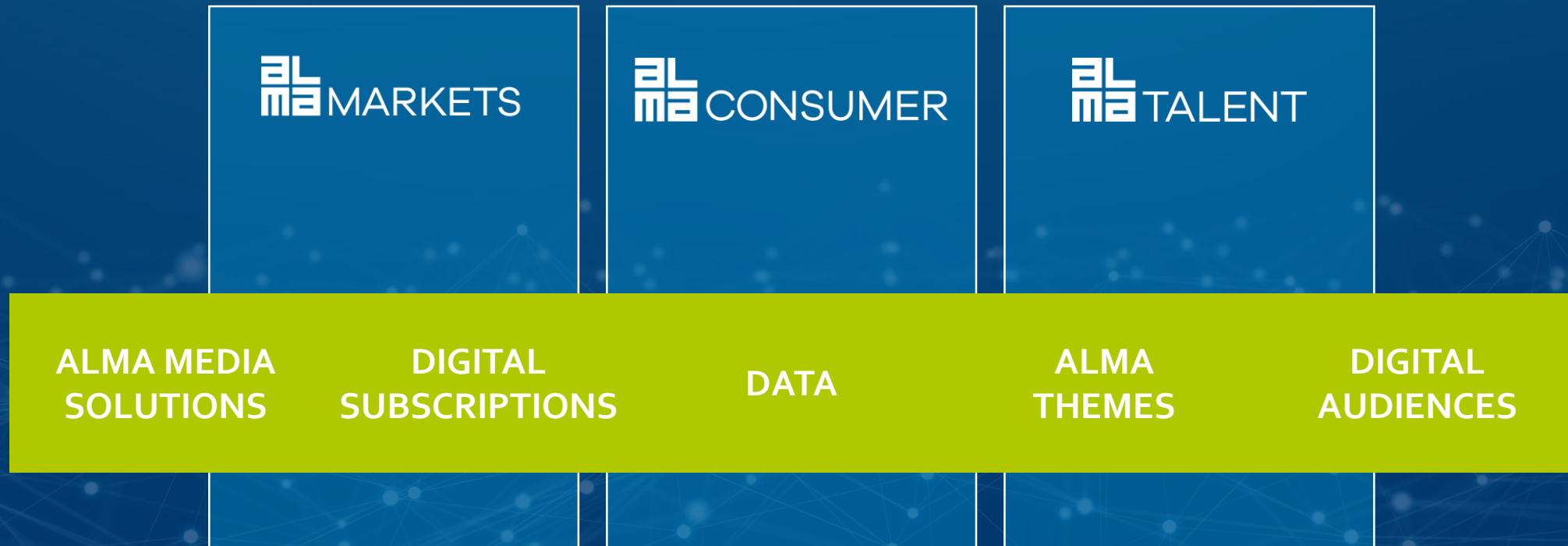
Strategy



*Expanding our offering from
media to related digital services.*

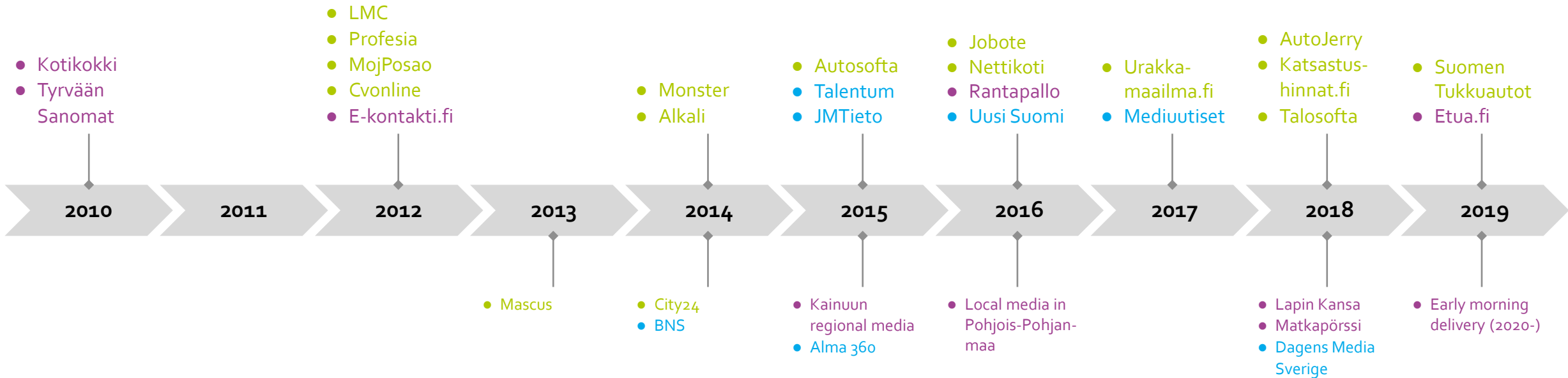
*Fullfilling the needs of our users' everyday
life as consumers and as professionals in
business.*

Strong Collaboration – Value Through Synergies



M&A Taps Into New Digital Revenue Pools

ACQUISITIONS

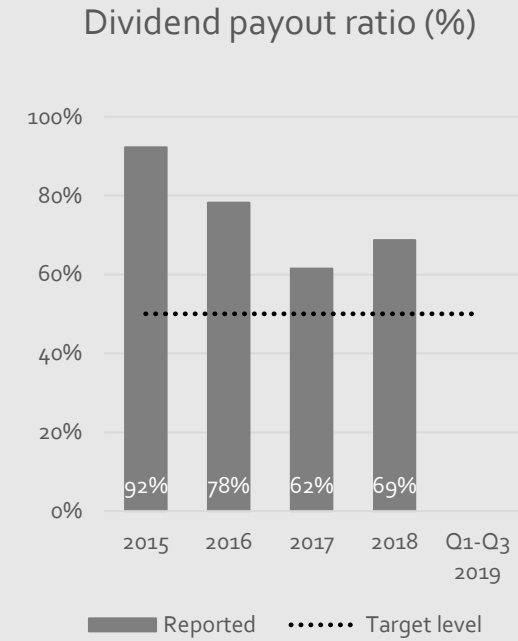
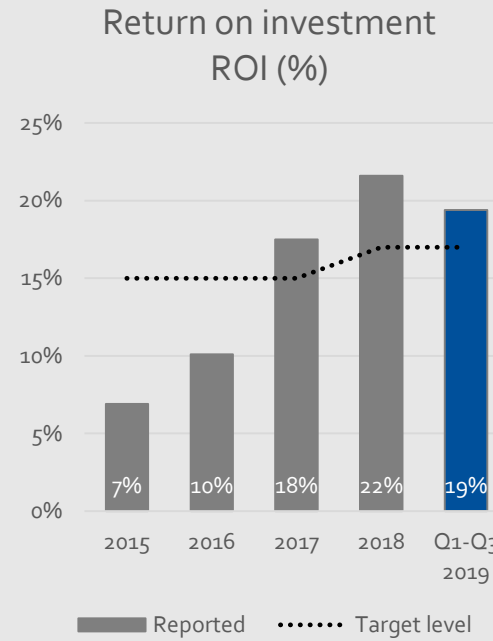
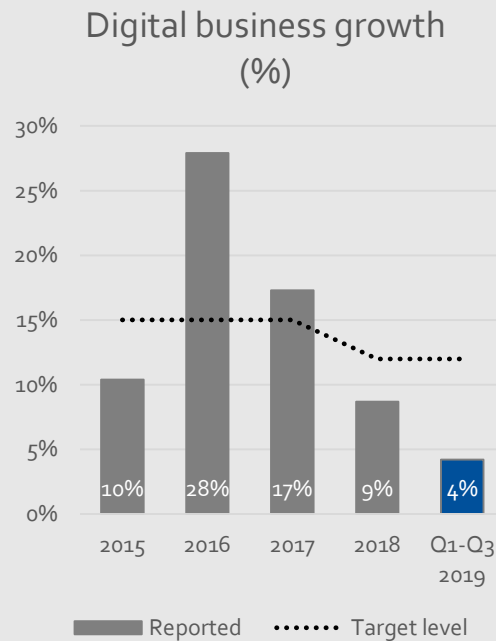


DIVESTMENTS



Long-term financial targets

Financial target	Long-term target level	Status at Q3/2019
Digital business growth%	>12%	4.5% ●
ROI%	>17%	19% ●
Divident payout ratio	>50%	



Outlook (unchanged)

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.

Headwinds and tailwinds going into 2020

■ Macro outlook softening, geopolitical uncertainties prevailing.



Ongoing monetization of digital marketplaces, content and services to continue as well as leveraging digital capabilities through technology investments.

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