



Alma Media Q2/2019 and H1/2019

CEO Kai Telanne and CFO Juha Nuutinen

Agenda

Highlights

Operating environment

Business development by segments

Financial position

Strategy and outlook

Q&A

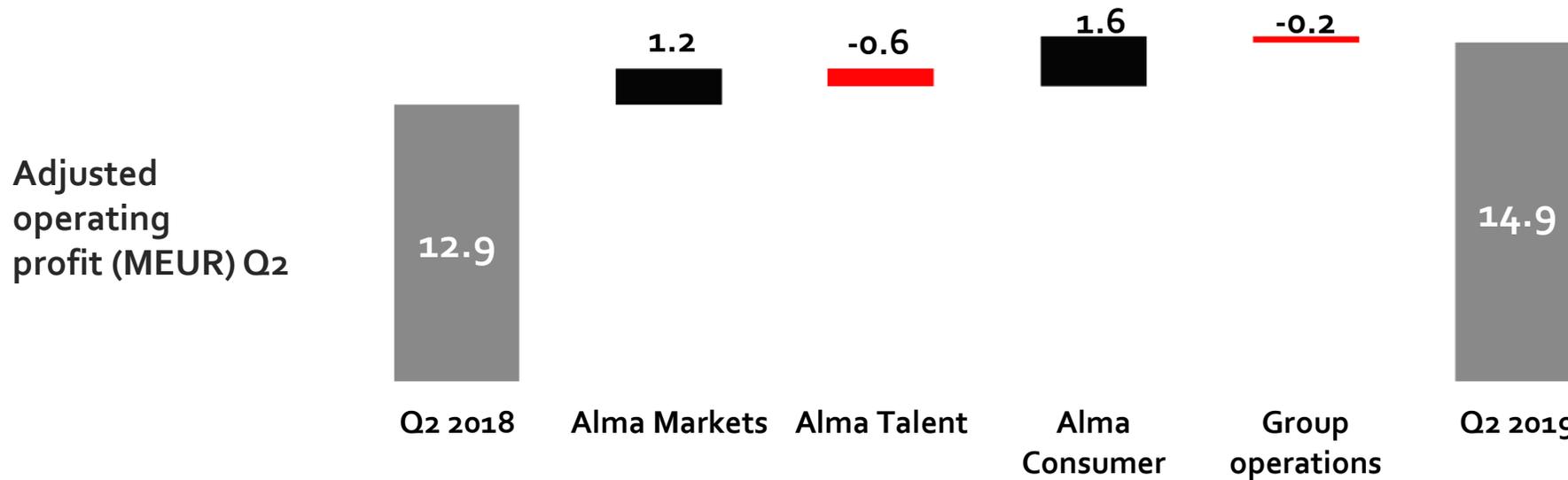
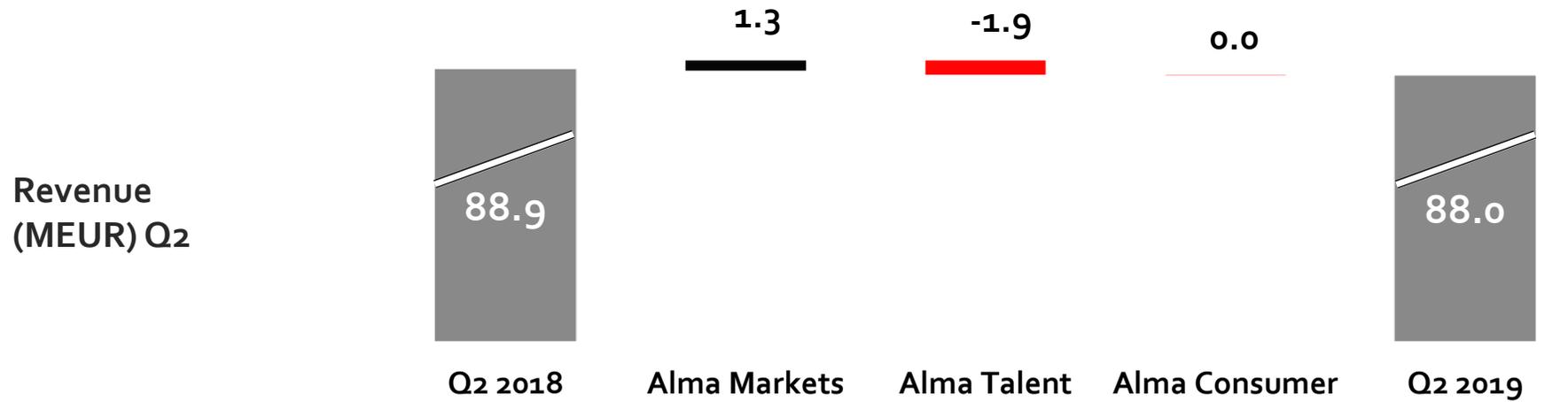


Alma Media Q2/2019

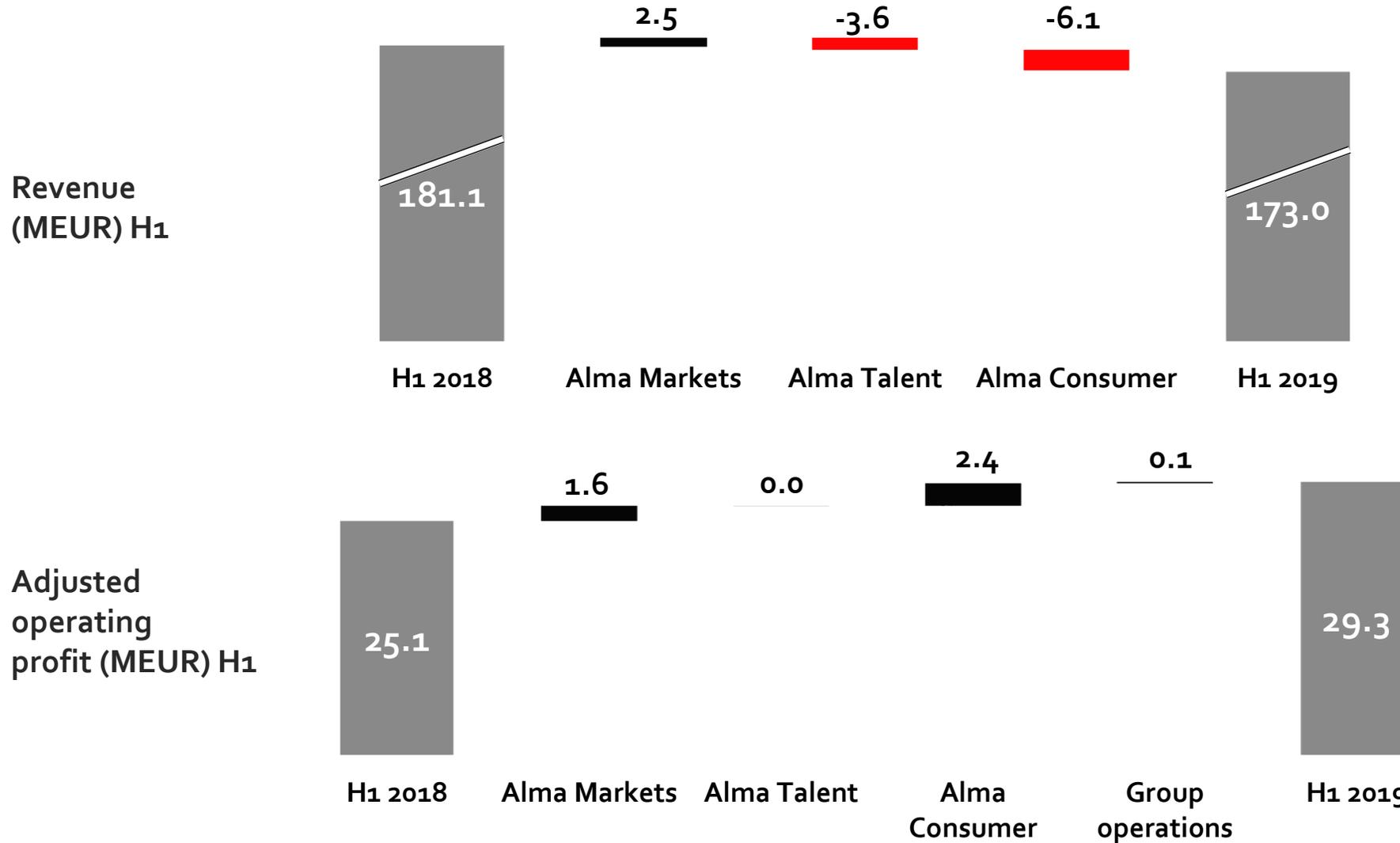
- Profitable growth continued in Q2 due to good performance of digital sales and cost reduction measures, operating margin was 16.9 %.
- Revenue on par year-on-year, organic revenue growth -0.2%.



Earnings improved in Alma Markets and Alma Consumer

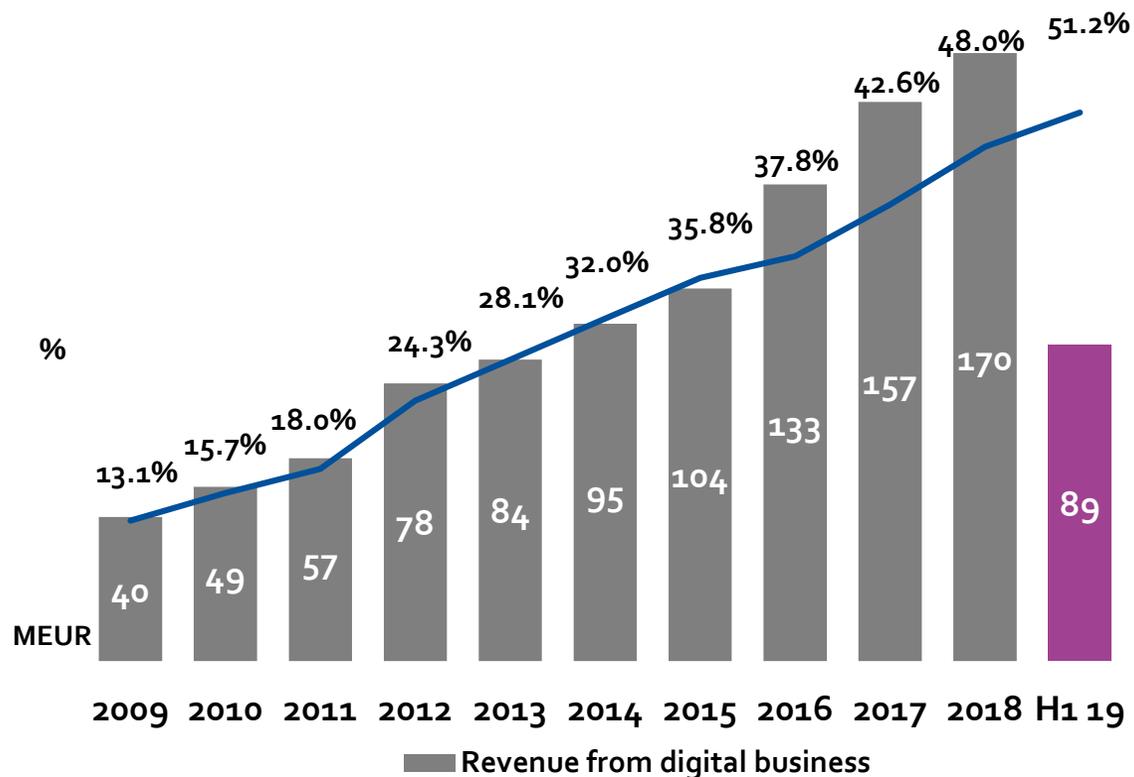


Development in H1

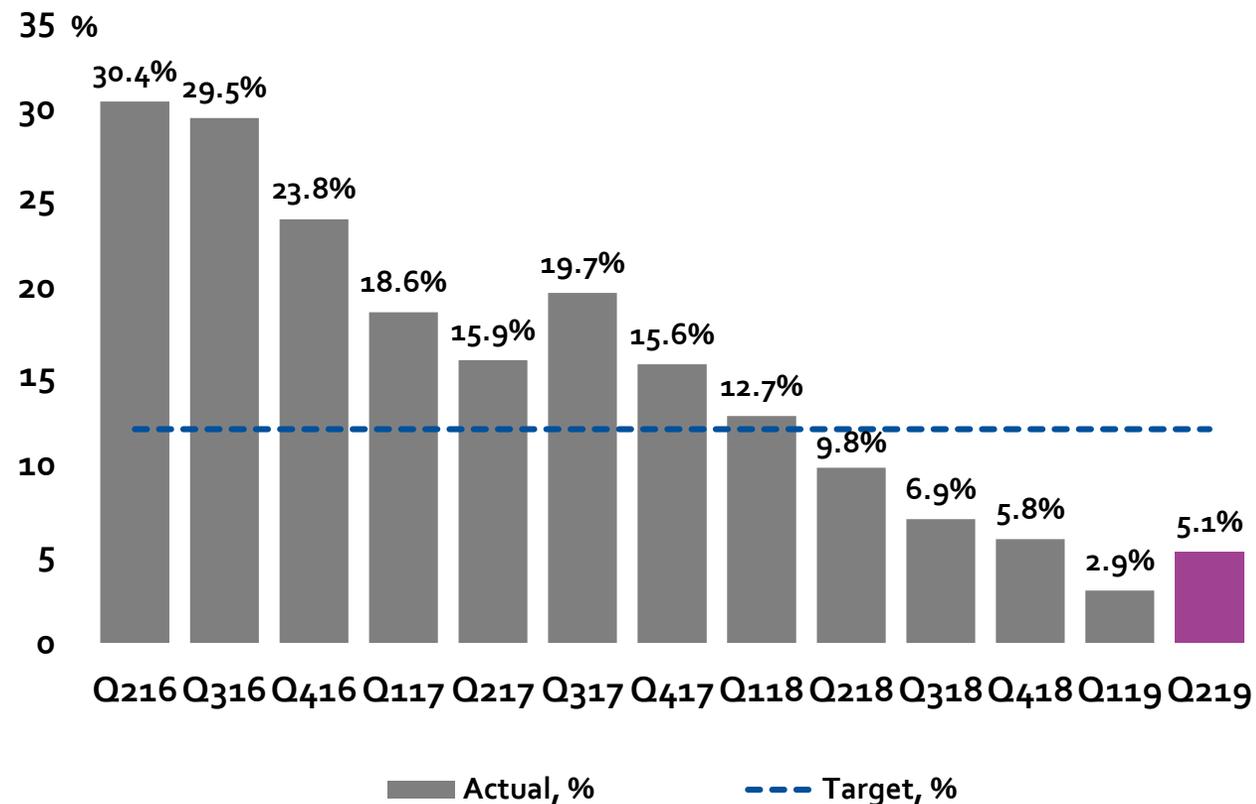


Digital business amounts over 50 % of revenue

Share of digital business of Group revenue



Digital business growth

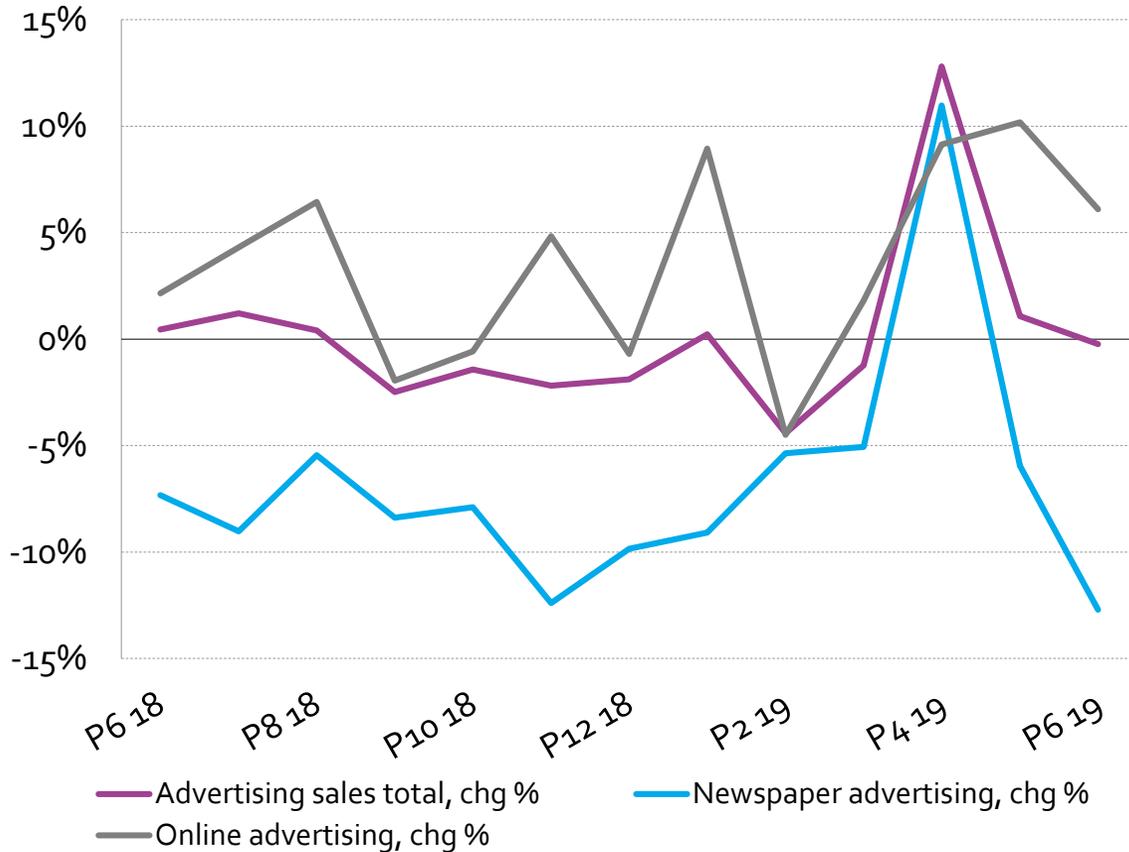




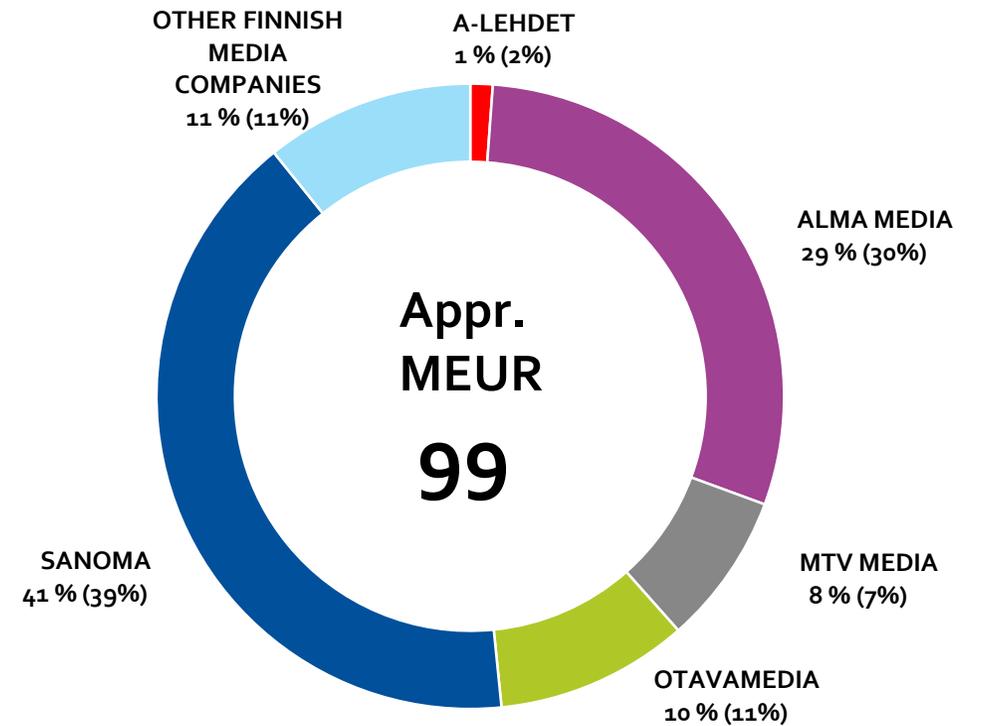
OPERATING ENVIRONMENT



Softness of the domestic advertising market continued



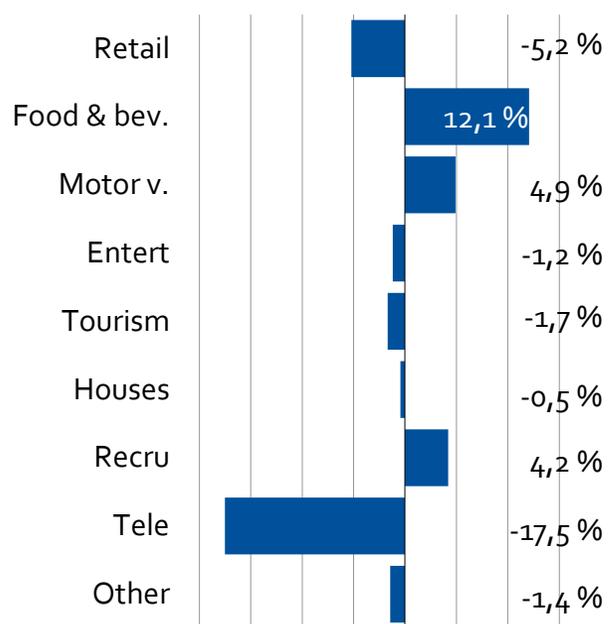
Monthly change in media advertising 6/2018–6/2019
Source: Kantar TNS



Online advertising by Finnish media companies H1/2019 (H1/2018)
Source: Kantar TNS

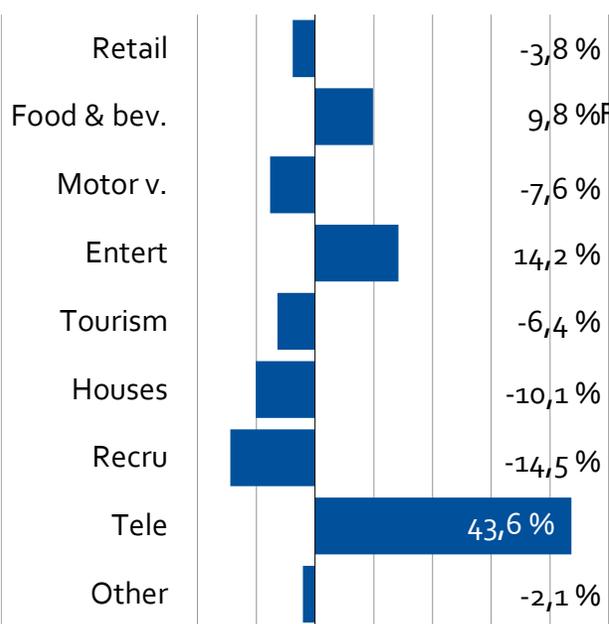
Recruitment and housing advertising figures in the red territory in Q4/2018-Q2/2019

Q3 2018 vs 2017



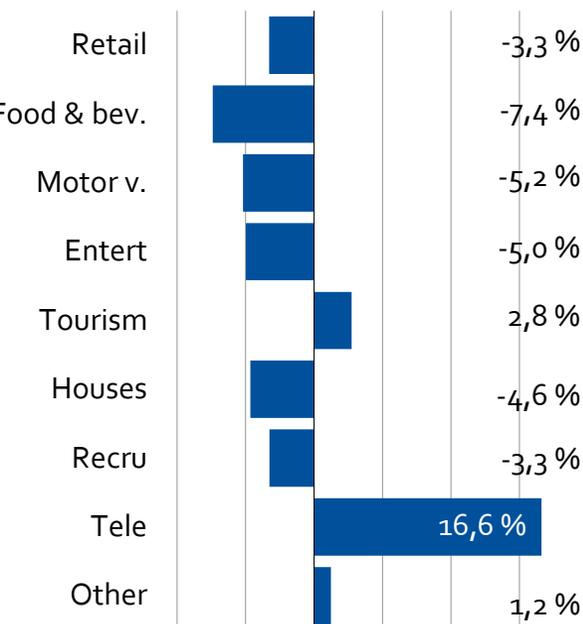
Total -0.6 %

Q4 2018 vs 2017



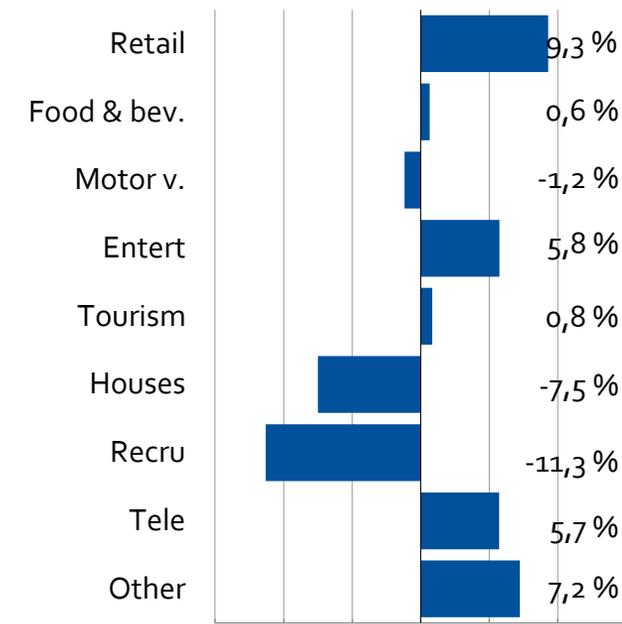
Total -1.8 %

Q1 2019 vs 2018



Total -1.6 %

Q2 2019 vs 2018



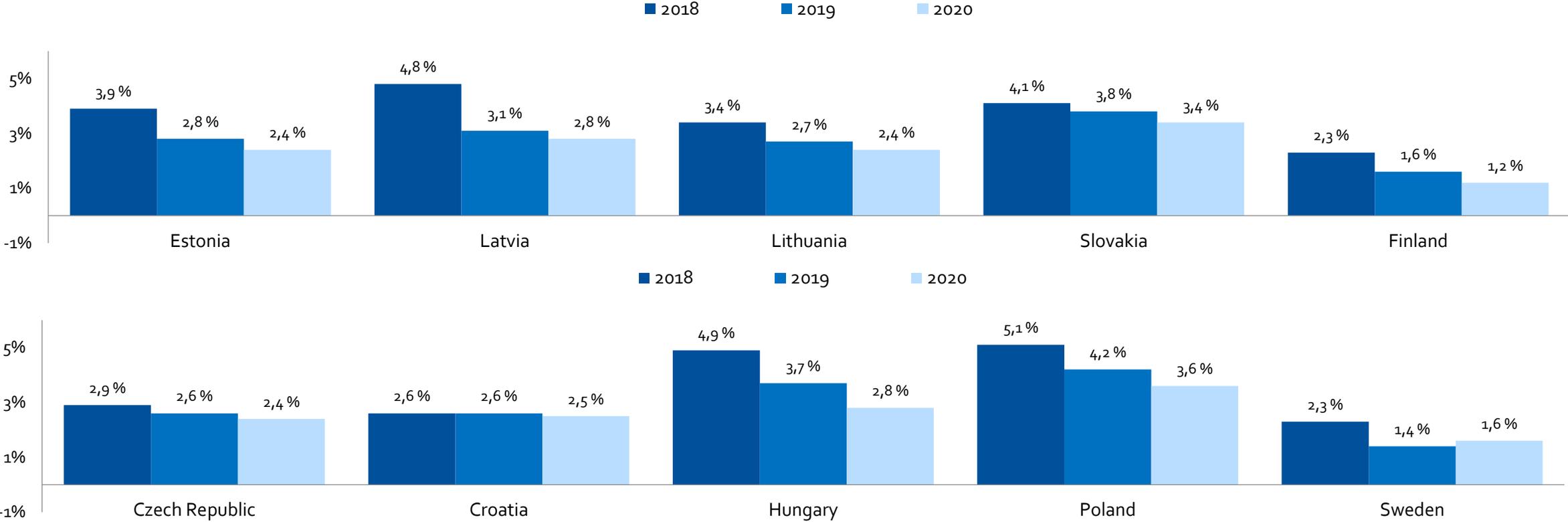
Total +4.6 %

Source: Kantar TNS



GDP growth decelerates slightly in Eastern European countries

GDP forecasts in Alma's operating countries 2016-2020E



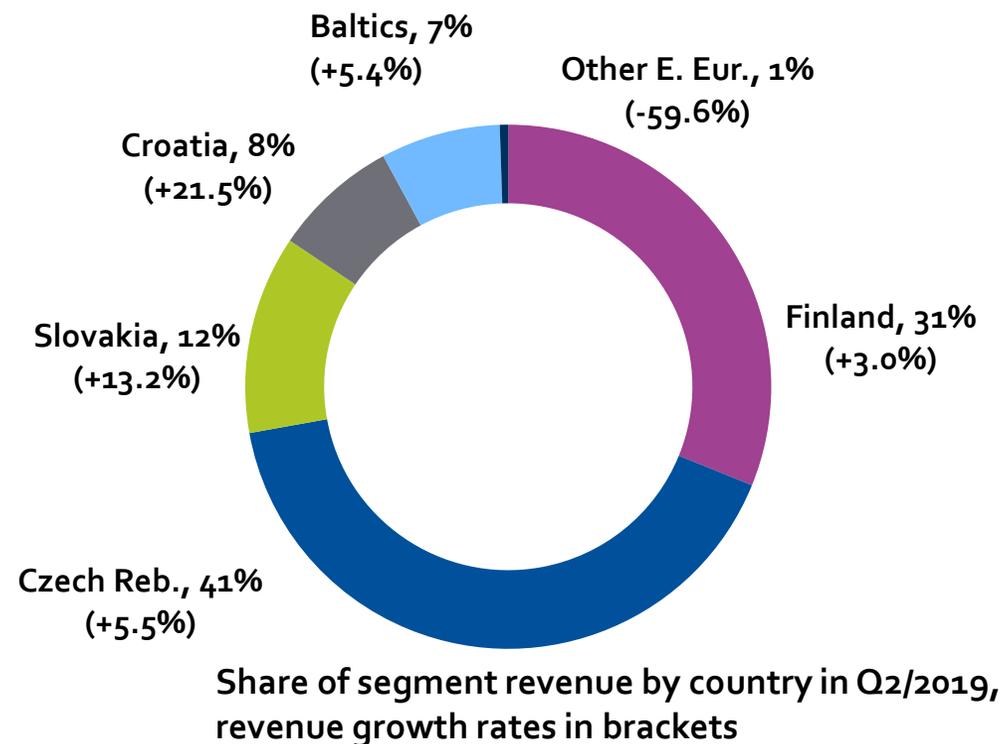
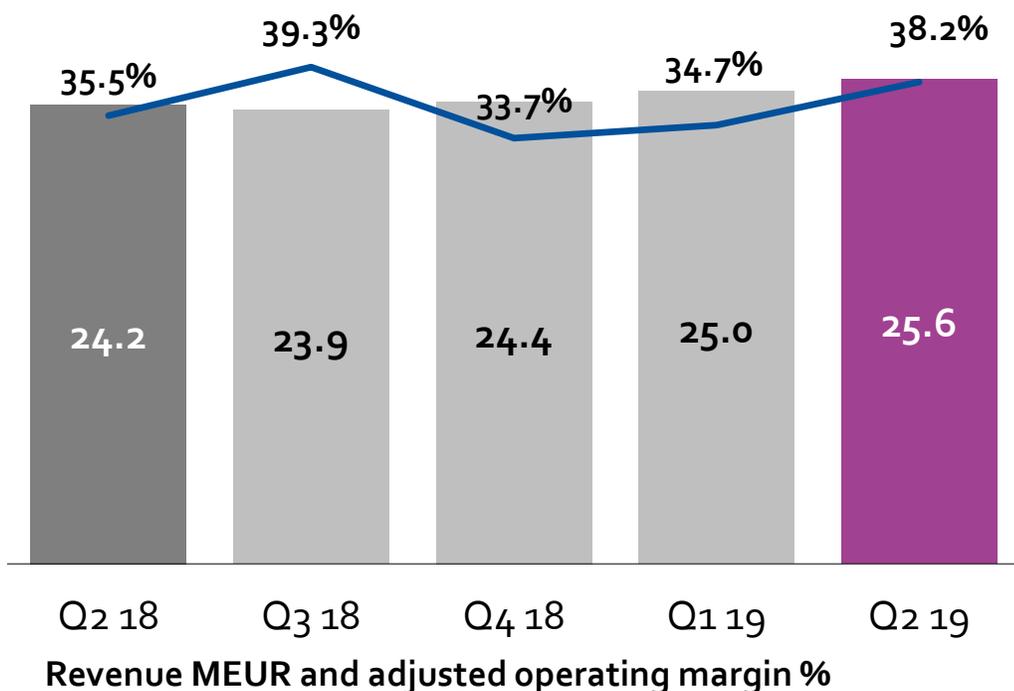


DEVELOPMENT BY BUSINESS SEGMENTS



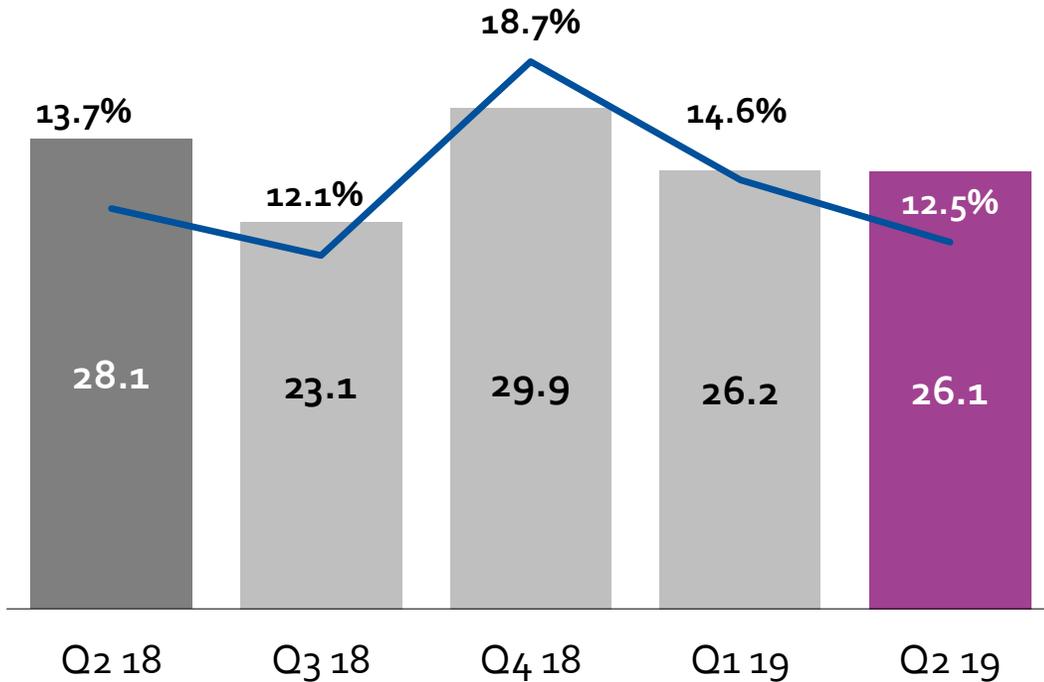
Alma Markets Q2/2019: Good margin development continued

- Segment revenue increased by 5.6% to MEUR 25.6. Recruitment business continued to grow but at a lower rate, especially in the Czech Republic, Finland and the Baltic countries.
- Positive trend in the housing and car marketplaces business in Finland continued: investments in marketing and added-value products generated increasing customer volumes and organic growth of 10%.
- Expenses flat year-on-year. Adjusted operating profit increased by 13.5 % to MEUR 9.8

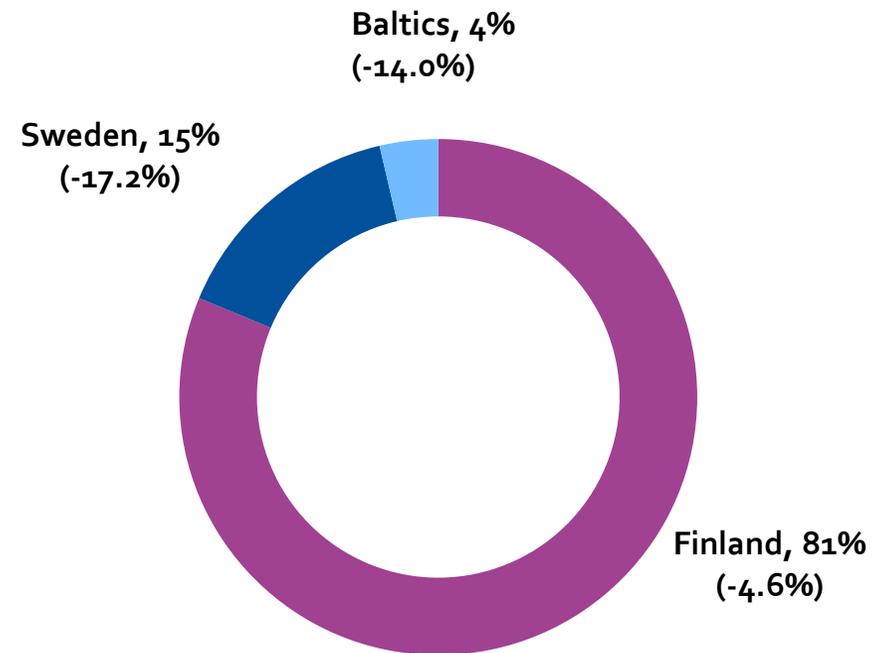


Alma Talent Q2/2019: Advertising down, strong digital content sales in Finland continued

- Revenue down by 6.8 % to MEUR 26.1. Revenue weighed down by declining advertising and divested/discontinued operations. Finnish financial and professional media digital content sales +24 %, exceeding the decline of print products.
- Adjusted total expenses -6.6% to MEUR 22.9.
- Adjusted operating profit down -14.7% to MEUR 3.3.



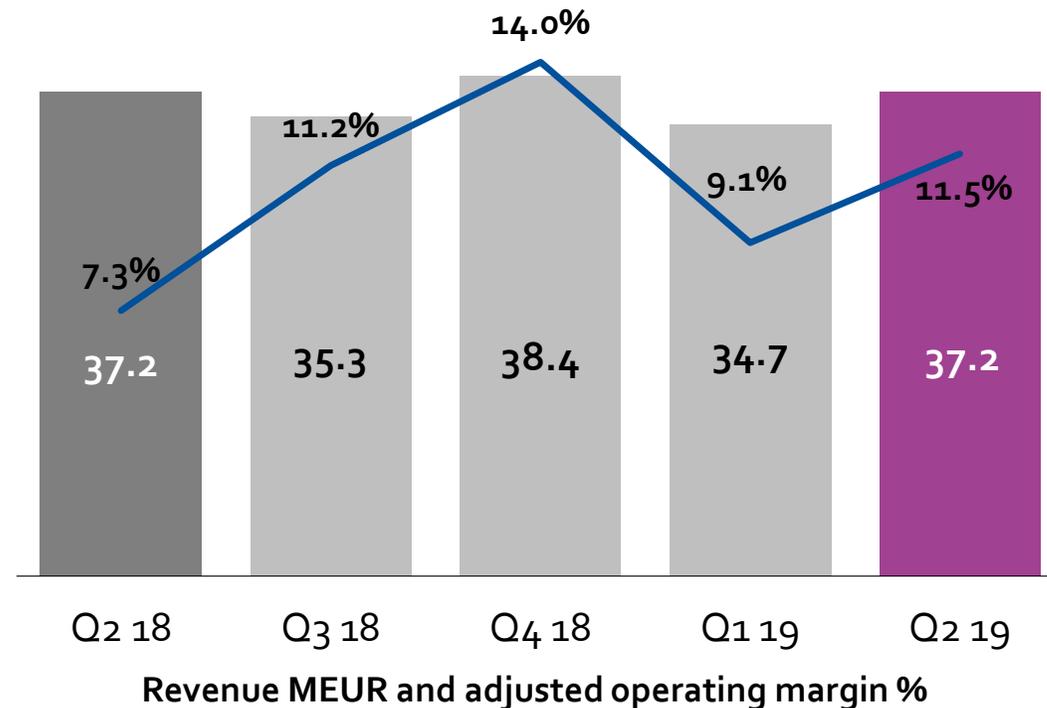
Revenue MEUR and adjusted operating margin



Share of segment revenue by country in Q2/2019, revenue growth rates in brackets

Alma Consumer Q2/2019: Strong digital revenue growth, cost savings lifted profitability

- Revenue on par year-on-year at MEUR 37.2. Digital content sales and digital advertising revenue, particularly content marketing and mobile media, performed well in Q2/2019. Favorable development in visitor traffic of Iltalehti
- Adjusted total expenses -4.7% to MEUR 32.9. Restructuring measures in H2/2018 and decrease in external content purchases lowered costs (no major cost decrease effect in the following quarters).
- Adjusted operating profit increased by 58.8% to MEUR 4.3.

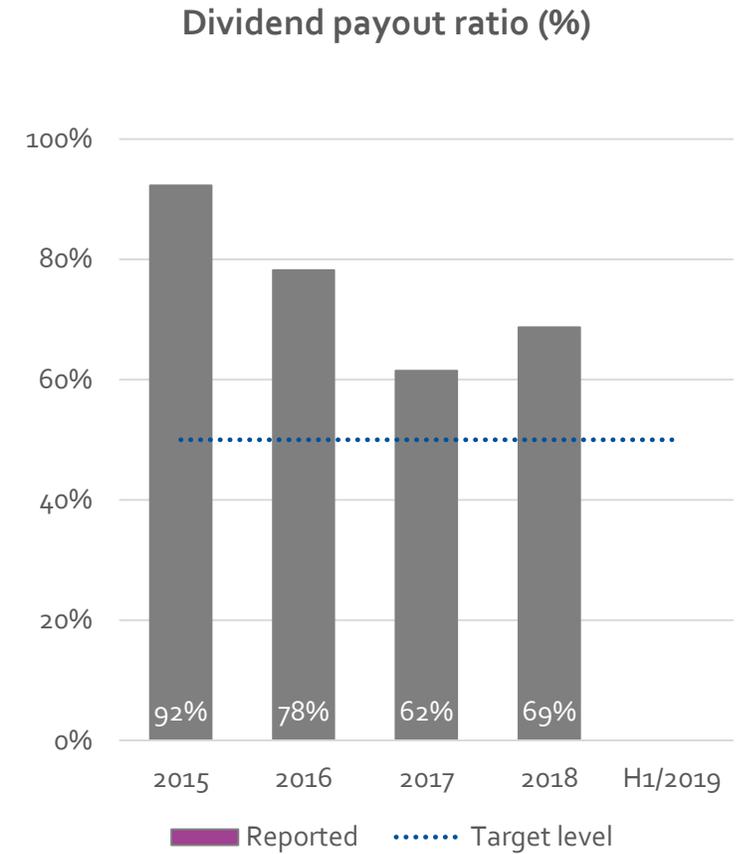
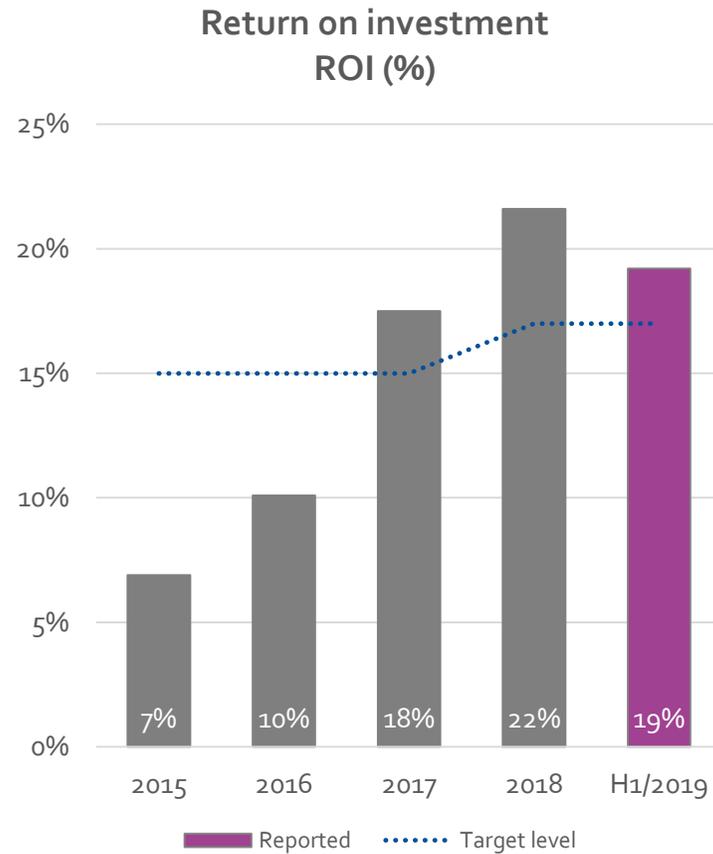
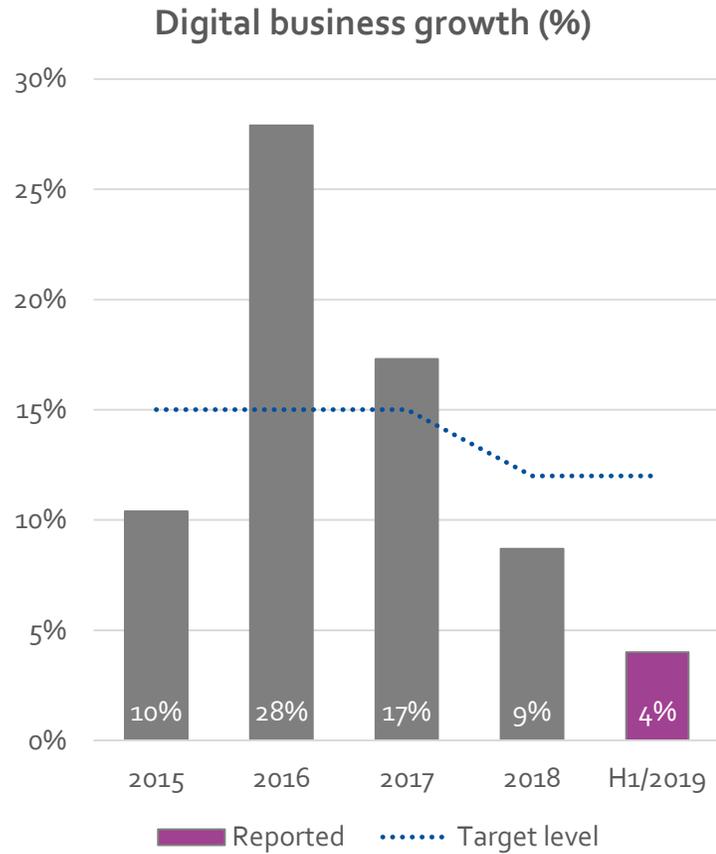




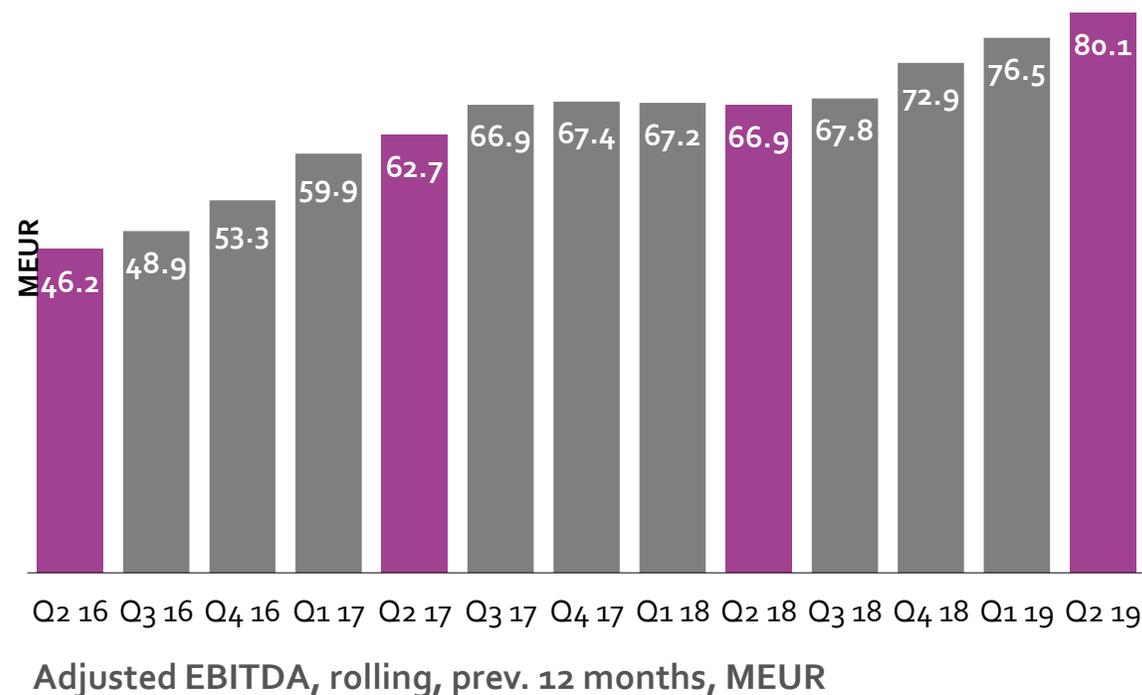
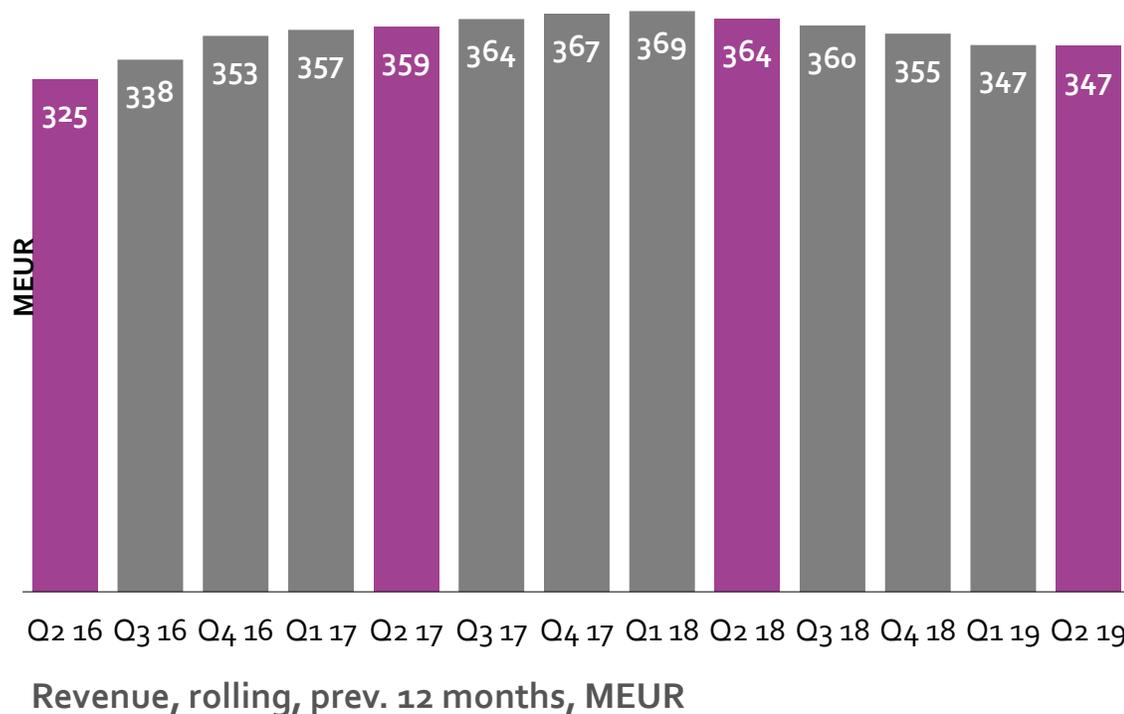
FINANCIAL POSITION



Long-term financial targets



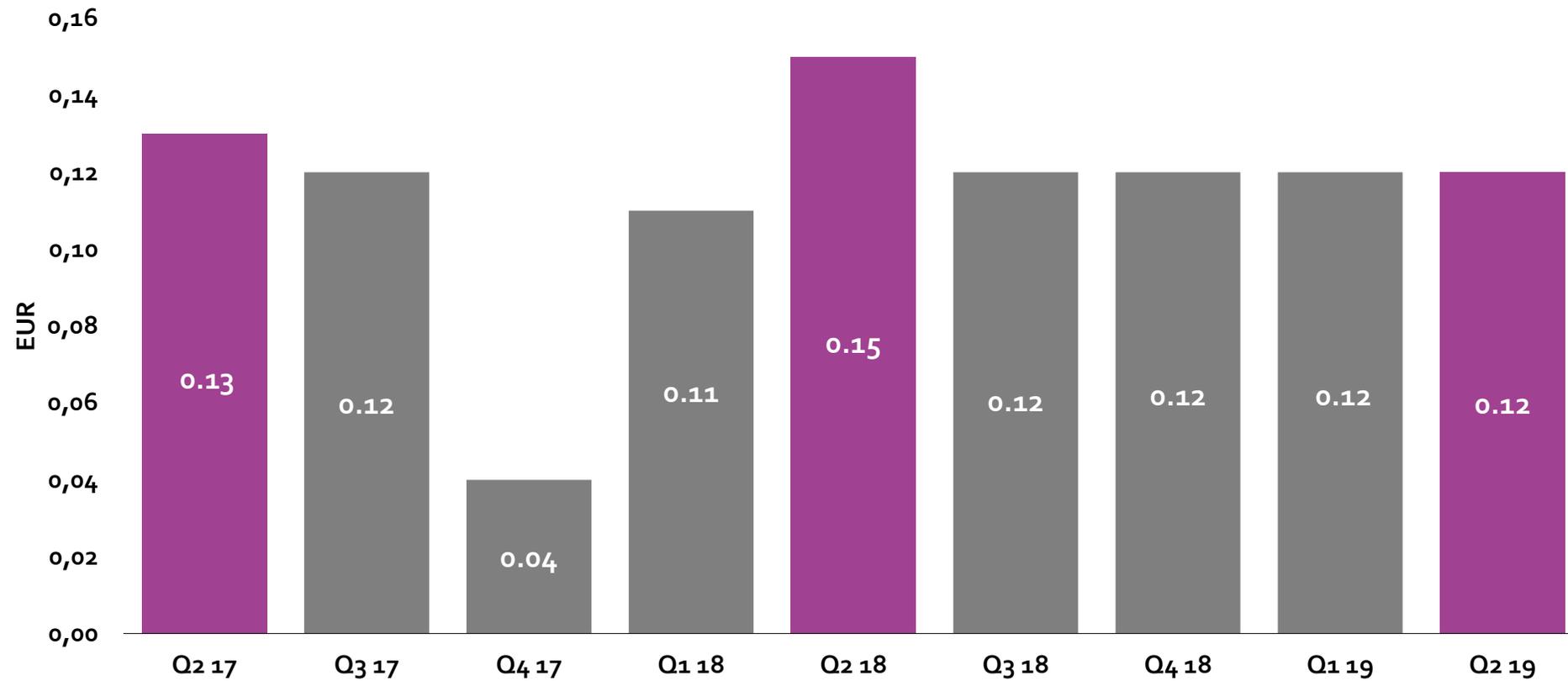
Digital transformation driving operational gearing: despite flat revenue development record high EBITDA*



*IFRS 16 leasing standard implementation increased Q1-Q2/2019 EBITDA by MEUR 3.9

EPS

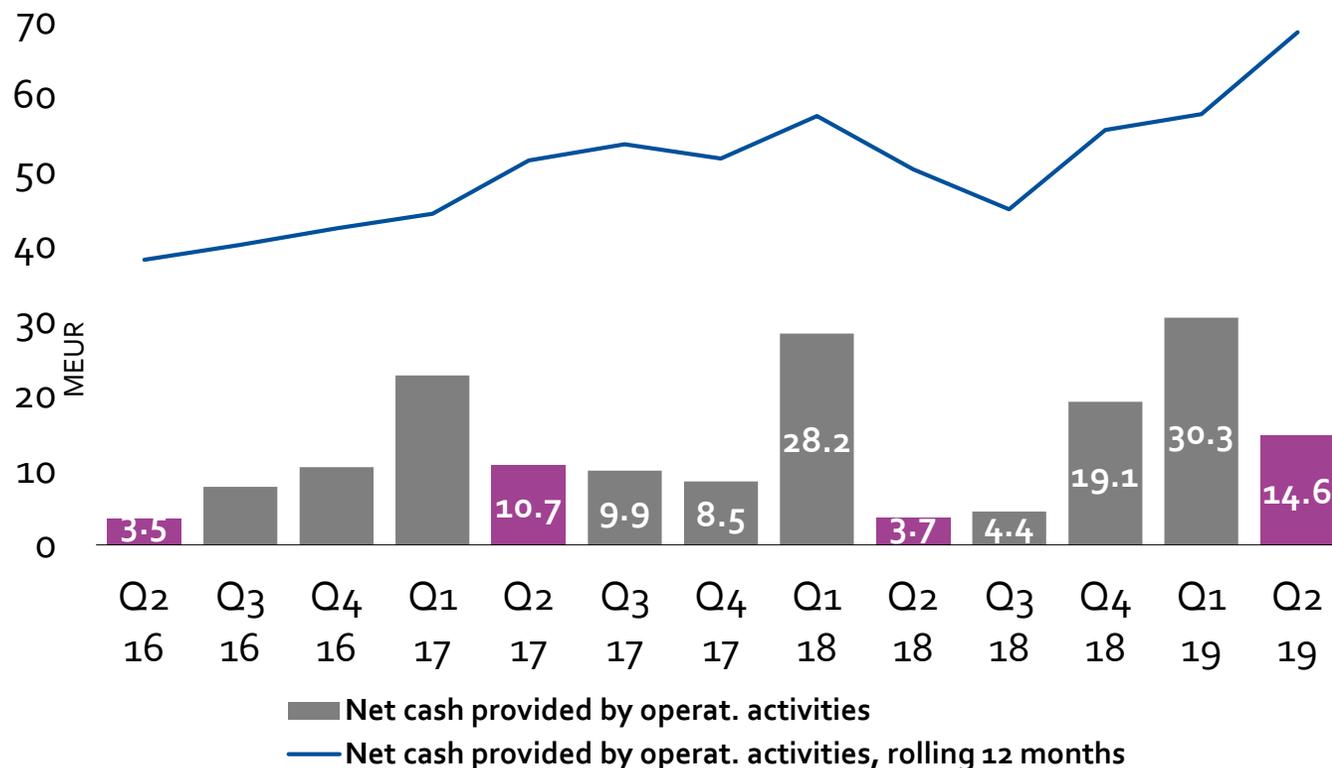
- Earnings per share in Q2 were EUR 0.12 (EUR 0.15). Adjusted items in Q2/2019 MEUR -0.3 (Q2/2018: MEUR 4.5).



Strong cash flow continued

- Cash flow from operating activities in Q2/2019 was MEUR 14.6 (3.7). IFRS 16 leasing standard implementation increased operating cash flow by MEUR 1.8
- Cash flow from investment activities was MEUR -12.3 (2.6) in Q2/2019. Tukkuautot Oy was acquired in May 2019. Also additional purchase prices were paid concerning Autojerry and Talosofta acquisitions.

Operating cash flow and capital expenditure

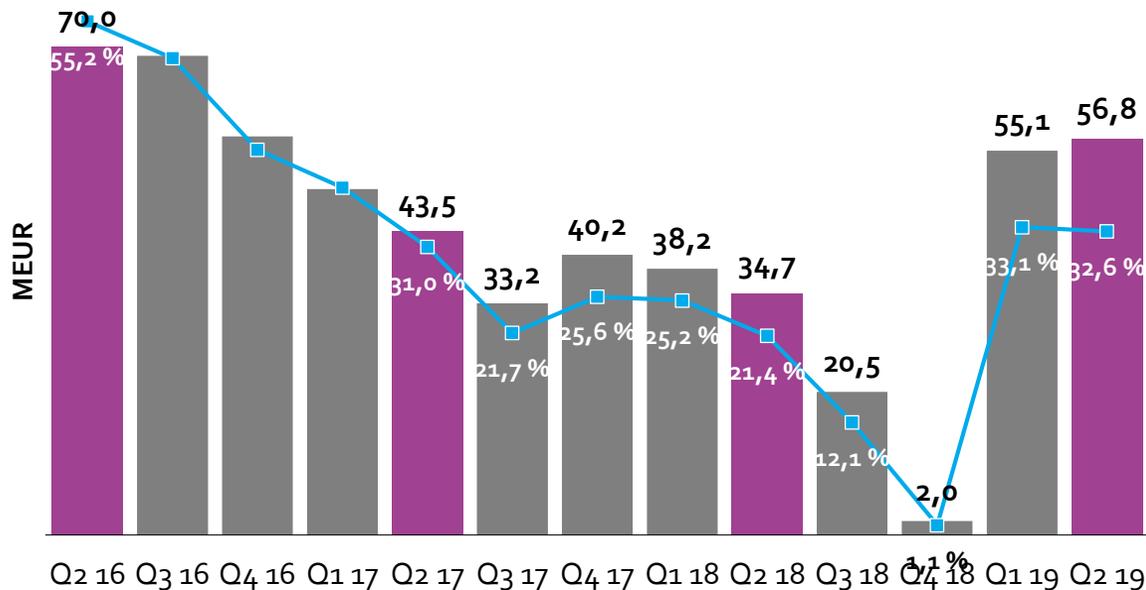


CAPITAL EXPENDITURE AND ACQUISITIONS MEUR			
	2019 H1	2018 H1	2018
Capex	1.5	3.3	4.8
Acquisitions	5.8	17.3	17.3
Total	7.3	20.6	22.1

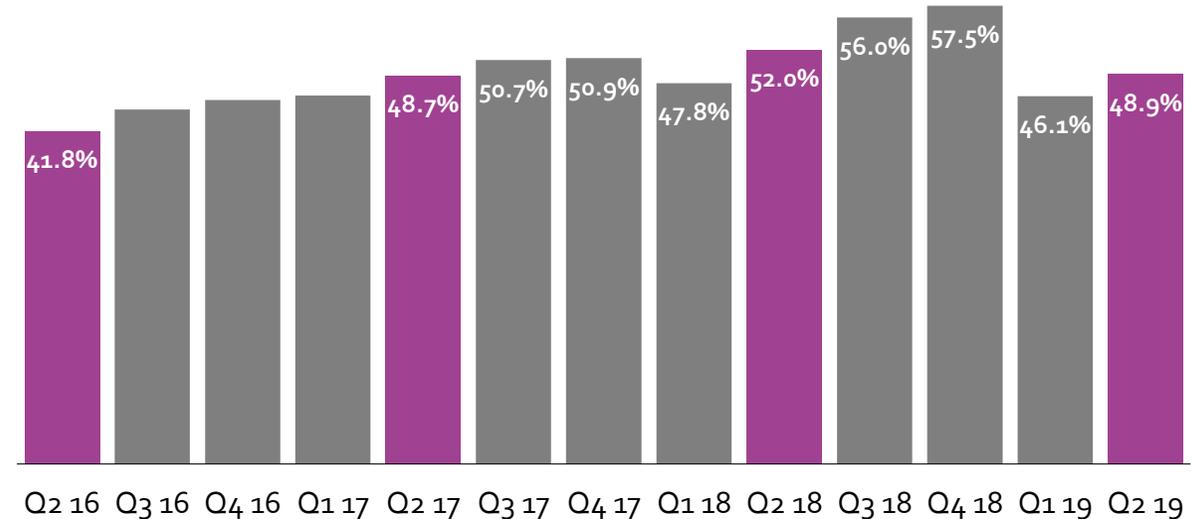
Implementation of IFRS 16 standard increased net debt by MEUR 52.5

- At the end of June gearing ratio was 32.6 % and net debt stood at MEUR 56.8
- Interest-bearing liabilities totalled MEUR 100.0
- Equity ratio 48.9 %

Net debt, MEUR and gearing, %
Q2/2016–Q2/2019



Equity ratio,
Q2/2016–Q2/2019



IFRS 16 effects

Effect of IFRS 16 on Alma Media Corporation's consolidated financial statements

Balance sheet (MEUR)	30 Jun 2019 Assets	30 Jun 2019 Liabilities	1 Jan 2019 Assets	1 Jan 2019 Liabilities
Leases for business premises and operating leases	51.1	51.5	53.7	53.7
Leases for IT equipment	-1.2	-1.3	-1.2	-1.2
Total	49.8	50.2	52.5	52.5

IFRS 16 – IMPACT ON RESULT BY SEGMENT, Q1–Q2/2019 MEUR

	Alma Markets	Alma Talent	Alma Consumer	Non-allocated and eliminations	Group
Other expenses – <i>decrease</i>	0.9	0.6	0.5	2.0	3.9
EBITDA	0.9	0.6	0.5	2.0	3.9
Depreciation – <i>increase</i>	-0.9	-0.6	-0.5	-2.0	-3.9
EBIT	0.0	0.0	0.0	0.0	0.0
Interest expenses – <i>increase</i>	-0.1	0.0	0.0	-0.3	-0.4
Profit for the period	0.0	0.0	0.0	-0.3	-0.4



STRATEGY AND OUTLOOK



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	CROSS-BUSINESS STRATEGIC INITIATIVES					
						
VALUE	Data-driven customer experience					

Alma Themes

– Cars, Housing and Work life

WHY?

- To strengthen the market position in contents and services with high interest for consumers in terms of time and money consumed.
- To be No 1 in selected themes in Finland: **reach** (audience) and **market share** (euros in advertising market).

WHAT?

- Technical development
- Content development
- Theme marketing concepts

SO FAR in H1?

- Audience growth: Cars +12%, Housing +18%, Work life +11%
- Market share growth Q1 by category +2-3%
- Tech dev.: Cross –brand Matej-recom., unified content keywords



ONNI TYÖSSÄ.FI

MAAILMAN
ONNELLISIN
KANSA
MYÖS TYÖELÄMÄSSÄ

Meidän on monesti jätettävä maailman onnellisimmaksi kansaksi: "voimmeko olla onnellisin kansa työssä eläessämme?"
Maailman onnellisimmat työntekijät ja työssä elävät ihmiset, kaikki työssä elävät voisi olla onnellisempia. Oikeastaan, eräs onnellisimmista työntekijöistä, joiden kanssa tehdä työtä.
Lue, katso, kuule ja liitydä uuteen ajatukseen ja informaation suhteeseen.

Kauppalehti

Talouselämä

ILTALEHTI

MONSTER

TUNTO

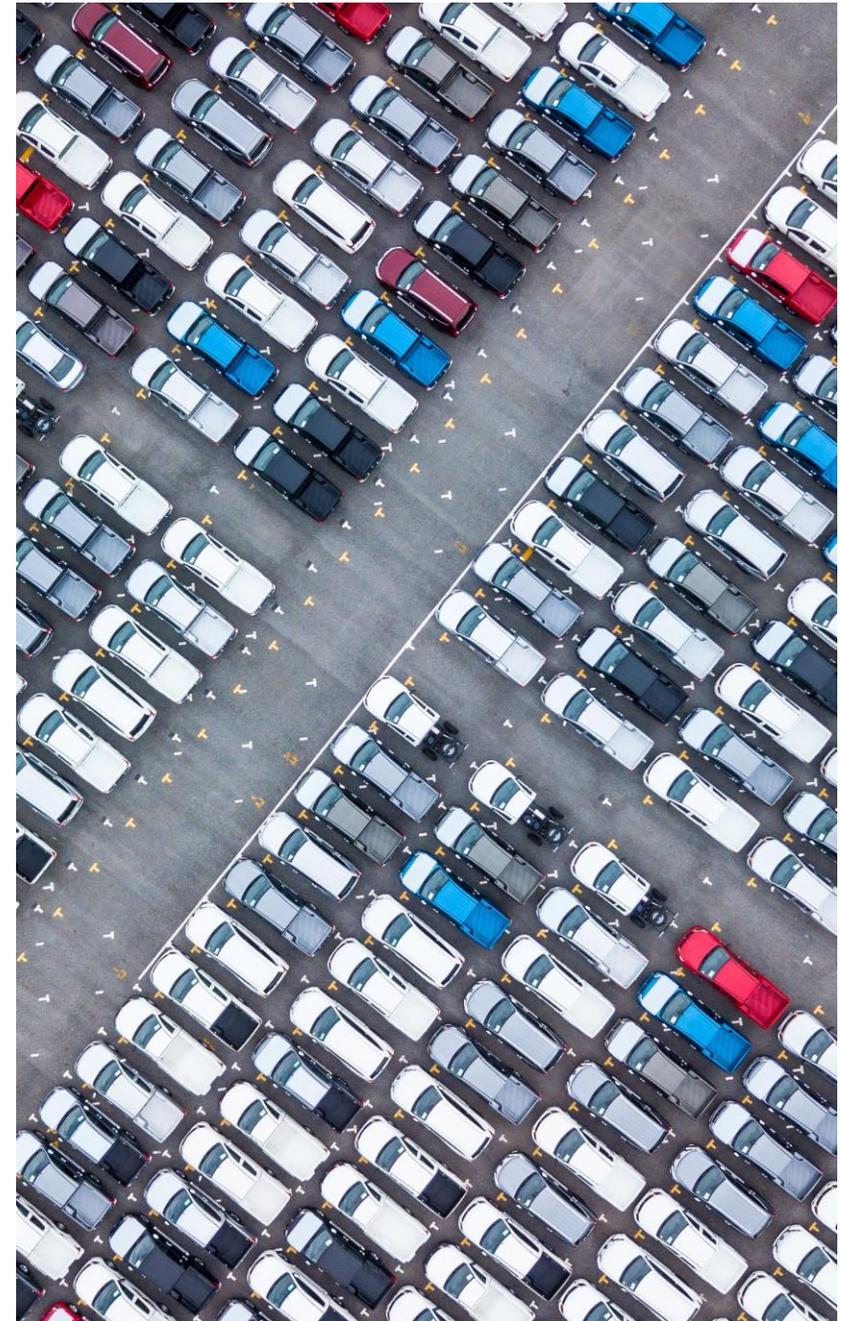
Outsourcing of Alma Manu's early morning delivery operations

- Alma Manu's early morning delivery of Alma Media Kustannus newspapers in Pirkanmaa and Satakunta to be outsourced to Posti in 2020.
- Approximately 800 Alma Manu delivery employees to be transferred to Posti.
- 2018 revenue of internal delivery operations was approximately MEUR 18.1.
- Expected annual cost savings of MEUR 5-6.
- Sales proceeds of approximately MEUR 8 to be recorded for Q1/2020.
- Newspaper transport operations, deliveries carried out as an outsourced service or as third-party deliveries were not within the scope of the delivery agreement and will continue to be operated by Alma Manu.



Tukkuautot.fi - a marketplace for automotive industry professionals

- Alma Mediapartners acquired tukkuautot.fi to strengthen automotive portfolio and increase sales synergies and functionalities between automotive system and media products.
- In 2018, the company's revenue was MEUR 0.95.
- The annual volume of B2B used car sales is estimated to be 100,000–120,000 vehicles*



*Source: Finnish Central Organisation for Motor Trades and Repairs AKL, 2/2019.

Operating environment

- In Alma operating countries economic growth forecasted to continue, but to level off in 2019. Uncertainty about the economic development in Germany has increased and, due to its indirect effects, demand for recruitment advertising has declined in certain sectors in the Czech Republic and Slovakia.
- Media sector's structural transformation to continue;
 - online content sales expected to grow, print media to decline
 - distribution and delivery costs as well as volume-linked costs expected to increase
 - use of data, analytics, machine learning and automation to become increasingly important and increasing technology investments
 - In digital advertising, search engine, social media, mobile and video advertising and content marketing to grow fastest.

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.

THANK YOU! QUESTIONS?

Upcoming events in the investor calendar

Interim report for January–September 2019: 23.10.2019

