Q2 2020: COVID-19 impacted significantly revenue, profitability more resilient due to cost savings

CEO Kai Telanne and CFO Juha Nuutinen
Highlights of Alma Media Q2 2020

- In April–June, COVID-19 pandemic impacted significantly revenue of continuing operations, profitability more resilient due to cost savings.
- Alma Media is well prepared for current uncertainty and future recovery with a very solid financial position: at the end of June, net-debt stood at MEUR -57.4.
COVID-19 affected Alma Media in Q2

- Focus on securing health and safety of employees and business continuity
  - Remote work encouraged whenever possible.
- Overall rapid cost reductions exceeded previous estimate
  - Contraction of marketing investments and personnel costs, reduction of external services and postponement of non-critical development projects.
- Uncertainty in operating environment continues and visibility remains weak.
- Solid balance sheet, sufficient liquidity and contingency plans (different recovery scenarios) support gradual rebound from the COVID-19 crisis.

<table>
<thead>
<tr>
<th></th>
<th>Revenue change due to COVID-19</th>
<th>Cost adjustments MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alma Markets</td>
<td>-24.2%</td>
<td>3.9</td>
</tr>
<tr>
<td>Alma Talent</td>
<td>-8.4%</td>
<td>1.9</td>
</tr>
<tr>
<td>Alma Consumer</td>
<td>-20.2%</td>
<td>1.3</td>
</tr>
<tr>
<td>Group operations</td>
<td></td>
<td>1.3</td>
</tr>
<tr>
<td>Total</td>
<td>-16.3%</td>
<td>8.4</td>
</tr>
</tbody>
</table>

*excluding divested businesses
Clear decline in revenue, profitability more resilient due to cost savings
In continuing operations, digital business accounted for 67.5% of revenue (-17.7%) in Q2/2020.

Share of digital business of Group revenue

Digital business growth*

*Including discontinued operations
DEVELOPMENT BY BUSINESS SEGMENTS
Alma Markets Q2: Significant cost cuts softened the decline in profitability

- Clear decline in revenue by -24.2% to MEUR 19.4 and profitability by -28.0% to MEUR 7.0.
- Share of segment revenue: recruitment 69.6% (-29.2%), housing 20.3% (-13%) and cars 10.2% (-2.4%).
- COVID-19 hit the hardest recruitment; outlook remains unclear for H2 due to negative impact of decline in customer invoicing in Q2.
- Housing and cars started to recover midway quarter.

Revenue MEUR and adjusted operating margin %

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue MEUR</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 19</td>
<td>25.6</td>
<td>38.2%</td>
</tr>
<tr>
<td>Q3 19</td>
<td>24.9</td>
<td>42.7%</td>
</tr>
<tr>
<td>Q4 19</td>
<td>24.6</td>
<td>35.0%</td>
</tr>
<tr>
<td>Q1 20</td>
<td>24.7</td>
<td>34.9%</td>
</tr>
<tr>
<td>Q2 20</td>
<td>19.4</td>
<td>36.3%</td>
</tr>
</tbody>
</table>

Share of segment revenue by country in Q2/2020 (revenue change rates in brackets)

- Finland, 34% (-17.3%)
- Czech Rep., 45% (-17.4%)
- Slovakia, 9% (-43.3%)
- Croatia, 4% (-60.6%)
- Baltics, 6% (-34.0%)
- Other E. Eur., 2% (+150.4%)

Revenue decline range 16–60%
**Alma Talent Q2:** Diversified sales mix provided resilience as advertising decreased

- Revenue -14.4% to MEUR 22.4, decrease mainly in advertising sales, but also in education and events businesses.
- Other businesses stabilized, such as information services, book publishing, digital business premises services and direct marketing.
- Digital media content kept on growing (+46%), record-high need for high-quality media content.
- Adjusted operating profit -15.3% to MEUR 2.8.
**Alma Consumer Q2:** Lower operating profit due to sharp decline in advertising

- Revenue -20.2% to MEUR 9.8. Advertising fell -31.8% and has not significantly rebounded as the market situation remains challenging.

- Content sales -13.3%, the rate of decline in Iltalehti’s single-copy sales decreased slightly as retail locations reopened and restrictions on movement were lifted.

- Loan comparison service Etua.fi developed well in Q2.

- Good development in numbers of visitors at Iltalehti.fi continued, page views +20%*.

- Adjusted operating profit MEUR 0.5.

*Source: GA: Q2/2020 versus Q2/2019
Strong financial position

- At the end of June, gearing was -23.0%. Net cash of MEUR 57.4.
- Interest-bearing liabilities totalled MEUR 40.3, consisting entirely of lease liabilities.
- Equity ratio 71.0 %

**Net debt, MEUR and gearing, %; Q2/2017–Q2/2020**

**Equity ratio; Q1/2017–Q1/2020**
Cash flow* burdened by COVID-19

- Cash flow from operating activities in Q2/2020 was MEUR 3.2 (14.6), due to:
  - weaker result
  - decrease in customer invoicing in recruitment business
  - discontinuing operations included only for April
  - strong cash flow in Q2/2019

- Cash flow from investment activities was MEUR 47.9 (-12.3) in Q2; includes capital gains from the divestment of the regional news media business and printing operations.

- The coronavirus epidemic will have a negative effect on operating cash flow also in future due to weaker profitability.

- No substantial increase in credit loss risks and no evidence of impairment risk concerning goodwill in Q2.

* Cash flow including discontinued operations

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**Operating cash flow and capital expenditure**

<table>
<thead>
<tr>
<th>Capital expenditure and acquisitions, MEUR</th>
<th>2020 H1</th>
<th>2019 H1</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex</td>
<td>1.3</td>
<td>1.2</td>
<td>2.5</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>6.1</td>
<td>5.8</td>
<td>10.2</td>
</tr>
<tr>
<td>Total</td>
<td>7.4</td>
<td>7.1</td>
<td>12.6</td>
</tr>
</tbody>
</table>
Case LMC: revenue & invoicing recognition
• Earnings per share from Continuing operations in Q2/2020 were EUR 0.04 (EUR 0.09). Adjusted items in Q2/2020 MEUR -2.9 (MEUR -0.1).

• Earnings per share including discontinued operations EUR 0.76 (0.12), includes also capital gain of the regional media business and printing operations.
# Long-term financial targets*

<table>
<thead>
<tr>
<th>Financial target</th>
<th>Long-term target level</th>
<th>Performance H1/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital business growth, %*</td>
<td>&gt;12%</td>
<td>-8%</td>
</tr>
<tr>
<td>ROI, %**</td>
<td>&gt;17%</td>
<td>66%</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>&gt;50%</td>
<td></td>
</tr>
</tbody>
</table>

*includes continued and discontinued operations ** includes adjusted items such as capital gain on the sale of the regional news media business
OPERATING ENVIRONMENT
European Commission: A deep and uneven recession and uncertain recovery

GDP forecasts in Alma’s operating countries 2019-2021E

- Finland: 2019 -6.3%, 2020 2.8%, 2021 4.5%
- Czech Republic: 2019 -7.8%, 2020 2.6%, 2021 4.5%
- Slovakia: 2019 -9.0%, 2020 2.3%, 2021 7.4%
- Croatia: 2019 -10.8%, 2020 2.9%, 2021 7.5%
- Estonia: 2019 -7.7%, 2020 4.3%, 2021 6.2%

- Latvia: 2019 -7.0%, 2020 6.4%, 2021 3.9%
- Lithuania: 2019 -7.1%, 2020 6.7%, 2021 1.2%
- Sweden: 2019 -5.3%, 2020 3.1%, 2021 4.1%
- Poland: 2019 -4.6%, 2020 4.3%, 2021 4.3%

European Economic Forecast, European Commission
6.7.2020 (Summer Interim forecast)
Finnish Advertising Market: Massive impact of COVID-19

Monthly change in media advertising 6/2019–6/2020
Source: Kantar TNS

Online advertising by Finnish media companies H1/2020 (H1/2019)
Source: Kantar TNS

- Advertising sales total, chg %
- Newspaper advertising, chg %
- Online advertising, chg %

- A-LEHDET 1% (1%)
- ALMA MEDIA 29% (29%)
- SANOMA 41% (41%)
- MTV MEDIA 9% (8%)
- OTAVAMEDIA 11% (10%)
- OTHER FINNISH MEDIA COMPANIES 9% (11%)
- OTHER FINNISH MEDIA COMPANIES 9% (11%)

Appr. 89 MEUR
In Q2 all sectors contracted heavily

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>-1.2 %</td>
<td>-1.2 %</td>
<td>-13.4 %</td>
<td>-32.8 %</td>
</tr>
<tr>
<td>Motor v.</td>
<td>0.0 %</td>
<td>1.9 %</td>
<td>3.7 %</td>
<td>-46.8 %</td>
</tr>
<tr>
<td>Food &amp; bev.</td>
<td>-4.2 %</td>
<td>-10.5 %</td>
<td>8.4 %</td>
<td>-41.6 %</td>
</tr>
<tr>
<td>Entert</td>
<td>-12.8 %</td>
<td>-5.4 %</td>
<td>-4.7 %</td>
<td>-65.6 %</td>
</tr>
<tr>
<td>Tourism</td>
<td>-6.2 %</td>
<td>-12.5 %</td>
<td>-28.6 %</td>
<td>-78.5 %</td>
</tr>
<tr>
<td>Houses</td>
<td>-14.7 %</td>
<td>-5.5 %</td>
<td>-20.4 %</td>
<td>-27.4 %</td>
</tr>
<tr>
<td>Recru</td>
<td>-0.5 %</td>
<td>-19.8 %</td>
<td>-3.9 %</td>
<td>-49.3 %</td>
</tr>
<tr>
<td>Tele</td>
<td>35.9 %</td>
<td>-33.0 %</td>
<td>11.1 %</td>
<td>-20.9 %</td>
</tr>
<tr>
<td>Other</td>
<td>-5.5 %</td>
<td>-5.5 %</td>
<td>-6.5 %</td>
<td>-30.0 %</td>
</tr>
</tbody>
</table>

Total: Q3 2019 vs 2018 = -1.9 %
Total: Q4 2019 vs 2018 = -5.4 %
Total: Q1 2020 vs 2019 = -7.4 %
Total: Q2 2020 vs 2019 = -38.2 %

Source: Kantar TNS
Q2 in brief

• The sale of the regional news media business and printing operations to Sanoma was completed at the end of April.

• The shift of the strategic focus to digital business continued in Sweden:
  • Alma Talent sold the share capital of Alma Talent Ab to New Technology Media Group Ab in June. Ny Teknik, Lag & Avtal, Arbetarskydd, Personal & ledarskap and Teknikhistoria and employees were transferred to the new owner.
  • Earlier in 2020, Affärsvarlden business publication was sold to BörsPlus Ab.
  • In 2018, Dagens Media was sold to Bonnier Business Media Sweden Ab.
Outlook for 2020

• The uncertainty in operating environment is continuing and visibility remains weak.
• Alma Media expects its full-year revenue and adjusted operating profit from continuing operations in 2020 to decline significantly from the 2019 level.
• In 2019, the full-year revenue of the continuing operations was MEUR 250.2 and the adjusted operating profit was MEUR 49.4.
Strategic focus on digital

- Growing marketplace business
- Leveraging professional media and b2b-services
- Developing national multi-channel consumer media and services
Strategic fundamentals for driving growth and value

1. Monetizing audiences of digital content and services

2. Exploiting data and investing in technological capabilities

3. Solid financial base – asset-light and scalable business model

Higher ARPU

- Maintaining and building market leader position in chosen verticals to support margins
- Double-digit growth of digital content and service revenue
- #2 digital advertising network in Finland, over 90% of advertising digital
THANK YOU!
QUESTIONS?

Upcoming events in the investor calendar:

• Interim report for January–September 2020 on Thursday, 22 October 2020