Alma Media – In The Digital Frontline

Nordea Small Cap Days, CEO Kai Telanne, 14th August 2020
Alma Media As An Investment

1. Sharp focus on profitable digital growth and strong track record in strategy execution
2. Strong market position and leading brands in key areas
3. Asset-light and customer-centric business model
4. Solid financial position and good liquidity securing good investment and dividend capacity
5. An accelerator for sustainable growth
## Alma Media – A Digital Foothold In 10 European Countries

<table>
<thead>
<tr>
<th>metric</th>
<th>value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>250 M</td>
</tr>
<tr>
<td>Digital Services &amp; Applications</td>
<td>100+</td>
</tr>
<tr>
<td>Adj. Operating Profit</td>
<td>49 M</td>
</tr>
<tr>
<td>Digitalization Ratio</td>
<td>70%</td>
</tr>
<tr>
<td>Countries in Europe</td>
<td>10</td>
</tr>
<tr>
<td>Employees</td>
<td>1,530</td>
</tr>
</tbody>
</table>
## Business Segments

### MARKETS

**Digital marketplaces**

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Revenue</th>
<th>Adj. operating profit</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>100.0 M€</td>
<td>37.7 M€</td>
<td>38 %</td>
</tr>
<tr>
<td>Digital</td>
<td>102.9 M€</td>
<td>14.8 M€</td>
<td>14 %</td>
</tr>
<tr>
<td>Digital</td>
<td>47.2 M€</td>
<td>6.2 M€</td>
<td>13 %</td>
</tr>
</tbody>
</table>

**All figures from FY 2019**

### TALENT

**Professional media and b2b-services**

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Revenue</th>
<th>Adj. operating profit</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>100.0 M€</td>
<td>37.7 M€</td>
<td>38 %</td>
</tr>
<tr>
<td>Digital</td>
<td>102.9 M€</td>
<td>14.8 M€</td>
<td>14 %</td>
</tr>
<tr>
<td>Digital</td>
<td>47.2 M€</td>
<td>6.2 M€</td>
<td>13 %</td>
</tr>
</tbody>
</table>

### CONSUMER

**Multi-channel consumer media and services**

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Revenue</th>
<th>Adj. operating profit</th>
<th>Operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>100.0 M€</td>
<td>37.7 M€</td>
<td>38 %</td>
</tr>
<tr>
<td>Digital</td>
<td>102.9 M€</td>
<td>14.8 M€</td>
<td>14 %</td>
</tr>
<tr>
<td>Digital</td>
<td>47.2 M€</td>
<td>6.2 M€</td>
<td>13 %</td>
</tr>
</tbody>
</table>
## Strong Market Position And Leading Brands In Key Areas

<table>
<thead>
<tr>
<th>Category</th>
<th>#1 Country</th>
<th>Websites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting</td>
<td>Czech Republic</td>
<td>prace.cz, jobs.cz</td>
</tr>
<tr>
<td></td>
<td>Slovakia</td>
<td>profesia.sk</td>
</tr>
<tr>
<td></td>
<td>Croatia</td>
<td>mojposao.net</td>
</tr>
<tr>
<td></td>
<td>Estonia, Latvia, Lithuania</td>
<td>cvonline.com</td>
</tr>
<tr>
<td></td>
<td>Bosnia Herzegovina</td>
<td>mojposao.ba</td>
</tr>
<tr>
<td></td>
<td>Serbia and Macedonia</td>
<td>Poslovi.infostud.com, vrabotuvanje.com.mk*</td>
</tr>
<tr>
<td></td>
<td>Finland</td>
<td>monster.fi</td>
</tr>
<tr>
<td>Housing</td>
<td>Finland</td>
<td>etuovi.com</td>
</tr>
<tr>
<td>Cars</td>
<td>Finland</td>
<td>autotalli.com</td>
</tr>
<tr>
<td>Financial and professional media</td>
<td>Finland</td>
<td>Alma Talent</td>
</tr>
<tr>
<td>Digital advertising</td>
<td>Finland</td>
<td>Alma network</td>
</tr>
<tr>
<td>News Media</td>
<td>Finland</td>
<td>iltalehti.fi</td>
</tr>
<tr>
<td>Business premises marketplace</td>
<td>Sweden</td>
<td>objektvision.se</td>
</tr>
</tbody>
</table>

*Associated companies*
Two Decades Of Digital Transformation

2005-2010
- Online becomes significant
- Sale of MTV3 broadcasting

2010-2015
- Growth and internationalisation of digital services
- Acquisition of Central European digital recruitment marketplaces

2015-2020
- Acceleration of growth utilising the possibilities of digital
- Public bid for Talentum and digital bolt-on acquisitions

2020-
- New openings
- Divestment of regional media business and printing operations
Today A Top-Tier European Digital Media And Service Company

Digital:

- Ample room\(^1\) for investments in digital technology and M&A
- Growing dividend due to strong balance sheet, free cash-flow and high cash conversion\(^2\)

Tech in Alma Media

- Approx. 20 % of revenue into technology
- Approx. 20 % of personnel working with tech
- Premium data, advertising, and activation as well as publishing platform
- 110 million daily data collection events (in Finland)

\(^1\) 200-230 M€, 2.5 * net debt/EBITDA
\(^2\) 91 %
Digital Transformation And Change In Business Mix Driving Operational Gearing

### Revenue

**MEUR**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print</td>
<td>271</td>
<td>17</td>
</tr>
<tr>
<td>Digital</td>
<td>26</td>
<td>17</td>
</tr>
<tr>
<td>Services</td>
<td>44</td>
<td>61</td>
</tr>
</tbody>
</table>

*2008 12.9%*  
*Q2/20*  
*67.3%*

*rolling 12 months end Q2/2020; without discontinued operations*

### Adjusted Operating Profit

**MEUR**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print</td>
<td>2</td>
<td>41</td>
</tr>
<tr>
<td>Digital</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Services</td>
<td>41</td>
<td>35</td>
</tr>
</tbody>
</table>

*2008 14.0%*  
*Q2/20*  
*19.7%*
Solid Financial Position
Significant Deleveraging Achieved

<table>
<thead>
<tr>
<th></th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing debt (lease liabilities)</td>
<td>MEUR 40.3</td>
</tr>
<tr>
<td>Net debt</td>
<td>MEUR -57.4</td>
</tr>
<tr>
<td>Gearing</td>
<td>-23.0 %</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>71 %</td>
</tr>
</tbody>
</table>

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

- **Q2 2020**
  - Interest-bearing debt (lease liabilities): MEUR 40.3
  - Net debt: MEUR -57.4
  - Gearing: -23.0%
  - Equity ratio: 71%
Good Liquidity
Strong Cash Flow and High Cash Conversion

**Capex**
Low investment needs in existing assets (MEUR 3-4 annually)

**Cash and cash equivalents**
MEUR 97.7 as of end of June

Resilient business model

Cash flow including discontinued operations
*Rolling 12 months end Q2/2020
Strong Dividend And Investment Capacity

Dividend yield

5.0 %
as of 31 Dec 2019

Headroom for investment
(2.5 X net debt/EBITDA)

MEUR 200–230

EPS for discontinued operations during 2019 were EUR 0.10 (0.12)

*Rolling 12 months end Q2/2020
Coronavirus Outbreak Creates Significant Uncertainty, But Brings New Business Opportunities

• Consumption of digital content and services has grown significantly. COVID-19 epidemic is expected to lead to permanent changes in consumer behaviour and to accelerate the demand for digital services

• The structural transformation of the media sector is expected to continue and to further intensify

• Data, analytics, machine learning and automation will become increasingly important, which calls for technology investments

• In digital advertising fastest growth areas are search engine, social media, mobile and video advertising as well as content marketing
Alma Media Well Equipped To Handle A Short-term Downturn In Market Activity Due To Covid-19

- Focus on securing health and safety of employees and business continuity
  - In Q2, remote work encouraged whenever possible
- In Q2, 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
European Commission: A Deep And Uneven Recession And Uncertain Recovery

GDP Forecasts In Alma’s Operating Countries 2019-2021E

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>1.1%</td>
<td>2.8%</td>
<td>2.6%</td>
<td>4.5%</td>
<td>2.3%</td>
<td>2.9%</td>
<td>7.4%</td>
<td>7.5%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>6.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>-6.3%</td>
<td>-7.8%</td>
<td>-9.0%</td>
<td>2.6%</td>
<td>2.3%</td>
<td>2.9%</td>
<td>7.4%</td>
<td>7.5%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>6.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1.2%</td>
<td>3.1%</td>
<td>3.9%</td>
<td>6.7%</td>
<td>1.2%</td>
<td>3.1%</td>
<td>4.1%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Lithuania</td>
<td>-7.0%</td>
<td>-7.1%</td>
<td>-5.3%</td>
<td>6.4%</td>
<td>3.9%</td>
<td>1.2%</td>
<td>4.1%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Latvia</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Estonia</td>
<td>1.1%</td>
<td>2.8%</td>
<td>2.6%</td>
<td>4.5%</td>
<td>2.3%</td>
<td>2.9%</td>
<td>7.4%</td>
<td>7.5%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>6.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Croatia</td>
<td>-6.3%</td>
<td>-7.8%</td>
<td>-9.0%</td>
<td>2.6%</td>
<td>2.3%</td>
<td>2.9%</td>
<td>7.4%</td>
<td>7.5%</td>
<td>4.3%</td>
<td>4.3%</td>
<td>6.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Poland</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

European Economic Forecast, European Commission, 6.7.2020 (Summer Interim forecast)
## 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 pay-out 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

### Digital business growth (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported</th>
<th>Target level</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>H1/2020</td>
<td>-8%</td>
<td></td>
</tr>
</tbody>
</table>

### Return on investment ROI (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported</th>
<th>Target level</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>H1/2020</td>
<td>66%</td>
<td></td>
</tr>
</tbody>
</table>

### Dividend payout ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported</th>
<th>Target level</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>H1/2020</td>
<td>66%</td>
<td></td>
</tr>
</tbody>
</table>
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 Opportunities

- 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

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

Higher ARPU
Exploiting Data And Investing In Technological Capabilities

Alma Strategic Initiatives

<table>
<thead>
<tr>
<th>ALMA MEDIA SOLUTIONS</th>
<th>DIGITAL SUBSCRIPTIONS</th>
<th>DATA</th>
<th>ALMA THEMES</th>
<th>DIGITAL AUDIENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Targeting in digital ad sales</td>
<td>Better conversion and churn prevention in digital subscriptions</td>
<td>Direct data sales</td>
<td>More traffic to higher ARPU services</td>
<td>Personalized services for digital audiences</td>
</tr>
</tbody>
</table>