

Alma Media Q1/2019

CEO Kai Telanne and CFO Juha Nuutinen

Agenda

Highlights

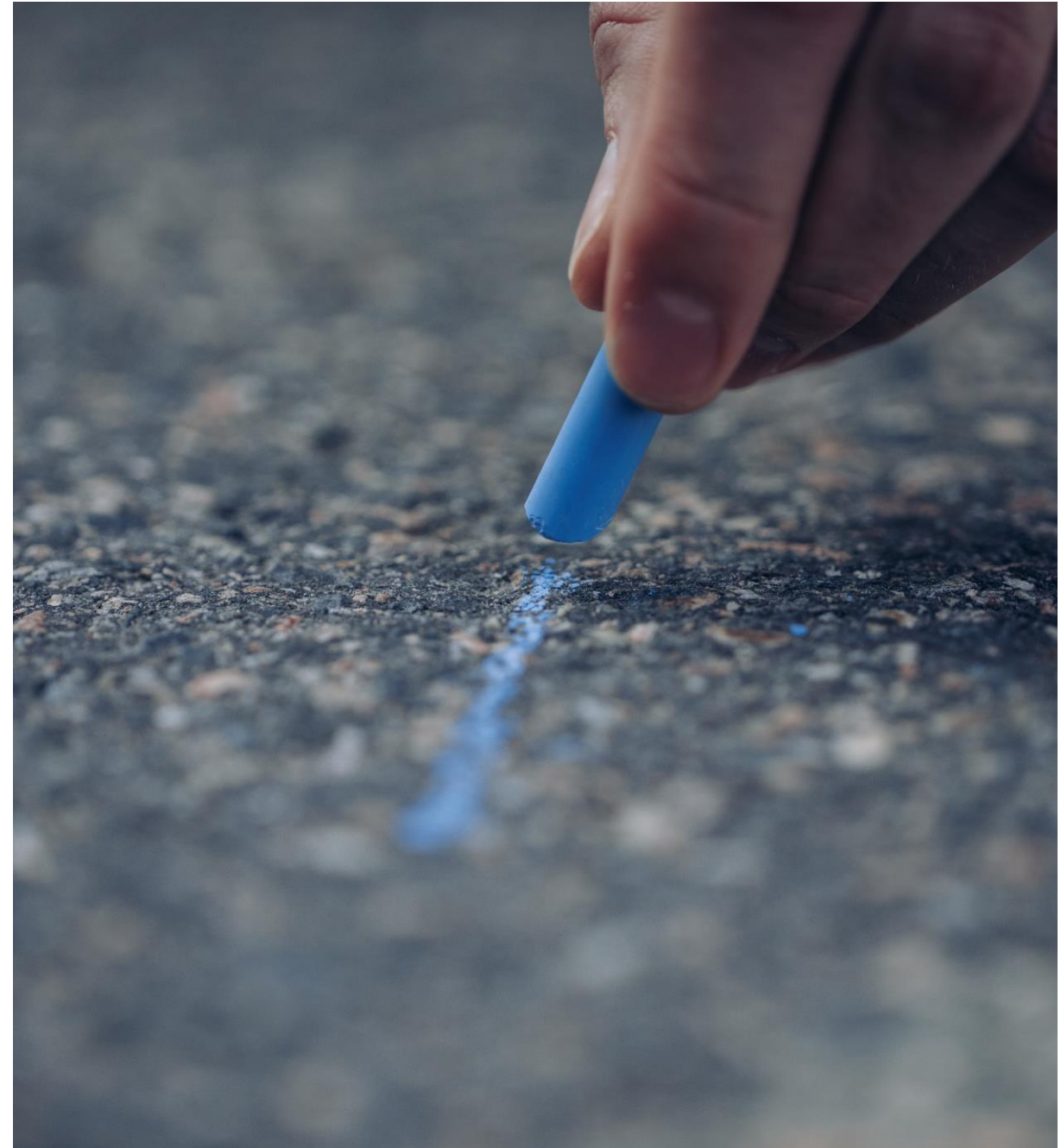
Operating environment

Business development by segments

Financial position

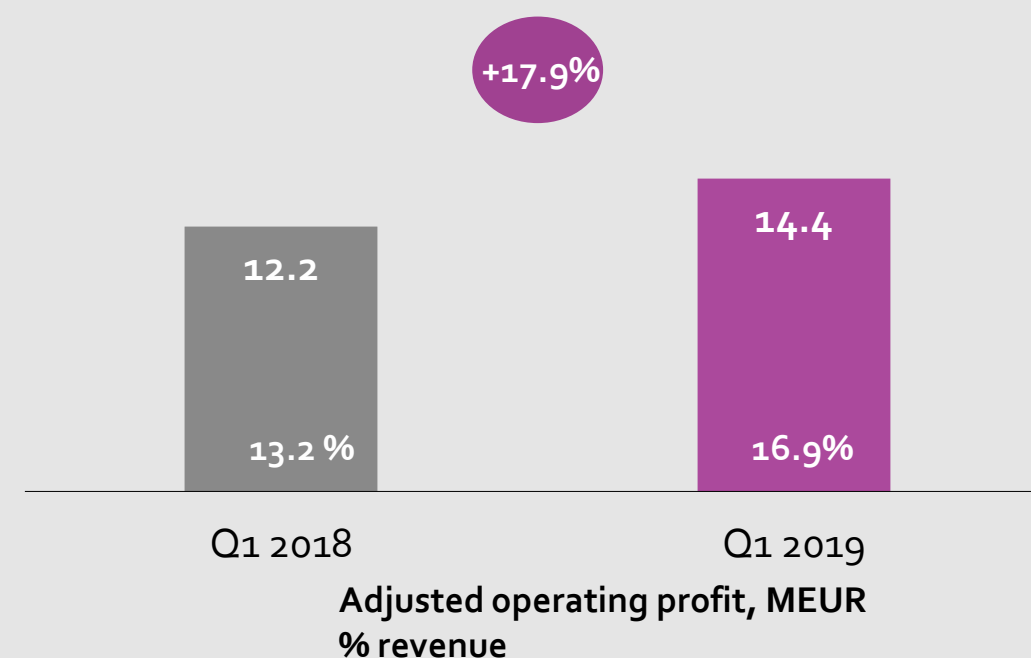
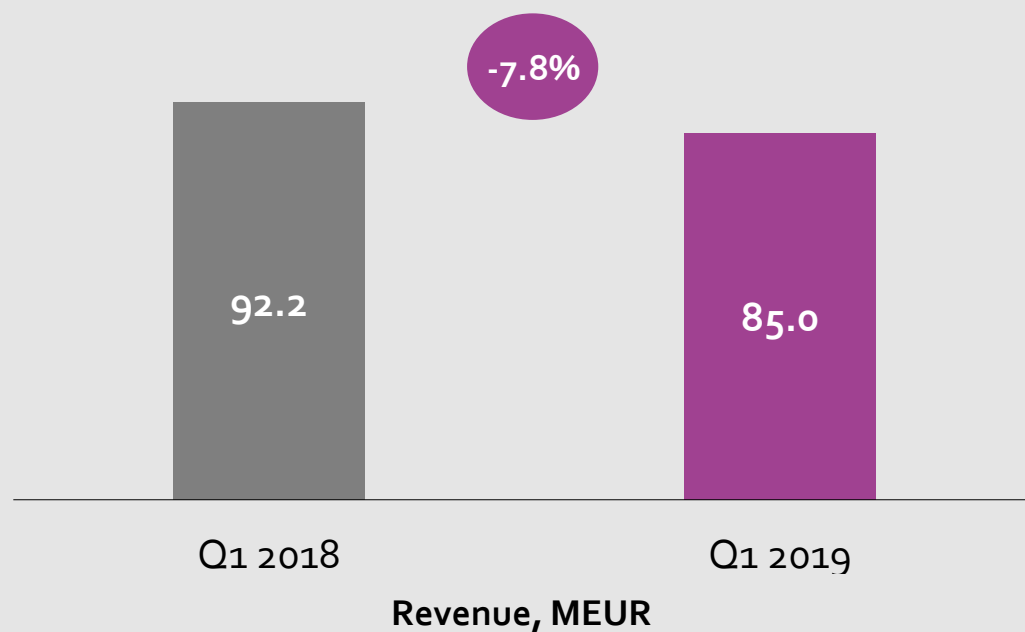
Strategy and outlook

Q&A

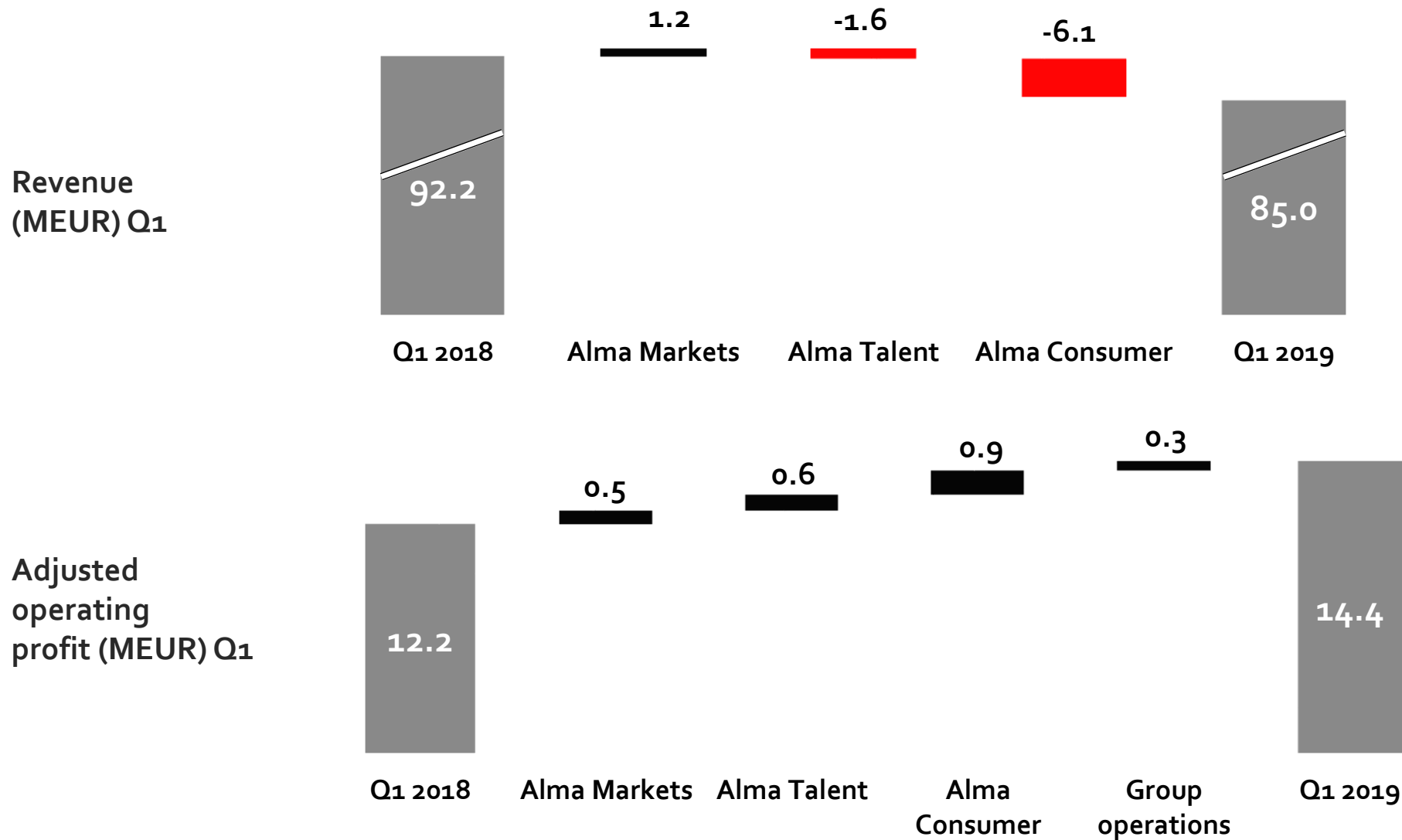


Alma Media Q1/ 2019

- Earnings improved in all business segments.
- Increase in digital sales, cost reduction measures and divestments boosted the Group's adjusted operating margin to 16.9 %.
- Revenue down, mainly due to divestments but also weighted down by the declining print media market. Organic revenue growth -1.7% in Q1/2019.

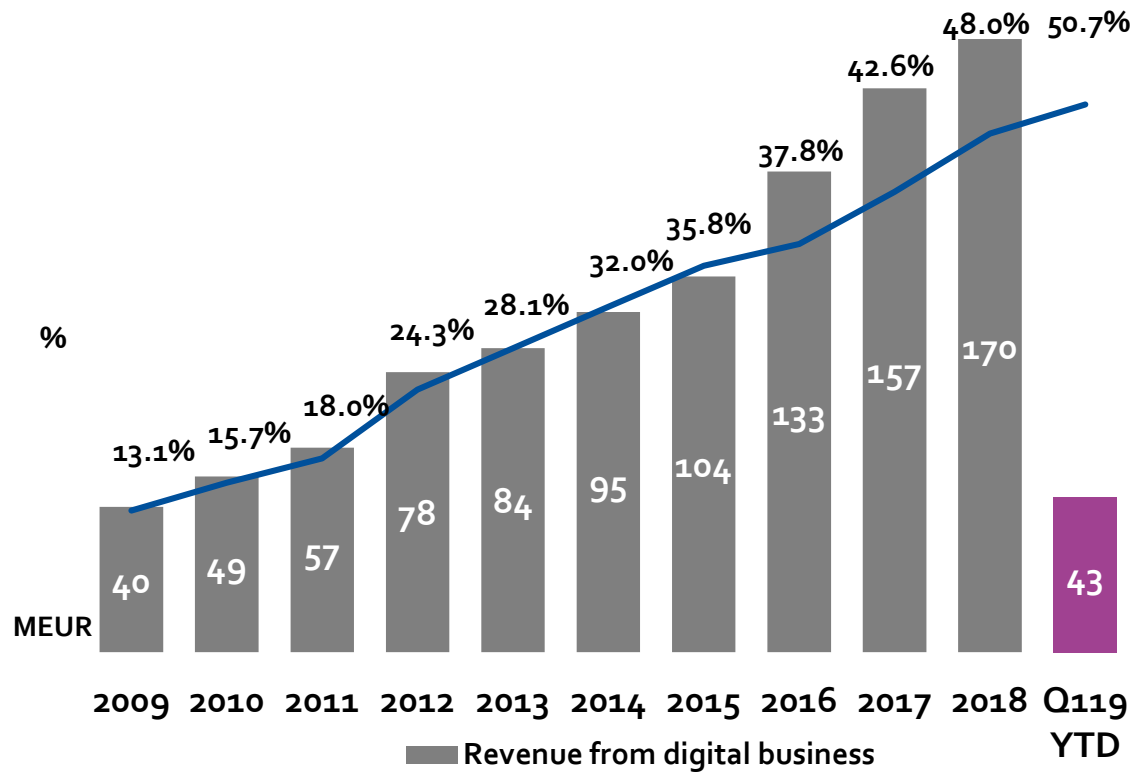


Adjusted operating profit improved in all segments

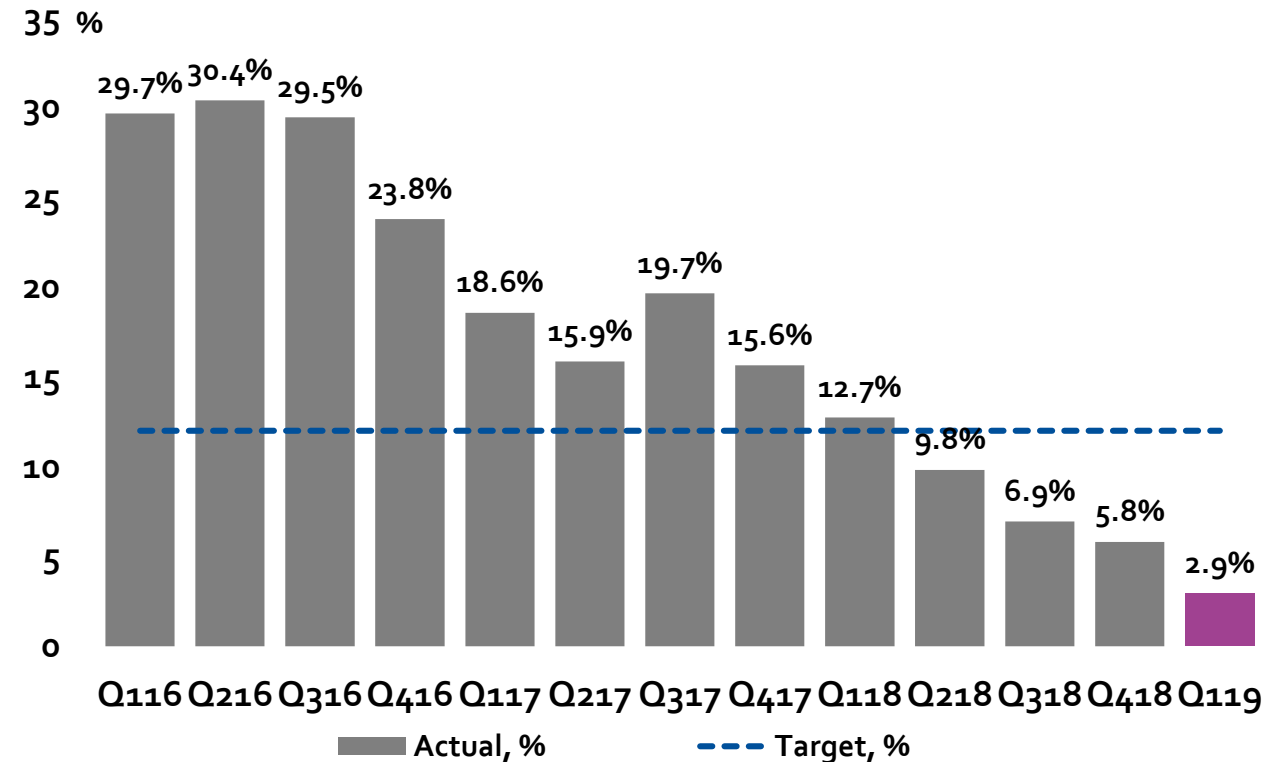


Digital business exceeded 50 % of revenue

Share of digital business of Group revenue



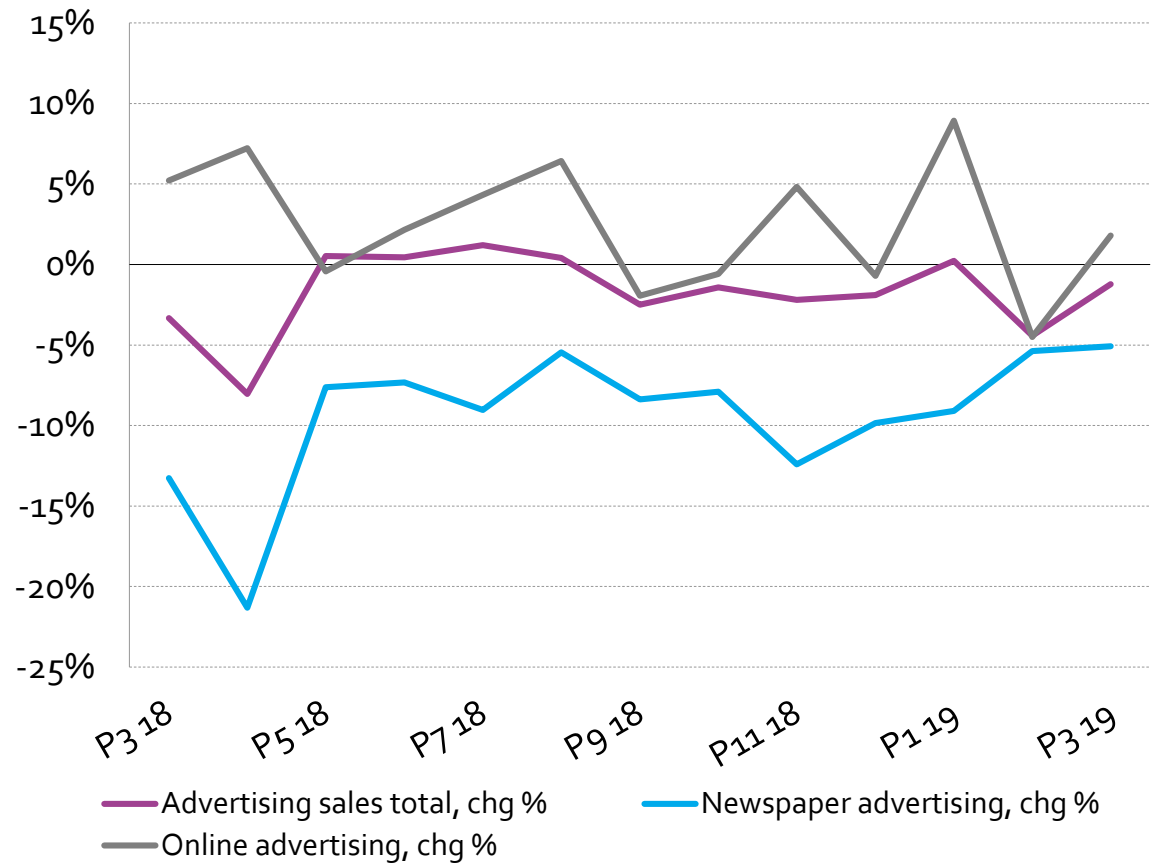
Digital business growth



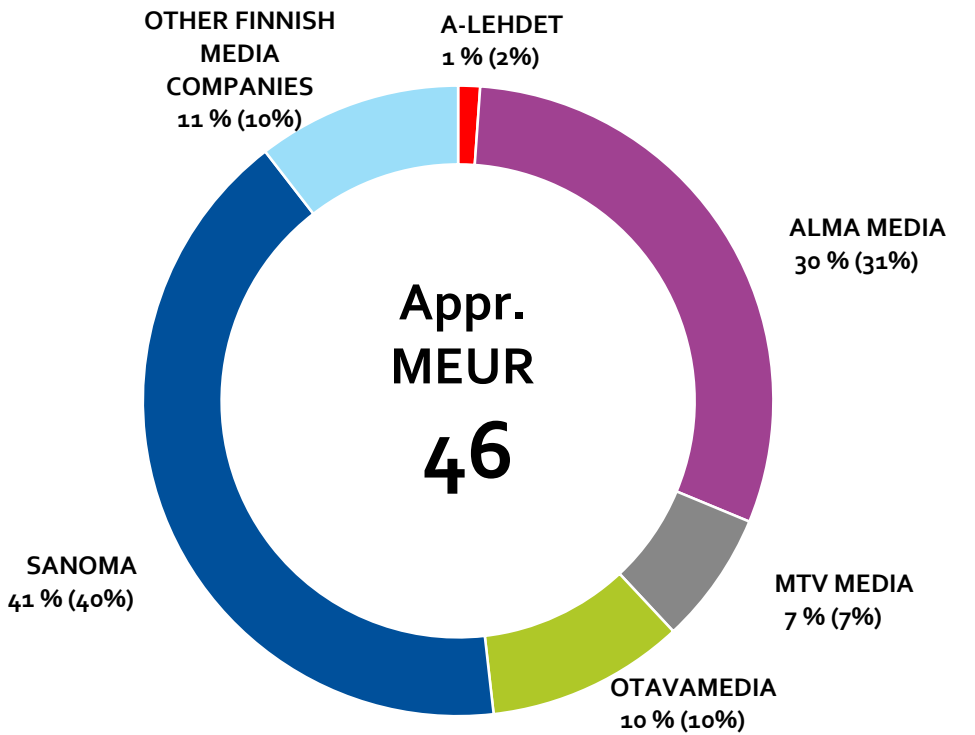
An aerial photograph of a city square. A large, multi-story building with a light-colored facade and many windows surrounds the square. The square is paved with dark cobblestones and has some outdoor seating with yellow chairs. A few people are walking on the square. The text "OPERATING ENVIRONMENT" is overlaid in the center.

OPERATING ENVIRONMENT

Weakness of the domestic advertising market continued



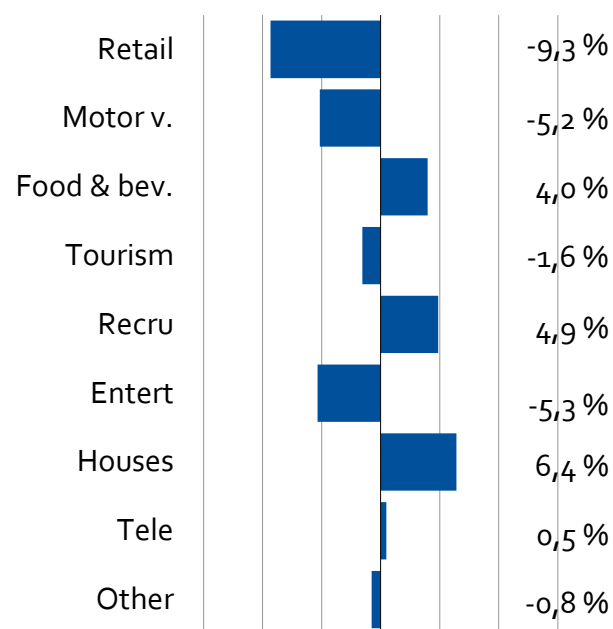
Monthly change in media advertising 3/2018–3/2019
Source: Kantar TNS



Online advertising by Finnish media companies Q1/2019 (Q1/2018)
Source: Kantar TNS

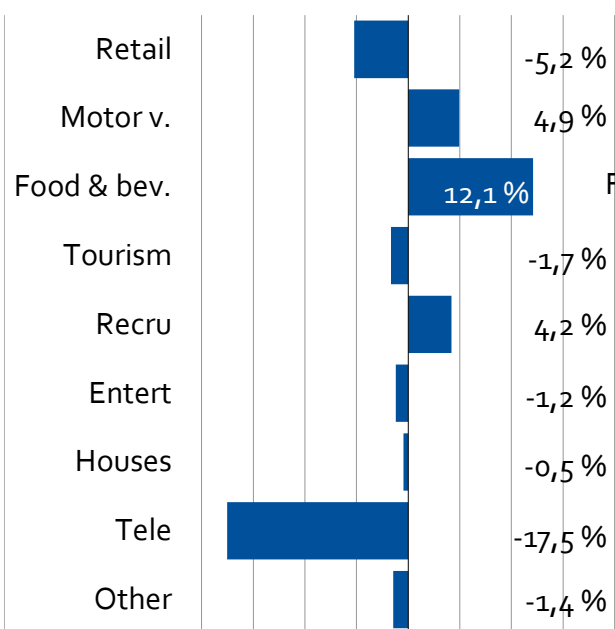
Recruitment and housing advertising figures in the red territory in Q4/2018 and Q1/2019

Q2 2018 vs 2017



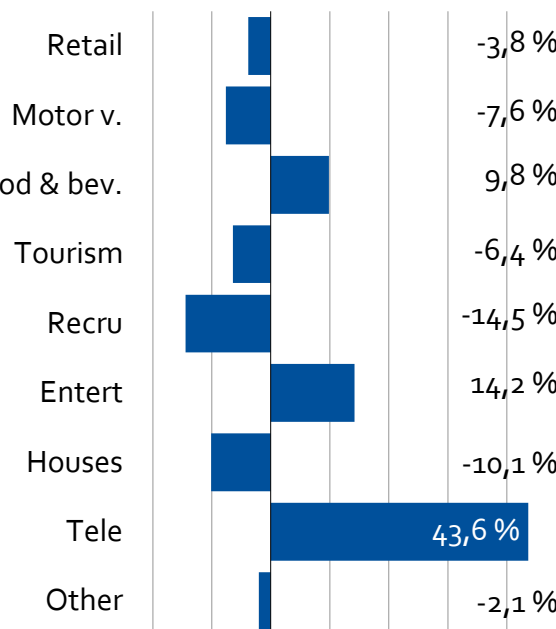
Total -2.5 %

Q3 2018 vs 2017



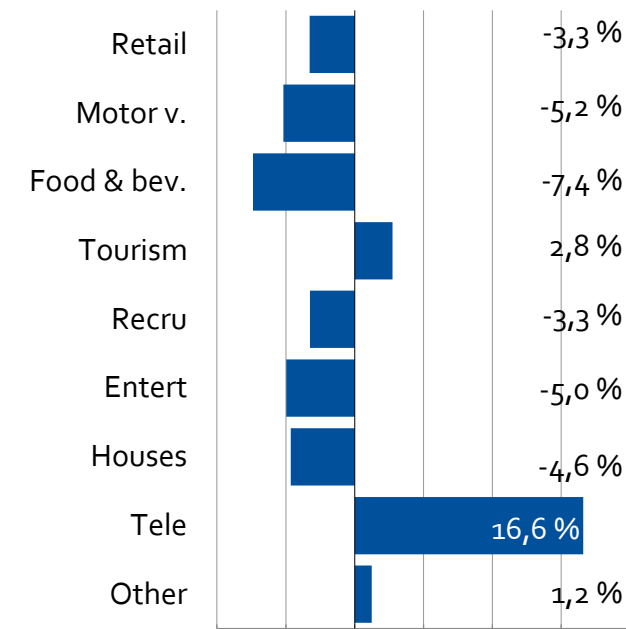
Total -0.6 %

Q4 2018 vs 2017



Total -1.8 %

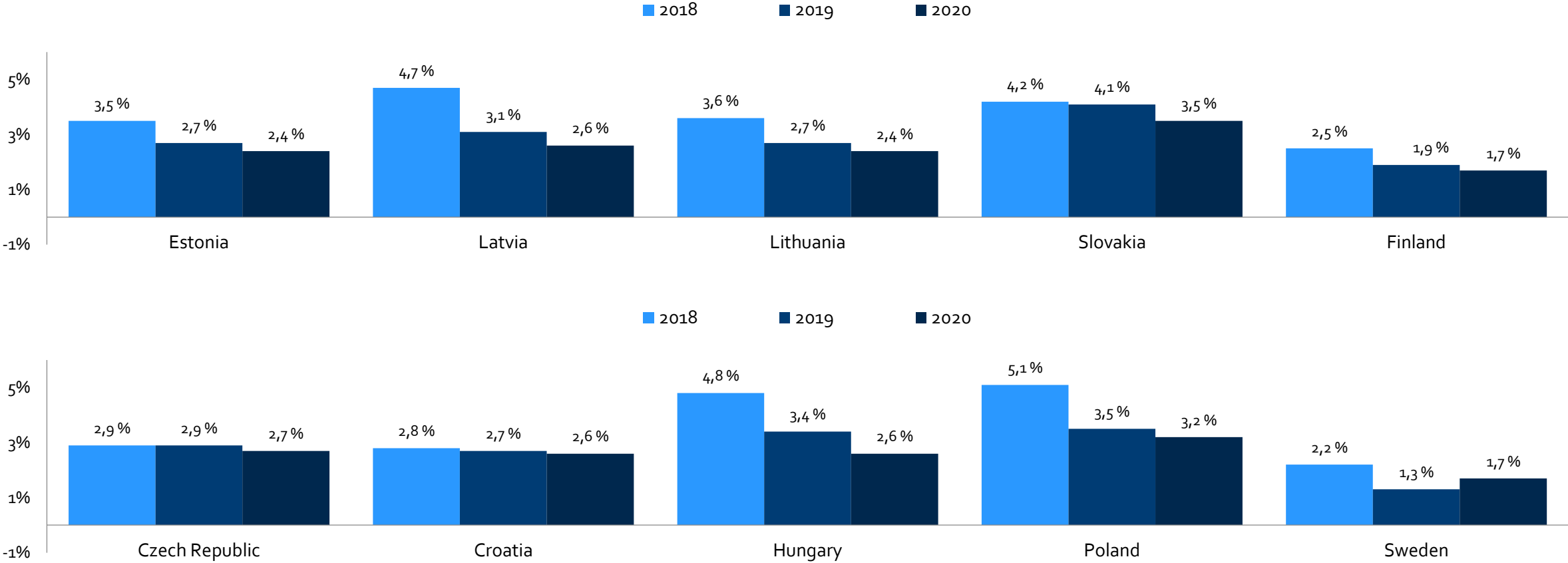
Q1 2019 vs 2018



Total -1.6 %

Source: Kantar TNS

GDP forecasts in Alma's operating countries 2018-2020E



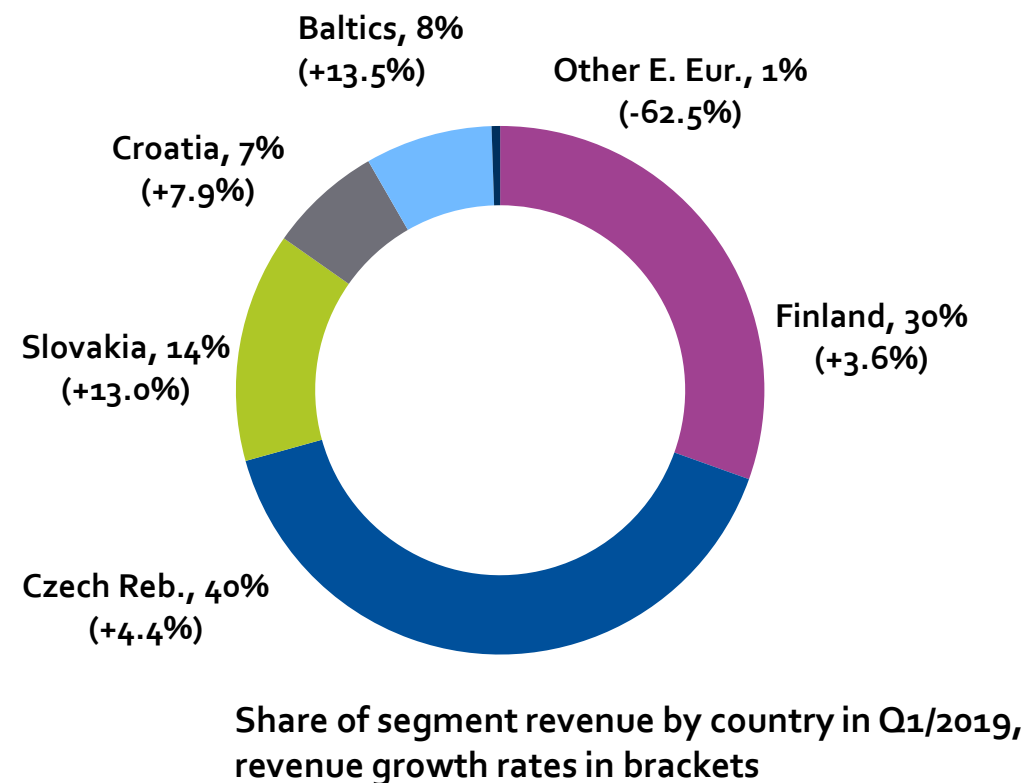
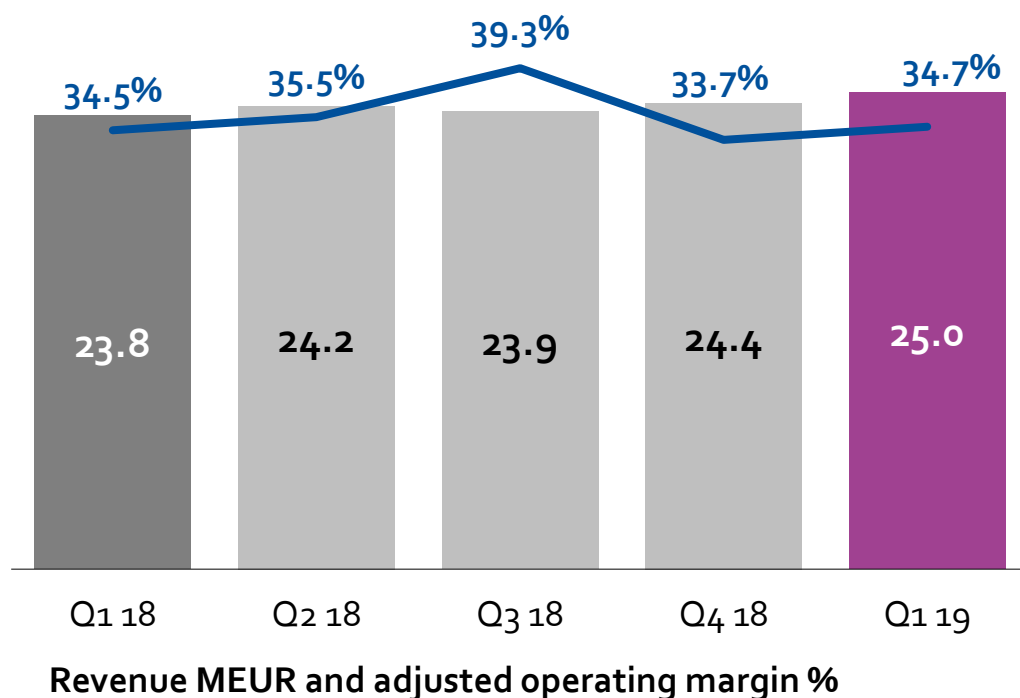
European Economic Forecast, European Commission
Winter 2/19

An aerial photograph of a highway interchange. A red semi-truck is crossing a bridge over a road. In the background, there is a large house with a grey roof and a smaller house with a blue roof. The scene is surrounded by green trees and grass.

DEVELOPMENT BY BUSINESS SEGMENTS

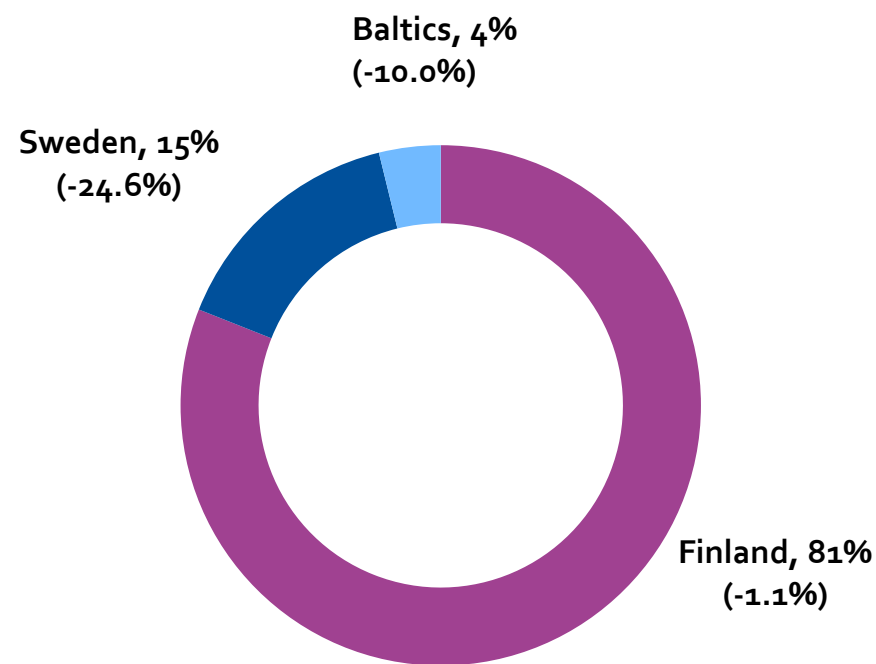
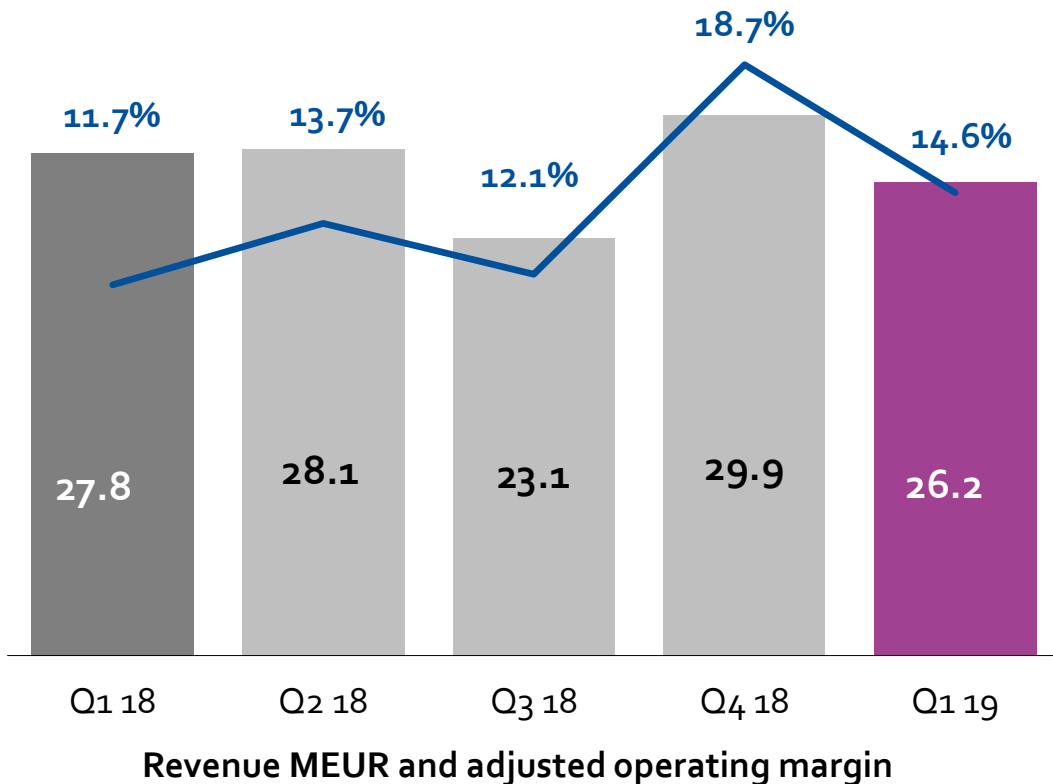
Alma Markets Q1/2019: Growth continues, but levelling off

- Revenue increased by 5.1 % to MEUR 25.0. Recruitment business continued to grow but more slowly, especially in the Czech Republic and Finland. Positive trend in the housing and car marketplaces business in Finland continued.
- Expenses up by further development of existing online services, and investments in new products and markets.
- Adjusted operating profit increased 5.9 % to MEUR 8.7



Alma Talent Q1/2019: Digital content revenue in Finland strongly up

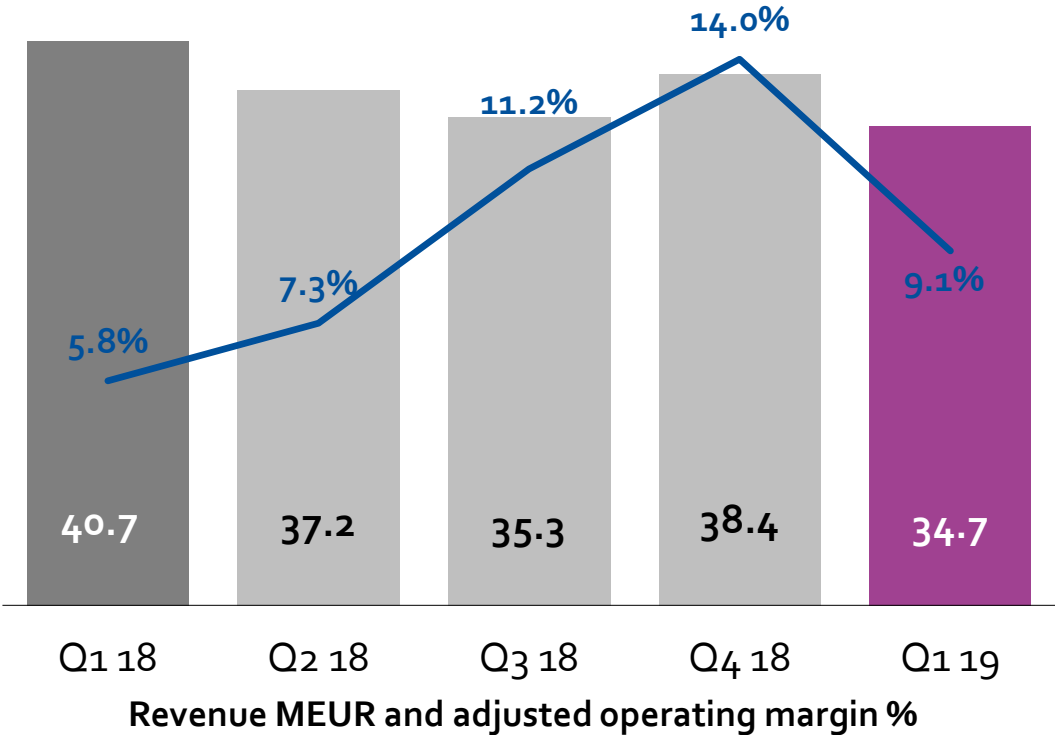
- Revenue decreased by 5.9 % to MEUR 26.2. Finnish media business developed well. Digital content sales +21 %. B2B advertising sales developed well in Finland.
- In Sweden, decline of advertising and divested and discontinued operations impaired revenue, cost adjustments improved unit's profitability.
- Adjusted operating profit increased 17.5% to MEUR 3.8.



Share of segment revenue by country in Q1/2019, revenue growth rates in brackets

Alma Consumer Q1/2019: Cost savings improved earnings

- Divested business decreased revenue by MEUR 4.7. Organic revenue went down due to declining print advertising, Italehti's single-copy sales and lower external printing volumes.
- Two-digit growth in digital content sales.
- Restructuring measures in H2/2018 and the decrease in external content purchases lowered costs. Adjusted operating profit increased 34.3% to MEUR 3.2.

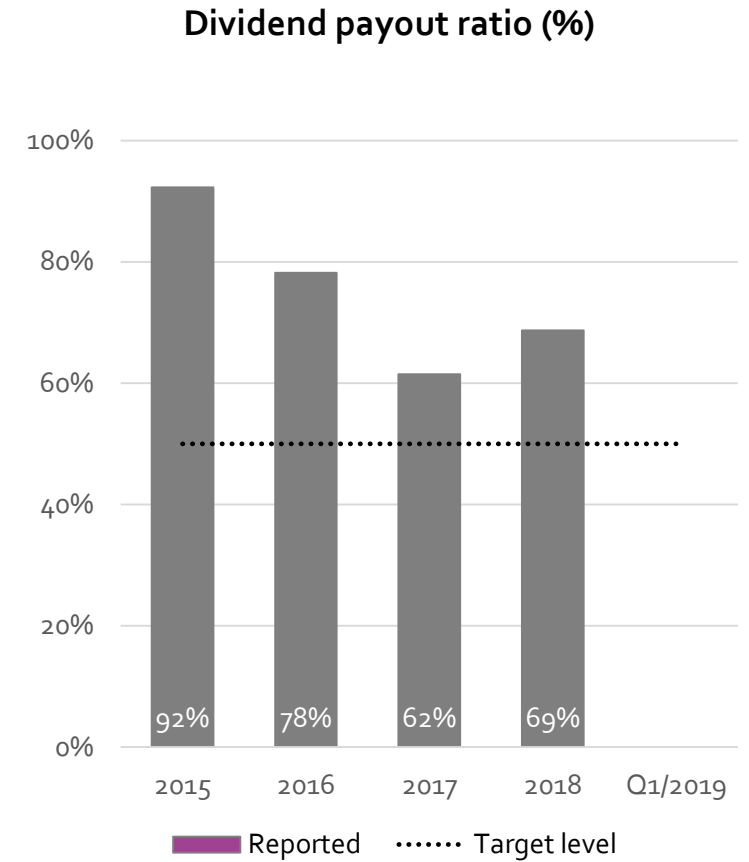
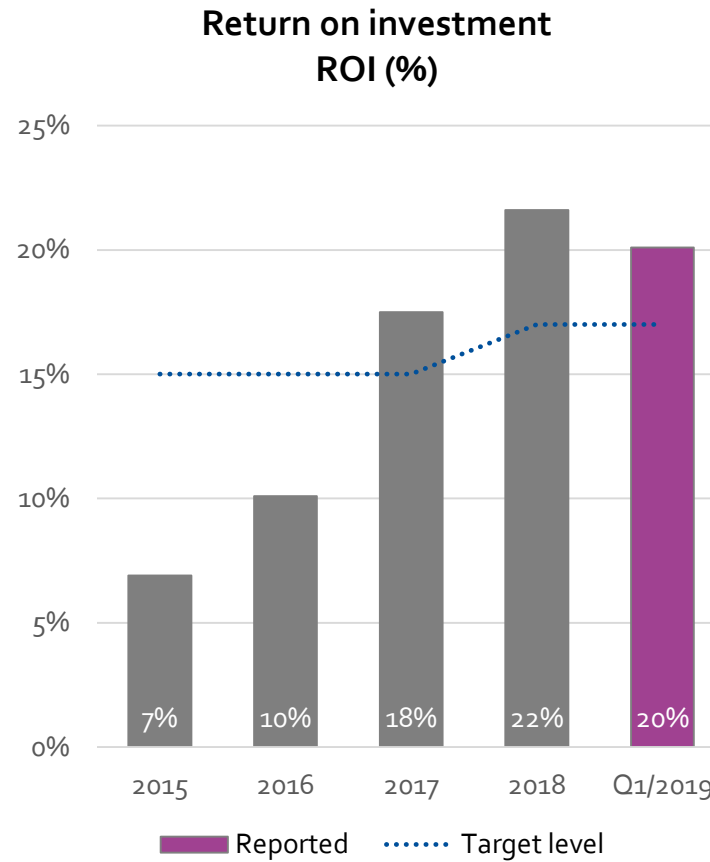
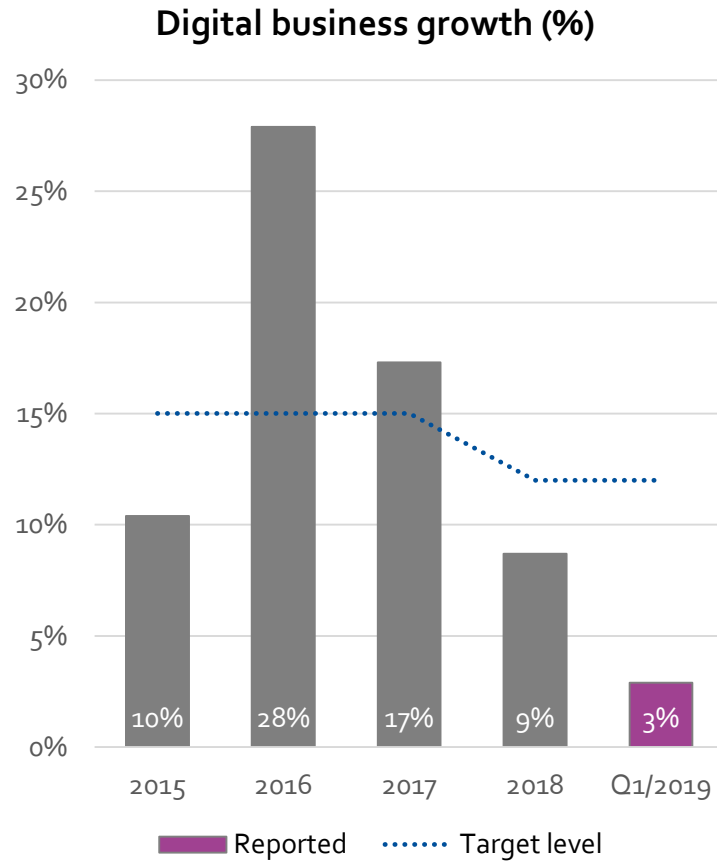


ORGANIC REVENUE GROWTH, MEUR			
	2019 Q1	2018 Q1	Change
Revenue	34.7	36.1	-3.9%
Content revenue	15.8	16.2	-2.4%
Advertising revenue	14.2	15.1	-5.4%
Service revenue	4.6	4.8	-4.3%

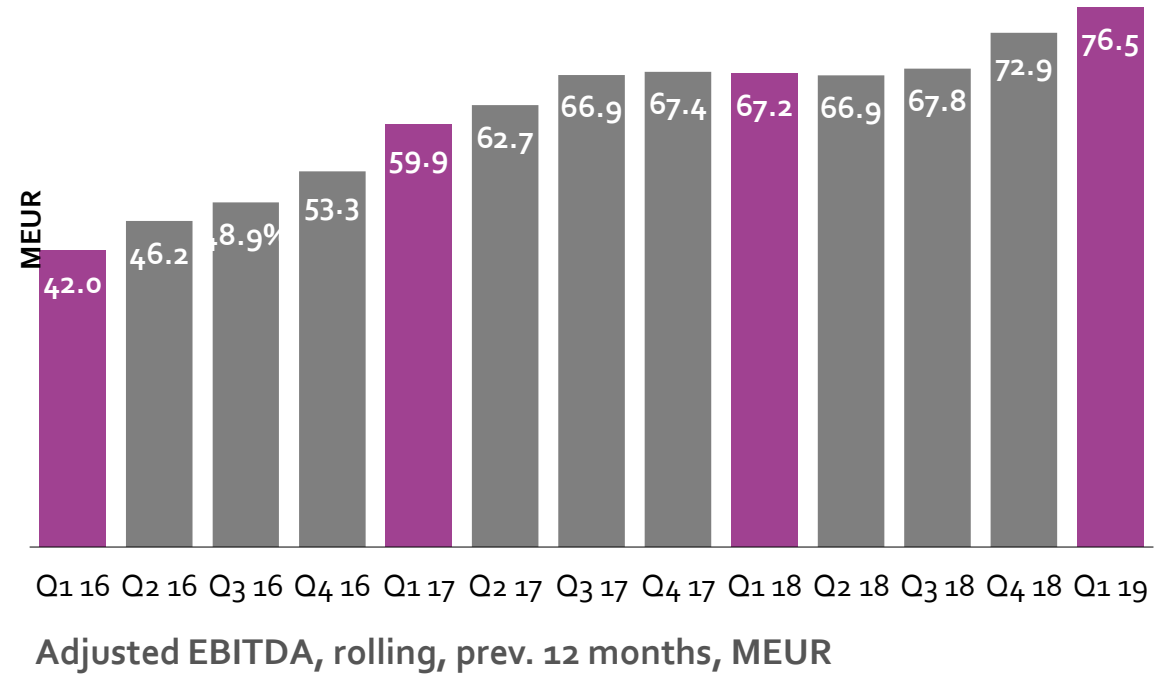
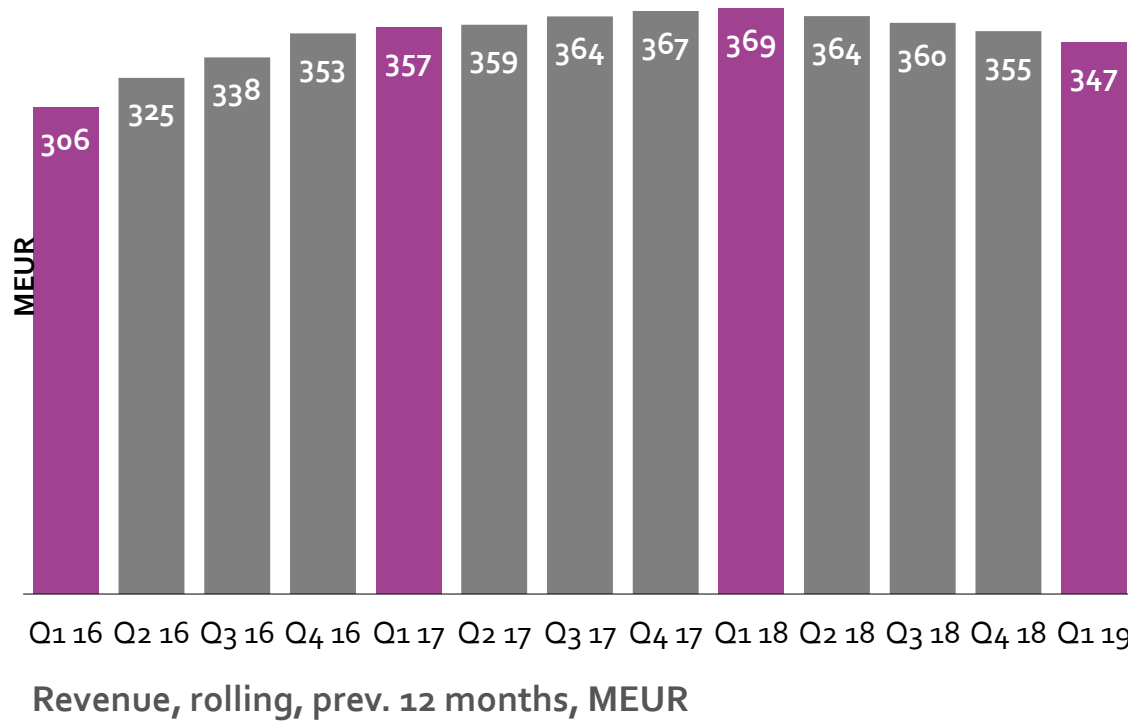
FINANCIAL POSITION



Long-term financial targets



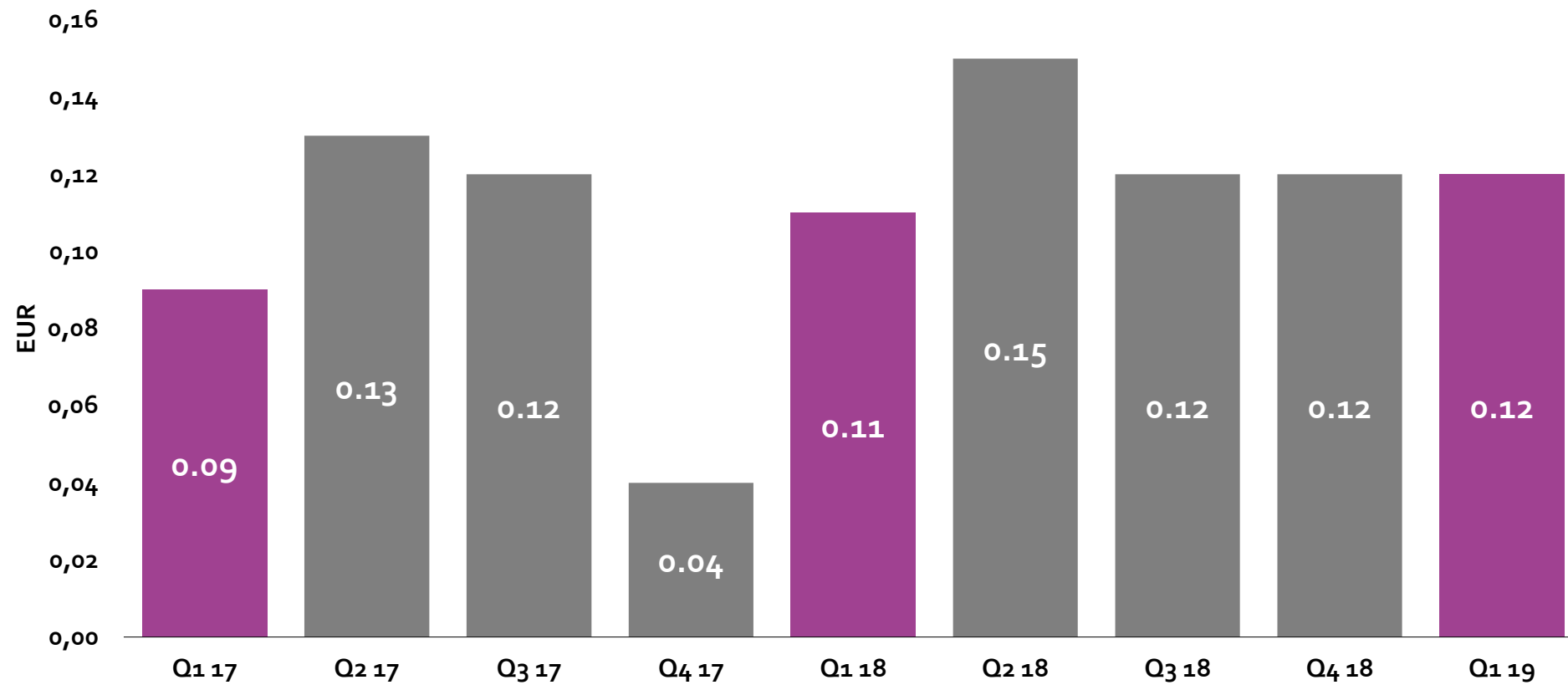
Despite revenue decrease record high EBITDA*



*IFRS 16 leasing standard implementation increased Q1/2019 EBITDA by MEUR 1.9

EPS

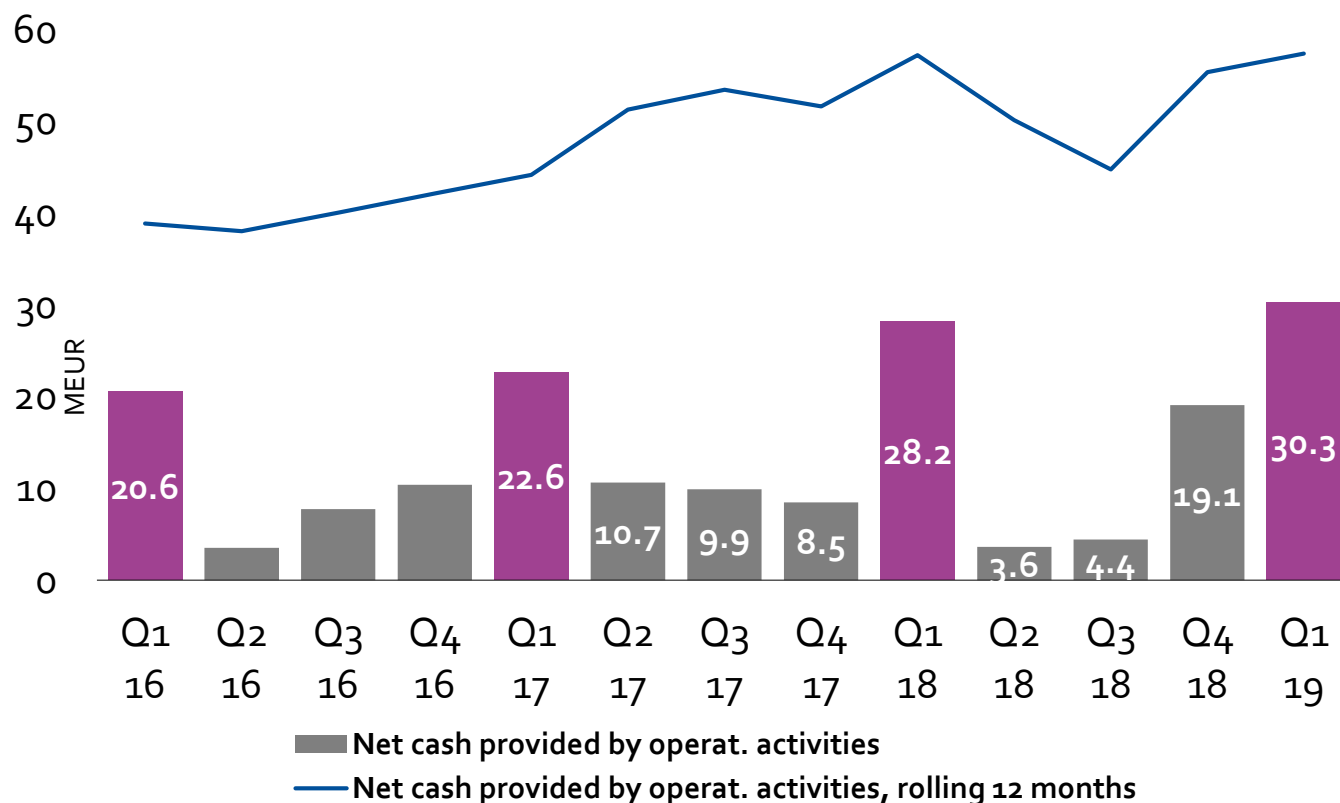
- Earnings per share in Q1 were EUR 0.12 (EUR 0.11). No adjusted items in Q1/2019 (Q1/2018: MEUR 0.7).



Strong cash flow continued

- Cash flow from operating activities in Q1/2019 was MEUR 30.3 (28.2). IFRS 16 leasing standard implementation increased operating cash flow by MEUR 1.9
- Cash flow from investment activities was MEUR -0,4 (-6,4) in Q1/2019. No acquisitions in Q1/2019.

Operating cash flow and capital expenditure

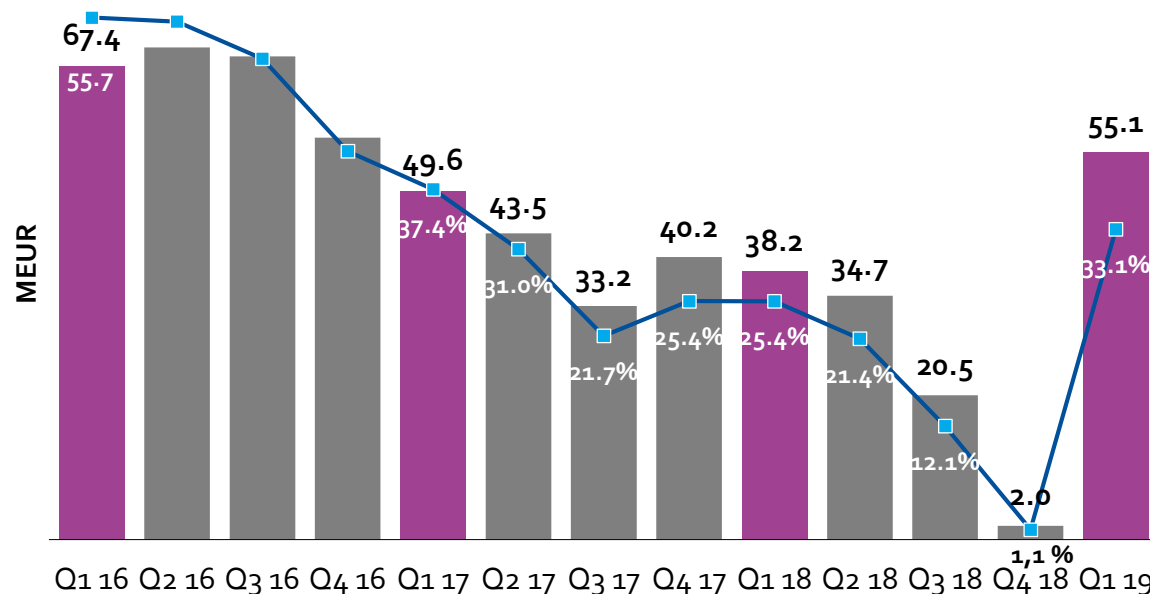


CAPITAL EXPENDITURE AND ACQUISITIONS MEUR				
	2019 Q1	2018 Q1	2018	2017
Capex	1.0	2.8	4.8	20.1
Acquisitions	0.0	15.7	17.3	2.1
Total	1.0	18.5	22.1	22.2

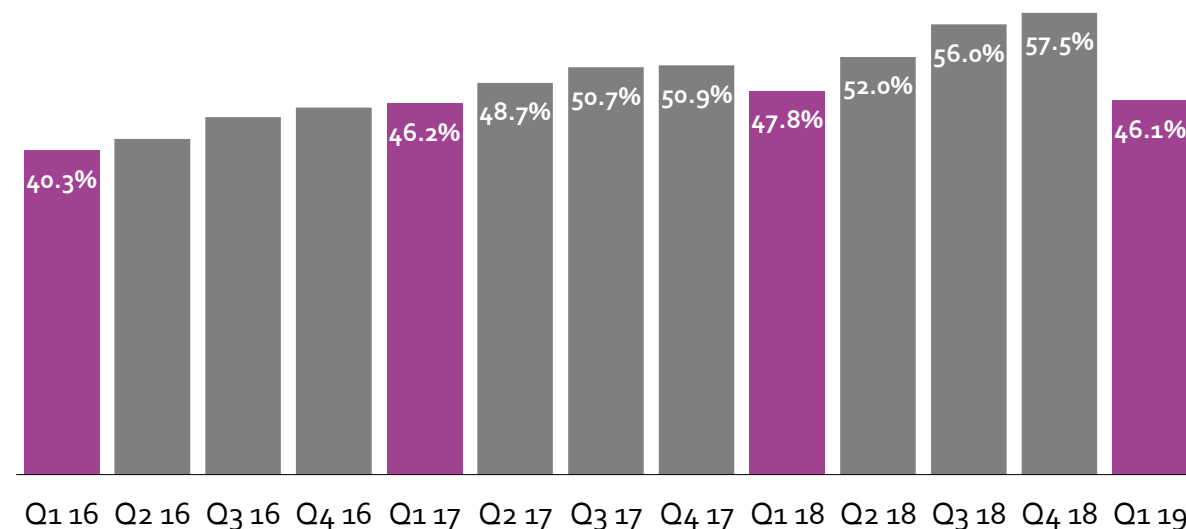
Implementation of IFRS 16 standard increased net debt by MEUR 52.5

- At the end of March gearing ratio was 33.1 % and net debt stood at MEUR 55.1
- Interest-bearing liabilities totalled MEUR 102.7
- Equity ratio 46.1 %

Net debt, MEUR and gearing, %
Q1/2016–Q1/2019



Equity ratio,
Q1/2016–Q1/2019



IFRS 16 effects

Effect of IFRS 16 on Alma Media Corporation's consolidated financial statements Balance sheet (MEUR)

	31 Mar 2019 Assets	31 Mar 2019 Liabilities	1 Jan 2019 Assets	1 Jan 2019 Liabilities
Leases for business premises and operating leases	53.0	53.2	53.7	53.7
Leases for IT equipment	-1.2	-1.3	-1.2	-1.2
Total	51.8	52.0	52.5	52.5

IFRS 16 – IMPACT ON RESULT BY SEGMENT MEUR




	Alma Markets	Alma Talent	Alma Consumer	Non-allocated and eliminations	Group
Other expenses – <i>decrease</i>	0.4	0.3	0.3	0.9	1.9
EBITDA	0.4	0.3	0.3	0.9	1.9
Depreciation – <i>increase</i>	-0.4	-0.3	-0.3	-1.0	-1.9
EBIT	0.0	0.0	0.0	0.0	0.0
Interest expenses – <i>increase</i>	0.0	0.0	0.0	-0.2	-0.2
Profit for the period	0.0	0.0	0.0	-0.2	-0.2

An aerial photograph of a bridge deck. The bridge has a grey asphalt surface and white metal railings. Long, dark shadows of the railings and people are cast across the deck, indicating it is either early morning or late afternoon. Several people are visible on the bridge: a person on a bicycle in the lower center, a person walking to the right, and a group of three people standing near the center. The background shows a dark, wooded area.

STRATEGY AND OUTLOOK

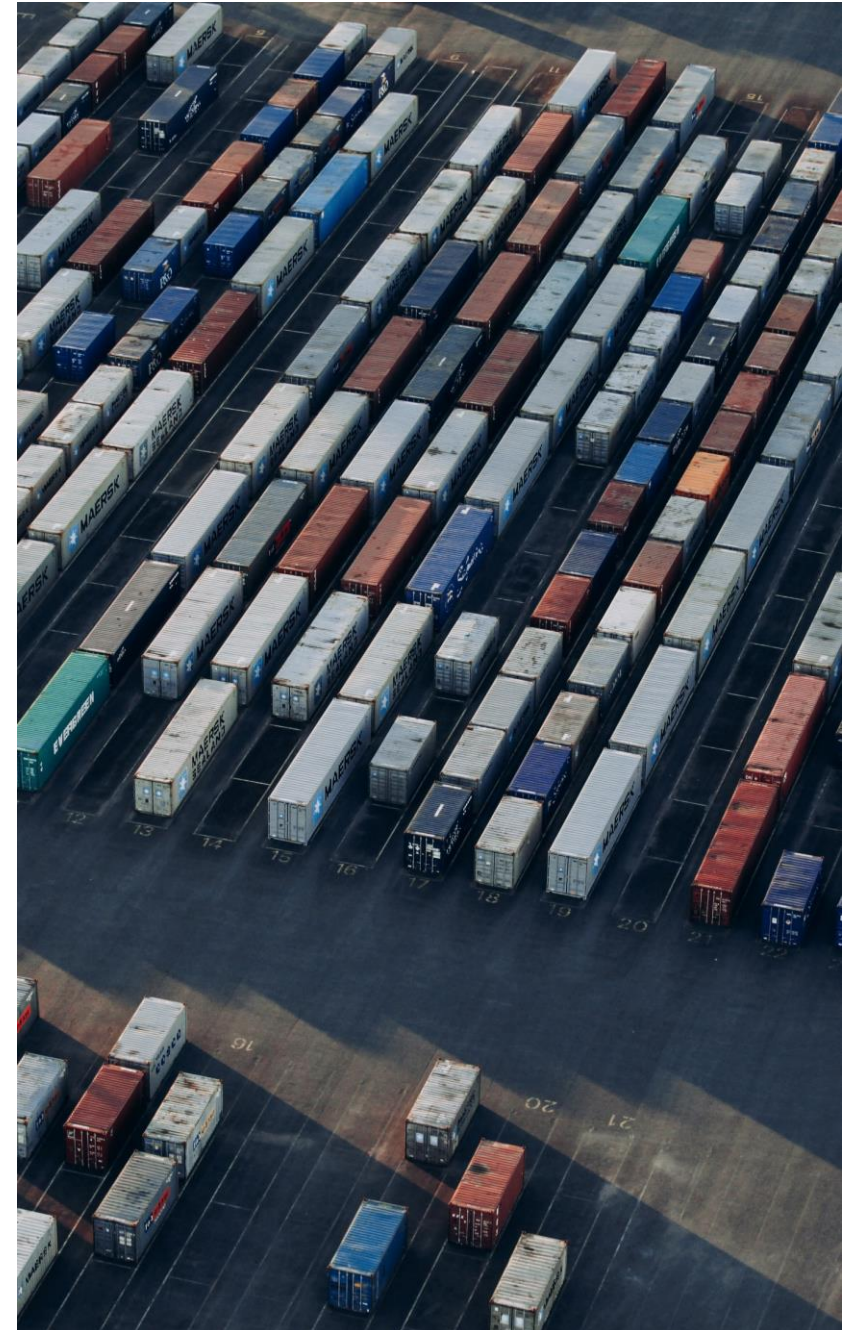


Driving more customer value as one Alma

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	STRATEGIC INITIATIVES					
	 TALENT		 CONSUMER		 MARKETS	
VALUE	Data-driven customer experience					

Traffic management

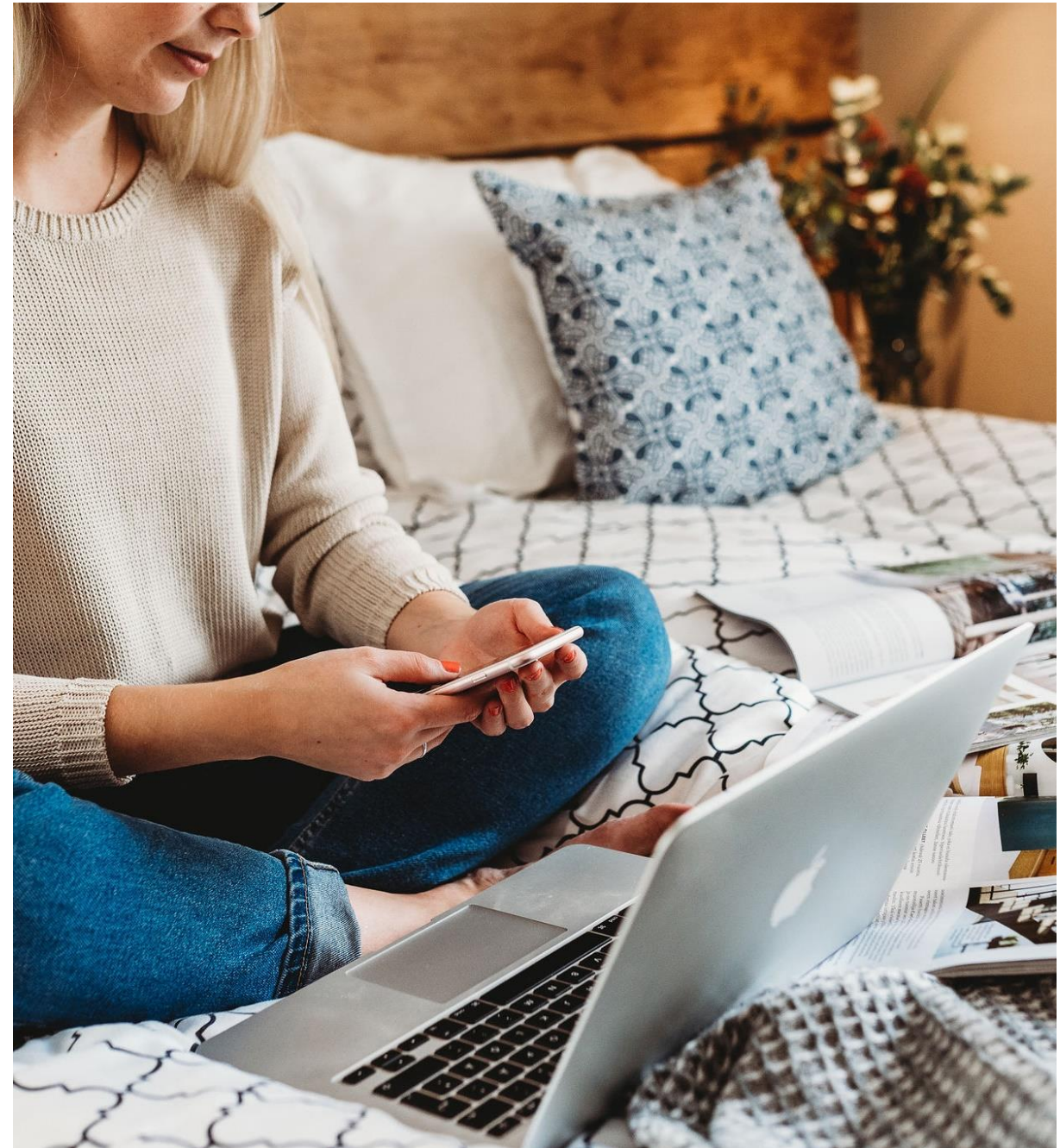
- As all common cross-business Alma initiatives, traffic management targets to boost content and media sales
- Aims to increase incoming traffic as well to steer visiting flow cross brands effectively
- Increases user engagement: time spent in Alma network and cross-brand use
- Creating value through customer experience
 - behavioural and interest-based content offering
 - optimising customer journey towards paying for content
 - strengthening advertising inventory value



Renewal of Etuovi service

- Finland's largest digital service for finding a new home
 - More than 1,6 million unique visitors per month*, and displays more than 60 000 apartment ad listings per week
 - Service's new features include a LMC-developed algorithm for recommending homes and AI-based apartment price calculator
 - The site renewal has shifted the focus to mobile service and already 67 % use the service with a mobile device (phones+tablets)

*Source: FIAM-Comscore Jan-Feb 2019



Tivi online redesigned

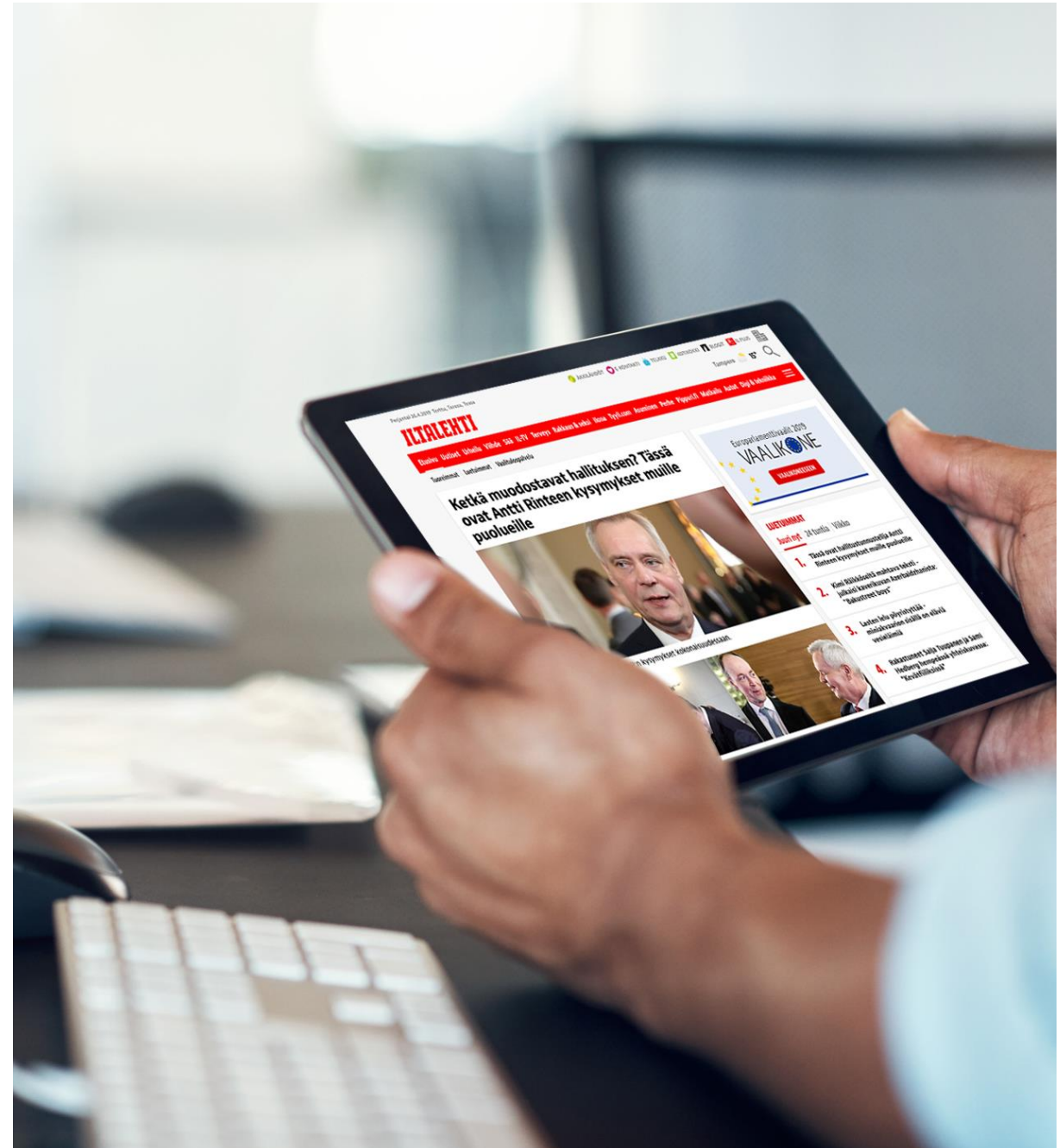
- Part of the content only for subscribers
- Content expanded to also cover Alma Talent's IT business data, sector's jobs and IT professional training and coaching
- In digital transformation of Alma Talent's media
 - websites moved on to same technical platform
 - facilitates maintenance
 - increases cooperation among Alma Talent's editorial teams
 - improves customer experience through increased traffic management



Tiedä mistä puhutaan seuraavaksi.

AI-based reader moderation

- Machine learning based moderation in Iltaalehti's news-related comments started late 2018
- Already 60 % of comment moderation decisions made by machine
- Generates cost savings and accelerates flow of online discussion
- Quality of automatic moderation varies less than traditional moderation
- Has nearly doubled news-related comment volumes
- Plans to expand AI-based moderation in Iltaalehti and to other media at Alma



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–June 2019: 17.7.2019

Interim report for January–September 2019: 23.10.2019

