



# Alma Media Q3/2019

CEO Kai Telanne and CFO Juha Nuutinen

# Agenda

Highlights

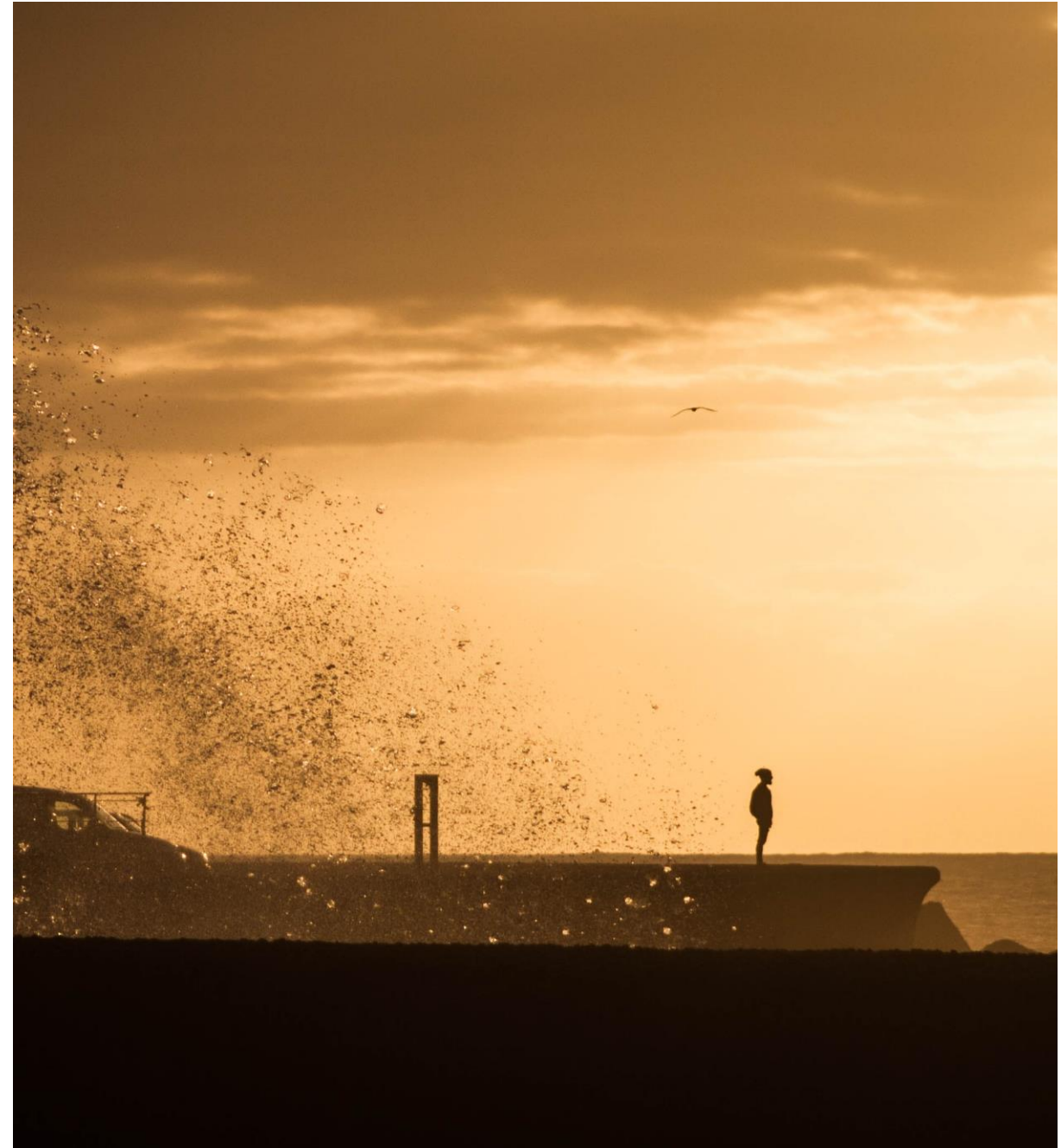
Operating environment

Business development by segments

Financial position

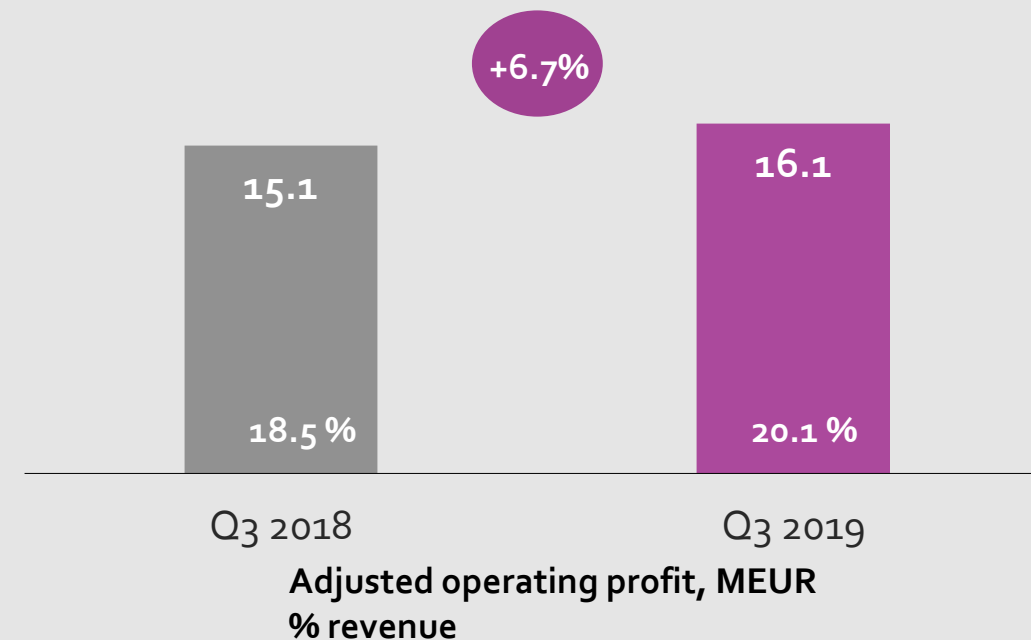
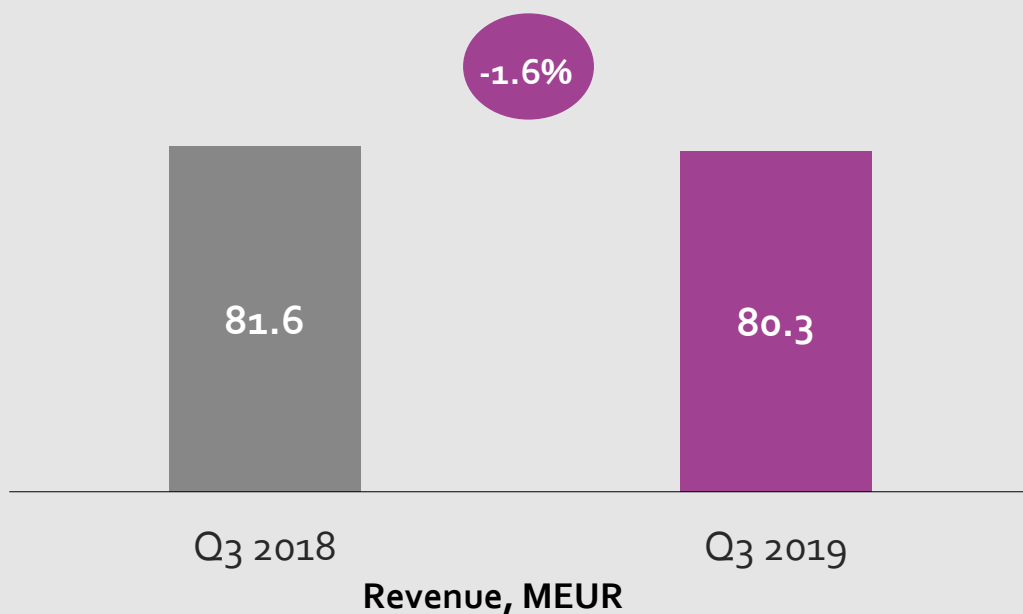
Strategy and outlook

Q&A



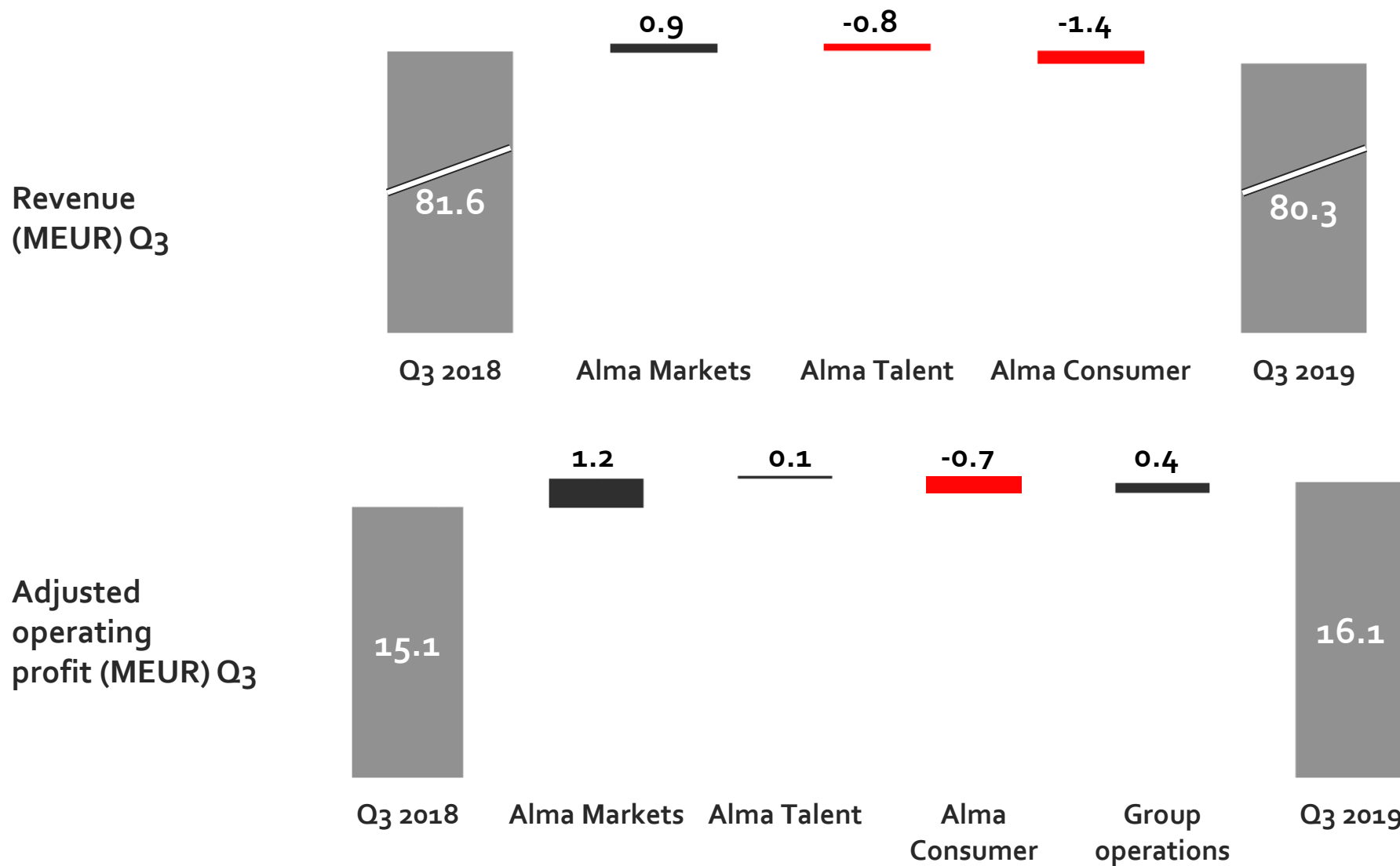
# Alma Media Q3/2019

- Good development of profitable growth continued also in Q3 due to higher digital sales and effective cost control, operating margin was 20.1 %.
- For the first time the growth in digital content sales exceeded the decline in print media content sales at Group level.

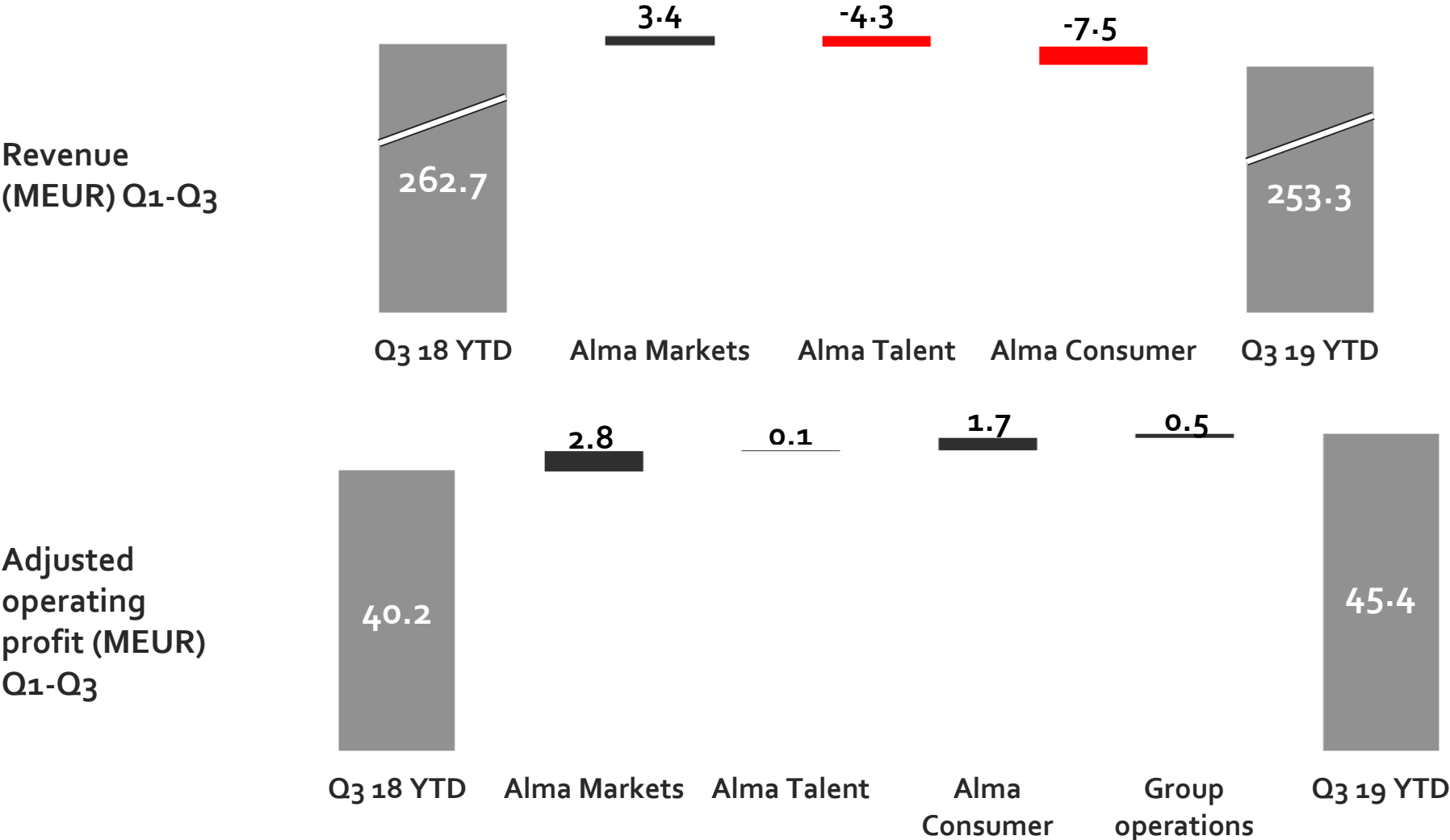




# In Q3 revenue and earnings improved in Alma Markets

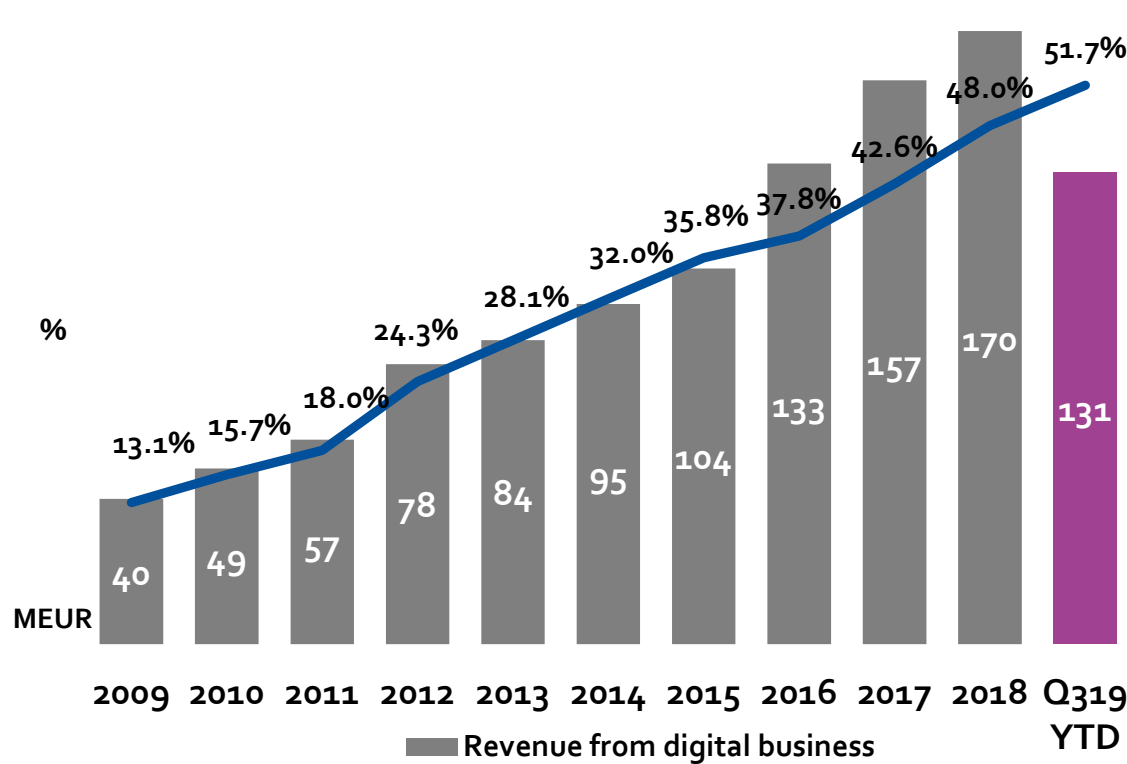


# Profitability improved in all segments in Q1-Q3



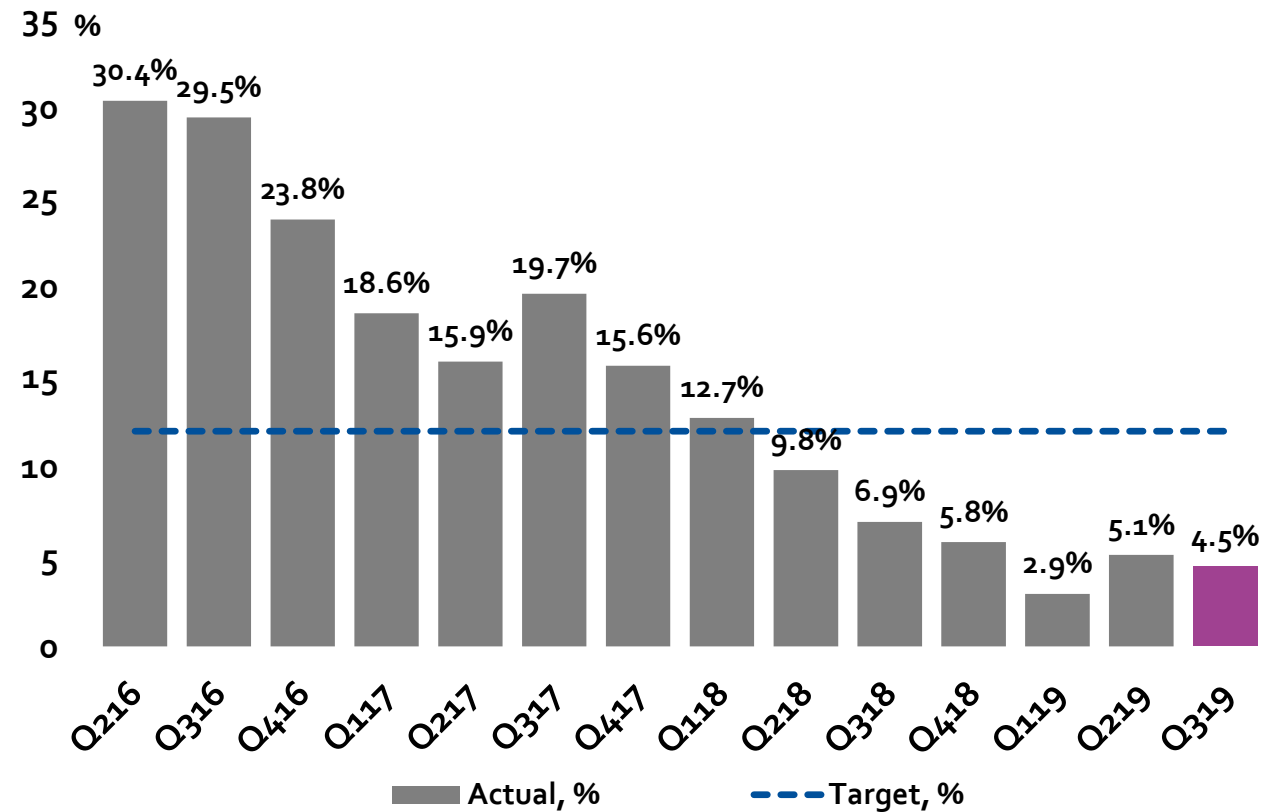
# Digital business revenue steadily increasing, growth stabilizing

Share of digital business of Group revenue



In Q3/2019, digital business amounted to 52.9 % of Group revenue.

Digital business growth





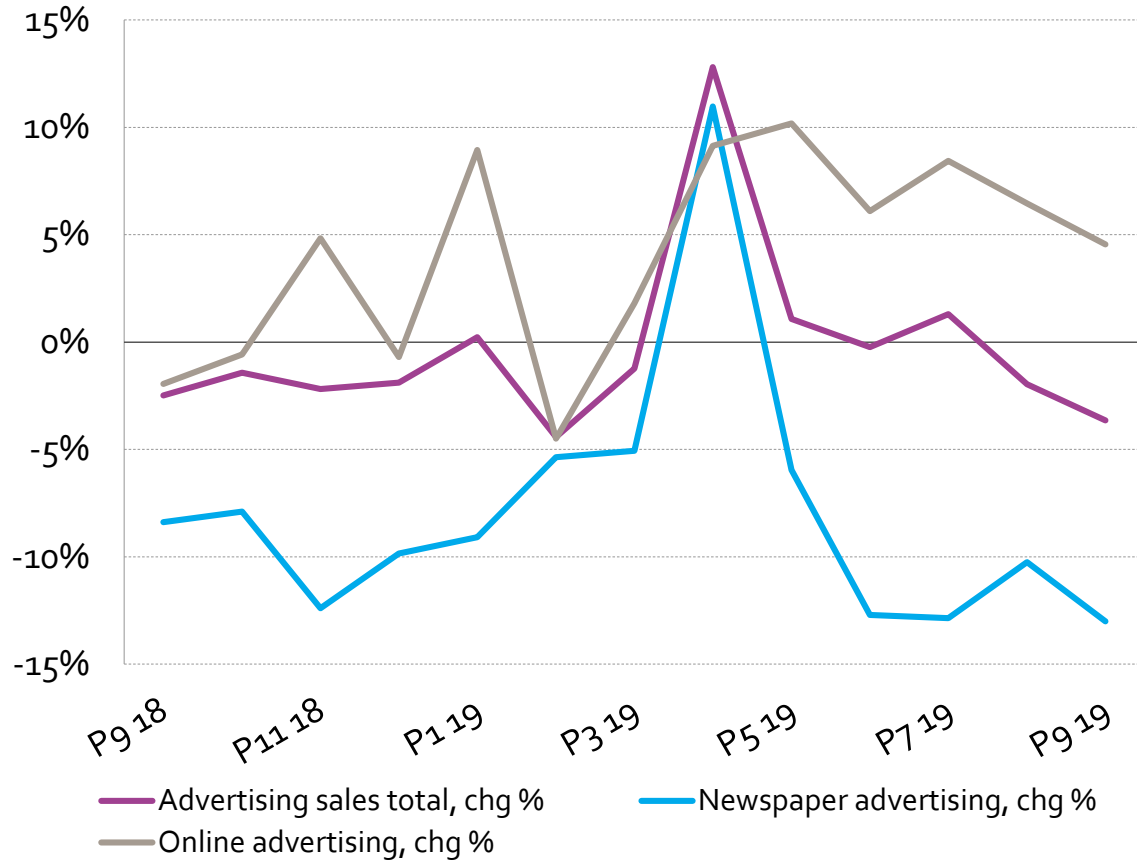


# OPERATING ENVIRONMENT

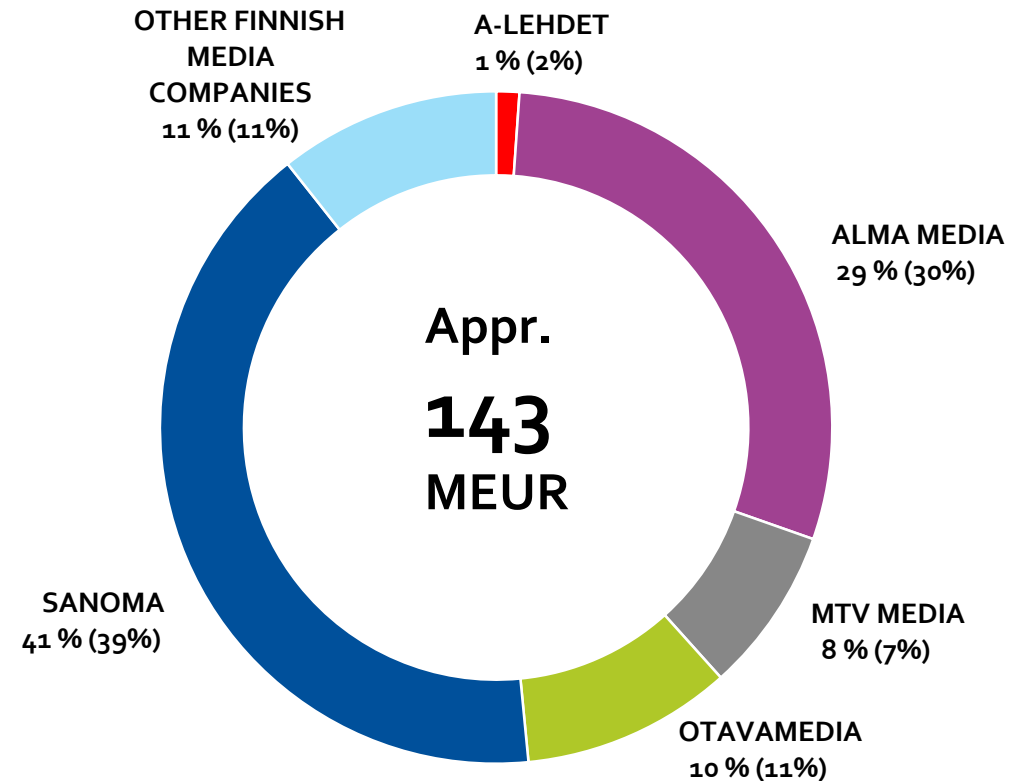




# Finnish advertising market continues to be soft



Monthly change in media advertising 9/2018–9/2019  
Source: Kantar TNS

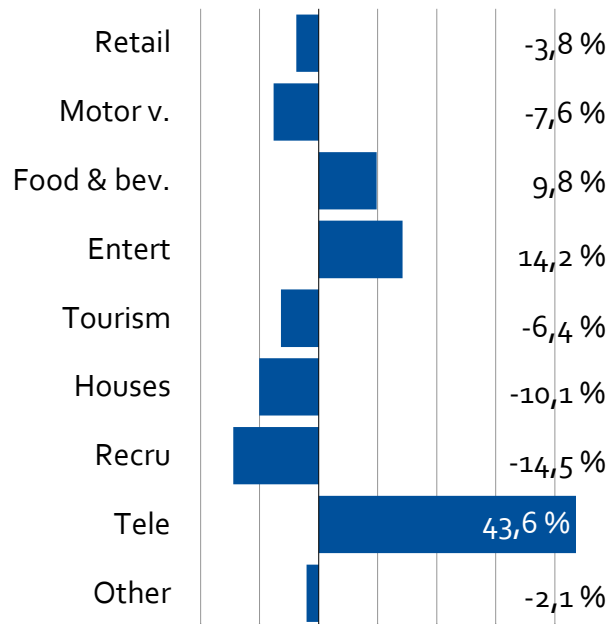


Online advertising by Finnish media companies 1-9/2019 (1-9/2018)  
Source: Kantar TNS



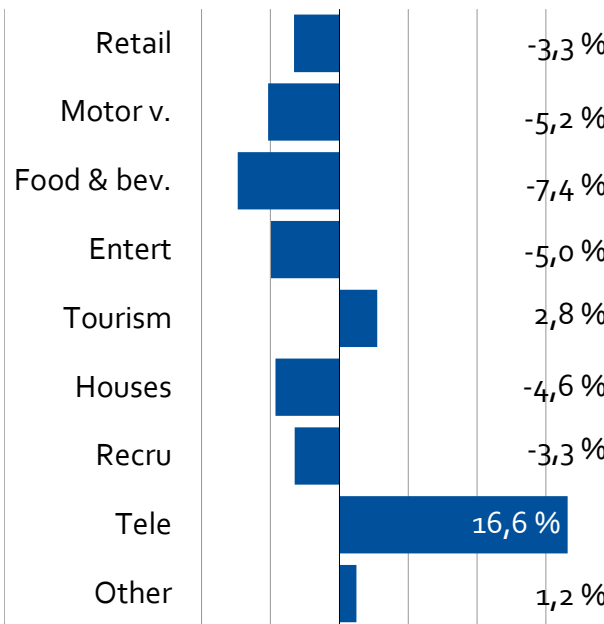
# Recruitment and housing advertising figures in the red territory in Q4/2018–Q3/2019

Q4 2018 vs 2017



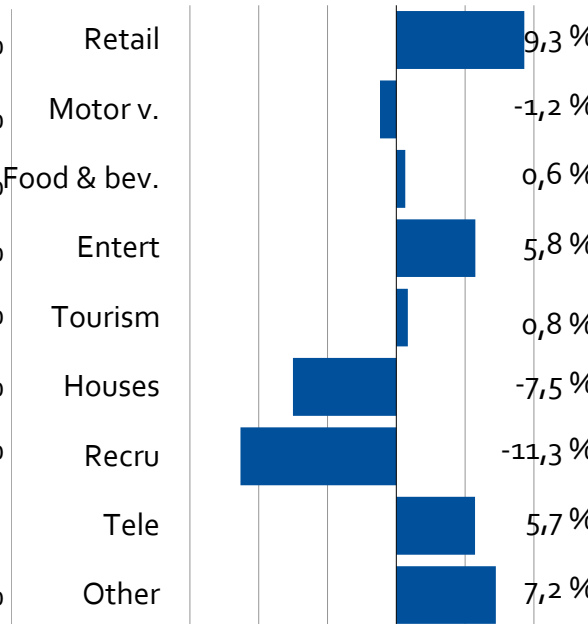
Total -1.8 %

Q1 2019 vs 2018



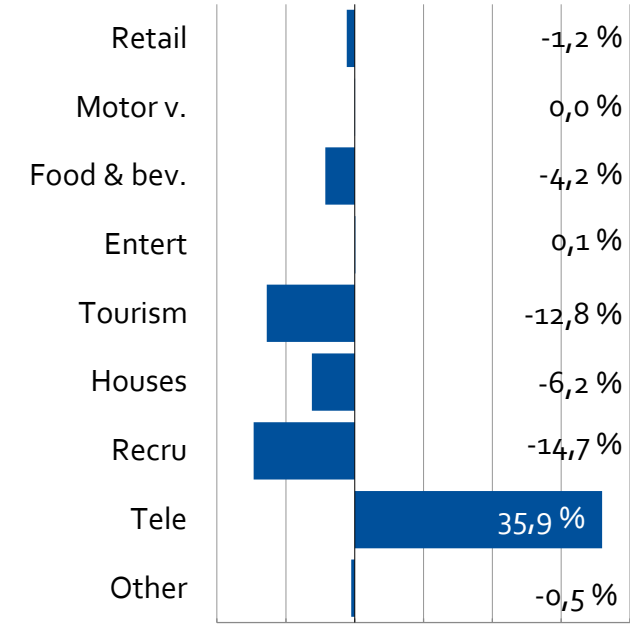
Total -1.5 %

Q2 2019 vs 2018



Total +4.6 %

Q3 2019 vs 2018

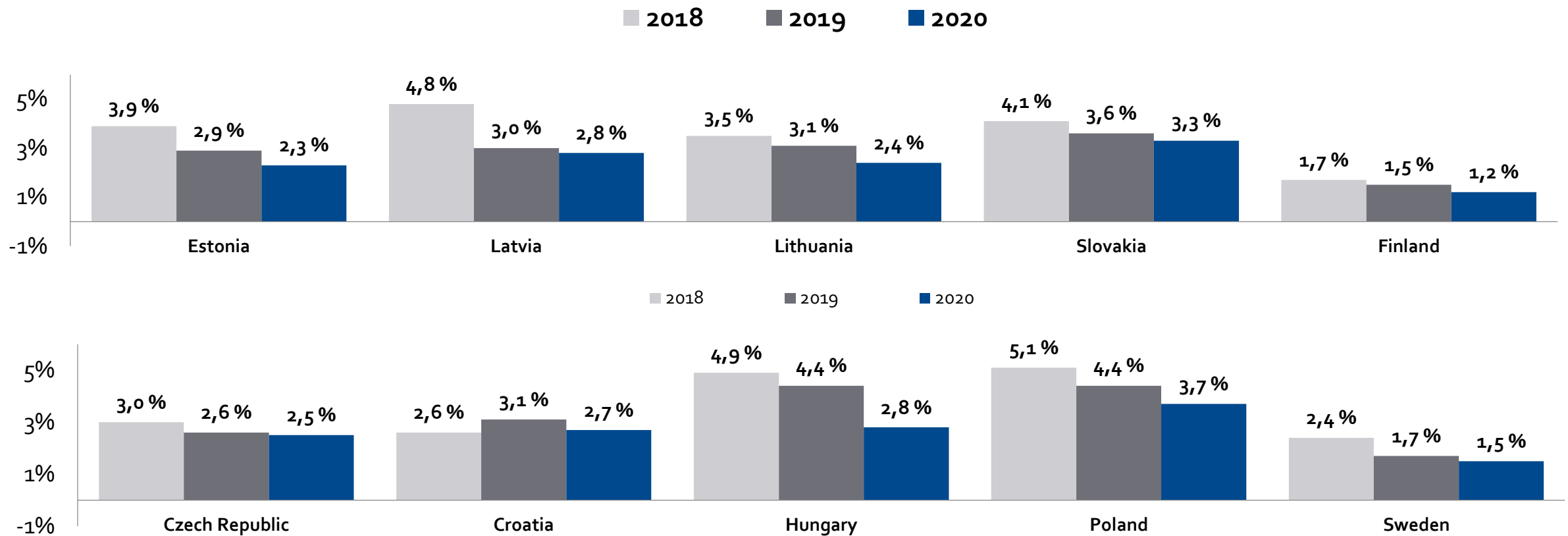


Total -1.9 %

Source: Kantar TNS

# GDP growth decelerates slightly in Eastern European countries

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





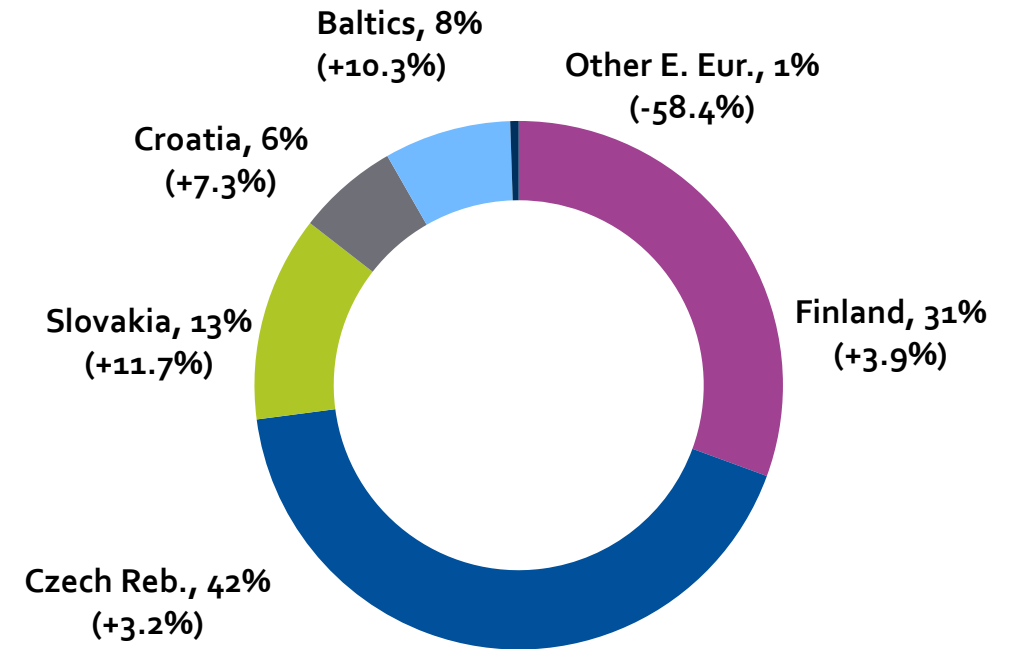
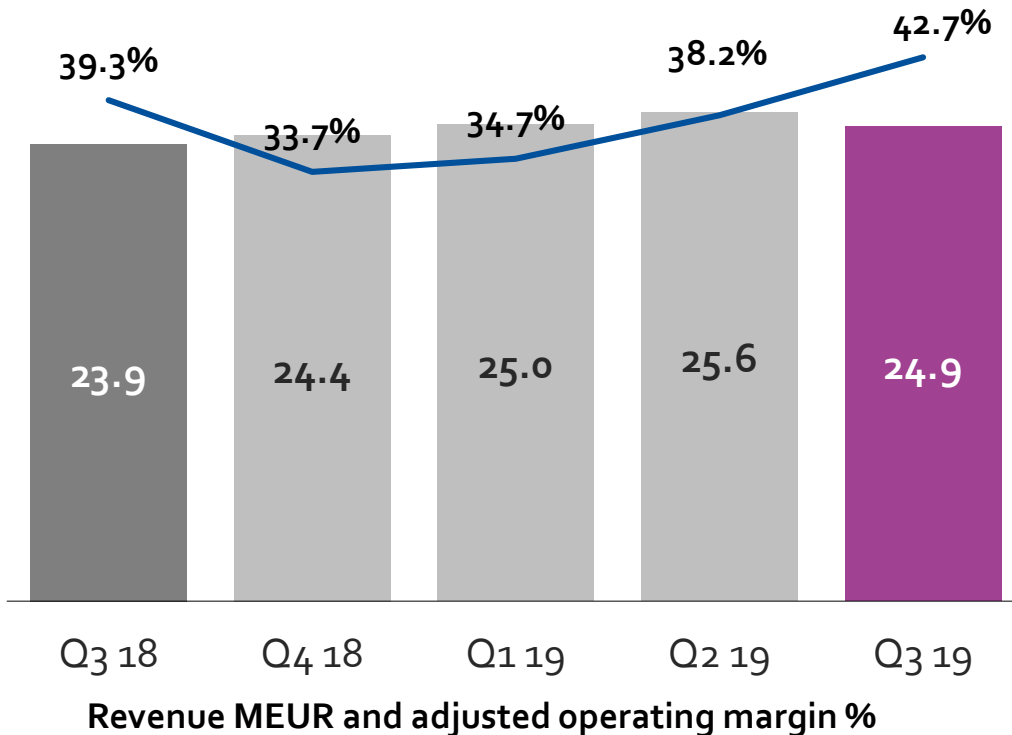


# DEVELOPMENT BY BUSINESS SEGMENTS



# Alma Markets Q3/2019: Excellent level of profitability

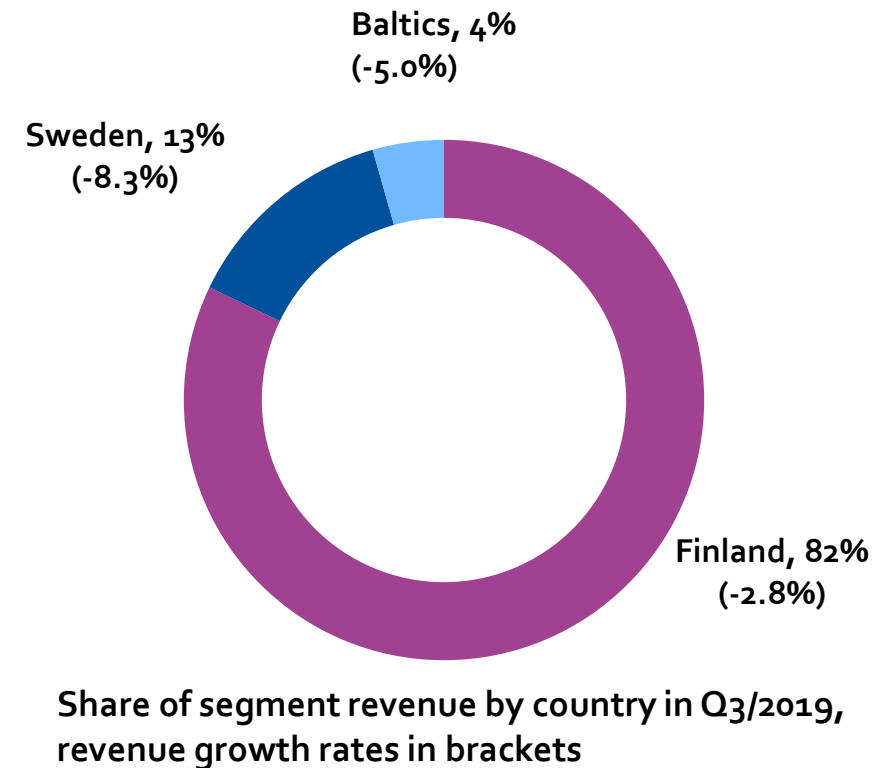
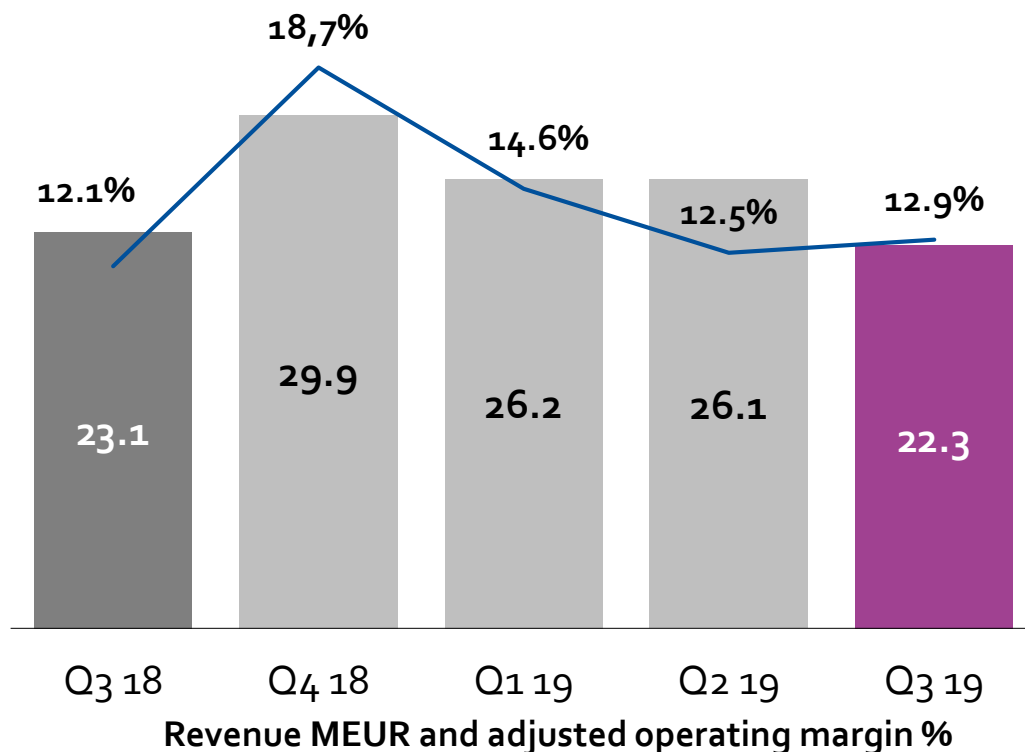
- Revenue +3.8 % to MEUR 24.9. Recruitment revenue continued to increase, but a slower rate as uncertain economic outlook impacted the job listings market. Positive trend in the housing and car businesses in Finland continued. The demand for added value and competitive tender services of housing and cars increased.
- Share of segment revenue: recruitment 74.3% (+1.6%), housing 17.4% (+9.1%) and cars 8.2% (+28.9%).
- Expenses -2.0% to MEUR 14.3. Adjusted operating profit increased by 12.7 % to MEUR 10.6



Share of segment revenue by country in Q3/2019, revenue growth rates in brackets

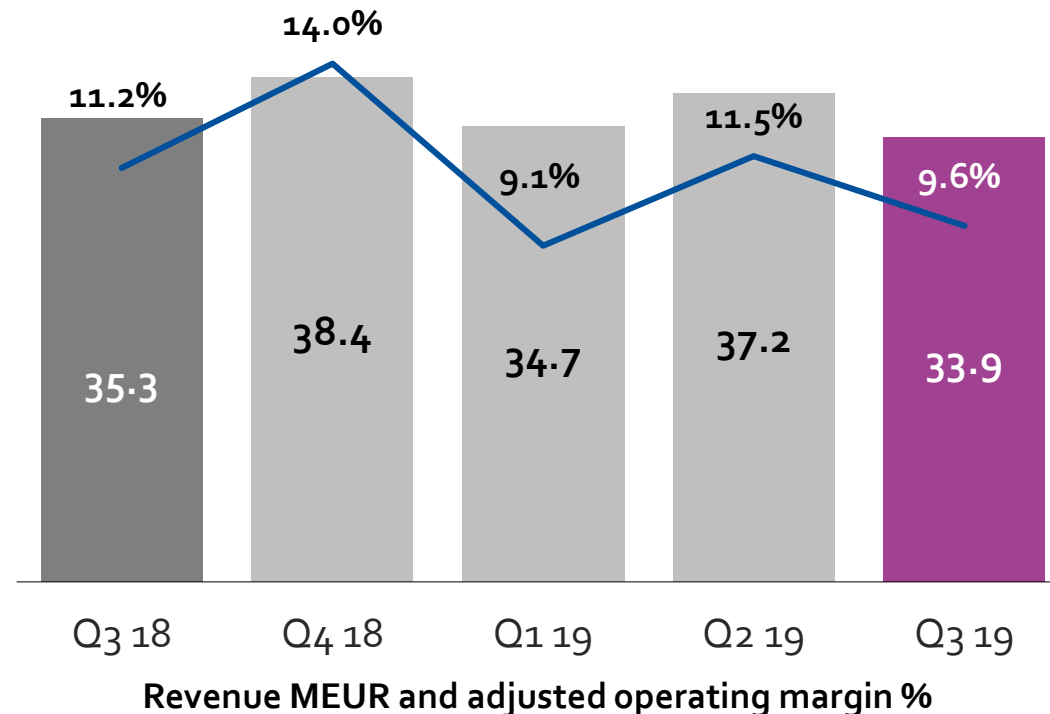
# Alma Talent Q3/2019: Good level of digital content sales in Finland continued, advertising down

- Revenue -3.3 % to MEUR 22.3. Revenue weighed down by sectors sensitive to economic fluctuation (recruitment, automotive and IPO advertising) and training services.
- Finnish financial and professional media digital content sales +25.3 %. Latest brand renewals in Q3 and today all generate digital content revenue, ahead of target of 2020.
- Adjusted total expenses -4.2% to MEUR 19.5. Adjusted operating profit up 3.8 % to MEUR 2.9.



# Alma Consumer Q3/2019: Challenging for print media advertising sales, strong digital revenue sales continued

- Revenue -4.0% to MEUR 33.9. Advertising down in automotive and jobs advertising. Regional sales of print supplements lower y-on-y. Service revenue down due to a decline in the volume of external printing services.
- Digital subscriptions sales continued strong growth, +20%. Good progress in content renewal and leveraging data to create a better digital reading and user experience.
- Adjusted total expenses -2.5% to MEUR 30.6. Adjusted operating profit -17.4 % to MEUR 3.3.



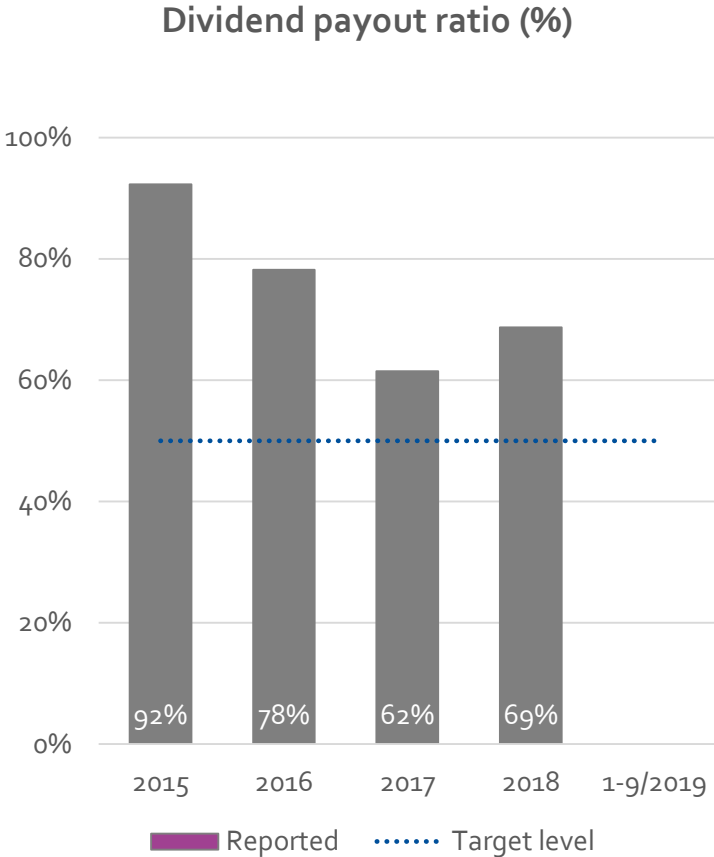
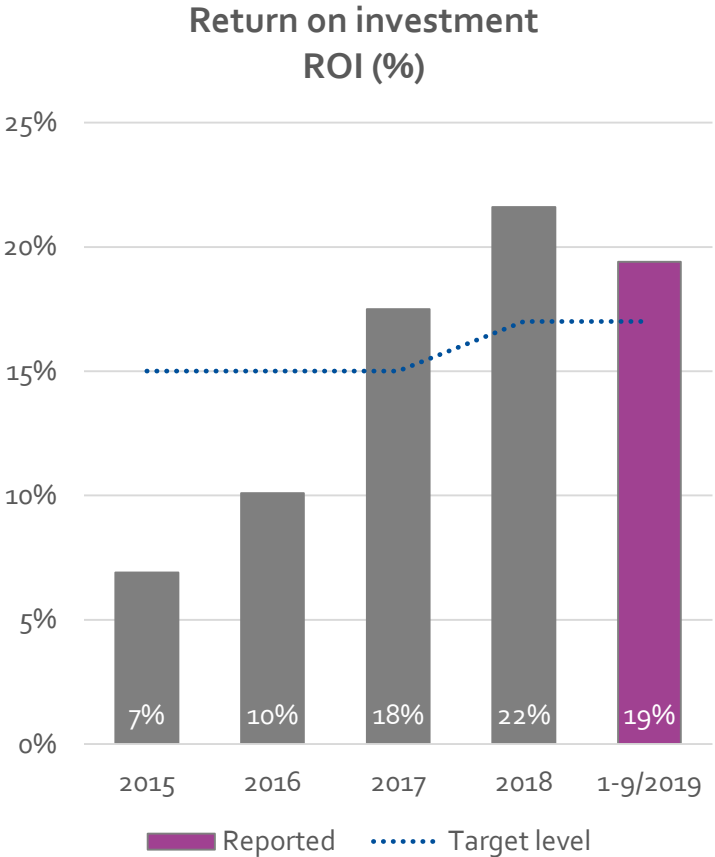
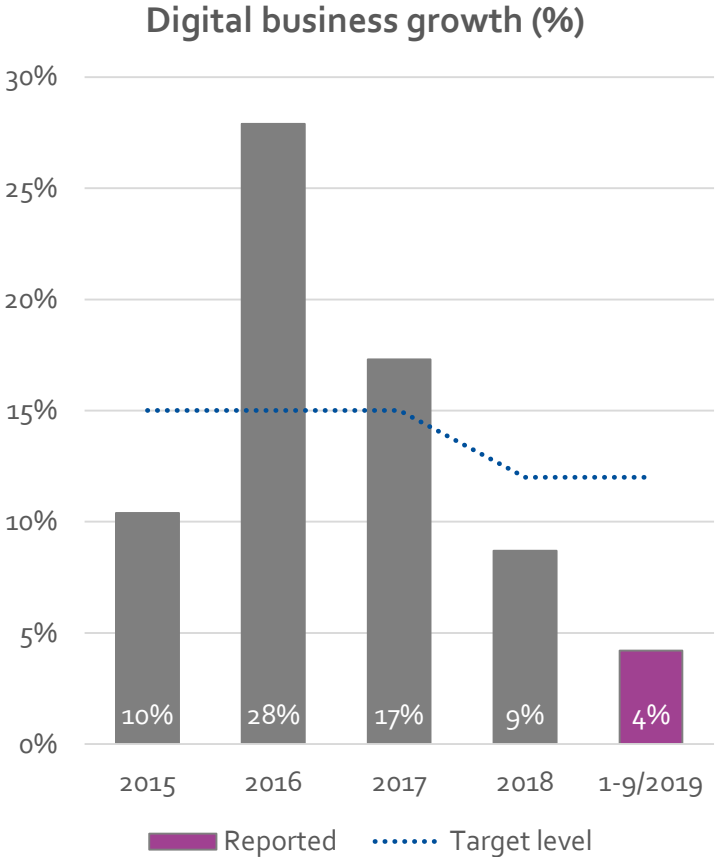


# FINANCIAL POSITION

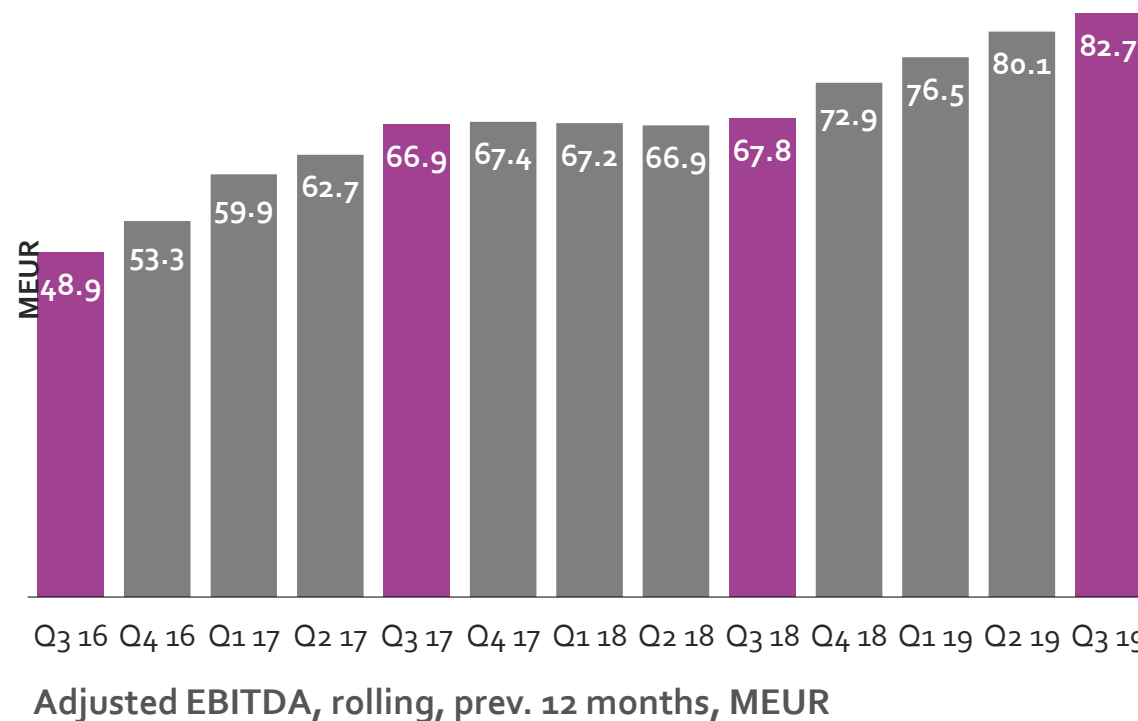
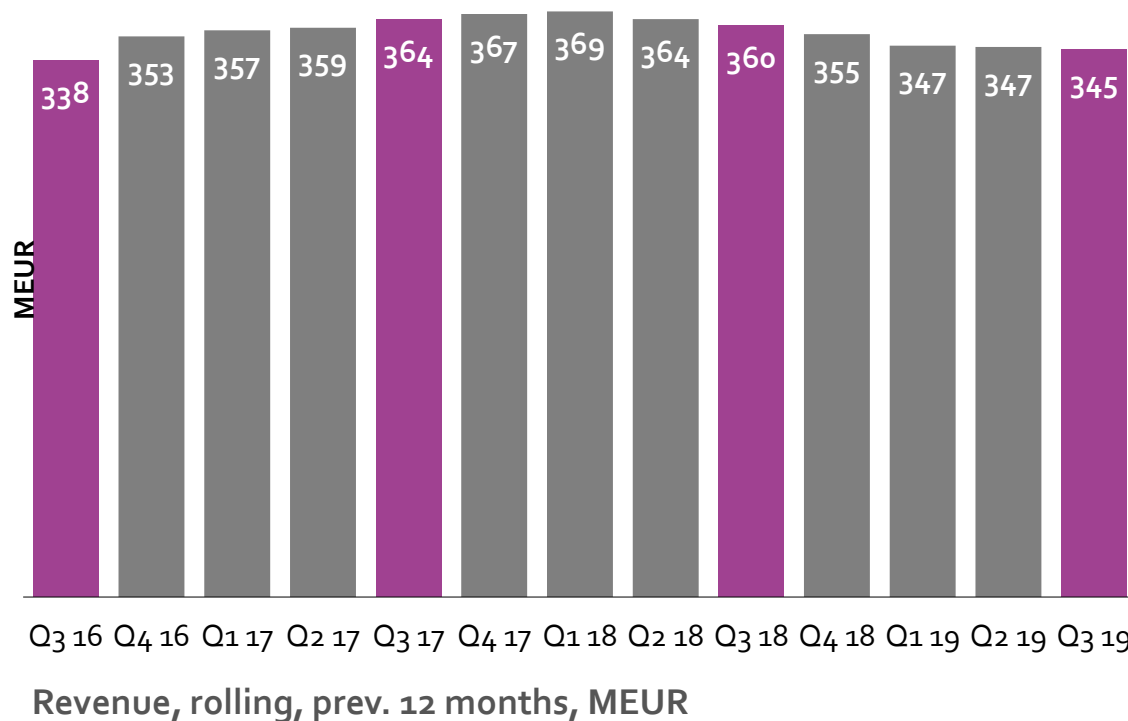




# Long-term financial targets



# Digital transformation driving operational gearing and improving EBITDA\*

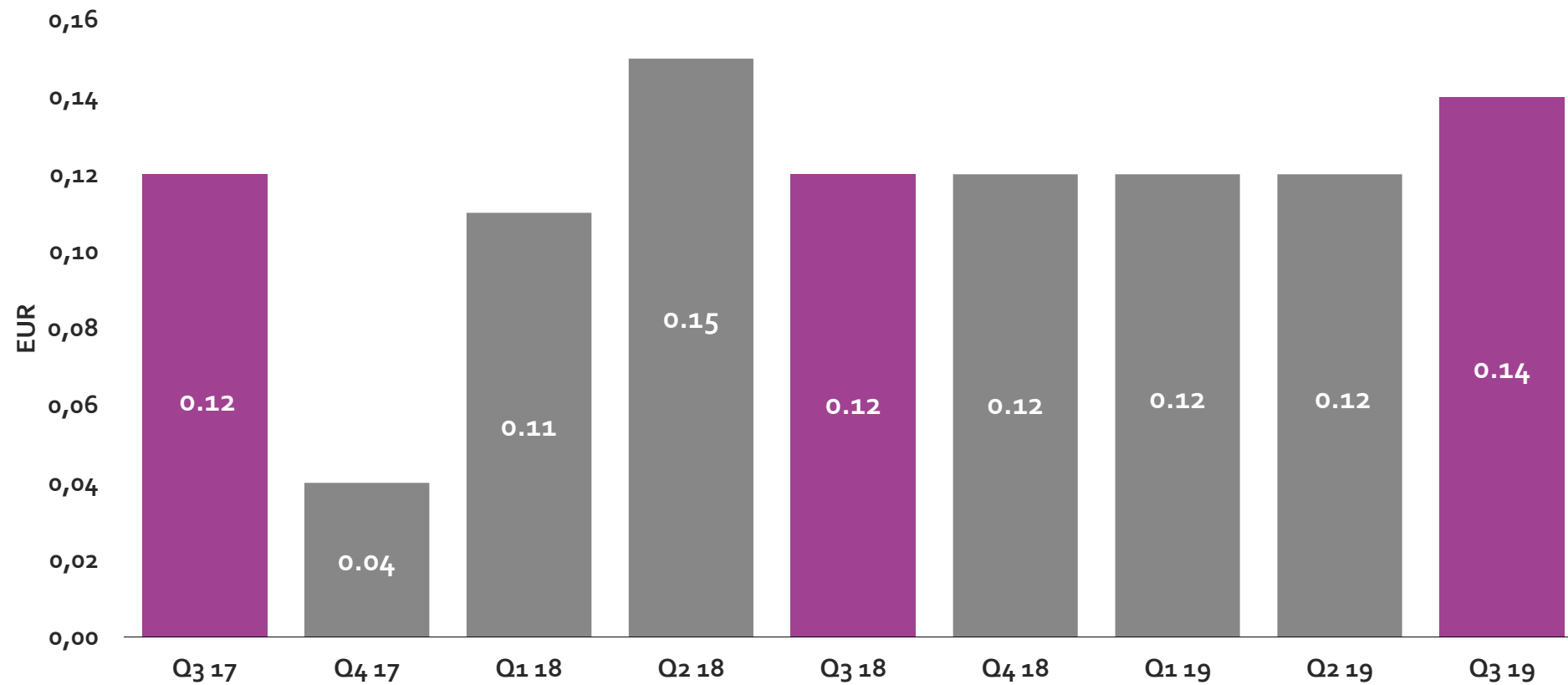


\*IFRS 16 leasing standard implementation increased Q1-Q3/2019 EBITDA by MEUR 6.0



# EPS

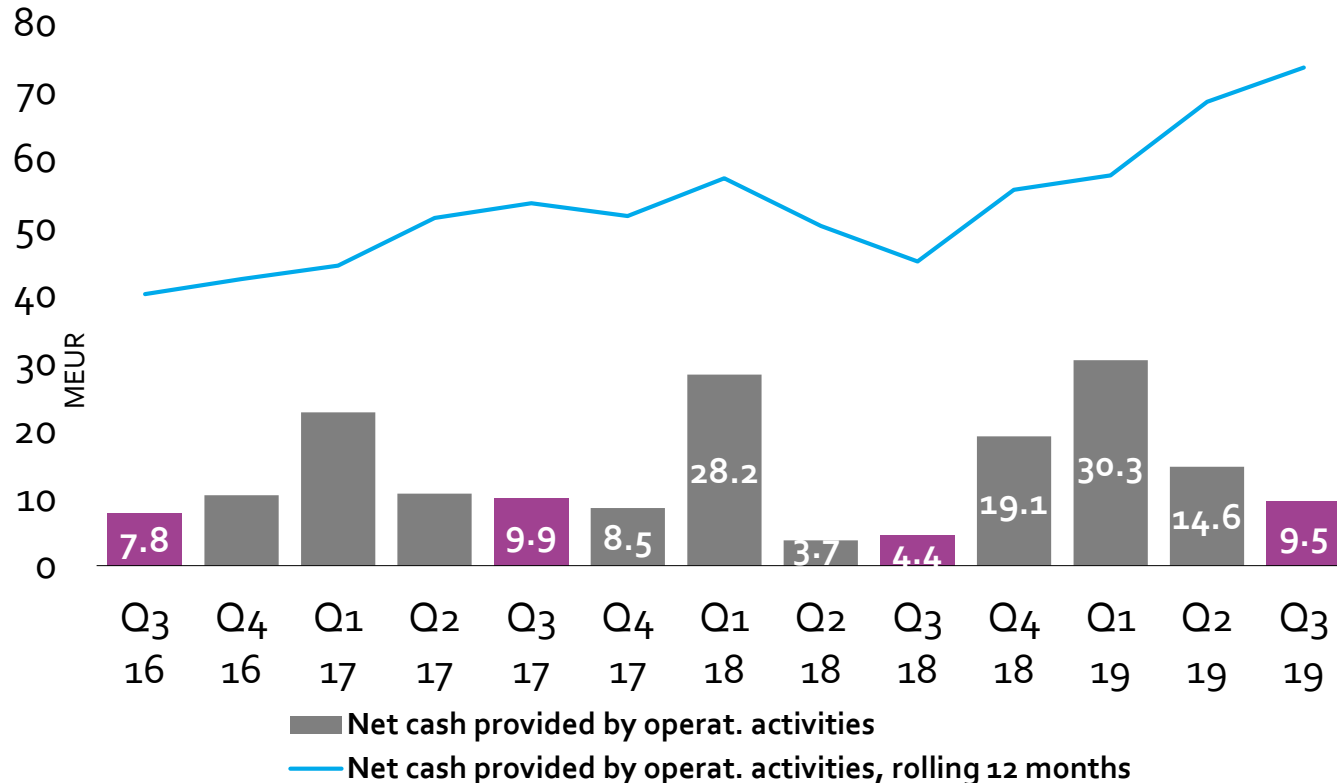
- Earnings per share in Q3/2019 were EUR 0.14 (EUR 0.12). Adjusted items in Q3/2019 MEUR -0.4 (Q3/2018: MEUR -0.6).



# Strong cash flow continued

- Cash flow from operating activities in Q3/2019 was MEUR 9.5 (4.4). Improvement was due to profit improvement, lower working capital and implementation of the IFRS 16 leasing standard.
- Cash flow from investment activities was MEUR -3.2 (10.1 ) in Q3/2019. An additional 40 % stake in Etua.fi was acquired in July 2019.

## Operating cash flow and capital expenditure

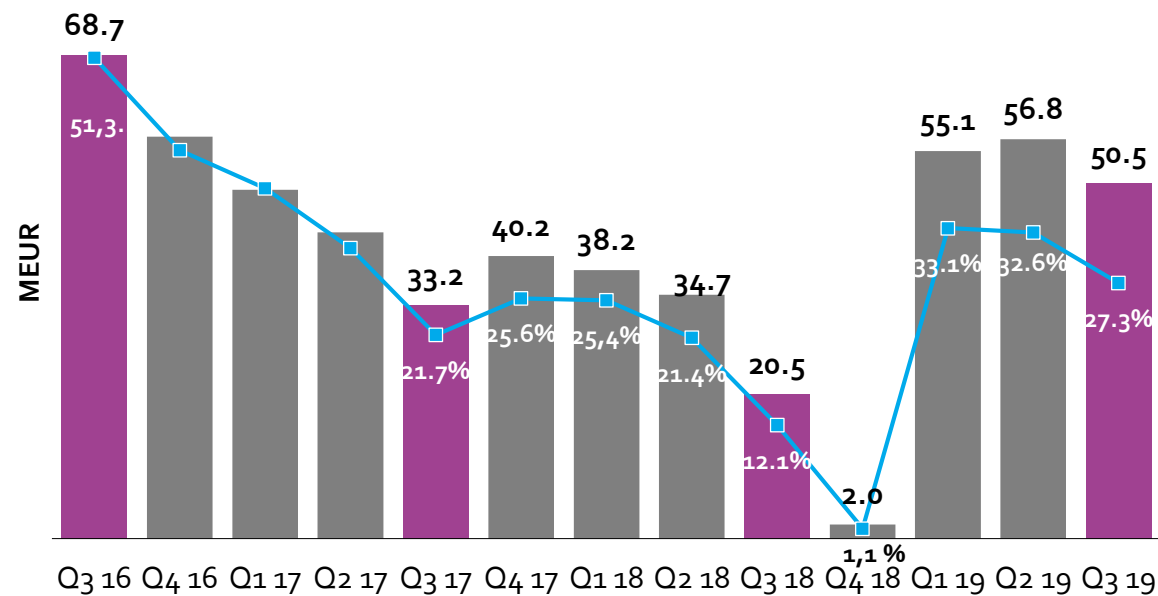


CAPITAL EXPENDITURE AND ACQUISITIONS MEUR			
	2019 1-9	2018 1-9	2018
Capex	2.1	3.5	4.8
Acquisitions	10.2	17.3	17.3
Total	12.2	20.8	22.1

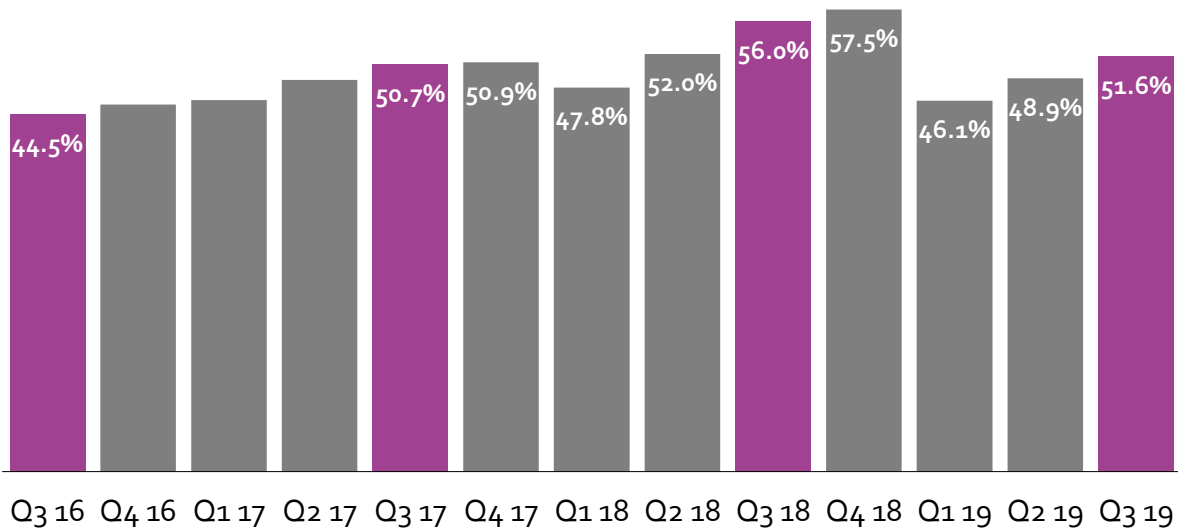
# Implementation of IFRS 16 standard increased net debt by MEUR 52.5 in the beginning of the year

- At the end of September gearing ratio was 27.3 % and net debt stood at MEUR 50.5
- Interest-bearing liabilities totalled MEUR 97.0
- Equity ratio 51.6 %

Net debt, MEUR and gearing, %  
Q3/2016–Q3/2019



Equity ratio,  
Q3/2016–Q3/2019





# IFRS 16 effects

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

### Balance sheet (MEUR)

	30 Sep 2019	30 Sep 2019	1 Jan 2019	1 Jan 2019
	Assets	Liabilities	Assets	Liabilities
Leases for business premises and operating leases	49.0	49.4	53.7	53.7
Leases for IT equipment	-1.2	-1.3	-1.2	-1.2
Total	47.8	48.1	52.5	52.5

### IFRS 16 – IMPACT ON RESULT BY SEGMENT, Q1–Q3/2019 MEUR

	Alma Markets	Alma Talent	Alma Consumer	Non-allocated and eliminations	Group
Other expenses – <i>decrease</i>	1.3	0.8	0.8	3.0	6.0
EBITDA	1.3	0.8	0.8	3.0	6.0
Depreciation – <i>increase</i>	-1.3	-0.8	-0.7	-2.9	-5.7
EBIT	0.0	0.0	0.0	0.2	0.3
Interest expenses – <i>increase</i>	-0.1	0.0	0.0	-0.4	-0.6
Profit for the period	0.0	0.0	0.0	-0.3	-0.3






A photograph of a red building with a tree in autumn foliage in the foreground. The tree has vibrant orange and red leaves, partially obscuring the building's windows. The building has a textured, reddish-pink facade and several dark-framed windows. Some windows have blue curtains. Small, square, dark-colored vents are visible on the wall between the windows. The overall scene is set in autumn.

# STRATEGY AND OUTLOOK





# Driving more customer value as one Alma

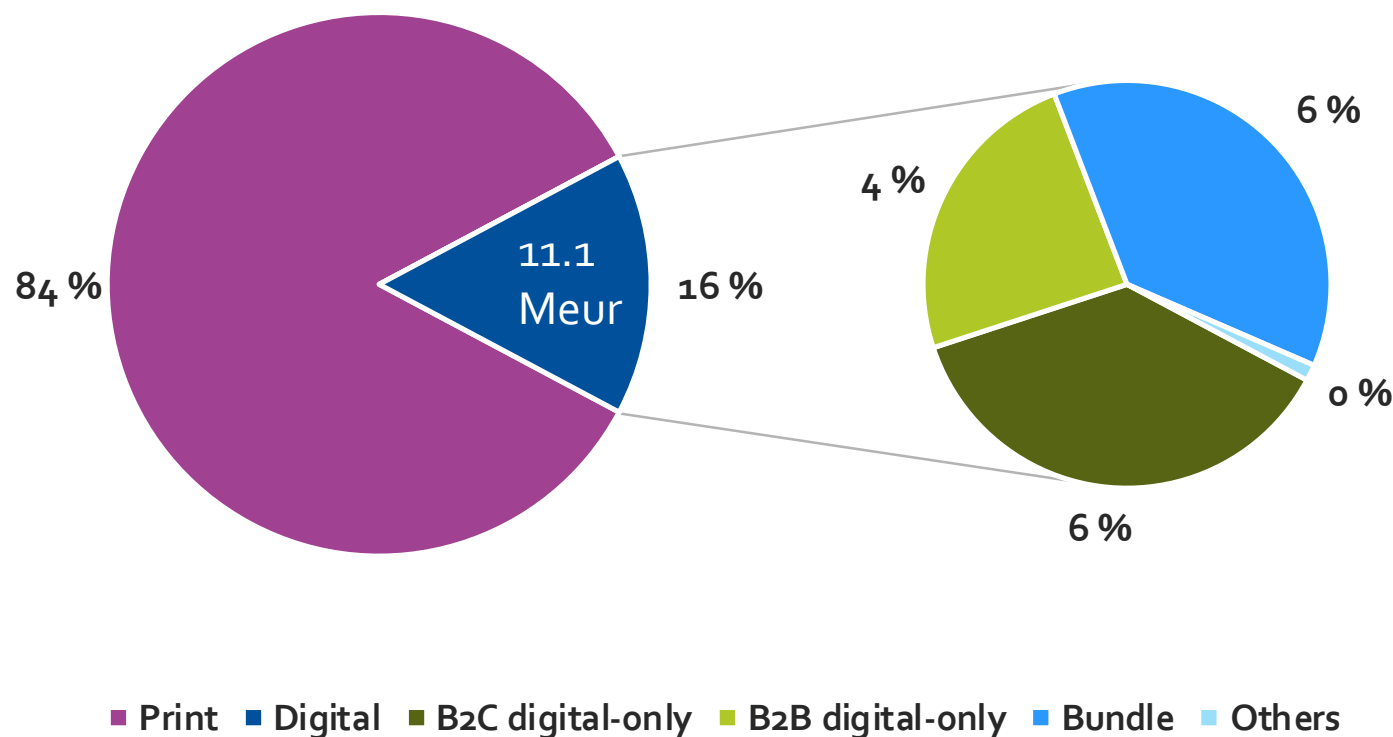
PURPOSE	ACCELERATING SUSTAINABLE GROWTH					
KEY ELEMENTS	Transformation	Digital content worth paying	World-class marketing and communication expertise	Value -adding services	Agile local partner	Solid financial base
BUSINESS FOCUS	CROSS-BUSINESS STRATEGIC INITIATIVES					
	 TALENT		 CONSUMER		 MARKETS	
VALUE	Data-driven customer experience					



# Digital content sales increase as the key success factor

Alma Media engages well over 0.5 million subscribers for print and digital

Content revenue split 1-9/2019 in Finland\*



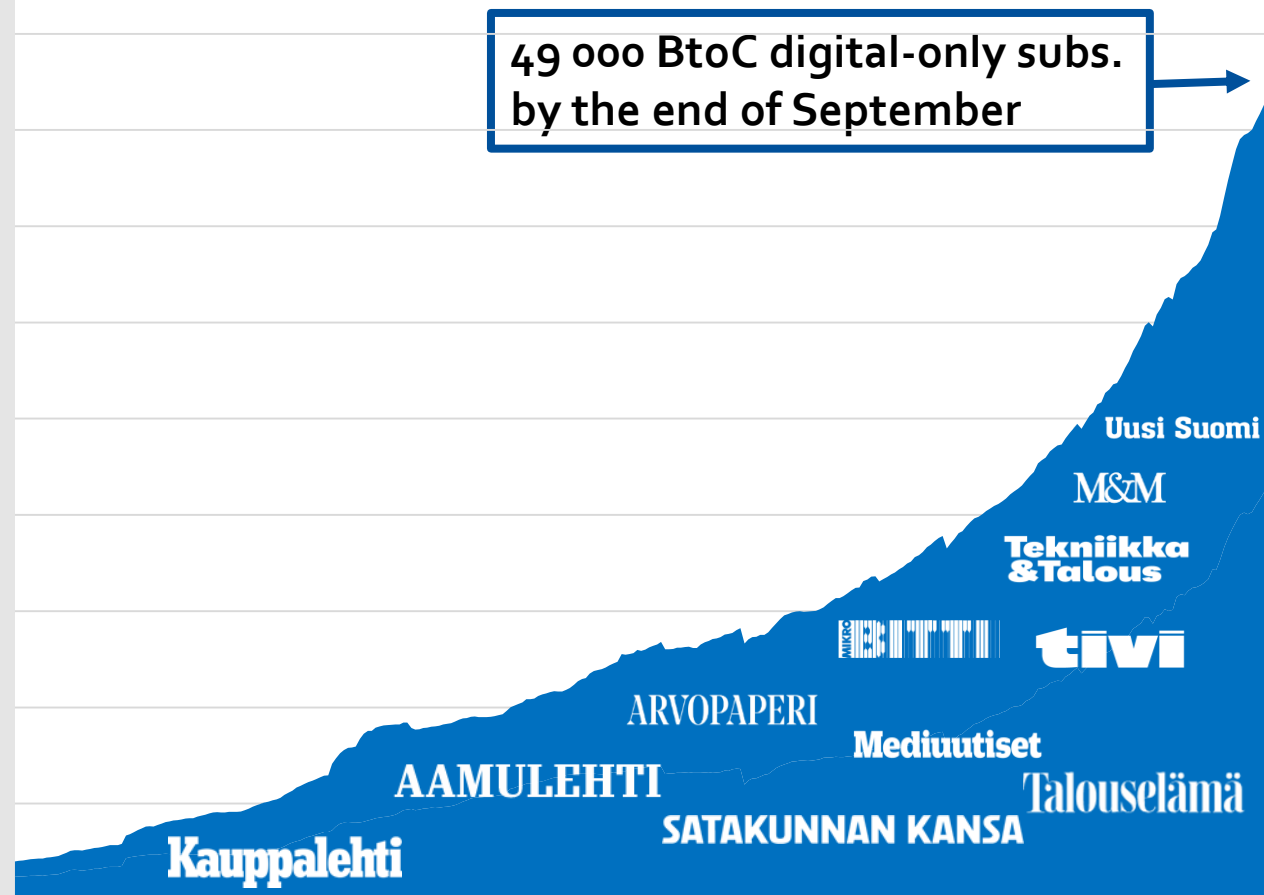
\*Excluding content sales of Alma Talent Pro in Finland and media content sales in Sweden.

# All subscribed Alma brands generate digital content revenue

- Last brands out of the digital product development pipeline:
  - M&M and Uusi Suomi.
  - Digital-only subscriber base growing well  
Alma Talent media brands +100%,  
Aamulehti +55%, Satakunnan Kansa 66%\*
- Data-driven solutions create a superior customer experience as well as increase business predictability.
- AI, automation and user data analytics improve cost efficiency.

*\*number of digital subs., 12 months*

Alma Media Content Sales (number of BtoC digital-only subs)  
2013–2019



Alma Talent has 60 000 company subscribers.  
In total, Alma Media has 319 000 subscribers paying  
for digital (including bundles).

# Majority ownership in Etua.fi

- Alma's digital marketplace business has expanded to include various comparison and competitive tender services
- Stake in Etua.fi, a provider of competitive tender services for loans and insurance increased to 60 % in July.
- First on the market to compare consumer credit and housing loans. Forwards loan applications submitted via the online service directly to the partners.
- Etua.fi has already served more than 200,000 Finns.





# Operating environment

- European economies are expected to face slower growth in 2019. Uncertainty about the economic development in Germany has increased, which has been reflected in a decline in the demand for recruitment advertising 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

- Financial Statement Bulletin for financial year 2019 on Friday, 14 February 2020
- Interim report for January–March 2020 on Tuesday, 21 April 2020
- Interim report for January–June 2020 on Friday, 17 July 2020
- Interim report for January–September 2020 on Thursday, 22 October 2020

