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PRESENTATION

Elina Kukkonen

Good morning ladies and gentlemen, and welcome to this results session of Alma Media's full year 2020. My name is Elina Kukkonen, I'm responsible for the communications and brand here at Alma. We will go with the presentation so that our CEO, Mr Kai Telanne, will first present the other overall results of the 2020 and performance of our business segments. After Kai, our CFO, Mr. Juha Nuutinen will walk through the financial position of Alma Media today and then, after that, Kai will return with the operating environment and our strategy going forward and the outlook for the year 2021.

And we also have time for the questions and answers and you're very welcome to present any questions online. First, we will take the questions from the conference call line and then the online questions after that. I think we're ready and set to start. Kai, please, the stage is yours – or the camera is yours.

Kai Telanne

Thank you, Elina. Good morning, everybody. We have also all our segment leaders here, so if you have any questions to pose for them, don't hesitate; they are more than ready to answer your questions.

As we all know, we had quite a peculiar year behind us, difficult times, but we survived, and we survived actually quite well. In the first half of the year, it was about surviving and defending profitability. And then the last part of the year was more about how to come out from the crisis, how to secure the future development of the company, how to invest in those important sectors and parts of our businesses to secure the growth of the company.

As we all know, the second quarter was the most difficult, and the heaviest decline in every market of ours, especially in the central European recruitment markets were declining heavily. That continued also during the third quarter, but during the fourth quarter markets started to pick up and the visibility started to clear a bit. And that's been a very, very good also for us.

Our revenues declined €20 million and profitability EBIT €5 million, which means that we were quite well able to mitigate the decline of the revenues coming mainly from recruitment, advertising and domestic, Finnish display advertising.

I am really happy that the effectiveness of the company has remained stable and on a very healthy level; our EBIT percent stayed at 2019 level, at almost 20% which is a very good sign and a good sign of the agility of the company and its personnel to move and act when necessary. That's been the way of Alma for years.

Our earnings per share from continuing operations were €0.33. The company is very healthy. Its financial position is good. We have ample room for future strategic investments, and we are eager to do them as well. Our Board's dividend proposal for AGM is €0.30 per share.

As told, the main reason for revenue decline was the recruitment sales to continue to fall, and that was also weighing our profitability during the last quarter. Other businesses developed smoothly to a right direction. Really happy that the Finnish advertising market started to pick up. We gained market share; our development was better than the market development. Alma Talent and Alma Consumer profitability-wise developed favourably. The decline of probability came from Alma Markets where we had also new investments into product development and marketing in order to secure this year's profitability, revenue development and new initiatives.

For the for the full year, Alma Markets' revenue declined roughly €12 million, of which roughly €7 million fell down to the EBIT line. That was the main contributor to the decline of Alma's profitability last year.

Alma Talent's performance was extremely good. All the parts of Alma Talent developed favourably and as we can see from this slide, €1.4 million increase in profitability with a decline of almost €8 million revenues was extremely good job. And also, for the other consumer segment, I will say that very good defence play in a difficult market; Corona attacking us heavily, but with good moves inside this segment, we were able to defend the profitability, as said.

Digital advertising on digital businesses; strategic importance of ours. 69% of revenues last year from digital sources; heavy decline as seen from the right side of this slide of 18% during the second quarter, slightly picking up during the third quarter and, on a positive sign, on fourth quarter. Our digital advertising was growing –it was around 5% or something in Finland during the fourth quarter – and the sales of recruitment advertising going to a right direction as well.

Now I will take the key numbers and initiatives of different business segments and after this our CFO, Juha Nuutinen will continue with the finances, with the balance sheet, and then after that I will continue again with our strategic initiatives.

I start from the Alma Market which is the biggest and was the biggest contributor still of our profitability. This is the international spearhead of the company. Unfortunately, the decline, as said, in recruitment continues, but a very nice rebound of marketplaces in Finland. As we have heard from the news, houses and premises sector, there's a huge demand for houses and apartments in Finland – lack of supply. And partly due to this, our business in etuovi.com, vuokraovi.com and related services has developed very favourably. All-time high revenues and profitability. As well as Autotalli, our car service and our related services, comparison services, like AutoJerry, they are doing extremely well.

So, the decline came from the recruitment service. The revenues – 11% down, but profitability on a quite decent level. The Alma Markets' EBITDA around 40% for the full year, the EBIT around 35%, which is not a bad achievement in a very difficult year.

We increased, as said, our marketing and product development costs during the fourth quarter. We launched Seduo, our learning Platform created in LMC, Czech Republic, we launched it in Slovakia. We are launching it in Finland as well, and similar kind of new initiatives going on in order to guarantee that the businesses are growing nicely as planned.

The second segment, Alma Talent, the business-to-business part for professionals in Finland, Sweden and Baltics, very good performance, especially in digital sales services and advertising. The advertising growing nicely during the last quarter, extremely good performance in digital content sales for the whole year and nice growth and very nice new initiatives around the digital services, data and information services in Finland.

Revenue went down 6.5%, but without the discontinued operations – 5% up, which is an extremely good achievement in a declining market, as we had in Finland and Sweden. Very strong digital content sales of Kauppalehti and other media of 42%. Really, really happy and glad that advertising picked up and exceeded comparable year's level, especially in finance and car advertising sectors.

Very effective operations, that adjusted operating profit of Talent increased more than 17%, and excluding the divested businesses close to 30%. I think this is an extremely good performance and achievement. Alma Talent, as a segment, as a Group, is by the end of the year at a very healthy profitability level of 21.5%.

As you noticed, we did a series of investments at the end of the year. I have a slide of those later in this presentation, so I won't go through them now, but there were new initiatives also inside the Talent Group, especially on the service side.

Last but not least, Alma Consumer, last quarter of last year had a very nice recovery of digital advertising, which was the key element for good profitability development revenue on close to last year's level; digital advertising was the key. We have had a nice recovery of programmatic buying; automotive retail industry has gained market share in many areas. Unfortunately, the content sales of Iltalehti, the single copy sales, due to heavy lockdowns of the travel industry, for example, is the reason behind a heavy decline of the market. Our market share has been around the same as before.

But on the other hand, the digital consumption of media and other services as well, has continued to grow and Iltalehti's reader-base page views have stayed on a high level with a growth of 15%, which is of course a very important part also for the advertising sales for the last year and for coming months and years. Adjusted operating profit nicely, almost 40% up for consumer segment. Last quarter's profitability – 20.2%, which is more than we expected.

So, these were the key numbers of last year and the full year 2020. Now, Juha Nuutinen will continue with the balance sheet issues, the financial position, and then after that I will continue with the strategy and the outlook. The floor is yours.

Juha Nuutinen

Thank you. Thank you, Kai, and good morning. This financial position I go through the changes in our net debt situation and also some comments about our cash flow and earnings per share, shortly.

We had a solid financial position at the end of December; however, there was quite a big change in our net debt level, like you can see on the left. Our net cash position is 9 million at the moment and there was a change of 55 million and this comes from the acquisitions that we made in December for Alma Mediapartners and DIAS, mainly. Our equity ratio 63%, so we have a strong balance sheet still.

We have interest-bearing liabilities around 39 million and this fully comes from the leasing liabilities and the leasing liabilities are coming from the rental agreements from our premises.

Our cash flow – we have still, despite our decreased profit, we have still strong cash flow. The decrease which you can see from the graph comes from the discontinued operations, but also decreased profit, but still a 50 million operating cash flow in this last quarter of this last year was pretty strong.

Like I said, we have quite a big investment amount in last quarter and this comes from the acquisition of the shares in Alma Mediapartners. Now we are fully 100% owner of that company which operates in a Finnish marketplace business. And also, we acquired shares for DIAS and then the ownership for that company at the moment is 80%. And also, when you look at the acquisitions throughout, there is 81 million and we have also booked in our balance sheet, our reservations, for additional purchase prices which comes, and are unrelated to DIAS as well.

We have a pretty good situation from goodwill point of view and there we don't see any impairment risk in that sense in our balance sheet.

Our operating CapEx level was last year 3.6 million, which is pretty much the level that we have seen for years now. We are operating with around 4 million CapEx level on annual basis.

This slide – we have shown you these slides before also – and this tells you our revenue invoicing status in Czech Republic concerning LMC; we have discussed that and informed you that there will be some – because of this revenue recognition principles we did also in the first half-year, this year, we see some decrease in our recruitment revenue and this graph tells you why. When COVID started in March last year, you can see how the invoicing dropped down.

But, like you can see, the recovery has happened, and our invoicing levels have been increasing, and we have now pretty good situation when we start this year. But however, this drop-down in invoicing will affect our revenue in the first half this year – it's around 1.5 million negative FX to our revenue this year and because we are showing this invoicing in our revenue between six to 12 months' time period. So that's the reason, and that's why we have noted, and it effects also in our guidance this year. But what is a good situation here is the growing invoicing amount and the situation is clearly recovering.

And then, dividend per share and earnings per share. We have earnings per share around €0.33 cents per share, last year for continuing operations, but this €1.13 of course it includes also the capital gain of Regional Media and around €0.80. Our suggestion to Annual Meeting – or Board's suggestion – to annual meeting is €0.30 – there is a €0.10 decrease compared to last year. But overall – and you can see also the operating cash flow. We have nearly €0.70 operating cash flow percent, so we still have really strong cash flow from our operating activities.

If we look at the long-term financial targets, last year was pretty difficult for our digital growth, we ended up in – 5%, but like I told you earlier, the last quarter was positive, so we are in a good recovery stage at the moment. But of course, last year was revenue from this digital business growth point of view. And we are behind the long-term target level, naturally.

Our Return on Investment was 37% and it's a high level, but it comes mainly from the gain of capital gain from Regional Media sales.

The dividend payout – this 27% is a low figure because it's €0.30 divided to our €1.13. Because we are comparing it to the whole earnings per share figure which includes also the Regional Media sales.

The dividend level is lower; we want to keep enough investment headroom and the coming years, and that's why the dividend is slightly lower than the last year's level.

So that was a short and quick review on our balance sheet and cash flow. And Kai continues with the operating environment.

Kai Telanne

Thank you very much, Juha. As we have told you, the obvious question is why is the dividend proposal €0.10 less than last year, and the obvious answer is that the company has a very good plan, a strategic plan, and the Board wants to leave room for major strategic investments that we are of course willing to do, so that is the clear answer to that.

Before we go to different kinds of strategic initiatives, I want to give a little bit of light to the forecast and the view of underlying markets and development. We are a little bit disappointed, of course, all of us, with the current speed of vaccination programme, especially in Finland, but all over Europe. I must say it hasn't gone as planned, or waited for, but there is light at the end of the tunnel. The current forecasts are saying that the recovery has started and the current forecast for those markets where we are present are looking like this. The Finnish newest forecast expects 2.8% GDP growth for this year and 2% for the following year.

And as we can see from the other columns here, the same goes for other countries as well, but with a higher speed, which is of course a very good basis for our planning and business development. But on the other hand, from this figure we can estimate that it takes maybe two years before reaching the 2019 all-time, record-high level. But nevertheless, the change has happened despite the heavy lockdowns in every market, and quite difficult situation with the corona virus. Businesses are doing quite okay; societies are open, the markets are working, and our invoicing in all countries in all markets are increasing. So, the businesses are going in the right direction, so we don't need to chase the plan that we have in place; we can continue with the strategic initiatives and with the plan that we have for every market.

Luckily in Finland, also, the Finnish advertising market, which is of course important for us – its importance has been decreasing with the other services to develop and increase, but still, it's very important. That's why we have to follow this carefully. For us, the digital advertising market is of course the most important for now and in the future; or it is growing, as our digital advertising. The newspaper advertising is still on a negative side. It's picking up from the very demanding spring that we had in 2020, but it's still on the negative side. And because of this, the overall market stayed slightly negative last year. There are no big changes in market shares in Finland.

But we are waiting for the advertising market of Finland to pick up and to recover and to develop favourably. The first part of the first quarters might be difficult. We have to remember that 2020, January/February were quite good. So, we have very difficult comparables there, but from March on, the comparables are easier and the growth should happen as we expect.

View on the market: difficult winter, better spring; hopefully after the summer we have the vaccinations done, hopefully, and the markets more or less normalising, hopefully.

I want to say a few words about our strategy and then of course, outlook for the year. I want to remind you of our key elements of the strategy. The first one is of course to continue with the transformation of core publishing business and other businesses as well; like nowadays our marketplace is recruitment. I would say that those are our core businesses, but we are transforming them to more leveraged, diversified HR businesses, like recruitment business, or leveraging our business to different kind of houses and living businesses.

In order to accelerate the digitalization, we need to have and get all the synergies that is available in the organisation. That's why we are all the time looking at new ways of doing cooperation, looking at the way of organising the cooperation; I will come later to do that as well.

The cooperation is the key we have inside the group. We have all the necessary capabilities to succeed in the future, but we don't have all the capabilities in every business unit; we have to do cooperation in order to use all the group level skills. Of course, as you know, we are quite keen on divesting or closing unprofitable businesses and use the resources to new ones and profitable ones.

The second part of our strategy is of course to grow in digital services or other digital businesses, so we are diversifying, leveraging our businesses from media to marketplaces and different kind of digital services. We have many examples of this kind of improvements inside housing and living sector, inside mobility services, different kind of comparison services inside the Talent and so on. But we will mainly concentrate on these kinds of businesses that we can get synergy with other current businesses.

We will diversify current core businesses in those value chains to new business areas like we have done. In Career segment from core recruitment, job boards, to new staffing businesses or educational services. But of course, we have to have the capabilities, especially digital capabilities in place to do this.

And then the third part of our strategy is to continue with the internationalisation of the company to leverage the business into new areas, to leverage the businesses in current areas, geographical areas and we have the resources to do this. Of course, this will balance our portfolio so that we are not that dependant on one single market, like Finnish market, which has had a tendency to grow slower than neighbouring economies like Sweden after the crisis.

So that's been a very important part of our strategy to increase the growth to keep the pace by internationalising, diversifying the portfolio to foreign countries having this slow Finnish economy in mind. So, these are the main points of the transformation strategy. And all the manoeuvres, the initiatives, acquisitions, divestments and so on are done inside this kind of strategic framework.

What are we then doing? If you have a little bit closer look, the main idea is to combine top of the mind, market-leading media and content with top of mind, first class, market-leading digital platforms and services. Like we have inside home and living sector like etuovi.com, vuokraovi.com, Muuttomaailma, like we have in cars and mobility, AutoJerry, autotalli.com, and so on. And like we have in recruitment in ten countries, like we have in Alma Talent in Finland, Sweden and Baltic countries. Different kind of combinations of high-quality media with high-quality digital services for different kind of interesting areas of people's lives.

And of course, one of the key elements in order to use all this combination is the data that we are collecting and getting with the high usage of media, with the high reach and daily usage of the leading media brands that we have, especially in Finland.

With the development of the portfolio of the company, while the business is evolving to the digital service side, we have a plan to organise this company a bit differently in order to intensify the development in the most important sectors of Alma Media.

And in order to do that, we do a renewal of our segment there, reporting, and at the same time, of course, the organisation, the way of organising and leading the company. From 1st of March, we are doing the business in three segments, as we had before, but a little bit different combination of businesses inside those segments.

The first one is Alma Career, which will concentrate on international HR recruitment-related services. The core of the business is, of course, the traditional recruitment verticals, but we are leveraging the business to a different kind of staffing on demand and different kinds of managed HR-related career building services. That segment is led by Vesa-Pekka Kirsi, who's been the leader of Alma Markets. The size of the segment is here on the left side – €63 million of revenues on a very healthy profitability level, 100% digital business. So, Vesa-Pekka will continue pushing this part of the business forward, investing in new things and taking care of the very profitable core recruitment business.

The second segment is our business-to-business part, media and business services for professionals led by Juha-Petri Loimovuori – €95 million, half of the business, digital business on a healthy profitability level. This business is leveraging from traditional media and print media to digital media and more and more from media to services. So, we have investigated digital services, we have invested in new digital services and we will continue investing different kinds of digital services like business-to-business marketplaces, different kinds of data services or information services inside the business-to-business area.

Our third segment will be a new Alma Consumer. Finland-concentrated, consumer business, market leading, digital media and top of mind market-leading consumer verticals like houses and premises and cars and mobility. And different kinds of comparison services that we have already in place like etua.fi and so on. €70 million of revenues, healthy profitability – 70% of digital services.

And as you can see from this slide, from now on we have quite a balanced portfolio of different businesses of media, fully digital services and a combination of those to run for the future. So, this will be the way of the segment reporting from now on from the 1st of March actually.

A few examples of latest transactions that we did at the end of the year. In Alma Mediapartners, which is now – like Juha told you – fully owned by Alma Media. We acquired the remaining shares of Mediapartners and now that part of the business is inside the Alma Consumer Group. We acquired one fifth of Bolt, which is a tech company specialising in staffing services and that is an example of the way, or the direction, that we are aiming at to leverage the Career business in Finland and abroad.

And then a third example is Alma DIAS, which is a fully digital housing transaction service. A Finnish design, blockchain-based news service. We are doing a close cooperation with Finnish and Scandinavian banks; we acquired 80% of that in 2020. We have a very nice plan to use that platform for different kinds of new initiatives as well. And then smaller acquisitions like Ilona Works, which is a business-to-business, service marketplace and Asuntopuntari as well. Those are all inside and run by Alma Talent Group.

As the transformation progresses and the business evolves, we of course want to renew our reporting accordingly. That means that while we have had the revenues split until the end of last year, as shown here on the left side of this slide, we have divided revenues in three parts: ad revenues, content revenues, and service revenues. This is quite a traditional way for publishing companies to report its revenues.

Now, when we are moving more and more to a tech company or a combination of tech service and media company, we want to do it a bit differently and we start to split the revenues from the first quarter like we have done here on the right side of this slide. We are reporting from now on our revenues still in three parts; they are marketplaces, media, and services.

The service part is going to grow, the marketplace part is going to grow, the media part remains to be seen. Hopefully it grows with the advertising growing and with the digital content growing, but it's been quite stable during the last years. In our sense, in our portfolio, the marketplaces, the service sectors have been those that have been growing. It depends very much on the underlying markets and acquisitions of course. So, this is also new from our part.

All right, and then finally, the outlook for '21. As we all know, the uncertainty is still there, the virus is still there, which means that there are at least for the first half of the year, the uncertainty will continue. That means that the visibility stays for at least the first half of the year, and that is the reason for us also to be a bit cautious. We are expecting our adjusted operating profits to continue at last year's level. As Juha told you, we have there, in the beginning, some load burden from last year, from the LMC and other costs that we have to take care of. And this is one reason, of course, for the outlook of this year.

The delay between invoicing and revenue recognition, and then of course the overhead costs – that is still there; or some of them are still there of the divestment of our Regional Media to Sanoma. So, we have to divest them step by step, but there is still burden from that.

So, that's it. But as Juha told you, the year has started quite well, despite the lockdowns in the market, so we still have a positive view on this year and coming months.

Q&A

Kai Telanne

Thank you very much. If you have any kind of questions, I have still time, around 15 minutes to answer those, and as I told you, we have all the segment leaders here as well, if you want to pose any questions. Do we have online any questions, Elina?

Elina Kukkonen

I think we'll take the operator questions first. So, Operator can you hear us? We would be ready for questions.

Sami Sarkamies

Hi, thanks. I have a couple of questions starting from markets. I think you indicated earlier that recruitment revenues have been improving every month throughout last year. But if we look at the growth rate in Q4, there was an unchanged 16% decrease in the fourth quarter, the same amount as in the third quarter. So, was it so that there was not much improvement during Q4 after all, or is this explained by different comparables for those two quarters?

And then secondly, could you still explain what you meant with €1.5 million revenue headwind related to invoicing? For which period is this related to?

Kai Telanne

Thank you, Sami. Very good questions. We want to clarify those. I'll leave the last part of your question, the second questions to Juha. He'll try to explain that. I could do that as well, but he already started. So, there is this problem with sales invoicing and revenue recognition. As we told you, the sales and invoicing of our recruitment services are picking up and have picked up during the end of the year, but because of the revenue recognition problem, that doesn't show in our revenue figures. If you understand correctly. So, there is this parallel problem.

You can go deeper into that. We have one slide in Juha's presentation explaining the 1.4 million or 1.5 million difference to start with this year, but the view is that the sales and the invoicing also in the recruitment is going in the right direction, but we have a revenue recognition problem from the later part of last year and the first part of this year still in place. Vesa-Pekka Kirsi (Head of Alma Markets) has thumbs up, which means that the businesses are doing okay, or good there, but the revenue recognition problem doesn't show that in our figures.

We are confident that – as I have reported is that like LMC, they have the all-time high; January and December was an all-time high in sales, which means that the economies are opening up the businesses and the key customers of ours, they are active in recruiting and doing their business. So, we will have these figures in place later during this year. Juha, do you want to continue with the LMC revenue recognition programme?

Juha Nuutinen

I think this is pretty much what I said, that 1.5 million is our estimate – how much we are having negative effects.

Kai Telanne

This is, Sami, the problem that we have discussed also before. The heavy slump, January/February last year, this grey curve is the explanation for the revenue decline. And that is so heavy that it has its effect also during the first half of this year. And that is the -1.5 million starting point for the Career segment, revenue development for this year. You have to have that in mind.

Sami Sarkamies

Okay, but just to be very clear, is that 1.5 the monthly headwind, quarterly headwind, or annual headwind?

Juha Nuutinen

It's an estimate for the first half-year and if the effect should stop to the end of half first year. So, it's a six-month estimate.

Sami Sarkamies

Okay, that's very clear. Moving onto temporary savings that were still, I think 3 million in the third quarter. Did you have any in the fourth quarter? And how much headwind are you seeing from those temporary savings on an annual level if you think about normalisation of costs this year?

Kai Telanne

Well, I actually, we didn't have any temporary savings, or very little of those, during the last quarter. As mentioned before, we had instead some new projects started and new investments going on, like in recruitment services, and as we have seen from the figures of the Career segment, the profitability went down because, of course, the decline in revenues, but also for the course that we have put in place for marketing and sales and product development. We have new launches like this Seduo Training Platform in Slovakia going on. It has had a very good start actually and we will see the good results by the end of this year, but we have those initiatives, so this has been the idea to start the recovery, to get out from the crisis, healthy. And due to this, we didn't want to continue the temporary cost cuts like the layoffs or other personnel-related cost initiatives.

And then, as a summary, we did around - as you noticed, our costs declined last year around €15 million of which around €12 million where those COVID-related cost initiatives and we don't have those in our plans for this year. The other declining costs are more or less this kind of print-related, volume-based cost reductions.

Sami Sarkamies

Okay, that's very clear also. Then moving onto outlook and guidance – can you confirm that even though you're guarding for flat revenues and EBIT, you're expecting to land in a positive territory? And then maybe on the top line guidance – why are you so negative as you'll be faced with relatively easy comparables after the first quarter?

Kai Telanne

We don't have easy comparables for the first quarter. We have quite tough comparables for the first quarter. January and even February last year were extremely good and then the difficulties aroused mid-March, actually.

Sami Sarkamies

Sorry, I meant after first quarter. So, comparables after Q1.

Kai Telanne

They are getting easier, should be easier, but then on the other hand we are quite cautious with the first half of the year. We have this revenue recognition problem. We have a little bit poor visibility of the market development because of the virus still going on; the vaccination programme hasn't really started and so on. So that is our view. The first part of the year might be a bit difficult. Hopefully the last part of the year will be much better. It's the basic idea how we made this forecast and plans.

Sami Sarkamies

Okay, and can you say that you're expecting sort of positive, flat sort of outlook or could it even be negative?

Kai Telanne

Hopefully so.

Sami Sarkamies

Okay. And then finally on the dividend cut and proposal. You went through the plans for the coming years. Is this driven by sort of perhaps M&A opportunities in the near term and you're sort of saving cash for those? Or is it so that the Board wanted to adjust the dividend payout level so that it reflects the underlying business at the moment, assuming no M&A?

Kai Telanne

The company wants to have room for strategic, major investments that we hopefully have in place rather sooner than later, so we haven't had in the Board any kind of new ideas or ways of thinking about the dividend. So, we have still in place the dividend payout targets that we have had in place, which is at least 50% – of earnings per share. So, to be precise, we really want to have room for the growth of the company and for the acquisitions by reserving balance sheet for those initiatives.

Sami Sarkamies

Okay thanks, that's all from me.

Kai Telanne

On the other hand, there's no new worsening view of underlying businesses. Not at all this kind of idea behind this. On the contrary, I would say.

Operator

Our next question come from line of Pete Kujala from SEB. Please go ahead. Your line is open.

Pete Kujala

Hi, this is Pete Kujala calling from SEB. A couple of questions from my side. If we continue or start with the market segment and the invoicing. Can you give any kind of comment on, for example, here in January or early February, where do you see the invoicing levels for example compared to 2019? So, I understand last year was a little bit an off year, so to speak, but compared to a more normal year, where are we right now in terms of invoicing? Thanks.

Kai Telanne

In Central Europe, as I told you, the invoicing has proceeded favourably. I don't have the exact number – but the overall view is that we are on a healthy level compared to the comparable years in the beginning of the year. So, I just want to remind you that January/February last year was on a record level in recruitment also. So, we are on a good level in sales and invoicing.

Pete Kujala

All right, fair enough. Thanks. And then, as you mentioned that this difference between revenue recognition and invoicing will still put a burden on markets first half, but just digging a little bit in the details there – do you still expect that Q2 will see a headwind? Or do you basically comment that Q1 will be weaker and Q2 strength will not offset fully the weakness in Q1?

Kai Telanne

Having this slide that we have on the display, you can see that this has continued quite long – the decline of invoicing, and that will have a one, two, three, four, five maybe even 12 months effect on revenues. And the biggest part, of course, goes between the last two quarters of last year. I mean Q3/Q4 and the first two quarters of this year, Q1/Q2, and the effect declines towards the summer. Biggest hit of course, coming or going between third quarter of last year and second quarter of this year and the first quarter is of course worse than the second quarter in this sense.

Pete Kujala

Understood, thanks. Many thanks for that. Then looking at the bigger picture, you mentioned that you are moving – at least partially in the market segment – moving somewhat towards staffing. Do you expect it to have some kind of impact on the margins of that business in the long term, or do you expect the staffing business that you are looking at to be very high-margin business?

Kai Telanne

We are heading to investigating digital businesses, so we're not very interested in this kind of traditional staffing business, which is heavily personnel-related, traditional business, because our abilities are related more or less into digital world, the digital capabilities and the tech.

And that's why Alma is quite an interesting partner for many players around the market. And the Bolt acquisition is of course one of that kind. We have investigated others as well and we might see these kinds of investigations also in the future. But long story short, the digital aspects of those businesses is in our focus of course.

Pete Kujala

All right, that's very clear, thanks. Then on recruitment and also Alma Mediapartners – you can take the questions separately for the two if you want – but can you give some comments on the pricing environment of those businesses? And for Alma Mediapartners, is the competitive situation in Finland – does that allow for price increases, for example, in Autotalli or Etuovi? Thanks.

Kai Telanne

Sorry, I didn't understand the question. Can you repeat it?

Pete Kujala

So, do you do price increases actively in, for example, in Alma Mediapartners – the classified sites. Are price increases part of the toolbox for growth or is it mainly volume driven?

Kai Telanne

Our way is not doing this kind of price leaps or this kind of heavy steps or big steps in pricing. We have to be a long-term partner, which means that we have to be careful with the pricing, but of course with the increased visitor base and volumes you can increase prices and of course hand in hand with inflation you can increase price, which means that we are doing price increases whenever it is doable reasonably. But as a long-term partner, we do it cleverly, when possible.

Pete Kujala

Understood. Thank you. Last one from me – more generally about the advertising market in Finland. I understand that some parts of the market are probably closed, like travelling, but outside of that, does the demand look broad-based, or are there some customer or sectors that are driving the demand in advertising? Any kind of general comments on that would be nice.

Kai Telanne

In our case, we have succeeded nicely with the car mobility services and those sectors in retail, in financial sector. But the difficulties of course are in travelling, entertainment, restaurants, special stores. So, the city centres are quite empty at the moment, so the special store businesses are difficult – you might see a decline there. Food advertising is on a decent level and the business has gone well. So, there are actually quite big differences between different sectors. So, the used car business has gone really well and our business as well, but there have been problems with the new car sales and advertising. Though we have succeeded quite well in that car mobility sector.

Pete Kujala

Many thanks for these. That's all from me, thank you.

Operator

Thank you. Our next question comes from the line of Pia Rosqvist from Carnegie. Please go ahead. The line is open.

Pia Rosqvist

Hello, it's Pia Rosqvist from Carnegie. I've got one question and it's with regards to the cost base for 2021. So, in your Q4 report the eliminations and non-allocated costs were 3.1 million. Is this a representative level for the remainder of 2021?

Kai Telanne

It's roughly €3 million. If you refer to the cost that's left to the corporate costs after the divestment of the Regional Media?

Pia Rosqvist

Yes.

Kai Telanne

Yeah, it's roughly €3 million.

Pia Rosqvist

Good, thank you.

Operator

Thank you. We have no more questions from the lines. I will hand it back to our speakers for closing comments and web question.

Elina Kukkonen

Now, we can take online questions, but it seems that we don't have any online questions at the moment, so I think we're ready. Thank you.

Kai Telanne

Thank you very much for your attention and we'll see next time in April with the first quarter interim report. But if you have in the meantime any kind of questions we are – Juha and me and other colleagues – we are more than happy to answer your questions later via email.

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