

# Alma Media Corporation

Financial Statements Bulletin for January-December 2018

14 February 2019



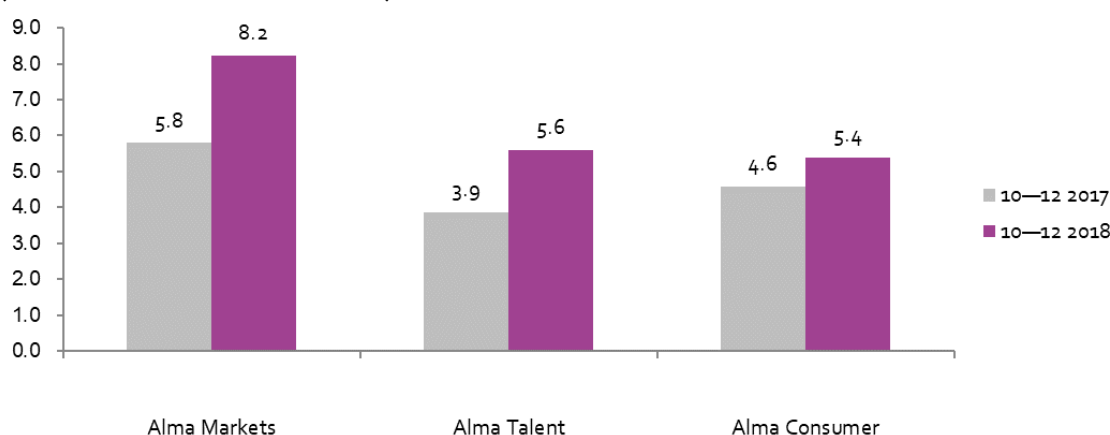
Alma Media's Financial Statements Bulletin January–December 2018:

**All business segments improved operating profit in Q4. Revenue declined due to divestments.**

**Financial performance October–December 2018:**

- Revenue MEUR 91.9 (97.1), down 5.3%.
- Adjusted operating profit MEUR 17.1 (11.3), or 18.6% (11.6%) of revenue, up 51.7%.
- Operating profit MEUR 16.1 (5.8), or 17.6% (6.0%) of revenue, up 176.5%.
- Earnings per share EUR 0.12 (0.04).
- Alma Markets: Operating profit was increased particularly by domestic business growth and lower marketing expenses.
- Alma Talent: Divestments and restructuring measures led to improved productivity.
- Alma Consumer: Successful digital sales and cost savings improved profit performance.

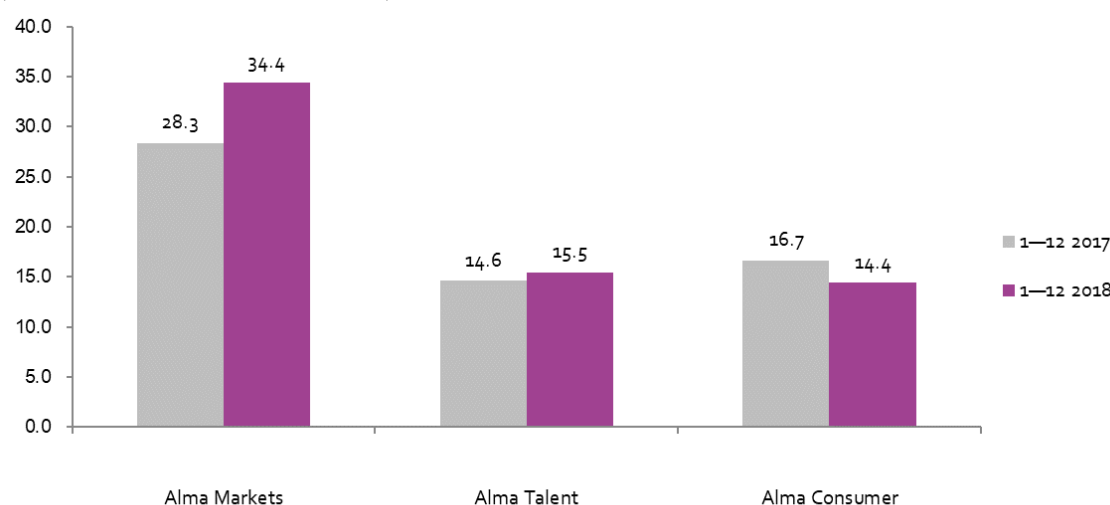
**Business segments' adjusted operating profit, October–December, MEUR  
(excludes non-allocated functions)**



**Financial performance January–December 2018:**

- Revenue MEUR 354.6 (367.3), down 3.5%.
- Adjusted operating profit MEUR 57.3 (51.1), or 16.2% (13.9%) of revenue, up 12.2%.
- Operating profit MEUR 61.0 (46.6), or 17.2% (12.7%) of revenue, up 31.0%.
- Earnings per share EUR 0.51 (0.39).
- The Board's dividend proposal is EUR 0.35 (0.24) per share.

**Business segments' adjusted operating profit, January–December, MEUR  
(excludes non-allocated functions)**



KEY FIGURES MEUR	2018 Q4	2017 Q4	Change %	2018 Q1–Q4	2017 Q1–Q4	Change %
Revenue	91.9	97.1	-5.3	354.6	367.3	-3.5
Content revenue	29.5	32.4	-9.1	114.8	125.8	-8.8
Content revenue, print	25.1	28.2	-11.0	97.9	109.3	-10.5
Content revenue, digital	4.4	4.2	3.6	16.9	16.5	2.7
Advertising revenue	48.6	50.2	-3.2	183.9	185.8	-1.0
Advertising revenue, print	13.1	16.5	-20.6	50.6	62.8	-19.4
Advertising revenue, digital	34.7	32.9	5.5	131.0	120.5	8.6
Service revenue	13.9	14.5	-4.3	55.9	55.7	0.4
Adjusted total expenses	75.0	90.1	-16.7	297.9	320.8	-7.1
Adjusted EBITDA	20.8	15.7	32.4	72.9	67.4	8.2
EBITDA	19.8	14.3	39.0	76.6	66.9	14.5
Adjusted operating profit	17.1	11.3	51.7	57.3	51.1	12.2
% of revenue	18.6	11.6		16.2	13.9	
Operating profit (loss)	16.1	5.8	176.5	61.0	46.6	31.0
% of revenue	17.6	6.0		17.2	12.7	
Net income for the period	11.5	4.4	160.9	47.9	36.7	30.6
Earnings per share, EUR (undiluted)	0.12	0.04	190.4	0.51	0.39	29.5
Digital business revenue	44.5	42.1	5.8	170.3	156.6	8.7
Digital business, % of revenue	48.4	43.3		48.0	42.6	

#### Dividend proposal to the Annual General Meeting:

On 31 December 2018, the Group's parent company had distributable funds totalling EUR 152,709,980 (134,532,841). Alma Media's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.35 per share (2017: EUR 0.24 per share) be paid for the financial year 2018. Based on the number of outstanding shares on the closing date 31 December 2018, the dividend payment totals EUR 28,751,404 (19,733,564).

No essential changes have taken place after the end of the financial year with respect to the company's financial standing. The proposed distribution of profit does not, in the view of the Board of Directors, compromise the company's liquidity.

#### Operating environment in 2019

Finland and Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth, but the rate of growth is predicted to slow down in 2019.

The structural transformation of the media will continue; online content sales will grow, while the demand for print media will decline. The profitability of print media will be reduced by higher distribution and delivery costs as well as volume-linked costs. Making use of data, analytics, machine learning and automation will become increasingly important, which calls for increasing technology investments. The areas of digital advertising that are expected to see the fastest growth are search engine, social media, mobile and video advertising as well as content marketing.

#### Outlook for 2019

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.

## Market situation in the main markets

According to Kantar TNS, the total advertising volume in Finland decreased by 1.8% (1.1%) in October–December 2018, while advertising in online media increased in Finland by 1.3% (11.9%) in the final quarter of the year. Advertising in city papers and newspapers declined by 10.1% (9.7%) in Finland. Advertising in magazines in Finland decreased in October–December by 1.2% (0.7%). In terms of volume, the total market for afternoon papers in Finland declined by 8.2% (13.4%) in the fourth quarter of 2018.

According to Sveriges Mediebyråer, the total advertising volume in Sweden increased by 6.2% (3.7%) in 2018. During the same period, online media advertising increased by 6.2% (10.2%) in Sweden, while advertising in trade magazines decreased by 16.0% (9.6%).

Alma Media's main markets in Eastern Central Europe are the Czech Republic and Slovakia. According to the European Commission's forecast, the Czech Republic's GDP will grow by 2.9% in 2019. The Czech National Bank estimates that the GDP will grow by 3.3% in 2019 and 3.3% in 2020. In Slovakia, GDP growth in 2019 will be 4.1% according to the European Commission's forecast. The National Bank of Slovakia estimates that the GDP will grow by 4.2% in 2019 and 4.3% in 2020.

### Kai Telanne, President and CEO:

Alma Media's profitability continued to see strong development in 2018. Adjusted operating profit grew by 12.2% to a record-high MEUR 57.3, while the operating profit margin was 16.2%. Earnings per share increased by 29.5% to EUR 0.51. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.35 per share be paid.

The result for the final quarter of 2018 was excellent, with all businesses improving their financial performance.

Alma Markets led the way once more with an operating profit margin of 33.7%. The growth of the recruitment business in our operating countries in Eastern Central Europe slowed down compared to the earlier part of the year, but was still at a good level supported by the economic growth in the region. The domestic marketplaces business, excluding the recruitment business, achieved organic growth of 11% in October–December. Further sources of growth and profitability were the new businesses acquired at the beginning of 2018 as well as investments in value added services. Operating profit was also increased by lower marketing expenses.

Alma Talent continued to focus on its core business and made progress in its transformation towards digital media and service business models. Digital content revenue developed favourably in several media. For Kauppalehti digital content revenue compensated for the decline in print media content revenue in 2018. The events and books business as well as digital advertising revenue also developed favourably in Finland.

In Alma Consumer, measures to ensure the profitability of publishing operations continued. Print media advertising revenue decreased, although the rate of decline was slower than that of the market in general. At the same time, the growth of the segment's digital advertising revenue outperformed the market, particularly in the areas of video advertising, programmatic buying and content marketing. The digital subscription revenue of Alma Consumer's regional and local media has showed promising development.

Buoyed by the good financial result and strong cash flow, Alma Media became a nearly net debt-free company at the end of the review period. Our strong balance sheet, in spite of the effects of IFRS 16, gives us operating space to build our future growth, make acquisitions to support the growth of our digital business and invest in technologies that enhance our competitiveness.

Global economic growth is levelling off, but our target remains to exceed market growth, especially in the digital business. Digital business now constitutes nearly half of the Group's revenue and three quarters of its adjusted operating profit. International operations account for 20 per cent of total revenue and 40 per cent of the Group's adjusted operating profit.

Our fourth consecutive year of improving annual profits is a proof of our successful digital transformation, changes to our business portfolio and cost optimisation. In line with our strategy, we have made our print business more efficient and invested particularly in expanding our international digital business. At the same time, we have divested unprofitable businesses.



## Strategy and related activities during the review period

Alma Media creates sustainable growth by taking advantage of the opportunities presented by the digital transformation. The objective is to increase shareholder value through revenue growth and improved profitability. Alma Media is developing and expanding its current business operations and seeking growth opportunities in new businesses and markets. The company will remain on the path of internationalisation. In addition to organic growth, the improvement of profitability will be accelerated by acquisitions.

Alma Media will respond to consumers' changing media consumption and build its publishing brands into multi-channel media solutions. In the media business, the shift from print to digital media will continue with the development of digital content and marketing solutions in line with customer needs, ensuring that the Group's media are valued as the leading brands in their respective regions and communities. In order to increase service revenue, Alma Media will increase its digital offering by launching new products and services, also outside publishing operations.

For the 2018–2020 strategy period, Alma Media has selected five strategic Group-level initiatives that are particularly aimed at the growth and development of digital business. Cooperation and synergies between the Group's various businesses will be leveraged in the execution of the initiatives. The strategic initiatives are as follows: 1) centralised national media sales through Alma Media Solutions; 2) aiming for growth in digital content revenue through eCom; 3) utilising data in business while taking regulatory requirements into consideration; 4) Alma themes and services focused on special content areas and services; and 5) growth and management of visitor traffic.

The Group-level strategic data initiative will build and enhance data-related competencies to support media sales, content sales and the personalisation of services as well as to respond to regulatory requirements. The use of customer data and behavioural data will be developed further by consolidating customer data repositories and by increasing the use of analysis and activation technology.

One important step related to the data initiative in 2018 was the consolidation of data in a shared repository. The data repository combines the statistics produced by Alma Media's various websites and applications with data from subscription systems. Subject to consent, user location data and log data from advertising systems will also be entered in the data repository. This enables customer profiling, a more personalised user experience, content targeting to serve the needs of media sales, content sales and marketing, as well as comprehensive reporting. The data repository will also serve as the foundation for Alma Media's machine learning projects. One central aspect of the data initiative is the deployment of a Data Management Platform (DMP). The DMP will strengthen the development of the data-driven customer experience of Alma Media's content and services as well as marketing automation and the targeting of digital advertising.

LMC, a Czech subsidiary under the Alma Markets segment, has expanded its product portfolio from the basic recruitment business to include various mobile services, such as services focused on job location and accessibility as well as recommendations of colleagues on social media. A positive and strong employer image plays an increasingly important role in the Czech job market to reach the most skilled and hard-to-reach candidates. In response to this need, LMC launched the employer recommendation service Atmoskop in 2017. The service has been well received and, by the end of the review period, the application included over 60,000 reviews of more than 16,000 employers.

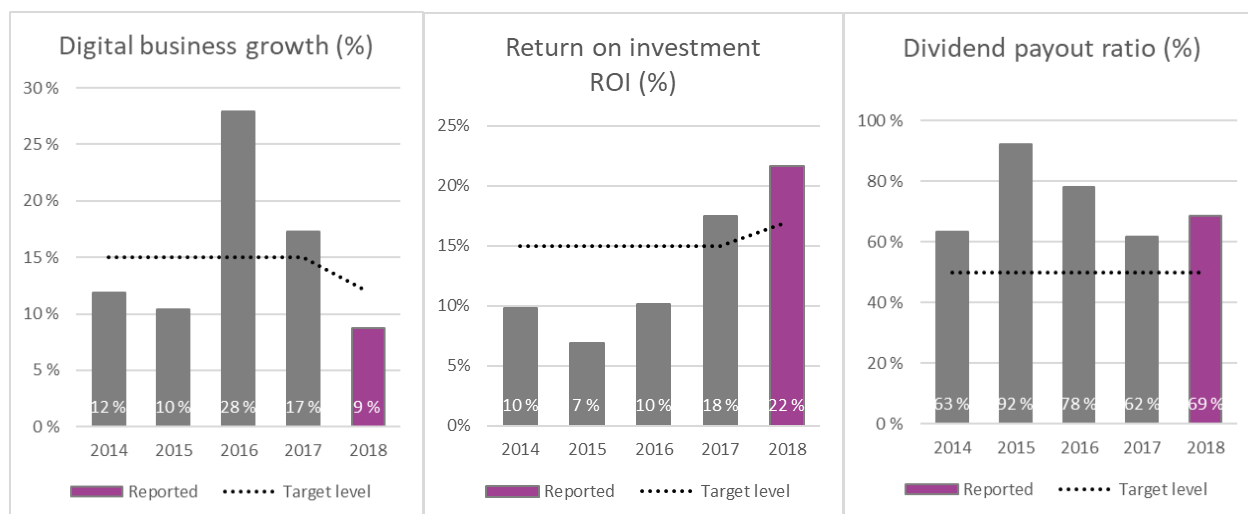
Alma Talent's strategy is to make content easily accessible for customers across various channels. During the review period, the efficiency of digital content production was improved in several of Alma Talent's media. Kauppalehti implemented a significant content renewal. The fourth quarter also saw a redesign of the online bookstore for professional literature and the launch of the Alma Talent Kirjat application, which combines business e-books, audiobooks and podcasts under a mobile interface.

Measures to ensure cost efficiency continued in Alma Consumer during the review period. The co-determination negotiations initiated by Alma Media Kustannus Oy and affecting a total of 100 Aamulehti editorial staff concluded in reductions corresponding to 11 person-years.

### Alma Media's long-term financial targets:

Alma Media updated its long-term financial targets during the review period.

- Annual growth in the digital business over 12% (previously: over 15%)
- Return on investment (ROI) over 17% per year (previously: over 15%)
- Dividend over 50% of earnings per share (unchanged)



The figures are compared in accordance with the International Financial Reporting Standards (IFRS) with those of the corresponding period in 2017, unless otherwise stated. The figures in the tables are independently rounded.

Alma Media Corporation additionally uses and presents Alternative Performance Measures to better illustrate the operative development of its business and to improve comparability between reporting periods. The Alternative Performance Measures are reported in addition to IFRS key figures.

**KEY FIGURES**

<b>INCOME STATEMENT</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>MEUR</b>	<b>Q4</b>	<b>Q4</b>	<b>%</b>	<b>Q1–Q4</b>	<b>Q1–Q4</b>	<b>%</b>
Revenue	91.9	97.1	-5.3	354.6	367.3	-3.5
Adjusted total expenses	75.0	90.1	-16.7	297.9	320.8	-7.1
Adjusted EBITDA	20.8	15.7	32.4	72.9	67.4	8.2
EBITDA	19.8	14.3	39.0	76.6	66.9	14.5
Adjusted operating profit	17.1	11.3	51.7	57.3	51.1	12.2
% of revenue	18.6	11.6		16.2	13.9	
Operating profit (loss)	16.1	5.8	176.5	61.0	46.6	31.0
% of revenue	17.6	6.0		17.2	12.7	
Income for the period before tax	15.3	5.8	164.5	60.4	45.9	31.5
Net income for the period	11.5	4.4	160.9	47.9	36.7	30.6
<b>BALANCE SHEET</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>MEUR</b>	<b>Q4</b>	<b>Q4</b>	<b>%</b>	<b>Q1–Q4</b>	<b>Q1–Q4</b>	<b>%</b>
ASSETS				345.6	333.8	3.5
Interest-bearing net debt				2.0	40.2	-95.1
Interest-bearing liabilities				51.5	61.3	-16.0
Non-interest-bearing liabilities				107.2	114.2	-6.1
Capital expenditure	1.3	16.9	-92.4	22.1	22.2	-0.5
Equity ratio %				57.5	50.9	12.9
Gearing %				1.1	25.4	-95.9
<b>PERSONNEL</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
	<b>Q4</b>	<b>Q4</b>	<b>%</b>	<b>Q1–Q4</b>	<b>Q1–Q4</b>	<b>%</b>
Average no. of employees, excl. delivery staff and telemarketers	1,854	1,938	-4.3	1,943	1,975	-1.6
Delivery staff and telemarketers on average	1,116	1,145	-2.5	1,149	1,175	-2.3
<b>KEY FIGURES</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
	<b>Q4</b>	<b>Q4</b>	<b>%</b>	<b>Q1–Q4</b>	<b>Q1–Q4</b>	<b>%</b>
Return on Equity/ROE (Annual)*	28.0	11.8	137.6	27.8	24.8	12.7
Return on Investment/ROI (Annual)*	22.7	9.0	151.4	21.7	17.5	23.3
Earnings per share, EUR (basic)	0.12	0.04	190.4	0.51	0.39	30.8
Earnings per share, EUR (diluted)	0.12	0.04	190.4	0.50	0.39	28.2
Cash flow from operating activities/share, EUR	0.23	0.10	124.9	0.68	0.63	8.7
Shareholders' equity per share				1.94	1.66	17.1
Dividend per share				0.35	0.24	
Effective dividend yield %				6.3	3.3	
P/E				10.9	18.4	
Market capitalisation				456.4	592.3	-22.9
Average number of shares, basic **)	82,147	82,223		82,147	82,223	
Average number of shares, diluted	82,219	83,147		82,129	83,147	
Number of shares, 31.12.2018	82,383	82,383		82,383	82,383	

\*) See Accounting Principles of the Financial Statements Bulletin. \*\*) The company acquired 198,658 and disposed of 122,344 of its own shares during the review period. At the end of the review period, the company held 236,314 of its own shares.

## REVENUE

### October–December 2018

Revenue for the fourth quarter of 2018 declined by 5.3% to MEUR 91.9 (97.1) due to divestments.

Content revenue declined by 9.1% to MEUR 29.5 (32.4). The increase in content revenue from digital distribution channels was not sufficient to cover the decline in print media content revenue. Divested businesses had a net effect of MEUR 2.3 on the decrease in content revenue.

Revenue from advertising sales declined by 3.2% to MEUR 48.6 (50.2). Advertising revenue for print media declined by 20.6% from the comparison period to MEUR 13.1 (16.5). Digital advertising revenue increased by 5.5% to MEUR 34.7 (32.9). Divested and acquired businesses had a net effect of MEUR 2.7 on the decrease in advertising sales revenue.

Service revenue totalled MEUR 13.9 (14.5). Divested and acquired businesses had a net effect of MEUR 0.5 on the decrease in service revenue. Service revenue includes items such as the sale of information services, the event, training and direct marketing business and the printing and distribution services sold to customers outside the Group by Alma Manu.

### Full year 2018

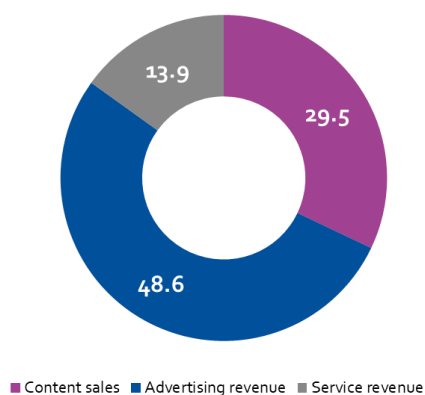
Revenue declined by 3.5% to MEUR 354.6 (367.3) in 2018. Divested and acquired businesses had a net effect of MEUR -16.4 on the change in service revenue.

Content revenue declined by 8.8% to MEUR 114.8 (125.8). The year-on-year decline in content revenue was attributable to lower print media circulations. Divested businesses had a net effect of MEUR 9.5 on the decrease in content revenue.

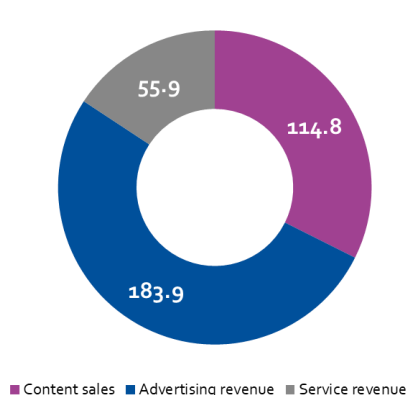
Revenue from advertising sales declined by 1.0% to MEUR 183.9 (185.8). Advertising revenue for print media declined by 19.4% from the comparison period to MEUR 50.6 (62.8). Digital advertising revenue increased by 8.6% to MEUR 131.0 (120.5). Divested and acquired businesses had a net effect of MEUR 9.5 on the decrease in advertising sales revenue.

Service revenue totalled MEUR 55.9 (55.7). Divested and acquired businesses had a net effect of MEUR 1.0 on the change in revenue. Service revenue includes items such as the sale of information services, the event, training and direct marketing business and the printing and distribution services sold to customers outside the Group by Alma Manu.

Revenue split Q4/2018, MEUR



Revenue split 2018, MEUR





REVENUE BY SEGMENT MEUR	2018 Q4	2017 Q4	Change %	2018 Q1–Q4	2017 Q1–Q4	Change %
Alma Markets	24.4	22.1	10.3	96.4	83.2	15.8
Alma Talent	29.9	31.0	-3.6	108.9	113.2	-3.8
Alma Consumer	38.4	44.2	-13.1	151.7	171.8	-11.7
Segments total	92.7	97.4	-4.8	356.9	368.2	-3.1
Non-allocated operations	-0.8	-0.3	-226.0	-2.3	-0.9	-149.7
Total	91.9	97.1	-5.3	354.6	367.3	-3.5

REVENUE BY GEOGRAPHICAL AREA MEUR	2018 Q4	2017 Q4	Change %	2018 Q1–Q4	2017 Q1–Q4	Change %
Segments, Finland	69.2	74.1	-6.6	264.9	282.2	-6.1
Segments, other countries	22.6	22.4	0.8	88.9	82.9	7.2
Segments total	91.8	96.5	-4.8	353.8	365.1	-3.1
Non-allocated	0.1	0.6	-88.0	0.8	2.2	-63.7
Group total	91.9	97.1	-5.3	354.6	367.3	-3.5

\*) Revenue by geographical area is presented in accordance with the countries in which the Group's units are located.

## RESULT

### October–December 2018

Adjusted operating profit was MEUR 17.1 (11.3), or 18.6% (11.6%) of revenue. Operating profit was MEUR 16.1 (5.8), or 17.6% (6.0%) of revenue. The operating profit includes net adjusted items in the amount of MEUR -0.9 (-5.4) related to restructuring expenses and losses on the sale of assets. The non-recurring items in the comparison period were mainly related to restructuring expenses and gains on the sale of assets.

Total expenses decreased in the fourth quarter by MEUR 15.8 due to divestments. Expenses were increased by investments in the development and marketing of online services. Depreciation and impairment included in the total expenses amounted to MEUR 3.7 (8.4).

The result for October–December 2018 was MEUR 11.5 (4.4), and the adjusted result was MEUR 12.5 (9.8).

### Full year 2018

Adjusted operating profit was MEUR 57.3 (51.1), or 16.2% (13.9%) of revenue. Operating profit was MEUR 61.0 (46.6), or 17.2% (12.7%) of revenue. The operating profit includes net adjusted items in the amount of MEUR 3.7 (-4.5) related to restructuring and the sale of assets. The non-recurring items in the comparison period were related to restructuring expenses and gains on the sale of assets.

Total expenses decreased in 2018 by MEUR 23.8, or 7.3%, to MEUR 300.3 (324.1). Depreciation and impairment included in the total expenses amounted to MEUR 15.6 (20.3). Impairments for 2017 include EUR 4 million impairment losses that were recognised on investment properties.

The full-year result for 2018 was MEUR 47.9 (36.7), and the adjusted result was MEUR 44.3 (41.2).

ADJUSTED OPERATING PROFIT (LOSS) MEUR	2018 Q4	2017 Q4	Change %	2018 Q1–Q4	2017 Q1–Q4	Change %
Alma Markets	8.2	5.8	42.1	34.4	28.3	21.5
Alma Talent	5.6	3.9	44.5	15.5	14.6	5.9
Alma Consumer	5.4	4.6	17.8	14.4	16.7	-13.5
Segments total	19.2	14.2	34.9	64.3	59.6	7.9
Non-allocated operations	-2.1	-3.0	28.4	-7.0	-8.5	18.0
Total	17.1	11.3	51.7	57.3	51.1	12.2

## Items adjusting operating profit

Items adjusting operating profit are income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised by the Group as adjustments. Adjustments are recognised in the profit and loss statement within the corresponding income or expense group.

ADJUSTED ITEMS MEUR	2018 Q4	2017 Q4	2018 Q1-Q4	2017 Q1-Q4
Alma Markets				
Gains (losses) on the sale of assets		0.0	0.7	0.5
Alma Talent				
Restructuring	-0.4		-0.6	-0.1
Gains (losses) on the sale of assets	0.0		0.2	0.7
Alma Consumer				
Restructuring	-0.5	-1.4	-1.0	-2.4
Gains (losses) on the sale of assets	-0.1	0.0	4.5	0.2
Non-allocated				
Impairment losses	0.0	-4.0	0.0	-4.0
Restructuring	0.0	0.0	0.0	-0.4
Costs related to the Talentum acquisition				
Gains (losses) on the sale of assets	0.1	0.0	-0.1	0.9
ADJUSTED ITEMS IN OPERATING PROFIT	-0.9	-5.4	3.7	-4.5
ADJUSTED ITEMS IN PROFIT BEFORE TAX	-0.9	-5.4	3.7	-4.5

OPERATING PROFIT (LOSS) MEUR	2018 Q4	2017 Q4	Change %	2018 Q1-Q4	2017 Q1-Q4	Change %
Alma Markets	8.2	5.8	41.6	35.1	28.9	21.6
Alma Talent	5.2	3.9	33.9	15.1	15.2	-0.7
Alma Consumer	4.8	3.1	51.8	17.9	14.5	23.7
Segments total	18.1	12.8	41.8	68.2	58.5	16.3
Non-allocated operations	-2.0	-7.0	71.1	-7.1	-12.0	40.8
Total	16.1	5.8	176.5	61.0	46.6	31.0

## Associated companies

In March 2018, Alma Media acquired 20 per cent of the share capital of Etua.fi, a provider of competitive tender services for loans and insurance, through a directed share issue. Etua Oy will be reported as an associated company. Alma Media sold its shares in Oy Suomen Tietotoimisto in June 2018. Alma Media owned 24.10% of the company. The transaction had no impact on the result of Alma Media Group.

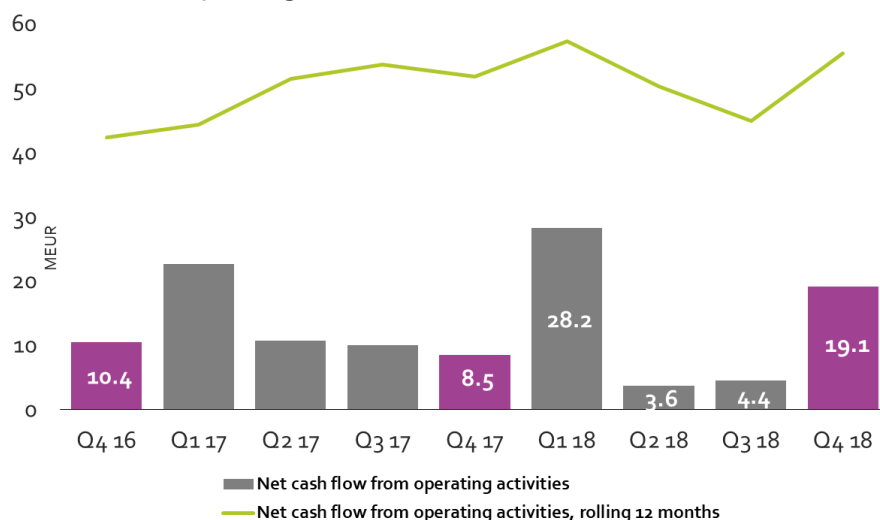
SHARE OF RESULT OF ASSOCIATED COMPANIES MEUR	2018 Q4	2017 Q4	2018 Q1-Q4	2017 Q1-Q4
Alma Markets	-0.7	0.1	-0.4	0.5
Alma Talent	0.0	0.0	0.0	0.1
Alma Consumer	0.0	0.0	0.1	0.0
Other associated companies	0.0	-0.1	-0.1	0.1
Total	-0.7	0.0	-0.3	0.7

## BALANCE SHEET AND FINANCIAL POSITION

At the end of December 2018, the consolidated balance sheet stood at MEUR 345.6 (333.8). The Group's equity ratio at the end of December was 57.5% (50.9%) and equity per share was EUR 1.94 (1.66).

Consolidated cash flow from operations in October–December was MEUR 19.1 (8.5). Cash flow before financing was MEUR 18.5 (-6.2). Consolidated cash flow from operations in 2018 amounted to MEUR 56.2 (51.7). Cash flow before financing was MEUR 61.6 (34.6).

### Cash flow from operating activities, MEUR



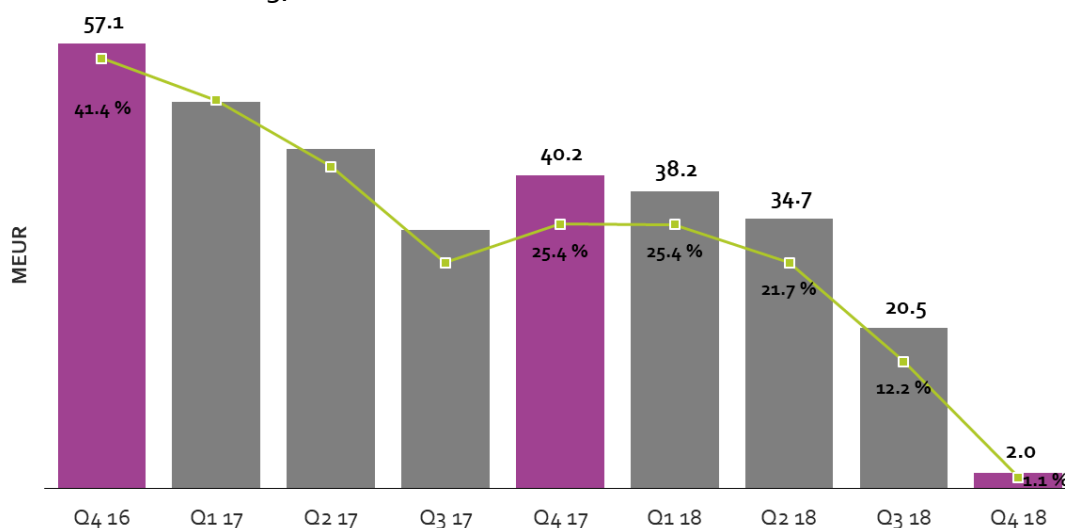
At the end of December 2018, the Group's interest-bearing debt amounted to 51.5 (61.0) MEUR consisting entirely of finance lease liabilities. The Group's interest-bearing net debt stood at MEUR 2.0 (40.2).

INTEREST-BEARING NET DEBT MEUR	2018 Q4	2017 Q4	2018 Q1–Q4	2017 Q1–Q4
Interest-bearing long-term liabilities	47.3	56.0	47.3	56.0
Short-term interest-bearing liabilities	4.2	5.0	4.2	5.0
Cash and cash equivalents	49.5	20.7	49.5	20.7
Interest-bearing net debt	2.0	40.2	2.0	40.2

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 31 December 2018. In April, the company extended its financing limit agreements with its existing financing partners by three years. The company also has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was entirely unused as at 31 December 2018.

Alma Media did not have financial assets or liabilities created in conjunction with business combinations measured at fair value and recognised through profit or loss at the end of the reporting period. Financial liabilities measured at fair value and recognised through profit or loss amounted to MEUR 8.3.

## Net debt and Gearing, MEUR



## Changes in Group structure in 2018

In January 2018, Alma Mediapartners, a subsidiary of Alma Media, acquired the remaining share capital to become the full owner of AutoJerry Oy, a previously consolidated company offering competitive tender services for car servicing. Also in January 2018, Alma Media's subsidiary Alma Mediapartners Oy strengthened its software business related to construction and housing by acquiring the entire share capital of Käyttösofta Oy from its founders and acquired Katsastushinnat.fi, a marketplace for comparing vehicle inspection services, by purchasing the share capital of the service's owner Ahorouta Oy. Alma Media Group owns 65% of the Alma Mediapartners group.

Alma Media sold its newspaper and distribution business in Lapland to Kaleva effective in April 2018. The transaction saw a change of owners of the regional newspaper Lapin Kansa, the town papers Uusi Rovaniemi and Lounais-Lappi as well as Alma Manu Oy's distribution business in Lapland. As a result of the transaction, Alma Media recognised a non-recurring sales gain of MEUR 4.5 in the second quarter.

Alma Talent Oy, a subsidiary of Alma Media, sold its CRM system reselling and maintenance business to CRM-service in June.

Alma Talent Events Ab, a subsidiary of Alma Talent specialising in the events business, discontinued its operations in Sweden.

In July 2018, Alma Talent Ab, a subsidiary of Alma Media, sold the share capital of Dagens Media Sverige Ab to Bonnier Business Media. In the transaction, Bonnier acquired the media brands Dagens Media and Medievärlden, their media business and events as well as editorial employees.

Alma Consumer's travel media Rantapallo sold the Matkapörssi and Lentokeskus business operations to Lakeuden Matkat Oy in July.

In July 2018, Alma Media sold its office and production facility at Patamäenkatu 7, Tampere, to Ab Sagax. The sold property previously housed Aamulehti's office premises and printing facilities, although in recent years Alma Media has been leasing the entire premises to external tenants. Before the sale, the property was classified as an investment property according to the IAS 40 standard on Investment Property.

In August 2018, Alma Media's subsidiary Alma Career announced its decision to close down the Monsterpolska.pl and Monster.hu recruitment service sites. The operations of the companies, Monster Worldwide Polska SP. Z.o.o. in Poland and Monster Magyarorszag Kft in Hungary, were gradually discontinued by the end of 2018.

Also in August, Alma Media's subsidiary Alma Media Kustannus Oy divested the Luoteisväylä newspaper, published in Noormarkku in Pori, to Viestintä Vallin Oy.

Raksa ja KotiKauppa Oy came under full ownership of Alma Mediapartners, a subsidiary of Alma Media, in November. The company provides ERP systems for construction and renovation. Alma Mediapartners previously held a 51 per cent stake in the company.

### Capital expenditure

Alma Media Group's capital expenditure in January–December 2018 totalled MEUR 22.1 (22.2). The capital expenditure mainly consisted of the acquisitions of Käyttösofta Oy, Autojerry Oy and Ahorouta Oy as well as the acquisition of shares in Etua Oy. The capital expenditure also includes normal operating and maintenance investments.

CAPITAL EXPENDITURE BY SEGMENT MEUR	2018 Q4	2017 Q4	2018 Q1–Q4	2017 Q1–Q4
Alma Markets	0.2	0.7	16.5	2.3
Alma Talent	0.2	0.5	0.9	2.1
Alma Consumer	0.2	0.1	1.9	0.9
Segments total	0.6	1.4	19.4	5.3
Non-allocated	0.7	15.5	2.7	16.9
Total	1.3	16.9	22.1	22.2

CAPITAL EXPENDITURE AND ACQUISITIONS MEUR	2018 Q4	2017 Q4	2018 Q1–Q4	2017 Q1–Q4
Capex	1.3	16.9	4.8	20.1
Acquisitions	0.0	0.0	17.3	2.1
Total	1.3	16.9	22.1	22.2

DEPRECIATION MEUR	2018 Q4	2017 Q4	2018 Q1–Q4	2017 Q1–Q4
Depreciation of tangible and intangible assets	2.3	7.2	9.9	15.2
Amortisation of intangible assets related to acquisitions	1.4	1.3	5.7	5.1
Total	3.7	8.4	15.6	20.3

### Research and development costs

The Group's research and development costs in 2018 totalled MEUR 4.3 (MEUR 5.0 in 2017). MEUR 4.3 (MEUR 4.9) was recognised in the income statement and no development costs were capitalised on the balance sheet in 2018 (MEUR 0.1 in 2017). There were capitalised research and development costs totalling MEUR 1.1 on the balance sheet on 31 December 2018 (MEUR 2.2 in 2017).



## BUSINESS SEGMENTS

On 21 March 2018, Alma Media announced it will combine the Alma News & Life business segment, which produces news and lifestyle services, and the Alma Regions business segment, which focuses on regional and local media business, effective from 1 April 2018.

Following the business combination, Alma Media has three business segments: Alma Markets, focusing on digital marketplaces and the recruitment business, Alma Talent, a provider of financial media and services aimed at professionals and businesses, and Alma Consumer, which focuses on the consumer media business. Centralised services produced by the Group's parent company as well as centralised support services for advertising and digital sales for the entire Group are reported outside segment reporting.

The Group's reportable segments correspond to the Group's operating segments.

### Alma Markets

The recruitment services Monster.fi, Jobs.cz, Prace.cz, CV Online, Profesia.sk, Workania.hu, MojPosao.net and Monster.cz are reported in the Alma Markets segment.

The segment includes several online services: the housing-related services Etuovi.com and Vuokraovi.com, the travel portal Gofinland.fi and the automotive services Autotalli.com, Autosofta, Autojerry.fi, Websales and Webrent. Also reported in this segment are Nettikoti and Talosofta, which specialise in software for ERP systems in new construction and renovation, Kivi, a real estate agency system, and Urakkamaailma, a marketplace for renovation and construction work.

KEY FIGURES MEUR	2018 Q4	2017 Q4	Change %	2018 Q1-Q4	2017 Q1-Q4	Change %
Revenue	24.4	22.1	10.3	96.4	83.2	15.8
Advertising revenue	21.9	20.6	6.3	86.8	77.3	12.3
Service revenue	2.5	1.5	65.2	9.5	5.9	61.1
Adjusted total expenses	16.2	16.4	-0.9	62.1	55.0	12.8
Adjusted EBITDA	9.1	6.5	39.3	38.1	31.3	21.6
EBITDA	9.1	6.5	38.9	38.7	31.8	21.7
Adjusted operating profit	8.2	5.8	42.1	34.4	28.3	21.5
% of revenue	33.7	26.2		35.7	34.1	
Operating profit (loss)	8.2	5.8	41.6	35.1	28.9	21.6
% of revenue	33.6	26.2		36.4	34.7	
Employees on average	665	613	8.4	668	588	13.6
Digital business revenue	24.4	22.0	10.8	96.4	83.0	16.1
Digital business, % of revenue	100.0	99.6		100.0	99.7	
OPERATIONAL KEY FIGURES	2018 Q4	2017 Q4	Change %	2018 Q1-Q4	2017 Q1-Q4	Change %
Online services, unique browsers, weekly, on average (thousands)*						
Etuovi.com	813.0	790.9	2.8	904.4	873.7	3.5
Autotalli.com	156.1	158.3	-1.4	160.1	161.9	-1.1

\*) The average weekly browser figures for Etuovi.com and Autotalli.com are based on visitor volume monitoring produced by Google Analytics.

### October–December 2018

The Alma Markets segment's revenue increased by 10.3% to MEUR 24.4 (22.1) in the fourth quarter of 2018. The growth in recruitment business revenue slowed down compared to the earlier part of the year and in the fourth quarter increased 5.9% compared to the comparison period. Recruitment business represented 76.3% (79.5%) of the segment's total revenue in the fourth quarter of 2018. The acquisitions made by Alma Mediapartners increased the

segment's revenue by MEUR 0.7 and operating profit by MEUR 0.2. The domestic marketplaces business, excluding the recruitment business, achieved organic growth of 11%.

Total expenses during the review period amounted to MEUR 16.2 (16.4). Expenses were reduced by lower marketing spending, particularly in the Czech Republic. Expenses were again increased by investments in online service development as well as rising wages due to strong economic growth, particularly in the Eastern Central European countries. In addition, an investment of MEUR 0.3 was made in the launch of a new business in Poland in the fourth quarter.

The Alma Markets segment's adjusted operating profit was MEUR 8.2 (5.8) in the fourth quarter. The adjusted operating profit was 33.7% (26.2%) of revenue. The segment's operating profit was MEUR 8.2 (5.8). No adjusted items were reported during the review period. The adjusted items in the comparison period were related to gains on the sale of assets.

### Full year 2018

The Alma Markets segment's revenue for the full year increased by 15.8% to MEUR 96.4 (83.2). Revenue from the recruitment business increased by 13.1% during the review period and accounted for 76.3% (78.3%) of the segment's revenue. The effect of exchange rate changes was MEUR 0.9 on revenue growth and MEUR 0.4 on operating profit growth in the Czech Republic. The acquisitions made by Alma Mediapartners increased the segment's revenue by MEUR 2.7 and operating profit by MEUR 0.9. The domestic marketplaces business, excluding the recruitment business, achieved organic growth of 10%.

Total expenses during the review period amounted to MEUR 62.1 (55.0). The factors contributing to the higher expenses included investments in sales and marketing, online service development as well as rising wages due to strong economic growth, particularly in the Eastern Central European countries. In addition, an investment of MEUR 1.6 was made in the launch of a new business in Poland during the period.

The Alma Markets segment's adjusted operating profit for the full year amounted to MEUR 34.4 (28.3). The adjusted operating profit was 35.7% (34.1%) of revenue. The segment's operating profit was MEUR 35.1 (28.9). The adjusted items recognised during the review period were related to a sales gain on an acquisition achieved in stages.

### Alma Talent

The Alma Talent business segment publishes 19 trade and financial magazines and newspapers, as well as a variety of books. The business unit also offers skills development and growth services to professionals and businesses in different fields, from events and training to information services. Alma Talent has operations in Finland, Sweden and the Baltics. Alma Talent media include Kauppalehti, Talouselämä, Tekniikka & Talous, Markkinointi & Mainonta, Arvopaperi, Tivi and Mediuutiset. In Sweden, Alma Talent's publications include Affärsvärlden and Ny Teknik.

KEY FIGURES MEUR	2018 Q4	2017 Q4	Change %	2018 Q1-Q4	2017 Q1-Q4	Change %
Revenue	29.9	31.0	-3.6	108.9	113.2	-3.8
Content revenue	13.2	13.3	-0.4	47.7	48.2	-1.2
Content revenue, print	10.3	10.7	-11.6	36.6	38.2	-4.2
Content revenue, digital	2.9	2.6	13.7	11.1	10.1	10.3
Advertising revenue	9.5	10.1	-5.5	33.4	35.5	-6.0
Advertising revenue, print	4.0	4.5	-11.6	13.9	15.5	-10.5
Advertising revenue, digital	4.8	4.8	-0.6	17.0	17.3	-1.9
Service revenue	7.1	7.6	-6.6	27.8	29.5	-5.6
Adjusted total expenses	24.4	27.2	-10.5	93.6	98.7	-5.2
Adjusted EBITDA	6.6	4.9	33.7	19.5	18.8	3.4
EBITDA	6.2	4.9	25.4	19.1	19.4	-1.7
Adjusted operating profit	5.6	3.9	44.5	15.5	14.6	5.9
% of revenue	18.7	12.5		14.2	12.9	
Operating profit (loss)	5.2	3.9	33.9	15.1	15.2	-0.7

% of revenue	17.3	12.5		13.8	13.4	
Average no. of employees, excl. telemarketers	485	534	-9.2	515	537	-4.1
Telemarketers on average	341	317	7.8	326	306	6.7
Digital business revenue	10.3	10.2	1.2	38.8	38.2	1.3
Digital business, % of revenue	34.5	32.9		35.6	33.8	

#### October–December 2018

The Alma Talent segment's revenue decreased by 3.6% to MEUR 29.9 (31.0). The effect of divested and discontinued operations on the decrease in revenue was MEUR 1.1. Digital business accounted for 34.5% (32.9%) of the segment's revenue. The effect of exchange rate changes was MEUR 0.3 on the decrease in revenue in Sweden.

Content revenue for the Alma Talent segment was MEUR 13.2 (13.3), unchanged year-on-year. Digital content revenue grew by 13.7%. In Alma Talent, in addition to digital company subscriptions (approx. 57,000), the number of consumer digi-only subscriptions at the end of the review period was 15,000. The increase in digital content revenue compensated for the decline in print media. Advertising revenue decreased by 5.5% to MEUR 9.5 (10.1) in the fourth quarter. Digital advertising revenue was on a par with the comparison period. In Finland, digital advertising revenue grew by 8%.

Service revenue declined by 6.6% due to divestments and amounted to MEUR 7.1 (7.6). Service revenue was increased by Alma Talent's training business.

The segment's adjusted total expenses were MEUR 24.4 (27.2). The effect of divested and discontinued operations on the decrease in expenses was MEUR 1.0. Total expenses declined due to restructuring measures implemented in both Finland and Sweden with the aim of improving cost efficiency.

The Alma Talent segment's adjusted operating profit was MEUR 5.6 (3.9) and operating profit MEUR 5.2 (3.9). The adjusted operating profit was 18.7% (12.5%) of revenue. The adjusted items in the review period were related to the restructuring of operations.

#### Full year 2018

The Alma Talent segment's revenue decreased by 3.8% to MEUR 108.9 (113.2). The effect of acquired, divested and discontinued operations on the decrease in revenue was MEUR 2.2. The SEK exchange rate had an effect of MEUR 1.3 on the decrease in revenue. Digital business accounted for 35.6% (33.8%) of the segment's revenue.

The Alma Talent segment's content revenue decreased by 1.2% to MEUR 47.7 (48.2). Digital content revenue grew by 10.3%. Advertising revenue declined by 6.0% to MEUR 33.4 (35.5) in 2018. Online advertising revenue decreased by 1.9% year-on-year, particularly due to the poor development of sales early in the year.

Service revenue totalled MEUR 27.8 (29.5). The decrease in service revenue was due to the effect of divested operations, which was MEUR 0.6.

The segment's adjusted total expenses amounted to MEUR 93.6 (98.7). The effect of acquired, divested and discontinued operations on the decrease in expenses was MEUR 1.9. The decline in total expenses was also attributable to restructuring measures implemented in both Finland and Sweden with the aim of improving cost efficiency.

The Alma Talent segment's adjusted operating profit was MEUR 15.5 (14.6) and operating profit MEUR 15.1 (15.2). The adjusted operating profit was 14.2% (12.9%) of revenue. The adjusted items in 2018 were related to the restructuring of operations and gains on the sale of assets. The adjusted items in 2017 were also related to the restructuring of operations and to a sales gain on acquisition achieved in stages.

## Alma Consumer

Alma Consumer publishes the print and online editions of the national news media Iltalehti, the regional newspapers Aamulehti and Satakunnan Kansa, and local and town papers published in Pirkanmaa, western Finland and central Finland. The online services Telkku.com, Kotikokki.net, E-kontakti.fi and Rantapallo.fi are also reported in this segment. The printing and distribution unit Alma Manu is also part of the business segment.

KEY FIGURES MEUR	2018 Q4	2017 Q4	Change %	2018 Q1–Q4	2017 Q1–Q4	Change %
Revenue	38.4	44.2	-13.1	151.7	171.8	-11.7
Content revenue	16.2	19.2	-15.2	67.1	77.6	-13.5
Content revenue, print	14.8	17.5	-15.5	61.3	71.2	-13.9
Content revenue, digital	1.4	1.6	-12.4	5.8	6.4	-9.3
Advertising revenue	17.2	19.6	-12.0	63.9	73.2	-12.7
Advertising revenue, print	9.3	12.2	-23.6	37.5	48.1	-21.9
Advertising revenue, digital	7.9	7.3	7.3	26.4	25.2	4.8
Service revenue	5.0	5.5	-9.8	20.6	20.9	-1.6
Adjusted total expenses	33.2	39.7	-16.3	137.6	155.4	-11.5
Adjusted EBITDA	6.3	5.6	13.2	18.3	20.8	-12.1
EBITDA	5.7	4.2	37.2	21.8	18.6	17.0
Adjusted operating profit	5.4	4.6	17.8	14.4	16.7	-13.5
% of revenue	14.0	10.3		9.5	9.7	-2.1
Operating profit (loss)	4.8	3.1	51.8	17.9	14.5	23.7
% of revenue	12.4	7.1		11.8	8.4	40.0
Average no. of employees, excl. delivery staff	535	634	-15.6	590	690	-14.6
Average no. of delivery staff	771	827	-6.7	821	869	-5.6
Digital business revenue	9.9	10.1	-1.4	35.7	35.3	1.0
Digital business, % of revenue	25.9	22.8		23.5	20.6	

## October–December 2018

The Alma Consumer segment's revenue declined by 13.1% to MEUR 38.4 (44.2) in October–December. The effect of divested business operations on the decrease in revenue was MEUR 5.1. Revenue declined particularly in the print media business. Digital business accounted for 25.9% (22.8%) of the segment's revenue.

The segment's content revenue declined by 15.2% to MEUR 16.2 (19.2) in October–December. The effect of divested operations on the decrease in content revenue was MEUR 2.3. Content revenue was also reduced by the lower single-copy sales of Iltalehti. Content revenue from regional media was on par with the comparison period. The Alma Consumer segment had more than 17,000 digital-only subscriptions in total.

The segment's advertising revenue declined by 12.0% to MEUR 17.2 (19.6). The effect of divested business operations on the decrease in advertising revenue was MEUR 2.1. Excluding the effect of divestments, the segment's digital advertising revenue increased by 9.8%. Digital advertising revenue was increased by programmatic buying particularly in mobile and video advertising.

The segment's service revenue declined by 9.8% to MEUR 5.0 (5.5). The effect of divested business operations on the decrease in service revenue was MEUR 0.5.

The segment's adjusted total expenses amounted to MEUR 33.2 (39.7). The effect of divested business operations on the decrease in expenses was MEUR 5.0. Cost reductions were also attributable to lower content acquisition and employee expenses. The segment's adjusted operating profit was MEUR 5.4 (4.6), or 14.0% (10.3%) of revenue. The adjusted items reported during the review period amounted to MEUR -0.6 and were related to the sale of assets and operational restructuring. The segment's operating profit was MEUR 4.9 (3.1).

## Full year 2018

The Alma Consumer segment's revenue declined by 11.7% to MEUR 151.7 (171.8) in 2018. Digital business accounted for 23.5% (20.6%) of the segment's revenue. The effect of divested operations on the decrease in revenue was MEUR 16.9.

The segment's content revenue declined by 13.5% to MEUR 67.1 (77.6) in 2018. Divested businesses had a net effect of MEUR 7.9 on the decrease in content revenue. Content revenue was also reduced by the lower single-copy sales of Iltalehti.

The segment's advertising sales declined by 12.7% to MEUR 63.9 (73.2). The effect of divested business operations on the decrease in advertising revenue was MEUR 7.9. Advertising revenue for print media decreased by 21.9%. The segment's digital advertising revenue increased by 4.8% to MEUR 26.4 (25.2). The advertising revenue for the comparison period included MEUR 1.0 in advertising related to the municipal elections.

The segment's service revenue declined by 1.6% to MEUR 20.6 (20.9). The effect of divested business operations on the decrease in service revenue was MEUR 1.1.

The segment's adjusted total expenses amounted to MEUR 137.6 (155.4). The effect of divested operations on the decrease in expenses was MEUR 16.4. The factors increasing the adjusted total expenses included higher paper prices from February onwards as well as higher costs resulting from an increase in external sales of delivery services. Expenses were reduced by a decrease in content production purchasing as well as savings in employee costs.

The segment's adjusted operating profit was MEUR 14.4 (16.7), or 9.5% (9.7%) of revenue. The adjusted items reported during the period were related to the restructuring of operations and sales of assets. The segment's operating profit was MEUR 18.0 (14.5). The adjusted items in the comparison period were related to operational restructuring in the publishing business in Lapland as well as gains on the sale of assets.

The following table presents the assets and liabilities by segment, as well as the non-allocated asset and liability items.

ASSETS BY SEGMENT		
MEUR	31 Dec 2018	31 Dec 2017
Alma Markets	98.3	81.8
Alma Talent	100.5	110.8
Alma Consumer	62.2	68.0
Segments total	261.0	260.6
Non-allocated assets and eliminations	84.6	73.2
Total	345.6	333.8
LIABILITIES BY SEGMENT		
MEUR	31 Dec 2018	31 Dec 2017
Alma Markets	35.7	25.7
Alma Talent	26.1	31.1
Alma Consumer	40.6	65.4
Segments total	102.4	122.3
Non-allocated liabilities and eliminations	56.1	53.2
Total	158.8	175.5



## **Annual General Meeting 2018 and decisions made by the Board of Directors in its constitutive meeting**

Alma Media Corporation's Annual General Meeting (AGM) held on 14 March 2018 confirmed the financial statements for 2017 and released the members of the Board of Directors and the President and CEO from liability. The AGM decided that a dividend of EUR 0.24 per share shall be paid for the financial year 2017. The dividend was paid on 23 March 2018.

The AGM confirmed the number of Board members as eight, as proposed by the Board of Directors' Shareholders' Nomination Committee. The AGM re-elected Esa Lager, Petri Niemisvirta, Matti Korkiatupa and Catharina Stackelberg-Hammarén, and elected Peter Immonen, Alexander Lindholm, Heike Tyler and Päivi Rekonen as new Board members, for the term ending at the close of the next AGM. In its constitutive meeting held after the AGM, the Board of Directors elected Petri Niemisvirta as its Chairman and Catharina Stackelberg-Hammarén as its Vice Chairman.

The Board of Directors also appointed the members to its permanent committees in its constitutive meeting. Alexander Lindholm, Heike Tyler and Päivi Rekonen were elected as members of the Audit Committee and Esa Lager as Chairman of the Committee. Petri Niemisvirta, Matti Korkiatupa and Catharina Stackelberg-Hammarén were elected as members of the Nomination and Compensation Committee and Peter Immonen as Chairman of the Committee.

The AGM appointed PricewaterhouseCoopers Oy as the company's auditors, with Markku Launis, APA, as the principal auditor.

The decisions of the AGM and the constitutive meeting of the Board of Directors were announced in more detail in a stock exchange release on 14 March 2018.

## **Share, stock markets and Board authorisations**

In October–December, altogether 14,289,663 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 17.3% of the total number of shares. The closing price of the Alma Media share at the end of the last trading day of the review period, 28 December 2018, was EUR 5.54. The lowest quotation during the review period was EUR 5.10 and the highest EUR 6.86. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 456.4.

Alma Media Corporation's Annual General Meeting decided on 14 March 2018 that the rights to the company's shares entered in the joint book-entry account and the rights attached to them shall be forfeited. The decision concerned the 198,658 shares of Alma Media Corporation that were entered in the joint account on the date of the Notice to the Annual General Meeting, 14 February 2018, and which were held as paper certificates by the shareholder. The shares that the shareholder would have validly requested to be registered to the book-entry account designated by the shareholder no later than at 12 noon EET on 14 March 2018 and regarding which the request for conversion after the conversion period would have been finalised by 30 September 2018, would have been deducted from the aforementioned number of shares. Alma Media received no requests for share registration by the specified deadline.

The AGM authorised the Board to take any and all measures required by the resolution. The provisions on treasury shares were applied to the forfeited shares in accordance with Chapter 3, Section 14 a, Subsection 3 of the Limited Liability Companies Act. The forfeited shares may be used to implement incentive programmes for the management or key employees, or the shares may be annulled.

Alma Media Corporation owns a total of 236,314 of its own shares, representing 0.24 per cent of the total number of the company's shares and related votes. The total registered number of Alma Media's shares is 82,383,182, which entitle to 82,383,182 votes.

The AGM held on 14 March 2018 authorised the Board of Directors to decide on the repurchase of a maximum of 824,000 shares in one or more lots. The proposed maximum authorised quantity represents approximately one per cent of the company's entire share capital. Shares can be purchased for the purpose of improving the company's capital structure, financing or carrying out corporate acquisitions or other arrangements, implementing incentive schemes for the management or key employees, or to be otherwise transferred or cancelled. It is proposed that the authorisation be valid until the following AGM, but not later than 30 June 2019.

The AGM of 14 March 2018 authorised the Board of Directors to decide on a share issue by transferring shares in possession of the company. A maximum of 824,000 shares may be issued on the basis of this authorisation. The proposed maximum authorised quantity represents approximately one (1) per cent of the company's entire share capital. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more parts. The Board of Directors can use the authorisation to implement incentive programmes for the management or key employees of the company. The authorisation is valid until the following AGM, but not later than 30 June 2019.

The AGM of 14 March 2018 authorised the Board of Directors to decide on a share issue. The authorisation entitles the Board to issue a maximum of 16,500,000 shares. The proposed maximum number of shares corresponds to approximately 20 per cent of the total number of shares in the company. The share issue can be implemented by issuing new shares or transferring shares now in possession of the company. The authorisation entitles the Board to decide on a directed share issue, which entails deviating from the pre-emption rights of shareholders. The Board can use the authorisation in one or more parts. The Board can use the authorisation for developing the capital structure of the company, widening the ownership base, financing or realising acquisitions or other arrangements, or for other purposes decided on by the Board. The authorisation cannot, however, be used to implement incentive programmes for the management or key employees of the company. The authorisation is valid until the following AGM, but not later than 30 June 2019.

Alma Media has a long-term share-based incentive scheme for key management (LTI 2015) based on a decision by the Board of Directors announced in a stock exchange release on 27 February 2015. LTI 2015 consists of annually commencing individual plans, each subject to separate Board approval. Each of the individual plans consists of three main elements: an investment in Alma Media shares as a precondition for participation in the scheme, matching shares based on the said share investment and the possibility of earning performance-based matching shares.

In the matching share plan, the participant receives a fixed amount of matching shares against an investment in Alma Media shares. The participant receives two matching shares for each invested share free of charge after a two-year vesting period, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

The performance matching plan comprises a five-year performance period in total. The potential share rewards will be delivered in tranches after three and five years if the performance targets set by the Board of Directors are attained.

The performance measures used in the performance matching plan are based on the company's profitable growth and share value. If the performance targets set by the Board of Directors are attained in full, the participant will receive in total four matching shares for each invested share free of charge, provided that the other conditions stipulated for the receipt of the share-based incentive by the terms of the plan are still satisfied at the time.

The Board of Directors of Alma Media Corporation has decided on the following share-based incentive schemes for the next three years based on the LTI 2015 scheme: LTI 2015 II (2016), LTI 2015 III (2017) and LTI 2015 IV (2018). The main terms of the incentive schemes correspond to those of the share-based incentive scheme that was launched in 2015.

The Board of Directors has estimated that no new shares will be issued in connection with LTI 2015. Therefore, the plan will have no dilutive effect on the number of the company's registered shares.

In December 2018, the Board of Directors of Alma Media Corporation decided on changes to the share-based, long-term incentive scheme of the company's top management. At the same time, the Board of Directors decided to establish a new share-based long-term incentive scheme for the other key employees of Alma Media Corporation. The new incentive schemes, LTI 2019, entered into effect from the beginning of 2019.

### **Market liquidity guarantee**

The Alma Media share has no market liquidity guarantee in effect.

## **Flagging notices**

On 16 November 2018, Alma Media Corporation received a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act, that Otava Oy's holding of the shares and votes in Alma Media Corporation had exceeded the threshold of 25 per cent and amounted to 29.04% (10,003%).

On 16 November 2018, Alma Media Corporation received a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act, that Ilkka-Yhtymä Oyj's holding of the shares and votes in Alma Media Corporation had decreased under the threshold of 15 per cent and amounted to 10.92% (29,96%).

## **Risks and risk management**

At Alma Media Group, the task of risk management is to detect, evaluate and monitor business opportunities, threats and risks to ensure the achievement of objectives and business continuity. The risk management process identifies and controls the risks, develops appropriate risk management methods and regularly reports on risk issues to the risk management organisation and the Board of Directors. Risk management is part of Alma Media's internal control function and thereby part of good corporate governance.

The most critical strategic risks for Alma Media are a significant drop in its print newspaper readership and a decrease in the online audience of digital media, a permanent decline in advertising sales and a significant increase in distribution and delivery costs. The group subscriptions of the major financial and technology-related magazines are significant in scale. Changes to the subscription agreements could have a substantial impact on the magazines' total subscription volumes. The media industry is undergoing changes following the transformation in media consumption and technological development. An increasingly important source of competitive advantage, but also a strategic risk, in Alma Media's business is the ability to use customer data to improve the product and service offering for advertisers and enrich end user services. Alma Media will manage customer data and behavioural data by centralising customer data repositories and deploying analysis and activation technology, taking regulatory requirements into consideration. As technology advances and the focus of media consumption shifts to digital channels, Alma Media is responding to the transformation of the operating environment by developing digital products and services for consumers and businesses.

Fluctuating economic cycles are reflected in the development of advertising sales. Advertising sales account for approximately half of the Group's revenue. Business operations outside Finland, such as in Eastern and Central European countries, include country-specific risks relating to market development and economic growth. The expansion of business outside Finland has reduced the risks inherent in operating in one market area.

Disturbances of information technology and communications as well as disruption of printing are the most important operational risks.

## **Events after the financial year**

No significant events deviating from normal business operations have taken place after the end of the financial year.

## **ALMA MEDIA CORPORATION Board of Directors**

# SUMMARY OF FINANCIAL STATEMENTS BULLETIN AND NOTES

COMPREHENSIVE INCOME STATEMENT						
MEUR	2018 Q4	2017 Q4	Change %	2018 Q1-Q4	2017 Q1-Q4	Change %
REVENUE	91.9	97.1	-5.3	354.6	367.3	-3.5
Other operating income	0.2	0.5	-59.6	6.7	3.3	101.4
Materials and services	15.9	19.2	-17.1	64.8	74.4	-12.9
Employee benefits expense	35.9	39.7	-9.6	141.9	148.8	-4.7
Depreciation and write-downs	3.7	8.4	-56.1	15.6	20.3	-23.3
Other operating expenses	20.5	24.4	-16.2	78.1	80.6	-3.1
OPERATING PROFIT	16.1	5.8	176.5	61.0	46.6	31.0
Finance income	0.7	0.5	29.3	2.1	0.6	616,1
Finance expenses	0.8	0.6	-25.4	2.4	1.8	132,4
Share of result of assoc. companies	-0.7	0.0	-1,741.7	-0.3	0.7	-147.5
PROFIT BEFORE TAX	15.3	5.8	164.5	60.4	45.9	31.5
Income tax	3.8	1.4	175.9	12.5	9.2	35.1
PROFIT FOR THE PERIOD	11.5	4.4	160.9	47.9	36.7	30.6
OTHER COMPREHENSIVE INCOME:						
Items that are not later transferred to be recognised through profit or loss						
Items arising due to the redefinition of net defined benefit liability (or asset item)	-0.1	-0.2		-0.1	-0.2	
Changes in the fair value of equity instruments measured at fair value through other comprehensive income	0.0			-0.2		
Tax on items that are not later transferred to be recognised through profit or loss	0	0		0	0	
Items that may later be transferred to be recognised through profit or loss						
Translation differences	-0.1	0.4		0.6	0.5	
Share of other comprehensive income of associated companies	0.0	0.0		0.0	0.0	
Income tax relating to components of other comprehensive income	0.0	0.0		0.0	0.0	
Other comprehensive income for the year, net of tax	-0.2	0.2		0.3	0.3	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11.3	4.6		48.3	37.0	
Profit for the period attributable to:						
– Owners of the parent	10.2	3.5		41.7	32.2	
– Non-controlling interest	1.4	0.9		6.3	4.6	
Total comprehensive income for the period attributable to:						
– Owners of the parent	9.9	3.7		42.0	32.5	
– Non-controlling interest	1.4	0.9		6.3	4.6	
Earnings per share calculated from the profit for the period attributable to the parent company shareholders:						
- Earnings per share (basic and diluted), EUR	0.12	0.04		0.51	0.39	

<b>BALANCE SHEET</b>		
<b>MEUR</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Goodwill	133.5	121.7
Intangible assets	59.4	62.4
Tangible assets	53.7	59.8
Investment properties	0.0	10.2
Investments in associated companies	4.1	4.5
Other non-current financial assets	3.9	4.0
Deferred tax assets	1.5	2.3
<b>CURRENT ASSETS</b>		
Inventories	3.2	2.4
Current tax assets	0.4	0.6
Trade receivables and other receivables	36.3	44.9
Financial assets, short-term	0.1	0.0
Cash and cash equivalents	49.5	20.7
<b>TOTAL ASSETS</b>	<b>345.6</b>	<b>333.8</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	45.3	45.3
Share premium reserve	7.7	7.7
Translation differences	-0.6	-1.2
Invested non-restricted equity fund	19.1	19.1
Retained earnings	88.7	65.8
Equity attributable to owners of the parent	160.2	136.8
Non-controlling interest	26.6	21.6
<b>TOTAL EQUITY</b>	<b>186.8</b>	<b>158.3</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Non-current interest-bearing liabilities	47.3	56.0
Deferred tax liabilities	12.2	13.0
Pension liabilities	1.1	1.1
Provisions	0.4	0.4
Other non-current liabilities	0.1	0.2
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	13.1	5.7
Advances received	20.5	23.0
Income tax liability	3.7	5.1
Provisions	0.7	0.9
Trade payables and other payables	59.5	70.1
<b>TOTAL LIABILITIES</b>	<b>158.8</b>	<b>175.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>345.6</b>	<b>333.8</b>



## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Column headings:

A = Share capital

B = Share premium reserve

C = Translation differences

D = Invested non-restricted equity fund

E = Retained earnings

F = Total

G = Non-controlling interest

H = Equity total

MEUR	Equity attributable to owners of the parent							
	A	B	C	D	E	F	G	H
<b>Equity 1 Jan 2018</b>	45.3	7.7	-1.2	19.1	65.8	136.8	21.6	158.3
Adoption of IFRS 9					-0.2	-0.2		-0.2
Adoption of amendment to IFRS 2					1.6	1.6		1.6
<b>Equity 1 Jan 2018</b>	45.3	7.7	-1.2	19.1	67.3	138.2	21.6	159.8
Profit for the period					41.7	41.7	6.3	47.9
Other comprehensive income					-0.1	-0.1		
Translation differences			0.6		-0.9	-0.3	0.2	-0.1
Changes in the fair value of equity instruments					-0.2	-0.2		-0.2
Transactions with equity holders								
Dividends paid by parent					-19.7	-19.7		-19.7
Dividends paid by subsidiaries							-3.1	-3.1
Acquisition of own shares						0.0		0.0
Refund of unredeemed dividends					0.1	0.1		
Share subscription								
Share-based payment transactions and exercised share options					0.5	0.5	0.1	0.6
Change in ownership in subsidiaries					0.0		1.5	1.5
<b>Equity 31 Dec 2018</b>	45.3	7.7	-0.6	19.1	88.7	160.2	26.6	186.8

<b>Equity 1 Jan 2017</b>	45.3	7.7	-1.7	19.1	48.3	118.7	19.3	138.0
Profit for the period					32.2	32.2	4.6	36.7
Other comprehensive income			0.5		-0.2	0.3	0.2	0.5
Transactions with equity holders								
Dividends paid by parent					-13.2	-13.2		-13.2
Dividends paid by subsidiaries							-2.3	-2.3
Acquisition of own shares					-1.2	-1.2		-1.2
Share-based payment transactions and exercised share options					0.5	0.5		0.5
Change in ownership in subsidiaries								
Acquisitions of shares by non-controlling interests that did not lead to changes in control					-0.5	-0.5	-0.1	-0.6
<b>Equity 31 Dec 2017</b>	45.3	7.7	-1.2	19.1	65.8	136.8	21.6	158.3

\*) The subsidiary's foreign currency-denominated equity items have been adjusted between translation differences and retained earnings.

<b>CASH FLOW STATEMENT</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>MEUR</b>	<b>Q4</b>	<b>Q4</b>	<b>Q1-Q4</b>	<b>Q1-Q4</b>
<b>OPERATING ACTIVITIES</b>				
Profit for the period	11.5	4.4	47.9	36.7
Adjustments	9.7	11.1	26.1	28.7
Change in working capital	2.0	-5.0	-2.7	-6.0
Dividends received	0.1	0.0	0.4	1.0
Interest received	0.0	0.0	0.1	0.1
Interest paid and other finance expenses	-0.8	-0.5	-1.7	-1.8
Taxes paid	-3.4	-1.6	-13.9	-7.0
<b>Net cash flow from operating activities</b>	<b>19.1</b>	<b>8.5</b>	<b>56.2</b>	<b>51.7</b>
<b>INVESTING ACTIVITIES</b>				
Acquisitions of tangible assets	-0.6	-0.9	-1.6	-1.6
Acquisitions of intangible assets	-0.4	-0.5	-2.1	-2.1
Proceeds from sale of tangible and intangible assets	0.1	0.3	1.4	0.5
Other investments	0.0	-14.8	-0.1	-14.8
Business acquisitions less cash and cash equivalents at the time of acquisition	-0.1	0.0	-5.2	-2.0
Proceeds from sale of businesses less cash and cash equivalents at the time of sale	0.1	1.1	12.9	1.1
Acquisition of associated companies	0.3	0.0	-1.2	-0.3
Proceeds from sale of associated companies	0.0	0.0	1.2	1.5
<b>Net cash flows from/(used in) investing activities</b>	<b>-0.6</b>	<b>-14.7</b>	<b>5.3</b>	<b>-17.2</b>
<b>Cash flow before financing activities</b>	<b>18.5</b>	<b>-6.2</b>	<b>61.6</b>	<b>34.5</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>				
Acquisition of own shares				-1.2
Loans taken		0.0	14.0	3.0
Repayment of loans		-5.0	-19.0	-18.2
Payments of finance lease liabilities	-1.2	-1.4	-5.1	-5.0
Dividends paid		0.2	-22.9	-15.5
<b>Net cash flows from/(used in) financing activities</b>	<b>-1.2</b>	<b>-6.2</b>	<b>-33.0</b>	<b>-37.0</b>
Change in cash and cash equivalent funds (increase +/decrease -)	25.3	-13.0	28.6	-2.4
Cash and cash equivalents at beginning of period	24.2	33.8	20.7	23.3
Effect of change in foreign exchange rates	0.1	0.0	0.2	0.1
<b>Cash and cash equivalents at end of period</b>	<b>49.5</b>	<b>20.7</b>	<b>49.5</b>	<b>20.7</b>

Alma Media has acquired the following business operations during 2018:

	<u>Business</u>	<u>Acquisition date</u>	<u>Acquired share</u>	<u>Group share</u>
<u>Alma Markets segment</u>				
Ahorouta Oy	Online	3 January 2018	100.0%	65%
AutoJerry Oy	Online	10 January 2018	76.0%	65%
Käyttösofta Oy	Online	10 January 2018	100.0%	65%

The acquisition of Raksa ja Kotikauppa Oy was treated as a change in ownership in a subsidiary, an acquisition of non-controlling interest, which did not lead to a change in control. As a result, a reduction of MEUR 0.1 was recognised in equity.

Information on the segment's acquired businesses is presented in combined form.

<b>MEUR</b>	<b>Fair values entered in integration</b>
Intangible assets	5.2
Trade receivables and other receivables	0.2
Cash and cash equivalents	0.8
<b>Total</b>	<b>6.2</b>
Deferred tax liabilities	1.0
Trade payables and other payables	0.4
<b>Total</b>	<b>1.4</b>
Total identifiable net assets at fair value 100%	4.7
Group's share of net assets	3.1
IFRS acquisition cost	16.5
Goodwill	13.4

### Contingent considerations

Contingent considerations arising from business acquisitions are classified as financial liabilities recognised at fair value through profit or loss. The amount of the contingent considerations due to acquisitions and business arrangements is based on the profit of the acquired businesses in 2018.

<b>CONTINGENT CONSIDERATION LIABILITY</b>	
<b>MEUR</b>	
Initial recognition of the liability	10.0
Change in fair value during the financial period	-1.6
Fair value of the contingent consideration liability at the end of the period	8.3

## Personnel

	2018	2017	2018	2017
EMPLOYEES BY GEOGRAPHICAL AREA	Q4	Q4	Q1-Q4	Q1-Q4
Employees, Finland	1,222	1,315	1,294	1,378
Employees, other countries	632	623	649	597
Employees, total	1,854	1,938	1,943	1,975

## Provisions

The company's provisions totalled MEUR 1.1 (1.2) on 31 December 2018. It has not been necessary to change the estimates made when the provisions were entered.

## Commitments and contingencies

COMMITMENTS AND CONTINGENCIES		
MEUR	31 Dec 2018	31 Dec 2017
Collateral for others		
Guarantees	0.9	0.9
Other commitments and contingencies	0.3	1.0
Minimum lease payments on other lease agreements:		
Within one year	8.7	9.2
Within 1–5 years	22.1	25.2
After 5 years	14.8	18.2
Total	45.5	52.6
In addition, the Group has purchase agreements that, based on IFRIC 4, include a lease component as per IAS 17. Minimum payments based on these agreements:		
	0.0	0.1

DERIVATIVE CONTRACTS		
MEUR	31 Dec 2018	31 Dec 2017
Commodity derivative contracts, electricity derivatives		
Fair value*	0.1	0.0
Nominal value	0.1	0.3
Interest rate derivatives		
Fair value*	-0.5	-0.5
Nominal value	15.4	19.4
Foreign currency derivatives		
Fair value*	0.0	-0.2
Nominal value	4.6	8.0

## Related party transactions

Alma Media Group's related parties are the major shareholders of the parent company, associated companies and companies owned by them. Related parties also include the Group's senior management and their related parties (members of the Board of Directors, President and CEO and Managing Directors, and the Group Executive Team). The following table summarises the business operations undertaken between Alma Media and its related parties as well as the status of their receivables and liabilities:

RELATED PARTY TRANSACTIONS MEUR	2018 Q4	2017 Q4	2018 Q1-Q4	2017 Q1-Q4
Sales of goods and services	0.0	0.0	0.3	0.6
Associated companies	0.0	0.0	0.2	0.4
Principal shareholders	0.0	0.0	0.1	0.2
Corporations where management exercises influence	0.0	0.0	0.0	0.0
Purchases of goods and services	0.1	0.4	0.8	2.9
Associated companies	0.1	0.4	0.8	2.9
Principal shareholders	0.0	0.0	0.0	0.0
Corporations where management exercises influence	0.0	0.0	0.0	0.0
Trade receivables, loan and other receivables at the end of the reporting period	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0
Principal shareholders	0.0	0.0	0.0	0.0
Corporations where management exercises influence	0.0	0.0	0.0	0.0
Trade payables at the reporting date	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0
Principal shareholders	0.0	0.0	0.0	0.0
Acquired businesses	0.0	0.0	0.0	0.0
Principal shareholders	0.0	0.0	0.0	0.0



QUARTERLY INFORMATION MEUR	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
<b>REVENUE</b>	91.9	81.6	88.9	92.2	97.1	86.0	93.7	90.5	93.5
Alma Markets	24.4	23.9	24.2	23.8	22.1	20.9	20.6	19.6	18.0
Alma Talent	29.9	23.1	28.1	27.8	31.0	24.0	28.7	29.5	31.2
Alma Consumer	38.4	35.3	37.2	40.7	44.2	41.3	44.7	41.6	44.6
Eliminations and non-allocated	-0.8	-0.7	-0.6	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2
<b>ADJUSTED TOTAL EXPENSES</b>	75.0	66.6	76.2	80.1	90.1	72.2	80.5	78.0	82.8
Alma Markets	16.2	14.6	15.7	15.6	16.4	13.0	13.3	12.4	14.1
Alma Talent	24.4	20.3	24.3	24.6	27.2	21.2	25.3	25.0	26.4
Alma Consumer	33.2	31.4	34.6	38.4	39.7	36.8	40.4	38.6	41.7
Eliminations and non-allocated	1.2	0.3	1.7	1.5	6.8	1.2	1.6	2.1	-0.6
<b>ADJUSTED EBITDA</b>	20.8	18.9	16.9	16.4	15.7	17.9	17.2	16.6	15.6
Alma Markets	9.1	10.3	9.5	9.1	6.5	8.6	8.1	8.0	5.4
Alma Talent	6.6	3.8	4.8	4.3	4.9	3.9	4.4	5.7	5.7
Alma Consumer	6.3	4.9	3.7	3.4	5.6	5.7	5.4	4.0	6.1
Eliminations and non-allocated	-1.2	-0.2	-1.2	-0.4	-1.4	-0.4	-0.7	-1.1	-1.8
<b>ADJUSTED OPERATING PROFIT/LOSS</b>	17.1	15.1	12.9	12.2	11.3	14.0	13.2	12.6	10.9
Alma Markets	8.2	9.4	8.6	8.2	5.8	7.9	7.3	7.3	4.0
Alma Talent	5.6	2.8	3.8	3.3	3.9	2.8	3.3	4.6	4.7
Alma Consumer	5.4	4.0	2.7	2.3	4.6	4.7	4.4	3.0	5.1
Eliminations and non-allocated	-2.1	-1.0	-2.2	-1.6	-3.0	-1.5	-1.8	-2.3	-2.8
<b>% OF REVENUE</b>	18.6	18.5	14.5	13.2	11.6	16.2	14.1	13.9	11.7
Alma Markets	33.7	39.3	35.5	34.5	26.2	37.8	35.7	37.2	22.0
Alma Talent	18.7	12.1	13.7	11.7	12.5	11.7	11.6	15.5	15.3
Alma Consumer	14.0	11.2	7.3	5.8	10.3	11.4	9.8	7.2	11.4
Non-allocated operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>ADJUSTED ITEMS</b>	-0.9	-0.6	4.5	0.7	-5.4	0.3	1.8	-1.2	-4.3
Alma Markets	0.0	0.0	0.0	0.7	0.0	0.5	0.0	0.0	0.0
Alma Talent	-0.4	0.1	-0.1	0.0	0.0	-0.1	0.7	0.0	-0.4
Alma Consumer	-0.6	-0.2	4.3	0.0	-1.4	0.1	0.0	-0.8	-1.7
Non-allocated operations	0.1	-0.5	0.3	0.0	-4.0	-0.2	1.1	-0.4	-2.2
<b>OPERATING PROFIT/LOSS</b>	16.1	14.6	17.4	12.9	5.8	14.3	15.0	11.4	6.7
Alma Markets	8.2	9.4	8.6	8.9	5.8	8.4	7.3	7.3	4.0
Alma Talent	5.2	2.9	3.7	3.3	3.9	2.7	4.0	4.6	4.3
Alma Consumer	4.8	3.8	7.0	2.3	3.1	4.8	4.4	2.1	3.4
Non-allocated operations	-2.0	-1.6	-1.9	-1.6	-7.0	-1.6	-0.7	-2.6	-5.1
Finance income	0.0	0.9	0.2	0.0	0.0	0.0	0.2	0.0	0.4
Finance expenses	-0.2	-0.4	0.8	0.1	0.1	0.6	0.5	0.3	0.7
Share of profit of associated companies	-0.7	0.2	0.1	0.1	0.0	0.3	0.2	0.2	0.1
<b>PROFIT BEFORE TAX</b>	15.7	15.3	16.9	12.9	5.8	14.0	14.9	11.3	6.5
Income tax	-3.9	-3.1	-3.1	-2.5	-1.4	-2.8	-2.7	-2.4	-1.4
<b>PROFIT FOR THE PERIOD</b>	11.8	12.2	13.8	10.4	4.4	11.2	12.2	8.9	5.1

## Main accounting principles (IFRS)

This Financial Statements Bulletin has been prepared according to IFRS standards (IAS 34). The Financial Statements Bulletin applies the same accounting principles and calculation methods as the annual accounts dated 31 December 2018 and the new and revised IFRS standards described in the 2017 financial statements. The Financial Statements Bulletin does not, however, contain all the information or notes to the accounts included in the annual financial statements. This report should therefore be read in conjunction with the company's financial statements for 2018. This Financial Statements Bulletin applies the same accounting principles as the consolidated financial statements, with the exception of the following new standards adopted at the start of the financial year:

IFRS 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities. It also introduces changes to the rules governing hedge accounting as well as a new impairment model for financial assets. The new rules have been applied by the Group retrospectively starting from 1 January 2018 in such a way as to take advantage of the practical expedients provided by the standard. The comparison figures for 2017 are not adjusted. The most significant impacts of IFRS 9 adoption in the Group are related to the impairment of trade receivables and the classification of financial assets and liabilities, which is based on business models defined by the Group's management.

In recognising expected credit losses, the Group applies the simplified approach defined in IFRS 9, according to which lifetime expected credit losses can be recognised for all trade receivables. For the purposes of determining expected credit losses, trade receivables have been grouped on the basis of shared credit risk characteristics and delinquency in payment. The MEUR 0.2 increase in the loss allowance related to trade receivables reduces the opening balance of retained earnings on 1 January 2018.

The amendment to IFRS 2 *Share-based Payment* concerns incentive schemes with a net settlement feature to cover withholding tax obligations and where the employer has an obligation to withhold tax from the received benefit on the share-based payment. Under the previous standard, the payment was divided into an equity-settled component and a cash-settled component. According to the amended standard, the entire scheme is treated as an equity-settled payment, and the compensation cost is recognised based on the number of gross shares awarded in spite of the employee ultimately only receiving the net shares and the Group paying the portion required for meeting the withholding obligations in cash to the tax authorities. The withholding tax paid by the Group to the tax authorities is recognised directly in equity.

The Group's financial statements for 2017 included MEUR 1.6 in short-term liabilities related to the cash-settled component. Due to the amendment to the standard, this component has been adjusted in the opening balance sheet by moving it from liabilities to retained earnings.

IFRS 16 *Leases* (effective for financial periods beginning on or after 1 January 2019). Under the new standard, all leases except short-term leases with a term of less than 12 months and leases of low-value assets will be recognised on the balance sheet as right-of-use assets. Operating leases and finance leases will no longer be differentiated between. The change will move off-balance sheet obligations to the balance sheet and thus increase the amount of property, plant and equipment as well as liabilities. Lessor accounting will not be subject to significant changes.

The concepts of agreements processed as off-balance sheet liabilities and the concepts used in IFRS 16 are somewhat different from each other, which is why the number of agreements recognised on the balance sheet may differ from the number of off-balance sheet liabilities. The lease contracts recognised on the balance sheet are mainly for business premises and cars. Leases for IT equipment, on the other hand, are treated as off-balance sheet obligations, unlike under the current IAS 17 standard.

Alma Media has begun preparing for the adoption of the standard and assessed the impact of its adoption by the Group. The change will have an impact on the consolidated financial statements. The change will also affect balance sheet indicators, such as gearing.

IFRS 16: Estimated effect on Alma Media Corporation's consolidated financial statements (preliminary)		
Balance sheet (MEUR)		
	31 Dec 2018	
	Assets	Liabilities
Leases for business premises and operating leases	54.4	54.4
Leases for cars		
Leases for IT equipment	-1.2	-1.4
<b>Total</b>	<b>53.2</b>	<b>53.0</b>

Income statement (MEUR)	FY18
Other expenses – <i>decrease</i>	7.4
EBITDA	7.4
Depreciation – <i>increase</i>	-7.3
EBIT	0.1
Interest expenses – <i>increase</i>	-0.7
Profit for the period	-0.6

IFRS 16: Balance sheet and key financial ratios (preliminary) MEUR	Reported 31 Dec 2018	Adjusted 31 Dec 2018
Assets total	345.6	398.8
Interest-bearing liabilities	51.5	104.5
Net debt	2.0	55.0
Equity ratio, %	57.5	46.6
Net debt/EBITDA	0.03	0.66
EBITDA	76.6	84.0
Adjusted EBITDA	72.9	80.4
EBIT	61.0	61.1
Adjusted EBIT	57.3	57.4
Earnings per share (EPS)	0.51	0.50

IFRS 15 *Revenue from Contracts with Customers* includes a five-stage framework for the recognition of revenue from contracts with customers. It replaces the previous standards governing revenue, such as IAS 18 Revenue and IAS 11 Construction Contracts. According to IFRS 15, an entity shall recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue can be recognised over time or at a point in time, with the criterion being the transfer of control.

Alma Media adopted IFRS 15 Revenue from Contracts with Customers on 1 January 2018, leading to a change in the accounting principles used in the consolidated financial statements. The Group has applied IFRS 15 non-retrospectively, using the practical expedient permitted by the standard. Accordingly, the comparison figures for 2017 have not been adjusted. The adoption of the standard has not resulted in adjustments to items reported in the financial statements or any entries to retained earnings in the financial year 2018. In the financial statements for 2016, Alma Media adjusted the recognition of revenue related to the recruitment business, as part of the Group's advance preparation for the adoption of IFRS 15.

The key indicators are calculated using the same formulae as applied in the previous annual financial statements. The quarterly percentages of Return on Investment (ROI) and Return on Equity (ROE) have been annualised using the formula  $((1 + \text{quarterly return})^4 - 1)$ . The percentage of digital business of revenue is calculated as digital business/revenue \* 100. The figures in this Financial Statements Bulletin are independently rounded.

## Alternative Performance Measures

Alma Media Corporation additionally uses and presents Alternative Performance Measures to better illustrate the operative development of its business and to improve comparability between reporting periods. The Alternative Performance Measures are reported in addition to IFRS key figures.

The Alternative Performance Measures used by Alma Media Corporation are the following:

Adjusted operating profit (MEUR and % of revenue)	Profit before tax and financial items excluding adjusted items
Adjusted EBITDA	Operating profit excluding depreciation, amortisation, impairment losses and adjusted items

Items adjusting operating profit are income or expense arising from non-recurring or rare events. Gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations as well as impairment losses of goodwill and other assets are recognised by the Group as adjustments. Adjustments are recognised in the profit and loss statement within the corresponding income or expense group.

Interest-bearing net debt (MEUR)	Interest-bearing debt — cash and cash equivalents
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The figures in this release are unaudited.

## Seasonality

The Group recognises its content revenue from publishing activities as paid. For this reason, content revenues accrue in the income statement fairly evenly during the four quarters of the year. The bulk of newspaper subscription invoicing takes place at the beginning of the year and, therefore, the cash flow from operating activities is the strongest early in the year. This also affects the company's balance sheet position in different quarters.

## General statement

This report contains certain statements that are estimates based on the management's best knowledge at the time they were made. For this reason, they contain a certain amount of risk and uncertainty. The estimates may change in the event of significant changes in the general economic conditions.

## ALMA MEDIA CORPORATION Board of Directors

### More information:

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Juha Nuutinen, CFO, telephone +358 (0)10 665 3873

### Alma Media's financial calendar 2019

- Interim report for January–March 2019 on Thursday, 25 April 2019 at approximately 8:00 EEST.
- Interim report for January–June 2019 on Wednesday, 17 July 2019 at approximately 8:00 EEST
- Interim report for January–September 2019 on Wednesday, 23 October 2019 at approximately 8:00 EEST

The Financial Statements, Report by the Board of Directors, Auditor's Report and Corporate Governance Statement for the 2018 financial year will be published on Friday, 22 February 2019.

The Annual General Meeting is planned to be held on Friday, 15 March 2019. The materials related to the Annual General Meeting will be available on the Alma Media website.