

# Alma Media Corporation

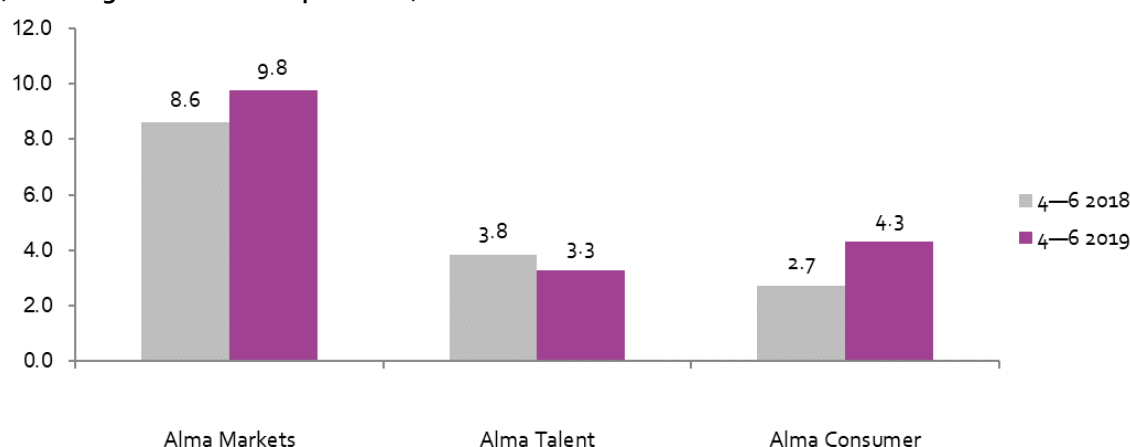
Half-Year Report January-June 2019

17 July 2019

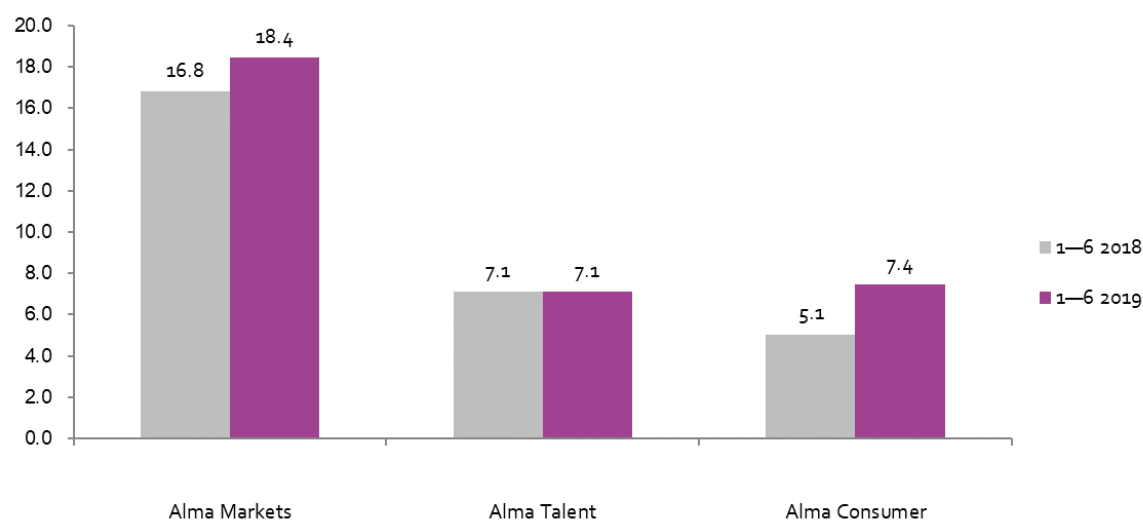


**Alma Media's Half-Year Report January—June 2019:****Adjusted operating profit improved and the favourable development of digital content sales continued****Financial performance April–June 2019:**

- Revenue MEUR 88.0 (88.9), down 1.0%.
- Adjusted operating profit MEUR 14.9 (12.9), 16.9% (14.5%) of revenue, up 15.5%.
- Operating profit MEUR 14.5 (17.4), 16.5% (19.6%) of revenue, down 16.4%.
- Earnings per share EUR 0.12 (0.15).
- Alma Markets: Profitability improved in the housing and automotive businesses in Finland and in international recruitment business.
- Alma Talent: Advertising declined in Finland and Sweden. Digital content revenue grew by 15%.
- Alma Consumer: Digital revenue grew by 10%, cost savings improved profitability.

**Business segments' adjusted operating profit, April–June, MEUR  
(excluding non-allocated operations)****Financial performance January–June 2019:**

- Revenue MEUR 173.0 (181.1), down 4.5%.
- Adjusted operating profit MEUR 29.3 (25.1), 16.9% (13.9%) of revenue, up 16.7%.
- Operating profit MEUR 28.9 (30.3), 16.7% (16.7%) of revenue, down 4.4%.
- Earnings per share EUR 0.24 (0.26).

**Business segments' adjusted operating profit, January–June, MEUR  
(excluding non-allocated operations)**

KEY FIGURES MEUR	2019 Q2	2018 Q2	Change %	2019 Q1-Q2	2018 Q1-Q2	Change %	2018 Q1-Q4
Revenue	88.0	88.9	-1.0	173.0	181.1	-4.5	354.6
Content revenue	27.5	27.7	-0.7	55.1	58.7	-6.2	114.8
Content revenue, print	22.9	23.6	-3.2	45.9	50.3	-8.9	97.9
Content revenue, digital	4.7	4.1	13.8	9.2	8.4	9.9	16.9
Advertising revenue	47.7	47.2	0.9	92.2	93.9	-1.8	185.7
Advertising revenue, print	11.6	12.8	-9.4	22.7	26.8	-15.3	50.6
Advertising revenue, digital	35.5	33.6	5.6	68.9	65.8	4.6	132.7
Service revenue	12.8	14.0	-8.3	25.7	28.4	-9.6	54.1
Adjusted total expenses	73.2	76.2	-3.9	144.0	156.3	-7.8	297.9
Adjusted EBITDA	20.5	16.9	21.4	40.6	33.3	22.0	72.9
EBITDA	20.1	21.4	-5.8	40.2	38.4	4.6	76.6
Adjusted operating profit	14.9	12.9	15.5	29.3	25.1	16.7	57.3
% of revenue	16.9	14.5		16.9	13.9		16.2
Operating profit (loss)	14.5	17.4	-16.4	28.9	30.3	-4.4	61.0
% of revenue	16.5	19.6		16.7	16.7		17.2
Profit for the period	11.3	13.8	-18.2	22.5	24.2	-7.0	47.9
Earnings per share, EUR (undiluted and basic)	0.12	0.15	-20.8	0.24	0.26	-8.4	0.51
Digital business revenue	45.5	43.3	5.1	88.6	85.2	4.0	170.3
Digital business, % of revenue	51.7	48.7		51.2	47.0		48.0

### 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 will slow down in 2019. Uncertainty about the economic development in Germany has increased and, due to its indirect effects, demand for recruitment advertising has declined in certain sectors in the Czech Republic and Slovakia.

The structural transformation of the media will continue; online advertising and 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. 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 (unchanged)

In 2019, Alma Media expects its full-year revenue to be 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 increased by 4.8% (decreased 2.5%) in April–June 2019, while advertising in online media grew in Finland by 8.7% (+2.9%) in the second quarter. Advertising in city papers and newspapers declined by 2.1% (-12.5%) in Finland. Advertising in Finnish magazines decreased in April–June by 1.7% (-9.7%). In terms of volume, the total market for afternoon papers in Finland declined by 4.9% (-14.8%) in the second quarter of 2019.

According to Sveriges Mediebyråer, the total advertising volume in Sweden decreased by 0.7% (increased by 5.6%) in January–May 2019. Advertising in online media grew by 5.1% (+5.4%) in Sweden. Advertising in trade magazines in Sweden decreased by 19.9% (-19.8%).

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 2.6% and the unemployment rate will be

2.2% in 2019. In Slovakia, GDP growth in 2019 will be 3.8% and the unemployment rate will be 5.9% according to the European Commission.

#### **Kai Telanne, President and CEO:**

Our digital businesses continued to see profitable growth in the second quarter of 2019. Excluding the effect of divested and discontinued operations, Alma Media's revenue was on a par with the comparison period. Adjusted operating profit increased by 15.5 per cent in April–June to MEUR 14.9, while the operating profit margin was 16.9 per cent.

The profitability of the Alma Markets segment continued to develop favourably; the operating profit margin was 38.2 per cent. Revenue from the recruitment business grew but, due to the general uncertainty regarding the economic outlook, the rate of growth was slower than before, particularly in the Czech Republic, Finland and the Baltic countries. In Finland, the positive development seen during the early part of the year in the housing and automotive marketplace and systems business continued: these businesses saw organic growth of 10 per cent during the reporting period. Investments in marketing and added-value products were reflected in the favourable development of customer volumes.

In the Alma Talent segment, the development of digital content revenue was strong in the Finnish media business during the review period: digital content revenue from Finnish financial and professional media grew by 24 per cent, exceeding the decline of print products. The segment's revenue was weighed down by declining advertising as well as divested and discontinued operations.

The progress of our digital transformation and its positive impact on our profitability was also evident in the Alma Consumer business in April–June. Growth was achieved during the reporting period in the digital content revenue of regional media as well as the digital advertising revenue of all of the segment's media, particularly with respect to content marketing and mobile media advertising revenue. The number of visitors to the Iltalehti online service increased and the rate of decline in Iltalehti's single-copy sales slowed down during the review period. Profitability was also affected by cost savings achieved through last year's restructuring measures related to segment integration and the decrease in external content purchases.

The increasingly digital business environment, declining volume of delivered printed products and rising unit costs have created a need for structural changes in our delivery business. In June, we signed an agreement on outsourcing the early morning delivery of the newspapers published by Alma Media Kustannus to Posti in Pirkanmaa and Satakunta, effective from the beginning of next year. We expect to achieve annual cost savings of MEUR 5–6 as a result of the outsourcing move. Going forward, the improved efficiency of delivery operations enables us to secure and extend the life cycle of subscribed printed newspapers as far into the future as possible.

At the beginning of July, the value added tax applicable to digital newspapers, magazines and books as well as the single-copy sales of print newspapers and magazines was reduced from 24 per cent to 10 per cent in Finland. We applied the tax cut to the subscription prices of our digital publications to support the development of the demand for digital media.

#### **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.



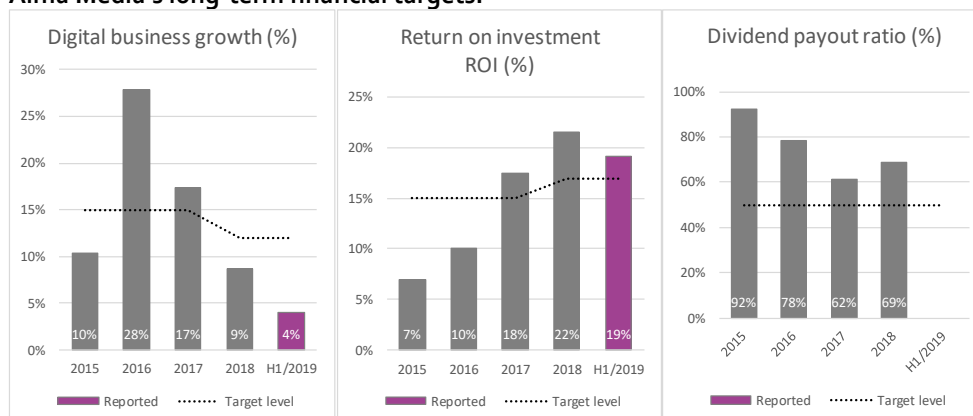
For the 2019–2021 strategy period, Alma Media has selected five strategic cross-business initiatives that are particularly aimed at the growth and development of digital business. Cooperation and synergies between the Group's various businesses will be leveraged in the execution of the initiatives. The 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 objective of the commercial Alma themes that cut across different businesses is to further strengthen the Group's commercial position in selected industries. Expansion into specialised content and services will strengthen consumer awareness of Alma's offering in topics relevant to their daily lives, arouse interest in new audiences and engage existing users to return to Alma's content with increasing frequency. The aim of increasing the cross-use of content and services and pursuing growth in the number of registered users is to grow advertising inventory and to increase consumption of paid content. Further goals include increasing the Group's advertising market share in these significant industries. The concrete actions under the strategic initiative are related to content development, content recommendations and service components that link content with services, as well as marketing and sales actions. The selected Alma themes for 2019 are housing, cars and careers. The audience growth of the content and services related to the Alma themes, measured in terms of visitors and page views, showed a positive trend during the review period and an increase in theme-specific market shares was achieved.

During the review period, Alma Media Kustannus Oy and Alma Manu Oy agreed on a business transfer and a delivery service agreement under which the early morning delivery operations carried out by Alma Manu in Pirkanmaa and Satakunta related to the newspapers published by Alma Media Kustannus will be outsourced to Posti Ltd. The outsourcing to Posti will take place after a transition period, and the change is estimated to take effect approximately on 1 January 2020. With the outsourcing, approximately 800 employees from Alma Manu's delivery business will be transferred to Posti. The estimated effective date of the transfer is 1 January 2020. Newspaper transport operations, deliveries carried out as an outsourced service or as third-party deliveries are not within the scope of the delivery agreement and will continue to be operated by Alma Manu. In 2018, the revenue of the Alma Media Group's internal delivery operations that are transferred in this business transaction was approximately MEUR 18.1. Alma Media expects that it will achieve annual cost savings of MEUR 5-6 as a result of the outsourcing of deliveries. Alma Media will record sales proceeds amounting to approximately MEUR 8 from the business transfer in its result for the first quarter of 2020.

With the aim of strengthening the automotive portfolio as well as increasing sales synergies and functionalities between automotive system and media products, Alma Media's subsidiary Alma Mediapartners acquired tukkuautot.fi, a marketplace for automotive industry professionals, in May. In terms of sales volume, the service is the largest B2B auction platform in its field in Finland. The car sellers that use the service include Finland's largest car dealerships that represent automakers as well as automotive financing and leasing companies and other companies and public corporations that own large fleets of cars. The buyers are Finnish chains that focus on used cars as well as car dealerships and car repair shops that operate in the field of automotive retail. The annual volume of B2B used car sales is estimated to be 100,000–120,000 vehicles (Finnish Central Organisation for Motor Trades and Repairs AKL, 2/2019). In 2018, the company's total revenue amounted to approximately MEUR 0.95.

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



## ALMA MEDIA GROUP INTERIM REPORT 1 JANUARY–30 JUNE 2019

The figures are compared in accordance with the International Financial Reporting Standards (IFRS) with those of the corresponding period in 2018, 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

INCOME STATEMENT MEUR	2019 Q2	2018 Q2	Change %	2019 Q1–Q2	2018 Q1–Q2	Change %	2018 Q1–Q4
Revenue	88.0	88.9	-1.0	173.0	181.1	-4.5	354.6
Adjusted total expenses	73.2	76.2	-3.9	144.0	156.3	-7.8	297.9
Adjusted EBITDA	20.5	16.9	21.4	40.6	33.3	22.0	72.9
EBITDA	20.1	21.4	-5.8	40.2	38.4	4.6	76.6
Adjusted operating profit	14.9	12.9	15.5	29.3	25.1	16.7	57.3
% of revenue	16.9	14.5		16.9	13.9		16.2
Operating profit (loss)	14.5	17.4	-16.4	28.9	30.3	-4.4	61.0
% of revenue	16.5	19.6		16.7	16.7		17.2
Profit for the period before tax	13.6	16.9	-19.3	27.6	29.8	-7.4	60.4
Profit for the period	11.3	13.8	-18.2	22.5	24.2	-7.0	47.9
BALANCE SHEET MEUR	2019 Q2	2018 Q2	Change %	2019 Q1–Q2	2018 Q1–Q2	Change %	2018 Q1–Q4
ASSETS				387.3	339.6	14.0	345.6
Net debt				56.8	34.7	63.7	2.0
Interest-bearing liabilities				100.0	58.8	70.1	51.5
Non-interest-bearing liabilities				109.3	118.5	-7.8	107.2
Capital expenditure	6.3	2.1	205.1	7.3	20.6	-64.5	22.1
Equity ratio %				48.9	52.0	-5.8	57.5
Gearing %				32.6	21.5	51.7	1.1
EMPLOYEES	2019 Q2	2018 Q2	Change %	2019 Q1–Q2	2018 Q1–Q2	Change %	2018 1–12
Average no. of employees, excl. delivery staff and telemarketers	1,913	1,982	-3.5	1,883	1,983	-5.0	1,913
Delivery staff and telemarketers on average	1,208	1,195	1.1	1,157	1,177	-1.7	1,149
KEY FIGURES	2019 Q2	2018 Q2	Change %	2019 Q1–Q2	2018 Q1–Q2	Change %	2018 1–12
Return on equity / ROE*	28.7	40.0	-28.4	26.3	32.5	-19.2	27.8
Return on investment / ROI*	18.3	28.4	-35.5	19.2	23.8	-19.7	21.7
Earnings per share, EUR (basic)	0.12	0.15	-20.8	0.24	0.26	-8.4	0.51
Earnings per share, EUR (diluted)	0.12	0.15	-22.3	0.23	0.26	-10.1	0.51
Cash flow from operating activities/share, EUR	0.18	0.05	290.1	0.55	0.40	37.7	0.68
Shareholders' equity per share	1.83	1.68	8.9	1.83	1.68	8.9	1.94
Dividend per share							0.35
Effective dividend yield %							6.3
P/E ratio							11.0
Market capitalisation				482.8	543.7	-11.2	456.4
Average number of shares, basic **	82,283	82,383		82,283	82,383		82,147
Average number of shares, diluted	83,826	82,383		83,826	82,383		82,219
Number of shares at end of period	82,283	82,383		82,283	82,383		82,383

\*) Annual return, see the accounting principles of the Interim Report. \*\*) The company disposed of 136,519 of its own shares during the review period. At the end of the review period, the company held 99,795 of its own shares.

## REVENUE

### April–June 2019

Revenue declined by 1.0% to MEUR 88.0 (88.9) in the second quarter of 2019. Comparable revenue, excluding the effect of divested and discontinued businesses, was on a par with the previous year. Revenue from content and advertising sales was on a par with the comparison period. Digital content revenue grew by 13.8% and digital advertising revenue increased by 5.6%.

Service revenue totalled MEUR 12.8 (14.0). Excluding the effect of divested and discontinued operations, comparable service revenue decreased by MEUR 0.4 (-2.9%) due to a decline in external printing revenue and the training business.

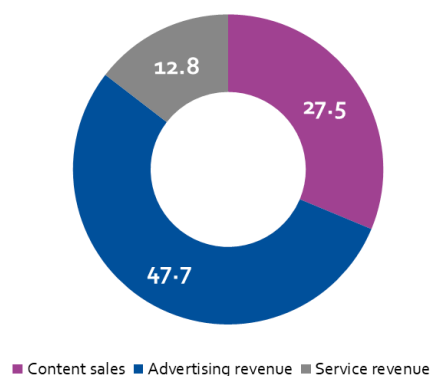
### January–June 2019

In the first half of 2019, revenue declined by 4.5% to MEUR 173.0 (181.1). The effect of divested and discontinued operations on the decrease in revenue was MEUR 7.1. Comparable revenue was on a par with the previous year.

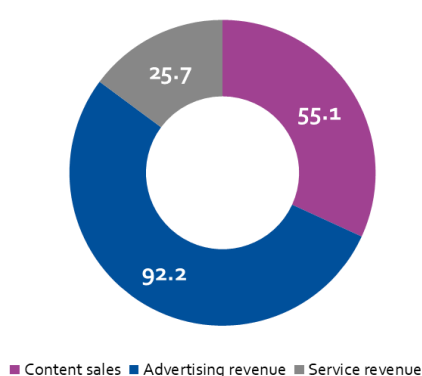
Content revenue declined by 11.1% to MEUR 27.6 (31.0). The decline in comparable content revenue, excluding the effect of divestments, was 1.9%. Comparable digital content revenue increased by 14.5%. Advertising revenue declined by 6.2% to MEUR 55.1 (58.7). Comparable advertising revenue increased by 1.2%. Comparable print media advertising revenue decreased by 9.0% and digital advertising revenue increased by 5.2% year-on-year.

Service revenue was MEUR 25.7 (28.4) and the comparable revenue decrease excluding the effect of divested and discontinued operations was 4.0%. 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.

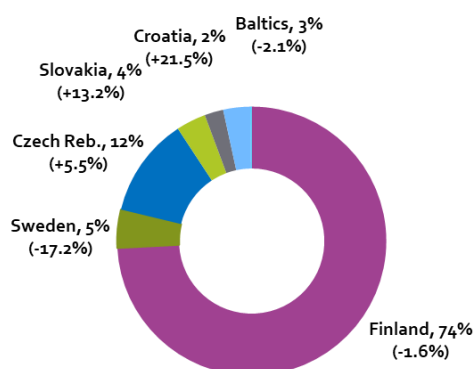
Revenue split Q2/2019, MEUR



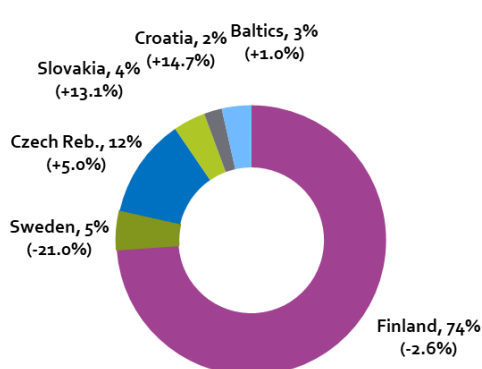
Revenue split Q1–Q2/2019, MEUR



Geographical revenue split Q2/2019



Geographical revenue split Q1–Q2/2019



REVENUE MEUR	2019 Q2	2018 Q2	Change %	2019 Q1-Q2	2018 Q1-Q2	Change %	2018 Q1-Q4
Alma Markets	25.6	24.2	5.6	50.5	48.0	5.3	96.4
Alma Talent	26.1	28.1	-6.8	52.3	55.9	-6.4	108.9
Alma Consumer	37.2	37.2	-0.1	71.9	78.0	-7.9	151.7
Segments total	88.9	89.5	-0.7	174.7	181.9	-3.9	356.9
Non-allocated operations	-0.9	-0.6	-49.6	-1.7	-0.8	-120.2	-2.3
Total	88.0	88.9	-1.0	173.0	181.1	-4.5	354.6

REVENUE BY GEOGRAPHICAL AREA MEUR	2019 Q2	2018 Q2	Change %	2019 Q1-Q2	2018 Q1-Q2	Change %	2018 1-12
Finland	65.4	66.4	-1.5	128.2	135.8	-5.7	281.6
Other countries	22.6	22.5	0.4	44.8	45.2	-0.9	73.0
Group total	88.0	88.9	-1.0	173.0	181.1	-4.5	354.6

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

## RESULT

### April-June 2019

Adjusted operating profit was MEUR 14.9 (12.9), or 16.9% (14.5%) of revenue. Operating profit was MEUR 14.5 (17.4), or 16.5% (19.6%) of revenue. The operating profit includes net adjusted items in the amount of MEUR -0.3 (4.5) related to losses on real estate sales. The non-recurring items in the comparison period were related to restructuring expenses and gains on the sale of the newspaper business in Lapland.

Total expenses declined in the second quarter by MEUR -3.2. Depreciation and impairment included in the total expenses amounted to MEUR 11.3 (8.2). The result for April-June 2019 was MEUR 11.3 (13.8) and the adjusted result was MEUR 11.6 (9.3).

### January-June 2019

Adjusted operating profit was MEUR 29.3 (25.1), or 16.9% (13.9%) of revenue. Operating profit was MEUR 28.9 (30.3), or 16.7% (16.7%) of revenue. The operating profit includes net adjusted items in the amount of MEUR -0.3 (5.2) related to losses on real estate sales. The adjusted items in the comparison period were related to operational restructuring and gains on the sale of assets, with the sale of the newspaper business in Lapland being the most significant of these.

Total expenses declined in the first half of the year by MEUR 12.5. Depreciation included in the total expenses amounted to MEUR 11.3 (8.2). The increase in depreciation was attributable the adoption of the IFRS 16 standard in the Group. The impact of the adoption of the standard on the Group's financial position is described in the accounting principles of the Interim Report. The result for January-June was MEUR 22.5 (24.2) and the adjusted result was MEUR 22.9 (19.0).

ADJUSTED OPERATING PROFIT (LOSS) MEUR	2019 Q2	2018 Q2	Change %	2019 Q1-Q2	2018 Q1-Q2	Change %	2018 Q1-Q4
Alma Markets	9.8	8.6	13.5	18.4	16.8	9.8	34.4
Alma Talent	3.3	3.8	-14.7	7.1	7.1	0.1	15.5
Alma Consumer	4.3	2.7	58.8	7.4	5.1	47.4	14.4
Segments total	17.3	15.1	14.4	33.0	28.9	14.0	64.3
Non-allocated operations	-2.4	-2.2	-8.4	-3.7	-3.8	3.6	-7.0
Total	14.9	12.9	15.5	29.3	25.1	16.7	57.3



## 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 income statement within the corresponding income or expense group.

ADJUSTED ITEMS MEUR	2019 Q2	2018 Q2	2019 Q1-Q2	2018 Q1-Q2	2018 Q1-Q4
Alma Markets					
Gains (losses) on the sale of assets				0.7	0.7
Alma Talent					
Restructuring		-0.2		-0.2	-0.6
Gains (losses) on the sale of assets		0.1		0.1	0.2
Alma Consumer					
Restructuring		-0.5		-0.5	-1.0
Gains (losses) on the sale of assets	-0.2	4.7	-0.2	4.7	4.5
Non-allocated					
Gains (losses) on the sale of assets	-0.1	0.3	-0.1	0.3	-0.1
Adjusted items in operating profit	-0.3	4.5	-0.3	5.2	3.7
Adjusted items in profit before tax	-0.3	4.5	-0.3	5.2	3.7

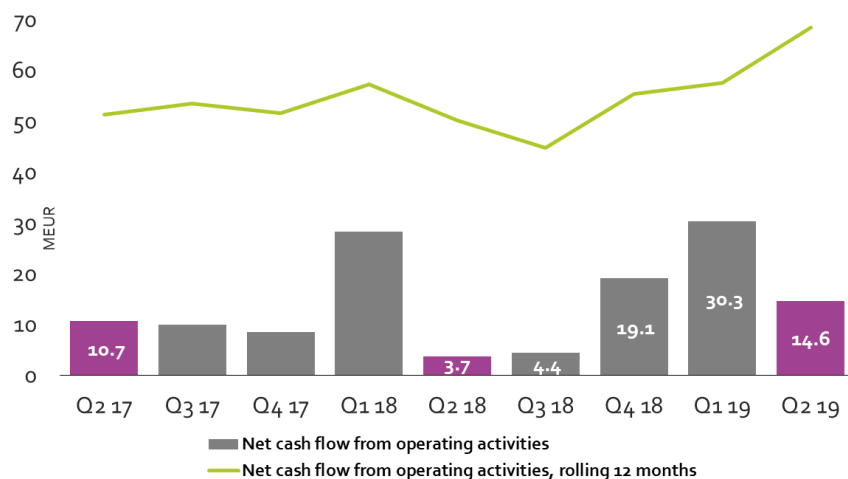
OPERATING PROFIT (LOSS) MEUR	2019 Q2	2018 Q2	Change %	2019 Q1-Q2	2018 Q1-Q2	Change %	2018 Q1-Q4
Alma Markets	9.8	8.6	13.5	18.4	17.5	5.4	35.1
Alma Talent	3.3	3.7	-11.7	7.1	7.0	2.0	15.1
Alma Consumer	4.1	7.0	-41.9	7.2	9.3	-22.7	17.9
Segments total	17.1	19.3	-11.4	32.7	33.8	-3.1	68.1
Non-allocated operations	-2.6	-1.9	-34.4	-3.8	-3.5	-8.9	-7.1
Total	14.5	17.4	-16.4	28.9	30.3	-4.4	61.0

## BALANCE SHEET AND FINANCIAL POSITION

At the end of June 2019, the consolidated balance sheet stood at MEUR 387.3 (339.6). The Group's equity ratio at the end of June was 48.9% (52.0%) and equity per share was EUR 1.83 (1.68).

Consolidated cash flow from operations was MEUR 14.6 (3.7) in April–June and MEUR 44.9 (32.7) in January–June. The increase in cash flow from operations was attributable to the improved result as well as lower working capital and the adoption of IFRS 16. Cash flow before financing was MEUR 2.3 (6.3) in April–June and MEUR 32.2 (28.2) in January–June.

### Cash flow from operating activities, MEUR



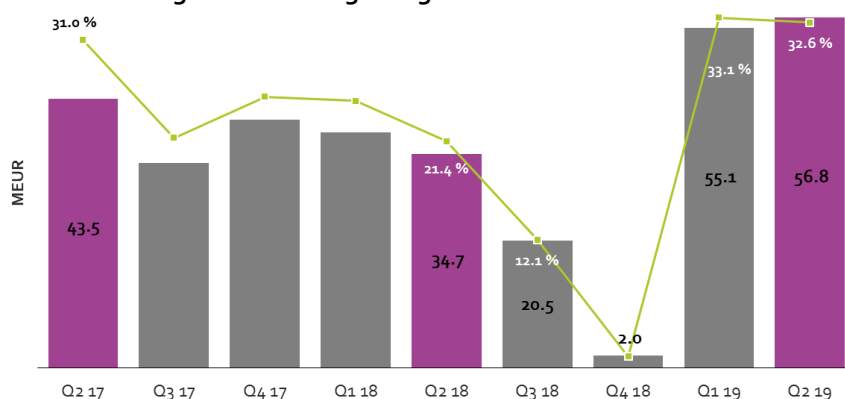
At the end of June 2019, the Group's interest-bearing debt amounted to MEUR 100.0 (58.8), consisting entirely of finance lease liabilities. The Group's interest-bearing net debt stood at MEUR 56.8 (34.7). The increase in interest-bearing debt was attributable the adoption of the IFRS 16 standard in the Group. The impact of the adoption of the standard on the Group's financial position is described in the accounting principles of the Half-Year Report.

INTEREST-BEARING NET DEBT MEUR	2019 Q2	2018 Q2	2019 Q1–Q2	2018 Q1–Q2	2018 1–12
Interest-bearing long-term liabilities	88.2	54.1	88.2	54.1	47.3
Short-term interest-bearing liabilities	11.9	4.7	11.9	4.7	4.2
Cash and cash equivalents	43.2	24.1	43.2	24.1	49.5
Interest-bearing net debt	56.8	34.7	56.8	34.7	2.0

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 30 June 2019. The company also has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was entirely unused as at 30 June 2019.

Alma Media did not have financial assets 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 1.8.

### Interest-bearing net debt and gearing



## Changes in Group structure in 2019

In March 2019, Alma Career, a subsidiary of Alma Media, acquired 100% of the Slovenian company Zaposlitev.net d.o.o., the owner of the www.zaposlitev.net recruitment portal.

In May 2019, Alma Media's subsidiary Alma Mediapartners Oy acquired tukkuautot.fi, a marketplace for automotive industry professionals, by buying the share capital of Suomen Tukkuautot Oy, the owner of the online service. Alma Media Group owns 65% of the Alma Mediapartners group.

On 20 June 2019, Alma Media Kustannus Oy and Alma Manu Oy agreed on a business transfer and a delivery service agreement under which the early morning delivery operations carried out by Alma Manu in Pirkanmaa and Satakunta related to the newspapers published by Alma Media Kustannus will be outsourced to Posti Ltd. The outsourcing to Posti will take place after a transition period, and the change is estimated to take effect approximately on 1 January 2020. With the outsourcing, approximately 800 employees from Alma Manu's delivery business will be transferred to Posti Group. The estimated effective date of the transfer is 1 January 2020. Newspaper transport operations, deliveries carried out as an outsourced service or as third-party deliveries are not within the scope of the delivery agreement and will continue to be operated by Alma Manu.

## Capital expenditure

Alma Media Group's capital expenditure in January–June 2019 totalled MEUR 7.3 (20.6). The capital expenditure consisted of the acquisition of shares in Suomen Tukkuautot Oy as well as normal operating and maintenance investments.

CAPITAL EXPENDITURE BY SEGMENT MEUR	2019 Q2	2018 Q2	2019 Q1–Q2	2018 Q1–Q2	2018 Q1–Q4
Alma Markets	5.9	0.2	6.3	16.2	16.5
Alma Talent	0.0	0.3	0.2	0.5	0.9
Alma Consumer	0.2	0.2	0.3	1.8	1.9
Segments total	6.1	0.7	6.8	18.5	19.4
Non-allocated	0.2	1.4	0.5	2.1	2.7
Total	6.3	2.1	7.3	20.6	22.1

CAPITAL EXPENDITURE AND ACQUISITIONS MEUR	2019 Q2	2018 Q2	2019 Q1–Q2	2018 Q1–Q2	2018 1–12
Capex	0.5	2.1	1.5	3.3	4.8
Acquisitions	5.8	0.0	5.8	17.3	17.3
Total	6.3	2.1	7.3	20.6	22.1

DEPRECIATION MEUR	2019 Q2	2018 Q2	2019 Q1–Q2	2018 Q1–Q2	2018 Q1–Q4
Depreciation of tangible and intangible assets	4.2	2.5	8.5	5.3	9.9
Amortisation of intangible assets related to acquisitions	1.4	1.4	2.8	2.9	5.7
Total	5.6	4.0	11.3	8.2	15.6

## BUSINESS SEGMENTS

Alma Media's reportable segments are 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, Webrent and Tukkuautot.fi. 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	2019 Q2	2018 Q2	Change %	2019 Q1-Q2	2018 Q1-Q2	Change %	2018 Q1-Q4
Revenue	25.6	24.2	5.6	50.5	48.0	5.3	96.4
Advertising revenue	23.4	22.4	4.5	46.2	44.2	4.6	88.6
Service revenue	2.2	1.9	18.8	4.4	3.8	14.0	7.8
Adjusted total expenses	15.9	15.7	1.2	32.2	31.3	2.9	62.1
Adjusted EBITDA	11.0	9.5	15.9	21.0	18.6	12.6	38.1
EBITDA	11.0	9.5	15.9	21.0	19.3	8.5	38.7
Adjusted operating profit	9.8	8.6	13.5	18.4	16.8	9.8	34.4
% of revenue	38.2	35.5		36.5	35.0		35.7
Operating profit (loss)	9.8	8.6	13.5	18.4	17.5	5.4	35.1
% of revenue	38.2	35.5		36.5	36.4		36.4
Employees on average	687	682	0.7	685	664	3.1	667
Digital business revenue	25.6	24.2	5.6	50.5	48.0	5.3	96.4
Digital business, % of revenue	100.0	100.0		100.0	100.0		100.0

### April-June 2019

The Alma Markets segment's revenue increased by 5.6% to MEUR 25.6 (24.2) in the second quarter of 2019. The recruitment business grew by 3.2% and accounted for 74.4% (76.1%) of the segment's revenue. In Finland, the positive development seen during the early part of the year in the housing and automotive marketplace and system business continued in the second quarter.

The adjusted total expenses in the review period amounted to MEUR 15.9 (15.7). No adjusted items were reported during the review period or the comparison period. The Alma Markets segment's adjusted operating profit was MEUR 9.8 (8.6) in the second quarter. The adjusted operating profit was 38.2% (35.5%) of revenue. The segment's operating profit was MEUR 9.8 (8.6).

### January-June 2019

The Alma Markets segment's revenue increased by 5.3% to MEUR 50.5 (48.0) in the first half of 2019. The growth of the recruitment business slowed down especially in Finland and the Czech Republic: revenue increased in January-June by 3.6% year-on-year. The recruitment business represented 75.3% (76.5%) of the segment's revenue.

Total expenses during the period amounted to MEUR 32.2 (31.3). Expenses were increased by investments in new and existing online services as well as rising wages due to economic growth, particularly in the Eastern Central European countries.

The Alma Markets segment's adjusted operating profit was MEUR 18.4 (16.8). The adjusted operating profit was 36.5% (35.0%) of revenue. The segment's operating profit was MEUR 18.4 (17.5). No adjusted items were reported during the review period. The adjusted items in the comparison period were related to a sales gain on an acquisition achieved in stages.

## Alma Talent

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

KEY FIGURES MEUR	2019 Q2	2018 Q2	Change %	2019 Q1–Q2	2018 Q1–Q2	Change %	2018 Q1–Q4
Revenue	26.1	28.1	-6.8	52.3	55.9	-6.4	108.9
Content revenue	11.8	11.8	-0.6	23.5	24.3	-3.3	47.7
Content revenue, print	8.6	9.1	-21.7	17.3	18.9	-8.3	36.6
Content revenue, digital	3.1	2.7	14.6	6.2	5.4	14.1	11.1
Advertising revenue	7.6	9.0	-15.5	15.2	17.0	-10.9	33.4
Advertising revenue, print	2.8	3.6	-21.7	6.1	7.1	-13.7	13.9
Advertising revenue, digital	4.2	4.6	-8.1	8.3	8.5	-3.0	17.0
Service revenue	6.8	7.2	-6.4	13.7	14.6	-6.2	27.8
Adjusted total expenses	22.9	24.5	-6.6	45.3	48.9	-7.3	93.6
Adjusted EBITDA	4.5	4.8	-6.6	9.6	9.1	5.5	19.5
EBITDA	4.5	4.7	-4.0	9.6	9.0	7.0	19.1
Adjusted operating profit	3.3	3.8	-14.7	7.1	7.1	0.1	15.5
% of revenue	12.5	13.7		13.6	12.7		14.2
Operating profit (loss)	3.3	3.7	-11.7	7.1	7.0	2.0	15.1
% of revenue	12.5	13.2		13.6	12.5		13.8
Average no. of employees, excl. telemarketers	494	534	-7.6	487	534	-8.8	516
Telemarketers on average	301	336	-10.3	310	335	-7.6	326
Digital business revenue	10.3	10.2	1.2	20.1	19.4	3.2	38.8
Digital business, % of revenue	39.3	36.2		38.3	34.8		35.6

## April–June 2019

The Alma Talent segment's revenue decreased by 6.8% to MEUR 26.1 (28.1) in April–June. Digital business accounted for 39.3% (36.2%) of the segment's revenue. Revenue declined by MEUR 0.8 due to divested and discontinued operations and a decrease in advertising revenue in Finland and Sweden.

Content revenue for the Alma Talent segment was on a par with the comparison period at MEUR 11.8 (11.8). In the Finnish media business, digital content revenue grew by 24.0 %.

Advertising revenue in the second quarter declined by 15.5% to MEUR 7.6 (9.0). Comparable advertising revenue decreased by 11.5% year-on-year. Service revenue declined by 6.4% to MEUR 6.8 (7.2) due to divested and discontinued business operations.

The segment's adjusted total expenses amounted to MEUR 22.9 (24.5). The Alma Talent segment's adjusted operating profit was MEUR 3.3 (3.8) and operating profit MEUR 3.3 (3.7). The adjusted operating profit was 12.5% (13.7%) of revenue. No adjusted items were reported during the review period.



## January–June 2019

In January–June, the Alma Talent segment's revenue decreased by 6.4% to MEUR 52.3 (55.9). Digital business accounted for 38.3% (34.8%) of the segment's revenue. Revenue declined particularly due to divested and discontinued operations (MEUR 1.8) and a decrease in advertising revenue, book sales and training sales.

The Alma Talent segment's content revenue decreased in January–June by 3.3% to MEUR 23.5 (24.3) due to the declining revenue of the Swedish media business and the book business. In the Finnish media business, digital content revenue grew by 22.7%. Digital content revenue growth in Finland exceeded the decline in print products.

Advertising revenue decreased by 10.9% to MEUR 15.2 (17.0) due to a decrease in the advertising revenue in Sweden and Finland. Service revenue fell by 6.2% to MEUR 13.7 (14.6) due to divested and discontinued business operations.

The segment's total expenses decreased by 7.3% and amounted to MEUR 45.3 (48.9). The Alma Talent segment's adjusted operating profit was MEUR 7.1 (7.1) and operating profit MEUR 7.1 (7.0). The adjusted operating profit was 13.6% (12.7%) of revenue. In spite of the decrease in revenue from Swedish business operations, restructuring and cost savings improved the unit's profitability in the first half of the year.

## 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	2019 Q2	2018 Q2	Change %	2019 Q1–Q2	2018 Q1–Q2	Change %	2018 Q1–Q4
Revenue	37.2	37.2	-0.1	71.9	78.0	-7.9	151.7
Content revenue	15.8	15.9	-0.8	31.6	34.4	-8.2	67.1
Content revenue, print	14.2	14.5	-2.0	28.5	31.4	-9.2	61.3
Content revenue, digital	1.5	1.4	12.1	3.1	3.0	2.3	5.8
Advertising revenue	16.7	15.9	5.4	31.0	32.9	-5.7	63.9
Advertising revenue, print	8.9	9.4	-5.2	16.9	20.1	-16.0	37.5
Advertising revenue, digital	7.8	6.4	20.9	14.1	12.8	10.5	26.4
Service revenue	4.7	5.5	-14.0	9.3	10.7	-13.2	20.6
Adjusted total expenses	32.9	34.6	-4.7	64.5	73.0	-11.6	137.6
Adjusted EBITDA	5.5	3.7	48.9	9.8	7.0	39.5	18.3
EBITDA	5.2	8.0	-34.1	9.6	11.3	-15.3	21.8
Adjusted operating profit	4.3	2.7	58.8	7.4	5.1	47.4	14.4
% of revenue	11.5	7.3		10.4	6.5	60.0	9.5
Operating profit (loss)	4.1	7.0	-41.9	7.2	9.3	-22.7	17.9
% of revenue	10.9	18.7		10.0	12.0	-16.1	11.8
Average no. of employees, excl. delivery staff	561	594	-5.5	545	617	-11.7	583
Average no. of delivery staff	907	858	5.8	847	841	0.8	821
Digital business revenue	9.9	9.0	9.7	18.3	17.9	2.3	35.7
Digital business, % of revenue	26.6	24.2		25.5	23.0		23.5
OPERATIONAL KEY FIGURES	2019 Q2	2018 Q2	Change %	2019 Q1–Q2	2018 Q1–Q2	Change %	2018 Q1–Q4
Printing volume (thousands)	60,017	82,249	-27.0	125,807	169,779	-25.9	336,641
Paper usage (tonnes)	5,138	6,643	-22.7	10,347	13,629	-24.1	27,925

## **April–June 2019**

The Alma Consumer segment's revenue remained on a par with the comparison period in April–June and amounted to MEUR 37.2 (37.2). Digital business accounted for 26.6% (24.2%) of the segment's revenue. Divested businesses had an effect of MEUR 0.5 on service revenue.

The segment's content revenue declined by 0.8% to MEUR 15.8 (15.9) in April–June. Digital content revenue grew by 12.1%. The segment's advertising revenue increased by 5.4% to MEUR 16.7 (15.9). The elections had an effect of MEUR 0.6 on the increase in revenue. Digital advertising revenue grew by 20.9%, boosted particularly by content marketing and strong mobile advertising sales.

The segment's service revenue declined by 14.0% to MEUR 4.7 (5.5). Comparable service revenue excluding divested operations decreased by 4.9% due to lower external printing volume. Sales to external distribution customers grew in the second quarter.

The segment's adjusted total expenses decreased by MEUR 1.5 and amounted to MEUR 32.9 (34.6). The lower expenses were attributable to the restructuring measures implemented in 2018 and a decrease in content purchases. The segment's adjusted operating profit was MEUR 4.3 (2.7), or 11.5% (7.3%) of revenue. The segment's operating profit was MEUR 4.1 (7.0). The adjusted items recognised during the review period were related to losses on the sale of real estate. The adjusted items in the comparison period were related to operational restructuring and gains on the sale of assets.

## **January–June 2019**

The Alma Consumer segment's revenue declined by 7.9% to MEUR 71.9 (78.0) in January–June. The effect of divested operations on the decrease in revenue was MEUR 5.2. Revenue declined particularly in the print media business. Digital business accounted for 25.5% (23.0%) of the segment's revenue.

The segment's content revenue declined by 8.2% to MEUR 31.6 (34.4) in January–June. Comparable content revenue excluding divested operations decreased by 1.6%. Comparable digital content revenue grew by 13.0%.

The segment's advertising revenue declined by 5.7% to MEUR 31.0 (32.9). Comparable advertising revenue remained on a par with the corresponding period in the previous year. Comparable digital advertising revenue grew by 11.7%. The elections had an effect of MEUR 0.8 on the increase in revenue.

The segment's service revenue declined by 13.2% to MEUR 9.3 (10.7). Comparable service revenue excluding divested operations decreased by 4.6% due to lower external printing volumes.

The segment's total expenses were MEUR 64.5 (73.0). Expenses decreased as a result of the divestment of business operations, restructuring carried out in 2018 and the decrease in content purchases. The segment's adjusted operating profit was MEUR 7.4 (5.1), or 10.4% (6.5%) of revenue. The adjusted items in the review period were related to losses on the sale of real estate, while the adjusted items in the comparison period were related to the restructuring of operations and gains on the sale of assets. The segment's operating profit was MEUR 7.2 (9.3).

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

ASSETS BY SEGMENT			
MEUR	30 Jun 2019	30 Jun 2018	31 Dec 2018
Alma Markets	110.6	99.7	98.3
Alma Talent	100.9	103.9	100.5
Alma Consumer	59.8	64.2	62.2
Segments total	271.3	267.8	261.0
Non-allocated assets and eliminations	116.0	71.8	84.6
Total	387.3	339.6	345.6
LIABILITIES BY SEGMENT			
MEUR	30 Jun 2019	30 Jun 2018	31 Dec 2018
Alma Markets	39.0	38.0	35.7
Alma Talent	30.4	28.5	26.1
Alma Consumer	73.3	61.4	40.6
Segments total	142.8	127.9	102.4
Non-allocated liabilities and eliminations	67.5	49.9	56.1
Total	210.3	177.8	158.8

## Governance

On 5 April 2019, Alma Media announced that Raimo Mäkilä (61), Senior Vice President, Alma Markets, will retire effective from 31 July 2019.

## Share and stock markets

In April–June, altogether 996,871 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 1.2% 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 June 2019, was EUR 5.86. The lowest quotation during the review period was EUR 5.48 and the highest EUR 6.36. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 482.8. Alma Media Corporation holds a total of 99,795 of its own shares.

## Share-based incentive scheme

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 scheme, LTI 2019, entered into effect from the beginning of 2019. The terms of the LTI 2019 programme were announced in a stock exchange release on 18 December 2018.

### **Market liquidity guarantee**

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

### **Flagging notices**

The company did not receive any flagging notices during the second quarter of 2019.

### **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 review period**

On 3 July 2019, Alma Media announced it had acquired 40 per cent of Etua Oy, a provider of competitive tender services for loans and insurance. Alma Media previously held a 20 per cent stake in the company. As a result of the transaction, Alma Media's holding in Etua Oy increased to 60 per cent.

On 16 July 2019, Alma Media issued a release on the appointment of BA Vesa-Pekka Kirsi (b. 1969) as Senior Vice President of Alma Markets and a member of Group Executive Team. He will take the position September 1st 2019 at the latest. Kirsi has been working in various business management positions since 2011 at Fonecta, and most

recently as the Business Unit Director of Fonecta's B2B business unit. He has previously led positions in international business, sales and marketing including Tanla Solutions, Openbit Ltd., and Nokia.



## SUMMARY OF INTERIM REPORT AND NOTES

COMPREHENSIVE INCOME STATEMENT MEUR	2019 Q2	2018 Q2	Change %	2019 Q1-Q2	2018 Q1-Q2	Change %	2018 Q1-Q4
REVENUE	88.0	88.9	-1.0	173.0	181.1	-4.5	354.6
Other operating income	0.2	5.3	-97.1	0.3	6.1	-94.5	6.7
Materials and services	14.9	16.2	-7.8	29.4	34.3	-14.3	64.8
Expenses arising from employee benefits	35.3	37.2	-4.9	69.7	74.2	-6.1	141.9
Depreciation and write-downs	5.6	4.0	40.7	11.3	8.2	38.3	15.6
Other operating expenses	17.8	19.5	-9.0	34.0	40.2	-15.5	78.1
OPERATING PROFIT	14.5	17.4	-16.4	28.9	30.3	-4.4	61.0
Finance income	0.2	0.4	-55.3	0.2	0.0	-1,320.6	2.1
Finance expenses	1.3	0.1	771.5	1.8	0.7	172.8	2.4
Share of result of assoc. companies	0.1	0.1	83.1	0.3	0.2	25.1	-0.3
PROFIT BEFORE TAX	13.6	16.9	-19.3	27.6	29.8	-7.4	60.4
Income tax	2.4	3.1	-24.2	5.1	5.6	-9.0	12.5
PROFIT FOR THE PERIOD	11.3	13.8	-18.2	22.5	24.2	-7.0	47.9
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
Changes in the fair value of equity instruments measured at fair value through other comprehensive income		-0.2			-0.2		-0.2
Items that may later be transferred to be recognised through profit or loss							
Translation differences	0.2	-0.1		-0.1	-0.7		0.6
Share of other comprehensive income of associated companies	0.0	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		0.0
Other comprehensive income for the year, net of tax	0.2	-0.3		-0.1	-0.8		0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11.5	13.5		22.4	23.4		48.3
Profit for the period attributable to:							
– Owners of the parent	9.7	12.3		19.4	21.3		41.7
– Non-controlling interest	1.5	1.5		3.1	2.9		6.3
Total comprehensive income for the period attributable to:							
– Owners of the parent	10.0	12.0		19.4	20.4		42.0
– Non-controlling interest	1.5	1.5		3.1	2.9		6.3
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	0.15		0.24	0.26		0.51

BALANCE SHEET			
MEUR	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	138.5	133.5	133.5
Intangible assets	57.0	63.2	59.4
Tangible assets	100.9	56.9	53.7
Investment properties		10.0	0.0
Investments in associated companies	4.3	5.0	4.1
Other non-current financial assets	4.3	4.3	3.9
Deferred tax assets	1.5	2.4	1.5
<b>CURRENT ASSETS</b>			
Inventories	3.0	2.6	3.2
Current tax assets	0.7	0.7	0.4
Trade receivables and other receivables	33.9	36.7	36.3
Financial assets, short-term	0.0	0.1	0.1
Cash and cash equivalents	43.2	24.1	49.5
<b>TOTAL ASSETS</b>	<b>387.3</b>	<b>339.6</b>	<b>345.6</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	45.3	45.3	45.3
Share premium reserve	7.7	7.7	7.7
Translation differences	-0.7	-1.4	-0.6
Invested non-restricted equity fund	19.1	19.1	19.1
Retained earnings	79.1	67.5	88.6
Equity attributable to owners of the parent	150.6	138.3	160.2
Non-controlling interest	26.4	23.5	26.6
<b>TOTAL EQUITY</b>	<b>177.0</b>	<b>161.8</b>	<b>186.8</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current interest-bearing liabilities	88.2	54.1	47.3
Deferred tax liabilities	11.9	13.2	12.2
Pension liabilities	1.1	1.1	1.1
Provisions	0.4	0.4	0.4
Other non-current liabilities	0.2	0.2	0.1
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	14.5	15.2	13.1
Advances received	25.6	28.2	20.5
Income tax liability	0.9	2.9	3.7
Provisions	0.6	0.8	0.7
Trade payables and other payables	66.8	61.7	59.5
<b>TOTAL LIABILITIES</b>	<b>210.3</b>	<b>177.8</b>	<b>158.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>387.3</b>	<b>339.6</b>	<b>345.6</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 2019</b>	45.3	7.7	-0.6	19.1	88.7	160.2	26.6	186.8
Profit for the period					19.4	19.4	3.1	22.5
Other comprehensive income						0.0		
Translation differences			-0.1			-0.1	0.0	-0.1
Transactions with equity holders								
Dividends paid by parent					-28.8	-28.8		-28.8
Dividends paid by subsidiaries							-3.9	-3.9
Share-based payment transactions and exercised share options					-0.2	-0.2		-0.2
Change in ownership in subsidiaries							0.5	0.5
<b>Equity 30 Jun 2019</b>	45.3	7.7	-0.7	19.1	79.1	150.6	26.4	177.0

<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					21.3	21.3	2.9	24.2
Other comprehensive income								
Translation differences			-0.1		-0.9	-1.1	0.4	-0.7
Available-for-sale financial assets					-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
Refund of unredeemed dividends					0.1	0.1		0.1
Share-based payment transactions and exercised share options					-0.4	-0.4	0.1	-0.3
Change in ownership in subsidiaries								
Acquisitions of shares by non-controlling interests that did not lead to changes in control						0.0	1.7	1.7
<b>Equity 30 Jun 2018</b>	45.3	7.7	-1.4	19.1	67.5	138.3	23.5	161.8

CASH FLOW STATEMENT MEUR	2019 Q2	2018 Q2	2019 Q1-Q2	2018 Q1-Q2	2018 Q1-Q4
<b>OPERATING ACTIVITIES</b>					
Profit for the period	11.3	13.8	22.5	24.2	47.9
Adjustments	8.2	0.9	17.4	8.7	26.1
Change in working capital	-1.6	-7.0	13.0	7.9	-2.7
Dividends received	0.2	0.2	0.2	0.3	0.4
Interest received	0.0	0.0	0.1	0.1	0.1
Interest paid and other finance expenses	-0.6	-0.3	-1.2	-0.7	-1.7
Taxes paid	-3.0	-4.0	-7.1	-7.8	-13.9
<b>Net cash flow from operating activities</b>	<b>14.6</b>	<b>3.7</b>	<b>44.9</b>	<b>32.7</b>	<b>56.2</b>
<b>INVESTING ACTIVITIES</b>					
Acquisitions of tangible assets	-0.2	-1.1	-0.4	-1.4	-1.6
Acquisitions of intangible assets	-0.1	-0.4	-0.3	-1.2	-2.1
Proceeds from sale of tangible and intangible assets	0.0	0.6	0.0	1.3	1.4
Other investments		-0.1		0.0	-0.1
Proceeds from sale of available-for-sale financial assets	0.4	0.0	0.4	0.0	0.0
Business acquisitions less cash and cash equivalents at the time of acquisition	-12.4	-0.2	-12.4	-5.1	-5.2
Proceeds from sale of businesses less cash and cash equivalents at the time of sale		2.3		2.3	12.9
Acquisition of associated companies		0.1		-1.5	-1.2
Proceeds from sale of associated companies		1.3		1.2	1.2
<b>Net cash flows from/(used in) investing activities</b>	<b>-12.3</b>	<b>2.6</b>	<b>-12.8</b>	<b>-4.5</b>	<b>5.3</b>
<b>Cash flow before financing activities</b>	<b>2.3</b>	<b>6.3</b>	<b>32.2</b>	<b>28.2</b>	<b>61.6</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>					
Loans taken		3.0		14.0	14.0
Repayment of loans		-8.0		-14.0	-19.0
Payments of finance lease liabilities	-2.6	-0.7	-5.7	-2.1	-5.1
Dividends paid	-3.8	-3.1	-32.7	-22.9	-22.9
<b>Net cash flows from/(used in) financing activities</b>	<b>-6.4</b>	<b>-8.8</b>	<b>-38.3</b>	<b>-25.0</b>	<b>-33.0</b>
Change in cash and cash equivalent funds (increase +/decrease -)	-4.5	0.9	-6.2	3.8	28.6
Cash and cash equivalents at beginning of period	47.6	23.3	49.5	20.7	20.7
Effect of change in foreign exchange rates	0.1	-0.1	-0.1	-0.1	0.2
<b>Cash and cash equivalents at end of period</b>	<b>43.2</b>	<b>24.1</b>	<b>43.2</b>	<b>24.1</b>	<b>49.5</b>

## Associated companies

SHARE OF RESULT OF ASSOCIATED COMPANIES MEUR	2019 Q2	2018 Q2	2019 Q1-Q2	2018 Q1-Q2	2018 Q1-Q4
Alma Markets	0.2	0.1	0.3	0.2	-0.4
Alma Talent	0.0	0.0	0.0	0.0	0.0
Alma Consumer	0.0	0.0	0.0	0.0	0.1
Other associated companies	0.0	-0.1	0.0	-0.1	-0.1
Total	0.1	0.1	0.3	0.2	-0.3

## Acquired businesses in 2019

Alma Media has acquired the following business operations during 2019:

	<u>Business</u>	<u>Acquisition date</u>	<u>Acquired share</u>	<u>Group share</u>
<u>Alma Markets segment</u>				
Suomen Tukkuautot Oy	Online	3 May 2019	100.0%	65%

MEUR	Fair values entered in integration
Intangible assets	1.6
Trade receivables and other receivables	0.1
Cash and cash equivalents	0.3
Total	2.0
Deferred tax liabilities	0.3
Trade payables and other payables	0.1
Total	0.5
Total identifiable net assets at fair value 100%	1.5
Group's share of net assets	1.0
IFRS acquisition cost	5.8
Goodwill	4.8



## 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 and 2019.

CONTINGENT CONSIDERATION LIABILITY MEUR	
Initial recognition of the liability	11.9
Change in fair value during previous financial periods	-1.6
Considerations, settled in cash	-8.5
Change in fair value during the financial period	0.0
Fair value of the contingent consideration liability at the end of the period	1.8

## Employees

EMPLOYEES BY GEOGRAPHICAL AREA	2019 Q2	2018 Q2	2019 Q1-Q2	2018 Q1-Q2	2018 Q1-Q4
Employees, Finland	1267	1315	1235	1327	1264
Employees, other countries	647	668	648	656	649
Employees, total	1913	1982	1883	1983	1913

## Provisions

The company's provisions totalled MEUR 1.0 (0.8) on 30 June 2019. It has not been necessary to change the estimates made when the provisions were entered.

## Commitments and contingencies

COMMITMENTS AND CONTINGENCIES MEUR	30 Jun 2019	30 Jun 2018	31 Dec 2018
Collateral for others			
Guarantees	0.9	0.9	0.9
Other commitments and contingencies	0.2	1.2	0.3
Minimum lease payments on other lease agreements:			
Within one year	0.8	8.6	8.7
Within 1–5 years	0.8	22.3	22.1
After 5 years	0.0	15.8	14.8
Total	1.6	46.7	45.5
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	0.1

\*) Due to the adoption of the IFRS 16 standard, off-balance sheet property and car obligations reported in the financial statements for 2018 have been transferred to be reported on the balance sheet as of 1 January 2019.

DERIVATIVE CONTRACTS MEUR		30 Jun 2019	30 Jun 2018	31 Dec 2018
Commodity derivative contracts, electricity derivatives				
Fair value*		0.0	0.1	0.1
Nominal value		0.2	0.2	0.1
Interest rate derivatives				
Fair value*		-0.6	-0.5	-0.5
Nominal value		15.4	19.4	15.4
Foreign currency derivatives				
Fair value*		-0.1	-0.2	0.0
Nominal value		6.8	8.0	4.6

### 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	2019 Q2	2018 Q2	2019 Q1-Q2	2018 Q1-Q2	2018 Q1-Q4
Sales of goods and services	0.1	0.1	0.2	0.1	0.3
Associated companies	0.1	0.1	0.1	0.1	0.2
Principal shareholders	0.0	0.0	0.0	0.1	0.1
Corporations where management exercises influence				0.0	0.0
Purchases of goods and services	0.1	0.2	0.3	0.6	0.8
Associated companies	0.1	0.2	0.3	0.6	0.8
Principal shareholders	0.0		0.0	0.0	0.0
Corporations where management exercises influence		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	0.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Principal shareholders	0.0	0.0	0.0	0.0	0.0
Corporations where management exercises influence					0.0
Trade payables at the reporting date		0.0		0.0	0.0
Associated companies		0.0		0.0	
Principal shareholders				0.0	

QUARTERLY INFORMATION MEUR	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
<b>REVENUE</b>	88.0	85.0	91.9	81.6	88.9	85.0	97.1	86.0	93.7
Alma Markets	25.6	25.0	24.4	23.9	24.2	25.0	22.1	20.9	20.6
Alma Talent	26.1	26.2	29.9	23.1	28.1	26.2	31.0	24.0	28.7
Alma Consumer	37.2	34.7	38.4	35.3	37.2	34.7	44.2	41.3	44.7
Eliminations and non-allocated	-0.9	-0.8	-0.8	-0.7	-0.6	-0.8	-0.3	-0.2	-0.2
<b>ADJUSTED TOTAL EXPENSES</b>	73.2	70.8	75.0	66.6	76.2	70.8	90.1	72.2	80.5
Alma Markets	15.9	16.3	16.2	14.6	15.7	16.3	16.4	13.0	13.3
Alma Talent	22.9	22.4	24.4	20.3	26.2	22.4	27.3	21.2	25.3
Alma Consumer	32.9	31.6	33.2	31.4	34.6	31.6	39.7	36.8	40.4
Eliminations and non-allocated	1.5	0.5	1.2	0.3	-0.3	0.5	6.7	1.2	1.6
<b>ADJUSTED EBITDA</b>	20.5	20.1	20.8	18.9	16.9	20.1	15.7	17.9	17.2
Alma Markets	11.0	9.9	9.1	10.3	9.5	9.9	6.5	8.6	8.1
Alma Talent	4.5	5.1	6.6	3.8	4.8	5.1	4.9	3.9	4.4
Alma Consumer	5.5	4.4	6.3	4.9	3.7	4.4	5.6	5.7	5.4
Eliminations and non-allocated	-0.6	0.7	-1.2	-0.2	-1.2	0.7	-1.4	-0.4	-0.7
<b>ADJUSTED OPERATING PROFIT/LOSS</b>	14.9	14.4	17.1	15.1	12.9	14.4	11.3	14.0	13.2
Alma Markets	9.8	8.7	8.2	9.4	8.6	8.7	5.8	7.9	7.3
Alma Talent	3.3	3.8	5.6	2.8	3.8	3.8	3.9	2.8	3.3
Alma Consumer	4.3	3.2	5.4	4.0	2.7	3.2	4.6	4.7	4.4
Eliminations and non-allocated	-2.4	-1.3	-2.1	-1.0	-2.2	-1.3	-3.0	-1.5	-1.8
<b>% OF REVENUE</b>	16.9	16.9	18.6	18.5	14.5	16.9	11.6	16.2	14.1
Alma Markets	38.2	34.7	33.7	39.3	35.5	34.7	26.2	37.8	35.7
Alma Talent	12.5	14.6	18.7	12.1	13.7	14.6	12.5	11.7	11.6
Alma Consumer	11.5	9.1	14.0	11.2	7.3	9.1	10.3	11.4	9.8
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>	-0.3	0.0	-0.9	-0.6	4.5	0.0	-5.4	0.3	1.8
Alma Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
Alma Talent	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0	-0.1	0.7
Alma Consumer	-0.2	0.0	-0.6	-0.2	4.3	0.0	-1.4	0.1	0.0
Non-allocated operations	-0.1	0.0	0.1	-0.5	0.3	0.0	-4.0	-0.2	1.1
<b>OPERATING PROFIT/LOSS</b>	14.5	14.4	16.1	14.6	17.4	14.4	5.8	14.3	15.0
Alma Markets	9.8	8.7	8.2	9.4	8.6	8.7	5.8	8.4	7.3
Alma Talent	3.3	3.8	5.2	2.9	3.7	3.8	3.9	2.7	4.0
Alma Consumer	4.1	3.2	4.8	3.8	7.0	3.2	3.1	4.8	4.4
Non-allocated operations	-2.6	-1.3	-2.0	-1.6	-1.9	-1.3	-7.0	-1.6	-0.7
Finance income	0.2	0.1	0.0	0.9	0.2	0.2	0.0	0.0	0.2
Finance expenses	1.8	0.5	-0.2	-0.4	0.8	0.8	0.1	0.6	0.5
Share of profit of associated companies	0.1	0.1	-0.7	0.2	0.1	0.1	0.0	0.3	0.2
<b>PROFIT BEFORE TAX</b>	13.6	14.0	15.3	15.3	16.9	14.0	5.8	14.0	14.9
Income tax	-2.4	-2.7	-3.9	-3.1	-3.1	-2.7	-1.4	-2.8	-2.7
<b>PROFIT FOR THE PERIOD</b>	11.3	11.3	11.5	12.2	13.8	11.3	4.4	11.2	12.2

## Main accounting principles (IFRS)

This Interim Report has been prepared according to IFRS standards (IAS 34). The Half-Year Report 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 2018 financial statements. The Half-Year Report 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 Half-Year Report 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 16 *Leases* (effective for financial periods beginning on or after 1 January 2019). Under the new standard, nearly all leases except short-term leases with a term of less than 12 months and leases of low-value assets were transferred to 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.

Effect of IFRS 16 on Alma Media Corporation's consolidated financial statements				
Balance sheet (MEUR)	30 Jun 2019 Assets	30 Jun 2019 Liabilities	1 Jan 2019 Assets	1 Jan 2019 Liabilities
Leases for business premises and operating leases	51.1	51.5	53.7	53.7
Leases for IT equipment	-1.2	-1.3	-1.2	-1.2
Total	49.8	50.2	52.5	52.5

IFRS 16 – IMPACT ON RESULT BY SEGMENT, Q1–Q2/2019 MEUR	Alma Markets	Alma Talent	Alma Consumer	Non-allocated and eliminations	Group
Other expenses – <i>decrease</i>	0.9	0.6	0.5	2.0	3.9
EBITDA	0.9	0.6	0.5	2.0	3.9
Depreciation – <i>increase</i>	-0.9	-0.6	-0.5	-2.0	-3.9
EBIT	0.0	0.0	0.0	0.0	0.0
Interest expenses – <i>increase</i>	-0.1	0.0	0.0	-0.3	-0.4
Profit for the period	0.0	0.0	0.0	-0.3	-0.4

ASSETS BY SEGMENT MEUR	30 Jun 2019
Alma Markets	6.3
Alma Talent	2.8
Alma Consumer	3.5
Segments total	12.5
Non-allocated and eliminations	38.5
Total	51.1

LIABILITIES BY SEGMENT MEUR		30 Jun 2019
Alma Markets		6.3
Non-current liabilities		4.7
Current liabilities		1.7
Alma Talent		2.8
Non-current liabilities		1.7
Current liabilities		1.1
Alma Consumer		3.5
Non-current liabilities		2.6
Current liabilities		0.9
Segments total		12.6
Non-allocated and eliminations		38.9
Total		51.5

Operating lease-related obligations presented in the Notes, 31 Dec 2018	52.6
Discounted by the Group's incremental borrowing rate 1.5%	-3.4
Decrease (-): leases of low-value assets, expensed on a straight-line basis	-1.2
Increase/decrease (-): adjustments due to the differences in processing continuation and termination options	+0.8
Increase/decrease (-): adjustments related to index or price level changes that have effects on variable payments and missing rental commitments	+3.7
Change in lease liability recognised on 1 January 2019	52.5

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 Interim report 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 income statement within the corresponding income or expense group.



Interest-bearing net debt (MEUR)

Interest-bearing debt — cash and cash equivalents

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 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:**

Kai Telanne, President and CEO, telephone +358 (0)10 665 3500

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

#### **Alma Media's financial calendar 2019**

- Interim report for January–September 2019 on Wednesday, 23 October 2019 at approximately 8:00 EEST