



# Alma Media Corporation

Q3 Interim Report 2019

23 October 2019



Alma Media's Interim Report January–September 2019:

### Profitability improved and content sales grew in the third quarter

#### Financial performance July–September 2019:

- Revenue MEUR 80.3 (81.6), down 1.6%.
- Adjusted operating profit MEUR 16.1 (15.1), or 20.1% (18.5%) of revenue, up 6.7%.
- Operating profit MEUR 15.7 (14.6), or 19.6% (17.9%) of revenue, up 7.7%.
- Earnings per share EUR 0.14 (0.12).
- Alma Markets: Profitable growth continued particularly in the housing and automotive businesses in Finland.
- Alma Talent: Profitability improved in spite of a decrease in advertising revenue. Digital content revenue grew by 19%.
- Alma Consumer: Profitability was weighed down by the decline of print media advertising sales. Digital content revenue grew by 20%.

#### Business segments' adjusted operating profit, July–September, MEUR (excluding non-allocated operations)



#### Financial performance January–September 2019:

- Revenue MEUR 253.3 (262.7), down 3.6%.
- Adjusted operating profit MEUR 45.4 (40.2), or 17.9% (15.3%) of revenue, up 12.9%.
- Operating profit MEUR 44.6 (44.9), 17.6% (17.1%) of revenue, down 0.5%.
- Earnings per share EUR 0.37 (0.38).

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



KEY FIGURES MEUR	2019 Q3	2018 Q3	Change %	2019 Q1–Q3	2018 Q1–Q3	Change %	2018 Q1–Q4
Revenue	80.3	81.6	-1.6	253.3	262.7	-3.6	354.6
Content revenue	26.9	26.6	1.1	82.0	85.3	-3.9	114.8
Content revenue, print	21.9	22.4	-2.3	67.8	72.8	-6.8	97.9
Content revenue, digital	5.0	4.2	19.6	14.2	12.6	13.1	16.9
Advertising revenue	41.7	42.7	-2.3	133.9	136.6	-2.0	185.7
Advertising revenue, print	9.5	11.0	-14.9	32.9	39.1	-15.9	50.6
Advertising revenue, digital	32.2	31.7	1.5	101.0	97.5	3.6	132.7
Service revenue	11.7	12.3	-5.1	37.4	40.7	-8.3	54.1
Adjusted total expenses	64.2	66.6	-3.6	208.2	222.9	-6.6	297.9
Adjusted EBITDA	21.5	18.9	13.8	62.0	52.1	19.0	72.9
EBITDA	21.0	18.3	14.8	61.2	56.7	7.9	76.6
Adjusted operating profit	16.1	15.1	6.7	45.4	40.2	12.9	57.3
% of revenue	20.1	18.5		17.9	15.3		16.2
Operating profit (loss)	15.7	14.6	7.7	44.6	44.9	-0.5	61.0
% of revenue	19.6	17.9		17.6	17.1		17.2
Profit for the period	13.1	12.2	7.0	35.6	36.4	-2.3	47.9
Earnings per share, EUR (basic)	0.14	0.12	9.5	0.37	0.38	-2.6	0.51
Digital business revenue	42.5	40.6	4.5	131.0	125.8	4.2	170.3
Digital business, % of revenue	52.9	49.8		51.7	47.9		48.0

### Operating environment in 2019

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

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 decreased by 1.9% (0.6%) in July–September 2019, while advertising in online media increased in Finland by 6.3% (2.4%) in the third quarter. Advertising in city papers and newspapers decreased by 12.0% (7.5%). Advertising in Finnish magazines decreased in July–September by 9.0% (2.8%). In terms of volume, the total market for afternoon papers in Finland declined by 9.2% (10.7%) in the third quarter of 2019.

According to Sveriges Mediabyråer, the total advertising volume in Sweden decreased by 0.3% (6.7%) in January–September 2019. During the same period, online media advertising increased by 2.1% (5.2%) in Sweden, while advertising in trade magazines decreased by 21.9% (17.5%).

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. The European Commission's forecast for the Czech economy in 2020 is GDP growth of 2.5% and an unemployment rate of 2.3%. In Slovakia, GDP growth in 2019 is predicted to be 3.6% and the unemployment rate 5.9% according to the European Commission. The European Commission's forecast for the Slovakian economy in 2020 is GDP growth of 3.3% and an unemployment rate of 5.6%.

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

Alma Media's profitability developed positively in the third quarter. The adjusted operating profit was MEUR 16.1 and the operating profit margin was 20.1 per cent. Profitability was improved by higher digital revenue and effective cost control. Alma Media's revenue declined by 1.6 per cent to MEUR 80.3. In the past quarter, the growth in digital content sales exceeded the decline in print media content sales for the first time at the Group level.

The Alma Markets segment maintained an excellent level of profitability in July–September: the operating profit margin was 42.7 per cent thanks to effective cost control. Revenue from the recruitment business continued to increase, although the rate of growth slowed down as the uncertain economic outlook had an impact on the recruitment market. The housing and automotive marketplace and systems business continued the strong performance seen during the first half of the year. The demand for added value and competitive tender services related to housing and cars increased in particular in July–September.

In Alma Talent, digital content revenue increased in the segment's Finnish financial and professional media by 25.3 per cent in July–September. The latest renewal measures related to the digital subscription model were implemented in Uusi Suomi and Markkinointi&Mainonta during the review period. All of the segment's media are now available for digital subscription and behind a paywall. The segment's revenue in July–September was weighed down by a decline in recruitment advertising, automotive advertising, advertising related to IPOs and training services, all of which are sensitive to economic trends. In spite of the decline in revenue, the segment's profitability improved thanks to tight cost control.

For Alma Consumer, the past quarter was challenging in terms of print media advertising sales, which saw the segment's revenue and profitability decline year-on-year. Service revenue decreased due to a decline in the volume of external printing services. The sales of digital subscriptions, however, continued to see strong growth. Good progress has been made in content renewal and leveraging data to create a better digital reading and user experience.

Our adjusted operating profit has improved and our financial position has strengthened further. We have improved the profitability of our business through digital growth and product development projects as well as effective cost control. Alma Media is in an excellent position to take advantage of new opportunities for value creation and growth even during a period of slower growth in the operating environment.

#### **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.

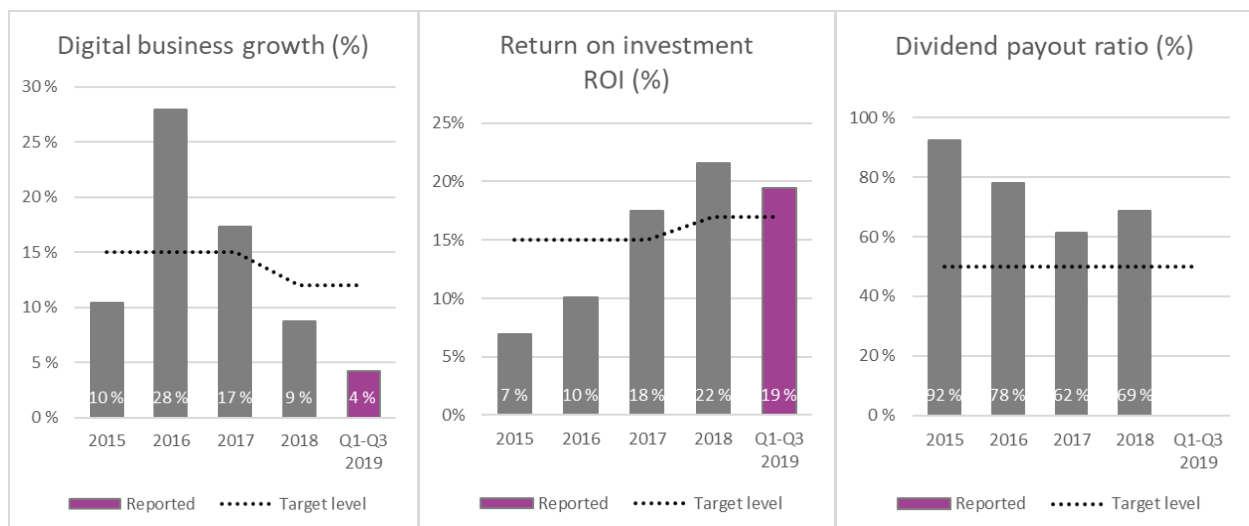
For the 2019–2021 strategy period, Alma Media has selected five strategic cross-business initiatives that are particularly aimed at the growth and development of digital business. Cooperation and synergies between the Group's various businesses will be leveraged in the execution of the initiatives. The 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.

Increasing digital content sales is one of the most central elements of Alma Media's strategy. While approx only 15 per cent of users pay for online news in Finland, the willingness to pay for news content is likely to increase due to media consumption moving in to digital channels and to parallel to rise of online streaming services. Alma Media's digital subscription business has developed well during the past few years, and the company has launched several new digital media products: during the reporting period, all of Alma Media's subscription products were paid media in digital format. The digital-only subscriber base of Alma Talent's media has grown by more than 100 per cent since September 2018 while, in the Alma Consumer business, Aamulehti increased its digital subscriber base by 55 per cent and Satakunnan Kansa by 66 per cent. In digital content sales, the possibility to take advantage of data-driven solutions creates a superior customer experience as well as business predictability. At the same time, artificial intelligence, automation and user data analytics increase cost efficiency.

Alma Media has expanded its digital marketplace business to include various comparison and competitive tender services, the demand for which is expected to grow in the future. In July 2019, Alma Media increased its ownership to 60 per cent in Etua Oy, a provider of competitive tender services for loans and insurance. Alma Media previously owned 20% of the company. Established in 2008, Etua.fi is a service for comparing consumer credit and housing loans that works together with Finland's leading players in the financial industry and forwards loan applications submitted via the online service directly to the partners. The service is always free of charge for the consumer. Etua.fi has already served more than 200,000 Finns in their daily financial affairs.

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



## ALMA MEDIA GROUP INTERIM REPORT 1 JANUARY–30 SEPTEMBER 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 Q3	2018 Q3	Change %	2019 Q1–Q3	2018 Q1–Q3	Change %	2018 Q1–Q4
Revenue	80.3	81.6	-1.6	253.3	262.7	-3.6	354.6
Adjusted total expenses	64.2	66.6	-3.6	208.2	222.9	-6.6	297.9
Adjusted EBITDA	21.5	18.9	13.8	62.0	52.1	19.0	72.9
EBITDA	21.0	18.3	14.8	61.2	56.7	7.9	76.6
Adjusted operating profit	16.1	15.1	6.7	45.4	40.2	12.9	57.3
% of revenue	20.1	18.5		17.9	15.3		16.2
Operating profit (loss)	15.7	14.6	7.7	44.6	44.9	-0.5	61.0
% of revenue	19.6	17.9		17.6	17.1		17.2
Profit for the period before tax	15.6	15.3	2.2	43.2	45.1	-4.1	60.4
Profit for the period	13.1	12.2	7.0	35.6	36.4	-2.3	47.9
BALANCE SHEET							
MEUR	2019 Q3	2018 Q3	Change %	2019 Q1–Q3	2018 Q1–Q3	Change %	2018 Q1–Q4
ASSETS				388.0	336.1	15.4	345.6
Net debt				50.5	20.5	146.6	2.0
Interest-bearing liabilities				97.0	52.5	84.9	51.5
Non-interest-bearing liabilities				101.8	107.9	-5.6	107.2
Capital expenditure	4.9	0.2	2,216.2	12.2	20.8	-41.2	22.1
Equity ratio %				51.6	56.0	-7.8	57.5
Gearing %				27.3	12.0	127.2	1.1
EMPLOYEES							
	2019 Q3	2018 Q3	Change %	2019 Q1–Q3	2018 Q1–Q3	Change %	2018 Q1–Q4
Average no. of employees, excl. delivery staff and telemarketers	1,919	1,951	-1.6	1,895	1,972	-3.9	1,913
Delivery staff and telemarketers on average	1,172	1,124	4.2	1,162	1,160	0.2	1,149
KEY FIGURES							
	2019 Q3	2018 Q3	Change %	2019 Q1–Q3	2018 Q1–Q3	Change %	2018 Q1–Q4
Return on equity/ROE (annual)*	31.9	32.3	-1.5	26.1	30.2	-13.6	27.8
Return on investment/ROI (annual)*	20.7	24.1	-14.0	19.4	22.8	-15.1	21.7
Earnings per share, EUR (basic)	0.14	0.12	9.5	0.37	0.38	-2.6	0.51
Earnings per share, EUR (diluted)	0.13	0.12	7.4	0.37	0.38	-4.4	0.51
Cash flow from operating activities/share, EUR	0.12	0.05	114.4	0.66	0.45	46.9	0.68
Shareholders' equity per share	1.94	1.82	6.7	1.94	1.82	6.7	1.94
Dividend per share							0.35
Effective dividend yield %							6.3
P/E ratio							11.0
Market capitalisation				576.7	524.0	10.1	456.4
Average number of shares, basic **	82,283	82,383		82,283	82,383		82,147
Average number of shares, diluted	83,891	82,383		83,891	82,383		82,219
No. of shares at the end of the 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

### July–September 2019

Revenue declined by 1.6% to MEUR 80.3 (81.6) in the third quarter of 2019. Content sales increased by 1.1% to MEUR 26.9 (26.6). Advertising revenue declined by 2.3% to MEUR 41.7 (42.7). Digital content revenue grew by 19.6% and digital advertising revenue increased by 1.5%. Service revenue totalled MEUR 11.7 (12.3).

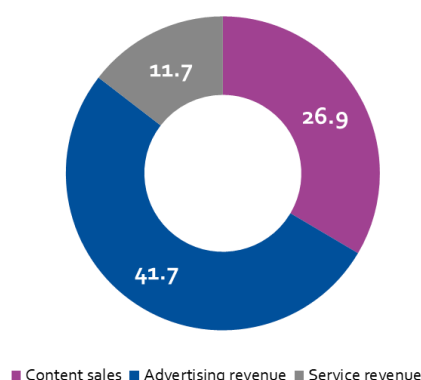
### January–September 2019

In January–September, revenue decreased by 3.6% to MEUR 253.3 (262.7). The effect of divested and discontinued operations on the decrease in revenue was MEUR 6.3. Comparable revenue declined by 1.2%.

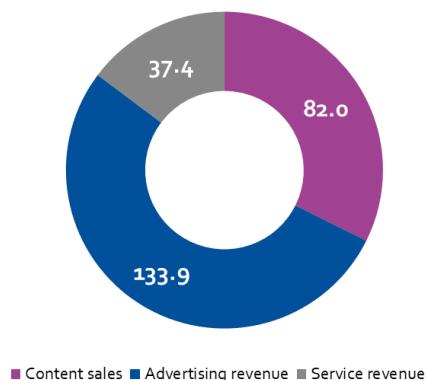
Content revenue declined by 3.9% to MEUR 82.0 (85.3). The decline in comparable content revenue, excluding the effect of divestments, was on a par with the comparison period. Comparable digital content revenue increased by 16.2%. Advertising revenue declined by 2.0% to MEUR 133.9 (136.6). Comparable advertising revenue was on a par with the previous year. Print media advertising revenue decreased by 11.3% and digital advertising revenue increased by 3.5% year-on-year, excluding the effect of divested and discontinued operations.

Service revenue was MEUR 37.4 (40.7) and the decrease in revenue excluding the effect of divested, acquired and discontinued operations was 5.2%. 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.

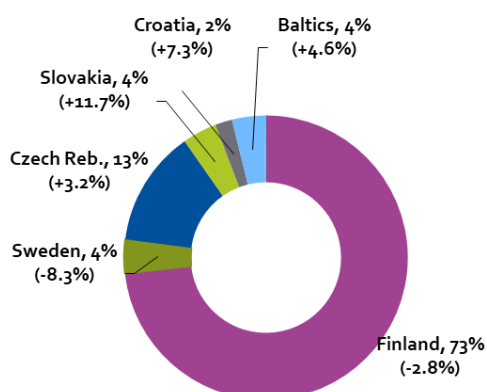
Revenue split Q3/2019, MEUR



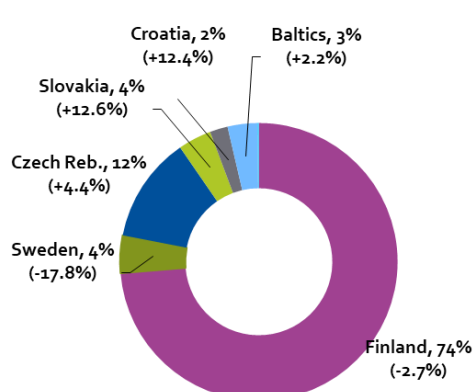
Revenue split Q1–Q3/2019, MEUR



Geographical revenue split Q3/2019



Geographical revenue split Q1–Q3/2019



REVENUE MEUR	2019 Q3	2018 Q3	Change %	2019 Q1-Q3	2018 Q1-Q3	Change %	2018 Q1-Q4
Alma Markets	24.9	23.9	3.8	75.4	71.9	4.8	96.4
Alma Talent	22.3	23.1	-3.3	74.7	79.0	-5.5	108.9
Alma Consumer	33.9	35.3	-4.0	105.7	113.3	-6.6	151.7
Segments total	81.1	82.3	-1.5	255.8	264.2	-3.2	356.9
Non-allocated operations	-0.8	-0.7	-10.1	-2.5	-1.5	-67.2	-2.3
Total	80.3	81.6	-1.6	253.3	262.7	-3.6	354.6

REVENUE BY GEOGRAPHICAL AREA MEUR	2019 Q3	2018 Q3	Change %	2019 Q1-Q3	2018 Q1-Q3	Change %	2018 Q1-Q4
Finland	58.9	60.6	-2.7	187.1	196.4	-4.7	265.7
Other countries	21.3	21.0	1.5	66.2	66.3	-0.1	88.9
Group total	80.3	81.6	-1.6	253.3	262.7	-3.6	354.6

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

## RESULT

### July–September 2019

Adjusted operating profit was MEUR 16.1 (15.1), or 20.1% (18.5%) of revenue. Operating profit was MEUR 15.7 (14.6), or 19.6% (17.9%) of revenue. The operating profit includes net adjusted items in the amount of MEUR -0.4 (-0.6) related to losses on real estate sales. The adjusted items in the comparison period were also related to losses on the sale of assets.

Total expenses declined in the third quarter by MEUR 2.7. Depreciation and impairment included in the total expenses amounted to MEUR 5.3 (3.7). The result for July–September 2019 was MEUR 13.1 (12.2) and the adjusted result was MEUR 13.5 (12.8).

### January–September 2019

Adjusted operating profit was MEUR 45.4 (40.2), or 17.9% (15.3%) of revenue. Operating profit was MEUR 44.6 (44.9), or 17.6% (17.1%) of revenue. The operating profit includes net adjusted items in the amount of MEUR -0.8 (4.6) 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 January–September by MEUR 15.2. Depreciation included in the total expenses amounted to MEUR 16.6 (11.9). 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–September was MEUR 35.6 (36.4) and the adjusted result was MEUR 36.4 (31.8).

ADJUSTED OPERATING PROFIT (LOSS) MEUR	2019 Q3	2018 Q3	Change %	2019 Q1-Q3	2018 Q1-Q3	Change %	2018 Q1-Q4
Alma Markets	10.6	9.4	12.7	29.1	26.2	10.8	34.4
Alma Talent	2.9	2.8	3.8	10.0	9.9	1.1	15.5
Alma Consumer	3.3	4.0	-17.4	10.7	9.0	19.0	14.4
Segments total	16.8	16.2	3.8	49.8	45.1	10.3	64.3
Non-allocated operations	-0.6	-1.0	38.3	-4.3	-4.9	10.9	-7.0
Total	16.1	15.1	6.7	45.4	40.2	12.9	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 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
Alma Markets					
Gains (losses) on the sale of assets	0.1	0.0	0.1	0.7	0.7
Alma Talent					
Restructuring				-0.2	-0.6
Gains (losses) on the sale of assets		0.1		0.2	0.2
Alma Consumer					
Restructuring				-0.5	-1.0
Gains (losses) on the sale of assets	-0.5	-0.2	-0.7	4.6	4.5
Non-allocated					
Gains (losses) on the sale of assets		-0.5	-0.1	-0.2	-0.1
ADJUSTED ITEMS IN OPERATING PROFIT	-0.4	-0.6	-0.8	4.6	3.7
ADJUSTED ITEMS IN PROFIT BEFORE TAX	-0.4	-0.6	-0.8	4.6	3.7

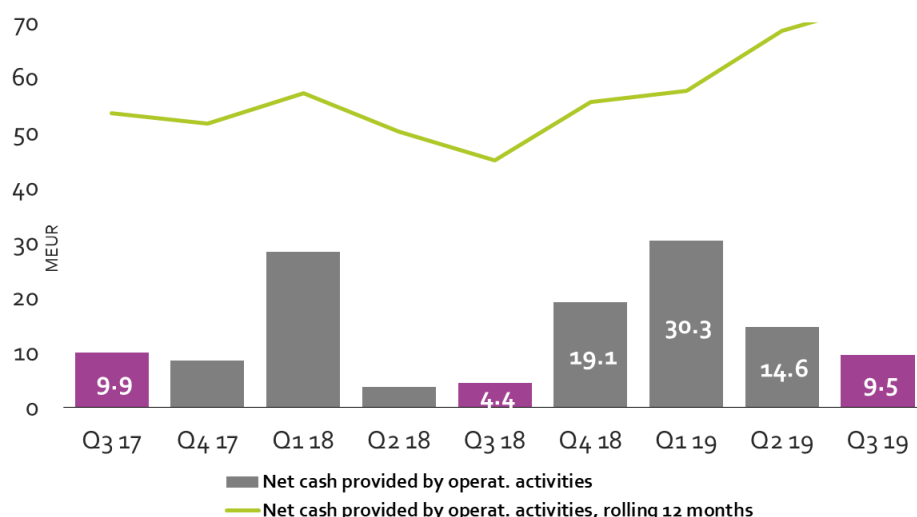
OPERATING PROFIT (LOSS) MEUR	2019 Q3	2018 Q3	Change %	2019 Q1-Q3	2018 Q1-Q3	Change %	2018 Q1-Q4
Alma Markets	10.7	9.4	13.4	29.1	26.9	8.2	35.1
Alma Talent	2.9	2.9	-1.5	10.0	9.9	1.0	15.1
Alma Consumer	2.8	3.8	-27.0	10.0	13.1	-23.9	17.9
Segments total	16.3	16.1	1.2	49.1	49.9	-1.7	68.1
Non-allocated operations	-0.6	-1.6	59.3	-4.5	-5.1	12.2	-7.1
Total	15.7	14.6	7.7	44.6	44.9	-0.5	61.0

## BALANCE SHEET AND FINANCIAL POSITION

At the end of September 2019, the consolidated balance sheet stood at MEUR 388.0 (336.1). The Group's equity ratio at the end of September was 51.6% (56.0%) and equity per share was EUR 1.94 (1.82).

Consolidated cash flow from operations was MEUR 9.5 (4.4) in July–September and MEUR 54.5 (37.1) in January–September. 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 6.3 (14.5) in July–September and MEUR 38.5 (42.9) in January–September.

### Cash flow from operating activities, MEUR



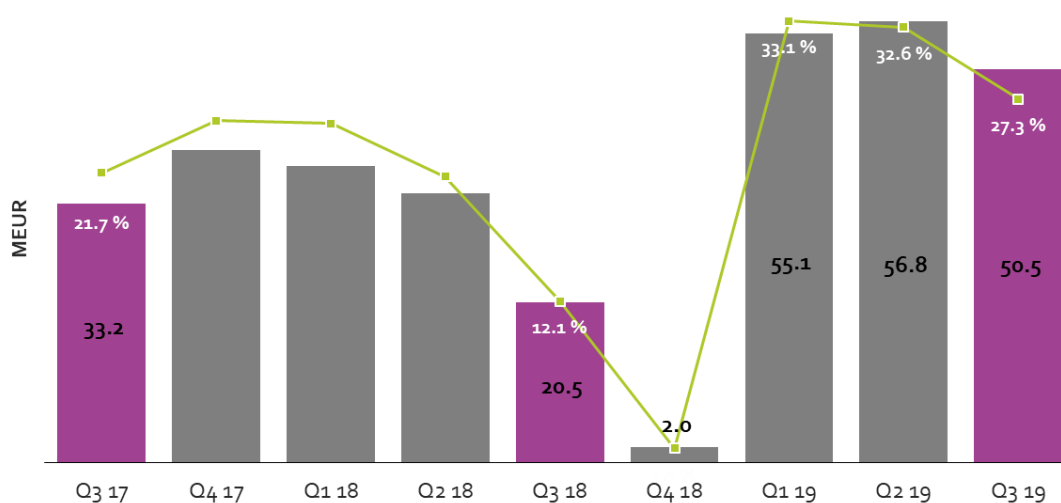
At the end of September 2019, the Group's interest-bearing debt amounted to MEUR 97.0 (52.5), consisting entirely of finance lease liabilities. The Group's interest-bearing net debt stood at MEUR 50.5 (20.5). The increase in interest-bearing debt was attributable the adoption of the IFRS 16 standard 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 Interim Report.

INTEREST-BEARING NET DEBT MEUR	2019 Q1–Q3	2018 Q1–Q3	2018 Q1–Q4
Interest-bearing long-term liabilities	85.1	48.1	47.3
Short-term interest-bearing liabilities	11.9	4.3	4.2
Cash and cash equivalents	46.6	32.0	49.5
Interest-bearing net debt	50.5	20.5	2.0

Alma Media has two MEUR 12.5 committed financing limits at its disposal, which were entirely unused as at 30 September 2019. The company also has a commercial paper programme of MEUR 100 in Finland. The commercial paper programme was entirely unused as at 30 September 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 3.8.

### 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 spletno oglaševanje d.o.o., the owner of the [www.deloglaskin.si](http://www.deloglaskin.si) 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.

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.

## Capital expenditure

Alma Media Group's capital expenditure in January–September 2019 totalled MEUR 12.2 (20.8). The capital expenditure consisted of the acquisition of shares in Suomen Tukkuautot Oy and Etua Oy as well as normal operating and maintenance investments.

CAPITAL EXPENDITURE BY SEGMENT MEUR	2019 Q3	2018 Q3	2019 Q1–Q3	2018 Q1–Q3	2018 Q1–Q4
Alma Markets	0.3	0.1	6.6	16.3	16.5
Alma Talent	0.1	0.2	0.3	0.7	0.9
Alma Consumer	4.3	0.0	4.6	1.7	1.9
Segments total	4.7	0.2	11.5	18.7	19.4
Non-allocated	0.2	0.0	0.8	2.1	2.7
Total	4.9	0.2	12.2	20.8	22.1

CAPITAL EXPENDITURE AND ACQUISITIONS MEUR	2019 Q3	2018 Q3	2019 Q1–Q3	2018 Q1–Q3	2018 Q1–Q4
Capex	0.6	0.2	2.1	3.5	4.8
Acquisitions	4.3	0.0	10.2	17.3	17.3
Total	4.9	0.2	12.2	20.8	22.1

DEPRECIATION MEUR	2019 Q3	2018 Q3	2019 Q1–Q3	2018 Q1–Q3	2018 Q1–Q4
Depreciation of tangible and intangible assets	3.9	2.3	12.3	7.6	9.9
Amortisation of intangible assets related to acquisitions	1.4	1.4	4.2	4.3	5.7
Total	5.3	3.7	16.6	11.9	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 Q3	2018 Q3	Change %	2019 Q1–Q3	2018 Q1–Q3	Change %	2018 Q1–Q4
Revenue	24.9	23.9	3.8	75.4	71.9	4.8	96.4
Advertising revenue	22.8	22.0	3.2	68.9	66.2	4.1	88.6
Service revenue	2.1	1.9	10.2	6.5	5.7	12.7	7.8
Adjusted total expenses	14.3	14.6	-2.0	46.5	45.8	1.3	62.1
Adjusted EBITDA	11.8	10.3	14.1	32.8	29.0	13.1	38.1
EBITDA	11.9	10.3	14.8	32.8	29.7	10.7	38.7
Adjusted operating profit	10.6	9.4	12.7	29.1	26.2	10.8	34.4
% of revenue	42.7	39.3		38.5	36.4		35.7
Operating profit (loss)	10.7	9.4	13.4	29.1	26.9	8.2	35.1
% of revenue	43.0	39.3		38.5	37.4		36.4
Employees on average	680	677	0.6	683	668	2.3	667
Digital business revenue	24.9	23.9	4.8	75.4	71.9	4.8	96.4
Digital business, % of revenue	100.0	100.0		100.0	100.0		100.0

### July–September 2019

The Alma Markets segment's revenue increased by 3.8% to MEUR 24.9 (23.9) in the third quarter of 2019. Acquired businesses contributed MEUR 0.3 to the increase in revenue. The recruitment business grew by 1.6% and accounted for 74.3% of the segment's revenue. In Finland, the positive development seen during the first half of the year in the housing and automotive marketplace and system business continued in the third quarter. The housing marketplace business accounted for 17.4% of the segment's revenue and grew by 9.1%. The automotive business represented 8.2% of the segment's revenue and grew by 28.9%.

The adjusted total expenses in the review period amounted to MEUR 14.3 (14.6). The adjusted items in the review period were related to gains on the sale of assets. The Alma Markets segment's adjusted operating profit was MEUR 10.6 (9.4) in the third quarter. The adjusted operating profit was 42.7% (39.3%) of revenue. The segment's operating profit was MEUR 10.7 (9.4).

### January–September 2019

The Alma Markets segment's revenue increased by 4.8% to MEUR 75.4 (71.9) in January–September 2019. The growth of the recruitment business slowed down especially in Finland and the Czech Republic: revenue increased in January–September by 3.0% year-on-year. Acquired businesses contributed MEUR 0.5 to the increase in revenue.

Total expenses during the period amounted to MEUR 46.5 (45.8). 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 29.1 (26.2). The adjusted operating profit was 38.5% (36.4%) of revenue. The segment's operating profit was MEUR 29.1 (26.9). The adjusted items in the review period were related to gains on the sale of assets. 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 Q3	2018 Q3	Change %	2019 Q1-Q3	2018 Q1-Q3	Change %	2018 Q1-Q4
Revenue	22.3	23.1	-3.3	74.7	79.0	-5.5	108.9
Content revenue	10.1	10.1	-0.1	33.6	34.4	-2.3	47.7
Content revenue, print	6.8	7.4	-15.0	24.2	26.3	-8.0	36.6
Content revenue, digital	3.3	2.8	19.3	9.5	8.2	15.9	11.1
Advertising revenue	6.4	6.8	-6.4	21.5	23.8	-9.6	33.4
Advertising revenue, print	2.8	3.1	-15.0	9.7	11.6	-14.1	13.9
Advertising revenue, digital	3.6	3.7	-3.6	11.8	12.2	-3.2	17.0
Service revenue	5.8	6.1	-5.1	19.5	20.7	-5.9	27.8
Adjusted total expenses	19.5	20.3	-4.2	64.8	69.2	-6.4	93.6
Adjusted EBITDA	4.1	3.8	9.5	13.8	12.9	6.7	19.5
EBITDA	4.1	3.9	5.4	13.8	12.9	6.5	19.1
Adjusted operating profit	2.9	2.8	3.8	10.0	9.9	1.1	15.5
% of revenue	12.9	12.1		13.4	12.5		14.2
Operating profit (loss)	2.9	2.9	-1.5	10.0	9.9	1.0	15.1
% of revenue	12.9	12.7		13.4	12.5		13.8
Average no. of employees, excl. telemarketers	497	508	-2.2	490	525	-6.7	516
Telemarketers on average	283	294	-3.5	301	321	-6.3	326
Digital business revenue	9.5	9.0	5.4	29.5	28.4	3.9	38.8
Digital business, % of revenue	42.5	39.0		39.6	36.0		35.6

## July–September 2019

The Alma Talent segment's revenue decreased by 3.3% to MEUR 22.3 (23.1) in July–September. Digital business accounted for 42.5% (39.0%) of the segment's revenue.

Content revenue for the Alma Talent segment was on a par with the comparison period at MEUR 10.1 (10.1). Digital content revenue grew by 19.3%. In the Finnish media business, digital content revenue grew by 25.3%. Advertising sales in the third quarter declined by 6.4% to MEUR 6.4 (6.8), particularly due to a decrease in recruitment advertising and automotive advertising. Service revenue declined by 5.1% to MEUR 5.8 (6.1).

The segment's adjusted total expenses amounted to MEUR 19.5 (20.3). The Alma Talent segment's adjusted operating profit was MEUR 2.9 (2.8) and operating profit MEUR 2.9 (2.9). The adjusted operating profit was 12.9% (12.1%) of revenue. 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.



## January–September 2019

In January–September, the Alma Talent segment's revenue decreased by 5.5% to MEUR 74.7 (79.0). Digital business accounted for 39.6% (36.0%) 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–September by 2.3% to MEUR 33.6 (34.4) due to the declining revenue of the Swedish media business and the book business. In the Finnish media business, digital content revenue grew by 23.6%. Digital content revenue growth in Finland exceeded the decline in print products.

Advertising revenue decreased by 9.6% to MEUR 21.5 (23.8) due to a decrease in the advertising revenue in Sweden and Finland. Service revenue declined by 5.9% to MEUR 19.5 (20.7).

The segment's total expenses decreased by 6.4% and amounted to MEUR 64.8 (69.2). The Alma Talent segment's adjusted operating profit was MEUR 10.0 (9.9) and operating profit MEUR 10.0 (9.9). The adjusted operating profit was 13.4% (12.5%) of revenue. In spite of the decrease in revenue from Swedish business operations, restructuring and cost savings improved the unit's profitability in January–September.

## Alma Consumer

Alma Consumer publishes the print and online editions of the national news media Iltalehti, the regional newspapers Aamulehti and Satakunnan Kansan, and local and town papers published in Pirkanmaa, western Finland and central Finland. The online services Etua.fi, 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 Q3	2018 Q3	Change %	2019 Q1–Q3	2018 Q1–Q3	Change %	2018 Q1–Q4
Revenue	33.9	35.3	-4.0	105.7	113.3	-6.6	151.7
Content revenue	16.8	16.5	2.0	48.4	50.9	-4.9	67.1
Content revenue, print	15.1	15.1	0.4	43.7	46.5	-6.1	61.3
Content revenue, digital	1.7	1.4	20.0	4.7	4.4	7.9	5.8
Advertising revenue	12.6	13.9	-8.9	43.6	46.7	-6.7	63.9
Advertising revenue, print	6.8	8.1	-15.9	23.7	28.2	-16.0	37.5
Advertising revenue, digital	5.8	5.8	0.7	19.9	18.6	7.4	26.4
Service revenue	4.5	5.0	-9.7	13.7	15.6	-12.1	20.6
Adjusted total expenses	30.6	31.4	-2.5	95.2	104.4	-8.8	137.6
Adjusted EBITDA	4.5	4.9	-8.9	14.3	12.0	19.6	18.3
EBITDA	4.0	4.8	-16.3	13.6	16.1	-15.6	21.8
Adjusted operating profit	3.3	4.0	-17.4	10.7	9.0	19.0	14.4
% of revenue	9.6	11.2		10.1	8.0	27.4	9.5
Operating profit (loss)	2.8	3.8	-27.0	10.0	13.1	-23.9	17.9
% of revenue	8.2	10.7		9.4	11.6	-18.5	11.8
Average no. of employees, excl. delivery staff	572	590	-3.0	554	608	-8.9	583
Average no. of delivery staff	888	830	7.1	861	837	2.9	821
Digital business revenue	8.3	7.8	6.1	26.6	25.7	3.4	35.7
Digital business, % of revenue	24.5	22.2		25.2	22.7		23.5
OPERATIONAL KEY FIGURES	2019 Q3	2018 Q3	Change %	2019 Q1–Q3	2018 Q1–Q3	Change %	2018 Q1–Q4
Printing volume (thousands)	53,491	76,084	-29.7	179,298	245,863	-27.1	336,641
Paper usage (tonnes)	4,592	6,000	-23.5	14,938	19,629	-23.9	27,925

## July–September 2019

The Alma Consumer segment's revenue declined by 4.0% to MEUR 33.9 (35.3) in July–September. Digital business accounted for 24.5% (22.2%) of the segment's revenue.

The segment's content revenue grew by 2.0% to MEUR 16.8 (16.5) in July–September. Digital content revenue grew by 20.0%. The development of content revenue was also supported by the change in VAT that took effect in July. The segment's advertising revenue declined by 8.9% to MEUR 12.6 (13.9). Digital advertising revenue remained on a par with the comparison period, totalling MEUR 5.8 (5.8). The factors contributing to the decline in print media advertising included reduced investments by the automotive sector and a decrease in recruitment advertising. In addition, the regional sales of print supplements were lower than in the comparison period. The segment's service revenue decreased by 9.7% to MEUR 4.5 (5.0) primarily due to a decline in the sales of printing services to external customers.

The segment's adjusted total expenses decreased by 2.5% and amounted to MEUR 30.6 (31.4). 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 3.3 (4.0), or 9.6% (11.2%) of revenue. The segment's operating profit was MEUR 2.8 (3.8). 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 gains on the sale of assets.

## January–September 2019

The Alma Consumer segment's revenue declined by 6.6% to MEUR 105.7 (113.3) in January–September. Divested and acquired businesses had a net effect of MEUR 4.9 on the decrease in revenue. Revenue declined particularly in the print media business. Digital business accounted for 25.2% (22.7%) of the segment's revenue.

The segment's content revenue declined by 4.9% to MEUR 48.4 (50.9) in January–September. Comparable content revenue excluding divested operations was on a par with the comparison period. Comparable digital content revenue grew by 15.3%.

The segment's advertising revenue declined by 6.7% to MEUR 43.6 (46.7). Comparable advertising revenue declined by 2.7%. Comparable digital advertising revenue grew by 8.2%. The elections had an effect of MEUR 0.8 on the advertising revenue.

The segment's service revenue declined by 12.1% to MEUR 13.7 (15.6). Comparable service revenue excluding acquired and divested operations decreased by 8.4% due to lower external printing volumes.

The segment's total expenses were MEUR 95.2 (104.4). 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 10.7 (9.0), or 10.1% (8.0%) 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 10.0 (13.1).

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 Sep 2019	30 Sep 2018	31 Dec 2018
Alma Markets	109.1	100.9	98.3
Alma Talent	100.6	103.0	100.5
Alma Consumer	63.5	63.3	62.2
Segments total	273.8	267.2	261.0
Non-allocated assets and eliminations	114.8	68.9	84.6
Total	388.0	336.1	345.6

LIABILITIES BY SEGMENT			
MEUR	30 Sep 2019	30 Sep 2018	31 Dec 2018
Alma Markets	36.6	38.1	35.7
Alma Talent	28.0	26.2	26.1
Alma Consumer	57.2	54.2	40.6
Segments total	121.8	118.4	102.4
Non-allocated liabilities and eliminations	77.9	42.8	56.1
Total	199.7	161.2	158.8

## Administration

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

On 16 July 2019, Alma Media announced that BA Vesa-Pekka Kirsi (b. 1969) has been appointed as Senior Vice President of Alma Markets and a member of the Group Executive Team. He took up his post on 1 September 2019. Kirsi previously held various business management positions at Fonecta since 2011, most recently as the Business Unit Director of Fonecta's B2B business unit. He also has previous experience in the management of digital business, sales and marketing in Finland and internationally, with companies including Tanla Solutions, Openbit and Nokia.

## Share and stock markets

In July–September, altogether 913,394 Alma Media shares were traded on the Nasdaq Helsinki stock exchange, representing 1.1% 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, 30 September 2019, was EUR 7.00. The lowest quotation during the review period was EUR 5.76 and the highest EUR 7.18. Alma Media Corporation's market capitalisation at the end of the review period was MEUR 576.7. 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 third 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 8 October 2019, Alma Media published a press release regarding the decision of the Prosecutor's Office of Inland Finland to press charges against Alma Media's President and CEO Kai Telanne and SVP, Human Resources Virpi Juvonen for suspected employment discrimination of Päivi Anttikoski in the recruitment process of Aamulehti's Editor-in-Chief in late 2017. The Prosecutor's Office also announced that charges will not be pressed in relation to a second suspected case.

In the press release issued on 8 October 2019, Alma Media's Board of Directors noted that it has received a detailed account from the Alma Media representatives concerned and trusts that the recruitment process was conducted properly, and that employment discrimination has not occurred. According to the Board of Directors, the pressing of charges has no effect on the position at Alma Media of the individuals concerned. The Board of Directors will monitor the legal process and, if necessary, reassess the matter when the decision is known.

# SUMMARY OF INTERIM REPORT AND NOTES

COMPREHENSIVE INCOME STATEMENT							
MEUR	2019 Q3	2018 Q3	Change %	2019 Q1-Q3	2018 Q1-Q3	Change %	2018 Q1-Q4
REVENUE	80.3	81.6	-1.6	253.3	262.7	-3.6	354.6
Other operating income	0.2	0.4	-60.6	0.5	6.5	-92.4	6.7
Materials and services	13.8	14.5	-4.8	43.3	48.9	-11.5	64.8
Expenses arising from employee benefits	30.7	31.8	-3.3	100.5	106.0	-5.2	141.9
Depreciation and write-downs	5.3	3.7	42.6	16.6	11.9	39.6	15.6
Other operating expenses	14.8	17.4	-14.6	48.8	57.6	-15.2	78.1
OPERATING PROFIT	15.7	14.6	7.7	44.6	44.9	-0.5	61.0
Finance income	0.3	0.9	-71.0	0.3	1.4	-81.1	2.1
Finance expenses	0.5	0.4	22.9	2.1	1.6	33.6	2.4
Share of result of assoc. companies	0.2	0.2	-17.9	0.4	0.4	4.0	-0.3
PROFIT BEFORE TAX	15.6	15.3	2.2	43.2	45.1	-4.1	60.4
Income tax	2.5	3.1	-17.3	7.6	8.7	-11.9	12.5
PROFIT FOR THE PERIOD	13.1	12.2	7.0	35.6	36.4	-2.3	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							
Tax on items that are not later transferred to be recognised through profit or loss		0.0			-0.2		-0.2
Items that may later be transferred to be recognised through profit or loss							
Translation differences	-0.3	-0.4		-0.7	-0.2		0.6
Other comprehensive income for the year, net of tax	-0.3	-0.4		-0.7	-0.4		0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12.7	11.8		34.9	36.1		48.3
Profit for the period attributable to:							
– Owners of the parent	11.2	10.2		30.6	31.5		41.7
– Non-controlling interest	1.9	2.0		4.9	4.9		6.3
Total comprehensive income for the period attributable to:							
– Owners of the parent	10.8	9.9		29.9	31.1		42.0
– Non-controlling interest	1.9	2.0		4.9	4.9		6.3
Earnings per share calculated from the profit for the period attributable to the parent company shareholders:							
– Earnings per share (basic), EUR	0.14	0.12		0.37	0.38		0.51



<b>BALANCE SHEET</b>				
<b>MEUR</b>	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>	<b>31 Dec 2018</b>	
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill	141.4	133.5	133.5	
Intangible assets	56.6	61.1	59.4	
Tangible assets	97.2	55.3	53.7	
Investments in associated companies	3.1	5.2	4.1	
Other non-current financial assets	3.5	4.4	3.9	
Deferred tax assets	1.5	1.5	1.5	
<b>CURRENT ASSETS</b>				
Inventories	2.9	2.8	3.2	
Current tax assets	0.9	0.8	0.4	
Trade receivables and other receivables	34.3	39.4	36.3	
Financial assets, short-term	0.0	0.1	0.1	
Cash and cash equivalents	46.6	32.0	49.5	
<b>TOTAL ASSETS</b>	<b>388.0</b>	<b>336.1</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	-1.3	-0.7	-0.6	
Invested non-restricted equity fund	19.1	19.1	19.1	
Retained earnings	88.7	78.2	88.6	
Equity attributable to owners of the parent	159.5	149.6	160.2	
Non-controlling interest	28.8	25.4	26.6	
<b>TOTAL EQUITY</b>	<b>188.3</b>	<b>174.9</b>	<b>186.8</b>	
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Non-current interest-bearing liabilities	85.1	48.1	47.3	
Deferred tax liabilities	12.0	12.9	12.2	
Pension liabilities	1.1	1.1	1.1	
Provisions	0.4	0.4	0.4	
Other financial liabilities	2.0	0.0	0.0	
Other non-current liabilities	0.2	0.2	0.1	
<b>CURRENT LIABILITIES</b>				
Current financial liabilities	13.9	13.9	13.1	
Advances received	23.2	23.9	20.5	
Income tax liability	1.6	2.4	3.7	
Provisions	0.5	0.7	0.7	
Trade payables and other payables	59.7	57.6	59.5	
<b>TOTAL LIABILITIES</b>	<b>199.8</b>	<b>161.2</b>	<b>158.8</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>388.0</b>	<b>336.1</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					30.6	30.6	4.9	35.6
Other comprehensive income								
Translation differences			-0.7			-0.7	0.1	-0.7
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					-2.0	-2.0	1.2	-0.8
<b>Equity 30 Sep 2019</b>	45.3	7.7	-1.3	19.1	88.7	159.5	28.8	188.3

<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					31.5	31.5	4.9	36.4
Other comprehensive income								
Translation differences			0.5		-0.9	-0.4	0.2	-0.2
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					0.0	0.0	0.1	0.1
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 Sep 2018</b>	45.3	7.7	-0.7	19.1	78.2	149.6	25.4	174.9

<b>CASH FLOW STATEMENT</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
<b>MEUR</b>	<b>Q3</b>	<b>Q3</b>	<b>Q1-Q3</b>	<b>Q1-Q3</b>	<b>Q1-Q4</b>
<b>OPERATING ACTIVITIES</b>					
Profit for the period	13.1	12.3	35.6	36.4	47.9
Adjustments	9.0	7.7	26.3	16.3	26.1
Change in working capital	-11.4	-12.6	1.6	-4.7	-2.7
Dividends received	0.1	0.1	0.3	0.4	0.4
Interest received	0.0	0.0	0.1	0.1	0.1
Interest paid and other finance expenses	-0.5	-0.2	-1.7	-0.9	-1.7
Taxes paid	-0.8	-2.7	-7.8	-10.5	-13.9
<b>Net cash flow from operating activities</b>	<b>9.5</b>	<b>4.4</b>	<b>54.5</b>	<b>37.1</b>	<b>56.2</b>
<b>INVESTING ACTIVITIES</b>					
Acquisitions of tangible assets	-0.1	0.0	-0.6	-1.2	-1.6
Acquisitions of intangible assets	-0.1	-0.4	-0.4	-1.7	-2.1
Proceeds from sale of tangible and intangible assets	0.0	0.1	0.0	1.4	1.4
Other investments		-0.1		-0.1	-0.1
Proceeds from sale of available-for-sale financial assets	0.1	0.0	0.4	0.0	0.0
Business acquisitions less cash and cash equivalents at the time of acquisition	-3.0	0.0	-15.4	-5.1	-5.2
Proceeds from sale of businesses less cash and cash equivalents at the time of sale		10.5		12.8	12.9
Acquisition of associated companies				-1.5	-1.2
Proceeds from sale of associated companies				1.2	1.2
<b>Net cash flows from/(used in) investing activities</b>	<b>-3.2</b>	<b>10.1</b>	<b>-16.0</b>	<b>5.8</b>	<b>5.3</b>
<b>Cash flow before financing activities</b>	<b>6.3</b>	<b>14.5</b>	<b>38.5</b>	<b>42.9</b>	<b>61.6</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>					
Loans taken				14.0	14.0
Repayment of loans		-5.0		-19.0	-19.0
Payments of finance lease liabilities	-3.0	-1.8	-8.7	-3.9	-5.1
Dividends paid			-32.7	-22.9	-22.9
<b>Net cash flows from/(used in) financing activities</b>	<b>-3.0</b>	<b>-6.8</b>	<b>-41.4</b>	<b>-31.8</b>	<b>-33.0</b>
Change in cash and cash equivalent funds (increase +/decrease -)	-1.2	7.7	-2.9	11.1	28.6
Cash and cash equivalents at beginning of period	47.6	24.2	49.5	20.7	20.7
Effect of change in foreign exchange rates	0.1	0.1	-0.1	0.2	0.2
<b>Cash and cash equivalents at end of period</b>	<b>46.6</b>	<b>32.0</b>	<b>46.6</b>	<b>32.0</b>	<b>49.5</b>

## Associated companies

SHARE OF RESULT OF ASSOCIATED COMPANIES MEUR	2019 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
Alma Markets	0.2	0.2	0.4	0.4	-0.4
Alma Talent	0.0	0.0	0.0	0.0	0.0
Alma Consumer	0.0	0.0	0.0	0.1	0.1
Other associated companies	0.0	0.0	0.0	-0.1	-0.1
Total	0.2	0.2	0.4	0.4	-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%
<u>Alma Consumer segment</u>				
Etua Oy	Online	3 July 2019	40.0%	60%

The assets and liabilities recorded as a result of the acquisition of Suomen Tukkuautot Oy were as follows:

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

The assets and liabilities recorded as a result of the acquisition of Etua Oy were as follows:

MEUR	Fair values entered in integration
Intangible assets	1.7
Trade receivables and other receivables	0.1
Cash and cash equivalents	0.2
Total	2.0

Deferred tax liabilities	0.3
Trade payables and other payables	0.1
Total	0.4
Total identifiable net assets at fair value 100%	1.6
Group's share of net assets	1.0
IFRS acquisition cost	4.3
Goodwill	3.4

### 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, 2019 and 2021.

CONTINGENT CONSIDERATION LIABILITY MEUR	
Initial recognition of the liability	13.9
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	3.8

### Employees

EMPLOYEES BY GEOGRAPHICAL AREA	2019 Q3	2018 Q3	2019 Q1-Q3	2018 Q1-Q3	2018 Q1-Q4
Employees, Finland	1,280	1,301	1,250	1,318	1,264
Employees, other countries	639	649	645	654	649
Employees, total	1,919	1,951	1,895	1,972	1,913

### Provisions

The company's provisions totalled MEUR 0.9 (1.1) on 30 September 2019. It has not been necessary to change the estimates made when the provisions were entered.

### Commitments and contingencies

COMMITMENTS AND CONTINGENCIES MEUR	30 Sep 2019	30 Sep 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	0.9	8.5	8.7
Within 1–5 years **)	0.5	22.3	26.5
After 5 years **)	0.0	15.8	17.1
Total	1.4	46.6	52.3



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.

\*\*) The figure has been restated on December 31, 2018 due to the effect of the lease of the Tampere premises renewed in late 2018.

DERIVATIVE CONTRACTS			
MEUR	30 Sep 2019	30 Sep 2018	31 Dec 2018
Commodity derivative contracts, electricity derivatives			
Fair value	0.0	0.1	0.1
Nominal value	0.2	0.1	0.1
Interest rate derivatives *			
Fair value		-0.4	-0.5
Nominal value		15.4	15.4
Foreign currency derivatives			
Fair value	-0.1	-0.1	0.0
Nominal value	6.8	6.9	4.6

\*) Alma Media sold the interest rate derivatives in the third quarter.

## 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	2019	2018	2019	2018	2018
MEUR	Q3	Q3	Q1-Q3	Q1-Q3	Q1-Q4
Sales of goods and services	0.1	0.1	0.2	0.2	0.3
Associated companies	0.0	0.1	0.2	0.1	0.2
Principal shareholders	0.0	0.0	0.1	0.1	0.1
Corporations where management exercises influence					0.0
Purchases of goods and services	0.1	0.1	0.4	0.7	0.8
Associated companies	0.1	0.1	0.4	0.7	0.8
Principal shareholders	0.0	0.0	0.0	0.0	0.0
Corporations where management exercises influence					
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	0.0
Associated companies	0.0		0.0	0.0	
Principal shareholders	0.0		0.0	0.0	

QUARTERLY INFORMATION MEUR	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>REVENUE</b>	80.3	88.0	85.0	91.9	81.6	88.9	92.2	97.1	86.0
Alma Markets	24.9	25.6	25.0	24.4	23.9	24.2	23.8	22.1	20.9
Alma Talent	22.3	26.1	26.2	29.9	23.1	28.1	27.8	31.0	24.0
Alma Consumer	33.9	37.2	34.7	38.4	35.3	37.2	40.7	44.2	41.3
Eliminations and non-allocated	-0.8	-0.9	-0.8	-0.8	-0.7	-0.6	-0.2	-0.3	-0.2
<b>ADJUSTED TOTAL EXPENSES</b>	64.2	73.2	70.8	75.0	66.6	76.2	80.1	90.1	72.2
Alma Markets	14.3	15.9	16.3	16.2	14.6	15.7	15.6	16.4	13.0
Alma Talent	19.5	22.9	22.4	24.4	20.2	24.5	24.6	27.2	21.1
Alma Consumer	30.6	32.9	31.6	33.2	31.4	34.6	38.4	39.7	36.8
Eliminations and non-allocated	-0.2	1.5	0.5	1.2	0.4	1.7	1.5	6.7	1.3
<b>ADJUSTED EBITDA</b>	21.5	20.5	20.1	20.8	18.9	16.9	16.4	15.7	17.9
Alma Markets	11.8	11.0	9.9	9.1	10.3	9.5	9.1	6.5	8.6
Alma Talent	4.1	4.5	5.1	6.6	3.8	4.8	4.3	4.9	3.9
Alma Consumer	4.5	5.5	4.4	6.3	4.9	3.7	3.4	5.6	5.7
Eliminations and non-allocated	1.0	-0.6	0.7	-1.2	-0.2	-1.2	-0.4	-1.4	-0.4
<b>ADJUSTED OPERATING PROFIT/LOSS</b>	16.1	14.9	14.4	17.1	15.1	12.9	12.2	11.3	14.0
Alma Markets	10.6	9.8	8.7	8.2	9.4	8.6	8.2	5.8	7.9
Alma Talent	2.9	3.3	3.8	5.6	2.8	3.8	3.3	3.9	2.8
Alma Consumer	3.3	4.3	3.2	5.4	4.0	2.7	2.3	4.6	4.7
Eliminations and non-allocated	-0.6	-2.4	-1.3	-2.1	-1.0	-2.2	-1.6	-3.0	-1.5
<b>% OF REVENUE</b>	20.1	16.9	16.9	18.6	18.5	14.5	13.2	11.6	16.2
Alma Markets	42.7	38.2	34.7	33.7	39.3	35.5	34.5	26.2	37.8
Alma Talent	12.9	12.5	14.6	18.7	12.1	13.7	11.7	12.5	11.7
Alma Consumer	9.6	11.5	9.1	14.0	11.2	7.3	5.8	10.3	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>	-0.4	-0.3	0.0	-0.9	-0.6	4.5	0.7	-5.4	0.3
Alma Markets	0.1	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.5
Alma Talent	0.0	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0	-0.1
Alma Consumer	-0.5	-0.2	0.0	-0.6	-0.2	4.3	0.0	-1.4	0.1
Non-allocated operations	0.0	-0.1	0.0	0.1	-0.5	0.3	0.0	-4.0	-0.2
<b>OPERATING PROFIT/LOSS</b>	15.7	14.5	14.4	16.1	14.6	17.4	12.9	5.8	14.3
Alma Markets	10.7	9.8	8.7	8.2	9.4	8.6	8.9	5.8	8.4
Alma Talent	2.9	3.3	3.8	5.2	2.9	3.7	3.3	3.9	2.7
Alma Consumer	2.8	4.1	3.2	4.8	3.8	7.0	2.3	3.1	4.8
Non-allocated operations	-0.6	-2.6	-1.3	-2.0	-1.6	-1.9	-1.6	-7.0	-1.6
Finance income	0.3	0.2	0.1	0.7	0.9	0.4	0.2	0.5	0.0
Finance expenses	0.5	1.3	0.5	0.8	0.4	0.1	0.3	0.6	0.6
Share of profit of associated companies	0.2	0.1	0.1	-0.7	0.2	0.1	0.1	0.0	0.3
<b>PROFIT BEFORE TAX</b>	15.6	13.6	14.0	15.3	15.3	16.9	12.9	5.8	14.0
Income tax	-2.5	-2.4	-2.7	-3.8	-3.1	-3.1	-2.5	-1.4	-2.8
<b>PROFIT FOR THE PERIOD</b>	13.1	11.3	11.3	11.5	12.2	13.8	10.4	4.4	11.2

## Main accounting principles (IFRS)

This Interim Report has been prepared according to IFRS standards (IAS 34). The Interim 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 Interim 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 Interim 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 Sep 2019 Assets	30 Sep 2019 Liabilities	1 Jan 2019 Assets	1 Jan 2019 Liabilities
Leases for business premises and operating leases	49.0	49.4	53.7	53.7
Leases for IT equipment	-1.2	-1.3	-1.2	-1.2
Total	47.8	48.1	52.5	52.5

IFRS 16 – IMPACT ON RESULT BY SEGMENT, Q1–Q3/2019 MEUR	Alma Markets	Alma Talent	Alma Consumer	Non-allocated and eliminations	Group
Other expenses – <i>decrease</i>	1.3	0.8	0.8	3.0	6.0
EBITDA	1.3	0.8	0.8	3.0	6.0
Depreciation – <i>increase</i>	-1.3	-0.8	-0.7	-2.9	-5.7
EBIT	0.0	0.0	0.0	0.2	0.3
Interest expenses – <i>increase</i>	-0.1	0.0	0.0	-0.4	-0.6
Profit for the period	0.0	0.0	0.0	-0.3	-0.3

ASSETS BY SEGMENT MEUR		30 Sep 2019
Alma Markets		5.6
Alma Talent		2.4
Alma Consumer		3.3
Segments total		11.4
Non-allocated and eliminations		37.7
Total		49.0

LIABILITIES BY SEGMENT	
MEUR	30 Sep 2019
Alma Markets	5.7
Non-current liabilities	4.0
Current liabilities	1.6
Alma Talent	2.4
Non-current liabilities	1.4
Current liabilities	1.1
Alma Consumer	3.3
Non-current liabilities	2.4
Current liabilities	1.0
Segments total	11.4
Non-allocated and eliminations	37.9
Total	49.4

Operating lease-related obligations presented in the Notes, 31 Dec 2018	52.3
Discounted by the Group's incremental borrowing rate 1.5%	-3.1
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	3.1
Increase/decrease (-): adjustments related to index or price level changes that have effects on variable payments and missing rental commitments	1.5
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 2020**

- Financial Statement Bulletin for financial year 2019 on Friday, 14 February 2020 at approximately 8:00 EET
- Interim Report for January–March 2020 on Tuesday, 21 April 2020 at approximately 8:00 EET
- Interim Report for January–June 2020 on Friday, 17 July 2020 at approximately 8:00 EET
- Interim report for January–September 2020 on Thursday, 22 October 2020 at approximately 8:00 EET

Financial Statements, Report by the Board of Directors, Auditor's Report and Corporate Governance Statement for the 2019 financial year will be published on Wednesday, 4 March 2020.

The Annual General Meeting is planned to be held on Wednesday, 25 March 2020. The materials related to the Annual General Meeting will be available on the Alma Media website.