

17.12.2019

Digital Transformation In Media

Santtu Elsinen, SVP & Chief Digital Officer





355 M
revenue

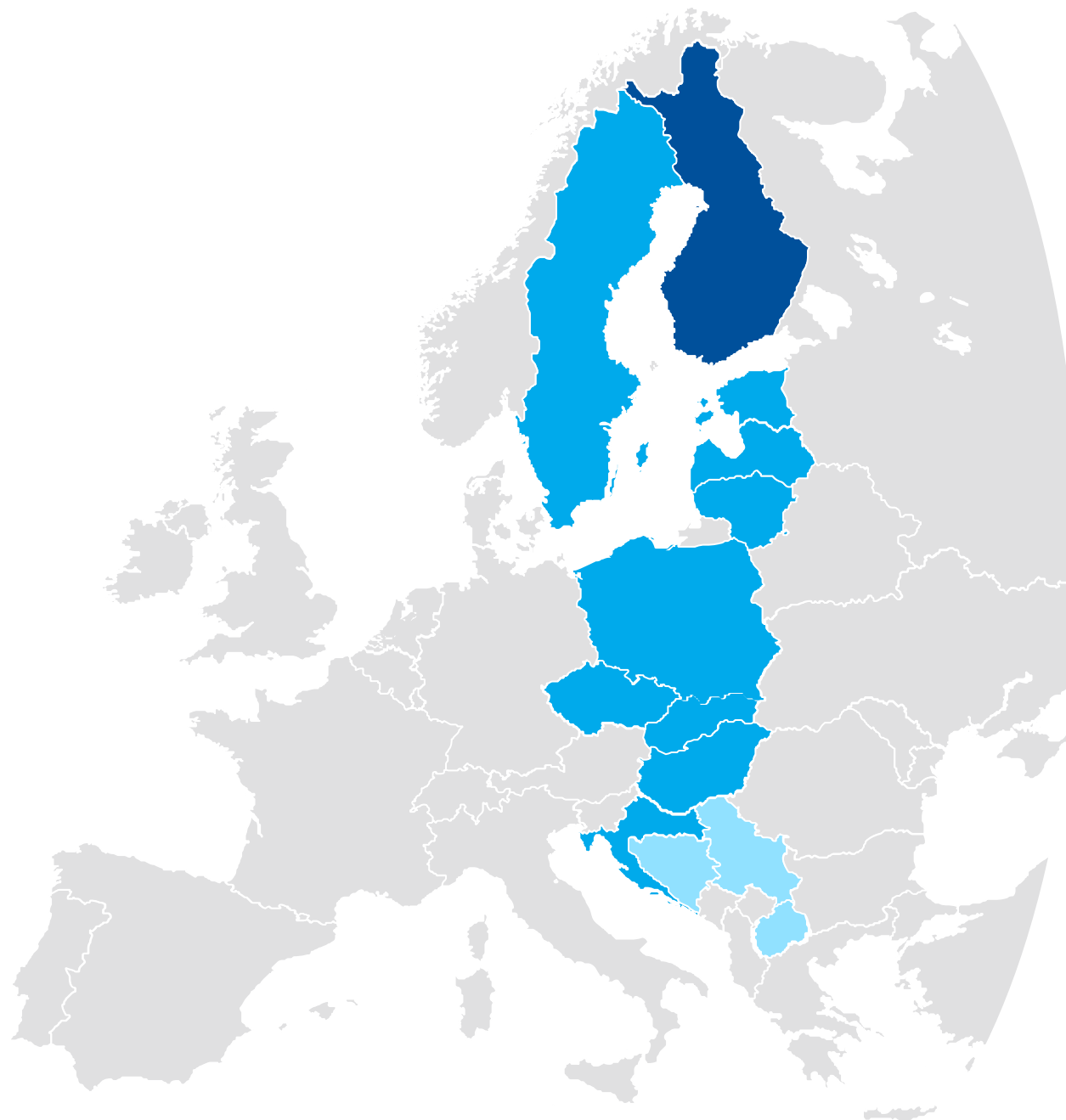
1 913
professionals

57 M
adjusted EBIT

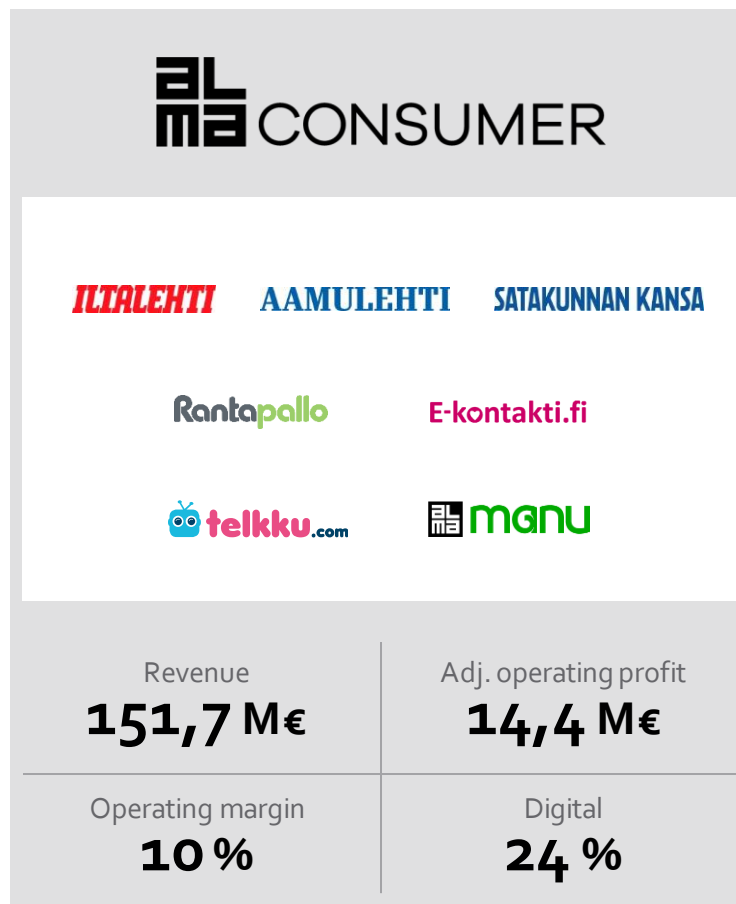
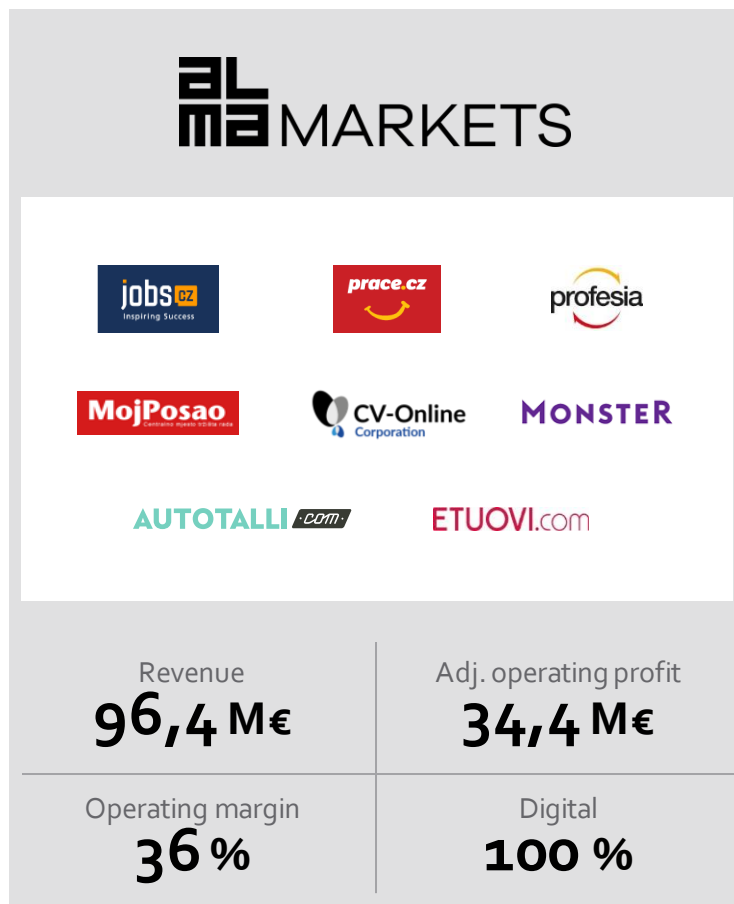
100+
websites and apps

10
countries in Europe

9,5 M
Profiled browsers in
network (Finland)



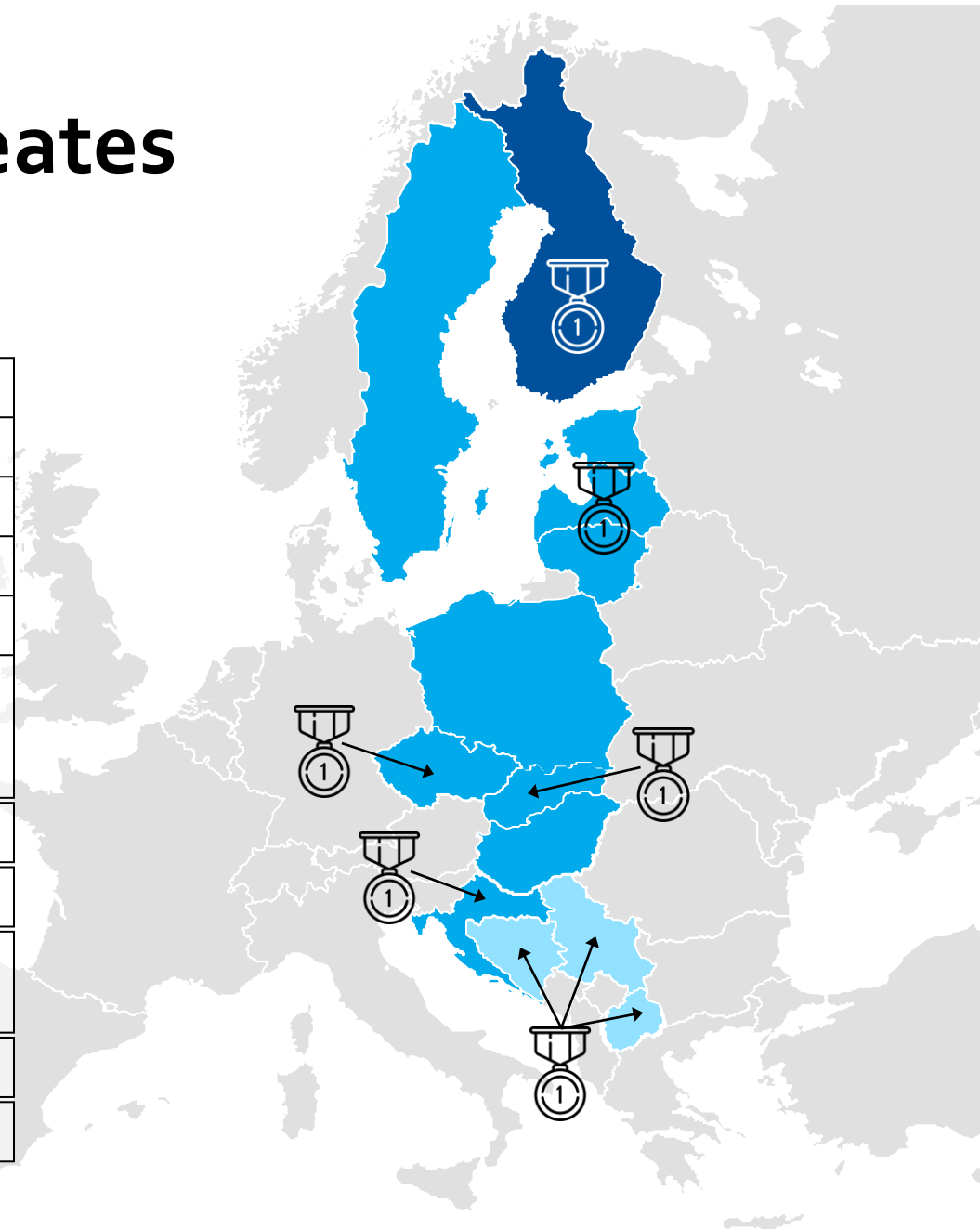
Business Segments



All figures from FY 2018

Strong Local Market Position Creates Competitive Advantage

Recruiting	#1	Czech Republic	prace.cz , jobs.cz
	#1	Slovakia	profesia.sk
	#1	Croatia	mojposao.net
	#1/2	Finland	monster.fi
	#1	Estonia, Latvia, Lithuania	cvonline.com
	#1	Serbia, Bosnia and Herzegovina, Macedonia	Poslovi.infostud.com , kolektiv.ba , vrabotuvanje.com.mk
Housing	#1	Finland	etuovi.com
Cars	#2	Finland	autotalli.com
Financial and professional media	#1	Finland	Alma Talent
Digital advertising	#2	Finland	Alma network
News Media	#2	Finland	iltalehti.fi



20 Years Of Journey Towards Digital Company

-2005

Birth of new Alma

2005-2010

Online becomes significant

2010-2015

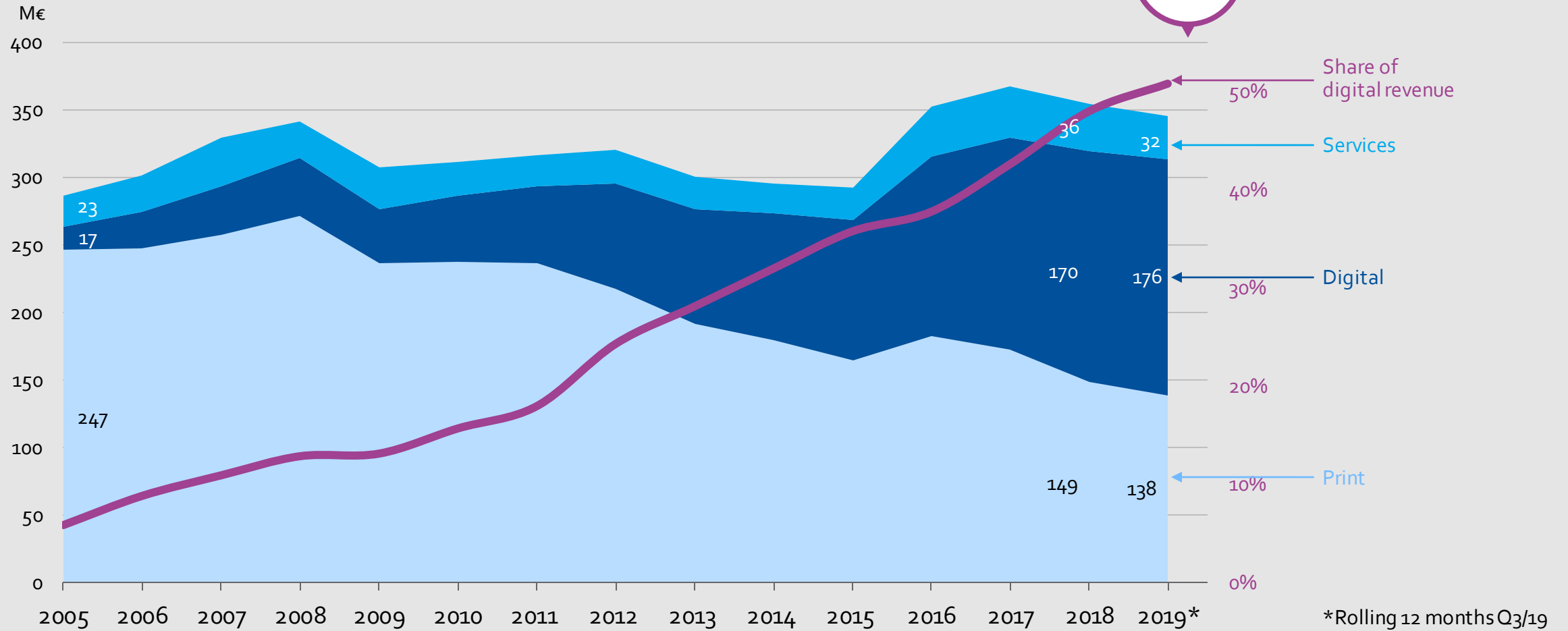
Growth and internationalisation of digital services

2015-

Acceleration of growth utilising the possibilities of digital



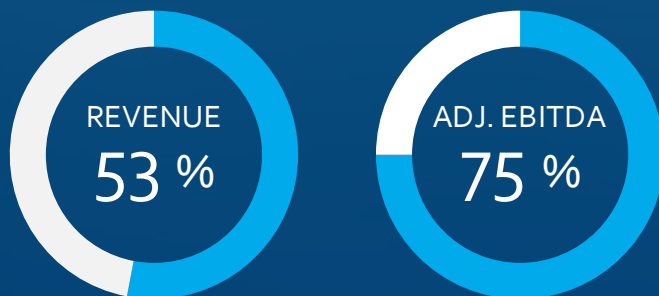
Digital Transformation Well Underway (yet only halfway)



*Rolling 12 months Q3/19

Alma Media Today

Digital:



- Ample room¹ for investments in digital technology and M&A
- Growing dividend due to strong balance sheet, free cash-flow and high cash conversion²

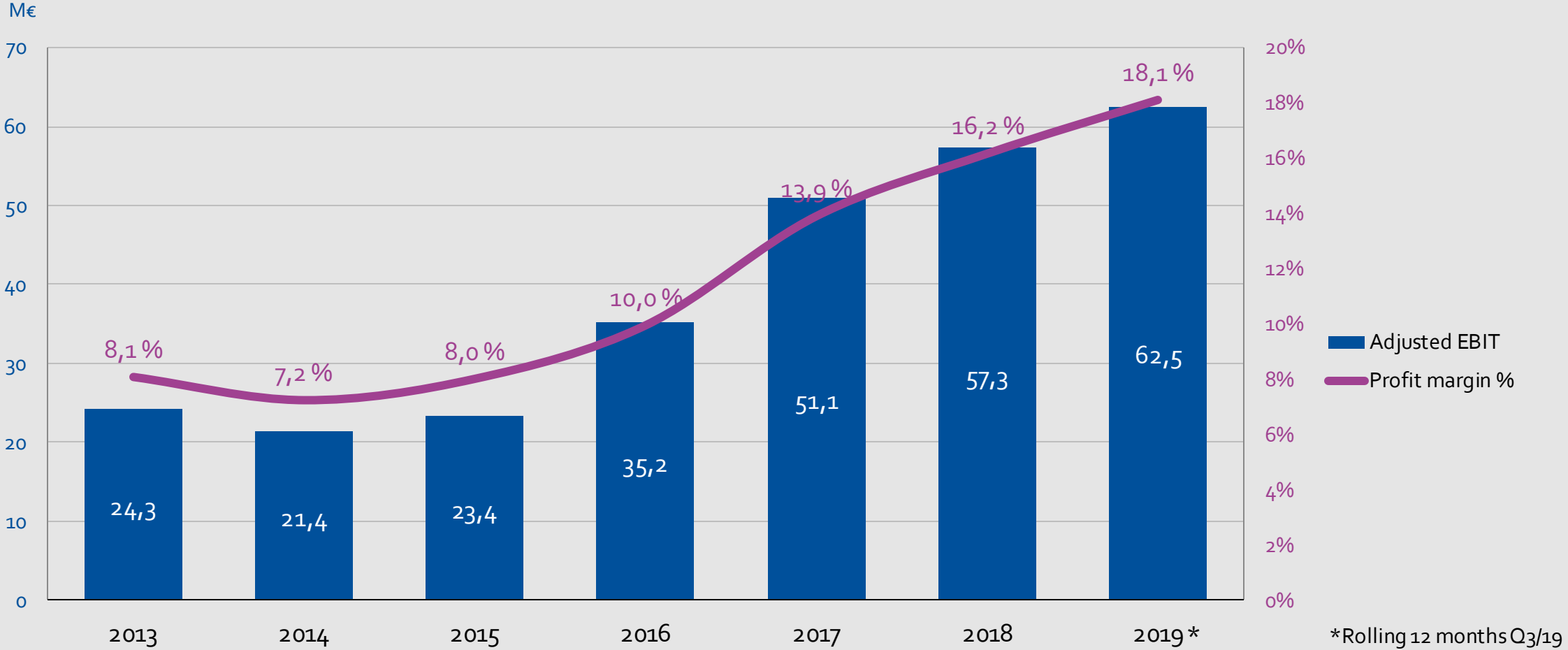
¹ 210 M€, 2.5 * net debt/EBITDA

² 95 %

Tech in Alma Media

- **12 %** of revenue into technology
- **15 %** of personnel working with tech
- Top-tier data, advertising, and activation as well as publishing platform
- **110 million** daily data collection events (in Finland)

Digital Transformation And Business Mix Driving Operational Gearing



OPERATING ENVIRONMENT



ECONOMIC TRENDS IN OPERATING COUNTRIES

- Finland and Eastern Central Europe
 - Urbanisation

COMPETITION

- Global technology giants
 - Finnish media

MEDIA CONSUMPTION

- Mobile
- Social Media
- Paid digital content
- Print

DRIVERS OF CHANGE IN OPERATING ENVIRONMENT

MARKETING AND ADVERTISING

- Automation
 - Data
- New forms of digital marketing

TECHNOLOGY AND DATA

- Data, analytics and AI
- Smart devices, many platforms
- Automation and robotics
- Competence and competition for talent

REGULATION

- Regulatory environment
- Data protection: GDPR and ePrivacy

STRATEGY



*Expanding our offering from
media to related digital services.*

*Fulfilling the needs of our users'
everyday life as consumers and
as professionals in business.*

Building A Top-Tier European Digital Media And Service Company

1

Enabling higher profit per user and driving operational gearing

2

Strengthening market positions in key areas

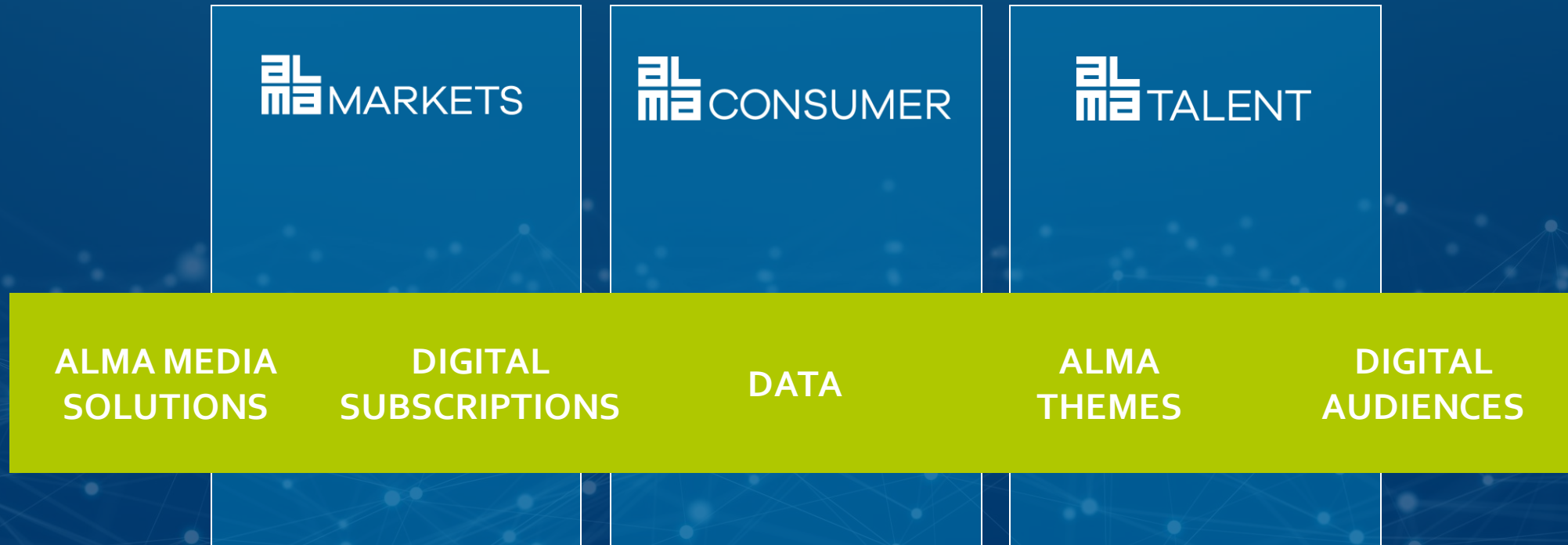
3

Securing transformation with financial solidity









Ongoing monetization of digital marketplaces, content and services

Leveraging digital capabilities through technology investments









Strong Collaboration – Value Through Synergies



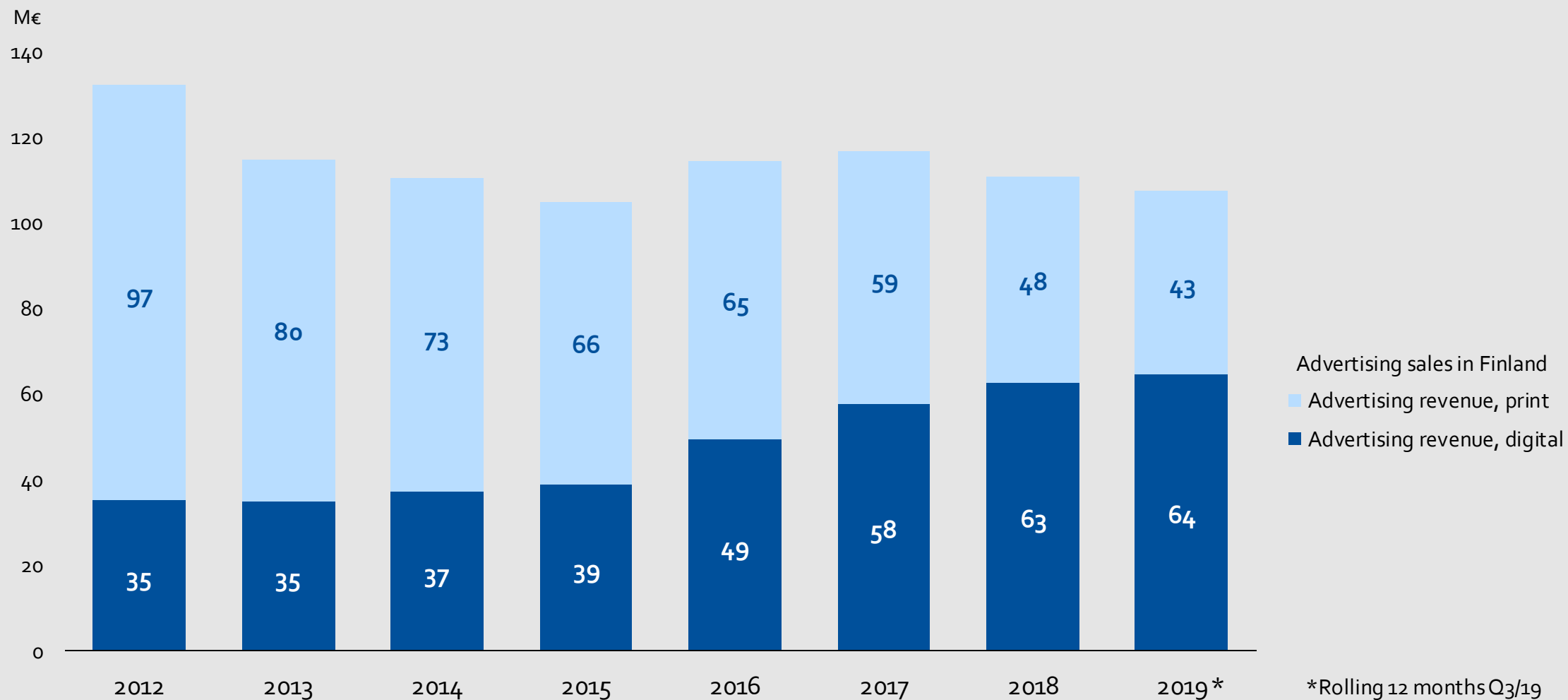
No Need For Digital Strategy

 PURPOSE & VISION		ACCELERATOR OF SUSTAINABLE GROWTH THE MOST EXCITING PROVIDER OF INFORMATION, SERVICE AND EXPERIENCES. SETS THE STAGE FOR THE FUTURE OF MEDIA.				
 FINANCIAL OBJECTIVES		REVENUE GROWTH	PROFITABILITY GROWTH	DIGITAL BUSINESS GROWTH	RETURN ON INVESTMENT	
 PORTFOLIO	 MARKETS	 TALENT	 CONSUMER			
	<ul style="list-style-type: none"> Expansion of recruitment services geographically, organically and through company acquisitions Complementing job advertising with new HR services Extending offering from marketplaces to services: From changing homes to living, from buying a new car to mobility 	<ul style="list-style-type: none"> Rapid digitalization of media business, all digital content behind paywalls by 2020 Development of new service products organically and through company acquisitions Increasing internal synergies by cross-selling and joint products 	<ul style="list-style-type: none"> Ensuring profitability through cost adjustments. Strengthening synergistic service business both organically and through M&A. Accelerating digital subscription growth; majority of regional and local media content behind paywall. Reinforcing Italehti's news profile and lifestyle content Transforming delivery and printing from support service to service business 			
 STRATEGIC INITIATIVES	AMS	DIGITAL SUBSCRIPTIONS	DATA	ALMA THEMES	DIGITAL AUDIENCES	
	<ul style="list-style-type: none"> Alma-wide customer relationship management Accelerating programmatic buying while ensuring price leadership Content marketing and production Mobile rich media and content generation 	<ul style="list-style-type: none"> Growing digital content usage by making content a regular part of customers' daily lives Actively managing stages of digital customer path to increase reader loyalty and subscription propensity 	<ul style="list-style-type: none"> Consolidating customer and behavioral data; data analysis and activation Developing competencies to support sales growth, service personalization and regulatory requirements 	<ul style="list-style-type: none"> Enhancing Alma's commercial position in selected, strong themes: Cars & mobility, health & well-being, housing, travel, food and careers 	<ul style="list-style-type: none"> Managing external and internal visitor traffic to grow audiences and increase engagement, creating growth in content and media sales 	
 ENABLERS	SHARED GROUP SERVICES	COMPETENCES AND MANAGEMENT	ICT & DIGITALISATION	ALMA BRAND AND BUSINESS BRANDS	STRONG PARTNERSHIPS	
	<ul style="list-style-type: none"> Efficient processes and tools to support digital business management and growth Supporting strategic legal and regulatory issues, e.g. GDPR, ePrivacy and copyright 	<ul style="list-style-type: none"> Developing management and leadership competences for fast changing digital business Competences for tomorrow and change abilities to support business growth 	<ul style="list-style-type: none"> Utilizing digitalization possibilities in business and process development to increase efficiency Creating synergy from shared technology platforms and their effective operation 	<ul style="list-style-type: none"> Strengthening the uniqueness of Alma's media and service brands in selected sectors Increasing interest in Alma's brand commercially and also as an employer and a responsible operator 	<ul style="list-style-type: none"> Actively evaluating current partnerships and developing international partnerships 	

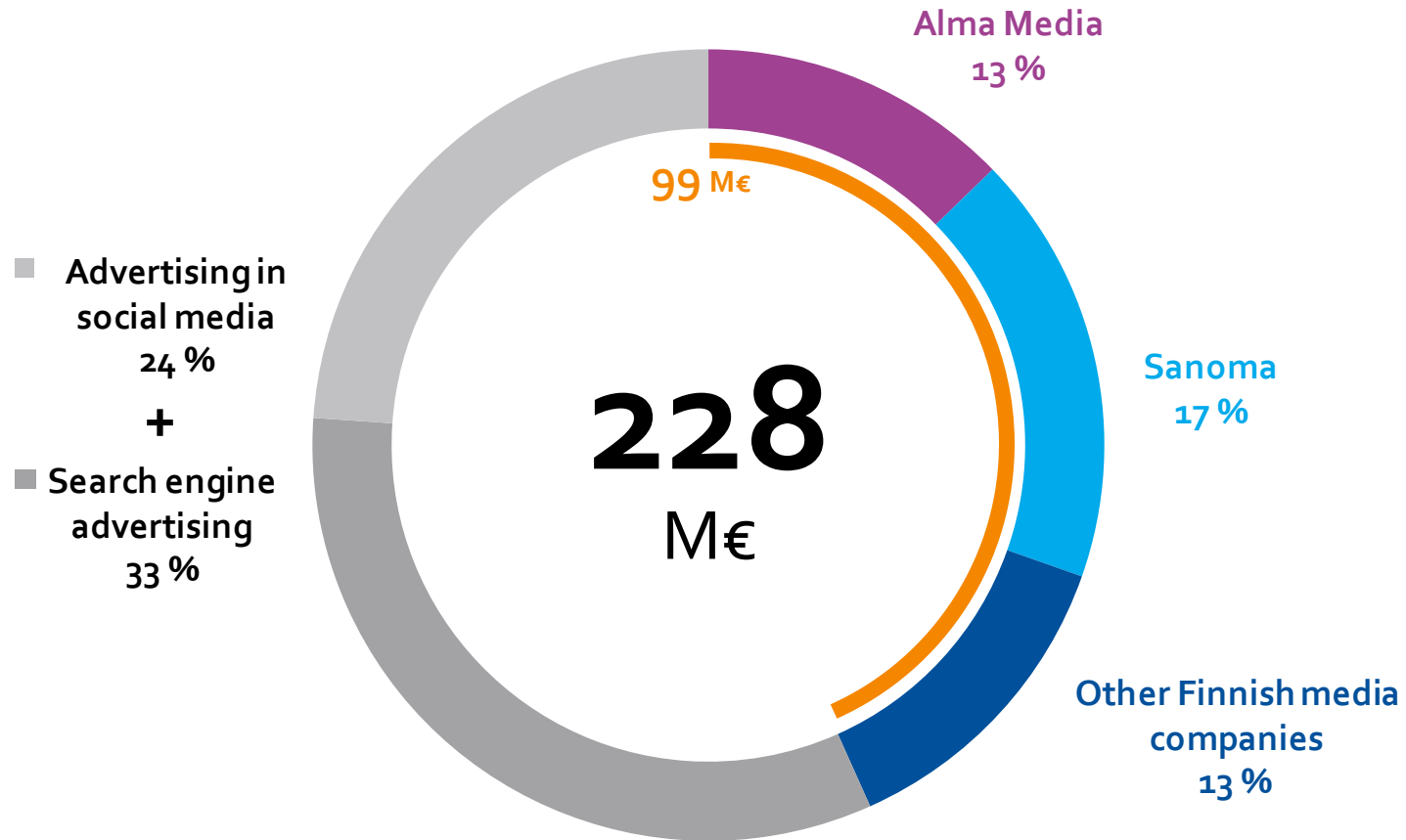
... As Strategy is Digital

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Majority Of Advertising Digital, Tipping Point In 2018



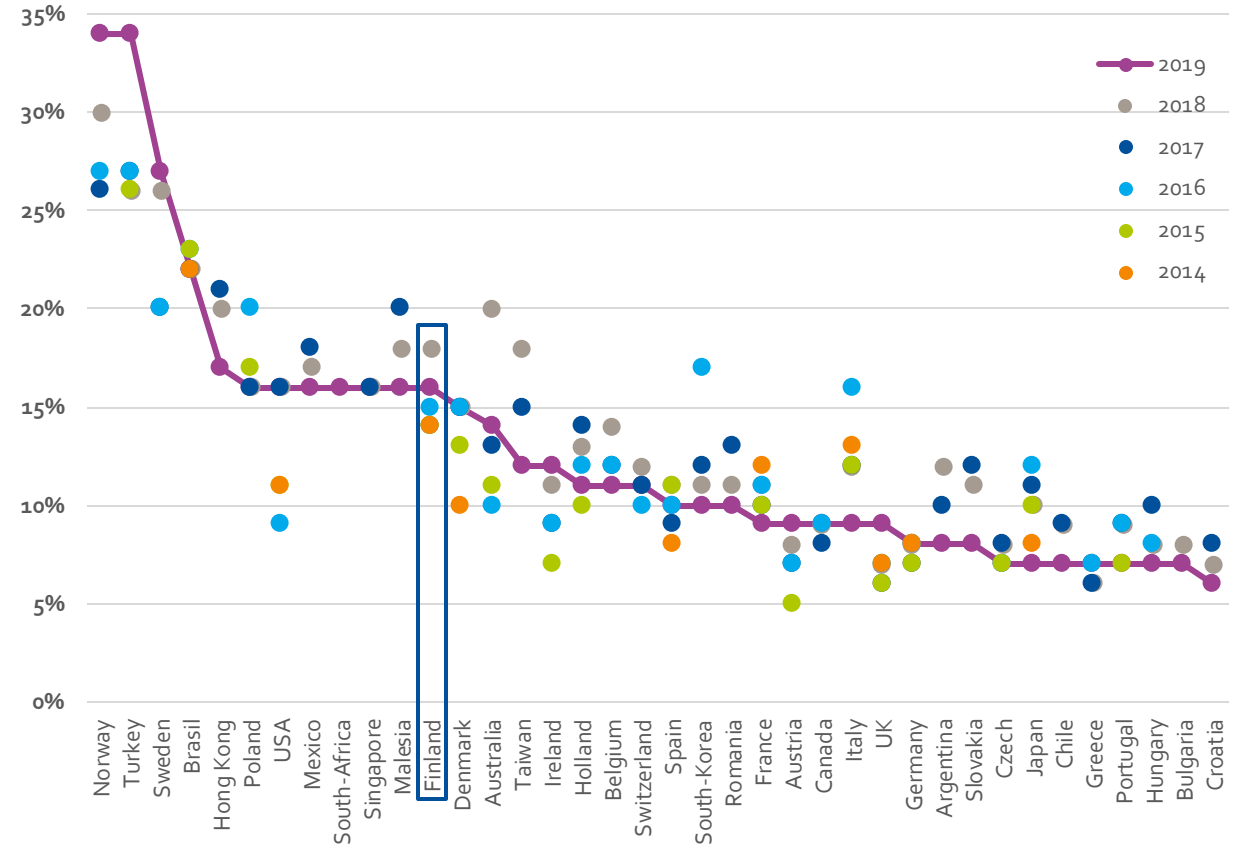
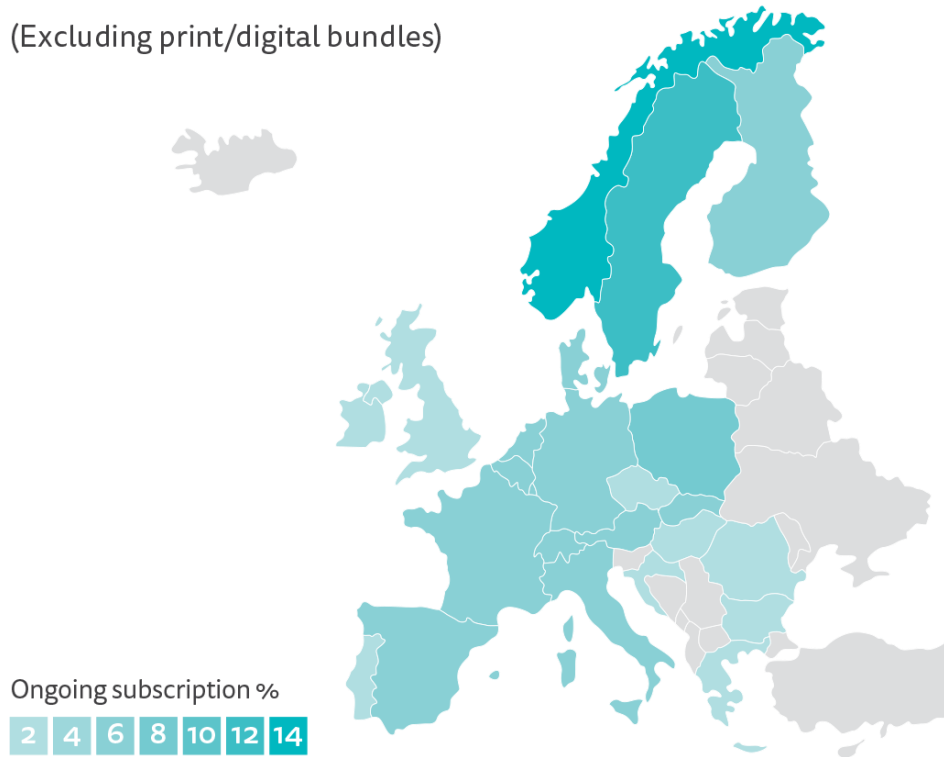
Competition In Digital Advertising Is Fierce Due To International Rivals



Norway And Sweden Lead The Way In Paid News Content

PROPORTION OF DIGITAL-ONLY SUBSCRIBERS – SELECTED MARKETS

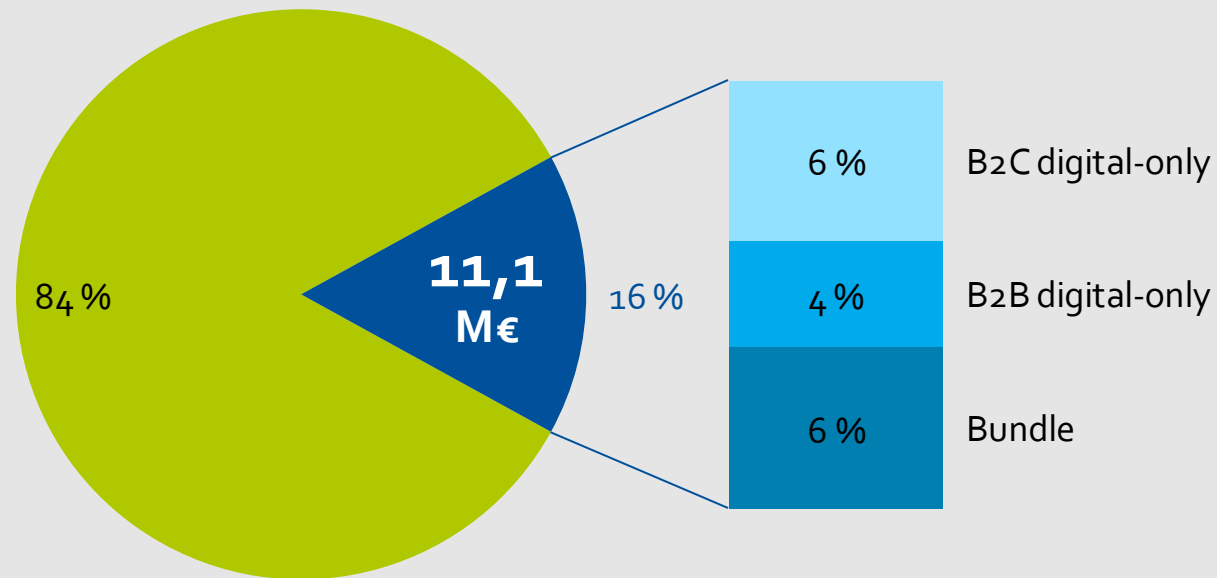
(Excluding print/digital bundles)



Source: Reuters Institute Digital News Report 2019

Digital Content Sales Increase As The Key Success Factor

Content revenue split 1-9/2019 in Finland¹



Alma Media has over 0.5 million print and digital subscribers

Digital-only subscriber base enjoys high growth²:

- Alma Talent brands +90 %
- Aamulehti +56 %
- Satakunnan Kansa +65 %

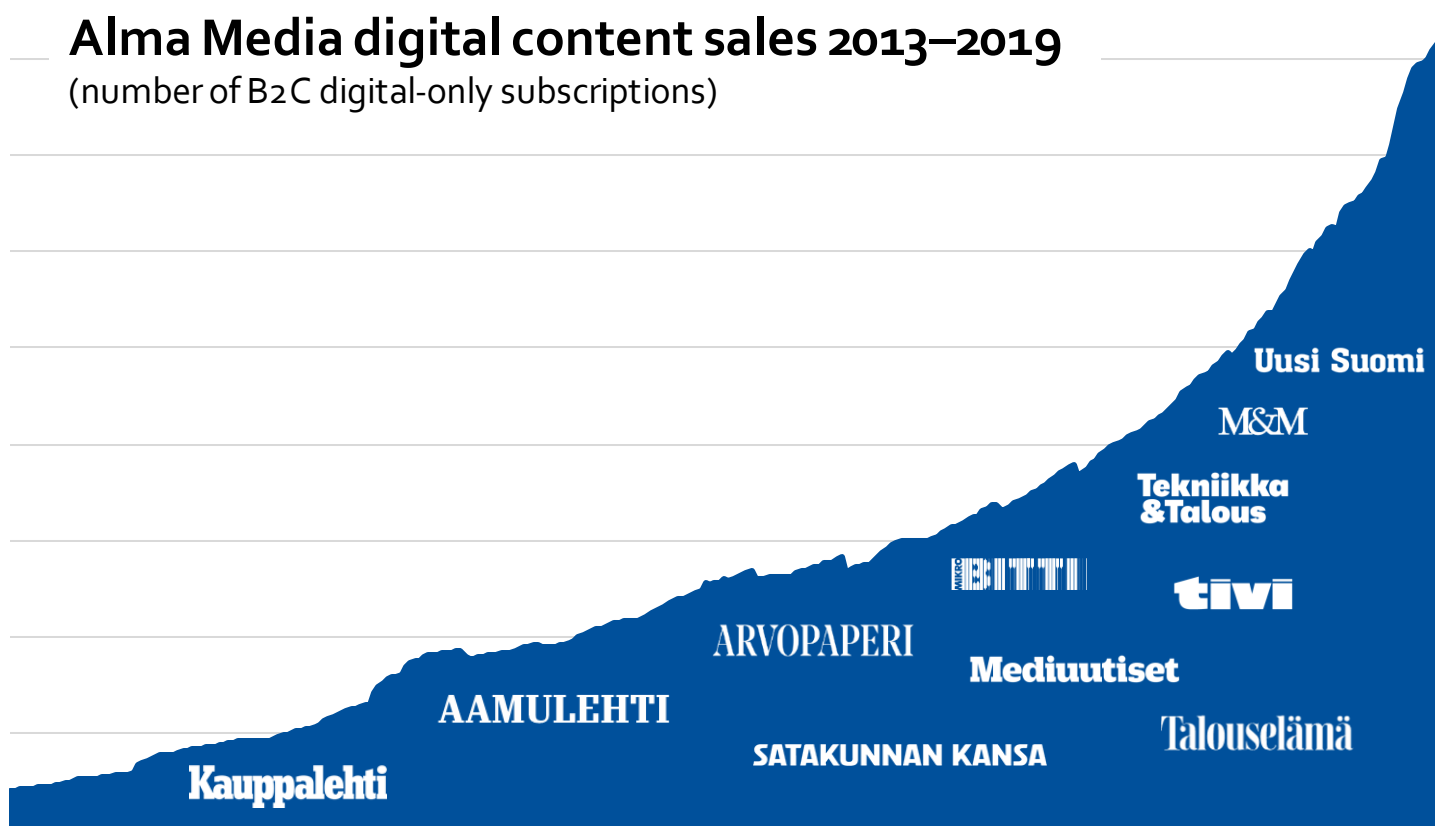
² Number of digital subscriptions, 12 months, end Oct

¹ Excluding content sales of Alma Talent Pro in Finland and media content sales in Sweden.

All Media Brands Generate Digital Subscription Revenue

Alma Media digital content sales 2013–2019

(number of B2C digital-only subscriptions)



October 2019¹:

- +50 000 B2C digital-only subs
- 60 000 company subscribers (Alma Talent)
- +320 000 subscribers paying for digital (including bundles)

Data-driven processes

(ML, automation and analytics)

- improve conversion rates
- enhance customer experience
- increase business predictability
- improve operations and cost efficiency

¹ Number of digital subscriptions, 12 months

Converting High Reach To Higher ARPU



AUTOJERRY **Kauppalehti** **ETUOVI.com** **AAMULEHTI** **Uusi Suomi**

E-kontakti.fi **AUTOTALLI *com*** **SATAKUNNAN KANSA** **ILTALEHTI**

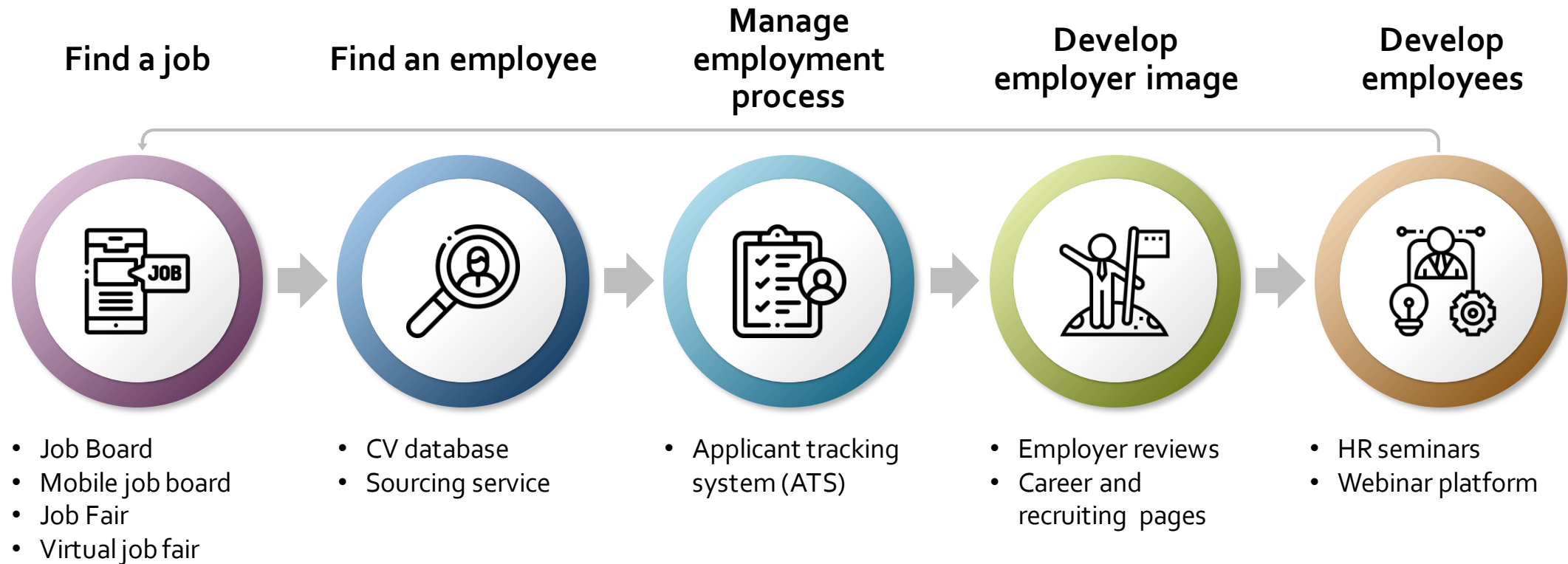
etu.fi **VUOKRAOVI.com** **MONSTER** **Rantapallo**

HIGH ARPU

HIGH REACH

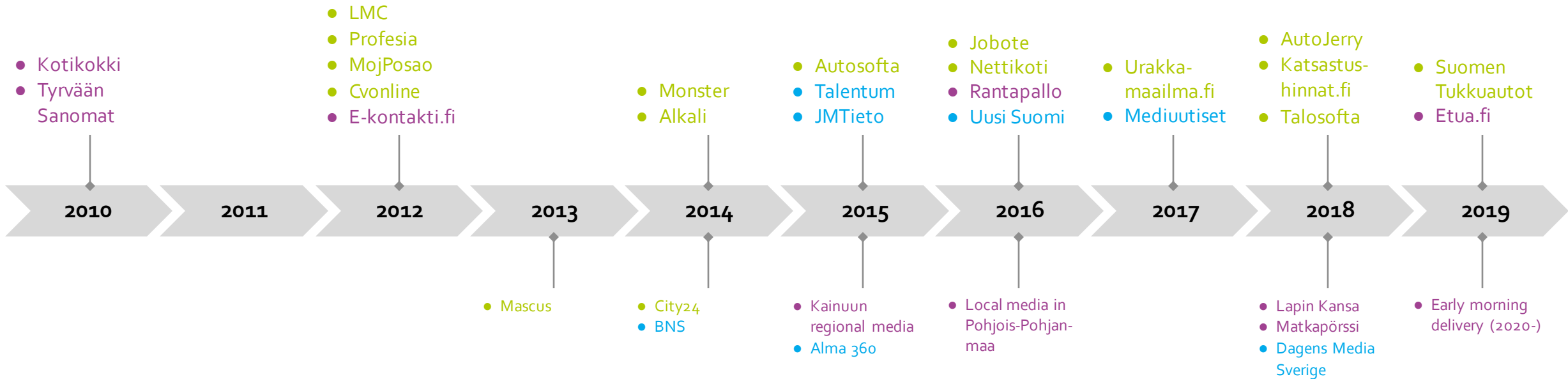
Moving along the value chain

From Job Boards To Recruiting Services



M&A Taps Into New Digital Revenue Pools

ACQUISITIONS



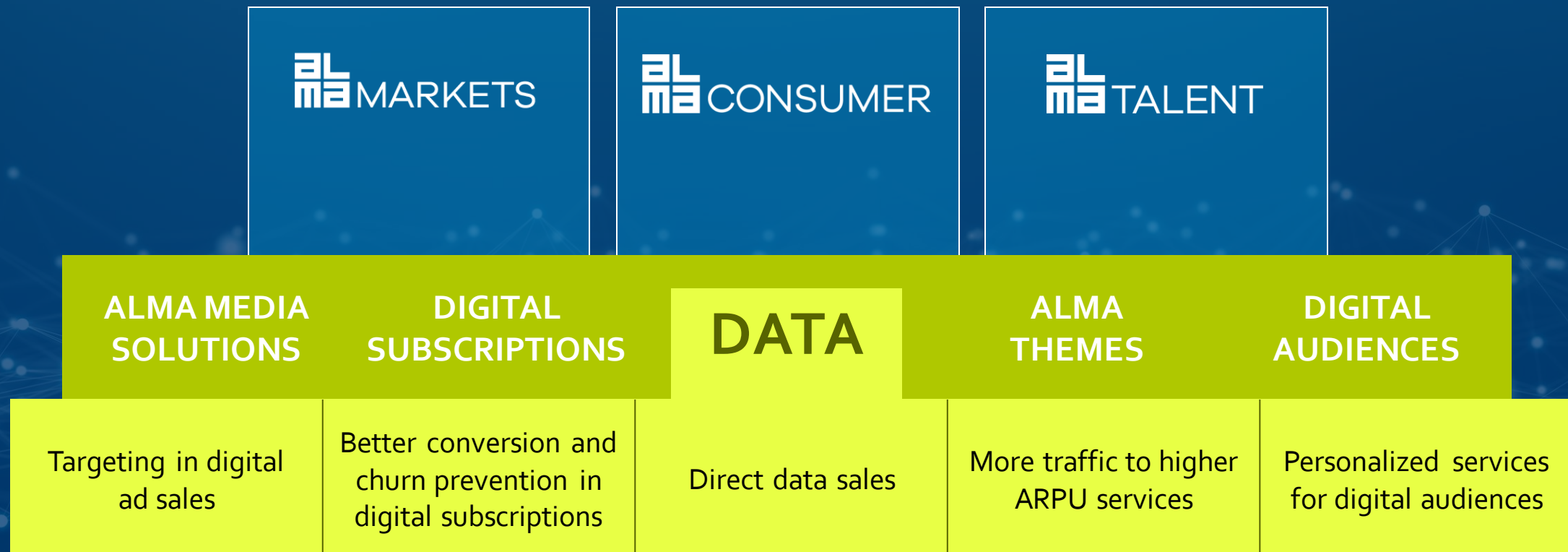
DIVESTMENTS



VALUE CREATION FROM DATA

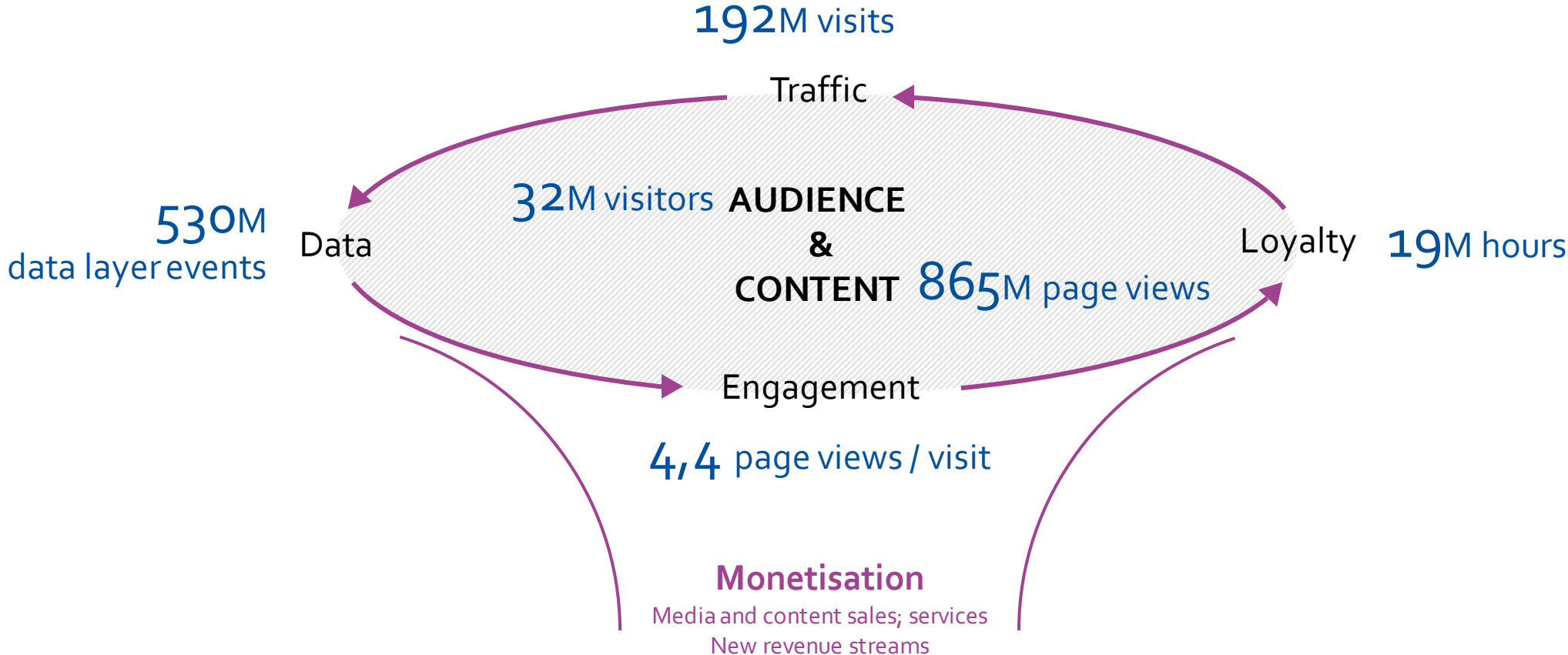


Data Drives Monetization In Strategic Initiatives



Audience-Based Monetisation Model

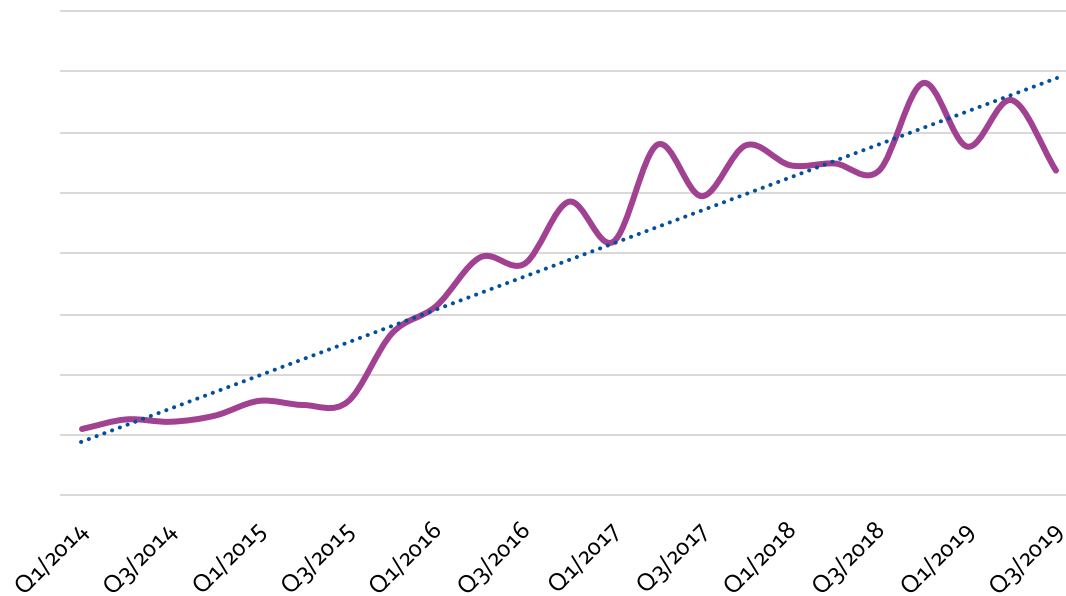
Alma network visitors, consumed content and data layer events per month



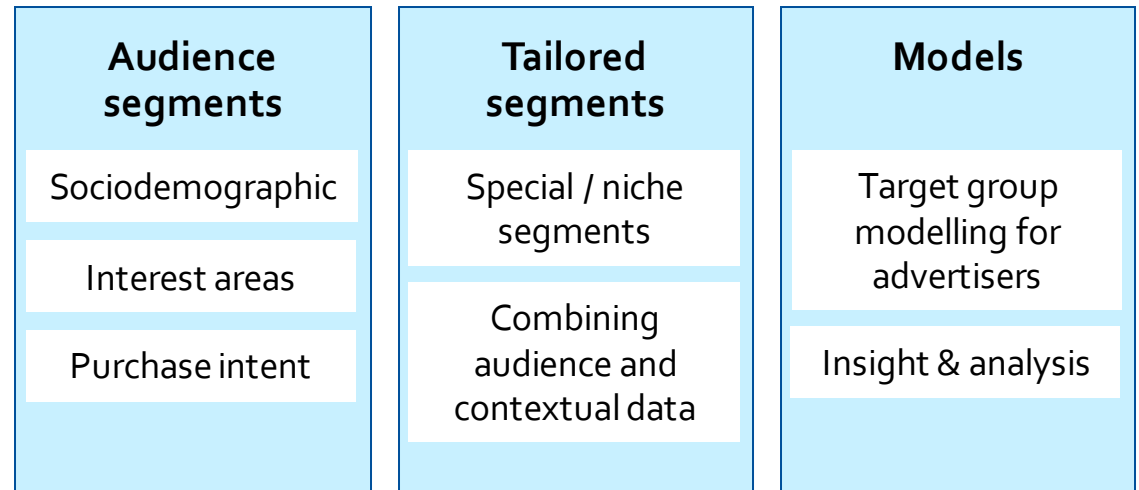
Source: GA 360, monthly averages from January 2019 – October 2019

Data Drives Programmatic & Direct Ad Sales Growth

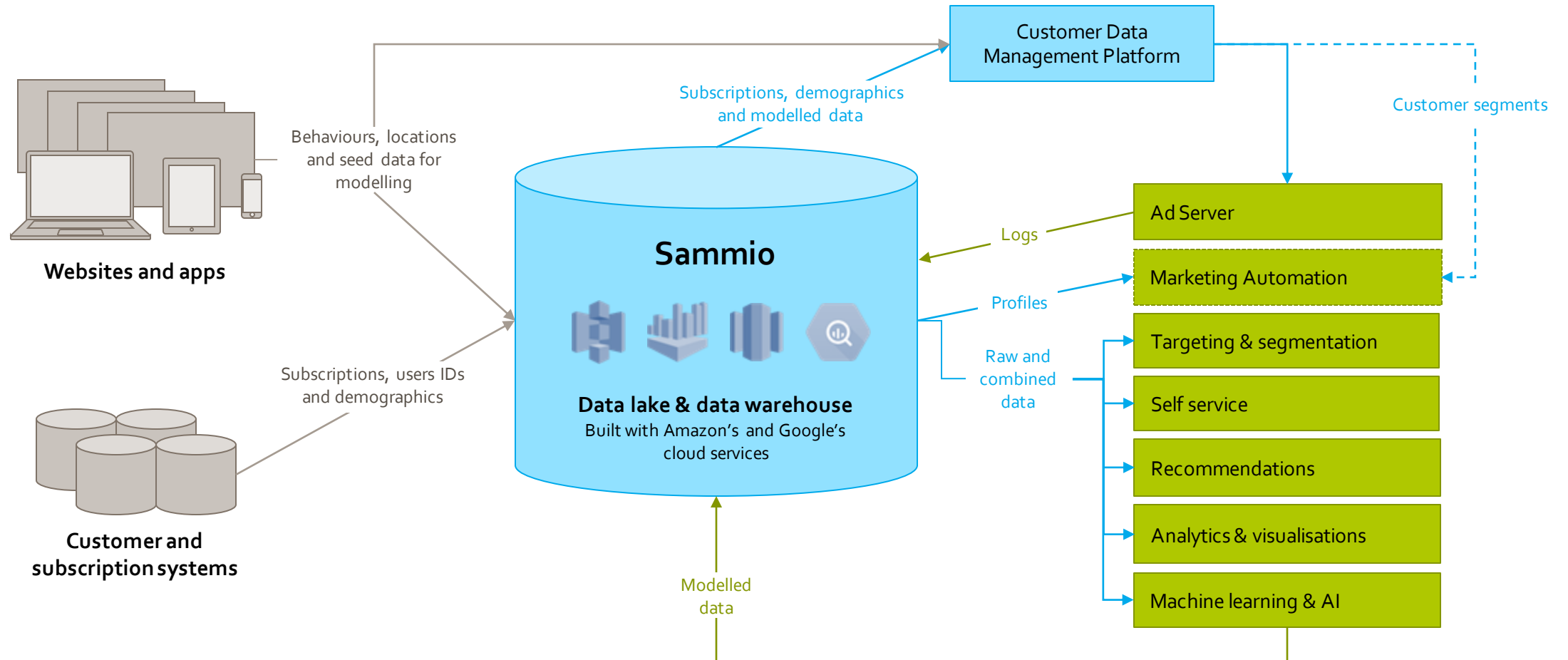
Programmatic sales Q1/2014 – Q3/2019



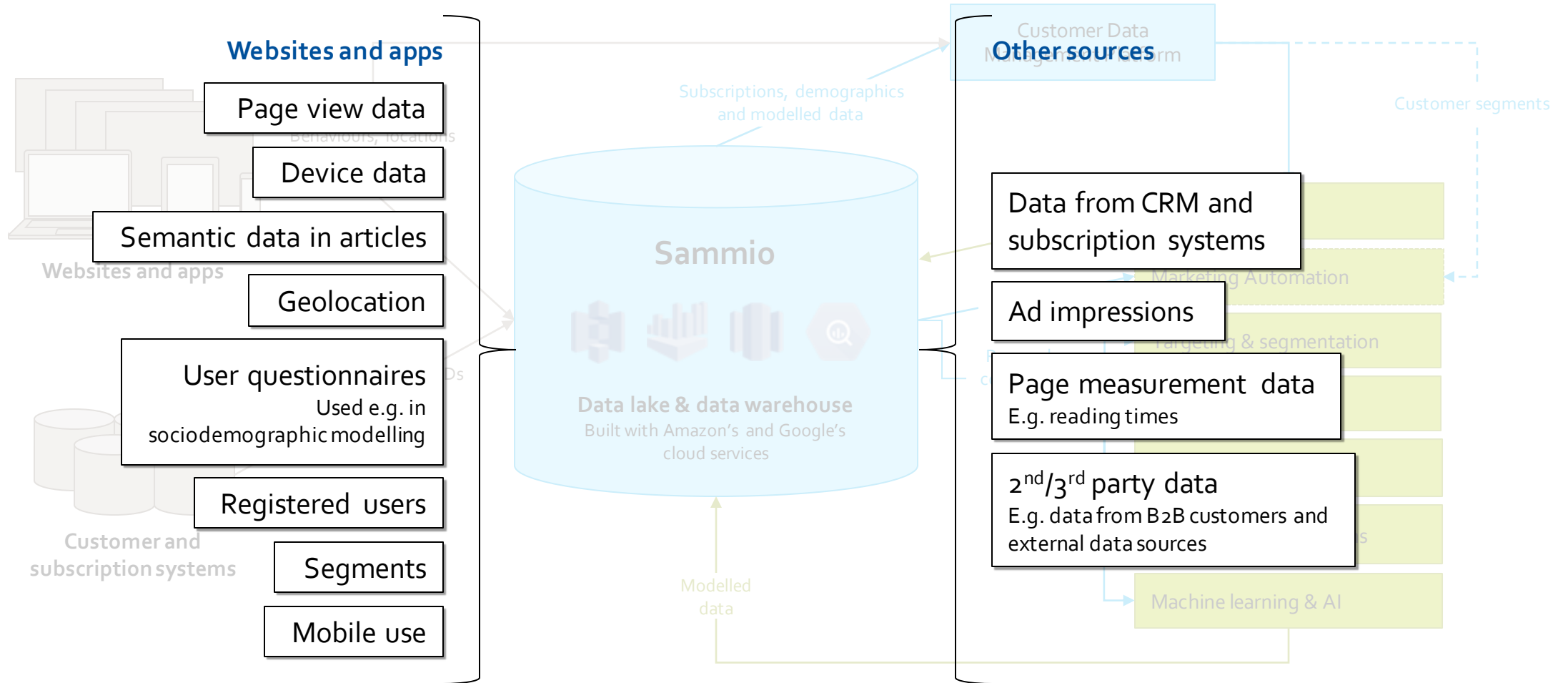
Data products and services for advertisers



Data Architecture

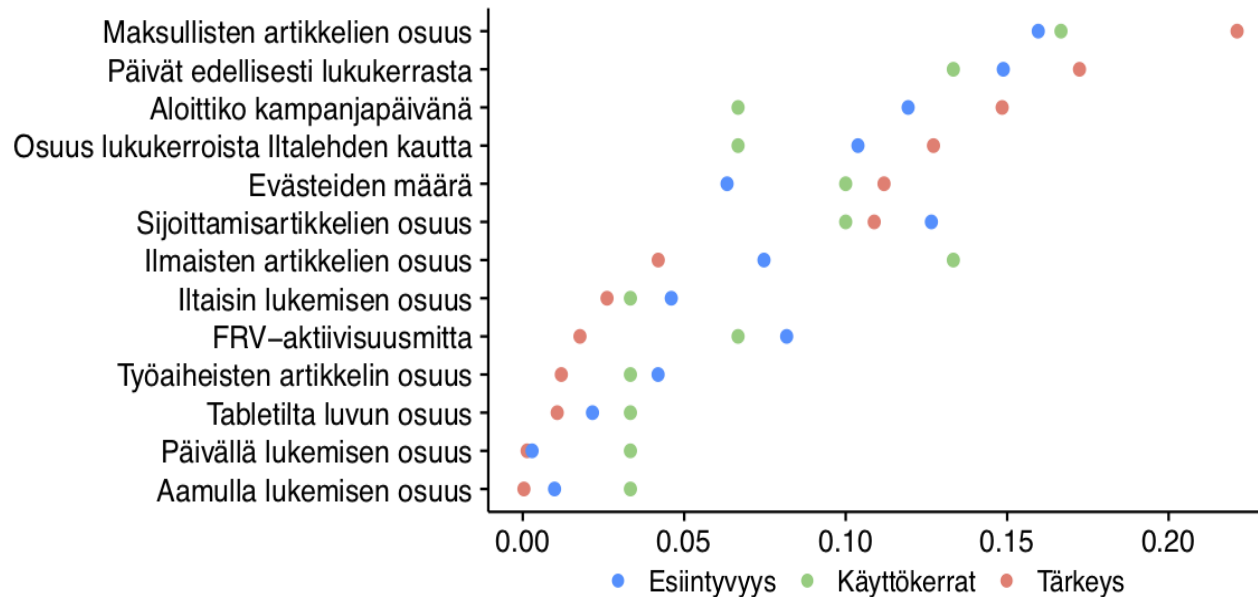


Data Architecture

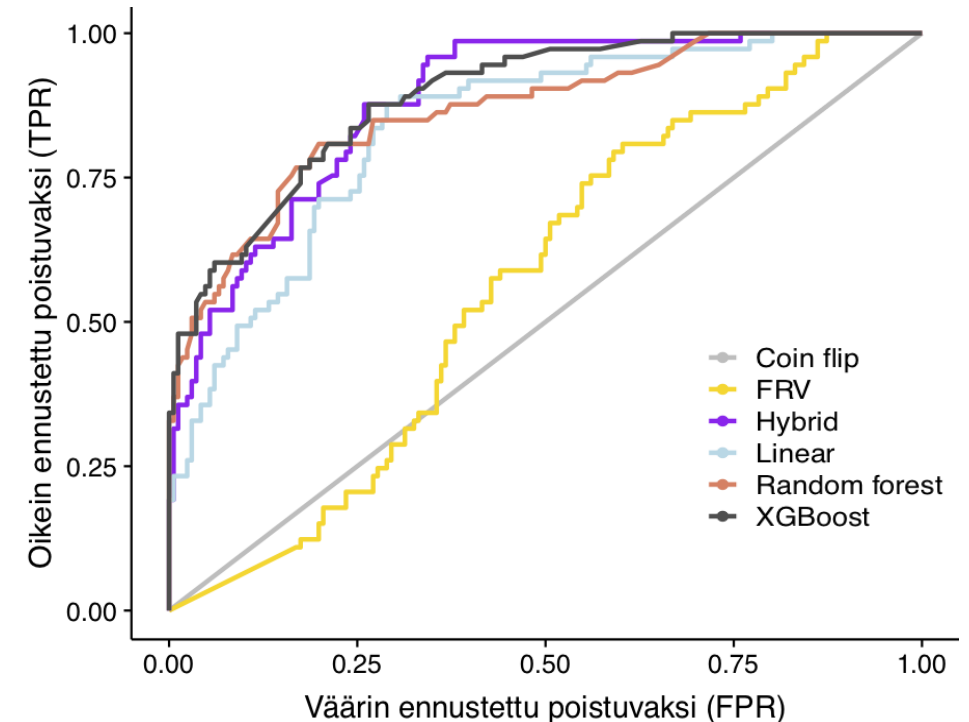


Supervised Learning In Predicting Subscriber Churn

Relative importance of variables in prediction

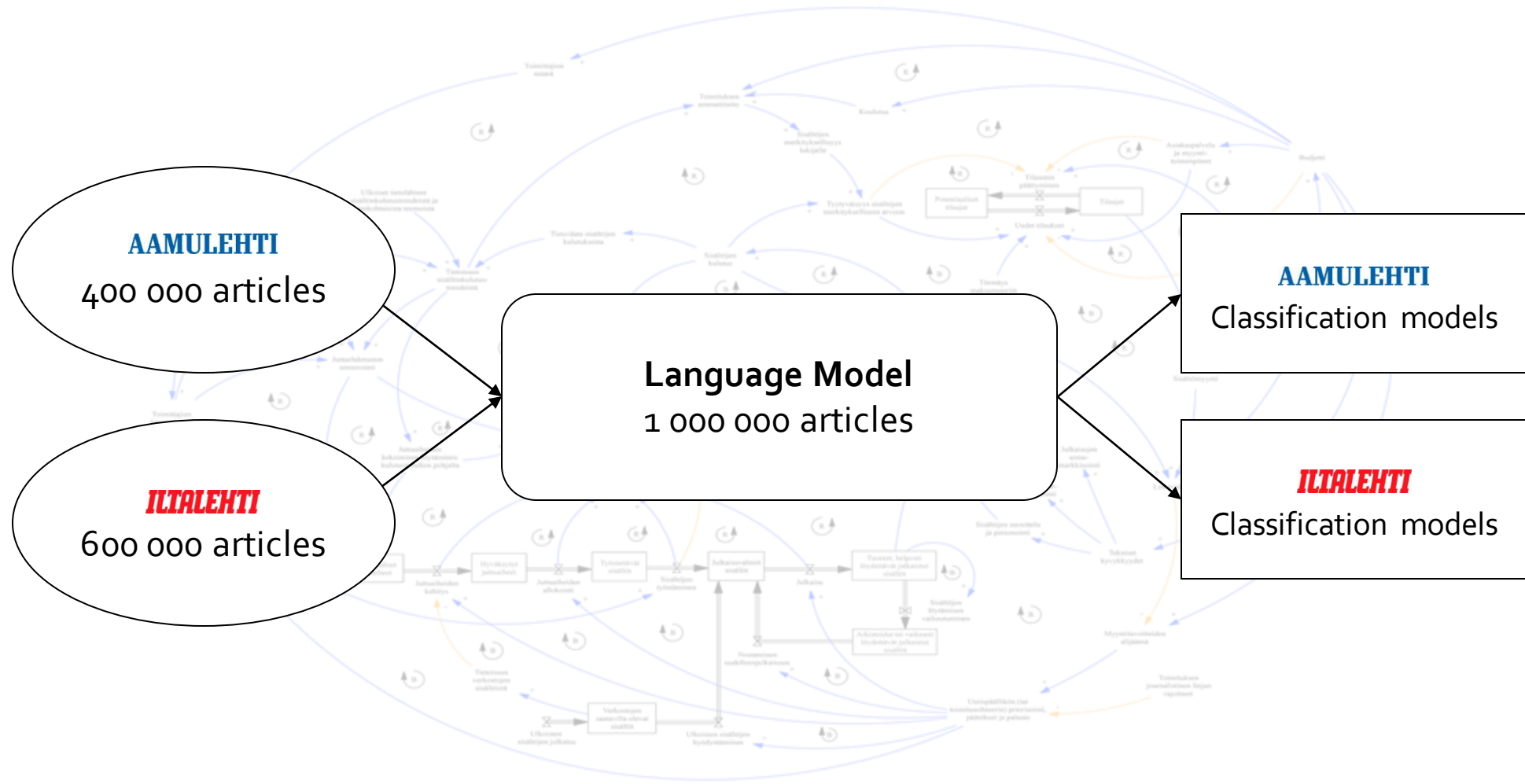


Prediction accuracy (ROC curves) in test sample

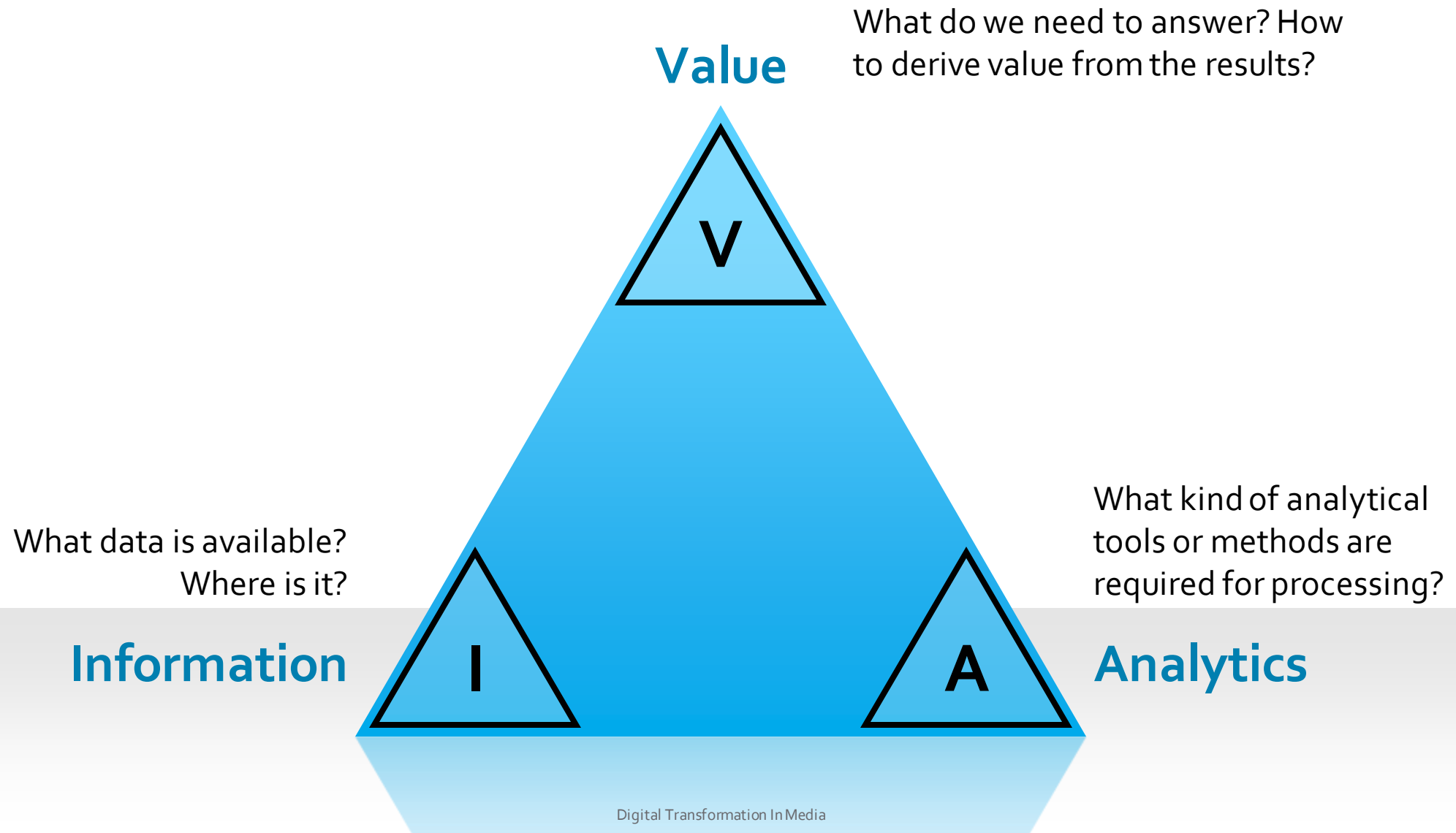




EdiT: Predicting Demand Of Content



Data Literacy



“

Lots of companies don't succeed over time. What do they fundamentally do wrong? They usually miss the future.

Larry Page, Google

