

# ALMA MEDIA Q4 AND FY 2015

Kai Telanne, President and CEO

Juha Nuutinen, CFO

12.2.2016

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# Agenda

Highlights

Market development

Financial development

Strategy and outlook

Q & A



# Alma Media's year 2015 in brief

## Operating profit excluding non-recurring items improved – in spite of the difficult economic climate:

- Revenue decreased to MEUR 291.5 in 2015 due to divestments.
  - Operating profit excluding non-recurring items increased by 9.3% to MEUR 23.4.
  - The operating profit includes net non-recurring items of MEUR -5.7.
- Revenue from digital products and services exceeded the MEUR 100 milestone.
- Strong financial position: equity ratio 42.5% and gearing 59.2%
- The Board's proposal of capital repayment is EUR 0.12 per share

## Business development:

- In Digital Consumer Services, revenue growth with an excellent level of profitability, led by the international recruitment business. In Finland, digital services maintained their level of profit performance.
- Significant acquisitions and divestments in Financial Media and Business Services (Talentum, JM Tieto, Alma360). For the first time, the number of subscribers of Kauppalehti's digital products exceeded print (53%).
- A difficult year for IL-Media, but there was a positive turn in digital advertising late in the year.
- In Regional Media, operational restructuring and efficiency improvement measures continued and the gradual shift towards paid digital content began.
- Organisational restructuring of national media sales has strengthened Alma's competitiveness in advertising sales and increased market share.

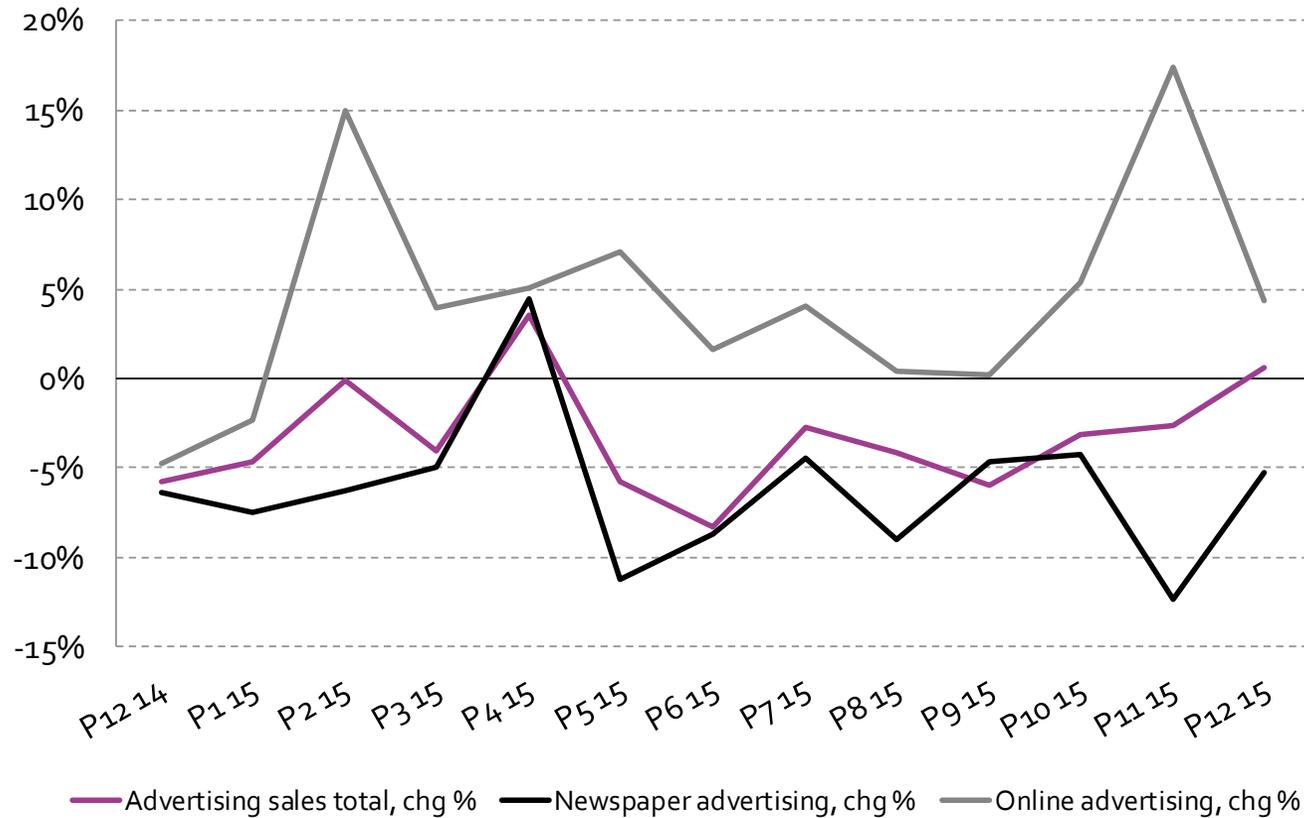
# MARKET DEVELOPMENT IN FINLAND

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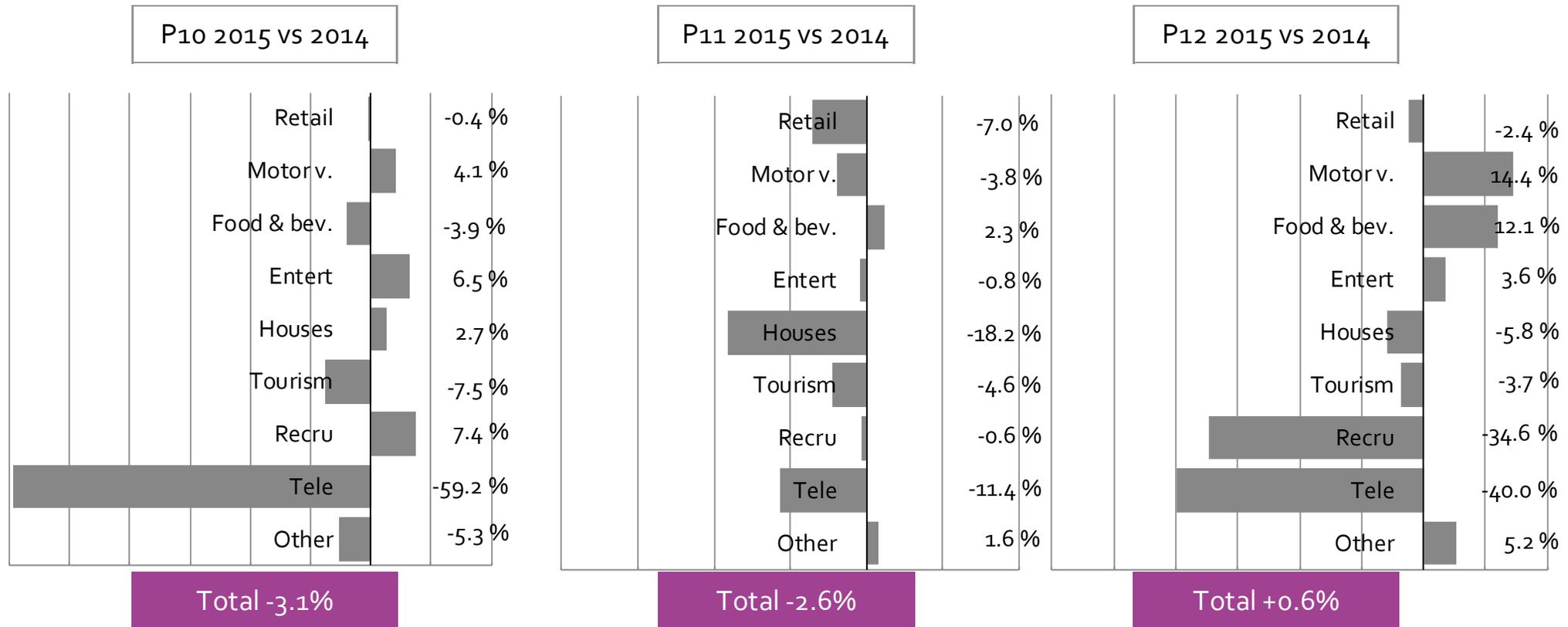
# Advertising sales change 12/2014 - 12/2015



Source: TNS Media Intelligence

# Advertising increased in December, with growth in vehicle, food and entertainment advertising

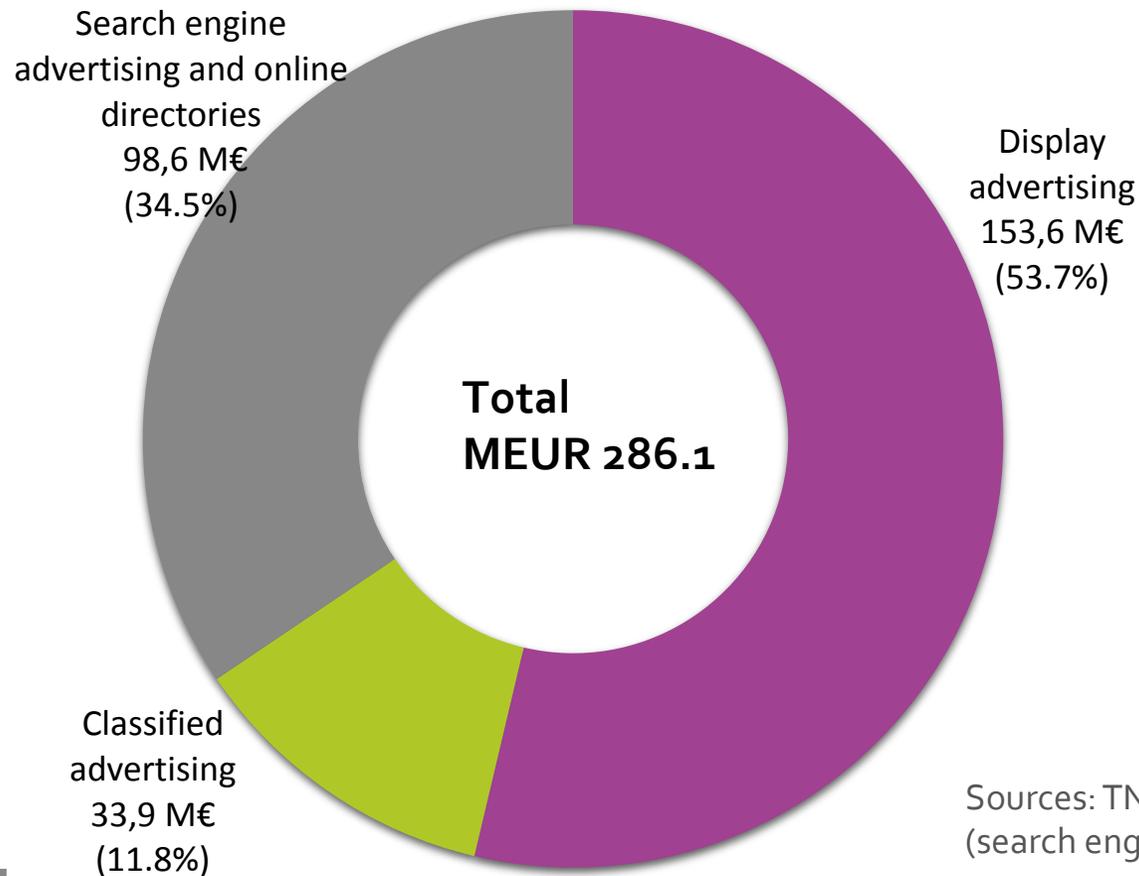
Total market, change from previous year



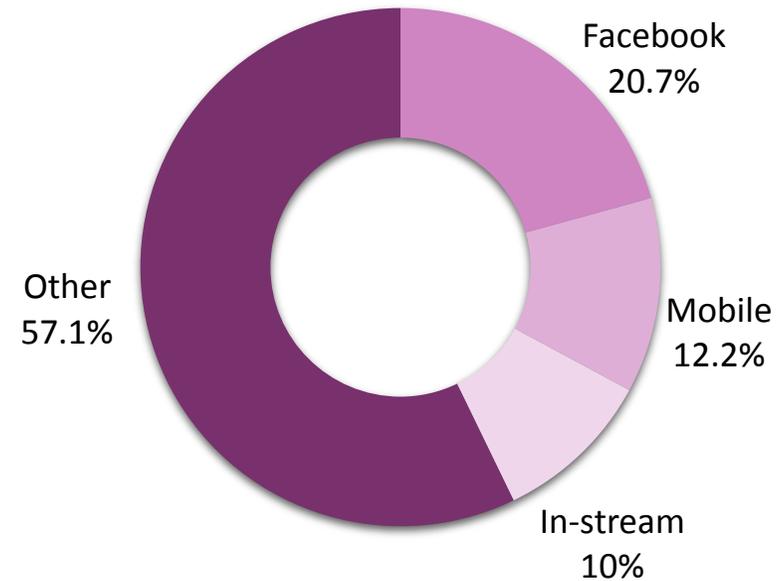
Source: TNS Media Intelligence

# Digital advertising has established its position as the second-largest area of media advertising, behind newspapers

Online advertising investments 2015



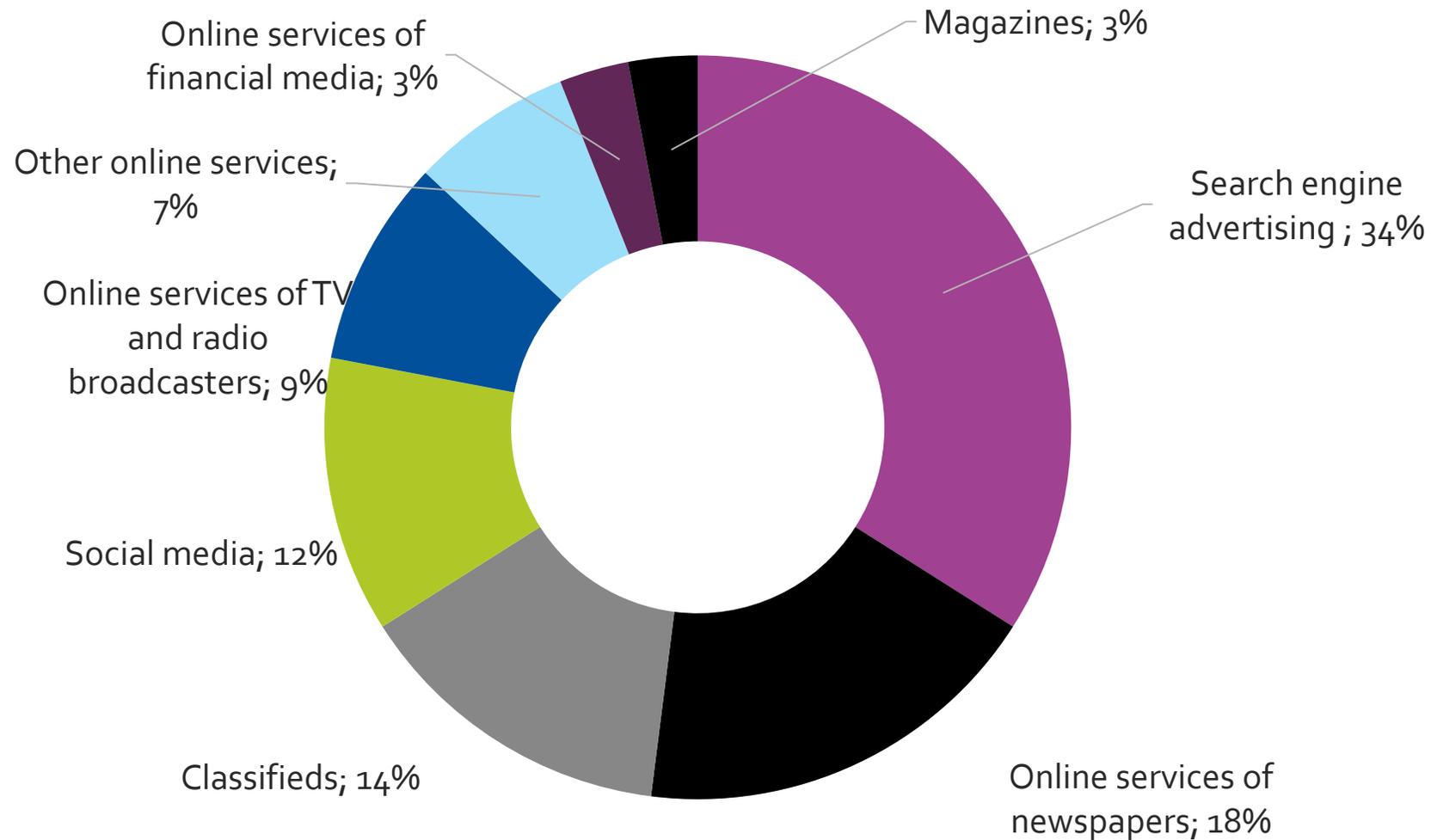
Breakdown of display advertising in 2015



Sources: TNS Ad Intelligence monthly monitoring and IAB Finland quarterly monitoring (search engine advertising, directories, Facebook).



# Investments by online media type in 2015



Sources: TNS Ad Intelligence monthly monitoring and IAB Finland quarterly monitoring (search engine advertising, directories, Facebook).



# ALMA MEDIA'S PROFIT PERFORMANCE

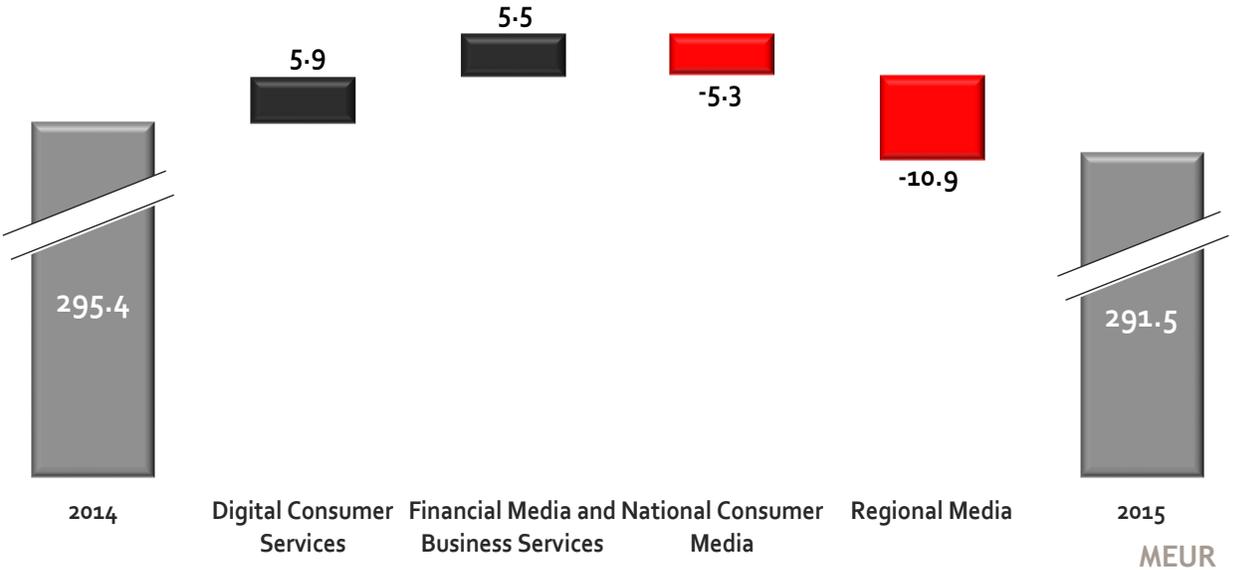
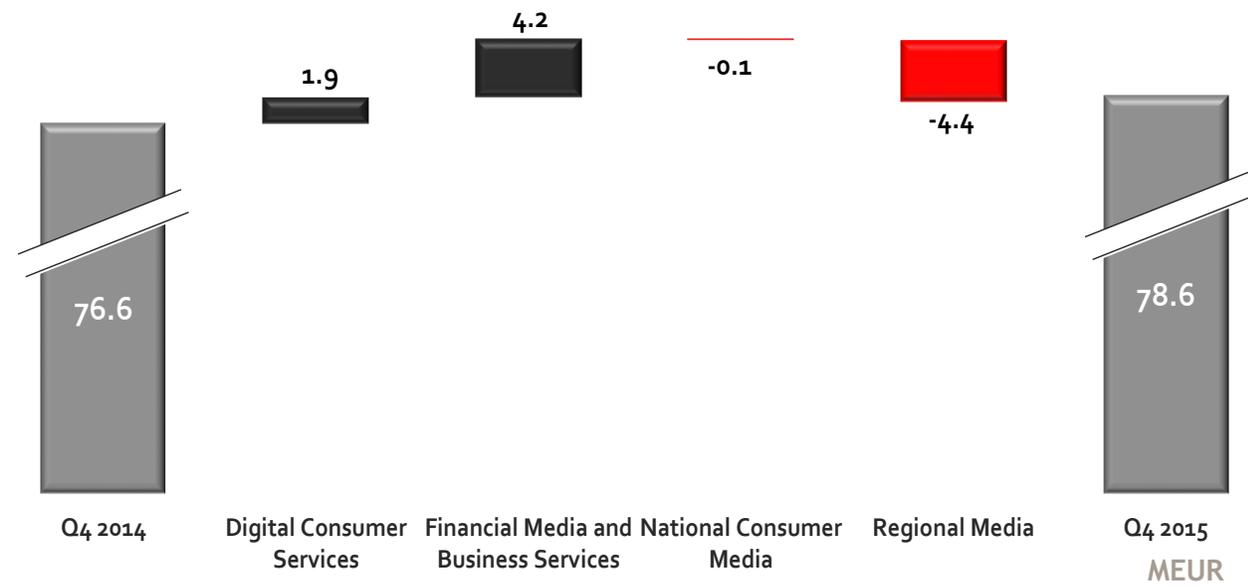
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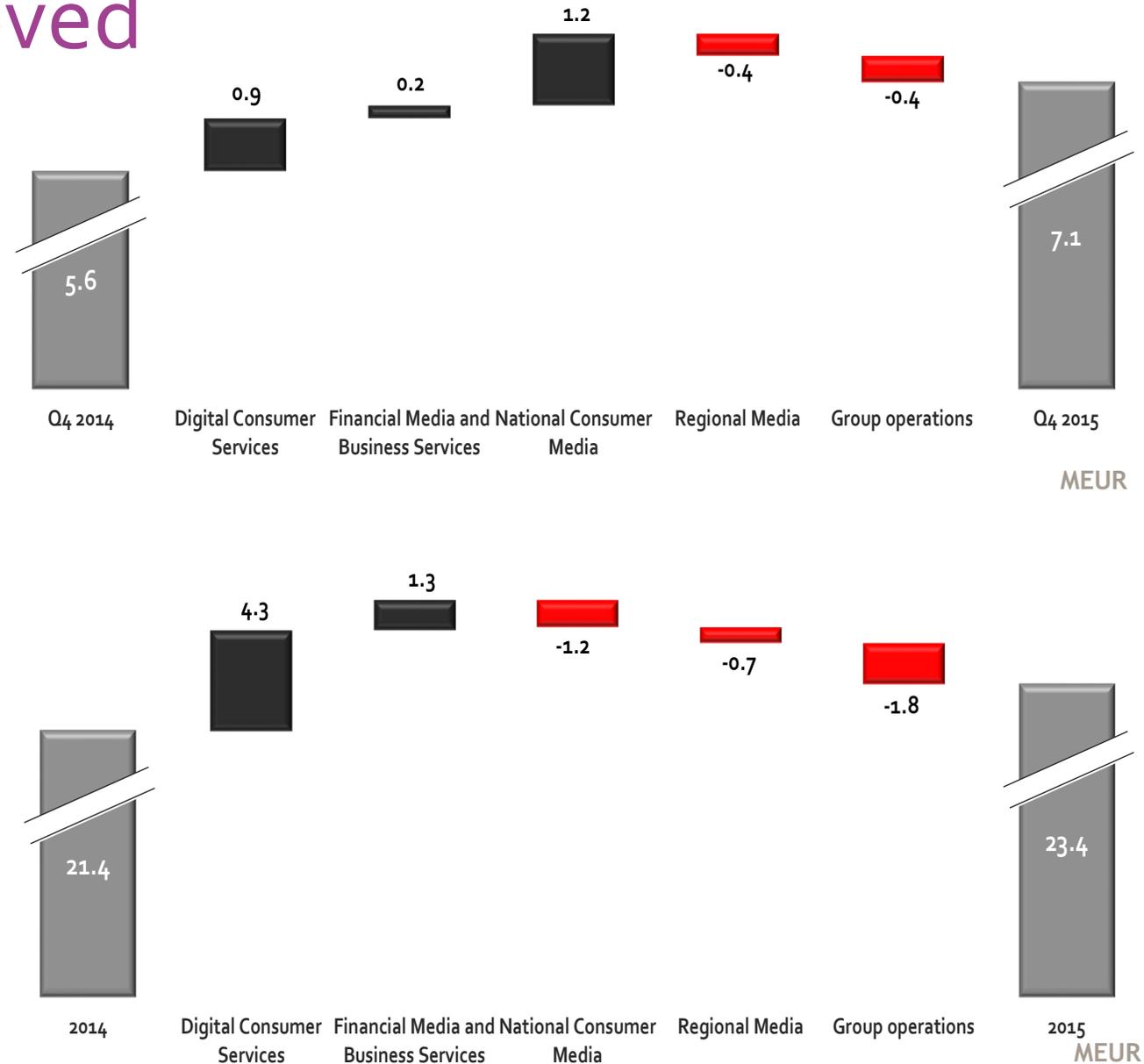
# Revenue decreased due to divestments

- Revenue in 2015 decreased by 1.3%, primarily due to divestments.
  - Talentum’s effect on revenue was MEUR +5.8.
  - JM Tieto’s effect on revenue was MEUR +3.4.
  - Alma 360’s effect on revenue was MEUR -3.6.
  - The effect of Regional Media’s newspaper divestments on revenue was MEUR -9.8.
- In National Consumer Media and Regional Media, advertising and content revenue have decreased in recent years. The sales of digital products and services are growing, but they are not sufficient to compensate for the loss of revenue that accumulates from the decline in print media.



# Operating profit excluding non-recurring items improved

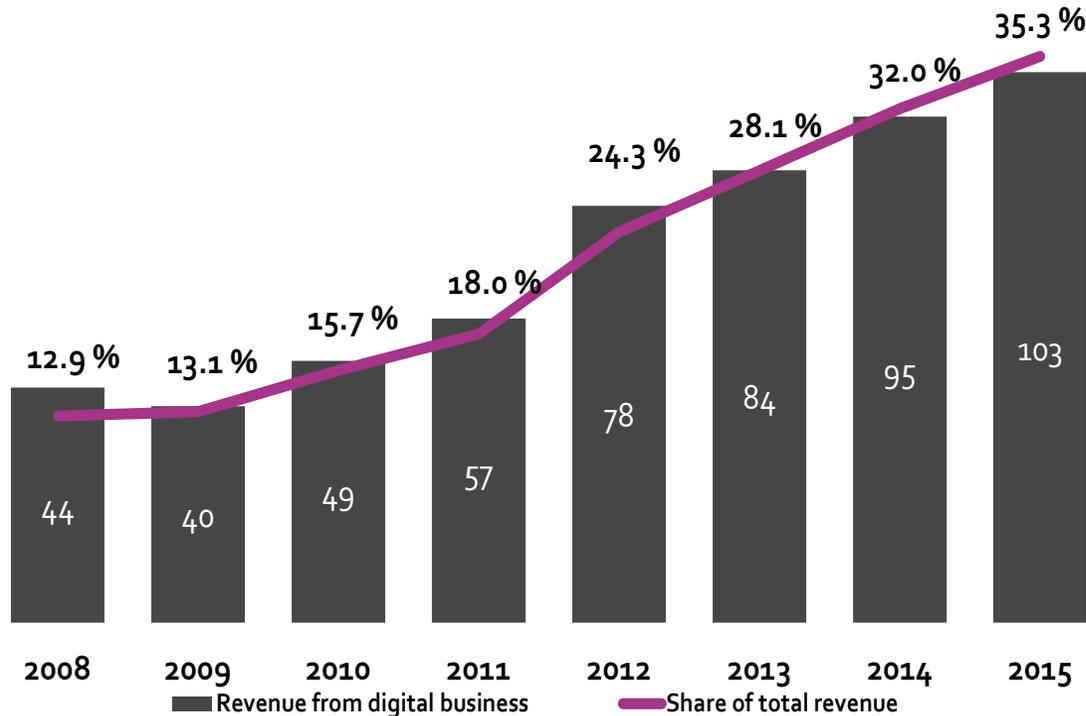
- Operating profit excluding non-recurring items for the full year 2015 was MEUR 23.4, or 8.0% (7.2%) of revenue.
  - Total expenses decreased by MEUR 0.5, or 0.2%, to MEUR 277.4 (277.9).
  - Depreciation and impairment included in the total expenses amounted to MEUR 16.8 (15.7).



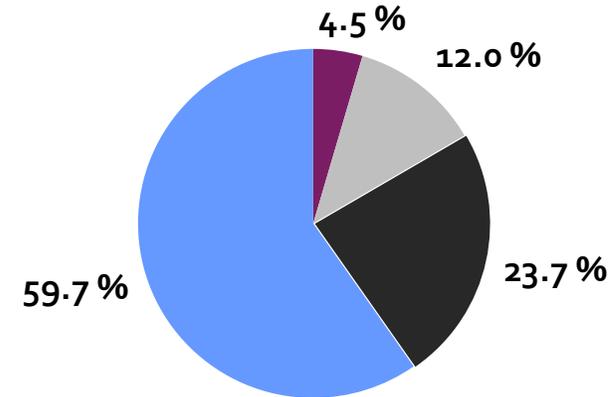
# MEUR 100 milestone exceeded in revenue from digital products and services – growth accelerated in Q4

Q4 digital business revenue grew by 17.7%. The growth rate in 2015 was 8.7%.

MEUR



Segment's share of the Group's digital revenue



- Regional Media
- National Consumer Media
- Financial Media and Business Services
- Digital Consumer Services



# Alma's digital product portfolio has grown substantially since the late 1990s

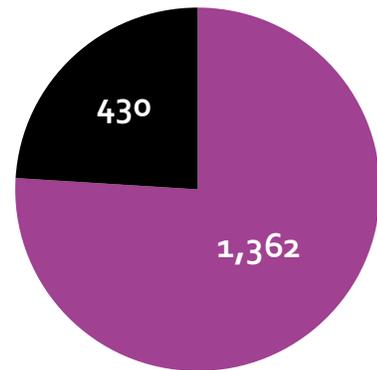
- Media business brands operated with a multi-channel approach.
- Digital consumer and business services have been developed in-house and obtained by acquisitions.
- Divestments have also been made.



# Alma's operations in Finland and internationally

- Alma's international business is growing and profitable.
- The most significant investments in the international recruitment business were made in 2012: LMC, Profesia and CV Online acquisitions totalled more than MEUR 70.

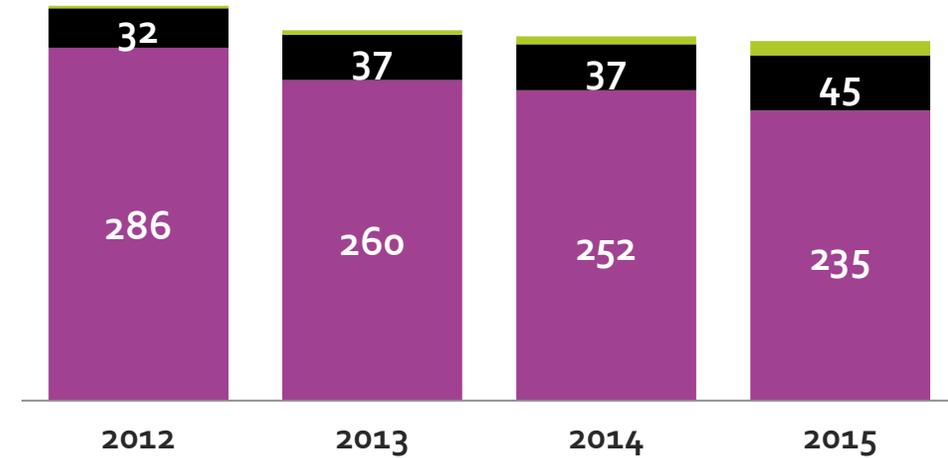
Employees 2015



■ Domestic ■ Foreign operations

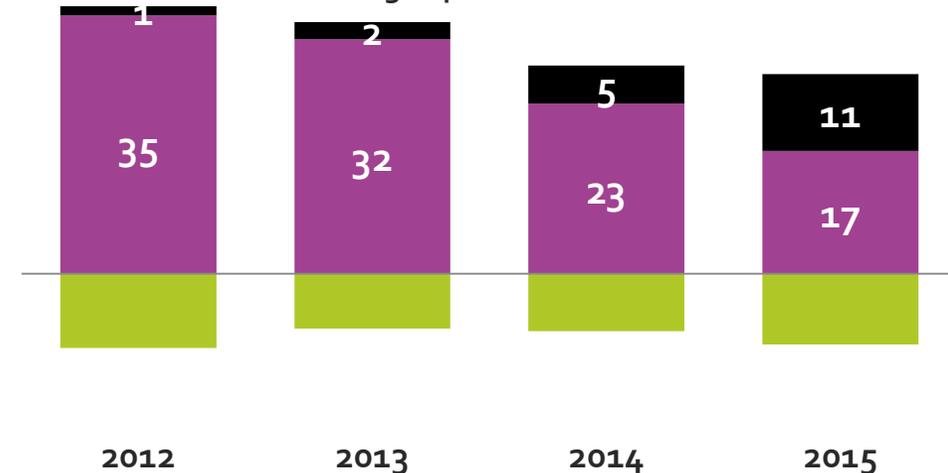
Revenue 2012–2015

■ Domestic ■ Foreign operations ■ Not Allocated



Operating profit 2012–2015

■ Domestic ■ Foreign operations ■ Not Allocated



# FINANCIAL REVIEW

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# Long-term financial targets

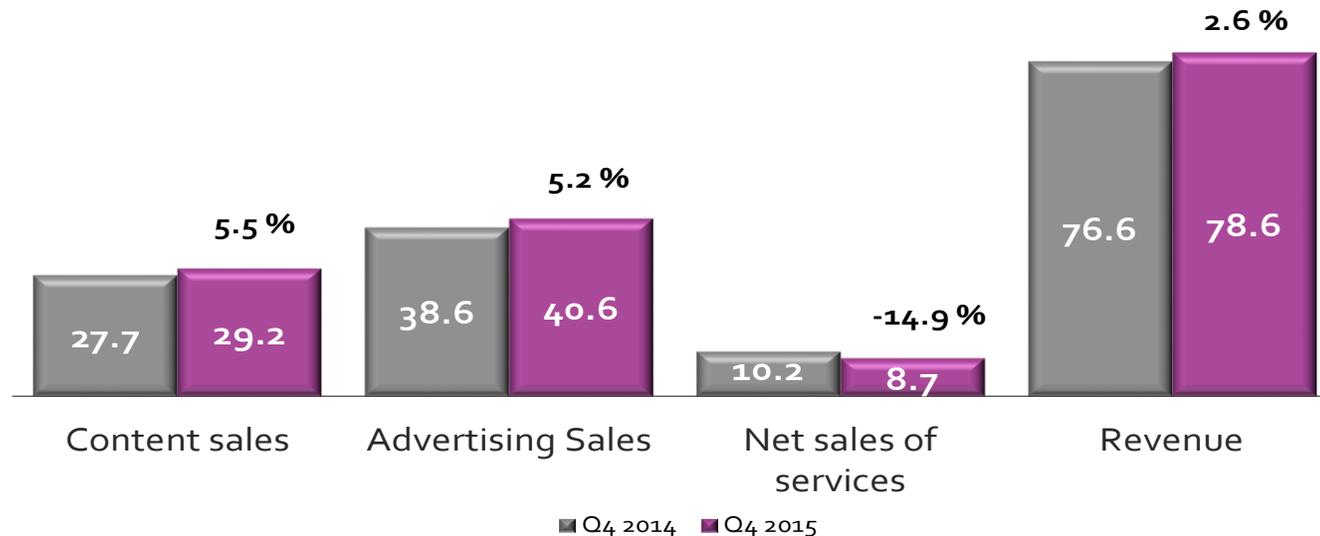
| Alma Media's financial targets | 2011  | 2012  | 2013  | 2014  | 2015  | Target |
|--------------------------------|-------|-------|-------|-------|-------|--------|
| Digital business growth        | 16.3% | 36.8% | 8.4%  | 11.9% | 8.7%  | > 15%  |
| Return on Investment (ROI), %  | 26.1% | 13.8% | 10.0% | 9.8%  | 6.9 % | > 15%  |
| Dividend payout ratio*         | 103%  | 45%   | 50%   | 63%   | 92%   | > 50%  |

\* Includes capital repayment to shareholders.

# Revenue breakdown

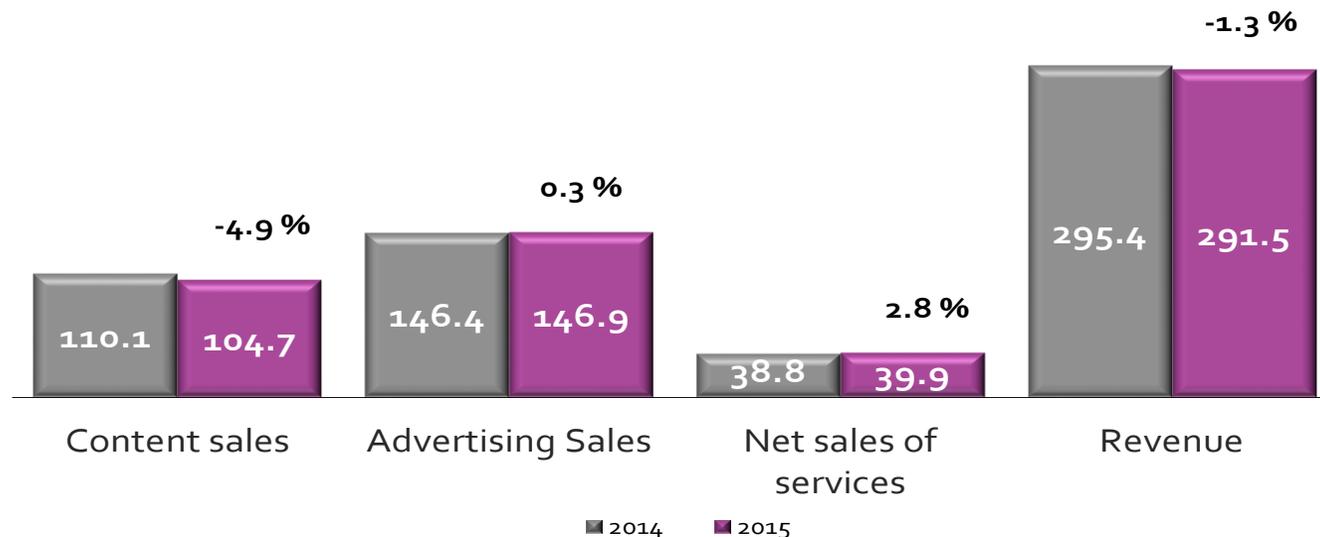
## October–December

- Content revenue +5.5%
  - Talentum's effect on content revenue MEUR +4.1.
- Advertising revenue +5.2%
  - Advertising sales for print media -2.2%
  - Online advertising sales +20.7%
  - Talentum's effect on advertising sales revenue MEUR +1.0.

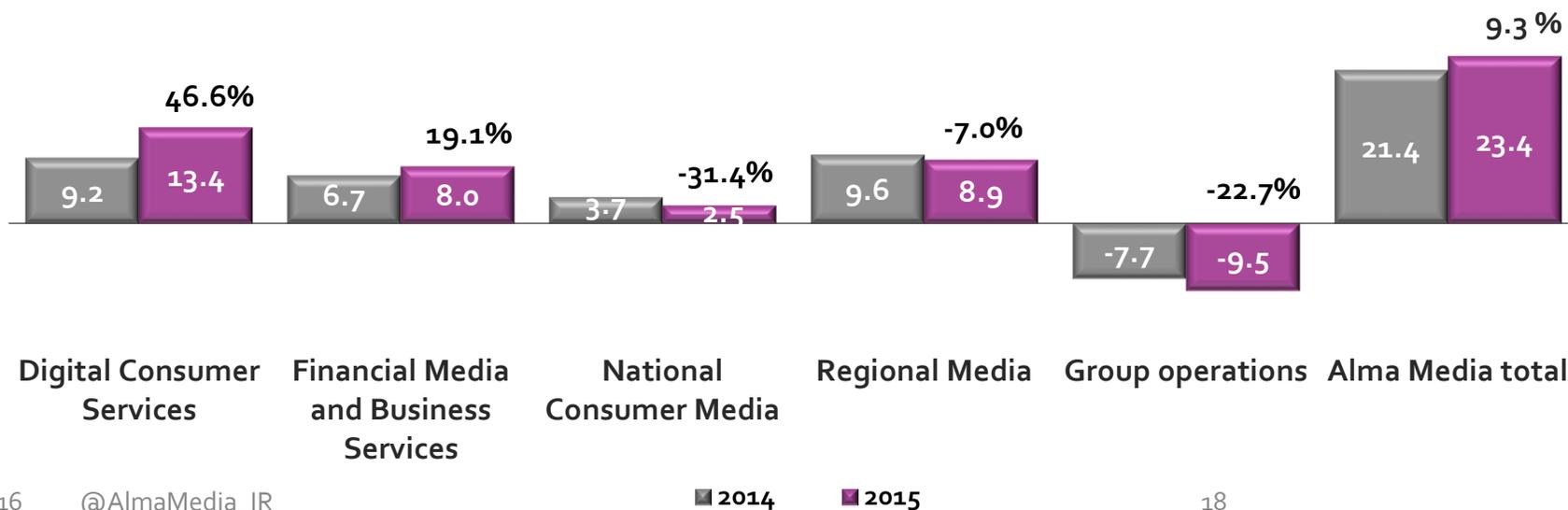
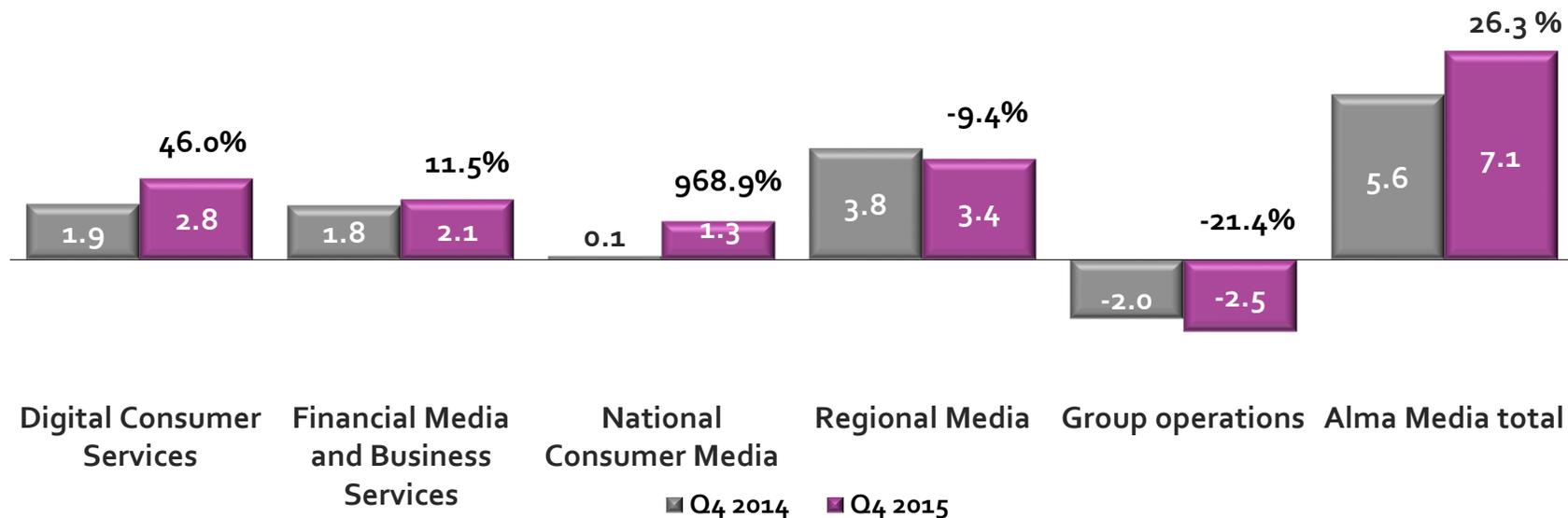


## Full year 2015

- Content revenue -4.9% due to lower circulations of print media.
- Advertising revenue +0.3%
  - Advertising sales for print media -10.2%
  - Online advertising sales +11.0%

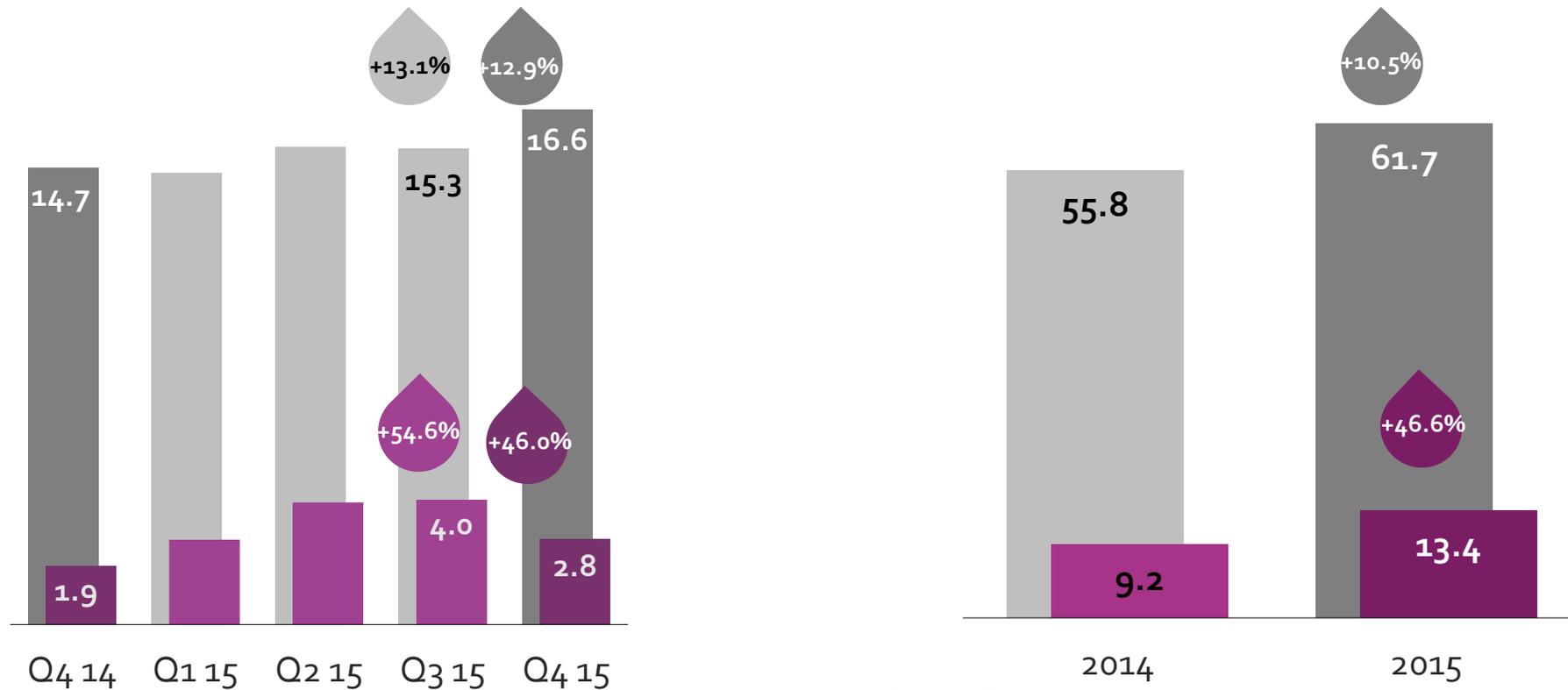


# Operating profit breakdown



# Digital Consumer Services in 2015: strong international growth

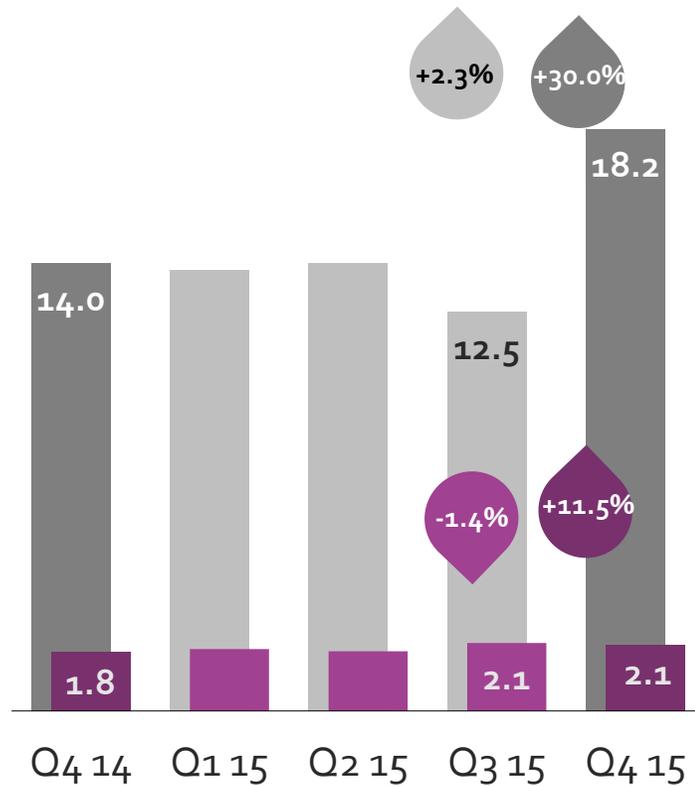
- Revenue from the recruitment business increased by 20.5% and it accounted for 73.6% (67.5%) of the segment's revenue in 2015.
- In Finland, Alma Media's digital services maintained their profit level.
- The business was highly profitable, with operating profit excluding non-recurring items increasing by 47% compared to 2014.



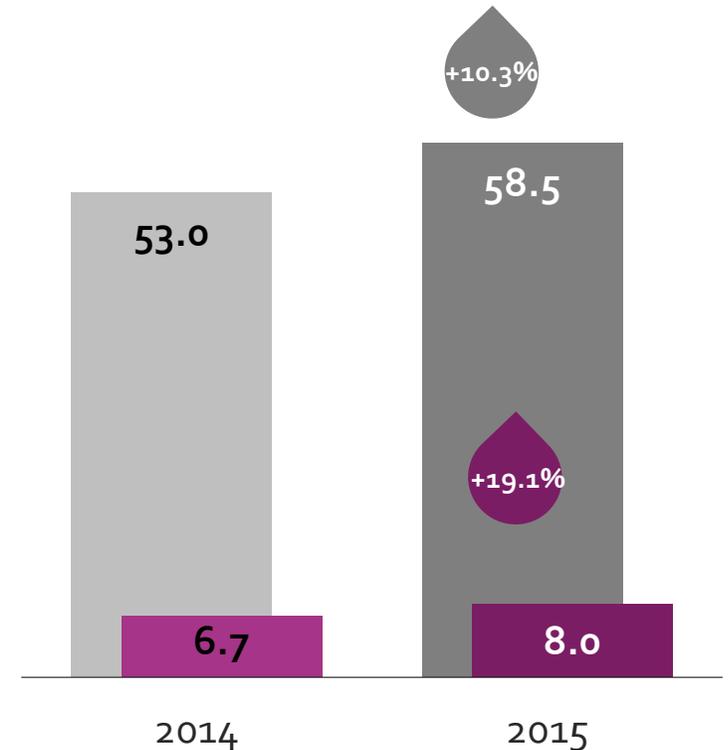
Revenue and operating profit  
(excluding non-recurring items)  
MEUR

# Financial Media and Business Services in 2015: significant acquisitions and divestments

- Online business accounted for 41.7% (43.0%) of the segment's revenue.
- For the first time, the number of subscribers of KauppaLehti's digital products exceeded print (53%).
- Profitability excluding non-recurring items improved to a good extent. Talentum had a minor effect on the result for the full year.

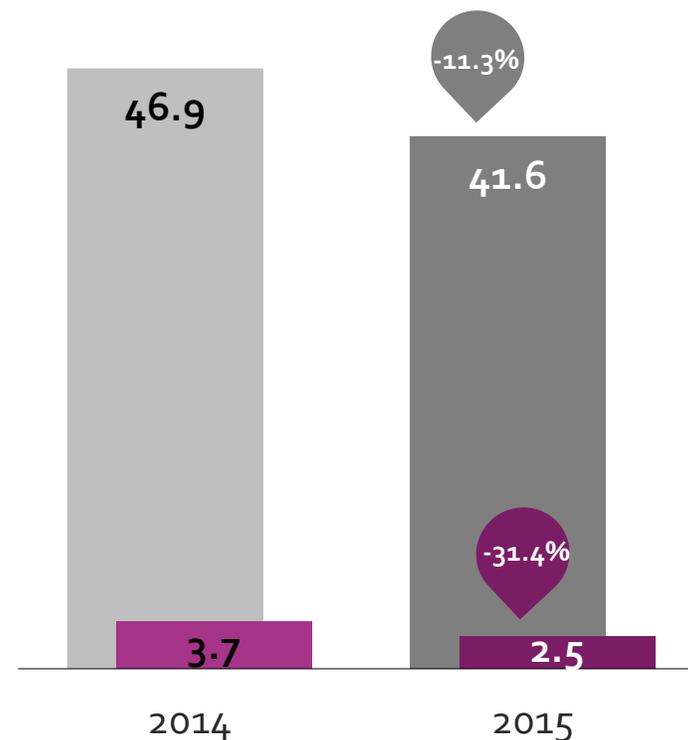
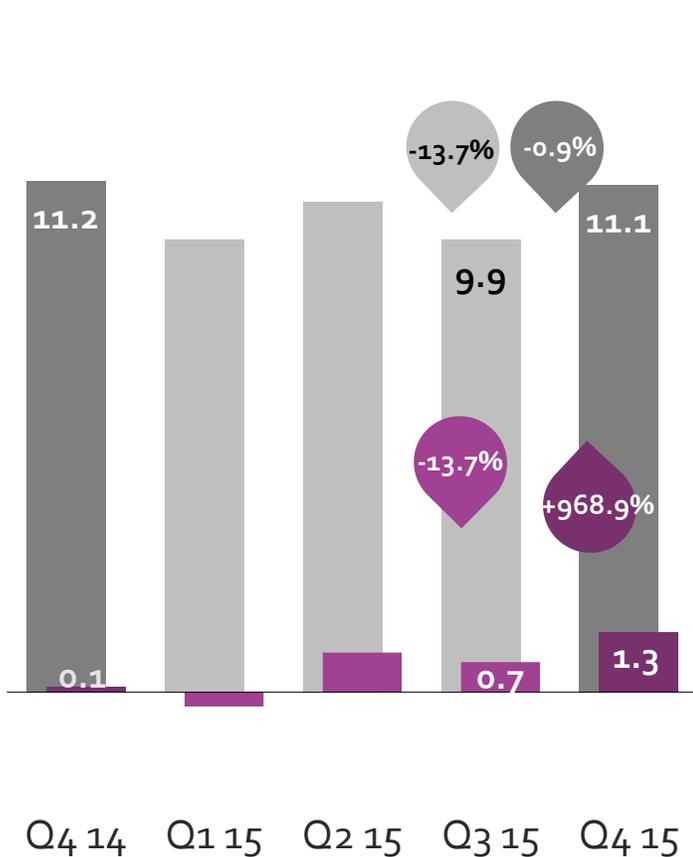


Revenue and operating profit  
(excluding non-recurring items)  
MEUR



# National Consumer Media in 2015: encouraging growth in mobile advertising late in the year

- Online business accounted for 29.8% (27.0%) of the segment's revenue.
- Content revenue -13.2% to MEUR 24.7 due to the decrease in Iltalehti's circulation
- Advertising sales -8.6% to MEUR 16.8: print media advertising sales -22.6%, online advertising sales -2.1%

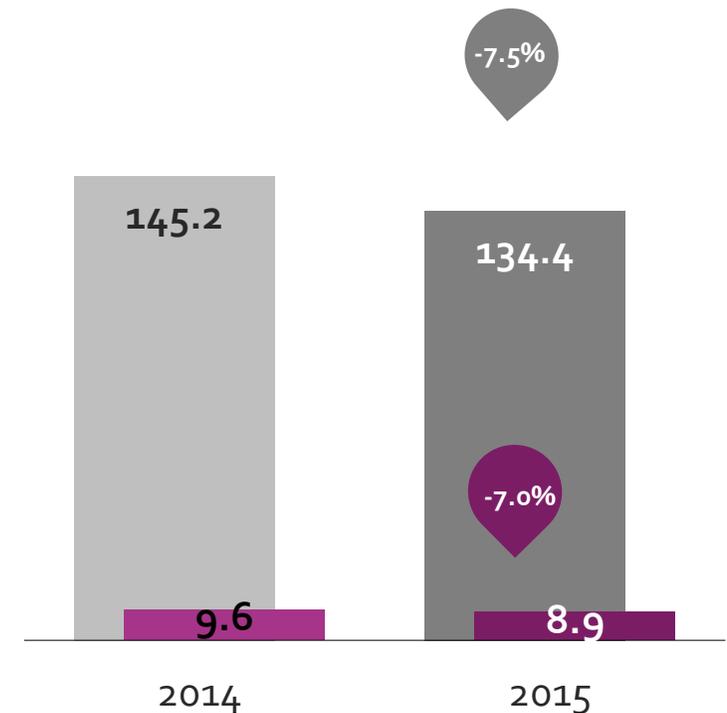
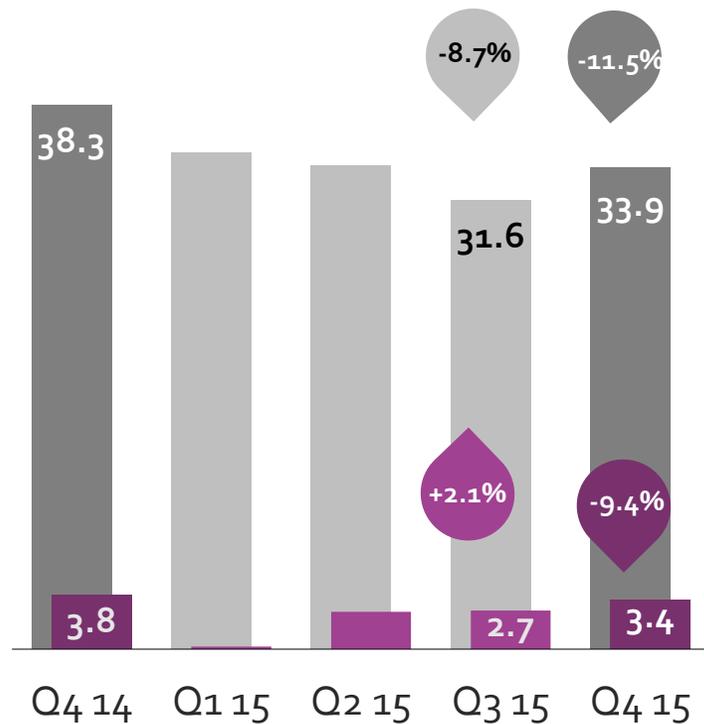


Revenue and operating profit  
(excluding non-recurring items)  
MEUR



# Regional Media in 2015: continued structural reforms

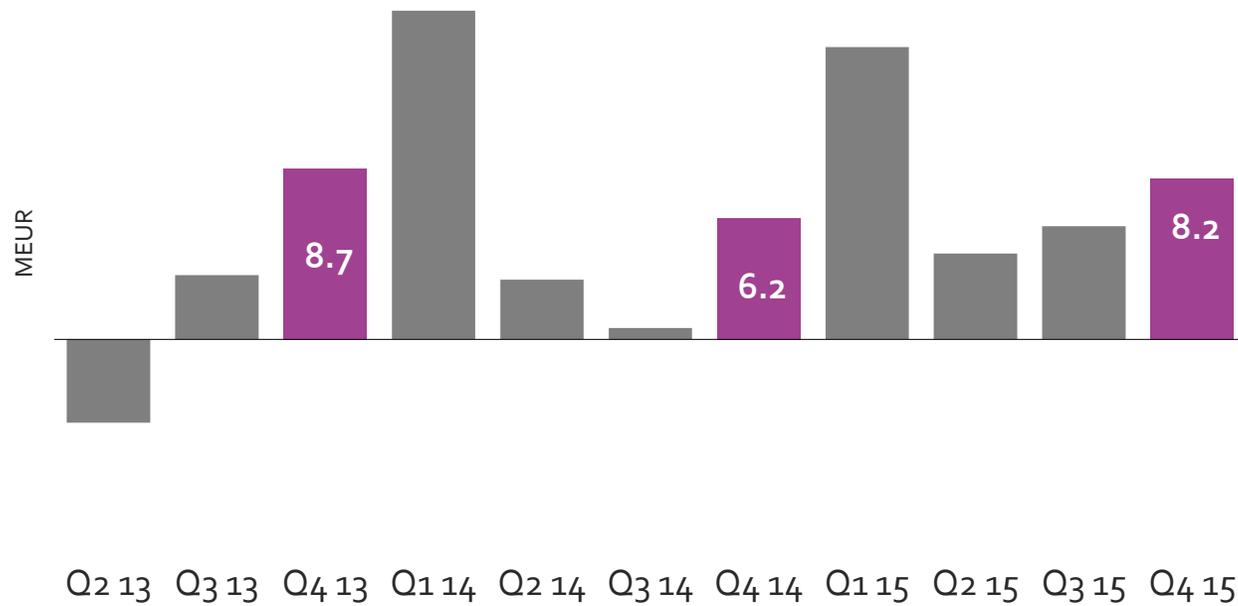
- Online business represented 3.5% (2.6%) of revenue.
- Content revenue -8.7% to MEUR 59.8. Advertising sales -9.9% to MEUR 56.3: print media advertising sales -11.1%, while online advertising sales +23.2%.
- Operating profit excluding non-recurring items remained at 6.6% of revenue. Non-recurring items, including structural reforms late in the year, weighed down operating profit.



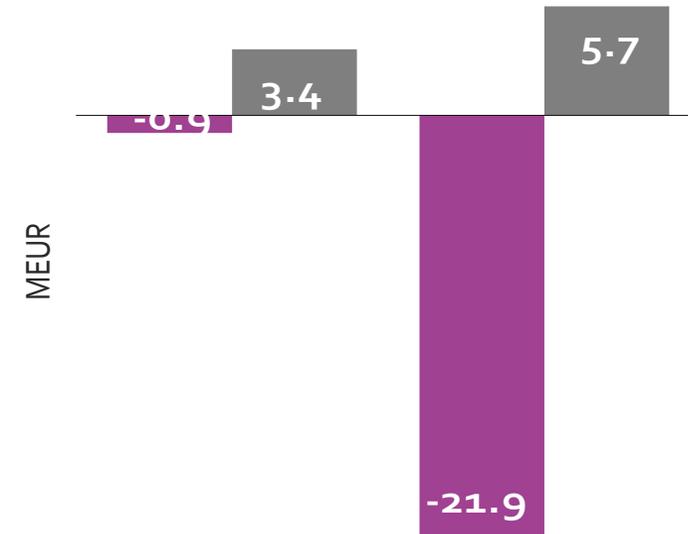
Revenue and operating profit  
(excluding non-recurring items)  
MEUR



# Cash flow from operating activities and investments



Cash flow from operating activities

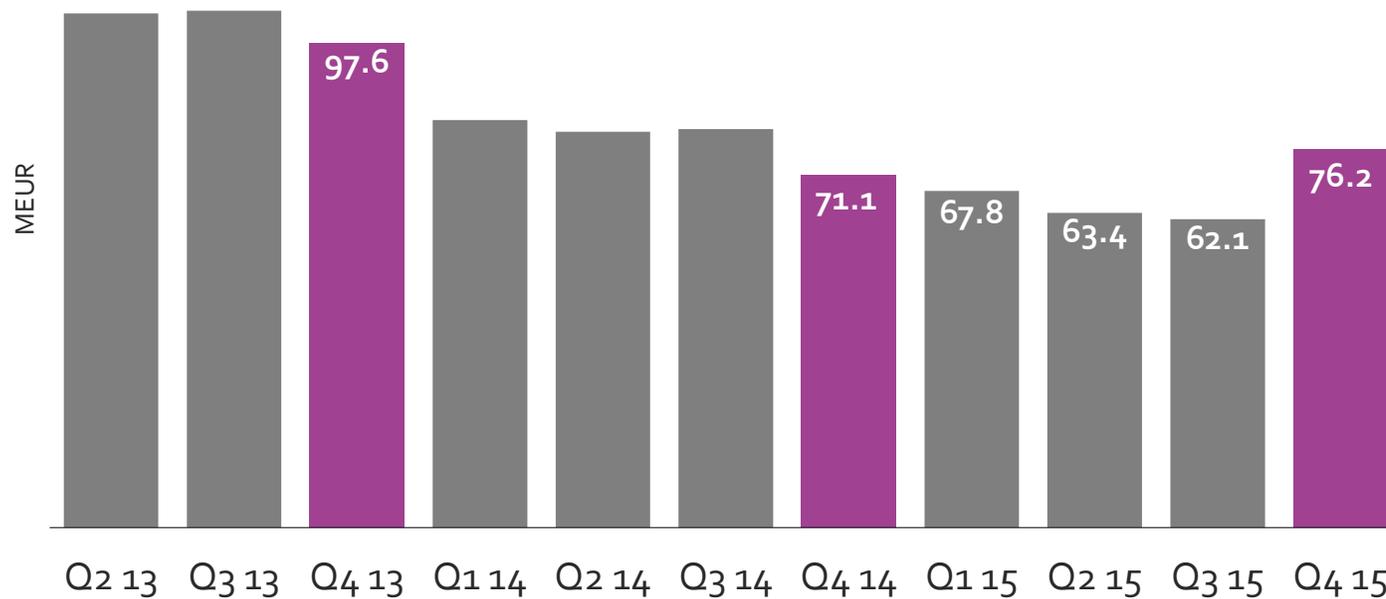


Q4 14                      Q4 15  
 ■ Gross investments  
 ■ Proceeds from sales of assets



# Interest-bearing liabilities

Net debt Q2/2013-Q4/2015



Net debt distribution

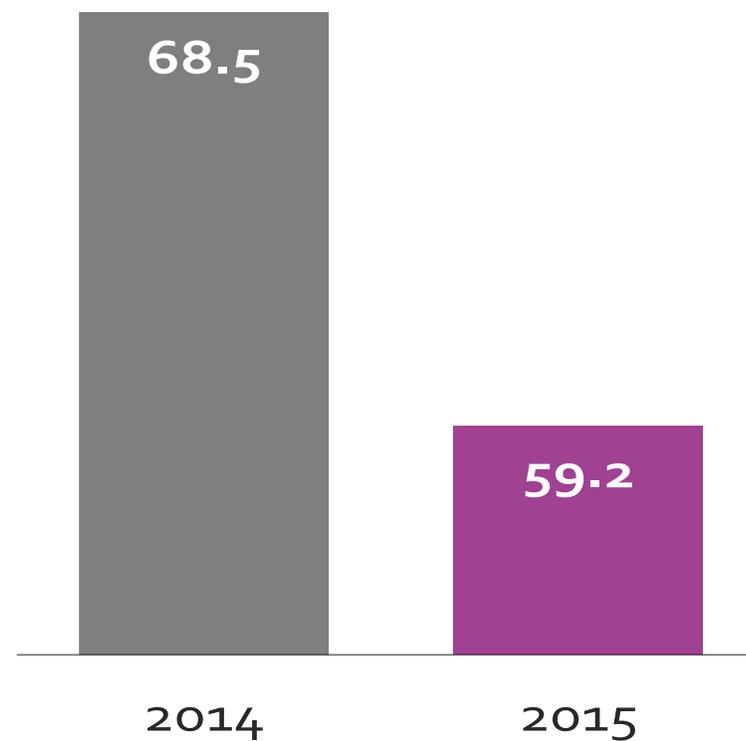
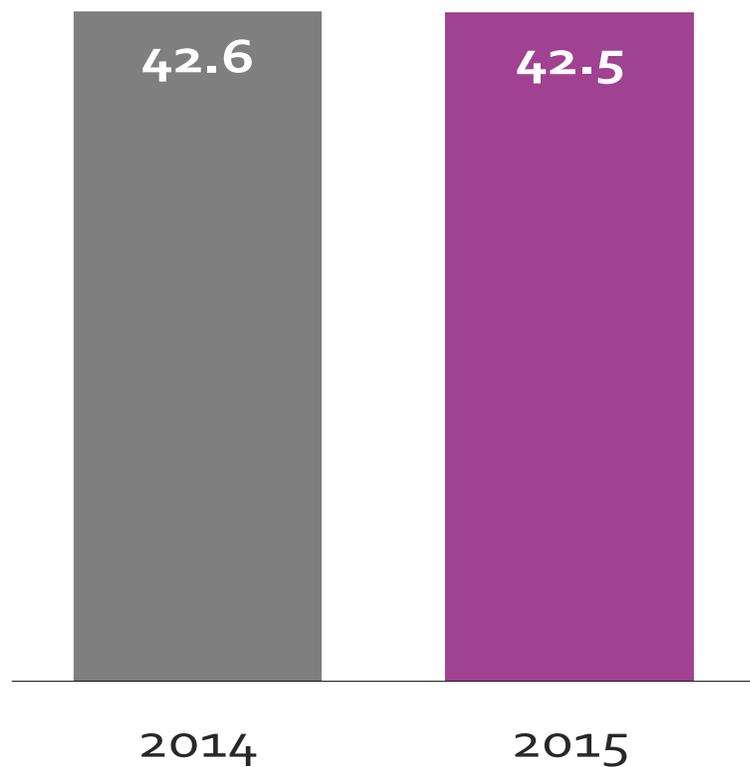
|                           | Q4/2015 |
|---------------------------|---------|
| Financial leasing         | 65.0    |
| Financial loans           | 25.6    |
| Commercial papers         | 0.0     |
| Cash and cash equivalents | -14.4   |
| Total                     | 76.2    |

# Equity ratio and Gearing

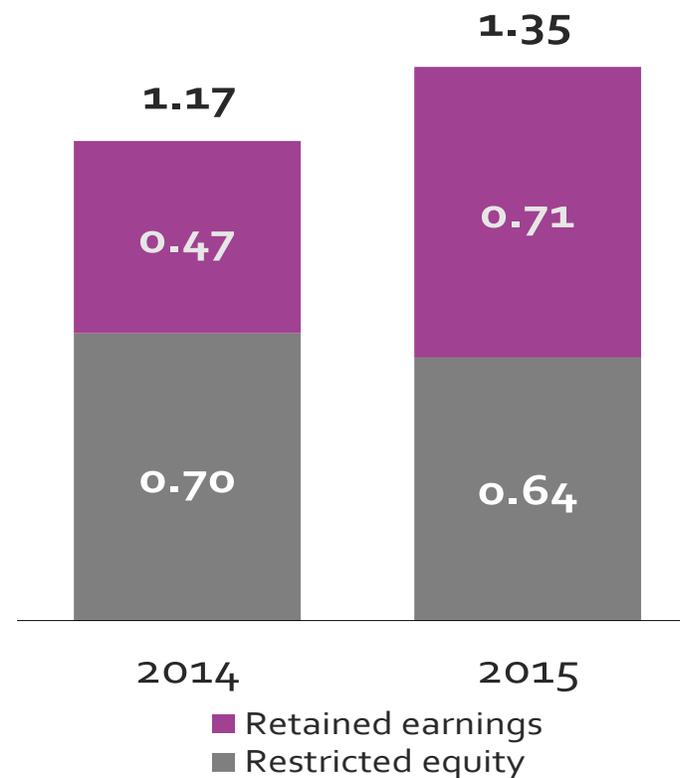
IFRS

Equity ratio, %

Gearing, %

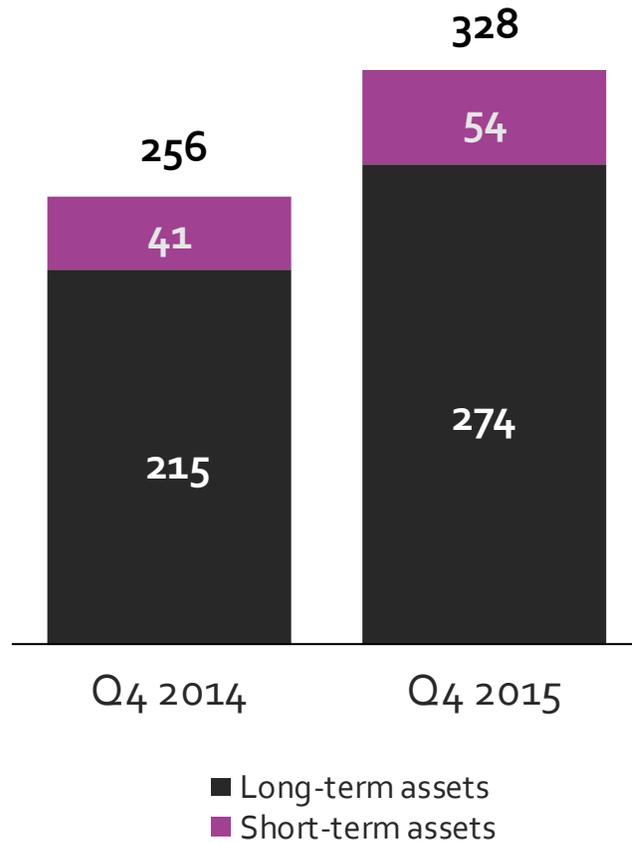


# Earnings per share and equity per share

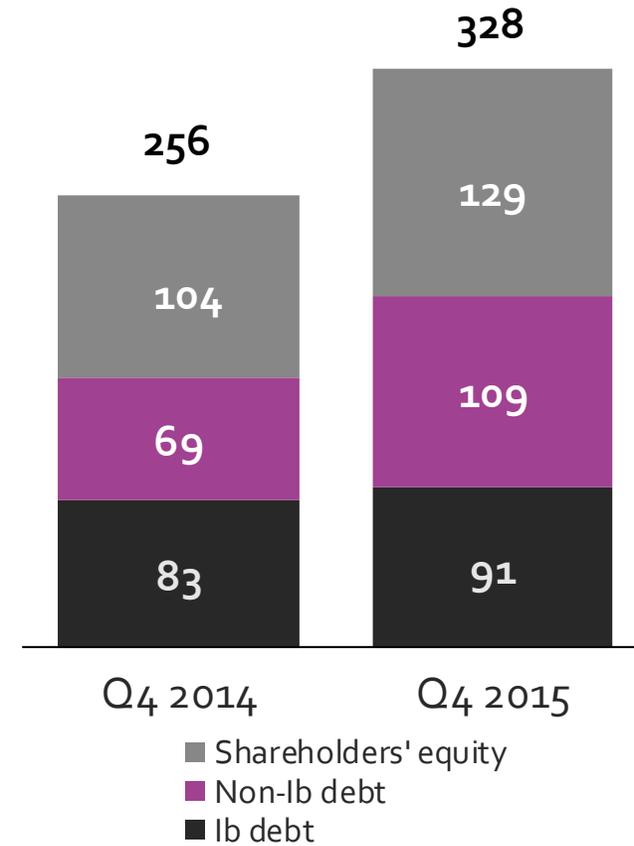


# Balance sheet

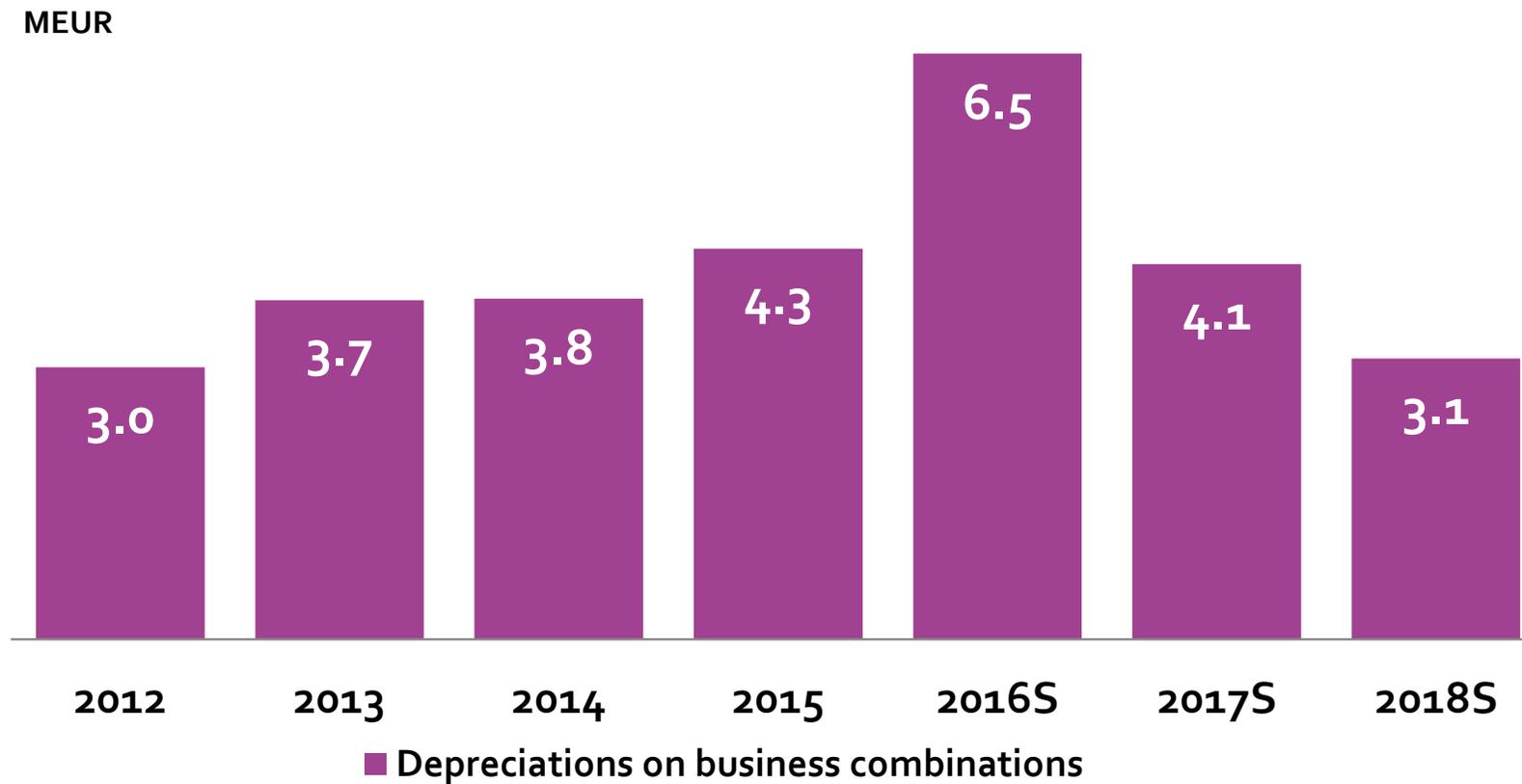
## Assets



## Liabilities



# Depreciation of intangible assets – timetable



# Talentum

## Financial Review 2015

# Talentum 2015 in brief

## Achievements

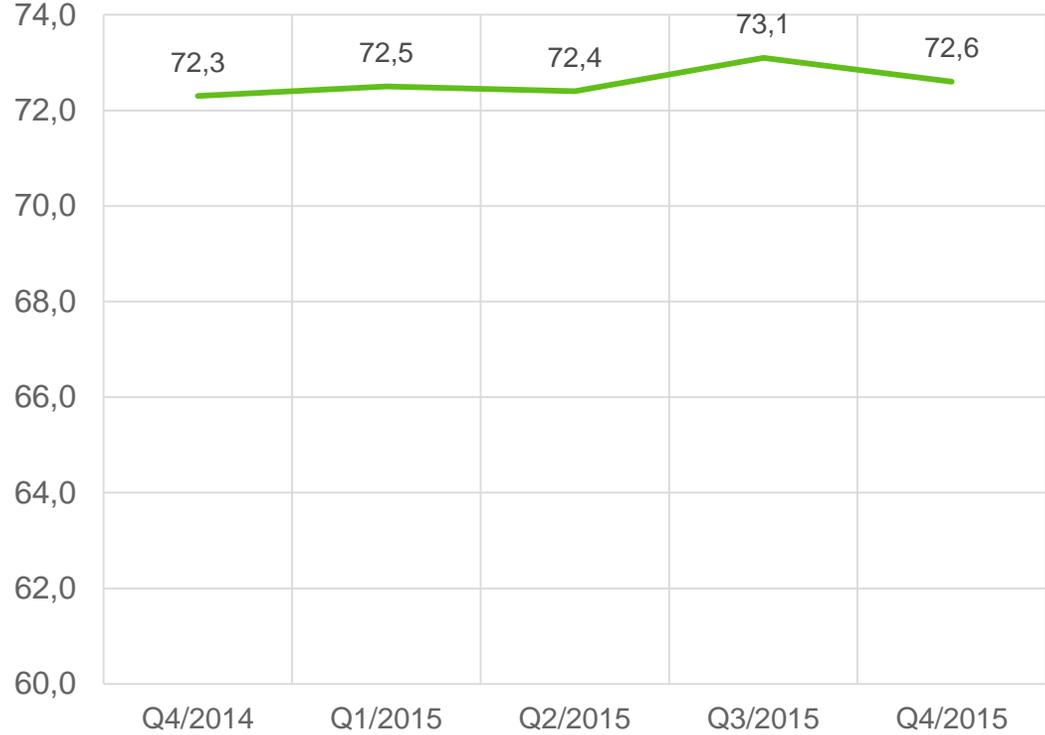
- Positive trend in Talentum Group's operating income without non-recurring items continued
- Operating profit without non-recurring items was EUR 5.4 million (EUR 4.1 million)
- Operating income without non-recurring items in Magazines Finland improved markedly mainly due to circulation revenue increase and cost management
- Also Talentum Pro and Direct Marketing generated excellent results

## Challenges

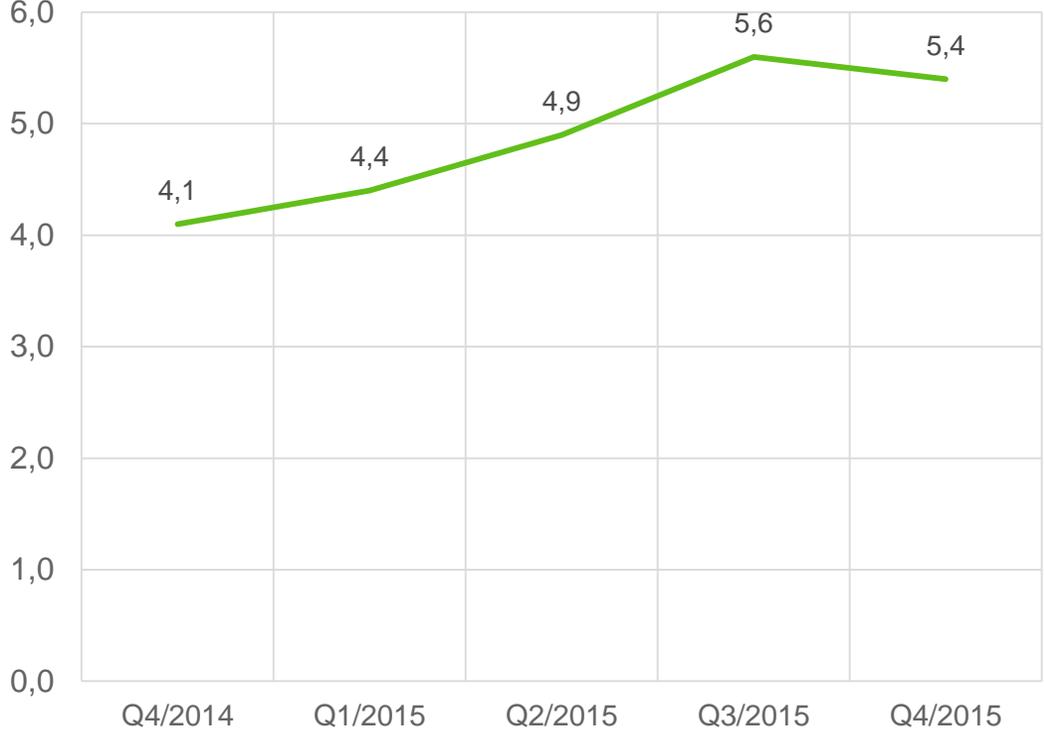
- Operating income without non-recurring items in Magazines Sweden and in Events decreased
- As a result of Talentum's impairment testing, the company recognised a write-down totalling EUR 9.9 million. The write-down concerns publishing rights and goodwill and was allocated to Magazine Business Sweden.
- Advertising sales continued to decrease in both Magazines Finland and Magazines Sweden

# Talentum Financial Review

## Sales progression R12M

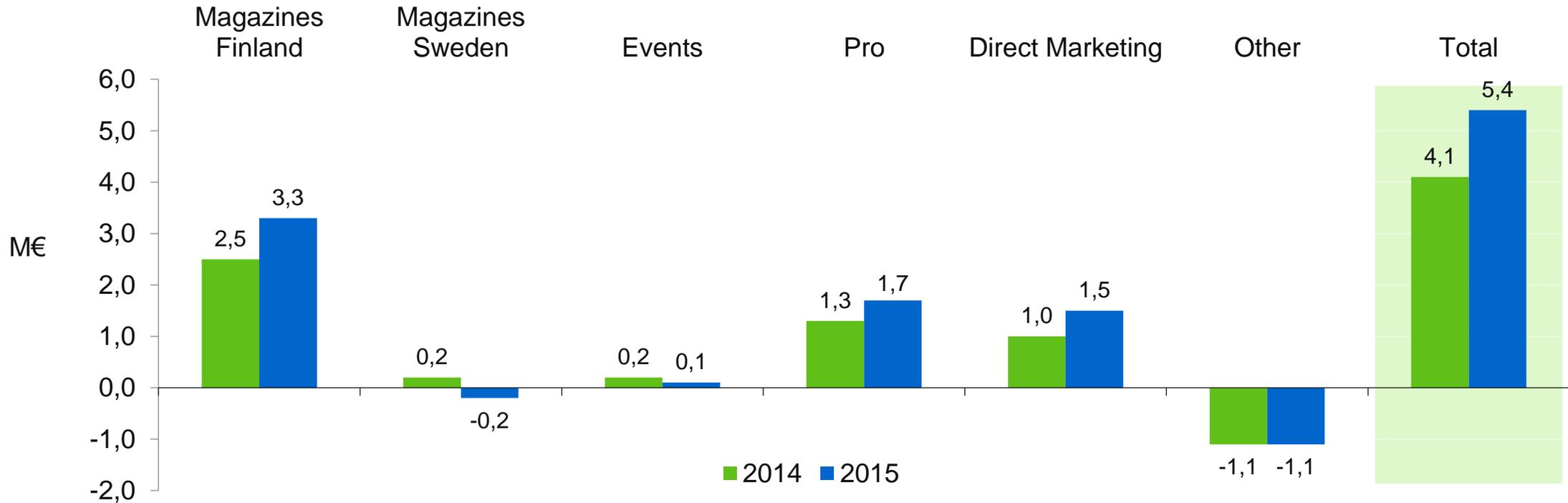


## EBIT margin progression R12M without non-recurring items



# EBIT development 2015

Excluding one-off items



# STRATEGY AND OUTLOOK

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# Strategic development areas

Multi-channel  
content

Marketing  
solutions

Digital services

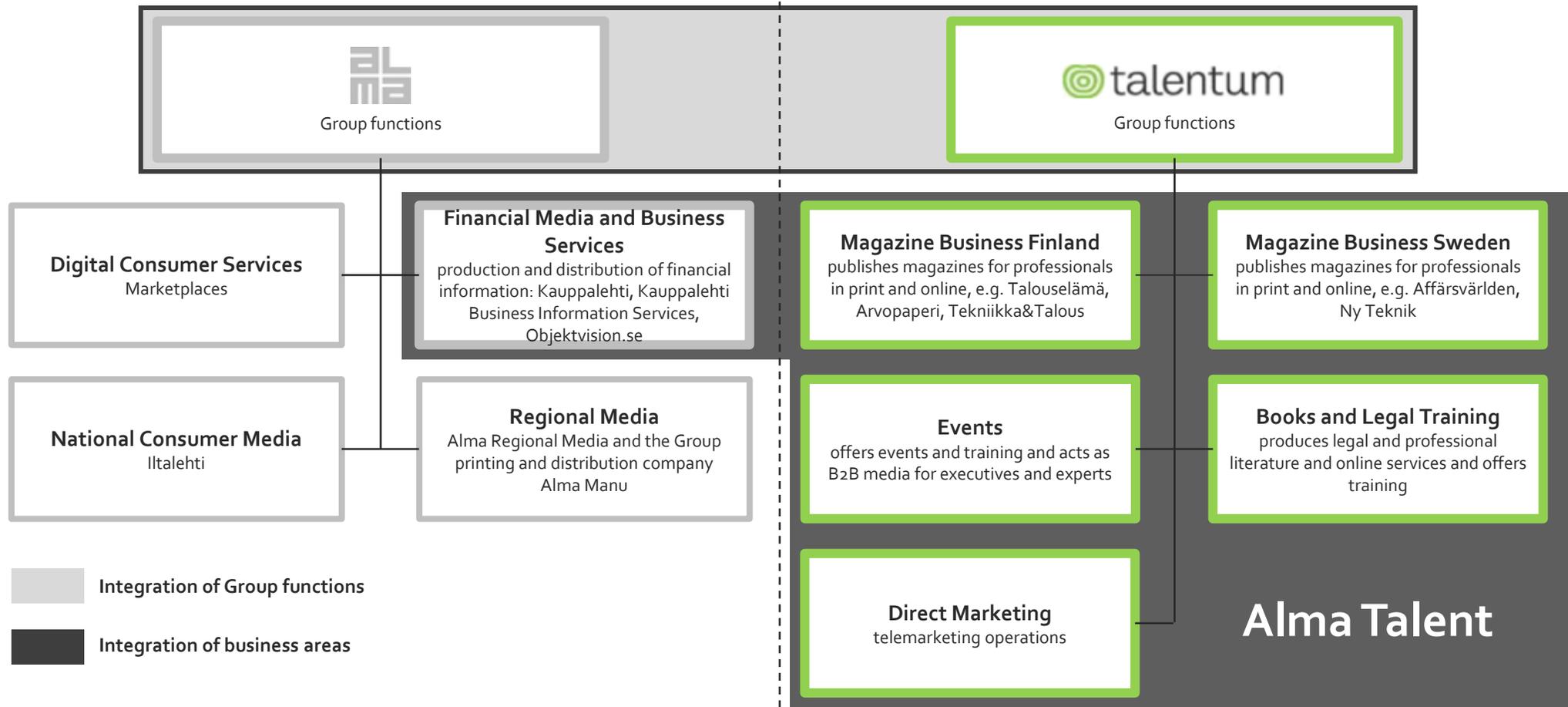
Resources and  
expertise

We will build new capacities, seek efficiency and  
accelerate growth in digital services and  
media.



Kauppalehti and Talentum  
together are now Alma  
Talent.

# The integration of Talentum and Alma Media – the combination is being implemented at two levels



# Combination process

- The annual cost synergies expected from the combination may amount to EUR 4–5 million, and the integration costs resulting from the combination will be approximately EUR 1–2 million in the first year of operation following the combination.
- The new business unit's management team will start on 13 February:

Juha-Petri Loimovuori (CEO of Talentum  
and head of the management team)

Arno Ahosniemi (editorial staff)  
Tuomas Hämäläinen (content sales)  
Tiina Järvilehto (media sales)

Otto Mattsson (Kauppalehti Business  
Information Services)  
Tapio Teppo (Talentum Events)  
Pia Ruusukivi (digital development)  
Maria Ampiala (Talentum Pro)

# Estimated timetable of Talentum's delisting

## Execution of the exchange offer and redemption of minority shares

17 November  
Decision regarding  
the execution of  
the purchase bid  
and share issue  
Final result.

Talentum's  
Extraordinary  
General Meeting  
15 December 2015

Q1/2016  
Arbitrators  
appointed  
19 January 2016

Q2/2016  
Confirmation of  
redemption right  
Confirmation and  
payment of collateral  
amount  
Talentum delisting

November

December

Q1/2016

Q2/2016

Q3/2016

Offer execution trade  
Announcement on  
redemption  
proceedings

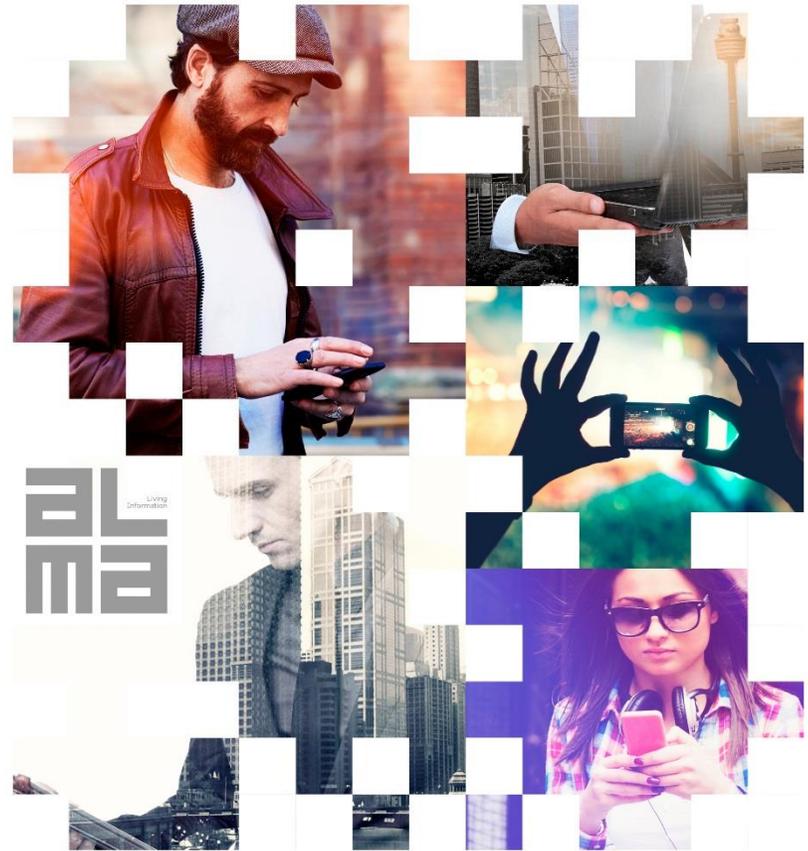
Appointment of special  
representative  
14 December 2015  
Redemption  
proceedings begin

Redemption  
proceedings  
estimated  
duration  
Q3/2016



# Sustainable growth while making use of digitisation opportunities: growing the service business

- Alma has expanded beyond the sphere of traditional media to various system and expert services, such as:
  - in the real estate business, a housing marketplace system and information services.
  - in the recruitment business, HR consulting and recruitment systems.
  - in the automotive trade, ERP systems and systems for requesting bids
- Kauppalehti Business Information Services, JM Tieto and Alma Manu have launched new initiatives to complement their existing businesses.



# Outlook

- The Finnish economy is expected to show zero growth or only slight growth in 2016. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see continued economic growth, but at a lower rate than in 2015.
- Macroeconomic development affects both consumer demand and advertising volume. The structural transformation of advertising will continue in 2016; online advertising will grow, while print media advertising will decline. Total advertising volume is not expected to increase in Finland in 2016.
- The Talentum acquisition completed in late 2015 will increase Alma Media's revenue and operating profit in 2016. In 2016, Alma Media expects its full-year revenue and operating profit excluding non-recurring items to increase from the 2015 level. The full-year revenue for 2015 was MEUR 291.5, and operating profit excluding non-recurring items was MEUR 23.4.

# THANK YOU!

Upcoming events in the investor calendar:

- Report by the Board of Directors and Financial Statements: 25 February 2016
- Annual General Meeting: 17 March 2016
- Q1 result: 29 April 2016
- CMD: 17 May 2016 /Helsinki

